

**UNITED STATES DISTRICT COURT  
OF THE  
DISTRICT OF COLUMBIA**

**ALLIANCE OF LEGAL CANNABIS ENTITIES-DC, LLC** )  
1717 Pennsylvania Avenue NW )  
Suite 1025 )  
Washington, DC 20006, )  
*Plaintiff,* )

v. )

Case No. )

**HOTBOX DC LLC** )  
1703 6<sup>th</sup> Street NW )  
Washington, DC 20001, )

**EMPIRE SMOKESHOP LLC** )  
1610 Wisconsin Avenue NW )  
Washington, DC 20007, )

**DRIP GALLERY LLC** )  
1616 Wisconsin Avenue NW )  
Washington, DC 20007, )

**LUXURY SOIL LLC** )  
775 H Street NW )  
Washington, DC 20002, )

**DENVER CONLEY T/A CAPITOL DANKS** )  
1665 Wisconsin Avenue NW )  
Washington, DC 20007, )

**DC GARDEN HILL LLC** )  
1671 Wisconsin Avenue NW )  
Washington, DC 20007, )

**FAT MUNCHIEZ DC LLC** )  
1671 Wisconsin Avenue NW )  
Washington, DC 20007, )

**FLAVORS ITALY LLC** )  
4427 Wisconsin Avenue NW )  
Washington, DC 20016, )

**ALAND EM INC. t/a HAVANA SMOKE SHOP** )  
4425 Wisconsin Avenue NW )  
Washington, DC 20016 )  
)  
**TOP LEVEL LLC** )  
3715 Macomb Street NW )  
Washington, DC 20016, )  
)  
**GLASS CITY LLC** )  
**t/a WASHINGTON DABBERS CLUB** )  
4631 41<sup>st</sup> Street NW )  
Washington, DC 20016, )  
)  
**RS HOLDINGS LLC** )  
12602 Noble Victory Lane )  
Reston, Virginia 20191-5832, )  
)  
**SAM JEAN-PAUL AMSELLEM TRUSTEE** )  
3417 Fulton Street NW )  
Washington, DC 20007-1456, )  
)  
**SIMON MEIR COHEN TRUSTEE** )  
4332 Hawthorne Street NW )  
Washington, DC 20016-3590, )  
)  
**DARRIN EBRON** )  
11319 Dona Pegita Drive )  
Studio City, California 91604, )  
)  
**1665 WISCONSIN AVE LLC** )  
1665 Wisconsin Avenue NW )  
Washington, DC 20007, )  
)  
**1669 WISCONSIN AVE NW LLC** )  
5 New York Avenue NW )  
Washington, DC 20001-1369, )  
)  
**SOROUSH ZAREI** )  
**MEHRNOSH Z. DASTAN** )  
7608 Old Dominion Drive )  
McLean, Virginia 22102-2519, )  
)  
**CLEMENZA LLC** )  
1429-B 21<sup>st</sup> Street NW )  
Washington, DC 20036-5901 )

**HERSH PALMER LLC** )  
 3520 37<sup>th</sup> Street NW )  
 Washington, DC 20016, )  
 )  
**COLUMBIA LIMITED PARTNERSHIP** )  
 4641 Montgomery Avenue )  
 Suite 200 )  
 Bethesda, Maryland 20814-3428, )  
 )  
**775 HOLDINGS LLC** )  
 5335 Wisconsin Avenue NW, Suite 400 )  
 Washington, DC 20015, )  
 )  
**ZAGROS PEAK LLC** )  
 1110 Elden Street, Suite 107D )  
 Herndon, Virginia 20170-5527, )  
 )  
**MULU K. TASEW** )  
**ZEBADER TEREMA** )  
 1101 Heartfields Drive )  
 Silver Spring, Maryland 20904-2125, )  
 )  
*Defendants.* )

**COMPLAINT**

Plaintiff Alliance of Legal Cannabis Entities-DC, LLC (“ALCE” or “Plaintiff”) brings this action against Defendants Hotbox DC LLC (“Hotbox Georgetown Dispensary”, “Hotbox Shaw Dispensary”, and “Hotbox Brightwood Park Dispensary”), Empire Smokeshop LLC (“Empire Georgetown Dispensary”), Drip Gallery LLC (“Gallery Georgetown Dispensary”), Luxury Soil LLC (“Soil Georgetown Dispensary” and “Soil H Street Dispensary”), Denver William Conley t/a Capitol Danks (“Danks Georgetown Dispensary” or “Conley”), DC Garden Hill LLC (“Garden Georgetown Dispensary”), Fat Munchiez DC LLC (“Munchiez Georgetown Dispensary”), Top Level LLC (“Level Tenleytown Dispensary”), Flavors Italy LLC (“Flavors Tenleytown Dispensary”), AL and EM, Inc. t/a Havana Smoke Shop (“Havana Tenleytown Dispensary”), Glass City LLC t/a Washington Dabbers Club (“Dabbers Tenleytown

Dispensary”), RS Holdings LLC (“1564 Wisconsin Property Owner”), Sam Jean-Paul Amsellem Trustee (“1610 Wisconsin Property Owner” and “1616 Wisconsin Property Owner”), Simon Meir Cohen Trustee (“1620 Wisconsin Property Owner”), Darrin Ebron (“Ebron”), 1665 Wisconsin Ave LLC (“1665 Wisconsin Property Owner”), 1669 Wisconsin Ave NW LLC (“1671 Wisconsin Property Owner”), Soroush Zarei and Mehrnosh Z. Dastan (together “4427 Wisconsin Property Owner”), Clemenza LLC (“4425 Wisconsin Property Owner”), Hersh Palmer LLC (“3715 Macomb Property Owner”), Columbia Limited Partnership (“4631 41<sup>st</sup> Property Owner”), 775 Holdings LLC (“775 H Property Owner”), Zagros Peak LLC (“1703 6th Property Owner”), and Mulu K. Tasew and Zebader Tesema (together “5117 Georgia Property Owner”) to recover damages caused by the negligence, gross negligence, false advertising, and unfair competition of Defendants to allow illegal cannabis dispensaries to operate in the District of Columbia, promoting the sale of illegal drugs and violating the provisions of the Lanham Act, 15 U.S.C. §1125(a), and common law in the District of Columbia, against false advertising and unfair competition. In support of this Complaint, Plaintiff states the following:

### **PARTIES**

1. Plaintiff Alliance of Legal Cannabis Entities-DC, LLC (“ALCE”) is an alliance representing the legal cannabis market in the District of Columbia. Membership in ALCE is open to all legal cannabis entities in the District of Columbia who had been or are operating under cannabis licenses issued by the District of Columbia’s Alcohol Beverage and Cannabis Administration (“ABCA”) or its predecessor agency, the District of Columbia’s Department of Health (“DOH”), to cultivate cannabis flower (in a variety of strains, both THC and CBD, and Hemp) in the District of Columbia (“cultivators”), to manufacture various cannabis products in the District of Columbia using cannabis flower cultivated in the District of Columbia, *e.g.* pre-

rolls, cartridges, concentrates, vapes, edibles, etc. (“manufacturers”) and/or to sell to the public, in accordance with the regulatory rules and regulations of ABCA, the legal cannabis and cannabis products cultivated and manufactured in the District of Columbia (“retailers” or “dispensaries”). This legal cannabis market has been damaged by the unlicensed and illegal cannabis dispensaries, the property owners who provided the commercial space for them to operate, and other participants materially contributing to the illegal cannabis market. The legal licensees (cultivators, manufacturers, and dispensaries) bearing the brunt of the damage to the legal cannabis market are the oldest licensees, that group of 15 licensees who received their licenses before January 1, 2024, and were operating for 3 or more years before that. However, new cannabis licenses are now being issued by ABCA and these new licensees are also being damaged by the illegal cannabis market. ALCE is open to both original and new licensees.

2. ALCE is an LLC organized in the District of Columbia with its principal place of business at 1717 Pennsylvania Avenue NW, Suite 1025, Washington, DC 20006. All members of ALCE were licensed by ABCA (or DOH and subsequently renewed by ABCA) to cultivate/manufacture cannabis flower and other cannabis products in the District of Columbia, and/or to sell such legal cannabis at retail in the District of Columbia. Two such licensees, DC Holistic Wellness Group LLC (with its principal place of business at 4721 Sheriff Road NE, Washington, DC 20019) and Herbal Alternatives II LLC (with its principal place of business at 1710 Rhode Island Avenue NW, Washington, DC 20036), both LLCs organized in the District of Columbia, are the organizing members of ALCE. Other licensees who have or had cultivation/manufacturing licenses and/or cannabis retailer licenses have joined ALCE. ALCE also remains open for all cannabis licensees to become ALCE members at any time.

3. Defendant Hotbox DC LLC operated three unlicensed and illegal cannabis dispensaries: (i) one in the commercial space on the second floor at 1564 Wisconsin Avenue NW, Washington, DC 20007 (“Hotbox Georgetown Hotbox”); (ii) a second in the commercial space at 1703 6<sup>th</sup> Street NW, Washington, DC 2001 (“Hotbox Shaw Dispensary”); and (iii) a third in the commercial space at 5117 Georgia Avenue NW, Washington, DC 20011 (“Hotbox Brightwood Park Dispensary”). Hotbox DC LLC is an LLC organized in the District of Columbia with its principal place of business at 1703 6<sup>th</sup> Street NW, Washington, DC 20002.

4. Defendant Empire Smokeshop LLC (“Empire Georgetown Dispensary”) operates an unlicensed and illegal cannabis dispensary in the commercial space at 1610 Wisconsin Avenue NW, Washington, DC 20007. The Empire Georgetown Dispensary is an LLC organized in the District of Columbia with its principal place of business at 1610 Wisconsin Avenue NW, Washington, DC 20007.

5. Defendant Drip Gallery LLC (“Gallery Georgetown Dispensary”) operates an unlicensed and illegal cannabis dispensary in the commercial space at 1616 Wisconsin Avenue NW, Washington, DC 20007. The Gallery Georgetown Dispensary is an LLC organized in the District of Columbia with its principal place of business at 1616 Wisconsin Avenue NW, Washington, DC 20007.

6. Defendant Luxury Soil LLC operated two unlicensed and illegal dispensaries: (i) one in the commercial space at 1620 Wisconsin Avenue NW, Washington, DC 20007 (“Soil Georgetown Dispensary”), and (ii) the second in the commercial space at 775 H Street NW, Washington, DC 20002 (“Soil H Street Dispensary”). Luxury Soil LLC is an LLC organized in California with its principal place of business in the District of Columbia listed as 775 H Street

NE, Washington, DC 20002. The corporate headquarters of this LLC in California is a mailbox and the LLC does not appear to have any operations in California.

7. Defendant Denver Conley (“Conley”) is the owner of an unincorporated an unlicensed and illegal dispensary doing business as Capitol Danks (“Danks Georgetown Dispensary”) that operated in the commercial space at 1665 Wisconsin Avenue NW, Washington, DC 20007. Mr. Conley is a resident of the District of Columbia who resides at 1279 21<sup>st</sup> Street NW, Apt 7, Washington, DC 20036-2567.

8. Defendant DC Garden Hill LLC (“Garden Georgetown Dispensary”) operates an unlicensed and illegal dispensary in the commercial space at 1671 Wisconsin Avenue NW, Washington, DC 20007. The Garden Georgetown Dispensary is an LLC organized in the District of Columbia with its principal place of business at 1671 Wisconsin Avenue NW, Washington, DC 20007.

9. Defendant Fat Munchiez DC LLC (“Munchiez Georgetown Dispensary”) operates an unlicensed and illegal dispensary in the commercial space at 1671 Wisconsin Avenue NW, Washington, DC 20007. The Munchiez Georgetown Dispensary is an LLC organized in the District of Columbia with its principal place of business at 1671 Wisconsin Avenue NW, Washington, DC 20007.

10. Defendant Top Level LLC (“Level Tenleytown Dispensary”) operates an unlicensed and illegal dispensary in the commercial space on the second floor at 3715 Macomb Street NW, Washington, DC 20016. The Level Tenleytown Dispensary is an LLC organized in the District of Columbia with its principal place of business at 3715 Macomb Street NW, Washington, DC 20016.

11. Defendant Flavors Italy LLC (“Flavors Tenleytown Dispensary”) operated an unlicensed and illegal cannabis dispensary in the commercial space on the second floor at 4427 Wisconsin Avenue NW, Washington, DC 20016. The Flavors Tenleytown Dispensary is an LLC organized in the District of Columbia with its principal place of business at 4427 Wisconsin Avenue NW, Washington, DC 20016.

12. Defendant AI and EM Inc. t/a Havana Smoke Shop (“Havana Tenleytown Dispensary”) operates an unlicensed and illegal cannabis dispensary in the commercial space on the first floor at 4425 Wisconsin Avenue NW, Washington, DC 20016. The Havana Tenleytown Dispensary is a corporation organized in the District of Columbia with its principal place of business at 4425 Wisconsin Avenue NW, Washington, DC 20016.

13. Defendant Glass City LLC d/b/a Washington Dabbers Club (“Dabbers Tenleytown Dispensary”) operates an unlicensed and illegal dispensary in the commercial space at 4631 41<sup>st</sup> Street NW, Washington, DC 20016. The Dabbers Tenleytown Dispensary is an LLC organized in the District of Columbia with its principal place of business at 4631 41<sup>st</sup> Street NW, Washington, DC 20016.

14. Defendant RS Holdings LLC (“1564 Wisconsin Property Owner”) is the owner of commercial property located at 1564 Wisconsin Avenue NW, Washington, DC 20007. The 1564 Wisconsin Property Owner is an LLC organized in the District of Columbia with its principal place of business at 12602 Noble Victory Lane, Reston, Virginia 20191-5832.

15. Defendant Sam Jean-Paul Amsellem Trustee (“1610 Wisconsin Property Owner” and “1616 Wisconsin Property Owner”) is the Trustee of the JPA Realty Trust that owns the two commercial properties leased to unlicensed and illegal cannabis dispensaries. One property is located at 1610 Wisconsin Avenue NW, Washington, DC 20007 (“1610 Wisconsin Property



Owner”), and the other at 1614-1616 Wisconsin Avenue NW, Washington, DC 20007 (“1616 Wisconsin Property Owner”). Mr. Amsellem is a resident of the District of Columbia who resides at 3417 Fulton Street NW, Washington, DC 20007-1456.

16. Defendant Simon Meir Cohen Trustee (“Cohen”) is the Trustee under the Simon Meir Cohen Living Trust with control over the commercial property located at 1620 Wisconsin Avenue NW, Washington, DC 20007 (“1620 Wisconsin Property Owner”). Mr. Cohen is a resident of the District of Columbia who resides at 4332 Hawthorne Street NW, Washington, DC 20016-3590.

