

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS**

<b>TRUE SOCIAL EQUITY IN</b>	)
<b>CANNABIS, an unincorporated</b>	)
<b>association,</b>	)
	)
<b>Plaintiff,</b>	)
	)
<b>v.</b>	)
	)
<b>AKERNA CORP., GREEN</b>	)
<b>THUMB INDUSTRIES, INC.,</b>	)
<b>ILDISP LLC, VERANO</b>	)
<b>HOLDINGS CORP., SURTERRA</b>	)
<b>HOLDINGS INC.</b>	)
	)
<b>Defendants.</b>	)

**COMPLAINT FOR EQUITABLE RELIEF UNDER THE CLAYTON ACT**

Plaintiff, True Social Equity in Cannabis, an unincorporated association, through Plaintiff's lawyer, Mark T. Lavery, Esq. of Langone Law LLC, brings this action for injunctive relief to enforce Section 8 of the Clayton Act pursuant to Section 16 of the Clayton Act and states in support as follows;

**I. Nature of the Action**

1. This case seeks to redress anticompetitive conduct involving the "Chicago Cartel" in the state-protected cannabis market in Illinois.
2. The "Chicago Cartel" state-protected cannabis operation was started in 2014 as part of a partnership between Michael McClain of the "Madigan Racketeering Enterprise"<sup>1</sup>, Terrance Gainer of the U.S. Capitol Police and heir to the Jim Beam bourbon fortune, Benjamin Kovler. See Associated

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<sup>1</sup> See USA v. Madigan, 1:22-cr-00115 (N.D. Ill.)

Press, *“Former US Capitol Police chief at ease with pot industry job”*, November 15, 2015, (“Gainer got a call from Mike McClain, an old college friend and former Illinois state legislator. McClain had helped Green Thumb launch in Chicago, and he suggested Gainer work with it to develop security measures.”).

3. The partnership between McClain, Gainer and Kovler would morph into a much larger group of people and entities controlled by Defendant Green Thumb Industries Inc. (Green Thumb).
4. Under antitrust law, including Section 8 of the Clayton Act, Defendants are considered competitors in the state-protected cannabis markets in Illinois and the United States.
5. But, in fact, Defendants Akerna Corp. (Akerna), Verano Holdings Inc. (Verano) and Surterra Holdings Inc. (Surterra) are members of the “Chicago Cartel”.
6. Akerna is controlled by the Pritzker family.
7. Surterra is controlled by the Wrigley family.
8. The Pritzkers, Wrigleys and Kovlers are some of the wealthiest families in Chicago and, in fact, are some of the wealthiest families in the world.
9. Despite this wealth, members of these families have decided to enter the lucrative but dangerous world of marketing, licensing, distributing and selling marijuana in Illinois and the United States.<sup>2</sup>

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<sup>2</sup> While not necessarily germane to this lawsuit, Plaintiff contends that the Controlled Substances Act (CSA) that prohibits the distribution and sale of certain hemp plants is unconstitutional on its face and as applied due to the

10. The “Chicago Cartel” has successfully monopolized the Illinois branded marijuana market.
11. “Branded Cannabis” or “branded marijuana” is the industry term for the group of marijuana products sold in state-protected retail locations.
12. The “Chicago Cartel” has a monopoly in the Illinois branded marijuana market.
13. Akerna, Green Thumb, Verano and Surterra are nominally “horizontal competitors” but in fact collude together as part of the “Chicago Cartel”.
14. The “Chicago Cartel” owns and operates cultivation, manufacturing and retail dispensary businesses vertically integrated across “limited legal supply markets” including Illinois.
15. The “Chicago Cartel” can control prices in these markets because supply and demand can be reasonably predicted and forecast by the “Chicago Cartel” members who share price information and collude to charge monopolist prices.
16. Akerna is key to this information sharing about supply, demand and price.
17. Akerna is a company that provides technology to “Chicago Cartel” members to track prices, supply and demand in these state-protected marijuana markets.

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racially discriminatory intent behind that law. See e.g. *United States v. Carrillo-Lopez*, 555 F. Supp. 3d 996, 1027 (D. Nev. 2021). This case focuses on the application of the Clayton Antitrust Act to the subject misconduct not the CSA. Defendants have regularly submitted documentation to the Department of Justice as required by the Hart Scott Rodino Antitrust Improvements Act. See e.g. Antitrust News: Antitrust Division Head Contests Whistleblower Allegations of Agency's Politicization Under Barr, 2020 WL 3637367 (Assistant Attorney General Makan Delrahim disputes claims that DOJ antitrust investigations of marijuana organizations were improper as claimed by disgruntled DOJ employee John Elias).

18. Akerna also obtains licenses for sellers in state-protected markets for valuable consideration as part of its “clean sweep” services.
19. Akerna “competes” with Green Thumb, Verano and Surterra to obtain the licenses in state-protected markets.
20. The “Chicago Cartel” charges supracompetitive prices for marijuana and charge the highest prices for marijuana in the United States in Illinois.
21. According to a member of the “Chicago Cartel” operation, a pound of branded marijuana sells for \$300 in a competitive market like California in 2022 but sells for over \$4000 in Illinois in 2022.
22. The “Chicago Cartel” controls the vast majority of the production and sale of state-protected marijuana in Illinois.
23. Green Thumb sells marijuana product grown or manufactured by Surterra and Verano.
24. Verano sells marijuana product grown or manufactured by Surterra and Green Thumb.
25. Surterra sells marijuana product grown or manufactured by Verano and Green Thumb.
26. Verano and Green Thumb use a shell company Defendant ILDISP LLC to operate dispensaries together in Illinois.
27. Green Thumb, Verano and Surterra have worked together for years to keep marijuana prices high in Illinois in part through sharing supply, demand and price information.

28. Akerna, Green Thumb, Verano and Surterra are all competitors for purposes of Section 8 of the Clayton Act.
29. “Chicago Cartel” members Akerna, Green Thumb, Verano and Surterra have interlocking directorates and managers in violation of Section 8 of the Clayton Act.
30. Anthony Georgiadis is chief financial officer and a board member of Green Thumb Industries Inc. and he is also a board member of competitor Akerna Corp.
31. Green Thumb and Verano are persons and competitors under Section 8 of the Clayton Act.
32. Green Thumb and Verano are directors, officers and managers of Defendant ILDISP LLC which operates a number of state-protected marijuana retail locations in downstate Illinois.
33. Edward Brown is former CEO of Patron Spirits, the seller of tequila.
34. Edward Brown now works for the Wrigley family as a director of Surterra Holdings Inc.
35. Surterra owns Windy City Cannabis which is a competitor of Green Thumb and Verano in the state-protected marijuana market in Illinois for purposes of Section 8 of the Clayton Act.
36. Edward Brown is also a director of competitor Verano.
37. Defendants have violated 15 U.S.C. § 19 due to the interlocking structures described herein.

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