

## **ADVISORY NOTICE**

To date, the Department has received a large number of questions regarding the application process and anticipates receiving a large number in the coming period. In the October period, many of the questions were substantively the same, others asked questions unrelated to the application process, and still others asked the Department to address fact specific hypothetical questions. This document identifies all questions that were received that the Department, with the exception of those that were unrelated to the application process or that the Department could not interpret. It answers similar questions in batches to avoid unnecessary duplication of answers. Questions have been summarized or shortened where appropriate.

The Department will be accepting additional questions until 5 p.m. on November 15, 2019 and posting responses to those questions that were not previously addressed in this document on November 25, 2019. The Department may summarize related questions. Further, the Department will not publish responses to repetitive questions, questions unrelated to the application process, or fact-specific hypothetical questions.

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## Application Submission Process

### Timeline for Application Submissions

- **Is Illinois still currently accepting applications for 2020, or are the positions all filled? If Illinois is still accepting applications, is there an average wait time?**
- **Please clarify the dates and times that applications will be accepted. We assume that applications will be accepted on all days that State offices are open from December 10<sup>th</sup> through January 2<sup>nd</sup>. Is 9:30 AM the starting time on all days? What is the daily cut-off times on all days besides January 2<sup>nd</sup>? What holidays will the State be observing in this time frame? The current instructions infer that your office will be accepting applications 24 hours a day from 9:30 AM on December 10<sup>th</sup> through Noon on January 2<sup>nd</sup>.**
- **Is the deadline for submitting Conditional Adult Use Dispensing Organization License 12:00 Noon on January 2, 2020 or on January 1, 2020 as per 410 ILCS 705/15-25(b)?**

Applications for a dispensing organization license may be submitted beginning 9:30 a.m. on December 10, 2019 until noon on January 2, 2020. Applications will only be accepted during non-holiday weekdays between 9:30 a.m. and 4:00 p.m. at the James R. Thompson Center in Chicago, IL. The James R. Thompson Center will be closed on December 25<sup>th</sup> and January 1<sup>st</sup> for observed state holidays.

Applicants may arrive starting at 9:00 a.m. to get in line to submit an application. If multiple applicants arrive to apply at the same time, numbered tickets will be given to individuals and those numbers will be used to send applicants to the area where applications will be received. Please note that application grading will not begin until after January 2, 2020, and applicants will receive no scoring advantage for submitting their application earlier than Noon on January 2, 2020.

- **As it relates to the timeline for submitting applications (beginning December 10, 2019 at 9:30 A.M. and ending at 12:00 Noon on January 2, 2020), please explain the relevance of the date of receipt. In other words, will preference be given to applications received earlier in the process? Will IDPFR provide preference to applications received first when making determinations related to the 1500 ft rule?**

The timing of the submission will have no effect on scoring, when the applicant will be notified of the results of the review, or where an applicant that is awarded a license is eventually able to locate its dispensary. There will be no advantage to any applicant based on when an application is submitted within the submission period, which begins on December 10, 2019 and ends at Noon on January 2, 2020.

### Format and Style

- **May an applicant use the term Division and Department interchangeably (when referencing IDFPR), or is Division required?**

Please use the term Department when referencing IDFPR.

- **Does the department recommend adding compliance citations to written responses, and if so, does the Department have a preferred format for such citations?**

Applicants are permitted but not required to provide such citations. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Are the page limits in the applications double-spaced or single spaced? Are they required to be 12 pt, Times New Roman font?**
- **I was wondering if the Division has any preferences with regard to the format of the page-limited Exhibits to be submitted with the Adult Use Dispensing Organization App? For example - what size font, spacing, margins, and page size will be acceptable?**
- **Is there any requirement for the font style, font size and article layout?**

All submitted materials should be readable in a business appropriate font. A font of 12-point Times New Roman would meet this standard. For the purposes of the page limits, except as permitted in Exhibit J, pages must not exceed 8.5” x 11” if printed, without requiring the Department to alter the print settings.

### **Application Fees and Submitting Fees**

- **How much is due when the application is due?**
- **If the applicant is submitting as a Social Equity Applicant, should it submit 5K or 2500? What if IL does not approve it as a Social Equity Applicant?**

Applicants must provide an application fee of \$5,000 paid with a cashier’s check or money order for each license sought at the time they submit the application, unless they are a Social Equity Applicant that meets the requirements for a waiver in Section 7-20(a)(1) and (2) of the Cannabis Regulation and Tax Act. Applicants that qualify as a Social Equity Applicant and meet the requirements of Section 7-20(a)(1) and (2) must provide an application fee of \$2,500 for each license sought. If the Department receives an application from an applicant claiming a fee reduction under these provisions and determines the applicant does not qualify for a reduced application fee as a Social Equity Applicant, the Department will notify the applicant and the applicant will have 10 calendar days to either prove it is a Social Equity Applicant or to submit the remaining amount of the required application fee. All application fees are non-refundable.

- **Per the application, it looks like I can apply for more than one license with this application. Is the application fee still only \$5000?**

Applicants may use the same application to apply for multiple licenses if they are seeking more than one license within the same BLS region, but they must submit an application fee for each desired license. All application fees for applications within the same BLS region may be

submitted with a single cashier's check or money order. For example, if an applicant is seeking 10 licenses in a single BLS region, it would be required to submit application fees totaling \$50,000 for that BLS region. If the applicant is applying for multiple licenses in different BLS regions, the applicant must submit separate applications for each BLS region and a separate cashier's check or money order for each BLS region in which it is applying.

- **As a social equity applicant, how will the fee waiver process work?**

If an applicant believes it qualifies as a Social Equity Applicant, it should submit an application fee of \$2,500 for each license sought along with the required documentation. If the Department determines the applicant does not qualify for a reduced application fee as a Social Equity Applicant, the Department will notify the applicant and the applicant will have 10 calendar days to either prove it is a Social Equity Applicant or to submit the remaining amount of the required application fee.

### **Submitting Documents**

- **What needs to be included on the thumb drive submitted as part of the application package? Do you submit a hard copy of the Exhibits along with the thumb drive? Given the allowed and specified page limits on the exhibits within the application, combined with the application itself, but also attachments required, such as 5 years tax returns, it is entirely possible a "shorter" application can fall in the 300-500+ page range, which could fill 2 larger 3 ring binders. Such not being possible in a 9" x 12" manila envelope unless a submission is a large number of envelopes labelled "1 of 15, 2 of 15, and so on".**
- **The same page 1-2 instructions appear to indicate only the application forms shall be included in the envelope, and the rest of the exhibits on a USB, is this correct?**
- **For exhibits that require multiple copies, such as resumes, should they all be merged into one file or separate per owner? What about the owner forms?**
- **Does the Division have a preference for how, specifically, labeling should be applied to the Exhibits? For example, should applicants apply to each page of the Exhibit a stamp containing the exhibit letter and title? Or would it be sufficient to include a cover page containing the exhibit letter and title at the beginning of each Exhibit?**
- **Does the entire Conditional Adult Use Dispensing Organization License application (including supporting documents) have to be submitted in a single envelope, or can the application be submitted using multiple envelopes given the anticipated size of the application materials?**

The application and exhibits must be provided on a USB drive. The USB drive must contain electronic versions of the Application Form, which is Page 1 of the application, and all exhibits in PDF format, except the proposed floor plan required by Exhibit J which may be provided in .png format. The USB must contain separate files for each exhibit and the Application Form. The files shall be named: "Application Form," "Exhibit A," "Exhibit B," "Exhibit C," etc. No other words may be added to the exhibit file names. The Department prefers each page of an exhibit to be stamped with the appropriate exhibit label in the upper right-hand corner of the page. All

documents that are part of the same exhibit should be included in a single file. For example, do not separate information submitted as part of Exhibit N by owner.

A physical copy of the: (1) Application Form, (2) cashier's check or money order, and (3) a photocopy of the cashier's check or money order must be submitted in a 9" x 12" clasped, but not sealed, manila envelope. **Hard copies of the exhibits will not be accepted.** Additionally, the manila envelope must include the USB drive, and the drive must have affixed to it a label that includes the applicant's name and the BLS region in which the applicant is applying. Applications for separate BLS regions must be submitted in separate envelopes and each envelope must contain the materials listed in this paragraph.

The exterior of the envelope must include:

- (1) the name of the applicant;
- (2) the name of the BLS Region in which the applicant is applying;
- (3) the number of licenses the applicant is applying for in the listed BLS Region;
- (4) the name of the applicant's primary and alternate contact;
- (5) a phone number for the primary and alternate contact; and
- (6) an e-mail address for the primary and alternate contact.

- **It is stated page 1; “The following items must be inside the envelope: (1) the completed Application Form; (2) the cashier's check or money order for the application fee; (3) a photocopy of the cashier's check or money order; and (4) a USB drive that has affixed to it a label that includes the applicant's name and the BLS Region in which the Applicant is applying. Applications for separate BLS Regions must be submitted in separate envelopes.” I assume the above includes the principal officer application forms as well as applicant application form?**

Principal Officer Application Forms are included in Exhibit B and must be submitted electronically on the USB drive.

- **Do original signed/notarized forms need to be submitted? Or are scans/copies acceptable?**
- **What documents in the application require wet signatures, as opposed to printed or copied signatures?**

Principal Officer application forms and the contract with a private security firm required by Exhibit H may be scanned and submitted as PDFs. All other PDFs submitted as part of exhibits should be electronic, searchable PDF documents created directly from electronic word processing software such as Microsoft Word or Apple Pages. Applicants do not need to submit original copies or “wet” signatures.

### **Confidentiality and Redactions**

- **Please confirm there is no requirement to submit a redacted application?**

Information provided by the applicant in the application should be anonymous, except for the information contained in the Application Form, Exhibit A, Exhibit B, Exhibit C, Exhibit O, Exhibit P, Exhibit S and Exhibit T. With the exception of Exhibit H, applicants should not submit redacted application materials. When submitting a contract with private security firm as part of Exhibit H, applicants should redact their own name but leave the security firm's name unredacted.

- **For anonymous answers, what should be anonymous? Company name, principal officers, third parties?**
- **What requirements does the Division have with regards to anonymization and redaction of:**
  - Names of principal officers**
  - Names of consultants, vendors or individuals other than principal officers**
  - Applicant business name**
  - Names of current or previous businesses of principal officers**
  - Other information that, with effort, could be traced to principal officers or other individuals**
- **Which portion/ information of the application needs to be redacted vs. hidden? Ex. Any individual's name (not limited to principal officer), addresses of any kind, name of company, current of future employee etc.**
- **What is the definition of "anonymous" as it applies to the requirement that "[a]ll information provided by the applicant shall be anonymous, except for the information contained in the Application Form, Exhibit A, Exhibit B, Exhibit C, Exhibit O, Exhibit P, Exhibit S and Exhibit T"?**

Anonymous means the person scoring the application must not be able identify the applicant or any of the applicant's principal officers. To ensure anonymity, all identifying personal information (i.e., names, addresses, specific business names, etc.) should be removed from application materials and exhibits except for the following: the Application Form, Exhibit A, Exhibit B, Exhibit C, Exhibit O, Exhibit P, Exhibit S, and Exhibit T. To make applications anonymous in other application materials, applicants should substitute actual business names with generic terms such as "the dispensary," "the company," or a similar term.

- **What are the consequences of an applicant including identifying information in the sections of the application that are required to be anonymous?**

Applicants will receive a deficiency. Applicants will be given 10 calendar days to correct any deficiencies.

### **Applications for Multiple Licenses**

- **Is there a limit to the number of dispensing organization licenses one entity can apply for?**
- **Is there a limit to the number of BLS regions one entity can apply to?**
- **If the applicant submits three (3) applications in a BLS Region where there are three (3) licenses available, and the applicant is the highest scorer within said BLS Region, would this applicant win all the licenses available in that region?**
- **Can any group or organization submit more than 10 license applications knowing that it will be awarded a maximum of 10 license?**
- **Can one group apply for multiple licenses in the same city?**
- **Can an Applicant apply for 10 licenses in one BLS Region, as well as applying in others, assuming not all applications will be successful?**
- **If an Applicant for a Conditional Adult Use Dispensing Organization License is applying for multiple licenses in a BLS Region, can the Applicant gain points by submitting separate more specific or customized applications?**
- **Can we apply in every BLS district but only for one license? Meaning that if the applicant wins a license in any district, all other pending applications are withdrawn?**
- **How specifically do applications from the same entity but in different BLS regions need to be different? Based on our review, it seems the only section that may need to be different for each region is the Plan for Community Engagement, no?**

There is no limit on the number of applications an applicant may submit. However, an applicant cannot be awarded more than 10 Conditional Adult Use Dispensing Organization Licenses (including any Early Approval Adult Use Dispensing Organization Licenses). An applicant may apply for and be awarded more than one license in a BLS region. However, an applicant cannot be awarded more licenses in a single BLS region than the maximum number of licenses the Department is authorized to award in that BLS region. Applicants may apply for licenses in more than one BLS region. However, applications must submit a different application for each BLS region in which they choose to apply. Applicants who are awarded a conditional license in a particular BLS region and then no longer want the license are permitted to withdraw their application for a license. However, all application fees are non-refundable. If an applicant withdraws an application for a license that they are awarded, the Department will grant the license to the next top scoring applicant that applied in that BLS region.