17. Defendant Darrin Ebron (“Ebron”) is the owner of the Soil Georgetown Dispensary and he controls and directs its operations. Mr. Ebron is a resident of California and resides at 11319 Dona Pegita Drive, Studio City, California 91604. He is included here as a defendant based on Plaintiff’s request to pierce the corporate veil between Mr. Ebron and Defendant Soil Georgetown Dispensary.

18. Defendant 1665 Wisconsin Ave LLC (“1665 Wisconsin Property Owner”) is the owner of commercial property located at 1665 Wisconsin Avenue NW, Washington, DC 20007. The 1665 Property Owner is an LLC organized in the District of Columbia with its principal place of business at 1665 Wisconsin Avenue NW, Washington, DC 20007.

19. Defendant 1669 Wisconsin Ave NW LLC (“1671 Wisconsin Property Owner”) is the owner of commercial properties located at 1669-1671 Wisconsin Avenue NW, Washington, DC 20007. The 1671 Wisconsin Property Owner is an LLC organized in the District of Columbia with its principal place of business at 5 New York Avenue NW, Washington, DC 20001-1369.

20. Defendants Soroush Zarei (“Zarei”) and Mehrnosh Z. Dastan (“Dastan”) (together “4427 Wisconsin Property Owner”) are joint owners of the commercial property located at 4427

Wisconsin Avenue NW, Washington, DC 20016. Ms. Zarei and Mr. Dastan are residents of the Commonwealth of Virginia and both reside at 7608 Old Dominion Drive, McLean, Virginia 22102-2519.

21. Defendant Clemenza LLC (“4425 Wisconsin Property Owner”) is the owner of the commercial property located at 4425 Wisconsin Avenue NW, Washington, DC 20016. The 4425 Wisconsin Property Owner is an LLC organized in the District of Columbia with its principal place of business at 1420-B 21<sup>st</sup> Street NW, Washington, DC 20036-5901.

22. Defendant Hersh Palmer LLC (“3715 Macomb Property Owner”) is the owner of commercial property located at 3715 Macomb Street NW, Washington, DC 20016. The 3715 Macomb Property Owner is an LLC organized in the District of Columbia with its principal place of business at 3520 37<sup>th</sup> Street NW, Washington, DC 20016.

23. Defendant Columbia Limited Partnership (“41<sup>st</sup> Street Property Owner”) is the owner of commercial property located at 4631 41<sup>st</sup> Street NW, Washington, DC 20016. The 41<sup>st</sup> Street Property Owner is a Limited Partnership organized in the District of Columbia with its principal place of business at 4641 Montgomery Avenue, Suite 200, Bethesda, Maryland 20184-3428.

24. Defendant 775 Holdings LLC (“775 H Property Owner”) is the owner of the commercial property located at 775 H Street NE, Washington, DC 20002. The 775 H Property Owner is an LLC organized in the District of Columbia with its business address listed at 5335 Wisconsin Avenue, Suite 400, Washington, DC 20015.

25. Defendant Zagros Peak LLC (“1703 6<sup>th</sup> Property Owner”) is the owner of commercial property located at 1703 6<sup>th</sup> Street NW, Washington, DC 20001. The 1703 6<sup>th</sup> Property Owner is an LLC organized in the Commonwealth of Virginia with its business address listed at 1110 Elden Street, Suite 107D, Herndon, Virginia 20170-5527.

26. Defendants Mulu K. Tasew and Zebader Tesema (together “5117 Georgia Property Owner”) are a married couple who jointly own the commercial property located at 5117 Georgia Avenue NW, Washington, DC 20011. Mulu K. Tasew and Zebader Tesema are residents of the State of Maryland and reside at 1101 Heartfields Drive, Silver Spring, Maryland 20904-2125.

### **JURISDICTION AND VENUE**

27. This Court has federal question jurisdiction over this case, 28 U.S.C. §1331 and 15 U.S.C. §1121, and supplemental jurisdiction over the state law claims, 28 U.S.C. §1367.

28. Venue is proper in this District under 28 U.S.C. § 1391(b)(2) because the actionable activities took place in the District of Columbia, the illegal dispensaries operated in the District of Columbia and all commercial properties used by these dispensaries are located in the District of Columbia.

### **FACTS**

#### **A. ALCE**

29. The cultivation of cannabis and the manufacture of cannabis products in the District of Columbia and the sale and distribution of such is governed by the Legalization of Marijuana for Medical Treatment Amendment Act of 2010, as amended, D.C. Code §7-1671.05, *et seq.* and the rules issued by ABCA, D.C. Code §25-204.02 and DCMR Title 22-C. These laws and ABCA rules require that cultivators, manufacturers and retailers of cannabis be licensed by ABCA. D.C. Code §7-1671.06. The only cannabis flower (including all THC and CBD strains and Hemp) and other cannabis products that can be legally sold in the District of Columbia are subject to these laws and regulations.

30. D.C. Code §7-1671.01(22) states: An “unlicensed establishment” is a sole proprietorship, partnership, or other business entity that:

- (A) Sells, exchanges as part of a commercial transaction, or delivers cannabis and cannabis products;
- (B) Operates at or delivers from a specific location in the District; and
- (C) Is not licensed by ABCA as a cultivation center, retailer, internet retailers, manufacturer, courier or testing laboratory.

31. D.C. Code §7-1671.08(a) provides that:

Any person who manufactures, cultivates, posses, administers, dispenses, distributes or uses cannabis, or manufactures, posses, distributes, or uses paraphernalia, in a manner not authorized by this chapter or the rules issued pursuant to §7-1671.13 shall be subject to criminal prosecution and sanction under subchapter I of Chapter 11 of Title 48[§48-1101 *et seq.*].<sup>1</sup>

32. The initial cultivation/manufacturing and retailing licenses were issued by the DC Government in 2013, and during the past several years prior to this lawsuit, there had been fifteen licensees who constituted the legal market in the District of Columbia. Several additional cannabis licensees have been authorized by ABCA since April 1, 2024.

33. In the past several years due to the operation of illegal unlicensed dispensaries selling cannabis products that are illegal in the District of Columbia, the legal licensed market has lost substantial revenues siphoned off by illegal market participants. Some public estimates put the illegal cannabis revenues in the District of Columbia at \$600 million plus per year.

34. Faced with squeezed margins and the loss of substantial revenues, several legal licensed cultivators/manufacturers and retailers have been forced to discontinue operations, and all cannabis licensees, who represent the legal cannabis market, have lost revenues to the illegal cannabis market in the District of Columbia. Illegal dispensaries are competitors with the legal

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<sup>1</sup> The definition of “cannabis” as used throughout DC laws and regulations is defined in Section 102(3) of the DC Controlled Substance Act of 1981, D.C. Code §48-901.02. This definition adopted in the DC Marijuana Legalization Act, D.C. Code §7-1671.01(2A). This definition includes all parts of the plant genus Cannabis which includes THC, CBD and all other cannabinoids.

cannabis licensees, and those who materially participated in the illegal dispensaries' establishment or by financing, selling or transporting illegal cannabis, or leasing commercial space to permit illegal cannabis dispensaries to make retail cannabis sales, are then also competitors with legal licensees.

35. In recognition of the need for the legal cannabis market to pursue legal action to stop the complete erosion of the legal market and to seek redress for lost revenues, several licensed cannabis entities decided to form the ALCE as an open alliance for all legal cannabis licensees who have been harmed over the past several years and continue to be harmed today by illegal dispensaries and other participants who assisted in the establishment and operation of illegal dispensaries engaged in the sale of illegal cannabis and cannabis products.

36. ALCE is open to all legal cannabis entities (cultivators, manufacturers and retailers) including new legal entities, to become members.<sup>2</sup> The purpose of ALCE as stated in Section 1.4 of its Operating Agreement:

The purpose of the Company [ALCE] is to protect and safeguard the legal cannabis market in the District of Columbia as represented by those legal entities who were licensed by the District of Columbia Alcohol Beverage and Cannabis Administration ("ABCA") as operators of cannabis retail facilities (i.e. dispensaries) or cannabis cultivation and manufacturing facilities. To accomplish this purpose, the Company is established to pursue legal action against Persons who have either directly or indirectly participated in illegal activities or aided and abetted illegal operators in the illegal sale, distribution, delivery, promotion, handling, advertising or payment for illegal cannabis or illegal substitutable products or otherwise assisting, promoting or enabling these illegal entities to operate and inflict economic harm on individual legal cannabis licensees and/or the legal cannabis market in the District of Columbia. Further, the Company is authorized to engage the services of Persons to represent the Company or to provide investigative or analytical services related to illegal cannabis entities and their operations and Persons providing them with goods and services.

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<sup>2</sup> There are some restrictions with respect to new members who previously operated illegal dispensaries and who are being sued or subject to being sued by ALCE on behalf of its members.

In recognition of the economic harm inflicted on the legal DC cannabis market over the past several years by the illegal cannabis participants and enablers, membership in the ALCE – DC is open to all legal entities licensed by ABCA, who operate or operated legal cannabis facilities. All Members authorize ALCE - DC to negotiate on behalf of the Members with the Persons involved in or otherwise assisting or enabling the illegal cannabis market in DC so as to contribute to the reduction in illegal sales, removal of illegal products from the market, and to obtain compensation for the economic harm inflicted on the legal cannabis market and licensed entities generally in DC in the last 3 years and continuing. All Members authorize ALCE – DC to represent their respective interests in the legal cannabis market in DC in judicial proceedings as part of ALCE – DC seeking damages done to the legal market in DC, and to represent to the Court that ALCE – DC has the same standing as each individual Member would have had if it had separately participated as a plaintiff.

37. All members of ALCE accept its Operating Agreement and the purpose quoted above.

38. Since membership in ALCE is permanently open to cannabis licensees in the District of Columbia, ALCE expects additional licensees to join ALCE to help protect the legal cannabis market in the District of Columbia from the harm caused by the illegal cannabis market participants, including the harm they cause by the diversion of revenues to the illegal market involving the sale and delivery of illegal cannabis flower and other cannabis products.

39. ACLE represents its members collectively and has the same standing to sue that its individual members have—all of whom are (were) licensed cultivators, manufacturers and/or retailers, and as a consequence, ALCE has standing to sue the unlicensed and illegal dispensaries in the District of Columbia and those participants, including property owners, who have contributory liability or are otherwise liable for the material assistance they provided the illegal dispensaries in the sale and delivery of illegal cannabis flower and other cannabis products.

40. Since ALCE is suing on behalf of the legal cannabis market in the District of Columbia and its members for the damage done to the legal cannabis market in the District of Columbia, as demonstrated by the revenues and profits of the defendants, the direct participation here of individual members of ALCE is not necessary.

**B. 1564 Wisconsin Property Owner – Hotbox Georgetown Dispensary**

41. Defendant RS Holdings LLC (“1564 Wisconsin Property Owner”) leases its commercial space to Defendant Hotbox DC LLC (“Hotbox Georgetown Dispensary”) who operates an illegal dispensary at that location.

42. The 1564 Wisconsin Property Owner intentionally leased its commercial space for the sale of illegal cannabis. An internet search of “Hotbox” by the 1564 Wisconsin Property Owner before entering into a lease with Hotbox Georgetown Dispensary would have readily disclosed the fact that Hotbox Georgetown Dispensary was already operating two other illegal cannabis dispensaries located at 1703 6<sup>th</sup> Street NW, Washington, DC 20001 and 5117 Georgia Avenue NW, Washington, DC 20011.

43. On March 26, 2024, the 1564 Wisconsin Property Owner and Hotbox Georgetown Dispensary attempted to conceal from the DC Zoning Office the nature of the illegal business being conducted at this location when applying for a Certificate of Occupancy by claiming it would be used for “professional services”. That application was denied.

44. On June 26, 2024, the 1564 Wisconsin Property Owner and Hotbox Georgetown Dispensary again applied for a Certificate of Occupancy this time claiming it was for a “Retail or Wholesale Store” without indicating that it intended to sell illegal cannabis. Again concealing the illegal purpose of the business to be conducted at this location.

45. Hotbox Georgetown Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA. It has at all times operated as an illegal dispensary selling illegal cannabis flower and products. None of the cannabis flower and products sold by the Hotbox Georgetown Dispensary are cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis and cannabis products that it sold were

illegal and were obtained from illegal sources. The Hotbox Georgetown Dispensary misrepresented the origin of the illegal cannabis it sells to consumers.

46. The 1564 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Hotbox Georgetown Dispensary before entering into a lease because it knew that Hotbox Georgetown Dispensary was involved in the sale of illegal cannabis. The word “Hotbox” is itself a well-known reference to smoking cannabis in a small, enclosed space (*e.g.* a car with the windows rolled up) to maximize the narcotic effect. “Hotbox” is printed on the top of the building in large lettering that is impossible to not see from blocks away. The 1564 Wisconsin Property Owner never took any other action to determine if the Hotbox Georgetown Dispensary had any legitimate (legal) business purpose.

47. Hotbox Georgetown Dispensary extensively advertises in interstate commerce through its use of internet weed guides (Toker’s Guide), Instagram (@hotboxuptown), and its own website ([www.hotboxdc.io](http://www.hotboxdc.io)), and it misrepresents both its own legal status in DC and the illegal nature of the cannabis it sells to deceive consumers.

48. Its website lists hundreds of different cannabis and cannabis products (cannabis flower, pre-rolls, mushrooms, edibles, tinctures and potions, vapes and cartridges, and concentrates) with a color photo of each product, a description (including the THC percentage) and the pricing. Online ordering for pickup and delivery is available and purchases may be made by cash, Zelle, Venmo and Applepay.

49. Its website misrepresents that it is a legal licensed dispensary when it claims to be “i-71” compliant. At the dispensary and online, Hotbox Georgetown Dispensary makes misleading representations indicating the cannabis sold at the dispensary was legal in DC when it is not.



50. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like Hotbox Georgetown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

51. On July 3, 2024, the District of Columbia Alcoholic Beverage and Cannabis Board (“ABCB”) issued its Order to Cease And Desist against the 1564 Property Owner, Hotbox Georgetown Dispensary and Henry Egbarin (owner of Hotbox Georgetown Dispensary).

52. Prior to the issuance of the Cease and Desist Order, ABCA’s investigator visited Hotbox Georgetown Dispensary on March 20, 2024, and determined that the “establishment was engaged in illegal cannabis activity...a warning letter was issued advising of violations regarding the illegal sale and distribution of cannabis.”

