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C O U N S E L L O R S A T L A W

May 21, 2026

Chairman Joseph J. Solomon Jr.
House Corporations Committee
RI State House

RE: H-8544

Dear Chairman Solomon and Committee Members:

I am counsel for Royale Group LTD LLC, who submitted applications for Adult-Use General Retail Licenses in Zone 3 (“Royale – Coventry”) and in Zone 5 (“Royale – Westerly”) in the Cannabis Control Commission’s (“CCC”) Hybrid Random Selection Process, i.e., the so-called “lottery.” I am here to testify on behalf of my client and express support of the overall concept in H-8544, but am seeking amendments to the bill.

First, I must outline the urgency for the Rhode Island General Assembly to act on H-8544. There is a crisis in the industry as many cannabis stakeholders, particularly the cultivators, are experiencing great financial strain given the limited distribution market available to them in our state and, quite frankly, their businesses are teetering. There is an immediate need for additional Retail distribution sources to come online as soon as possible.¹

The recent decision by United States District Court Judge Melissa Dubose in the Jensen case determined not only the constitutionality of the statute (the Dormant Commerce Clause defect and the Equal Protection Clause defect), but also issued a preliminary injunction enjoining the CCC “from proceeding with the current application or licensing period, including...holding the lottery to select applicants, and...processing any applications submitted under the current licensing period, for both Adult-Use and Social Equity licenses.” As you can imagine, this decision has deeply harmed all applicants, but particularly my client, whose majority owner was an out-of-state resident and he consciously chose to move into Rhode Island, set up a Rhode Island based LLC with other notable Rhode Islanders, and applied for a license through the process set forth by the CCC. He and the group chose not to file suit like Jensen and the other plaintiffs. They decided to follow the process set up by the CCC. My client was not like some of these out-of-state individuals who sat on their hands and purposely chose to not file suit and to not apply.

¹ “The state only has eight dispensaries, but it has 57 cultivators – just over seven cultivators for each of the eight dispensaries.” See RI’s Slow Rollout of New Cannabis Stores Is About To Get Even Slower, Providence Journal, March 12, 2026.

My client is deeply harmed by Judge Dubose's decision because they were in a special situation under the existing CCC application process for a retail license. As you may know, the enacted statute provided the CCC with the authority to award 24 licenses within the 6 geographic zones with 4 retailer licenses per zone (2 general retail, 1 social equity, and 1 workers' cooperative).

Given this framework, and upon reviewing the list of applications for Zone 3, my client, Royale – Coventry, and one other applicant were the only ones who applied for a General Retail license. To our knowledge, this was the only zone in the state where there was no need to conduct a lottery since only two applications were submitted for two General Retail license.

On behalf of Royale – Coventry, I formally requested that the CCC forgo the performance of a lottery for the General Retail licenses in Zone 3 and to award these licenses outright to my client and the other applicant so long as both were qualified and met all licensing requirements. The CCC had the clear statutory authority under the Rhode Island Cannabis Act to determine which applicants shall be awarded licenses, R.I. Gen. Laws § 21-28.11-5(a)(2), and to determine and establish the process by which licenses shall be awarded by the Commission, R.I. Gen. Laws § 21-28.11-5(a)(4).²

With Judge Dubose's broad based decision, the entire process has been frozen and the CCC cannot even consider granting that conditional license to my client or the other retail applicant in Zone 3.

I am here today on behalf of my client to not only express support for H-8544, which fixes the constitutional infirmities outlined by Judge Dubose, but also to seek amendments that helps my client and other applicants who rightfully relied upon the process set up by the CCC. My client and other applicants invested tens to hundreds of thousands of dollars in securing leases, paid application fees, and expended other resources/expenses in support of their applications. My client was not a party to the lawsuit and could not argue these points, but the Judge's broad injunction treated us as if we were an indispensable party already in the case. We were unfairly and materially prejudiced by that decision.

Amendments to this proposed legislation could remedy that prejudice. While we understand the legislation starts the process anew instead of grandfathering in those who have already applied, we are basically asking for a limited filing windows of thirty (30) days for both social equity and Adult-Use Retail applications and, thereafter, the issuance of those licenses by either a lottery or based upon merit of the applicants within a sixty (60) day window.

² There was prior precedent for this. The CCC in October 2025 granted a provisional license in a Zone for a dispensary without the need for a lottery. There may have been one other license that was granted uncontested prior to this too.

We are asking for several amendments (underlined) to new Section 21-28.11-17.2 (line 28 on Page 23 through line 18 page 24) as outlined below.

First, as noted above, line 32 on page 23 should strike the sixty (60) days following the effective date and replace it with thirty (30) days for the social equity certification process. Next we ask the legislation to mandate that the commission shall issue any such certifications within a thirty (30) day window.

Next, for the new retail license application, we recommend that current lines 1-3 on page 24 be amended to read “Institute a new retail license application process in accordance with this chapter. The commission shall refund or provide a credit for any application fee amounts paid by an applicant for any prior retail license application process rendered null and/or void by this section. Within thirty (30) days following the above certification process outlined in (b)(1), the commission shall proceed with accepting new applications for social equity and cannabis retail sales licenses.

Also, we are requesting that current lines 4 through line 10 on page 24 be amended to read as follows: “The commission shall proceed with the new application, approval and certification processes for social equity and cannabis retail sales licenses consistent with this chapter and all severable portions of any existing non-conflicting regulations. No later than sixty (60) days after receipt of the applications, the commission shall either conduct the Hybrid Random Selection Process or issue the social equity and retail licenses based upon the merits of the applications. The commission shall comply with the time periods outlined in this chapter and shall not allow or grant any extensions of time for any reason, including for any applicants to comply with any requirements under the Rhode Island Cannabis Act. The commission’s new application, approval and certification process(es) for social equity and cannabis retail sales licenses are not contingent upon the promulgation of new regulations to the extent those process(es) are compliant with this chapter and severable, non-conflicting portions of existing regulations. Any commission regulations in conflict with this chapter are hereby suspended to the extent of the conflict.”

The above amendments would give existing applicants, like my client, a fair opportunity to reapply and update any information as well as time for applicants who were impacted by the invalid residency and/or the invalid social equity standards to fix their applications. It would also give those out-of-state applicants who filed suit or those who chose to sit on their hands during the first round, some time to apply if they so choose.

This legislative body should not provide much weight to any potential concerns of those out-of-state individuals and entities that these amended periods do not provide enough time. They made a deliberate decision to do nothing in the beginning. They should not be given more time to come in after the cards are all on the table, and cherry pick where their applications should be put in. This would be unfair to not only my client and the other general retail applicant in Zone 3 who were on the five yard line and almost into the end zone, but also to all other applicants who made investments in support of the prior process and who were playing the game fairly and in accordance with the existing rules.

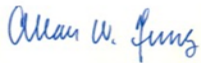
We should not have our odds in the lottery for a retail or social equity license impacted significantly because outsiders have seen where everyone has lined up on the playing field.

In addition, given the state of the Cannabis industry as described above, we are requesting that the general assembly mandate the CCC to provide the 24 licenses immediately. To that end, we are requesting that the current “may grant” language on line 14 of Page 14 be amended to “shall grant.” This would help the industry immensely.

For all these reasons, we respectfully request that you amend the legislation to the limit the application windows and narrow the process as outlined, to mandate the provision of 24 new licenses to be awarded and to pass the amended legislation as soon as possible.

Thank you very much for your consideration of my testimony.

Sincerely,



Allan W. Fung