Applicants will not be required to identify individual cities in which they plan to locate. No extra points will be awarded to applicants that have identified or secured locations before submitting their application.

### **Exhibits**

- **Can applicants attach appendices that exceed the page limits, in order to demonstrate their ability to follow through with the plans described in the page-limited response? If appendices are allowed, what are the content and formatting requirements/limitations, if any? For example, to Exhibit K - Operating Plan, an applicant might attach their full set of Standard Operating Procedures. Or they**



**could attach expanded plans that provide more detail on specific procedures. How would the information included in attachments impact scoring?**

Each applicant's submitted application should follow all directions in the application, including page limits. Additional documents or pages provided in the application beyond those permitted by the application will not be scored.

- **For all the page limits for the application plans, I know that we cannot write more than the page limit, but could we write less than the page limit?**

Yes, an applicant may provide responses that are shorter than the identified page limits. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Where the prompts ask for the same content in multiple Exhibits, should applicants repeat information already stated in another Exhibit? For example, Exhibit J - Floor Plan, asks for a description of the applicant's security devices, while Exhibit H - Security Plan asks applicants to demonstrate that security equipment meets Section 15-100 of the Act, which includes minimum specifications for security devices. Similarly, Exhibit F(i) requests details on the applicant's point of sale system, while Exhibit I asks applicants how they will comply with Section 15-75, which includes using the point of sale system to document sales and balance inventory levels. In both cases, a complete response invites applicants to repeat the same information. In these situations and others like it:**
  - a. Does the Division expect applicants to repeat information, or is it more appropriate to reference material included in other Exhibits rather than repeat information?**
  - b. Will a single reviewer score each application in its entirety?**
  - c. Will a single reviewer score the same Exhibit(s) in all applications?**
  - d. If multiple reviewers will score each application, will all reviewers have access to complete applications, even if they only score specific sections?**
  - e. Will repeating information across Exhibits be viewed poorly?**
- **Will a separate team/individual be assigned to grade specific portions of the application? If so, will the team/individual have access to other portion of application? If limited access, please explain limitations.**

Applicants are expected to include in each exhibit all the information required for that exhibit, regardless of whether it was required to be submitted in another exhibit. Applicants should not assume that the same scorer will review all sections of their application. Therefore, all relevant information for each exhibit should be provided for that exhibit.

- **Because applicants are not required to secure a location until after Conditional License Award, to what extent does the Division expect them to create and adhere to responses based on unknown factors with regard to the location and the layout of**

**the proposed dispensary? For example, Exhibit J - Floor Plan requests a detailed drawing and description of the facility, requiring applicants to make assumptions about the size, layout, entrances, etc, of the facility that may not match with the actual location once secured. Similarly, in Exhibit L, an applicant may describe an intention to engage with an organization located in a city or county where they ultimately cannot be located. . . . Will applicants who apply without a location and are awarded a Conditional License suffer the consequences described in Section 15-30(i) of the Act when the actual location or layout of the dispensary deviates from that anticipated in the application?**

No extra points will be awarded to applicants that have identified or secured locations before submitting their application, nor will applicants be penalized if they have not identified or secured a location before submitting their application. Applicants who receive a Conditional Adult Use Dispensing Organization License will submit a subsequent application to the Department for an Adult Use Dispensing Organization License identifying their location that must be approved by the Department and pass an in-person inspection by the Department before being allowed to operate. As part of that process, the Department will request additional information regarding the proposed physical location for the dispensary.

- **Do cover pages and dividers count toward exhibit page counts?**

As stated in the application, applicants should not submit cover letters. Fillers designed to separate substantive responses, such as cover pages or page dividers, will not count towards an exhibit's page count.

- **With regard to the USB drive and file name, it is mentioned no other words may be added to the exhibit file names. Please confirm the file name should be "Exhibit H" and not "Exhibit H- Security Plan"**

Correct, the file name should be limited to "Exhibit X" as provided for in the application instructions.

- **Do I have to provide all the exhibits listed?**

No. Exhibits P, Q, R, S, and T are optional. However, those sections do have a point value as identified in the Cannabis Regulation and Tax Act. The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring of applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **If granted a low interest rate loan can these funds be used to purchase the license?**
- **How do I qualify for a loan to help with the cost?**

Please refer all questions regarding loan funds to the Department of Commerce and Economic Opportunity at [CEO.AdultUseCannabis@Illinois.gov](mailto:CEO.AdultUseCannabis@Illinois.gov).

### **Future Application Periods**

- **Will the [January 2, 2020](#) deadline for Conditional Adult Use Organization License Applications be the final opportunity for applicants to submit applications for Dispensary Licenses? Or is that the application deadline for only the [May 1, 2020](#) Conditional Adult Use Organization License distribution. Will there be another round of applications accepted for the [January 1, 2021](#) Conditional Adult Use Organization Licenses distributed?**

The Department will not respond to this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

## Scoring Process

- **The point scoring system from the FAQ sheet and HB1438 does not match with the Exhibits. Will IDFPR break out the scoring of each Exhibit?**
- **Will the application reclassify the Exhibits to match the group scoring in the current FAQ and Bill? This is also an issue for Business Plan, Financials, Operation Plan and Floor Plan.**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **The Business Plan, Financials, Operating Plan, and Floor Plan are worth 65 points, but all those sections are broken out as separate Exhibits on the application. How many points is the Business Plan worth of the 65? Will a scorecard be released that matches each exhibit?**
- **Will the Department provide instructions that align the scoring described in Illinois HB1438 Section 15-30 (c) with the Exhibits contained in the Conditional Adult Use Dispensing Organization License Application Form?**
- **How many points are each section worth?**
- **Are you all able to provide a grading rubric for the application?**
- **Can the IDFPR explain or identify the points attributable to each of the “Exhibits” in the application, for example how many points can be earned in “Exhibit E – Purchaser Education Plan”, and are these part of the 65 points attributable to Business Plan, Financials, Operating Plan, and Floor Plan?**
- **What is the maximum score an Applicant can achieve for “Exhibit O – Financials”, either as a raw points score or as a percentage of the 65 points attributed to “Applicant’s Business Plan, Financials, Operating and Floor Plan” (410 ILCS 705/15-30(c)(3))?**
- **What is the maximum number of points available or maximum score achievable in “Exhibit K – Operating Plan”?**
- **What is the maximum number of points available or maximum score achievable in “Exhibit J – Proposed Floor Plan”?**
- **What is the maximum number of points available or maximum score achievable in “Exhibit I – Monitoring and Recordkeeping Plan”?**
- **What is the maximum number of points available or maximum score achievable in “Exhibit H – Security Plan”?**
- **What is the maximum number of points available or maximum score achievable in “Exhibit G – Recall, Quarantine, and Destruction Plan”?**
- **What is the maximum number of points available or maximum score achievable in “Exhibit F – Business Plan”?**
- **Is the maximum number of points available or maximum score achievable in “Exhibit D – Dispensing Organization Agent Training and Education” 15 points?**

- **Is the maximum number of points available or maximum score achievable in “Exhibit N – Anonymous Knowledge and Experience of Principal Officers” 30 points?**
- **The Act HB 1438 distributes points for specific portions of the application, indicating that there would be a maximum of 250 points awarded. Seeing that some of the Exhibits do not have any points allocated in the Act or the application instruction sheet, we would like to know whether the 250 points will be redistributed (if so, how) or if the maximum points will increase.**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **Will Exhibit P points be awarded as 50 points for all applicants who demonstrate Social Equity status and 0 for those who do not, or will there be scaled scoring in this section based on factors contained in each applicant's response?**
- **Concerning the awarding of points for SEAs, is it all or nothing, or is there a tier system which awards more points for an arrest or conviction than would be awarded for residing in a Disproportionately Impacted Area?**
- **Are different methods of social equity status qualification scored differently or do all social equity applicants receive the full 50 points?**

Applicants who demonstrate their status as a Social Equity Applicant will receive the full 50 points and applicants that do not demonstrate status as a Social Equity Applicant will receive 0 points for Exhibit P.

- **If I have a strong application (i.e., I earn all 250 points) but am not awarded a dispensary license for the BLS for which I've applied, will I be automatically be considered for a different BLS area?**

No, an application will not be considered for a different BLS region than the one provided in the application. Only one BLS region can be provided in the application, however, applicants may submit applications for different BLS regions.

- **Will optional sections be scored?**

Yes. Although some sections are optional, as identified in the Cannabis Regulation and Tax Act, there is still a point value tied to those sections. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **What are the main qualifications the state takes into consideration for application approval?**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **In the event of ties how do you determine who gets licenses?**
- **If two applications have the same points, how will the application be selected?**
- **If numerous applicants earn the points to be approved, I understand they go to a "tie--breaker," but what happens if they are still tied after that? Is it true they would then be put into a random lottery to determine final approval?**

Applicants receiving the highest point total in each BLS region will be awarded licenses. If the high score is tied among applicants for the last license available in a particular BLS region, the Department will score the Plan for Community Engagement. If the high score remains tied among applicants after scoring the Plan for Community Engagement, the Department will employ a procedure for determining who among the remaining tied applicants will be awarded the license.

- **Will a separate team/individual be assigned to grade specific portions of the application? If so, will the team/individual have access to other portion of application? If limited access, please explain limitations.**

Applicants are expected to include in each exhibit all the information required for that exhibit. Applicants should not assume that the same scorer will be reviewing all sections of their application.

- **Please define “Diversity”. Is there a preferred entity that can provide diversity score that is acceptable by IDFPR?**

The Cannabis Regulation and Tax Act does not define the term “diversity.” The Act requires applicants to submit a Diversity Plan that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity.

- **Is there extra points or preference to a company that is a minority-owned, specifically a Black or Hispanic owner?**
- **Does being a Women-Owned or Minority Owned businesses help an application stand out amongst other applications?**

Applications are scored without consideration of the principal officer’s sex, race, or ethnicity.

- **Do we have to discuss all the requirements under the Exhibit by orders or as long as we demonstrate those requirements in the plan is fine?**

Applicants are advised to provide responses that address each item required in each exhibit. The items requested in each exhibit are not required to be provided in any specific order within the exhibit.

- **How will the IDFPR evaluate an Applicant's contracted private security contractor for scoring?**
- **What factors will affect scoring when the IDFPR evaluates an Applicant's contracted private security contractor?**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **Will an application get more points if it includes a labor peace agreement?**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **According to Section 55-35(a) of the Act, various state Departments will be adopting permanent rules by late December 2019. By that point, most applicants will have devoted significant time and resources toward drafting their application to meet the requirements of the Act. Does the Division intend to score applications based on their compliance with forthcoming rules as well as the Act?**

The Department will review and grade applications based on the requirements of the Cannabis Regulation and Tax Act.

- **In the review process, will the state establish a process to verify information the applicant attests to? If so, please describe the verification process in detail.**

Scoring of applications will be done in accordance with the requirements of the Cannabis Regulation and Tax Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible. The Department may deny any application that includes the submission of misleading, incorrect, false, or fraudulent information in the application. It is considered misleading, incorrect, false, or fraudulent to fail to include any information that should have been included.

- **Will the IDFPR review and score all applicants internally? Or will the IDFPR contract with a third-party reviewer? If a third-party reviewer is used, when will the state make its selection of who the third party is?**

Scoring of applications will be done in accordance with the requirements of the Cannabis Regulation and Tax Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **Are applications all scored against each other or are the Social Equity Applicants scored against other Social Equity Applicants and Non-Social Equity Applicants scored against other Non-Social Equity Applicants?**
- **What happens if 75 of the Social Equity applicants score above 203 points. Even if a non-social equity applicant receives the max points, 202, would they not have a chance at a winning application?**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **Are more points awarded if the application has the dispensary site determined and under contract with full architectural designs as part of the application?**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **Will scoring of the application be altered for Social Equity Applicants? If so, what sections and how will the weight of these sections impact award of licenses?**
- **Will the 50-point social equity applicant bonus as set forth in 450 ILCS 705/15-30 be applied to the score- does this occur on the top or applied to a specific section?**

All applications will be scored using the same procedure and scoring criteria. Applicants may potentially be awarded 250 points plus a possible additional 2 points for a Plan of Community Engagement in the event of a tie between two applicants for the last available license in a BLS region. Fifty of those points will be awarded to applicants if they qualify as a Social Equity Applicant.



- **Will the Department utilize any conversion system when grading plans/exhibits? In other words, will the Department, for example, grade each plan on a 1 to 10 point system, then multiply those points to reach a final score for each plan/exhibit?**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **Will the Department require a minimum cumulative score as a cut-off to be eligible for license award?**
- **Will the Department require a minimum score for each plan or exhibit? If so, will failure to meet that minimum score result in a zero for the specific plan, or a complete disqualification of the application?**

Licenses will be awarded to those applicants that receive the highest score totals based on the number of licenses available in a particular BLS region. There is no minimum total score or minimum score for any single exhibit to be eligible for a license.

- **Will applicants be scored higher or lower or their chance of success be at all affected by the number of licenses they apply for in a given region or the number of BLS regions in which they apply? Would the scoring committee look negatively at an applicant that applies for the maximum number of licenses in a BLS region or statewide?**

The Department will not consider whether an applicant has applied for more than one license in the same BLS region or applied for licenses in other BLS regions when scoring an application.