53. On June 27, 2024, ABCA’s investigator returned to Hotbox Georgetown Dispensary and found “the establishment was continuing to sell cannabis products containing tetrahydrocannabinol (THC)”, including cannabis products that “also appear to be marketed to children using cartoon characters similar to those used on commonly known children’s cereals such as Frosted Flakes and Fruity Pebbles.”

54. This Cease and Desist Order required the 1564 Wisconsin Property Owner, Hotbox Georgetown Dispensary, and Henry Egbarin to cease and desist “immediately the illegal purchase, sale, exchange, delivery, or any other form of commercial transaction involving cannabis and to cease illegally advertising or claiming compliance with the District’s cannabis decriminalization laws.”

55. On July 12, 2024, ABCA provided further written notice to the 1564 Wisconsin Property Owner that the illegal cannabis operations on its property were continuing and warning that further enforcement actions would be taken. And at the end of the warning letter, ABCA stated

“Please note that this warning letter does not protect you from prosecution by other Federal and District Law enforcement agencies or from any lawsuits that may be filed by private actors against you.”

56. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Hotbox Georgetown Dispensary. The 1564 Wisconsin Property Owner materially contributed to Hotbox Georgetown Dispensary’s deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 1564 Wisconsin Property Owner in leasing its commercial space to Hotbox Georgetown Dispensary the illegal cannabis sales by Hotbox Georgetown Dispensary would not have been made.

**C. 1703 6<sup>th</sup> Property Owner – Hotbox Shaw Dispensary**

57. Defendant Zagros Peak LLC (“1703 6<sup>th</sup> Property Owner”) leases its commercial space to Defendant Hotbox DC LLC (“Hotbox Shaw Dispensary”) who operates an unlicensed and illegal dispensary at that location.

58. The 1703 6<sup>th</sup> Property Owner intentionally leased its commercial space for the sale of illegal cannabis. It appears that the 1703 6<sup>th</sup> Property Owner and the Hotbox Shaw Dispensary together planned the purchase of the commercial property and the lease of its commercial space for use as an unlicensed cannabis dispensary. On March 31, 2022, the 1703 6<sup>th</sup> Property Owner was formed as an LLC in Virginia; on April 11, 2022, the Hotbox Shaw Dispensary was organized as an LLC in DC at that address; and, on or about May 9, 2022, the 1703 6<sup>th</sup> Property Owner purchased the property.

59. Since the 1703 Property Owner purchased this commercial property and leased to Hotbox Shaw Dispensary on or about May 9, 2022, neither the property owner nor the dispensary have

ever filed for any Certificate of Occupancy or any other business licenses. Both attempted to conceal the nature of the illegal business being conducted at this location from DC Zoning and other governmental authorities by not filing for any governmental authorizations.

60. Hotbox Shaw Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA. It has at all times operated as an illegal dispensary selling illegal cannabis flower and products. None of the cannabis flower and products sold by the Hotbox Shaw Dispensary are cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis and cannabis products that it sold were illegal and were obtained from illegal sources.

61. The 1703 6<sup>th</sup> Property Owner never investigated or conducted any meaningful due diligence review of the Hotbox Shaw Dispensary before entering into a lease because it knew that Hotbox Shaw Dispensary was involved in the sale of illegal cannabis. The 1703 6<sup>th</sup> Property Owner never took any other action to determine if the Hotbox Shaw Dispensary had any legitimate (legal) business purpose. It has always been obvious to even a casual observer that cannabis was being sold inside. There are two A-frame signs on the street one stating that “Exotic Flower, Psychedelics, Edibles, Vapes & Carts” are sold inside, and the other has a large photo of “Magic Truffles”.

62. Hotbox Shaw Dispensary falsely promotes itself as a legal cannabis dispensary when it claims to be “I-71 compliant”. It also falsely advertises the cannabis flower and products that it sells in its store through its use of internet weed guides (Toker’s Guide), X (@Hot\_BoxDC), various internet postings and ads (Google search ,etc.), and its website as being legal in DC.

63. Hotbox Shaw Dispensary’s use of the website ([www.hotbox.io](http://www.hotbox.io)) that it shares with the two other Hotbox unlicensed cannabis dispensaries serves as its primary vehicle of misrepresenting

itself in interstate commerce as well as the nature, characteristics, quality and legality of the variety of cannabis flower and products on its website to deceive consumers.

64. The categories of cannabis on its website include Flower, Mushrooms, Edibles, Pre-rolls, Tinctures and portions, Vapes & Cartridges, and Concentrates. And within each category there are dozens of individual cannabis flower and products for sale, each with a photo, written description and the price. None of the cannabis sold by the Hotbox Shaw Dispensary was cultivated or produced in DC by licensed cultivators and manufacturers, consequently, it is all illegal under DC laws. Beyond that the Hotbox Shaw Dispensary also sells illegal cannabis that is deceptively packaged to look like non-cannabis consumer brands. For example, Frosted Flakes (Wavy Flakes) with the Tony the Tiger smiling on the front, Jolly Rancher gummies, Life Savers gummies, Airheads sours, Stoner Patch, Polaroid (packaging of magic mushrooms in chocolate bars), and Mushletta (Nutella packaging with hazelnut spread with mushrooms).

65. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like Hotbox Shaw Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

66. On January 26, 2024, Plaintiff investigated the Hotbox Shaw Dispensary and confirmed the display and sale of illegal cannabis.

67. On October 3, 2024, Plaintiff again investigated the Hotbox Shae Dispensary and observed the display and sale of illegal cannabis.

68. The legal cannabis market in DC and ALCE members suffered damages as a result of lost commercial sales that were instead made by Hotbox Shaw Dispensary. The 1703 6<sup>th</sup> Property Owner materially contributed to the Hotbox Shaw Dispensary's deception of consumers regarding its own legal status as well as the legal status under DC law of the cannabis it is selling

consumers. Without the material participation of the 1703 6<sup>th</sup> Property Owner in leasing its commercial space to the Hotbox Shaw Dispensary the illegal cannabis sales by Hotbox Shaw Dispensary would not have been made.

**D. 5117 Georgia Property Owner – Hotbox Brightwood Park Dispensary**

69. Defendants Mulu K. Tasew and Zebader Tesema (“5117 Georgia Property Owner”) lease their commercial space at 5117 Georgia Avenue NW, Washington, DC 20011 to Defendant Hotbox DC LLC (“Hotbox Brightwood Park Dispensary”) who operates an unlicensed and illegal dispensary at that location.

70. The 5117 Georgia Property Owner intentionally leased its commercial space for the sale of illegal cannabis and cannabis products. It appears that the 5117 Georgia Property Owner leased this commercial space to the Hotbox Brightwood Park Dispensary no later than April 1, 2023, which is date that a general business license (400323001329) was issued to the dispensary. The entire front of the building is painted black to cause the “HOTBOX” sign on the front of the building to stand out both to attract attention in person and in photos carried on the internet in interstate commerce. And when the door to the dispensary is opened it is apparent that the only purpose and function of the store is to sell cannabis.

71. Neither the property owner nor the dispensary ever sought a Certificate of Occupancy. Both attempted to conceal the nature of the illegal business being conducted at this location from the DC Zoning Office and other governmental authorities.

72. Hotbox Brightwood Park Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA. It has at all times operated as an unlicensed and illegal dispensary selling illegal cannabis flower and products. None of the cannabis flower and products sold by the Hotbox Brightwood Park Dispensary are cultivated or manufactured by licensed cultivators

or manufacturers in the District of Columbia; consequently all cannabis and cannabis products that it sold were illegal and were obtained from illegal sources. Many of the products sold are deceptively packaged in well-known national brands.

73. The 5117 Georgia Property Owner never investigated or conducted any meaningful due diligence review of the Hotbox Brightwood Park Dispensary before entering into a lease because it knew that Hotbox Brightwood Park Dispensary was involved in the sale of illegal cannabis. The 5117 Georgia Property Owner never took any other action to determine if the Hotbox Brightwood Park Dispensary had any legitimate (legal) business purpose. It has always been obvious to even a casual observer that cannabis was being sold inside.

74. Hotbox Brightwood Park Dispensary falsely promotes itself as a legal cannabis dispensary when it claims to be “I-71 compliant”.

Hotbox Uptown is the newest addition to the Brightwood Park neighborhood of Washington, DC. We’re an i-71 storefront dispensary with a boutique menu that features a curated selection of highest quality cannabis gift around ranging from flower and edibles to pre-rolls and more. Choose from a wide variety of cannabis strains as well as a library of premium and recognizable brands. Pair any number of cannabis gifts with a unique piece of merchandise from Hotbox.

75. The DC Government has repeatedly stated that claims by commercial retailers claiming to be “i-71” compliant is false advertising and a violation of DC Code. The sale of cannabis tied to a “gift” is a transfer for remuneration which is a sale. Aside from the fact that Hotbox Brightwood Park Dispensary is unlicensed and cannot legally sell any cannabis flower or other cannabis products, it cannot legally possess any cannabis in the quantities used in the retail operations. And the cannabis it holds in inventory, promotes and advertises and sells to the public are from illegal sources that the dispensary conceals to confuse or deceive consumers as to the nature, characteristics and quality of this cannabis.

76. Not only does the Hotbox Brightwood Park Dispensary falsely promotes itself as legal, but it also falsely advertises the cannabis flower and products that it sells in its store through its use of internet weed guides (Toker's Guide, TrustedBud), social media (Instagram (@hotboxuptown), various internet postings and ads (Google search ,etc.), and its website as being legal in DC in order to confuse or deceive consumers.

77. Hotbox Brightwood Park Dispensary's use of the website ([www.hotbox.io](http://www.hotbox.io)) that it shares with the two other Hotbox unlicensed cannabis dispensaries serves as its primary vehicle of falsely representing the wide variety of cannabis flower and products on its website as being legal for sale in DC. Not only are these products illegal in DC but they are deceptively packaged to falsely represent themselves as being supported by national consumer brands in order to gain a competitive advantage and confuse or deceive consumers.

78. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like Hotbox Brightwood Park Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

79. On March 1, 2024, Plaintiff investigated the Hotbox Brightwood Park Dispensary and observed the display of a variety of illegal cannabis flower and products for sale, including flower, pre-rolls, THC Gummies, magic mushrooms, magic mushroom candies and THC vapes. This unlicensed dispensary has continued to operate and advertises every day in interstate commerce through its use of the internet.

80. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Hotbox Brightwood Park Dispensary. The 5117 Georgia Property Owner materially contributed to the Hotbox Brightwood Park Dispensary's deception of consumers as to being a legal dispensary selling cannabis that was legal under DC

laws. Without the material participation of the 5117 Georgia Property Owner in leasing its commercial space to the Hotbox Brightwood Park Dispensary the illegal cannabis sales by that dispensary would not have been made.

**E. 1610 Wisconsin Property Owner – Empire Georgetown Dispensary**

81. Defendant Sam Jean-Paul Amsellem Trustee (“1610 Wisconsin Property Owner”) leases his commercial space to Defendant Empire Smokeshop LLC (“Empire Georgetown Dispensary”) who operates an unlicensed and illegal cannabis dispensary at that location.

82. The 1610 Wisconsin Property Owner intentionally leased his commercial space for the sale of illegal cannabis. It appears that as far back as June 21, 2019, the 1610 Wisconsin Property Owner was leasing commercial space for the illegal sale of cannabis flower and other cannabis products because on that is the effective date of the General Business License (400320000693) granted to Empire Georgetown Dispensary. The 1610 Wisconsin Owner attempted to conceal the illegal purpose of the leased space when it applied to change the intent and purpose of its Certificate of Occupancy by falsely claiming it was to be used for “Retail (Smoke Shop)(No Marijuana Items or Medicine Allowed)”.

83. Empire Georgetown Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA. It has at all times operated as an illegal dispensary selling illegal cannabis. None of the cannabis flower and other cannabis products sold by the Empire Georgetown Dispensary are cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis that it sold was illegal and was obtained from illegal sources.

84. The 1610 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Empire Georgetown Dispensary before entering into a lease because



it knew that Empire Georgetown Dispensary was involved in the sale of illegal cannabis. The logo of the dispensary is a bumblebee that appears to be “buzzed” (*i.e.* high on cannabis). When it is open there is a large A-Frame sign on the street with its logo and its QR Code listing its illegal cannabis for sale on the internet and further stating that delivery is available. The bumblebee logo is on the front of the building and on the front door along with an illuminated sign stating “I71-Smokeshop”. The 1564 Wisconsin Property Owner never took any other action to determine if the Empire Georgetown Dispensary had any legitimate (legal) business purpose.

85. Empire Georgetown Dispensary extensively advertises in interstate commerce through its use of internet and social media, Venmo (@sillybeesllc), Clubhouse (@Kingchapodc), Snapchat(@Kingsillybee) and its website to confuse or deceive consumers about the dispensary’s legal status to sell cannabis in DC, and the fact that the cannabis sold by the dispensary is also illegal in DC.

86. The Empire Georgetown Dispensary’s website lists different cannabis and cannabis products (cannabis flower, pre-rolls, edibles, and vapes). Online ordering for pickup and delivery in interstate commerce is also available.

87. Its Google site states that it provides “I-71 compliant services” which is meant to misrepresent that it sells legal cannabis to deceive consumers as to the origin of the cannabis.

88. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like Empire Georgetown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

89. On March 4, 2024, Plaintiff investigated the Empire Georgetown Dispensary and observed an employee selling cannabis flower pulled from a very large clear plastic bag

(containing several lbs. of cannabis flower) by the stem and placed in a small plastic bag for the customer.

90. On August 7, 2024, Plaintiff again investigated the Empire Georgetown Dispensary and observed the display and sale of illegal cannabis.

91. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Empire Georgetown Dispensary. The 1610 Wisconsin Property Owner materially contributed to the Empire Georgetown Dispensary's deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 1610 Wisconsin Property Owner in leasing its commercial space to the Empire Georgetown Dispensary the illegal cannabis sales by that dispensary would not have been made.

**F. 1616 Wisconsin Property Owner – Gallery Georgetown Dispensary**

92. Defendant Sam Jean-Paul Amsellem Trustee ("1616 Wisconsin Property Owner") also leases other commercial space he owns in Georgetown to Drip Gallery LLC ("Gallery Georgetown Dispensary") who currently operates an unlicensed and illegal cannabis dispensary at that location. It is unclear at this moment what legal relationship exists between the Gallery Georgetown Dispensary and the predecessor (and illegal) dispensary, Lifted Life Smoke Shop, owned by Lifted Life Club LLC ("Lifted Life") that previously operated at the same physical location, but what is known is that the 1616 Wisconsin Property Owner has allowed the operation of an illegal cannabis dispensary for more than three years in the same commercial space at this location.