- **As it relates to Exhibit D and Exhibit N, the Department of Financial and Professional Regulation, Division of Professional Regulation, Cannabis Control Section has approved 26 businesses as “Responsible Vendors” authorized to provide mandatory health and safety training to cannabis dispensary agents often referred to as “budtenders.” Will extra points be awarded for individuals that participate in budtender training versus applications that demonstrate an intent on completing certification within 90 days of sale?**

Applicants are not required to obtain Responsible Vendor training before applying or being awarded a license. No extra points will be awarded to applicants that have received this training nor will applicants be penalized if they have not yet completed the training.

- **If an Applicant submits one application in each of the seventeen (17) BLS Regions and has the highest score in each BLS region, how will the maximum of ten (10) licenses be issued?**

Section 15-36 (d) of the Cannabis Regulation and Tax Act provides: “If a person or entity is awarded a Conditional Adult Use Dispensing Organization License that would cause the person or entity to be in violation of this subsection, he, she, or it shall choose which license application it wants to abandon and such licenses shall become available to the next qualified applicant in the region in which the abandoned license was awarded.”

## Application Form

- **If the location is not secured, what should be used for the "proposed dispensing organization principal place of business"?**
- **What should the proposed dispensing organization principal place of business be listed as if there is no location secured yet?**

The Application Form requires the applicant to identify the proposed principal place of business for the dispensing organization, not an address for the proposed dispensary. The principal place of business address for the proposed dispensing organization may be the applicant's current mailing address, the address provided to the Secretary of State when the business was registered, or another address used by the applicant. This may be a different address from the principal place of business for the proposed dispensary. Licensees will have an opportunity to update their dispensing organization's principal place of business after they select a final location for a dispensary. The applicant must provide an address where the Department can contact the applicant during the application process, which may be a home or business address, and is likely the same address at which the business is registered.

- **Page 1 of the application, section 11 - if we have multiple owners but they qualify as social equity applicants under different criteria, then how do we indicate that? For example, Owner A lives in a disproportionately impacted area and owns 33%, Owner B was arrested for an offence eligible for expungement and also owns 33%.**
- **Page 1 asks a Social Equity Applicant to select "all criteria under which the applicant qualifies." The first three criteria require the applicant to be "at least 51% owned and controlled by one or more individuals who" meet the specific criteria. Do 51% of an applicant's owners have to share at least one of the same criteria or can the applicant qualify if at least 51% of its owners have a blend of the criteria, but no combination of owners meet or exceed 51% within a single criteria?**

The Application Form enables applicants to check more than one box for Question 11. Applicants may check all boxes that apply. Applicants owning and controlling 51% or more of the applicant business may blend the criteria. For example, a company may be 33% owned by someone who has lived the requisite number of years in a Disproportionately Impacted Area and 33% owned by someone who was arrested for an offense made eligible for expungement by Public Act 101-0027. Consequently, the applicant would qualify as a Social Equity Applicant under multiple criteria. In this situation, the applicant would select multiple boxes when answering question 11 of the Application Form.

- **Does the applicant need a "Proposed dispensary organization alternate contact" if the applicant is currently the only entity in the company? If yes, can it just be a trusted acquaintance?**

Only one contact is required. However, to safeguard against missing a communication from the Department during the application process, the Department advises all applicants to provide two contacts to the Department. The alternate contact is not required to be a listed principal officer.

- **With regard to Addendum D of the Principal Officer Application Form: Does the Division anticipate creating a Fingerprint Consent Form specific to the Adult Use Cannabis Program? Or should applicants use the Fingerprint Consent Form used for the Compassionate Use Medical Cannabis Program?**

The Department intends to post a Fingerprint Consent Form online when it becomes available.

- **If we do not have an FEIN yet do we have to apply for one prior to submitting the application?**
- **Given that an Applicant Entity may not start operating until the conditional adult use dispensing organization license is granted, must the Applicant Entity have an FEIN in order to apply? If no – will the Applicant lose points for not providing an FEIN**
- **Given that an Applicant Entity may not start operating until the conditional adult use dispensing organization license is granted, must the Applicant Entity have an FEIN in order to apply? If no – will the Applicant lose points for not providing an FEIN?**

Applicants must obtain a FEIN before submitting an application to the Department.

- **Does the Applicant need to include any anticipated non-dispensary applications in its response to item number two (2)?**

No, only dispensary applications for dispensaries that would be located in that BLS region should be included in the response for item number 2

## Exhibit B – Principal Officer Application Form(s)

- **Must all fingerprints be physically done in Illinois? Or are there steps for out-of-state Principal Officers to follow to ensure their fingerprints are taken by a properly licensed facility that's outside of Illinois?**
- **I am searching for the Professional Regulation's Fingerprint Consent Form. We went to get fingerprinted today and found that we needed a form. We looked throughout the website, but have been unable to find it.**
- **Someone on my team got their fingerprints taken today in anticipation of submitting the application, but we will be submitting our application in early December, does this satisfy the following requirement or will they need to get fingerprints again?**

If you reside outside of Illinois and are unable to have your fingerprints taken by an Illinois licensed fingerprint vendor, you may have your fingerprints taken by an out-of-state agency or vendor such as a local police department. Once the fingerprints have been taken, you will need to mail them to an Illinois licensed vendor to be scanned. If you intend to have your fingerprints taken by an out-of-state agency or vendor, please follow the steps below:

1. Identify an Illinois licensed vendor to which you plan to send your fingerprints. Contact the vendor and confirm it will accept your fingerprints from another state. The Illinois licensed vendor must have Card Scan capability to process fingerprints taken by an out-of-state agency or vendor. The Illinois licensed vendor may have further instructions for you. A list of Illinois licensed fingerprint vendors is available on the Department's website at: <https://www.idfpr.com/LicenseLookUp/fingerprintlist.asp>
2. Identify a local agency or vendor at which your fingerprints can be taken. The out-of-state agency or vendor should have an FBI Card – sometimes referred to as a “Blue Card” – on which your fingerprints will be taken. The Card will look identical or similar to the Card provided by the FBI: <https://www.fbi.gov/file-repository/standard-fingerprint-form-fd-258-1.pdf/view>
3. When you go to the local agency or vendor to have your fingerprints taken, you will bring a **“Fingerprint Consent Form.”** This form must be used for fingerprints taken in Illinois or out-of-state. A link to the Fingerprint Consent Form will be available on the Department's Adult Use Cannabis website by November 10, 2019. Be sure the Fingerprint Consent Form you use contains the Requesting Agency ORI Identifier: IL920715Z and Purpose Code: DOA Cannabis Dispensing Agent. Please note, you CANNOT use the same Fingerprint Consent Form used for the Medical Cannabis Program.
4. **Fingerprints must be taken within 30 days of the application being submitted.** Applicants may want to delay having their fingerprints taken until December 3 or later to ensure they are not taken too early. Fingerprints taken too early will result in a deficiency that the applicant will have 10 calendar days to remedy.
5. You will then mail the FBI Card and Fingerprint Consent Form to the Illinois licensed vendor you identified in step one of this process. The Illinois licensed vendor will scan your fingerprint card and transmit your fingerprint data electronically to the Illinois State Police (ISP). A Transaction Control Number (TCN) will be assigned at that time. The

fingerprint vendor will provide you with a receipt including the date your fingerprints were taken and the TCN number. Please submit this receipt and a copy of the Fingerprint Consent Form with your Application for Proposed Principal Officer of an Adult Use Dispensing Organization and retain a copy of each document for your records. Be sure to fill out every field on the Fingerprint Consent Form, including the TCN in the Facility Information Section.

The ISP and the FBI will each perform a criminal history background check based on your fingerprint data. When completed, the results of the ISP background check and FBI background check will be delivered electronically to the Department.

- **Should employees complete the Principal Officer form?**
- **Is there only 1 Principal Officer required? Or should the “Proposed Principal Officer” form be filled out by all Principal Officers involved with the application?**

Each proposed principal officer must submit the Application for Proposed Principal Officer of an Adult Use Dispensing Organization form and be fingerprinted. A principal officer is defined as: (1) a cannabis business establishment applicant or licensed cannabis business establishment's board member; (2) an owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company; (3) a president, vice president, secretary, treasurer, partner, officer, member, and manager member; (4) a person with a profit sharing, financial interest, or revenue sharing arrangement; (5) a person with authority to control the cannabis business establishment; or (6) a person who assumes responsibility for the debts of the cannabis business establishment. An employee that does not meet the definition of a Principal Officer is not required to complete the Principal Officer Form.

- **Where can we find out more details regarding who won't qualify as a principal officer?**
- **Are certain individuals “prohibited” from owning a share in a cannabis entity (for example, those with felony convictions for other crimes, etc.)?**

Principal officers must be 21 years of age or older and must not be delinquent in filing any required tax returns or paying amounts owed to the State of Illinois. Applicants should also consult 20 ILCS 2105/2105-131 of the Civil Administrative Code for the Department of Professional Regulation. The Department will not answer specific questions as to whether a particular proposed principal officer's application would be denied based on the requirements of 20 ILCS 2105/2105-131 of the Civil Administrative Code for the Department of Professional Regulation.

- **Please clarify that all Board Members with less than 1% ownership need to fill out an Application for Proposed Principal Officer.**

All board members meet the definition of principal officer, regardless of their ownership interest, and must submit an Application of Proposed Principal Officer of an Adult Use Dispensing Organization.

- **Are any of the questions disqualifying?**

Applicants must answer each question completely and honestly. The Department may deny any application that includes the submission of misleading, incorrect, false, or fraudulent information in the application. It is considered misleading, incorrect, false, or fraudulent to fail to include any information that should have been included.

- **Do misdemeanor drug convictions, outside of cannabis, count against an applicant, or make them ineligible to become a dispensary license holder?**

Principal officer applicants must answer whether they have been charged with or convicted of any criminal offenses in any domestic or foreign jurisdiction. A background check will be performed on all principal officers. Having such a criminal charge or conviction does not automatically disqualify an applicant. However, the Department may deny any application submission that includes misleading, incorrect, false, or fraudulent information. It is considered misleading, incorrect, false, or fraudulent to fail to include any information that should have been included. Applicants that submit false or misleading information the Department risk having their license denied or revoked.

- **Please define “engaged in a pattern or practice of unfair or illegal practices, methods, or activities.”**

This term is undefined in the Act and the Department will not provide a definition in the absence of a specific, concrete set of facts.

- **What is the definition of a “criminal offense” as referenced in Question Nos. 18 and 19 of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization?**

Applicants should provide information regarding charges and convictions for any criminal offense, including state and federal charges. Applicants need not provide information regarding minor traffic offenses but must include information relating to Driving While Intoxicated (DWI) charges.

In addition, applicants are not required to report the following:

- (1) juvenile adjudications of delinquent minors as defined in Section 5-105 of the Juvenile Court Act of 1987 subject to the restrictions set forth in Section 5-130 of that Act;
- (2) law enforcement records, court records, and conviction records of an individual who was 17 years old at the time of the offense and before January 1, 2014, unless the nature of the offense required the individual to be tried as an adult;
- (3) records of arrest not followed by a charge or conviction;

(4) records of arrest where the charges were dismissed unless related to the practice of the profession; however, applicants shall not be asked to report any arrests, and an arrest not followed by a conviction shall not be the basis of a denial and may be used only to assess an applicant's rehabilitation;

(5) convictions overturned by a higher court; or

(6) convictions or arrests that have been sealed or expunged.

However, applicants may need to provide records of sealed or expunged convictions or arrests to show evidence of their status as a Social Equity Applicant.

- **Principal Officer of Dispensary Application Question 19: does the Division want principal officers to list traffic violations for criminal offenses charged and/or convicted of???**

Principal Officers need not provide information regarding traffic violations, with the exception of charges related to Driving While Intoxicated (DWI).

- **Section 15-25 (d) (6) requires the applicant to disclose whether any principal officer has ever filed for bankruptcy or defaulted on spousal support or child support obligation. If a principal officer discloses such issue, will the Applicant be denied a license? If this disclosure would not result in a disqualification, will any points be deducted if the individual can show that they no longer have this issue?**

Disclosure of a bankruptcy or a default on spousal or child support does not automatically disqualify a principal officer applicant.

- **Per the act, the Department shall deny the license if any principal officer, board member, or person having a financial or voting interest of 5% or greater in the licensee is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois. If any principal officer, board member, or person fitting within this qualifier is currently going through a tax appeal will this be an issue?**

An applicant will not be automatically disqualified if they are going through a tax appeal. The Department may require additional information regarding the tax appeal before deciding on the principal officer's application.

- **The Act says the Department shall deny an application if granting that application would result in a single person or entity having a direct or indirect financial interest in more than 10 licenses. If an owner has shares in a publicly traded company, and that company holds ten (10) dispensary licenses of varying type in the state of Illinois, would the applicant be precluded from applying for their own dispensary licenses?**
- **The term “financial interest”, “direct financial interest”, and “indirect financial interest” are used throughout the Cannabis Regulation and Tax Act. Please define those terms.**



- **Does a prospective employee who will receive a bi-weekly check be considered to have a “financial interest”? If yes, would that employee than qualify as a Principal Officer under the current definition?**

“Financial interest” means any actual or future right to ownership, investment or compensation arrangement, either directly or indirectly, through business, investment, spouse, parent or child, in the dispensing organization. Financial interest does not include ownership of investment securities in a publicly-held corporation that is traded on a national securities exchange or over-the-counter market in the United States, provided the investment securities held by the person and the person's spouse, parent or child, in the aggregate, do not exceed five percent ownership in the publicly traded entity.

- **Are there any officers or role mandated?**

Applicants are not required to establish specific officers or mandated roles.

- **Does a valid and ongoing payment plan with the Illinois Department of Revenue satisfy the requirements of this section?**

Prospective principal officers with a valid and current tax payment plan with the Illinois Department of Revenue will not be considered delinquent in the filing of tax returns and will not be automatically disqualified. However, the applicant may be required to submit additional documentation to the Department regarding their payment plan.

- **If a prospective principal officer is in default status on her private student loan debt with lets say Sally Mae would that disqualify her from ownership?**

No, a default on a private student loan will not disqualify a prospective principal officer.

- **If a prospective principal officer has debt to the city of Chicago for unpaid parking tickets/city stickers and is in a payment plan for those debts would that individual be disqualified for ownership? Basically would the existence of payment plans be enough to keep an owner from being disqualified?**

No, an outstanding debt for unpaid parking tickets, city stickers, or city fines will not disqualify a proposed principal officer. However, the Department may require the individual to submit additional documentation to the Department regarding any payment plan.

- **If any members of the Applicant Entity’s management team change during the course of the application process (after the application is submitted but before the license is granted), can the Applicant update its application to reflect the changes to the management team without such changes impacting Applicant’s overall score?**

An applicant must disclose any adverse material changes to their application submitted to the Department. An adverse material change is one that has the potential to negatively impact the applicant’s application score or qualification for a license. Failure to disclose an adverse material

change to the Department may result in denial or revocation of a license.

- **Is the Application for Proposed Principal Officer form the only thing submitted in response to Exhibit B of the application, or are there other materials that should also be included as part of Exhibit B of the application?**
- **Can you confirm that if an Application for Proposed Principal Officer of an Adult Use Dispensing Organization is submitted in connection with a Conditional Adult Use Dispensing Organization License application, then Addendums A, B and C to the Application for Proposed Principal Officer of an Adult Use Dispensing Organization are not required because those items are submitted through Exhibit C of the Conditional Adult Use Dispensing Organization License application? Specifically, should the information included in Addendum A and Addendum C also be included in the information contained in Exhibit C if a Proposed Principal Officer of an Adult Use Dispensing Organization is submitted in connection with a Conditional Adult Use Dispensing Organization application?**
- **What is the definition of “relevant business transactions and financial information,” as referenced in Addendum A to the Application for Proposed Principal Officer of an Adult Use Dispensing Organization?**
- **Can the Division provide further details or examples of the types of relevant business transactions and financial information it is seeking with respect to Addendum A?**
- **What documentation/address is required for Addendum A regarding the proposed dispensary location if no specific site is required pursuant to Exhibit J?**
- **On the Principal Officer Form, does the applicant have to submit Addendum A - Addendum C?**
- **Pursuant to Addendum C of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization, is an applicant required, at the time the application is submitted to the IDFPR, to have compensation agreements, management agreements, supply agreements or other financial documents between the applicant and persons having a financial interest and/or control in the licensee, or does this just require the inclusion of these agreements in the event they exist at the time the Application is submitted?**

Applicants must submit the following documents as part of Exhibit B of the application: (1) Application(s) for Proposed Principal Officer of an Adult Use Dispensing Organization, (2) Addendum D to the Application for Proposed Principal Officer of an Adult Use Dispensing Organization, and (3) Addendum E to the Application for Proposed Principal Officer of an Adult Use Dispensing Organization. Addenda A, B, and C are not required and should not be submitted with this application. Addenda A, B, and C are to be submitted only by Principal Officers who join a dispensing organization after a license has been awarded to the dispensing organization. The information requested in Addenda A, B, and C is already required to be produced in Exhibit C of the application.

- **Question No. 11 of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization asks, “Are you more than 30 days delinquent in complying with a child support order?” Is this only applicable to child support orders issued**

**by a court in the State of Illinois or anywhere in the United States?**

An applicant must disclose any defaults on their child support obligation regardless of the jurisdiction. Such disclosure does not automatically disqualify an applicant from receiving a license.

- **Question No. 12 of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization asks, “Are you delinquent in the payment of any alimony order?” Is this only applicable to alimony orders issued by a court in the State of Illinois, or anywhere in the United States?**

An applicant must disclose any defaults on their alimony obligation regardless of the jurisdiction. Such disclosure does not automatically disqualify an applicant from receiving a license.

- **Will the IDFPR publish a list of livescan vendors licensed by the State of Illinois for the purpose of complying with Addendum D of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization?**

A list of livescan vendors is available on the Department’s website:

<https://www.idfpr.com/LicenseLookUp/fingerprintlist.asp>

- **Does Question No. 13 of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization apply to bankruptcy filings by the specific individual proposed principal officer, or does it also apply to spouses of the proposed principal officer or entities owned and operated by the proposed principal officer?**

Applicants need only provide information regarding bankruptcies in which the person who is applying to be a principal officer has personally filed for bankruptcy.

- **For Exhibit B, what constitutes “authority to control the cannabis business establishment?”**

“Control” means the possession, directly or indirectly, of the power to direct or cause to direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

- **For Exhibit B, what is included as a “board member?” Does this include advisory board members who do not have control of the business?**

For a person to be considered a board member, they must have power to vote on actions that result in company action or inaction. Applicants need not provide information regarding non-voting advisory board members for Exhibit B.

- **With respect to not-for-profit organization, what qualifies an individual as a “principal officer”? Specifically, should all not-for-profit board members be listed even if board members have term limits?**

For non-profit organizations, any person with the power to direct the action or inaction of the not-for-profit organization at the time of application should be reported as a Principal Officer.

- **If principled officers apply with more than one group, should they disclose on each application all the groups they are applying with?**

Yes, if a Principal Officer is applying with more than one dispensing organization applicant, they should disclose in each Application for Principal Officer of an Adult Use Dispensing Organization all of the dispensing organization applicants with which they are affiliated.

- **Are elected officials prohibited from being a Principal Officer in the same region where they serve?**
- **Are elected officials prohibited from being a Principal Officer in a different region from where they serve? If prohibited, may an elected official apply as a Principal Officer committed to resigning their post if granted a Conditional License? Are any other government employees, supervisors, managers prohibited from being a Principal Officer?**

The Cannabis Regulation and Tax Act limits members of the General Assembly, some state employees, and their immediate families from having a financial interest in a cannabis business establishment for a period of time. The Act does not prohibit local officials from owning an Illinois cannabis business establishment, however applicants should ensure they comply with all applicable local, domestic and foreign laws.

- **For the Principal Officer form, if an individual has only 1 percent ownership, do they still need to fill out a Principal Officers Form?**

Each proposed principal officer must submit an Application for Proposed Principal Officer of an Adult Use Dispensing Organization form and be fingerprinted. A principal officer is defined as: (1) a cannabis business establishment applicant or licensed cannabis business establishment's board member; (2) an owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company; (3) a president, vice president, secretary, treasurer, partner, officer, member, and manager member; (4) a person with a profit sharing, financial interest, or revenue sharing arrangement; (5) a person with authority to control the cannabis business establishment; or (6) a person who assumes responsibility for the debts of the cannabis business establishment. 410 ILCS 710/1-10. However, all parties with any ownership, control, or financial interest in the applicant must be disclosed in Exhibit C, unless such financial interest is via ownership of stock in a publicly traded company that does not exceed 5% of the total shares of stock.

- **Any issues with two silent partners that will be part owners but have no control over operations? Their names will be on the application and they will fill out Principal Officer forms.**

The Department will not express an opinion as to whether particular hypothetical ownership or control structures are acceptable.

- **In the last field on page 3, what does “associated” mean? Is “associated” limited to the qualifying factors to be considered a principal officer or does it cover a broader range of activity?**

Applicants should include information regarding any dispensaries for which the individual is a principal officer, owner, employee, or otherwise affiliated. The term “associated” includes, but is not limited to, being a principal officer of an Illinois cannabis businesses.

- **I wanted to know age restrictions on dispensary owners people attempting to get license. What are prices for the certification?**

Principal Officers must be 21 years of age or older. Potential principal officers must submit an Application for a Proposed Principal Officer Application Form and be approved by the Department. There are no mandatory certifications for a Principal Officer to be approved by the Department.

## Exhibit C – Operating Agreement/Table of Organization

- **I was reading through the IL regs and was confused as to the ownership disclosure requirements. I read section 15-50 from the CRTA and wasn't sure if it required disclosure of all investors. At what point do investors need to be disclosed on the application (i.e. 5% or more of ownership)?**

The Cannabis Regulation and Tax Act requires applicants to disclose all proposed principal officers and business entities that, directly or indirectly, manage, own or control the interests or assets of the license holder. Privately held businesses should disclose all investors regardless of the investor's percentage of ownership or control. This includes anyone that has extended credit that is secured by an interest in the license or assets of the license holder.

Publicly traded companies should disclose any individuals or identifiable groups of individuals with ownership or voting control of more than 5%, to the extent such information is known or contained in Securities and Exchange Commission filings.

- **Do I have to be in Illinois resident to be an owner?**
- **Do you have to be an Illinois resident to apply?**
- **Must the company be owned by at least 51% owned by Illinois resident?**

The Cannabis Regulation and Tax Act does not limit ownership of Illinois cannabis business establishments to Illinois residents. However, other domestic or foreign laws may apply, and applicants should ensure that they comply with any applicable domestic or foreign laws.

- **Can non-US citizens own part of the company that is applying for licensure?**

The Cannabis Regulation and Tax Act does not limit ownership of Illinois cannabis business establishments to U.S. citizens. However, other domestic or foreign laws may apply, and applicants should ensure they comply with any applicable domestic or foreign laws.

- **Does the table of organization only include owners? Or should it also include employees?**
- **Under the organizational chart (Exhibit C), we have engaged in discussions to hire qualified managers in the event our company is selected to be one of the 75 licenses, however, they do not have an ownership stake in the business, do we list them and their qualifications here or elsewhere? For example, compliance manager? Store managers? Inventory Control Manager?**

The Table of Organization must include all owners, directors and principal officers, and the title of every principal officer or business entity that manages, owns, or controls the business entity, either directly or indirectly. The Table of Organization does not need to include the names of employees unless the employee fits the definition of a Principal Officer.

- **On Page 2 titled Application Exhibits, Exhibit C reads – Business Entity Operating Agreement, By-Laws, or Articles of incorporation and Table of Organization, ownership and Control. Then on 2 of the Application Exhibit C – Table of Organization, Ownership and Control and Business Operating Agreements it reads that you must submit the Table of Organization, Ownership and Control as well as additional documents depending on the type of business entity you have established. So my question is for an LLC, an applicant must submit the Table of Organization, Ownership and Control plus their operating agreement and articles of organization?**
- **For exhibit C, for limited liability corporations, are they required to submit an operating agreement and By-Laws, or one or the other?**

A limited liability company is required to provide a Table of Organization, Ownership and Control, the current Articles of Organization, and the operating agreement.

- **Do management companies need to be disclosed on the org chart - or buried in the operating agreement?**
- **Can you provide examples of ownership and control?**

Applicants must disclose all principal officers or business entities that manage, own, or control the dispensing organization, either directly or indirectly. If an entity has a contract to direct business decisions of the applicant, it has a measure of control in the company and must be identified on the Table of Organization, Ownership and Control. Any individual associated with the management company that meets the definition of principal officer of the entity holding a contract to direct business decisions of the applicant is required to be disclosed in the Table of Organization.

- **Could Illinois provide a sample ownership structure chart/visual aid to give us applicants a better idea of what to expect in terms of the submission requirement? (See attachment from state of Missouri as an example)**

Potential applicants can find a sample Table of Organization, Ownership and Control at <https://www.idfpr.com/profs/adultusecan.asp>.

- **Does the definition of “principal officer” on page 1 of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization the same for Exhibit C of the Conditional Adult Use Dispensing Organization License?**

The term “principal officer” has the same meaning in both the Application for a Proposed Principal Officer of an Adult Use Dispensing Organization and the Conditional Adult Use Dispensing Organization License Application. A principal officer is defined as: (1) a cannabis business establishment applicant or licensed cannabis business establishment's board member; (2) an owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company; (3) a president, vice president, secretary, treasurer, partner, officer, member, and manager member; (4) a person with a profit sharing, financial interest, or revenue sharing arrangement; (5) a person

with authority to control the cannabis business establishment; or (6) a person who assumes responsibility for the debts of the cannabis business establishment.

- **If the Applicant Entity is a corporation, does it need to submit all corporate resolutions or merely those that show the owners, officers, board members, and the adoption of Bylaws?**

An applicant applying as a corporation must provide a copy of the current Articles of Incorporation and corporate resolutions, and a list of all persons or business entities holding an ownership interest and any other documents required by the Conditional Adult Use Dispensing Organization License Application. Corporate resolutions to be produced can be those that reflect the owners, officers, board members and adoption of bylaws.

- **If applicant is a not-for-profit organization, what information is required by individual for purposes of “ownership type and %”?**
- **Is there anything barring an owner from being either a not for profit or no- profit organization?**

An applicant may be a not-for-profit organization. Not-for-profit organizations should be identified as such and must provide documents reflecting their: (1) current ownership, and (2) profit sharing and liability structure. Not-for-profit organizations must also provide a Table of Organization, Ownership and Control and any other documents required by the Conditional Adult Use Dispensing Organization License Application.