93. The 1616 Wisconsin Property Owner intentionally leased its commercial space for the sale of illegal cannabis. It appears that at least as far back as May 17, 2021, the 1616 Wisconsin

Property Owner was leasing commercial space for the illegal sale of cannabis products because that is the effective date of the Certificate of Occupancy it sought for the “Retail Shop” operated by Lifted Life. (Lifted Life itself applied for a General Business License for Cigarette Retail—a common ruse for illegal dispensaries in DC). The 1616 Wisconsin Owner was clearly aware that illegal cannabis was being sold out of its commercial location when it sought to change its Certificate of Occupancy on May 23, 2023 to accompany an ownership change in the dispensary tenant to the Gallery Georgetown Dispensary. The 1616 Wisconsin Property Owner acknowledged in its CO application at that time that the space was used for “Retail-CBD Products, Apparel and Accessories”. The further fact that Mr. Amsellem’s Revocable Trust owns two neighboring properties (1610 Wisconsin Property Owner and 1616 Wisconsin Property Owner) that are both leased to illegal dispensaries supports the claim that this trust and its trustee actively sought out illegal cannabis dispensaries to obtain higher lease rates and was fully aware of the consequences of such actions.

94. The Gallery Georgetown Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA, nor did Lifted Life. Both illegal dispensaries at all times operated as illegal dispensaries selling illegal cannabis. None of the cannabis flower and other cannabis products sold by these dispensaries were or are cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis sold from this location was illegal and obtained from illegal sources.

95. The 1616 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Gallery Georgetown Dispensary or Lifted Life before entering into a lease because it knew that Gallery Georgetown Dispensary and Lifted Life were involved in the sale of illegal cannabis. The logo of the dispensary is the word “Gallery” with its letters visually

“dripping” (a reference to the dispensary’s formal name “Drip Gallery”) that is a slang expression that refers to a more dangerous high-voltage vaping technique popular with teenagers. When it is open there two large A-Frame signs, one on the street with its logo and its QR Code listing its illegal cannabis products for sale and in the patio area in front of the dispensary door. The 1616 Wisconsin Property Owner never took any other action to determine if the Gallery Georgetown Dispensary or Lifted Life had any legitimate (legal) business purpose.

96. The Gallery Georgetown Dispensary advertises in interstate commerce through its use of internet (Google, Yelp, etc.) and uses its website ([www.thegallerydc.com](http://www.thegallerydc.com)) to publish its menu of cannabis products (flower, edibles, concentrates, presells and vapes available for sale in the dispensary and online for pickup or delivery. It uses the internet to make misleading representations regarding the dispensary’s own legal status and to misrepresent the nature, origin, characteristics, quality and legality of the cannabis it sells as being legal in DC to confuse or deceive consumers.

97. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Gallery Georgetown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

98. On its website the Gallery Georgetown Dispensary admits that by falsely representing itself to be a “gifting” shop its sale of illegal cannabis and illegal “magic” mushrooms is accomplished “with ease comparable to ordering a pizza”.

99. The exact wording of the Gallery Georgetown Dispensary’s declaration is:

**DC Most Exclusive Cannabis Retail Store & Delivery**

The Gallery DC is in compliance with DC Initiative 71 and DC Initiative 81, we DO NOT sell any cannabis, mushroom or psychedelic products on this website. Instead, we sell physical and digital art prints that come with free gifted cannabis cannabis or magic mushroom.

Welcome to The Gallery DC. We are so excited to meet you! The Gallery DC provides DC weed + mushroom enthusiasts with premium exotic flower + shroom strains as well as a variety of related products with ease comparable to ordering a pizza. Every donation to our collective will come with a special art print (some of which include amazing discounts for future orders!).

100. DC's 2014 Initiative -71 was a voter-approved ballot initiative in the District of Columbia that legalized recreational use of cannabis and made it legal for a person over the age of 21 to possess up to 2 ounces and allowed personal cultivation of up to six plants per house or dwelling unit. It did not authorize the sale or transfer for remuneration of cannabis, nor did it allow for the commercial cultivation of or manufacture of cannabis products which is separately provided for in D.C. Code §7-1671.05, *et seq.* The Gallery Georgetown Dispensary's admission that it requires the purchase of "physical or digital arts prints" as a condition for "gifting" is a transfer for remuneration and is not permitted under Initiative-71.

101. DC's 2020 Initiative-81 was a voter-approved ballot initiative in the District of Columbia that "declared that the policy shall treat the non-commercial cultivation, distribution, possession and use of entheogenic plants and fungi [magic mushrooms] among the lowest enforcement priorities." This policy initiative was codified in D.C. Law 23-268 Entheogenic Plant and Fungus Policy Act of 2020. Psilocybin is classified as a Schedule I controlled substance (CS Code Number 7438), it is also a naturally occurring hallucinogenic substance found in certain types of mushrooms. Under DC law, the commercial sale of "magic" mushrooms remains illegal and Initiative-81 is not applicable and does not permit illegal cannabis dispensaries to sell "magic" mushrooms.

102. On March 2, 2024, Plaintiff investigated the Gallery Georgetown Dispensary and observed the display and sale of illegal cannabis. The dispensary has an ATM machine and it accepts Applepay.

103. On August 4, 2024, Plaintiff again investigated the Gallery Georgetown Dispensary and observed the display and sale of illegal cannabis.

104. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Gallery Georgetown Dispensary. The 1616 Wisconsin Property Owner materially contributed to the Gallery Georgetown Dispensary's deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 1616 Wisconsin Property Owner in leasing its commercial space to the Gallery Georgetown Dispensary the illegal cannabis sales by that dispensary would not have been made.

**G. 1120 Wisconsin Property Owner – Soil Georgetown Dispensary**

105. Defendant Simon Meir Cohen Trustee ("1620 Wisconsin Property Owner") leases his commercial space to Luxury Soil LLC ("Soil Georgetown Dispensary") who until recently operated an unlicensed and illegal cannabis dispensary at that location.

106. The 1620 Wisconsin Property Owner intentionally leased its commercial space for the sale of illegal cannabis. It appears that at least back to April 3, 2023, the 1620 Wisconsin Property Owner was leasing commercial space for the illegal sale of cannabis flower and other cannabis products because that is the effective date of the Certificate of Occupancy it sought for a "Retail Gift Shop" operated by Soil Georgetown Dispensary. The stated purpose on the CO application was intended to conceal the fact that the intent was to operate an unlicensed, illegal cannabis dispensary and sell and distribute illegal cannabis. The 1620 Wisconsin Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and he was fully aware that the intended activity was illegal and he knew the consequences of his actions.

107. The Soil Georgetown Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA. Furthermore, it owns and operates another illegal dispensary located at 775 H Street NE, Washington, DC 20002, and it had an established reputation before opening the illegal dispensary in Georgetown that it operated another illegal cannabis dispensary in DC and it knew how to obtain and transport to DC, the illegal cannabis to be sold in the Georgetown dispensary. At all times it operated as an illegal dispensary selling illegal cannabis. None of the cannabis flower and other cannabis products sold by Soil Georgetown Dispensary was cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis that sold from this location was illegal and obtained from illegal sources.

108. The 1620 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Soil Georgetown Dispensary before entering into a lease because it knew that Soil Georgetown Dispensary were involved in the sale of illegal cannabis. The 1620 Wisconsin Property Owner never took any other action to determine if the Soil Georgetown Dispensary had any legitimate (legal) business purpose.

109. The Soil Georgetown Dispensary promoted itself and advertised in interstate commerce through its use of the internet and used its website ([www.luxurysoil.com](http://www.luxurysoil.com)) to made misleading representations as to its own legal status and the nature, characteristics, qualities and legality of the cannabis it displays for sale in order to confuse or deceive consumers. It also advertises on paid sites like Tokers Guide and others to steer commercial cannabis sales away from the legal cannabis market in DC. For example it paid Give A Gram ([giveaag.com](http://giveaag.com)) to publish in interstate commerce the message that “Luxury Soil is a gifted cannabis store located in Washington, DC that offers the highest quality gifted cannabis flower and high end customer service.”

110. Soil Georgetown Dispensary also perpetuates the myth that as a commercial retail establishment it is able to “gift” cannabis to customers and thus transform the transaction into a legal one. It cannot. There are many terms applicable to what Soil Georgetown Dispensary does, but “gifting” is not one of them. This expression is part of a scam to misrepresent to customers the nature of its business and the legality of its cannabis to confuse or deceive consumers.

111. On its website the Soil Georgetown Dispensary makes lists its available cannabis and cannabis products (flower, edibles, CBD, Disposals, Concentrates, and Pre-rolls) although its prices or “exchange rates” are not posted.

112. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Soil Georgetown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

113. On March 3, 2024, Plaintiff investigated the Soil Georgetown Dispensary and observed the display and sale of illegal cannabis. There were two rooms to the dispensary, the first room serves as a waiting room when other room in the back of the dispensary is where the illegal cannabis for sale is displayed.

114. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Soil Georgetown Dispensary. The 1620 Wisconsin Property Owner materially contributed to the Soil Georgetown Dispensary’s deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 1620 Wisconsin Property Owner in leasing its commercial space to the Soil Georgetown Dispensary the illegal cannabis sales by that dispensary would not have been made.



**H. 775 H Property Owner – Soil H Street Dispensary**

115. Defendant 775 Holdings LLC (“775 H Property Owner”) leased its commercial space at 775 H Street NE, Washington, DC 20002 to Luxury Soil LLC (“Soil H Street Dispensary”) who operated its other unlicensed and illegal cannabis dispensary at that location.

116. The 775 H Property Owner intentionally leased its commercial space for the sale of illegal cannabis. It appears that the 775 H Property Owner was leasing space for the sale of cannabis back to at least August 1, 2022, which is the date of a general business license (4000322002192) issued to the Soil H Street Dispensary. The A-frame signs on the sidewalk in front of the store announced that that store was “I-71 Compliant” with the image of a marijuana plant. The 775 H Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and it was fully aware that the intended activity was illegal and it knew the consequences of its actions.

117. The Soil H Street Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA. At all times it operated as an illegal dispensary selling illegal cannabis flower and products. None of the cannabis flower and products sold by Soil H Street Dispensary were cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis and cannabis products that sold from this location was illegal and obtained from illegal sources.

118. The 775 H Property Owner never investigated or conducted any meaningful due diligence review of the Soil H Street Dispensary before entering into a lease because it knew that Soil H Street Dispensary were involved in the sale of illegal cannabis. The 775 H Property Owner never took any other action to determine if the Soil H Street Dispensary had any legitimate (legal) business purpose.

119. The Soil H Street Dispensary falsely promoted itself and advertised in interstate commerce using social media (Instagram(@luxury-soil-dc), paid internet guides to illegal dispensaries (Yelp, TrustedBud.com, Roadtrippers.com(, various internet postings and ads (Google search, Yahoo, MapQuest, etc.), and the website it shares with Soil Georgetown Dispensary, [www.luxury.com](http://www.luxury.com) . It uses the internet to make false or misleading representations to confuse or deceive consumers as to the dispensary's legal status in DC and the legality and safety of the cannabis it sells.

120. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Soil H Street Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

121. The Soil H Street Dispensary falsely promoted itself on the internet and inside its store as legal in DC to sell cannabis flower and products because it claims it is "I-71" Compliant; however, there is no legal basis for this claim which is made to gain a competitive advantage by confusing or deceiving consumer that it is safe and legal to shop there and buy cannabis products from this dispensary.

122. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Soil Georgetown Dispensary. The 1620 Wisconsin Property Owner materially contributed to the Soil Georgetown Dispensary's deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 1620 Wisconsin Property Owner in leasing its commercial space to the Soil Georgetown Dispensary the illegal cannabis sales by that dispensary would not have been made.

## **I. Defendant Ebron**

123. Defendant Darrin Ebron (“Ebron”) is the only listed owner of Luxury Soil LLC (the owner of the Soil Georgetown Dispensary and the Soil H Street Dispensary) that on information and belief appears to be is a single member LLC, and Mr. Ebron controls the LLC.

124. Defendant Luxury Soil LLC is a business conduit for Defendant Ebron. Luxury Soil LLC is a California LLC and Mr. Ebron is a California resident who is directly responsible for the management of both the Soil Georgetown Dispensary and the Soil H Street Dispensary.

125. There is a commingling of business records between Defendants Ebron and Luxury Soil LLC and no corporate veil should exist to insulate Mr. Ebron from the liability of either the Soil Georgetown Dispensary or the Soil H Street Dispensary.

**J. 1165 Wisconsin Property Owner – Danks Georgetown Dispensary**

126. Defendant 1665 Wisconsin Ave LLC (“1665 Wisconsin Property Owner”) leases its commercial space to Defendant Denver Conley (“Conley”) who operated an unincorporated, unlicensed cannabis dispensary b/d/a Capitol Danks (“Danks Georgetown Dispensary”) at that location and now appear to only offer a pickup and delivery service for illegal cannabis.

127. The 1665 Wisconsin Property Owner has intentionally leased its commercial space for the sale of illegal cannabis flower and other cannabis products. It appears that at least back to July 20, 2022, the 1665 Wisconsin Property Owner was leasing commercial space for the illegal sale of cannabis because that is the effective date of the Certificate of Occupancy it sought for a “Ice Cream Shop” operated by Danks Georgetown Dispensary. The stated purpose on the CO application was intended to conceal from the DC Zoning Office the fact that the intent was to operate an unlicensed, illegal cannabis dispensary and sell and distribute illegal cannabis. The 1665 Wisconsin Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and he was fully aware that the intended activity was illegal and

he knew the consequences of his actions. There are further indications that Mr. Conley is the beneficial owner of 1665 Wisconsin Property Owner.

128. The Danks Georgetown Dispensary does not have nor has it ever had a cannabis retailer license issued by ABCA. At all times it operated as an illegal dispensary selling illegal cannabis. None of the cannabis flower and other cannabis products sold by Danks Georgetown Dispensary were cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis that sold from this location was illegal and obtained from illegal sources.

129. The 1665 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Danks Georgetown Dispensary before entering into a lease because it knew that Danks Georgetown Dispensary were involved in the sale of illegal cannabis. Even its name was intended to advertise what it sells-- in the cannabis culture, “dank” is means high quality cannabis. Walking by the storefront it was obvious to anyone that cannabis was being sold inside. There was an A-Frame sign on the sidewalk in front of the store and in the store front window there was a large sign with the dispensary’s QR Code with its cannabis menu and the dispensary’s website is also separately posted to allow customers to view it before going into the dispensary. The 1665 Wisconsin Property Owner never took any other action to determine if the Danks Georgetown Dispensary had any legitimate (legal) business purpose.