- **Are we required to form a company as a partnership or LLC if we have 2+ individuals who want to do this together?**
- **If I want to establish my dispensary as a partnership or a LLC, do I need to form the partnership or LLC first before I submit the application, or can I apply first as individuals and create the partnership after we obtain the conditional license**

Applicants are not required to have any particular business structure. Applicants may apply in their individual capacity.

- **Are we to provide documents of the Applicant’s ownership structure that establishes the legal and business structure of the Applicant, operations, management and advisory personnel? Should we provide an organization chart? Should we provide employment position descriptions and the names of each person holding each position whether or not they hold an equity share in the proposed dispensary? Where does this information belong in the application and are the individuals to be identified?**

Applicants should submit all information required in Exhibit C to establish all owners, directors, and principal officers that, directly or indirectly, manage, own, or control the dispensing organization. Applicants do not need to submit information about any persons who are not principal officers or who do not have a financial interest in or control of the dispensing organization. A principal officer is defined as: (1) a cannabis business establishment applicant or



licensed cannabis business establishment's board member; (2) an owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company; (3) a president, vice president, secretary, treasurer, partner, officer, member, and manager member; (4) a person with a profit sharing, financial interest, or revenue sharing arrangement; (5) a person with authority to control the cannabis business establishment; or (6) a person who assumes responsibility for the debts of the cannabis business establishment.

- **How, if at all, will an owner be restricted from participating in the operations of the business if they do not apply to serve as a Principal Officer?**

A principal officer is defined as: (1) a cannabis business establishment applicant or licensed cannabis business establishment's board member; (2) an owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company; (3) a president, vice president, secretary, treasurer, partner, officer, member, and manager member; (4) a person with a profit sharing, financial interest, or revenue sharing arrangement; (5) a person with authority to control the cannabis business establishment; or (6) a person who assumes responsibility for the debts of the cannabis business establishment. Any individual who meets this definition must submit a Principal Officer Application. An individual who meets the ownership thresholds listed above or who has the authority to control dispensary operations will be required to register as a Principal Officer.

An owner who is not a Principal Officer is significantly limited in the percentage of the business they can own, in the roles they can assume, and in the authority they may exercise regarding the business.

- **As it relates to Exhibit C, in the event that an individual or entity has a minority financial interest in more than 10 of the awarded licenses, will they be given the option to divest for the sake of not jeopardizing additional winning application (ie. Winning license 11, 12, and 13)?**

Pursuant to Section 15-36 (d) of the Cannabis Regulation and Tax Act an individual or entity that is awarded a Conditional Adult Use Dispensing Organization License that would cause the person or entity to obtain direct or indirect financial interest in more than 10 dispensary licenses, shall choose which license application it wants to abandon and such licenses shall become available to the next qualified applicant in the region in which the abandoned license was awarded.

- **If a principal officer is a board member are there state standard requirements for the board beyond the organization bylaws?**

Applicants should familiarize themselves with all laws that may apply to their business, regardless of the business structure they choose.

## Exhibit D – Agent Training and Education

- **I plan to apply as a dispensary owner. Per my understanding, I will have to complete the responsible vendor training program within 90 days before or after first day of employment at a dispensary. I understand that this training is received annually. However, I am applying as a start-up organization. I do not know if I will receive a retail and transportation license by May 2020. In this situation, should I sign-up for training after I know a license has been granted to me or should I sign up for training prior to 12/31/2019 (within 90 days of creating my LLC)?**

Applicants are not required to complete Responsible Vendor training before submitting an application or being awarded a license. Responsible Vendor training must be completed within 90 days of an individual starting work at a dispensary. Any Responsible Vendor training received prior to 90 days before an individual begins working at a dispensary will not satisfy the requirement that Dispensing Organization Agents involved in the handling and sale of cannabis receive such training within 90 days of beginning employment. For dispensary owners that do not currently operate a dispensary, they must complete the Responsible Vendor Training within 90 days of the dispensary commencing operations.

- **Should I be planning on applying for the Dispensing Organization Agent ID Card prior to 12/31/2019 or should I wait until 5/2020 when I know if I've been granted a license(s)?**

Applicants are not required to apply for a Dispensing Organization Agent Identification Card until after they have received a Conditional Adult Use Dispensing Organization License.

- **Can we use a training program from organizations that are not on the Responsible Vendor list?**

In order to satisfy the Responsible Vendor training requirement, an Applicant must receive that training from an approved Responsible Vendor. A list of approved Responsible Vendor training programs is available at

<https://www.idfpr.com/Forms/AUC/List%20of%20Approved%20Responsible%20Vendors.pdf>.

An applicant may receive training or education other than Responsible Vendor training from an organization that is not on the Responsible Vendor list, however, such training will not satisfy their responsible vendor training requirement.

- **For Exhibit D, the statute requires that Responsible Vendor Training include training on “privacy issues.” As there is no collection or retention of purchaser information at the dispensary, whose privacy is at issue? Does this mean “privacy issues” refers to the dispensary’s own privacy issues as a business? Or do they mean of the purchaser, who is providing none of their private info...?**

Responsible vendor training programs are required to provide training about privacy, including but not limited to privacy of purchaser and dispensary information.

- **What constitutes “proper training” or “education”? Science degree (chemistry/biology? Public health?)**
- **Does the state have any preferred qualifications in mind for prospective employees?**

The Cannabis Regulation and Tax Act does not provide preferred qualifications for agents or employees. Agents must meet all applicable requirements in the Act and any administrative rules that may be issued pursuant to the Act. Applicants are encouraged to submit the most competitive application possible.

- **Will the state fund any training programs that prospective employees must take, pass and qualify for? If so, when will they be available, and what qualifications are needed to enroll in those programs?**

The State will not provide funds to cover Responsible Vendor training for prospective employees. Applicants are not required to complete Responsible Vendor training before applying.

- **Do we need (as business owners) a training manual or employee handbook that all employees must be trained on and acknowledge the training? Training such as security and contingency policies?**
- **What does it take for principal officers to provide prospective employees with the necessary training?**
- **Can we develop our training internally?**

Dispensing Organizations are required to ensure that dispensary agents receive a minimum of eight (8) hours of training annually, two (2) of which must be obtained from a Responsible Vendor approved by the Department. Dispensing organizations may choose to develop these additional training hours internally, but they must design their agent training consistent with the requirements of the Cannabis Regulation and Tax Act and any administrative rules issued pursuant to the Act. Applicants are encouraged to submit the most competitive application possible.

- **Is there a state approve guide book or manual that is in accordance with state or federal public health agencies that we can use to advise employees and client base on the safe consumption of cannabis and cannabis products?**
- **Can we develop our training program based on the Illinois Department of Public Health (DPH) to inform clients on the risks of use or abuse of cannabis?**

The Department does not endorse any specific educational resource or training program regarding the safe consumption of cannabis and cannabis products. Applicants may develop their training programs as they see fit so long as they comply with the Act and all applicable rules and regulations.

## Exhibit E – Purchaser Education Plan

- **Does “Exhibit E – Purchaser Education Plan” relate to any subsection or paragraph of Illinois HB1438 Section 15-30 (c)?**

Section 15-65(a)(8) of the Cannabis Regulation and Tax Act requires dispensaries to establish, maintain, and comply with policies related to purchaser education and support. Exhibit E asks dispensaries to provide information about such policies.

- **For Exhibit E - Purchaser Education Plan: Should we focus only on existing regulations / procedures that exist, or should we be creative and come up with new ones?**
- **Exhibit E of the Conditional Adult Use Dispensing Organization License requires that a plan describe, in part, how the dispensing organization will provide “current educational information issued by the Illinois Department of Public Health about the health risks associated with the use or abuse of cannabis.” Will the IDFPR publish, for applicants, this educational information prior to the deadline to submit an application for a Conditional Adult Use Dispensing Organization? If it has already been published, can you provide guidance on where the publication(s) can be located?**

Applicants are encouraged to complete all sections of the application and submit the most competitive application possible. The Department of Public Health has published health risk information which can be found here:

<https://www.drugabuse.gov/publications/drugfacts/marijuana>. Applicants should refer to the [Illinois Department of Health’s website for additional information](#).

- **Is the goal here to provide marketing materials to all customers at a range of touch points?**
- **Can we simply hand out leaflets for every purchase (analogous to a user’s manual) and supporting documents at every point of sale?**

Applicants are encouraged to complete all sections of the application and submit the most competitive application possible. A Purchaser Education Plan should be designed to educate purchasers on the applicable federal and state laws regarding cannabis, the potential health risks of using cannabis, and the potential side effects associated with cannabis. This Plan is not intended for marketing purposes.

## Exhibit F – Business Plan

- **Will retail store have real time access to state managed DB (database) of people going to dispensaries so we can make sure customers are not just shopping from to store to store and exceed daily max limits and "denial of service" is reported and shared. This will impact our ability to track "denial of service", daily max limits and if anyone is flagged that we cannot sell to.**
- **Will the States' software system have the ability to track purchasers and their purchases eg same purchaser just bought maximum limit of cannabis 1 hour before at a different dispensary, and thereby deny a sale?**
- **How are the limits on the amount of cannabis that a person over 21 can possess to be calculated/determined by the dispensary? Obviously the dispensary could not sell any amount that exceeds the limits at one transaction, but if the buyer came back later the same day to buy additional amounts, what is the dispensaries responsibility?**
- **Are the limits on a daily basis? May a patient/customer go home and return and buy the maximum legal amount in one day?**

Dispensaries may not sell cannabis to an individual purchaser in excess of the legal possession limits in a single transaction, but it is the purchaser's responsibility to ensure they do not possess more than the legal amount of cannabis.

- **For the estimated volume of cannabis the dispensary plans to store at the dispensary, should the applicant be providing the quantity estimate by cost (Unit of measurement = \$) or by weight/weight equivalent (Unit of measurement = grams / kg)? It seems difficult to quantify in weight terms due to not knowing the wholesale pricing available...**

Applicants should quantify the volume of cannabis the dispensary intends to store at the dispensary in terms of the value of the cannabis in the dispensary using the estimated retail price.

- **What are the requirements around maintaining confidentiality of customers?**

The Cannabis Regulation and Tax Act prohibits dispensaries from requiring purchasers to provide a dispensing organization with personal information - other than government-issued identification to determine the purchaser's age - without their consent, and a dispensing organization must not record personal information about a purchaser without the purchaser's consent. Additionally, other privacy laws concerning consumer data may apply.

- **What personal information of a patient/customer are you allowed to take before purchases? For the purposes of a product recall, how would we notify a patient/consumer if we are not able to gather their contact information?**

The Cannabis Regulation and Tax Act prohibits dispensaries from requiring purchasers to provide a dispensing organization with personal information - other than government-issued

identification to determine the purchaser's age - without their consent, and a dispensing organization must not record personal information about a purchaser without the purchaser's consent. Because customers are not required to provide personal information in connection with a sale without their consent, in the event of a recall it may not be possible to contact each purchaser of a product. Recall policies should be reasonably calculated to reach purchasers likely to have obtained cannabis at the dispensary and to directly reach purchasers who have consented to providing their information to the dispensary.

- **Inside the business plan are we allowed to use the company name, or is it anonymous?**

Exhibit F is required to be anonymous. Anonymous means the person scoring the application must not be able identify the applicant or any of the applicant's principal officers. To ensure anonymity, all identifying personal information (i.e., names, addresses, specific business names, etc.) should be removed from the business plan. Applicants should substitute actual business names with generic terms such as "the dispensary," "the company," or a similar term.

- **Exhibit F requests the products and services that the dispensary organization will offer. Will any points for Exhibit F be awarded on the basis of offering products and services ancillary to cannabis, for instance, a health spa, yoga studio or acupuncture clinic?**
- **Are you referring to both cannabis and non-cannabis services when you ask for description of the services offered?**

Exhibit F requests information regarding the products and services to be offered by the dispensary. This would include cannabis and non-cannabis products and services. Scoring of applications will be done in accordance with the requirements of the Cannabis Regulation and Tax Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **For EXHIBIT F - Business Plan: Should we include a fully fleshed out business plan or only focus on questions asked in application?**

Applicants should specifically address the questions listed on the application and may include any other relevant information that demonstrates how they will manage the dispensary on a long-term basis. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Is BioTrackTHC an acceptable front-end system and an acceptable POS for an Illinois Dispensary?**
- **Is there a required/preferred inventory management or point of sale software that the Division would prefer cannabis dispensaries to use (e.g., Biotrack)?**
- **If there is not a required/preferred inventory management or point of sale software, can you provide a list of the inventory management or point of sale software currently in use in the IL medical cannabis program?**

- **Does the IDFPR have any required or recommended point-of-sale vendors for adult use dispensing organizations? If so, who are they or where can this list be located?**
- **Is any POS acceptable? Any limits or basic requirements? Ideally, we want to handle no cash transactions. Square POS and Lightspeed are possible options (need to investigate these software packages to see what's works best with our type of inventory and product). Does the Division intend to select a new software platform for its electronic verification system? Or will it use BioTrackTHC, the software currently in use under the Compassionate Use Medical Cannabis Program?**
- **Is there a recommended POS or inventory system that will communicate with the department the best to satisfy the requirements?**

There is no required or preferred third party provider of inventory management or POS services. Any provider and/or processes that meet the requirements of the Act will be acceptable provided that the system integrates with the State's verification system. At this time, the Department anticipates continuing to use BioTrackTHC.

- **Are the possession limits listed in HB1438 seen below also a representation of sale limits at a dispensary?**

A dispensary must not sell a customer more cannabis than the purchaser is legally allowed to possess under the Cannabis Regulation and Tax Act.

- **When are the precise moments dispensary workers will need to check IDs of customers to verify age? Is it sufficient to check the IDs once upon entering the sales floor and once again upon the time of purchase?**

Age verification must occur before a potential purchaser is allowed to enter the limited access area.

- **Is there a limit in the amount of cannabis a dispensary can hold at a time?**

No

- **Would we be able to sell tobacco products at the dispensary or paraphernalia? Are there any restrictions of what can be offered at the dispensary?**
- **Can an adult use dispensary also sell or make alcohol in the same building with the required permits and licenses?**
- **Can we have a full Smoke and Vape shop type of products combined with the dispensary?**
- **Can we sell products that contain alcohol?**
- **Can we sell snack foods?**
- **Can we sell coffee, tea, sodas, and juices?**

The Cannabis Regulation and Tax Act prohibits the sale of alcohol at a dispensary except as provided for in the Act. Dispensing organizations are prohibited from selling any product

containing alcohol except tinctures, which must be limited to containers that are no larger than 100 milliliters. 410 ILCS 705/15-70(d). The Act does not prohibit the sale of any other items.

- **Will it be possible to import cannabis from out of state? Will there be limitations?**

Dispensaries are prohibited from obtaining cannabis or cannabis-infused products from outside the State of Illinois. 410 ILCS 705/15-70(n)(3).

- **In terms of products and services to be offered, is this section referring to the POS system's product and services to be offered and which level of software services to support the dispensary day-to-day's transaction? Or, you are referring the product and services we will be offering to our customers in terms of selling products such as infused/ edible products, and service offering such as in-store selling and online selling?**

In Exhibit F, applicants should identify a POS system and the products and services it will be offering to customers.

- **Is the “dispenser” allowed to confirm the supplier’s representation of grade and quality via third party testing? If so how will those products be tracked and removed from inventory according to the Department’s regulations? Are there rules for treatment of that product after opening?**

All cannabis products must arrive at the dispensing organization in sealed containers. A dispensary is permitted to confirm a supplier’s representation of grade and quality via third party testing. Any product sent to a third party must be recorded in the State’s verification system. If a product is opened for testing by a third party or otherwise, it must be destroyed.

- **Is the dispenser allowed to give away any samples for marketing purposes if the recipient is eligible? Are there any parameters or restrictions for this?**
- **Can we give away free non-cannabis items as promotional items?**

Section 55-20(d) of the Cannabis Regulation and Tax Act provides: “No cannabis business establishment nor any other person or entity may encourage the sale of cannabis or cannabis products by giving away cannabis or cannabis products, by conducting games or competitions related to the consumption of cannabis or cannabis products, or by providing promotional materials or activities of a manner or type that would be appealing to children.”

- **Is the dispenser allowed to open product within the dispensary in order to allow the customer to examine, smell or interact with any of the products as long as nothing is consumed? If so how will those products be tracked and removed from inventory according to the Department’s regulations? Are there rules for treatment of that product after opening?**
- **We will appreciate some clarification as to how samples are provided to customers and patrons to smell and look at. How does a customer see and**



**smell a cannabis product if all samples are required to be in an “enclosed locked room or cabinet”?**

- **Can cannabis flower products and strains be displayed in a clear closed jar that has a slit or opening to allow the patron to see and smell the cannabis product?**

Dispensing Organizations must display products consistent with the requirements of the Cannabis Regulation and Tax Act and any administrative rules that may be issued pursuant to the Act. The Act provides that “cannabis samples shall be in a sealed container. Samples shall be maintained in the restricted access area.”

- **Can a licensee package a whole ounce?**
- **How in terms of weight and packaging can a dispensary sell flower? Are there restrictions? What are the individual quantities of flower a dispensary can sell prepackaged (1 gram, 3.5 grams, 7grams etc.) Do dispensaries have a say in that or is that mandated by IDFPR or Agriculture?**

Cannabis products must be packaged and sealed prior to arriving at the dispensary. The Cannabis Regulation and Tax Act does not limit the size of an individual package, but dispensaries may not sell more to a purchaser than they are legally allowed to possess.

- **Business Plan, specifically asks for sub items such as “Point-of-Sale system, Dispensing plan, etc.” In the experience of this applicant, these items fall under the Operations Plan heading and the Business Plan would consist of items such as financial projections, operations team, Product lines, roll-out timelines, etc. Is the Department requesting items such as these that are not specifically called out in the subsections? If not may they be included?**

Applicants are expected to include in each exhibit all the information required for that exhibit, regardless of whether it was required to be submitted in another exhibit. Applicants should not assume that the same scorer will review all sections of their application. Therefore, all relevant information for each exhibit should be provided for that exhibit.

## Exhibit G – Recalls, Quarantine, and Destruction Plan

- **I realize that any returns and quarantined items will be entered back into our system to ensure traceability in Biotrack. I do not understand who owns the decision for disposition or returns and quarantined items? Will that be the cultivator or distributor, who will then provide proof of destruction to the state? Or will it be the State Police after they reconcile quantity and volume to be disposed and then work with 3<sup>rd</sup> party destruction company?**
- **Please offer the States position on who will own the decision of how to dispose of any product returns, quarantined items, defects, etc.. Once the decision is made, who will provide destruction services and how? Will State require the cultivator to own this aspect of the reverse supply chain?**
- **Are there guidelines listed for the legal protocol for destruction? Should we follow the medical cannabis pilot program protocol (Section 1000.460 Waste Disposal)? Does the applicant need a licensed Transporter to take the cannabis to the destruction site?**

A dispensary may choose to adopt a policy to permit cannabis returns. Cannabis that has been returned to a dispensary must be destroyed by the dispensary. Cannabis must be destroyed at the specific direction of the Department, in the normal course of business as required by statute or administrative rules that may be issued by the Department, or at the direction of the dispensing organization. The Department must approve the method of destruction used.

- **Are there already rules and regulations in place that describe the requirements for medical cannabis dispensaries? If so, where can they be found online?**

The Administrative Rules issued pursuant to the Compassionate Use of Medical Cannabis Program Act can be found here:

[https://www2.illinois.gov/sites/mcphp/Documents/68\\_IAC\\_1290\\_DFPR\\_eff52019.pdf](https://www2.illinois.gov/sites/mcphp/Documents/68_IAC_1290_DFPR_eff52019.pdf).

Please note, applicants will be scored based on the Cannabis Regulation and Tax Act.

- **Where can we find the laws, regulations, rules, etc regarding recall practices? Will the documents be made available on the Division website? if so, can you please provide a link?**
- **Is a no recall policy allowed by law?**

Statutory obligations for the recall of defective or potentially defective cannabis can be found in Section 15-65 of the Cannabis Regulation and Tax Act.

- **Where can we find the laws, regulations, rules, etc regarding quarantine practices? Will the documents be made available on the Division website? if so, can you please provide a link?**

Applicants can find information on quarantine procedures in Section 15-80 of the Cannabis

Regulation and Tax Act.

- **Where can we find the laws, regulations, rules, etc regarding destruction practices? Will the documents be made available on the Division website? if so, can you please provide a link?**
- **In destroying inventory, can we employ denaturing practices such as those used in industrial ethanol processing and handling?**

Statutory obligations for the destruction of cannabis can be found in Section 15-90 of the Cannabis Regulation and Tax Act.

- **Are there any waste facilities already licensed by the state to dispose of cannabis waste and by products?**

Applicants are not required to identify a waste hauler as part of their application but must submit a waste disposal procedure that complies with the Cannabis Regulation and Tax Act. The Department does not maintain a list of waste facilities for disposal of cannabis.

## Exhibit H – Security Plan

- **For the contracting security firm provision, would contracting with a licensed security consulting firm be applicable?**
- **For Exhibit H, are contracts required for all private security contractors mentioned? Is more than one contract allowed?**
- **EXHIBIT H (Security Plan)- “Provide a copy of a contract with a private security contractor licensed under Section 10-5 of the Private Detective, Private Alarm, Private Security, Fingerprint, Vendor, and Locksmith Act of 2004.” -- Is this inferring that all applicants must sign a third-party security contract in order to submit? Are there any requirements for said contract? Would a six-month contract be considered any differently from a two-year contract?**
- **Is it sufficient to provide detailed estimates and letters of intent in-place of contracts from a security company to avoid a binding contract in the event a license is not awarded?**

Applicants must submit a contract with a private security contractor that is licensed under Section 10-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004. The contract must provide for a security guard to be onsite during operating hours. More than one contract is permissible. No minimum length of the contract is required. A contract may be contingent on the applicant obtaining a Conditional Adult Use Dispensing Organization License.

- **If Exhibit H is anonymous, should the names on the contract be redacted?**

The name of the applicant must be redacted; the name of the contractor must not be redacted.

- **Section 15-25 (d) (29) requires the applicant to provide a contract with a private security contractor that is licensed under Section 10-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004 in order for the dispensary to have adequate security at its facility. Without this requirement being specifically called out by an Exhibit, where and how will this contract be attached to the application?**

This information should be provided as part of Exhibit H, entitled “Security Plan.”

- **Can you please provide a more definitive definition of “break protection on perimeter windows”?**

Break protection on perimeter windows refers to devices on the ceiling of a room that can alert a business owner if a window is broken. These devices are sometimes called “glass break sensors.”

- **Should the private security contract be included in the same file as Exhibit H within the application USB?**

Yes, but the pages of the contract will not be counted toward the applicant's page limit for Exhibit H.

- **Exhibit H- With regard to a copy of a contract with a Private Security contractor, is the division looking for a contract with a security device provider or a security guard provider?**
- **Per a reading of the regulations it does not appear that security guards are required to be present at the facility during working or non-working hours. Are additional points awarded if the facility is to have professional security guards?**

Applicants must submit a contract with a private security contractor that is licensed under Section 10-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004. The contract must provide for a security guard to be onsite during operating hours.

- **Please define if this is for electronic security or physical security? May we change this contractor if we locate outside of their service area?**

Applicants must submit a contract with a private security contractor that is licensed under Section 10-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004. The contract must provide for a security guard to be onsite during operating hours. Applicants will have an opportunity to change the firm with which they have contracted after being awarded a license if in the Department's determination the new security firm provides an equal or greater level of protection.

- **Are there any attachment limits or labeling requirements related to private security contracts in Exhibit H?**

Only the contract may be attached. No other documents may be attached.

- **Does an emergency backup generator or an uninterrupted backup power supply satisfy the requirement found in Section 15-100(i)(9) of the Cannabis Regulation and Tax Act?**
- **How long does the facility have to remain operational after a natural disaster or an act of God (snowstorm, electrical outage, flood, tornado, etc.)?**

The video surveillance system must be operational for at least four hours in the event of a power outage.

## Exhibit I – Inventory Monitoring and Recordkeeping Plan

- **Is the Department stating a full physical inventory has to be taken of the cannabis products every 24 hours?**

The Cannabis Regulation and Tax Act requires the agent-in-charge of a dispensary to conduct a daily inventory reconciliation.

- **Has the Department developed and designed a standard form?**

The Department is in the process of developing procedures, which may include a standard form, for the reporting of inventory adjustment requests.

- **Is there an email address where the inventory adjustment request form is sent?**

The Department is in the process of developing procedures for the reporting of inventory adjustment requests.

- **With regard to Exhibit I “Inventory Monitoring and Recordkeeping Plan”, when will applicants be expected to establish an account with the State’s verification system (i.e. – before or after being awarded a license)?**

Applicants who are awarded an Adult Use Dispensing Organization Conditional License are required to establish an account with the State’s verification system prior to beginning operations. Licensees will not be permitted to establish an account until after they have been awarded a license.

- **Regarding Exhibit I, what does the state consider to be “denials of sale” and for what purpose are they being recorded?**

A denial of sale occurs when a sale is made but a purchaser, before leaving the dispensary, realizes she received the wrong product or the wrong number of products. Denials of sale may also occur because a POS system accidentally runs a sale multiple times and the sale needs to be voided. If either of these events occur, an agent-in-charge may void the sale and will need to maintain records of voided sales in an organized manner for agency inspectors to review. These records ensure that an inspector is able to examine possible discrepancies in inventory.

## Exhibit J – Proposed Floor Plan

- **If an applicant has preliminarily identified a property or properties within a BLS Region, may an applicant submit a proposed floor plan for such property or properties with its application?**
- **Because an applicant does not know if it will be selected, can it use a generic floor plan?**
- **If we do not have a location secured at the application date, what are the floor plan requirements? Are we supposed to just provide conceptual drawings?**
- **If I don't have a location do I have to come up with a floor plan?**
- **If the applicant does not already have a location, but is looking to lease a retail space as opposed to building the location, should the proposed floor plan be drawn up as an example? How would the applicant stick to the floor plan, if there is no such space to lease that matches the floor plans exactly?**
- **The application states “an applicant is NOT required to have identified or secured a location”. Would an applicant who has secured real estate be given any preference over an applicant who has not yet secured real estate?**

All applicants are required to submit a floor plan. Applicants that have already identified a property may submit a floor plan for that building. Applicants that have not identified a property shall submit a proposed floor plan. An applicant will not receive additional points for submitting a floor plan for a property that has already been identified. The floor plan must demonstrate that the applicant understands the statutory requirements related to the design of the facility, including, but not limited to, security features, signage, and storage. Successful applicants for a Conditional Adult Use Dispensing Organization License will have an opportunity to submit a floor plan for their actual location when they apply for the Adult Use Dispensing Organization License.