130. The Danks Georgetown Dispensary advertised in interstate commerce through its use of the internet and used its website ([www.capitoldanks.com](http://www.capitoldanks.com)) to make false or misleading representations as to its own legal status and to misrepresent the nature, characteristics, quality, origin and legality of the cannabis it sells to confuse or deceive consumers. It also advertises and promotes the sale of its cannabis products using social media (Facebook) and a number of paid

internet sites like gentelmantoker.com, goergetowndc.com, getmushroomsdc.com, et, to steer commercial cannabis sales away from the legal cannabis market in DC.

131. The Danks Georgetown Dispensary uses its website to advertise and falsely promote itself and its products as legal.

We operate under a grey market established by Initiative 71. You are purchasing a sticker that comes with a free Marijuana gift of your choice.

132. Initiative 71 did not establish a grey market and the DC Government has repeatedly indicated that commercial “gifting” as practiced by unlicensed, commercial retailers like Dank Georgetown Dispensary is illegal, and not to lose sight of the related problem that the cannabis sold by Danks Georgetown Dispensary is also illegal. These cannabis products come from other states or foreign countries and are not subject to any lab testing or quality controls and are illegal under DC laws.

133. The Danks Georgetown Dispensary makes numerous statements on its website that misrepresent itself and its products as legal when they are not.

We are I-7 compliant DC marijuana pickup and delivery gifting service. We sell stickers that come with free Top Quality Marijuana gifts. Order your sticker with a free gift today.

These expressions are part of a scam to confuse or deceive consumers as to the nature of its business so as to encourage customers to buy from it and divert commercial cannabis sales from the legal cannabis market in DC.

134. On its website Danks Georgetown Dispensary presents a substantial menu of hundreds of cannabis products for sale (Cartridges, Concentrates, CBD, Disposable Pens, Edibles, Hybrid Flower, Hybrid Products, Indica Flower, Indica Products, Liquids (Tinctures), Premium Flower, Psilocybin (mushrooms), Sativa Flower, and Sativa Products). There are photos of each of these illegal cannabis products with a description and posted prices.

135. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Danks Georgetown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

136. On its website Danks Georgetown Dispensary indicates that it is no longer open for in store sales but now is only open for “delivery/meetup”. :Delivery orders are subject to a \$100 money donation and are cash only.” The dispensary makes deliveries throughout Wards 1-6 but states on its website that it will not make deliveries in Ward 7.

137. On January 27, 2024, Plaintiff investigated the Danks Georgetown Dispensary and observed the display and sale of illegal cannabis products. There was a display of cannabis products on the wall shelves on one side of the store and flower and pre-rolls were in the sales counter at the back of the store. The dispensary employee discussed sales prices and there was no mention of any “gifts”.

138. On March 21, 2024, ABCA sent a letter to Danks Georgetown Dispensary further advising that ABCA investigators had observed unlicensed, illegal cannabis operations at that location, warning that the failure to comply with DC’s cannabis laws would result in further enforcement actions. And at the end of the warning letter ABCA stated “Please note that this warning letter does not protect you from prosecution by other Federal and District Law enforcement agencies or from any lawsuits that may be filed by private actors against you.”

139. The legal cannabis market in DC represented ALCE suffered damages as a result of lost commercial sales that were instead made by Danks Georgetown Dispensary. The 1665 Wisconsin Property Owner materially contributed to the Danks Georgetown Dispensary’s deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 1665 Wisconsin Property Owner in leasing its

commercial space to the Danks Georgetown Dispensary the illegal cannabis sales by that dispensary would not have been made.

**K. 1671 Wisconsin Property Owner – Garden Georgetown Dispensary and Munchiez Georgetown Dispensary**

140. Defendant 1669 Wisconsin Ave LLC (“1671 Wisconsin Property Owner”) leases its commercial space to Defendant DC Garden Hill LLC (“Garden Georgetown Dispensary”) and to Defendant Fat Munchiez DC LLC t/a DC Garden Hill (“Munchiez Georgetown Dispensary”) who operate an unlicensed and illegal dispensary at that location. Mr. Mark Lumpkins is the owner of both dispensaries.

141. The 1671 Wisconsin Property Owner intentionally leased its commercial space for the sale of illegal cannabis. The facts indicate a very aggressive rush by the 1671 Wisconsin Property Owner to get an illegal cannabis dispensary as a tenant. To begin with, the Garden Georgetown Dispensary was newly established as an LLC in the District of Columbia on January 12, 2023, but without any apparent credit and no prior established operating experience, the 1671 Wisconsin Georgetown Dispensary agreed to lease to it. And, on February 8, 2023, Mr. Lumpkins on behalf of his new LLC and the 1671 Wisconsin Property Owner applied for a Certificate of Occupancy as a retail establishment at that location. The stated function on the CO application was intended to conceal the intent of both the tenant and the property owner to operate an unlicensed, illegal cannabis dispensary and to sell and distribute illegal cannabis. The 1671 Wisconsin Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and possibly some share of the revenues and was fully aware that the intended activity was illegal and were aware of the consequences of their actions.

142. On December 20, 2023, Mr. Lumpkins acquired the legal right to a shell entity registered as “Fat Munchiez DC LLC” and Mr. Lumpkins testified before the Alcohol Beverage and

Cannabis Board (“ABCB”) that he believed “Fat Munchiez DC LLC” had a Basic Business License (“BBL”) that had been issued on or before December 31, 2022. The significance of the issuance date of the BBL is that under a program established in the District of Columbia, certain illegal dispensaries are allowed the opportunity to apply for a cannabis retailer license. One qualification was that the illegal dispensary have a BBL issued on or before December 31, 2022. The Garden Georgetown Dispensary did not qualify because it never obtained a BBL. In an attempt to find another way to qualify, Mr. Lumpkins appears to have purchased a defunct LLC that he believed had a qualifying BBL. He changed its address to 1671 Wisconsin Avenue NW, Washington DC 20007, and claimed it had been trading as the Garden Georgetown Dispensary. On April 24, 2024, ABCB denied Mr. Lumpkins’ application for a legal cannabis license in *In Matter of Fat Munchiez DC, LLC* t/a License No. ABCA-127570. Further details are found in the July 10, 2024 hearing transcript in that administrative proceeding.

143. The Garden Georgetown Dispensary and the Munchiez Georgetown Dispensary appear to be duplicative LLCs and it is unclear which is currently operating the dispensary. However, neither have nor have they ever had a cannabis retailer license issued by ABCA. At all times both operated as illegal dispensaries selling illegal cannabis. None of the cannabis sold by either dispensary were cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis and cannabis products that sold from this location was illegal and obtained from illegal sources.

144. The 1671 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Garden Georgetown Dispensary before entering into a lease because it knew that the Garden Georgetown Dispensary was involved in the sale of illegal cannabis. The 1671 Wisconsin Property Owner never took any other action to determine if the Garden



Georgetown Dispensary or the Fat Munchiez Georgetown Dispensary had any legitimate (legal) business purpose.

145. The Garden Georgetown Dispensary advertises in interstate commerce through its use of the internet and uses its website ([www.dcgardenhill.org](http://www.dcgardenhill.org)) to make false or misleading representations as to its own legal status to sell cannabis in DC and the legality of the cannabis it sells in order to confuse or deceive consumers. Also, it promotes the sale of its cannabis products using a number of paid sites like Toker's Guide, Yelp, georgetowndc.com, Medium, budlords, gentlemantoker.com and trustedbud.com to steer commercial cannabis sales away from the legal cannabis market in DC with its false or misleading representations about the cannabis it sells. Since the Munchiez Georgetown t/a the Garden Georgetown Dispensary appears to be the successor-in-interest to the Garden Georgetown Dispensary, the social media, internet postings and ads and website of the Garden Georgetown Dispensary are also attributed to the Munchiez Georgetown Dispensary.

146. The Garden Georgetown Dispensary uses its website to advertise and falsely promote itself and its products as legal to deceive consumers. On its website Garden Georgetown Dispensary presents a substantial menu of cannabis products for sale (Flowers, Edible & Gummy, Pre-rolls, Disposable vape pens and Cartridge). There are photos of each product with a description and orders may be placed online.

147. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Garden Georgetown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries

148. On its website Garden Georgetown Dispensary emphasizes that it delivers its illegal cannabis and cannabis products through the entire metropolitan area in interstate commerce, including everywhere in the District of Columbia and Virginia and Maryland.

149. On January 25, 2024, Plaintiff investigated the Garden Georgetown Dispensary and observed the display and sale of illegal cannabis.

150. On August 7, 2024, Plaintiff again investigated the Garden Georgetown Dispensary and observed the display and sale of illegal cannabis.

151. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Garden Georgetown Dispensary and Munchiez Georgetown Dispensary. The 1671 Wisconsin Property Owner materially contributed to the Garden Georgetown Dispensary and Munchiez Georgetown Dispensary's deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 1672 Wisconsin Property Owner in leasing its commercial space to the Garden Georgetown Dispensary and the Munchiez Georgetown Dispensary the illegal cannabis sales by these dispensaries would not have been made.

**L. 3715 Macomb Property Owner – Level Tenleytown Dispensary**

152. Defendant Hersh Palmer LLC ("3715 Macomb Property Owner") leases its commercial space to Defendant Top Level LLC ("Level Tenleytown Dispensary") who operates an illegal dispensary at that location.

153. The 3715 Macomb Property Owner intentionally leased its commercial space for the sale of illegal cannabis and cannabis products. It appears that the 3715 Macomb Property Owner leased to the Level Tenleytown Dispensary back to at least November 1, 2021 which is the date the illegal dispensary obtained a general business license using that address. However, it could

have been even longer since the last Certificate of Occupancy (CO2000441) obtained on the property by the 3715 Macomb Property Owner was November 19, 2019. The 3715 Macomb Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and possibly some share of the revenues and was fully aware that the intended activity was illegal and were aware of the consequences of its actions.

154. The Level Tenleytown Dispensary never had a cannabis retailer license issued by ABCA. At all times it has operated as an illegal dispensary selling illegal cannabis. None of the cannabis flower and other cannabis products sold by the dispensary were cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis that sold from this location was illegal and obtained from unknown illegal sources in other states or foreign countries.

155. The 3715 Macomb Property Owner never investigated or conducted any meaningful due diligence review of the Level Tenleytown Dispensary before entering into a lease because it knew that this dispensary was involved in the sale of illegal cannabis. There is a large logo sign depicting a marijuana plant above the street level entry to the stairway up to the Top Level where the dispensary is located. The 3715 Macomb Property Owner never took any other action to determine if the Level Tenleytown Dispensary had any legitimate (legal) business purpose.

156. The Level Tenleytown Dispensary advertises in interstate commerce through its use of the internet and uses its website ([www.dctoplevel.com](http://www.dctoplevel.com)) to make false or misleading representations about its legal status to sell cannabis in DC and to misrepresent the origin, nature, characteristics, qualities and legality of the cannabis it sells in order to confuse or deceive consumers. Also, it promotes the sale of its cannabis products using a number of paid sites like Toker's Guide, Yelp, mrweednearme.com, Google, Tripadvisor, and gentlemantoker.com to steer

commercial cannabis sales away from the legal cannabis market using false and misleading representations regarding the cannabis sold by the Level Tenleytown Dispensary.

157. The Level Tenleytown Dispensary uses its website to advertise and falsely promote itself and its products as legal.

Thanks to Initiative 71, Top Level is able to give both Washington, DC residents & tourists free cannabis gifts with the purchase of an art print created by local artists. No need for a medical marijuana card just bring Cash and a 21+ State issued ID.

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Top Level is a weed gifting shop located in Tenleytown, Washington, DC. Our marijuana gifting dispensary specializes in fulfilling your holistic needs and are committed to providing excellent service. We are I71 complaint with Washington DC's gifting laws. We do not sell any Cannabis and only gift weed with every art print purchase under Initiative I71.

158. The Level Tenleytown Dispensary seeks to divert commercial sales from the legal market by its false claims that it is "I71 compliant with Washington, DC's gifting laws" to convince customers that it operates in full accordance with the laws of the District of Columbia and the cannabis it sells are also in accordance with the laws of the District of Columbia.

159. The Level Tenleytown Dispensary's website presents a substantial menu of cannabis for sale ("gifting") (Flowers, Edibles, Pre-rolls, Vape pens, Tinctures, Drinks, and Wax) plus "magic" mushrooms. There are photos of each product with a description and posted prices. Orders may be placed online.

160. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Level Tenleytown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries

161. On January 23, 2024, Plaintiff investigated the Level Tenleytown Dispensary and observed the display and sale of illegal cannabis in the dispensary. The display tables in the dispensary show a wide variety of cannabis and cannabis products, including products packaged like Reese Puffs, Lucky Charms, Apple Jacks and Snickers. Prices are shown next to the cannabis products. Since the Level Tenleytown Dispensary claims that it is a legal “gifting” shop under Initiative-71, next to the prices for the various cannabis products is a printed notice stating that the prices shown are for the cost of an “art print” which is like a small postcard the size of the size of a business card worth nothing, all to confuse or deceive consumers.

162. On August 4, 2024, Plaintiff again investigated the Level Tenleytown Dispensary and observed the display and sale of illegal cannabis at the dispensary.

163. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Level Tenleytown Dispensary. The 3715 Macomb Property Owner materially contributed to the Level Tenleytown Dispensary’s deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 3715 Macomb Property Owner in leasing its commercial space to the Level Tenleytown Dispensary the illegal cannabis sales by that dispensary would not have been made.

**M. 4427 Wisconsin Property Owner – Flavors Tenleytown Dispensary**

164. Defendants Soroush Zarei and Mehrnosh Z. Dastan (“4427 Wisconsin Property Owner”) leases their commercial space to Defendant Flavors Italy LLC (“Flavors Tenleytown Dispensary”) who operates or operated the unlicensed and illegal dispensary at that location. More recently, another entity, Greenwell LLC (“Greenwell”), may also have become involved in operating the Flavors Tenleytown Dispensary.

165. The 4427 Wisconsin Property Owner intentionally leased its commercial space for the sale of illegal cannabis and cannabis products. It appears that the 4427 Wisconsin Property Owner leased to the Flavors Tenleytown Dispensary back to at least January 13, 2023 which is the date the illegal dispensary registered as an LLC in the District of Columbia but it could be further back since the only Certificate of Occupancy (CO400314001469) for the 2<sup>nd</sup> floor where the illegal dispensary is located was issued to one of the property owners (Soroush Zarei) on June 1, 2020. The 4427 Wisconsin Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and possibly some share of the revenues and was fully aware that the intended activity was illegal and were aware of the consequences of its actions.

166. The Flavors Tenleytown Dispensary never had a cannabis retailer license issued by ABCA. At all times it has operated as an illegal dispensary selling illegal cannabis. None of the cannabis sold by the dispensary was cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis that sold from this location was illegal and obtained from unknown illegal sources in other states or foreign countries.

167. The 4427 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Flavors Tenleytown Dispensary before entering into a lease because it knew that this dispensary was involved in the sale of illegal cannabis. When the dispensary is open there is an A-Frame sign in front of the entry door to the second floor of the property. It is a fairly small space with cannabis displayed in the single glass case. It is apparent to anyone with a simple glance that the only purpose of the dispensary is to sell cannabis. The 4427 Wisconsin Property Owner never took any other action to determine if the Flavors Tenleytown Dispensary had any legitimate (legal) business purpose.

168. The Flavors Tenleytown Dispensary advertises in interstate commerce through its use of the internet and uses its website ([www.flavorsitaly420.com](http://www.flavorsitaly420.com)) to make false or misleading representations as to the legal status of the dispensary in DC, and also the legality of the cannabis sold by the dispensary in order to confuse or deceive consumers. It also falsely promotes and advertises its sale of its illegal cannabis using the posting of photos and videos on Instagram (@flavorsitaly).

169. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Flavors Tenleytown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

170. The Flavors Tenleytown Dispensary seeks to divert commercial sales of cannabis from the legal market in DC by its false claims on its website that it is “I71 compliant” and on its Google advertisement where it claims:

Flavors Italy 420 is DC’s Newest I71 compliant service located in NW DC. We offer a variety of trusted products ranging from premium flowers to concentrates, edibles and more.

171. The Flavors Tenleytown Dispensary’s claims of being I71 compliant and stating that its illegal products are “trusted” are part of its false representations to confuse or deceive consumers that it is a legal dispensary and its products are legal in the District of Columbia. It also seeks to present itself as being a reliable, legal business that has been operating in the District of Columbia for over 10 years.

With over 10 years in the industry, Flavors Italy 420 prides itself with bringing you the highest quality products along with exceptional customer service you won’t find anywhere else. We offer a variety of trusted products ranging from premium flower to concentrates, edibles and more.

172. The Flavors Tenleytown Dispensary’s website presents a substantial menu of illegal cannabis for sale (“gifting”) (Cartridges, Concentrates, Edibles, Flower, Mushrooms, Pre-rolls and Darts) There are photos of each product with a description and posted prices. Orders may be placed online for pickup at the dispensary.

173. On January 29, 2024, Plaintiff investigated the Flavors Tenleytown Dispensary and observed the display and sale of illegal cannabis at the dispensary.

174. On May 9, 2024, ABCA sent a letter to Flavors Tenleytown Dispensary advising that ABCA investigators had observed unlicensed, illegal cannabis operations at that location, warning that the failure to comply with DC’s cannabis laws would result in further enforcement actions. And at the end of the warning letter ABCA stated “Please note that this warning letter does not protect you from prosecution by other Federal and District Law enforcement agencies or from any lawsuits that may be filed by private actors against you.” This warning letter further noted that signage visible to the outside as to the sale of cannabis products also violated DC Code §7-167106(b)(e).

175. On August 14, 2024, ABCA issued its “Order to Cease and Desist Illegal Activity” against the 4427 Wisconsin Property Owner, the illegal dispensary, and its current operator-owner. This order specifically ordered these participants to “immediately **CEASE AND DESIST** the illegal purchase, sale, exchange, delivery, or any other form of commercial transaction involving cannabis.”

176. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Flavors Tenleytown Dispensary. The 4427 Wisconsin Property Owner materially contributed to the Flavors Tenleytown Dispensary’s deception of consumers as to being a legal dispensary selling cannabis that was legal under DC



laws. Without the material participation of the 4427 Wisconsin Property Owner in leasing its commercial space to the Flavors Tenleytown Dispensary the illegal cannabis sales by that dispensary would not have been made.

**O. 4425 Wisconsin Property Owner – Havana Tenleytown Dispensary**

177. Defendant Clemenza LLC (“4425 Wisconsin Property Owner”) leases its commercial space to Defendant AL and EM Inc. t/a Havana Smoke Shop (“Havana Tenleytown Dispensary”) who operates an unlicensed and illegal dispensary at that location.

178. The 4425 Wisconsin Property Owner intentionally leased its commercial space for the sale of illegal cannabis. It appears that the 4425 Wisconsin Property Owner leased to the Havana Tenleytown Dispensary even before the dispensary was incorporated on December 5, 2022. A Certificate of Occupancy (CO2300273) was issued for the space leased to Havana Tenleytown Dispensary on November 7, 2022, and shortly thereafter, the dispensary was issued a Cigarette Retail license (410323000014). “Smoke Shops” in DC are often used as a partial cover by unlicensed cannabis dispensaries because they mix legal nicotine products and illegal cannabis products together for sale. The property owner was anxious to lease its space to an illegal cannabis dispensary to take advantage of its proximity to American University and student traffic between campus and the Metro stop.

179. There is a large illuminated “CBD” with a Green Cross in the front window to inform everyone that cannabis was sold inside. And, opening the door to the dispensary/smoke shop, one is immediately struck by the display of cannabis and drug paraphernalia. The 4425 Wisconsin Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and possibly some share of the revenues and was fully aware that the intended activity was illegal and was aware of the consequences of its actions.

180. The Havana Tenleytown Dispensary never had a cannabis retailer license issued by ABCA. At all times it has operated as an illegal dispensary selling illegal cannabis. None of the cannabis sold by the dispensary was cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis sold from this location was illegal and obtained from unknown illegal sources in other states or foreign countries.

181. The 4425 Wisconsin Property Owner never investigated or conducted any meaningful due diligence review of the Havana Tenleytown Dispensary before entering into a lease because it knew that this dispensary was involved in the sale of illegal cannabis. Inside the dispensary it is apparent from the display of cannabis that it is a major part of its business. The only customers observed by Plaintiff were those purchasing cannabis.

182. The Havana Tenleytown Dispensary advertises in interstate commerce with Google and by posting photos of the inside and outside of its store (with the illuminated Green Cross and “CBD” that further advertise the sale of cannabis) to show consumers that it sells cannabis inside.

183. On October 1, 2024, Plaintiff investigated the Havana Tenleytown Dispensary and observed the display and sale of cannabis products. It specifically noticed that it carried a large assortment of cannabis products manufactured by large cannabis companies (like Cake and Stiiiky) that heavily advertise even though their products are illegal for sale in Washington, DC.

184. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Havana Tenleytown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

185. The Havana Tenleytown Dispensary seeks to divert commercial sales of cannabis from the legal cannabis market in DC with misrepresentations that it is a legal “smoke” shop and it

misrepresents the cannabis products it sells as “legal” national brands. These misrepresentations as to the origin, nature, characteristics, qualities and legality of the cannabis it sells are intended to confuse or deceive consumers.

186. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Havana Tenleytown Dispensary. The 4425 Wisconsin Property Owner materially contributed to the Havana Tenleytown Dispensary’s deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 4425 Wisconsin Property Owner in leasing its commercial space to the Havana Tenleytown Dispensary the illegal cannabis sales by that dispensary would not have been made.

**P. 4631 41<sup>st</sup> Property Owner – Dabbers Tenleytown Dispensary**

187. Defendant Columbia Limited Partnership (“4631 41<sup>st</sup> Property Owner”) leases its commercial space to Defendant Glass City LLC t/a Washington Dabbers Club (“Dabbers Tenleytown Dispensary”) who operates an unlicensed and illegal dispensary at that location.

188. The 4631 41<sup>st</sup> Property Owner intentionally leased its commercial space for the sale of illegal cannabis. It appears that the 4631 41<sup>st</sup> Property Owner leased to the Dabbers Tenleytown Dispensary back to either March 10, 2020 when the LLC was registered in DC or December 15, 2020 when the property owner was issued a Certificate of Occupancy (CO210066663) for “retail sales of high-end glass work, accessories and apparel.” The dispensary displayed the cannabis for sale in the front counter. (A “dabber” is a small slender tool used to apply cannabis concentrate to a heated surface before inhaling.) The 41<sup>st</sup> Street Property Owner was motivated to lease this space for an illegal dispensary in order to obtain higher lease rates and possibly some share of

the revenues and was fully aware that the intended activity was illegal and were aware of the consequences of its actions.

189. The Dabbers Tenleytown Dispensary never had a cannabis retailer license issued by ABCA. At all times it has operated as an illegal dispensary selling illegal cannabis. None of the cannabis sold by the dispensary was cultivated or manufactured by licensed cultivators or manufacturers in the District of Columbia; consequently all cannabis sold from this location was illegal and obtained from unknown illegal sources in other states or foreign countries.

190. The 4631 41<sup>st</sup> Property Owner never investigated or conducted any meaningful due diligence review of the Dabbers Tenleytown Dispensary before entering into a lease because it knew that this dispensary was involved in the sale of illegal cannabis. Inside the dispensary it is apparent that the only purpose of the dispensary is to sell cannabis. The 4631 41<sup>st</sup> Property Owner never took any other action to determine if the Dabbers Tenleytown Dispensary had any legitimate (legal) business purpose.

191. The Dabbers Tenleytown Dispensary advertises in interstate commerce through its use of the internet and uses its website ([www.dcdabbers.com](http://www.dcdabbers.com)) to make false or misleading representations as to its legal status and to present the cannabis it sells as being legal in DC in order to confuse or deceive consumers. Also, it advertises on a wide variety of paid sites, including Yelp, About.me/dabblers, Aftership.com, Homify.com, Atmosty.io, Allbud.com, Yahoo.com, Medium, Linktree, Birdeye.com, Hotdeals.com, and it makes extensive use of social media, including Instagram (@dcdabbersclub), Facebook (Washington Dabblers Club), TikTok and YouTube to make misrepresentations as to the cannabis it sells.

192. Deceptively packaged cannabis from illegal sources are marketed by unlicensed dispensaries (like the Dabbers Tenleytown Dispensary) as premium, legal products to gain an unfair competitive advantage over licensed dispensaries.

193. The Dabbers Tenleytown Dispensary seeks to divert commercial sales of cannabis from the legal cannabis market in DC with false and misleading claims on its website that it is “i71 compliant” and that it is itself a legal dispensary and the product it sells are legal.

In 2014, Washington, DC voters passed initiative 71, which made it legal for adults 21 and over to possess up to two ounces of recreational marijuana. Feel free to stop by our store 7 days a week from 10 am – 8 pm to pick up your gifts.

194. The Dabbers Tenleytown Dispensary’s claims of being i71 compliant and stating that its illegal products are “high quality”, “the best cannabis products in DC” are part of its false and misleading representations to confuse or deceive consumers that it is a legal dispensary and its products are legal in the District of Columbia.

Washington Dabbers Club is Washington DC’s premier destination for I-71 compliant high quality recreational cannabis, high potency concentrates, and cannabis THC edibles. We specialize in providing the best cannabis products in DC. 21 +ID No medical card required.

195. The Dabbers Tenleytown Dispensary’s website presents a substantial menu of illegal cannabis products for sale (“gifting”) (Cannabis Flower, Weed Gummy, Edibles, Concentrates, Weed Carts and Weed Vapes). There are photos of each product with a description and posted prices. Orders may be placed online for pickup at the dispensary. The Dabbers Tenleytown Dispensary only accepts cash and it provides an ATM machine for consumers to use their debit cards to withdraw cash to purchase cannabis at the dispensary.

196. On January 29, 2024, and March 22, 204, Plaintiff investigated the Dabbers Tenleytown Dispensary and observed the display and sale of illegal cannabis products.

197. On August 4, 2024, Plaintiff again investigated the Dabbers Tenleytown Dispensary and observed the display and sale of illegal cannabis.

198. The legal cannabis market in DC represented by ALCE suffered damages as a result of lost commercial sales that were instead made by Dabbers Tenleytown Dispensary. The 4631 41<sup>st</sup> Property Owner materially contributed to the Dabbers Tenleytown Dispensary's deception of consumers as to being a legal dispensary selling cannabis that was legal under DC laws. Without the material participation of the 4631 41<sup>st</sup> Property Owner in leasing its commercial space to the Dabbers Tenleytown Dispensary the illegal cannabis sales by that dispensary would not have been made.

**COUNT I – LIABILITY FOR VIOLATION OF LANHAM ACT FOR UNFAIR COMPETITION**

199. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 198 above.

200. Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a) provides:

(a) Civil Action:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or in any false designation or origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

201. Each of the Defendants Hotbox DC LLC (“Hotbox Georgetown Dispensary”, “Hotbox Shaw Dispensary”, and “Hotbox Brightwood Park Dispensary”), Empire Smokeshop LLC (“Empire Georgetown Dispensary”), Drip Gallery LLC (“Gallery Georgetown Dispensary”), Luxury Soil LLC (“Soil Georgetown Dispensary” and “Soil H Street Dispensary”), Denver William Conley t/a Capitol Danks (“Danks Georgetown Dispensary” or “Conley”), DC Garden Hill LLC (“Garden Georgetown Dispensary”), Fat Munchiez DC LLC (“Munchiez Georgetown Dispensary”), Top Level LLC (“Level Tenleytown Dispensary”), Flavors Italy LLC (“Flavors Tenleytown Dispensary”), AL and EM, Inc. t/a Havana Smoke Shop (“Havana Tenleytown Dispensary”), Glass City LLC t/a Washington Dabbers Club (“Dabbers Tenleytown Dispensary”) (hereinafter collectively referred to as “Fourteen Illegal Dispensary-Defendants”) engaged in unfair competition in violation of Section 43(a)(1)(A) of the Lanham Act against the legal, licensed cannabis cultivators, manufacturer and dispensaries in the District of Columbia represented by ALCE.

202. Each of the Fourteen Illegal Dispensary-Defendants falsely claim or misrepresent in interstate commerce that the “origin” of the cannabis it sells (or sold) is cultivated or manufactured in the District of Columbia by licensed cultivators and/or manufactured because those licensees are the only source of legal cannabis under the laws of the District of Columbia. None of the cannabis sold by any of the Fourteen Illegal Dispensaries had as its “origin” any of the licensed cultivators and/or manufacturers in the District of Columbia. The false or misleading representations as to the “origin” of the cannabis sold by the Fourteen Illegal Dispensary-Defendants violate Section 43(a)(1) of the Lanham Act.