- **This question is regarding Exhibit J, the requirement for a statement of reasonable assurance that the issuance of a license will not have a detrimental impact on the community: is this a simple statement? Or should there be supporting evidence, and evidence in what form? Are there particular topics that should be addressed?**
- **If a location is not secured, and a floorplan is purely conceptual, how can we comply with the requirements to provide assurances will not have a detrimental impact on the community?**

Applicants should include any information or evidence they feel appropriate to provide a statement of reasonable assurance that any dispensary the applicant opens in their selected BLS region will not have a detrimental impact on any community in which the applicant wishes to locate.

- **Question, is a floor plan created in PDF format from Viso acceptable or do you need 3D visual renderings? Do you need a rendering of the “look and feel” (e.g. displays, branding, monitors, etc.) from customer perspective as they enter the store or just store layout?**

Floor plans can be submitted as PDFs or .png files. The floor plan must demonstrate that the applicant understands the statutory requirements related to the design of the facility, including, but not limited to, security features, signage, and storage.

- **Page 2 of the application instructions state;**  
**“The USB drive must contain electronic versions of the Application Form and exhibits in PDF format except the proposed floor plan required by Exhibit J, which may be provided in .png format. The USB must contain separate files for each exhibit and the Application Form. The files shall be named: “Application Form,” “Exhibit A,” “Exhibit B,” “Exhibit C,” etc. No other words may be added to the exhibit file names.” All information provided by the applicant shall be anonymous, except for the information contained in the Application Form, Exhibit A, Exhibit B, Exhibit C, Exhibit O, Exhibit P, Exhibit S, and Exhibit T. This would indicate the floor plan would be "anonymous" as well. Should the floorplans be redacted? And is "redacted/ions" the appropriate term for "anonymized", such as in the case of Exhibit N (Principal Officer resumes, etc)**

The floor plan must be anonymous, meaning the name of the applicant or any information that would identify the applicant’s name, principal officers, or individuals affiliated with the applicant must not appear on the floor plan.

- **If it is a conceptual drawing, what happens if we are awarded a license but the final space that is secured does not line up with that floorplan (for example, we specify a 3,000 SF facility with 3 exits in our plan but we are only able to lease a 2,500 SF store front with 2 exits)?**

Successful applicants for a Conditional Adult Use Dispensing Organization License will have an opportunity to submit a floor plan for their actual location when they apply for the Adult Use Dispensing Organization License.

- **What is State of Illinois regulation for safe vs vault? For example, is a vault door on concrete room needed if storage space is larger than 10’ x 10’ and safes okay for any storage space less than 10’ x 10’? This is an example only. I am trying to figure out if there is a tipping point when a vaulted door must be used vs safes.**

Vaults are expected to meet security requirements comparable to the DEA’s requirement for Schedule I Controlled Substances. The Department provides the below guidance for vault construction:

(1) The walls, floors, and ceilings of a vault should be constructed of:

- (a) at least 8 inches of reinforced concrete;
- (b) (i) 18-gauge structural studs made of galvanized sheet metal meeting requirements of ASTM A1003, (ii) 9-gauge, Type II, Class 1 carbon steel security mesh and attachment clips meeting ASTM F1267 on either side of the studs, and (iii) an interior covered by



UL and ULC Classified, Type X (per ASTM C1658), impact-resistant, moisture-resistant, noncombustible gypsum board tested to ASTM E136; or

(c) comparable materials and standards.

(2) The door and frame unit of a vault should conform to the following specifications or the equivalent: 30 man-minutes against surreptitious entry, 10 man-minutes against forced entry, 20 man-hours against lock manipulation, and 20 man-hours against radiological techniques;

(3) A vault, if operations require it to remain open for frequent access, should be equipped with a "day-gate" which is self-closing and self-locking, or the equivalent, for use during the hours of operation in which the vault door is open;

(4) The walls or perimeter of a vault should be equipped with an alarm, which upon unauthorized entry transmits a signal directly to a central station protection company, or a local or State police agency which has a legal duty to respond, or a 24-hour control station operated by the registrant; and

(5) The door of a vault should be equipped with contact switches.

- **If an Applicant for a Conditional Adult Use Dispensing Organization License is applying for multiple licenses in a BLS Region, should the Applicant submit multiple Proposed Floor Plans or is one prospective Proposed Floor Plan sufficient?**

One proposed floor plan is sufficient, unless the applicant believes that it would modify its floor plan in different BLS regions.

- **Per the Cannabis Regulation and Tax Act of Illinois, the following information is required and only referenced in Exhibit J – Proposed Floor Plan**
  - a. **Description of features that provide accessibility by the ADA**
  - b. **Detailed description of the air treatment systems installed to reduce odor**
  - c. **Description of the enclosed, locked facility where cannabis will be stored****With a ten (10) page submission limit, is the expectation that all submitted material be a visual representation of the proposed facility? Or is the expectation that a single page of the base floor plan be submitted and the additional nine (9) pages be used to provide a written narrative discussing the details of the floor plan?**

Applicants should provide any information they believe demonstrates an understanding of the statutory requirements related to the design of the facility. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Section 15-25(d)(11)(B) discusses “restricted access areas”. Where is “restricted access area defined” and can a location have a “restricted access area” for cannabis products and a non-restricted access area for non-cannabis accessory items?**

"Restricted access area" means a room or rooms, or other contiguous area under control of the dispensing organization and on the registered premises, with access limited to dispensary agents, the Department, Illinois State Police, local law enforcement, emergency personnel and service

professionals where cannabis is stored, held, packaged, sold or processed for sale. Cannabis must always be stored and sold from a restricted access area.

- **Please clarify what is “limited access area”. Is a limited access area only where cannabis products are located?**

“Limited access area” is defined in the Cannabis Regulation and Tax Act as a building, room, or other area under the control of a cannabis dispensing organization licensed under this Act and upon the licensed premises with access limited to purchasers, dispensing organization owners and other dispensing organization agents, or service professionals conducting business with the dispensing organization.

- **Does this mean that a dispensary has to have a “restricted access area” that is directly accessible from the retail floor area (the place where customers come to buy cannabis) so that cannabis can be “dispensed” from it? Or, alternatively, is it permissible for the dispensary to have all of its restricted access areas down the hall from the actual retail floor area (in offices)?**

Dispensary agents must be located in a restricted access area as they are giving cannabis to a purchaser. A purchaser may not enter the restricted access area.

- **Can an Applicant design a facility that has a “Restricted Area” and a second business operating in the same facility and address but operates only in the non-restricted area. The second business will sell non-cannabis products (such as paraphernalia)?**
- **Can you have a facility where there is a lobby check-in area with locked entry to the dispensary, but an open space where CBD products, paraphernalia and the cannabis accessory portion of the business is located and does not require a secured entry?**
- **If we are allowed to have an area that sells cannabis accessories and non-cannabis products, can a person or customer be in such area before and after they purchase a cannabis product?**

Dispensing Organizations must design their facilities consistent with the requirements of the Cannabis Regulation and Tax Act and any administrative rules that may be issued pursuant to the Act.

- **What are all of the “applicable legal requirements” that should be included on Applicant’s floor plan?**

Applicants must review the Cannabis Regulation and Tax Act for all applicable legal requirements such as, but not limited to, security features, signage, and storage.

- **If the Applicant is applying for a Dispensing Organization License, but also plans to apply for an obtain a craft grower license at the same premises once craft grower license applications are available, should the Applicant include information about**

**the craft grower area in its Dispensing Organization License Application floor plan? If yes, will Applicant be scored on the floorplan associated with the craft grower facility as well?**

The applicant should not include information about the potential craft grower license. Any information submitted regarding a craft grower license will not be awarded points.

- **How big is a page for diagrams to include in floor plans?**

Applicants should submit their floor plans electronically in whatever size they deem necessary to demonstrate an understanding of the statutory requirements related to designing a dispensary. The applicant should ensure all information submitted regarding the floorplan is readable and within the page limit.

- **Should applicants include narrative responses on a separate page or in the margins of the floor plan diagrams (e.g., notes describing features on the diagram, such as vaults, safes, and equipment)?**

Applicants should provide any information they believe demonstrates an understanding of the statutory requirements related to the design of the facility. Applicants should ensure all information submitted regarding the floorplan is readable and within the page limit. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Is the Floor Plan required to be created (and stamped) by an architect?**

Floor plans do not need to be created or stamped by an architect.

- **Should an applicant submit two Floor Plans, one displaying security features, and one displaying a detailed structural layout and non-security regulatory requirements (ADA compliance and Environmental Barriers Act compliance)?**

Applicants should provide any information they believe demonstrates an understanding of the statutory requirements related to the design of the facility. Applicants should ensure all information submitted regarding the floorplan is readable and within the page limit.

- **As referenced in Exhibit J and Section 15-25(e) of the Act, what are the specific requirements for items (i)-(iii):**
  - a. **“The Department shall verify the site is**
    - i. **(i) suitable for public access,**
    - ii. **(ii) the layout promotes the safe dispensing of cannabis,**
    - iii. **(iii) the location is sufficient in size, power allocation, lighting, parking, handicapped accessible parking spaces, accessible entry and exits as required by the Americans with Disabilities Act, product handling, and storage.”**

- b. By way of example, what will be viewed as “sufficient in size”? What will be viewed as providing “sufficient parking”? What will be viewed as “sufficient handicapped accessible parking spaces”?**

Section 15-25(e) applies to applicants after they have been granted an Adult Use Dispensing Organization Conditional License. Applicants should provide any information in their application that demonstrates an understanding of the statutory requirements related to the design of the facility. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Does the barrier between the facility's entrance and the limited access area have to be floor to ceiling?**

The barrier between the public access area and limited access area should be a solid barrier that prevents an individual from easily accessing the limited access area. All counters separating limited access areas from restricted access areas should be at least 48” in height, except that spans of counters up to 36” in width may be reduced to 36” in height.

- **Are licensees required to have a roll up door, or other point of entry, that allows delivery vehicles to drive into the premises before deliveries can take place or can delivery vehicles remain outside of the premises?**

Applicants must demonstrate the ability to safely accept delivery of and store cannabis in a restricted access area, but there is no requirement that delivery vehicles be able to enter the dispensary premises.

- **Exhibit J states that you need to propose the alarm service providers. This does not mean you need a contract with an alarm company or service provider on your application does it?**

No, you do not need to have a contact with an alarm service provider prior to submitting an application. In Exhibit J, applicants may simply provide the name of an alarm company or service provider with which it intends contract should the applicant be awarded a license.

- **If an applicant submits a Floor Plan with a specified address, under what circumstances can an applicant change the location within the chosen district before license award date?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Can the dispensary be designed with tall and transparent windows in the front of the facility?**
- **Can the windows be transparent in order that the interior space of the dispensary can be viewed from outside of the premises?**

Applicants must design their facilities consistent with the requirements of the Cannabis Regulation and Tax Act and any administrative rules that may be issued pursuant to the Act.

## Exhibit K – Operating Plan

- **Can we promote our business online?**

The Cannabis Regulation and Tax Act does not prohibit a business from promoting itself online. Please see the Cannabis Regulation and Tax Act for applicable restrictions on advertising.

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- **Is there any restriction on the hours of operations?**

Yes, the Cannabis Regulation and Tax Act states an Adult Use Dispensing Organization may only operate between 6 a.m. and 10 p.m. local time.

## Exhibit L – Plan for Community Engagement

- **In Exhibit L: Plan for Community Engagement, we are given a page limit of 10 pages per plan. Would each of the described options be its own plan? For example, we would dedicate 10 pages to our plan for educating children on the potential harms of cannabis use and another 10 pages to our plan for an incubator program.**
- **If an applicant applies for more than one (1) license within a specific BLS Region and has developed customized Exhibit Ls for each proposed community within said BLS Region, how will the applicant be able to submit each Plan for Community Engagement? Current naming convention only allow for a single exhibit to be provided and for the file containing the information to be named “Exhibit L”.**

Applicants should submit one plan for each license that the applicant is seeking. If the applicant intends to execute the same Plan for Community Engagement for each license awarded, then only one plan is required (10 pages). If the applicant intends to execute different Plans for Community Engagement for different licenses awarded, then the applicant may submit up to 10 pages for each Plan for Community Engagement. Applicants may provide a variety of services as part of a single Plan for Community Engagement, in which case all services must be described within the 10-page limit.

An applicant should indicate whether measures described in a Plan for Community Engagement are intended to be part of a single Plan or if they are individual Plans intended to be connected to different licenses if more than one license is awarded. An applicant should also indicate which Plan(s) it would execute if it receives fewer licenses than sought in its application.