203. Each of the Fourteen Illegal Dispensary-Defendants falsely describe or give false or misleading representations in interstate commerce as to the cannabis they sell (sold) “to cause

confusion, or to cause mistake, or to deceive” consumers “as to the origin, sponsorship, or approval” of the District of Columbia Government (through ABCA) in violation of Section 43(a)(1)(A) of the Lanham Act.

204. Each of the Fourteen Illegal Dispensary-Defendants falsely describe or make false or misleading descriptions of facts or false or misleading representations of fact in interstate commerce as to their own legal status to sell cannabis in the District of Columbia “to cause confusion, or to cause mistake, or to deceive” consumers as to the unlicensed dispensary’s “affiliation, connection, or association . . . as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities” by licensed dispensaries in violation of Section 43(a)(1)(A) of the Lanham Act.

205. Each of the Fourteen Illegal Dispensary-Defendants operate or operated in the past three years an illegal cannabis dispensary selling illegal cannabis and cannabis products while simultaneously misrepresenting to customers (both in person and on the internet) that they were legally licensed or legally authorized in the District of Columbia to sell cannabis. These misrepresentations were made to deceive consumers to gain an unfair competitive advantage over licensed dispensaries who sold legal cannabis from licensed cultivators and manufacturers.

206. Each of the Fourteen Illegal Dispensary-Defendants used the internet to deceive consumers in interstate commerce as to their legal status by claiming they were licensed or “i-71 compliant” or otherwise legally authorized to operate as a cannabis shop or dispensary and to sell or “gift” cannabis to consumers in accordance with the laws of the District of Columbia.

207. Without such misrepresentations and deceptions aimed at consumers, none of the Fourteen Illegal Dispensary-Defendants would have been able to make inroads into the legal cannabis market in the District of Columbia.



208. Each of the Fourteen Illegal Dispensary-Defendants deceived consumers (both in person and on the internet) by representing that the cannabis flower and other cannabis products they sold were legal in the District of Columbia.

209. None of the cannabis flower and other cannabis products sold by the Fourteen Illegal Dispensary-Defendants in their stores, listed on their websites, or sold online was legal under the laws of the District of Columbia.

210. Each of the Fourteen Illegal Dispensary-Defendants sells illegal cannabis that is deceptively packaged as a premium product to deceive consumers to gain an unfair competitive advantage over legal dispensaries who are prohibited from purchasing and selling illegal cannabis.

211. Each of the Fourteen Illegal Dispensary-Defendants deceived consumers into purchasing cannabis that is illegal under the laws of the District of Columbia.

212. Some of the Fourteen Illegal Dispensary-Defendants also sell “magic mushrooms” (the common street name for the “psilocybin” found in entheogenic plants and fungi) and magic mushroom products like chocolates as a substitutable product for cannabis. These dispensaries misrepresent the magic mushrooms and products they sell as being legal in DC and only available as premium products available at certain (albeit illegal) dispensaries. These representations are false and are intended to deceive consumers to encourage their shopping with the illegal dispensary.

213. Commercial sales of illegal cannabis and cannabis products by these illegal dispensaries competed with commercial sales of the legal cannabis by legal, licensed dispensaries in the District of Columbia and diverted sales from the legal cannabis market, causing commercial injury to licensed cultivators, manufacturers and dispensaries represented by ALCE.

214. In accordance with 15 U.S.C. §1117, Plaintiff seeks damages equal to the profits (trebled) of each of the Fourteen Illegal Dispensary-Defendants from the earlier of (1) three years prior to the filing of this Complaint or (2) the date the illegal dispensary began operations, through the date of judgment in this case (or the date the illegal dispensary ceased all illegal cannabis sales), plus interest, for violation of the Lanham Act for unfair competition.

215. Defendants who, as property owners, received a percentage of revenues from illegal cannabis sales by one or more of the Fourteen Illegal Dispensary-Defendants as partial compensation to the Property Owner-Defendant for its risk in leasing to illegal cannabis dispensaries, functioned as an illegal cannabis dispensary and are also jointly and severally liable with the Illegal Dispensary-Defendant to ALCE.

## **COUNT II – CONTRIBUTORY LIABILITY FOR VIOLATION OF LANHAM ACT FOR UNFAIR COMPETITION**

216. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 215 above.

217. Each of Defendants RS Holdings LLC (“1564 Wisconsin Property Owner”), Sam Jean-Paul Amsellem Trustee (“1610 Wisconsin Property Owner” and “1616 Wisconsin Property Owner”), Simon Meir Cohen Trustee (“1620 Wisconsin Property Owner”), 1665 Wisconsin Ave LLC (“1665 Wisconsin Property Owner”), 1669 Wisconsin Ave NW LLC (“1671 Wisconsin Property Owner”), Soroush Zarei and Mehrnosh Z. Dastan (together “4427 Wisconsin Property Owners”), Clemenza LLC (“4425 Wisconsin Property Owner”), Hersh Palmer LLC (“3715 Macomb Property Owner”), Columbia Limited Partnership (“41<sup>st</sup> Street Property Owner”), 775 Holdings LLC (“775 H Property Owner”), Zagros Peak LLC (“1703 6<sup>th</sup> Property Owner”), and Mulu K. Tasew and Zebader Tesema (“5117 Georgia Property Owner”) (hereinafter collectively

referred to as “Thirteen Property Owner-Defendants”) are each liable for contributory unfair competition in violation of Section 43(a)(1)(A) of the Lanham Act.

218. Each of the Thirteen Property Owner-Defendants leased commercial space to unlicensed cannabis dispensaries which allowed such illegal dispensaries to falsely claim or represent that they were legal or licensed cannabis dispensaries in a manner “likely to cause confusion, or to cause mistake, or to deceive” consumers as to the legal status in the District of Columbia of the unlicensed dispensaries in violation of Section 43(a)(1)(A) of the Lanham Act.

219. Each of the Thirteen Property Owner-Defendants leased commercial space to unlicensed cannabis dispensaries which allowed the use of the commercial space and the address of such commercial space to be used to sell illegal cannabis which was “likely to cause confusion, or to cause mistake, or to deceive” consumers “as to the origin, sponsorship, or approval of” this illegal cannabis, or the legality of the other related services offered by unlicensed dispensaries, including access to credit or debit cards, and shipping and delivery of illegal cannabis in interstate commerce.

220. Each of the Thirteen Property Owner-Defendants materially participated in the establishment of operations of one or more of the Fourteen Illegal Dispensary-Defendants by leasing commercial space to them for the sale of illegal cannabis. These defendants materially participated with the illegal dispensary-defendants in violations of Section 43(a)(1)(A).

221. Each of the Thirteen Property Owner-Defendants leased space in commercial properties they owned to unlicensed and illegal cannabis dispensaries.

222. Each of the Thirteen Property Owner-Defendants had knowledge of or had reason to know that the Fourteen Illegal Dispensary-Defendants were unlicensed and sold illegal cannabis flower and other cannabis products at their respective leased locations.

223. Each of the Thirteen Property Owner-Defendants was aware (or should have been aware) that consumers were deceived as to the legal status of the illegal dispensary-defendants, and the legality of the cannabis sold at these illegal dispensaries.

224. Each of the Thirteen Property Owner-Defendants materially contributed to the deception of consumers by providing one or more illegal dispensaries with the appearance of legitimacy by leasing commercial property to the illegal dispensary.

225. None of the Thirteen Property Owner-Defendants required any of the illegal dispensaries to become a legal, licensed dispensary, and only sell cannabis that was legal under the laws of the District of Columbia.

226. “Willful blindness” of any of the Thirteen Property Owner-Defendants does not excuse their liability for violation of the Lanham Act for contributory unfair competition.

227. The actions of each of these Thirteen Property Owner-Defendants caused injury to the legal cannabis market represented by ALCE in the form of commercial sales diverted from the legal market to the illegal market. Without the participation of the Thirteen Property Owner-Defendants, the illegal dispensaries would not have been able to operate and sell illegal cannabis and cannabis products.

228. Each of the Thirteen Property Owner-Defendants acted as competitors to the legal cannabis market by their actions in leasing commercial space to illegal dispensaries to compete with the legal market for cannabis sales.

229. The lease payments received by each of the Thirteen Property Owner-Defendants was paid with revenues generated by the sale of illegal cannabis diverted from the legal cannabis market.

230. Where lease payments to a Property Owner-Defendant included a percentage of revenues from illegal cannabis sales, this additional direct participation as a partner in the illegal sale and distribution of illegal cannabis, requires that Property Owner-Defendant also be held liable as an illegal dispensary.

231. In accordance with 15 U.S.C. §1117, Plaintiff seeks damages equal to the profits and compensation (trebled) of each of the Thirteen Property Owner-Defendants from their dealings with the Fourteen Illegal Dispensary-Defendants from the earlier of (i) three years prior to the filing of this Complaint or (ii) the date the illegal dispensary occupied the space leased from one of the Property Owner-Defendants, through the date of judgment in this case (or the date the illegal dispensary ceased all illegal cannabis sales), plus interest, for violation of the Lanham Act for contributory unfair competition.

**COUNT III – LIABILITY FOR VIOLATION OF LANHAM ACT FOR FALSE ADVERTISING AND FALSE PROMOTION**

232. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 231 above.

233. Each of the Fourteen Illegal Dispensary-Defendants engaged in false advertising and promotion in violation of Section 43(a)(1)(B) of the Lanham Act.

234. Each of the Fourteen Illegal Dispensary-Defendants falsely describe or give false or misleading descriptions of fact or misleading representations of fact in interstate commerce as to the cannabis they sell. Each make such misrepresentations on the internet regarding the nature, characteristics, qualities or geographic origin of the cannabis they sell in violation of Section 43(a)(1)(B) of the Lanham Act.

235. Each of the Fourteen Illegal Dispensary-Defendants falsely describes or gives false or misleading descriptions of fact or misleading representations of fact as to the cannabis sold by legal, licensed dispensaries in violation of Section 43(a)(1)(B) of the Lanham Act.

236. Each of the Fourteen Illegal Dispensary-Defendants used the internet to falsely advertise and promote themselves in interstate commerce as legal dispensaries in the District of Columbia that sold only legal cannabis flower and other cannabis products. These claims along with misleading packaging of illegal cannabis was intended to confuse and deceive consumers.

237. Each of the Fourteen Illegal Dispensary-Defendants used the internet to falsely advertise and promote illegal cannabis and illegal dispensaries in interstate commerce.

238. Each of the Fourteen Illegal Dispensary-Defendants advertises and promotes in interstate commerce the sale of some type of illegal cannabis, e.g. CBD, THC, hemp-derived, Delta 8, etc.

239. Advertising claims by the Fourteen Illegal Dispensary-Defendants that any of these cannabis types are legally sold by an unlicensed retailer in DC are intended to confuse or deceive consumers.

240. Each of the Fourteen Illegal Dispensary-Defendants sells some nationally marketed cannabis brands as a premium product concealing the fact that all such cannabis products are illegal in DC;

241. Many of the nationally marketed cannabis brands are deceptively packaged with inaccurate potency statements, misrepresent the safety of the products, fail state the lack of third-party testing or governmental oversight or fail to give any information as to the actual cultivator or manufacturer. The Fourteen Illegal Dispensary-Defendants withhold this information to deceive consumers about the cannabis they are selling illegally.

242. Some of the Fourteen Illegal Dispensary-Defendants also sell cannabis deceptively packaged to look like non-cannabis, national consumer brands to confuse or deceive consumers and gain a competitive advantage over the legal market, e.g. Nerd Robes, Chips Ahoy, Milky Way, Snickers, Dean & DeLuca, Doritos, etc.

243. Many of the Fourteen Illegal Dispensary-Defendants offer to deliver illegal cannabis products in interstate commerce outside of the District of Columbia into Maryland and Virginia and present such delivery options as being safe and legal. Legal dispensaries in the District of Columbia are prohibited from making deliveries in interstate commerce outside of the District of Columbia.

244. Some of the Fourteen Illegal Dispensary-Defendants falsely advertise and promote the sale on their websites and in their stores of “magic” mushrooms that they also represent as being legal in DC for them to sell. Legal, licensed cannabis dispensaries in the District of Columbia are prohibited from selling ‘magic’ mushrooms which are illegal for everyone to sell in the District of Columbia.

245. Each of the Fourteen Illegal Dispensary-Defendants have (or had) an internet presence that they used in interstate commerce to confuse or deceive consumers about the illegal cannabis they advertised for sale.

246. Each of the Fourteen Illegal Dispensary-Defendants has or had websites promoting the sale at their leased locations and online of illegal cannabis and cannabis products that they falsely represented to be legal in the District of Columbia, laboratory tested and high quality.

247. Each of the Fourteen Illegal Dispensary-Defendants falsely advertised and falsely promoted in interstate commerce claims intended to deceive consumers as to the legal status of the different cannabis products and the legal status of the unlicensed dispensary itself.

248. Each of the Fourteen Illegal Dispensary-Defendants concealed from consumers the fact that they were not licensed by ABCA and used the internet to advertise and promote itself as operating as a legal dispensary.

249. None of the cannabis sold by any of the Fourteen Illegal Dispensary-can be legally sold by any retailer in DC, even licensed dispensaries are prohibited from selling such products that are not cultivated and manufactured by licensed cultivators and manufacturers in DC.

250. False claims as to the legality and nature of the illegal cannabis flower and other cannabis products falsely advertised and falsely promoted and sold in interstate commerce by the Fourteen Illegal Dispensary-Defendants reduced commercial sales in the legal cannabis market in the District of Columbia and caused damage to the licensed cultivator, manufacturers and dispensaries represented by ALCE.

251. In accordance with 15 U.S.C. §1117, Plaintiff seeks damages equal to the profits of the each of the Fourteen Illegal Dispensary-Defendants from the earlier of (1) three years prior to the filing of this Complaint or (2) the date the illegal dispensary began operations, through the date of judgment in this case (or the date the illegal dispensary complete cessation of illegal cannabis sales), plus interest for violation of the Lanham Act for false advertising and false promotion.

**COUNT IV – CONTRIBUTORY LIABILITY FOR VIOLATION OF LANHAM ACT FOR FALSE ADVERTISING AND FALSE PROMOTION**

252. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 251 above.

253. Each of the Thirteen Property Owner-Defendants is liable for violation of Section 43(a)(1)(B) of the Lanham Act for contributory false advertising and promotion.

254. Each of the Thirteen Property Owner-Defendants leased commercial space to unlicensed cannabis dispensaries which allowed such illegal dispensaries to advertise and promote in



interstate commerce their presence and the sale of illegal cannabis at that location which allowed the misrepresentation of the nature, characteristics, qualities, or geographic origin of the cannabis sold by the illegal dispensaries in violation of Section 43(a)(1)(B) of the Lanham Act.

255. Each of the Thirteen Property Owner-Defendants also permitted their property to be used to advertise or promote in interstate commerce the sale of illegal cannabis in DC with signage of illegal cannabis sales attached to the building property and photos of the building and signage posted on the internet, along with direction to the property in violation of Section 43(a)(1)(B) of the Lanham Act.

256. Each of the Thirteen Property Owner-Defendants had knowledge of or had reason to know that the Fourteen Illegal Dispensary-Defendants were advertising and promoting the sale of illegal cannabis flower and other cannabis products sold from their leased premises. These defendants materially participated in the illegal dispensary-defendants' violations of Section 43(a)(1)(B).

257. "Willful blindness" of these thirteen defendants does not excuse their liability for violation of the Lanham Act for contributory false advertising and false promotion.

258. Each of the Thirteen Property Owner-Defendants signed (or was responsible for signing) leases with the Fourteen Illegal Dispensary-Defendants. They entered into these leases with knowledge that the lease payments made to them would be based on the sale of illegal cannabis falsely advertised and promoted by the fourteen illegal dispensary-defendants.

259. Each of the Thirteen Property Owner-Defendants caused injury to the legal market by intentionally leasing to illegal dispensaries that they knew or should have known were selling illegal cannabis and diverting sales from the legal cannabis market and causing damage to the licensed cultivators, manufacturers and dispensaries represented by ALCE.

260. Each of the Thirteen Property Owner-Defendants had access to the leased premises that displayed illegal cannabis flower and other cannabis products that were being falsely advertised and promoted in interstate commerce with the support of these defendants. Without the knowing involvement and participation of these thirteen defendants, the illegal dispensaries would not have been able to operate by falsely advertising and promoting illegal cannabis and cannabis products.

261. None of the Thirteen Property Owner-Defendants as a condition of the lease or otherwise required the illegal dispensary to obtain a legal cannabis license or to refrain from ever selling illegal cannabis.

262. None of the Thirteen Property Owner-Defendants ever took any action to cause the illegal dispensary to cease advertising and promoting the sale from their leased premises of illegal cannabis.

263. In accordance with 15 U.S.C. §1117, Plaintiff seeks damages equal to the profits and any other compensation (trebled) received by the Thirteen Property Owner-Defendants from the Fourteen Illegal Dispensary-Defendants from the earlier of (1) three years prior to the filing of this Complaint or (2) the date the illegal dispensary began operations, through the date of judgment in this case (or the date of the complete cessation of all illegal cannabis sales from the leased premises), plus interest, for the violation of the Lanham Act for contributory false advertising and promotion.

**COUNT V – VIOLATION OF COMMON LAW IN THE DISTRICT OF COLUMBIA FOR UNFAIR COMPETITION AND FALSE ADVERTISING**

264. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 263 above.

265. Common law of Unfair Competition in the District of Columbia recognizes a party's liability to a competitor where the offending party used methods that were themselves independently illegal or where the offending party used false advertising or deceptive packaging.

266. Each of the Fourteen Illegal Dispensary-Defendants engaged in unfair competition by: (i) selling of cannabis in the District of Columbia without being licensed as a cannabis retailer by ABCA; (ii) selling illegal cannabis flower and other cannabis products not cultivated or manufactured by licensed cultivators and manufacturers in DC; (iii) falsely advertising the cannabis they sold as legal, safe, and from legal sources; and (iv) selling cannabis in deceptive packaging as a premium product that licensed dispensaries cannot sell under the laws of the District of Columbia.

267. Each of the Thirteen Property Owner-Defendants materially participated in the establishment and operation of an illegal cannabis dispensary by leasing commercial space to the illegal dispensaries knowing (or have reason to know) of their intent to sell illegal cannabis flower and other cannabis products. Also, when a Property Owner-Defendant received a percentage of the illegal dispensaries' revenues from the sale of illegal cannabis, that Property Owner-Defendant itself functioned as an illegal dispensary and is also jointly and severally liable for the damage caused by the illegal dispensary to licensed cultivators, manufacturers and dispensaries represented by ALCE.

268. The legal cannabis market was injured as a direct result of the unfair competition of the illegal dispensaries and the contributory unfair competition of the other thirteen defendants. The legal cannabis market was injured by the commercial sales diverted from the sale of legal cannabis in the District of Columbia.

269. Representing the legal cannabis market in the District of Columbia, ALCE seeks damages from each of the Fourteen Illegal Dispensary-Defendants and each of the Thirteen Property Owner-Defendants equal to their individual profits and compensation (trebled) resulting from their illegal unfair competition and false advertising practices in competing with the legal cannabis market in the District of Columbia.

**COUNT VI – LIABILITY OF ILLEGAL DISPENSARIES FOR NEGLIGENCE IN SELLING ILLEGAL CANNABIS**

270. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 269 above.

271. Each of the Fourteen Illegal Dispensary-Defendants owed a duty of care to the legal cannabis market (composed of the licensed cultivators, manufacturers and retailers) in the District of Columbia to apply for and obtain a legal license from ABCA before selling any cannabis in the District of Columbia.

272. Foreseeability of injury to the legal cannabis market is apparent where a party engages in the illegal sale of cannabis without obtaining a legal license and ignoring the laws in the District of Columbia regarding what cannabis is consider legal for sale in DC and what entities are legally authorized to sell such legal cannabis. If a dispensary is not licensed to sell cannabis flower and other cannabis products to consumers in the District of Columbia then it is not authorized to purchase legally cultivated cannabis flower and other legally manufactured cannabis products. By selling illegal cannabis flower and other cannabis products it was foreseeable that the legal cannabis market would be injured by the diversion of commercial sales and profits to the illegal cannabis market.

273. Each of the Fourteen Illegal Dispensary-Defendants breached its duty of care to the legal cannabis market in failing to become licensed and in selling illegal cannabis flower and other cannabis products to consumers in the District of Columbia.

274. The breach of their respective individual duties of care by these defendants is the proximate cause for the legal cannabis market's injury. These defendants knew or should have known that their actions would cause injury to the legal cannabis market as represented by ALCE.

275. The legal cannabis market was injured by each of the Fourteen Illegal Dispensary-Defendants Defendants' breach of their individual duty of care by the diversion of commercial sales from the legal cannabis market to the illegal cannabis market. ACLE seeks damages for the injury caused the legal cannabis market by the negligence of the Fourteen Illegal Dispensary-Defendants for the breach of their duty to the legal cannabis market based on the commercial revenues and profits these defendants received from their commercial sale of illegal cannabis.

#### **COUNT VII – LIABILITY OF PROPERTY OWNERS FOR NEGLIGENCE IN BREACH OF DUTY OF DUE DILIGENCE**

276. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 275 above.

277. Each of the Thirteen Property Owner-Defendants owed a duty of care to the legal cannabis market in the District of Columbia to exercise due diligence in the leasing of commercial property so as not to lease to unlicensed and illegal cannabis dispensaries.

278. The foreseeability of injury to the legal cannabis market is apparent where commercial property is leased to unlicensed cannabis dispensaries that have no access to legal cannabis supplies.

279. The duty of care owed by these defendants to the legal cannabis market required them to engage in due diligence to know their tenants and their proposed use of the premises. The exercise of reasonable due diligence would have prevented leasing of the properties to any of these illegal dispensaries.

280. Furthermore, at any time after leasing to the illegal dispensaries, the property owner defendants could have easily determined that illegal cannabis was being sold at these storefronts and taken action to close down such illegal operations but chose not to do so.

281. The storefronts of the illegal dispensaries declare on the outside that they sell cannabis. All of the illegal dispensaries make clear that they sell a wide assortment of illegal cannabis flower and other cannabis products. Even a casual observer would be able to identify any of these dispensaries as selling cannabis—and even a minimal amount of due diligence on behalf of the property owners would have disclosed that each of the Fourteen Illegal Dispensary-Defendants was unlicensed and operating illegally.

282. Each of the Thirteen Property Owner-Defendants breached their duty of care to the legal cannabis market by failing to exercise due diligence and in leasing to unlicensed dispensaries, and later in continuing to lease to these unlicensed dispensaries.

283. The breach of their respective individual duties of care by each of the Thirteen Property Owner-Defendants is the proximate cause for the legal cannabis market's injury – the loss of commercial sales to the illegal cannabis market. These defendants knew or should have known that their actions would cause commercial sales injury to the legal cannabis market.

284. The legal cannabis market was injured by the Thirteen Property Owner-Defendants' breach of their duty of care by the diversion of commercial sales to the illegal cannabis market.

ACLE seeks damages equal to the commercial revenues and compensation received by the Thirteen Property Owner-Defendants from the Fourteen Illegal Dispensary-Defendants.

**COUNT VIII – GROSS NEGLIGENCE IN THE WILLFUL OPERATION OF ILLEGAL DISPENSARIES AND SALE OF ILLEGAL CANNABIS AND CANNABIS PRODUCTS**

285. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 284 above.

286. Each of the Fourteen Illegal Dispensary Owner-Defendants willfully breached its individual duty of care to the legal cannabis market by failing to obtain a cannabis retailer license from ABCA and selling illegal cannabis flower and other cannabis products in the District of Columbia.

287. Each of the Fourteen Illegal Dispensary-Defendants demonstrated a reckless disregard for the legal cannabis market in their participation in the illegal cannabis market. Their willful intent to harm the legal cannabis market involves a heightened degree of negligence constituting gross negligence.

288. As a consequence of the gross negligence of each of the Fourteen Illegal Dispensary-Defendants, ALCE requests punitive damages be ordered against each of these defendants.

**COUNT IX – AIDING AND ABETTING GROSS NEGLIGENCE**

289. Plaintiff incorporates by reference and restates here the assertions and allegations in Paragraphs 1 through 288 above.

290. Each of the Thirteen Property Owner-Defendants aided and abetted in the gross negligence of the Fourteen Illegal Dispensary-Defendants.

291. Each of the Thirteen Property Owner-Defendants had knowledge that the Fourteen Illegal Dispensary-Defendants were not licensed cannabis dispensaries, pursued them as tenants, and

knew that they intended to sell illegal cannabis flower and other cannabis products to the public. Each of the Thirteen Property Owner-Defendants were motivated by their desire to obtain higher lease payments for allowing their properties to be used for illegal activities.

292. The Thirteen Property Owner-Defendants enabled the Fourteen Illegal Dispensaries to get established and leased to them commercial space to make illegal cannabis sales in their perpetration of gross negligence in the willful breach of their individual duties to the legal cannabis market.

293. But for the lease agreements between the property owners and the illegal dispensaries, the injury to the legal cannabis market would not have occurred; consequently there is a direct causation between the material assistance provided by the Thirteen Property Owner-Defendants and the legal market's loss of commercial sales to the illegal market.

294. ACLE requests punitive damages against the Thirteen Property Owner-Defendants for aiding and abetting in the gross negligence of the Fourteen Illegal Dispensary-Defendants.

#### **PRAYER FOR RELIEF**

WHEREFORE, for the foregoing reasons, Plaintiff respectfully requests a trial on the allegations and liability claims against the Defendants for all the following injuries, damages and costs:

A. All Defendants be required to pay ALCE their profits and compensation received from or related to the operation of illegal cannabis dispensaries and their commercial sale of cannabis in the District of Columbia for the past 3-year period to the date of judgment, trebled, for violations of the Lanham Act;

B. All Defendants be required to pay ALCE their profits received from or related to their illegal activities in connection with the commercial sale of cannabis in the District of Columbia



during the past 3-year period to the date of judgment for violations of common law unfair competition;

C. Each of the Fourteen Illegal Dispensary-Defendants (Hotbox DC LLC (“Hotbox Georgetown Dispensary”, “Hotbox Shaw Dispensary” and “Hotbox Brightwood Park Dispensary”), Empire Smokeshop LLC (“Empire Georgetown Dispensary”), Drip Gallery LLC (“Gallery Georgetown Dispensary”), Luxury Soil LLC (“Soil Georgetown Dispensary” and “Soil H Street Dispensary”), Denver William Conley t/a Capitol Danks (“Danks Georgetown Dispensary”), DC Garden Hill LLC (“Garden Georgetown Dispensary”), Fat Munchiez DC LLC (“Munchiez Georgetown Dispensary”), Top Level LLC (“Level Tenleytown Dispensary”), Flavors Italy LLC (“Flavors Tenleytown Dispensary”), AL and EM, Inc. t/a Havana Smoke Shop (“Havana Tenleytown Dispensary”), Glass City LLC t/a Washington Dabbers Club (“Dabbers Tenleytown Dispensary”)) be required to pay ALCE damages for their negligence equal to the revenues received from their commercial sales of cannabis.;

D. Each of the Thirteen Property Owner-Defendants (RS Holdings LLC (“1564 Wisconsin Property Owner”), Sam Jean-Paul Amsellem Trustee (“1610 Wisconsin Property Owner” and “1616 Wisconsin Property Owner”), Simon Meir Cohen Trustee (“1620 Wisconsin Property Owner”), 1665 Wisconsin Ave LLC (“1665 Wisconsin Property Owner”), 1669 Wisconsin Ave NW LLC (“1671 Wisconsin Property Owner”), Soroush Zarei and Mehrnosh Z. Dastan (together “4427 Wisconsin Property Owners”), Clemenza LLC (“4425 Wisconsin Property Owner”), Hersh Palmer LLC (“3715 Macomb Property Owner”), Columbia Limited Partnership (“41<sup>st</sup> Street Property Owner”), 775 Holdings LLC (“775 H Property Owner”), Zagros Peak LLC (“1703 6<sup>th</sup> Property Owner”), and Mulu K. Tasew and Zebader Tesema (“5117 Georgia Property

Owner”)) be required to pay ALCE damages for their negligence equal to the revenues and compensation they received from the Ten Illegal Dispensary-Defendants;

E. Each of the Fourteen Illegal Dispensary-Defendants be required to pay ALCE punitive damages for their gross negligence;

F. Each of the Thirteen Property Owner-Defendants be required to pay ALCE punitive damages for their aiding and abetting the gross negligence of the Ten Illegal Dispensary-Defendants;

G. Pierce the corporate veil of Defendant Luxury Soil LLC (including its two illegal dispensaries, Soil Georgetown Dispensary and Soil H Street Dispensary) to hold its owner, Defendant Darrin Ebron, jointly and severally liable for damages against Defendant Luxury Soil LLC;

H. Pre-judgment interest from the date of the damages to the date of judgement;

I. ALCE’s costs of litigation and reasonable attorney fees.

Respectfully submitted,

Alliance of Legal Cannabis Entities-DC, LLC

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