- **The application does not require that applicant have secured an actual location. In the situation where a location has not been selected, should Applicant describe community alignment plans and goals generally, or should Applicant select a target community and describe its alignment plans specifically for that community?**

Applicants are encouraged to complete all sections of the application and submit the most competitive application possible. If an applicant has a community in mind where it would like to locate if it is awarded a license, it may be specific in its Plan for Community Engagement. If an applicant does not have a location in mind it may describe the Applicant’s plan in general terms, providing enough specificity for the Department to understand the applicant’s intended commitment to the community.

- **Are certain activities weighted more heavily than others? If so, please prioritize.**

The Department will evaluate each proposed Plan for Community Engagement on its own merits.

- **Since Exhibit L of the Conditional Adult Use Dispensing Organization License will only be scored and only result in a maximum of 2 bonus points in the event of a tie with another applicant in a BLS Region, will an applicant be punished if it does not include Exhibit L with its application for a Conditional Adult Use Dispensing**

## **Organization License?**

Because Section 15-25 of the Cannabis Regulation and Tax Act requires applicants to submit a Plan for Community Engagement, an application will be deficient if it does not include an Exhibit L. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

If the Department detects a deficiency in an application, the Department will notify the applicant. The applicant will receive a deficiency notice from the Department and will have 10 calendar days from the date of the notice to cure the deficiency. Applicants receiving deficiency notices will be instructed how to respond in the notification of deficiency. All application fees are non-refundable.

- **Regarding Exhibit L, in the event of a tie and the scoring of this section will the state be limiting their grading to one “plan” or all “plans” submitted?**

In the event that it becomes necessary for the Department to grade this section, and the applicant submits more than one Plan for Community Engagement, the Department will score each Plan for Community Engagement submitted in connection with an application.

- **Are items “i- iv” each considered separate plans with a 10-page limit on each plan?**

Applicants are to provide a Plan for each license they seek (which may be different or the same if the applicant is seeking multiple licenses). Items i-iv are guidance on what may be included in a Community Engagement Plan. Each Community Engagement Plan has a page maximum of 10 pages. Applicants are not required to include any of the listed activities in their Plan(s).

- **As it relates to Exhibit L, will applications with letters of community support be scored higher than those that don’t?**

Applicants may provide letters of community support, but such letters are not required. Such letters will count toward the 10-page limit. Scoring of applications will be done in accordance with the requirements of the Cannabis Regulation and Tax Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.



## Exhibit M – Diversity Plan

- **Please define “diverse participants and groups.” Is diversity defined by nationality?**

The Cannabis Regulation and Tax Act does not define the term “diverse participants and groups.” The Act requires applicants to submit a Diversity Plan that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity.

- **Is a minority defined by Federal Law and regulations or is it defined by Illinois State laws and regulations?**

For purposes of the annual reporting required by Section 55-80 of the Cannabis Regulation and Tax Act, the Department will use the definition of minority found in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575 et. seq.

- **If the Applicant is majority owned by a woman does that also qualify for a diversity in ownership or management?**

The Cannabis Regulation and Tax Act does not define the term “diversity.” The Act requires applicants to submit a Diversity Plan that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity.

- **Do spaces, returns, punctuation count as words?**

No

- **What criteria will be utilized to differentiate scores for establishing goals for diversity?**

The Cannabis Regulation and Tax Act sets forth the point values to be used in scoring applications. Scoring of applications will be done in accordance with the requirements of the Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all relevant sections of the application and submit the most competitive application possible.

- **410 ILCS 705/15-25(d)(28) states that applicants must include “A diversity of plan that includes a narrative of at least 2,500 words.” Meanwhile the application’s instructions for Exhibit M – Diversity Plan states, “Provide a narrative of not more than 2,500 words.” Can you clarify which of these is correct?**

The application states: “Provide a narrative of not more than 2,500 words that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity.” Follow the instructions provided in the application.

- **As it relates to Exhibit M, should W/MBE or similar certifications be redacted for the purpose of the application?**

Exhibit M must be anonymous. Anonymous means the person scoring the application must not be able identify the applicant or any of the applicant’s principal officers. To ensure anonymity, all identifying personal information (i.e., names, addresses, specific business names, etc.) should be removed, and applicants should substitute actual business names with generic terms such as “the dispensary,” “the company,” or a similar term.

## Exhibit N – Knowledge and experience of Principal Officers

- **Regarding the Knowledge and Experience of Principal Officers (Exhibit N), the applicant is required to "describe the types and quantities of products planned to be sold... includ[ing] confirmation of whether the applicant plans to sell cannabis paraphernalia or edible products." Is this information to be provided for each Principal Officer? If so, should this information be provided within the Officer's anonymized three-page resume, or does the Division recommend submitting this information in a separate document?**
- **Exhibit N asks for three pages on each principal officer's knowledge and experience, as well as a description of the types and quantities of products planned to be sold and whether the applicant plans to sell cannabis paraphernalia or edible products. Given that they are not specific to any one person's knowledge, where should applicants include the dispensing organization's proposed product offerings?**

Applicants may include 3 additional pages at the beginning of the submission that describe the types of products to be sold at the dispensary. Alternatively, applicants may provide a separate section in the pages for each of the Principal Officers that describes the types of products sold. This section must be included in the same electronic PDF file with the other responses to Exhibit N. This separate section should be included as the first pages of the PDF file and should be no more than 3 pages in length.

- **Because, for purposes of Exhibit N, proposed principal officer information is anonymous, must an application for proposed principal officer of an adult use dispensary organization, which necessarily contains personal identifying information, be submitted?**
- **How does Exhibit N differ from Exhibit B?**

One or more Applications for Proposed Principal Officer of an Adult Use Dispensing Organization must be submitted as part of Exhibit B. Exhibit B is not anonymous.

Exhibit N will include much of the same information provided in Addendum E of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization. However, there must be no identifiable information about the proposed principal officer included in Exhibit N. Additionally, whether or not included in Addendum E, Exhibit N must demonstrate that the proposed principal officers have knowledge of various cannabis product strains or varieties and describe the types of quantities of products planned to be sold.

- **Does the person on the team with the experience and knowledge have to be a principal officer? Also, if the person with the experience and knowledge has been in the business and is certified in another state, is it a requirement to take the classes provided by the vendors in the state of Illinois as well?**

Section 15-30 of the Cannabis Regulation and Tax Act provides applications will be scored on the knowledge and experience of principal officers. The Act does not permit scoring the application based on the knowledge and experience of other individuals. The Cannabis Regulation and Tax Act provides that “knowledge and experience may be demonstrated through experience in other comparable industries that reflect on applicant's ability to operate a cannabis business establishment.”

- **Does anonymous mean "name removed" or does it mean obscured enough that a person cannot determine who the person is upon investigating their qualifications? For example, if the person was the graduate of ABC University, DEF Graduate School, and worked at GHI corporation for 20 years, you would be to figure out who they were without having a name.**
- **Will the anonymity requirements of Exhibit N be satisfied simply by redacting the principal officer's name? What if the principal officer has unique knowledge, expertise, or a professional title such that reasonable efforts could identify the officer?**
- **When creating anonymized Knowledge and Experience of Principal Officers in Exhibit N, can we/should we mention the names of companies and trade organization that that particular Principal Officer is associated with? Should we use the names of trade organizations and companies? For example, we could write: *Principal Officer is a Board Member of the National Cannabis Industry Organization and CFO of (for example only, this question did not come from Cresco) Cresco Labs.* Or is it better to NOT list name of trade organization and companies associated with the Principal Officer, and write something like: *Principal Officer is a board member of a national cannabis trade organization and CEO of a publicly traded cannabis company?***
- **When responding to Exhibit N, ANONYMOUS Knowledge and Experience of Principal Officers, would making reference to specific branded products produced by the applicant in other markets qualify as identifying information?**
- **As we are writing the application, can we refer principal officer as CEO J.P. or CFO N.C? if YES, who else should be referred in such way on application (Only principle owner or any individual's name including the once that are not principle owners or employees)? If NO, how should we make reference?**
- **To what extent do the "anonymous" exhibits need to avoid any hint of an applicant's identity. For instance, if an applicant refers to a "vertically integrated concept" and they are the only ones that implement such an operation, does that implicitly break anonymity?**
- **With regard to Exhibit N, will an applicant lose points if its document/resumes for each proposed officer does include the names and is NOT anonymized?**

The name of the Principal Officer and any specific identifiable information must be removed or anonymized for purposes of Exhibit N. Educational background does not need to be anonymized. Prior work for companies and/or participation in trade organizations should be referenced generally. If a person is a board member of a trade organization, do not list the trade organization by name. Applicants may state that a principal officer is a member of an established

trade organization and name the specific trade organization if the organization has 50 or more members. Applicants should refer to principal officers anonymously. Principal officers should be referred to by their title (CEO, CFO, COO, etc.) or by number (Principal Officer 1, Principal Officer 2, etc.). Do not use initials or any other potentially identifying information.

For example, an applicant's relevant work experience would be written as: "From 2005 to 2010 Principal Officer A served as Chief Operating Officer and Compliance officer for a cannabis-infused beverage producer operating in medical cannabis markets in Oregon and California that netted more than \$5 million in annual revenue in each year Principal Officer A served as COO."

If Exhibit N or any other exhibit contains the name of a principal officer, business, or product, applicants will be informed of the deficiency and given 10 calendar days to remedy the deficiency. If an application scorer is able to identify the person despite the applicant taking proper steps to anonymize the required information, the scorer will be instructed to inform the Department and a new grader will be assigned to the application.

- **Exhibit N is to be anonymous (or redacted?) Is the Division not interest in receiving an identified version of this Exhibit? Should we indicate some correlating information on the anonymized document to connect it to a Principal Officer application that is being submitted? Otherwise, should we indicate the identity in any way (e.g. initials, etc.)?**
- **Why is the information from Exhibit N anonymous, if the principals are being identified in Exhibit B?**

Applications are scored anonymously. Exhibit N will include much of the same information provided in Addendum E of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization ("Addendum E"), however there must be no identifiable information about the proposed principal officer included in Exhibit N. The information submitted in Exhibit B will not be used to score applicants but may be used to verify information submitted by the applicant.

- **How is a principal officer's knowledge demonstrated?**

Applicants should provide any information they believe demonstrates knowledge the proposed principal officers may have that would be relevant to operating a retail cannabis business.

- **Is it possible to receive full points for Exhibit N - Anonymous Knowledge & Experience of Principal Officers if none of the principal officer's have any formal experience in the cannabis industry?**

The Cannabis Regulation and Tax Act provides that "knowledge and experience may be demonstrated through experience in other comparable industries that reflect on applicant's ability to operate a cannabis business establishment."

- **Are there minimum requirements for knowledge of cannabis business? If so, what are the minimum requirements?**

Applicants should demonstrate any knowledge proposed principal officers may have that would be relevant to operating a retail cannabis business.

- **Can applicants include details about team members' experience, such as positions they may hold outside of the cannabis industry, previous businesses they have worked at, or awards or honors they have received in the sections of the application that must be anonymous?**

Yes. An applicant can provide all relevant details about the Principal Officer's experience, including experience outside the cannabis industry. Such information must still be anonymous and refer to products, companies and accolades generally.

## Exhibit O – Financial Information

- **For one Application of Cannabis Dispensary, the application requires having \$400,000 in liquid assets. Does applying for 5 licenses mean we must present \$2,000,000 in liquid assets? Or does showing \$400,000 in liquid assets ok for the application of up to 5 licenses?**
- **No mention of the \$400,000 in liquid assets? What are the requirements then?**
- **My question is that in 2014 there was a requirement of proof of funds in the amount of 400,000.00 in order to apply for a dispensary. What is the amount needed this time for the recreational license application?**
- **Bill HB1438 mentioned a requirement for applicants to show \$400,000 Liquid assets and \$50,000 in escrow. Does this apply for the Conditional Adult Use Dispensing Organization License too?**
- **How much “sufficient funds” do I need to show on my application to own & operate an adult use cannabis dispensing organization?**
- **How much liquid cash need to be shown per application? What are the expectations to show the financials?**
- **Is a separate \$50,000 escrow (See 410 ILCS 705/15-55 ) required for each application, or can you have a single escrow for multiple applications?**
- **Does the application process require the entity applying for the license to maintain a certain level of committed capital?**

There is no requirement that an applicant show any minimum level of liquid assets. An applicant need only provide a statement demonstrating that the applicant will have access to sufficient funds to own and operate any and all Adult Use Cannabis Dispensing Organization Licenses it may be awarded. Applicants may also provide any documentation supporting its statement. Applicants that are awarded a Conditional Adult Use Dispensing Organization License will be required to submit proof of a \$50,000 escrow account or surety bond after the Conditional Adult Use Dispensing Organization License has been awarded and before an Adult Use Dispensing Organization License can be awarded. Proof of escrow or a surety account is not required at the time of application.

- **Is the objective of “Exhibit O – Financials” for the applicant to assure capital and equity strength or to forecast operational results that indicate sustainability over a period of time?**

In Exhibit O, applicants are asked to provide a statement and any supporting documentation they wish to provide attesting that the applicant will have access to sufficient funds to own and operate an adult use cannabis dispensing organization if granted a license.

- **It appears from the DECO website that applications for loans/grants will be available after we have submitted our application and DECO has confirmed our status as a social equity applicant. If we plan to apply for a social equity loan through DECO, how do we document this in exhibit O?**

If an applicant intends to rely on a loan from the Department of Commerce and Economic Opportunity to access sufficient funds to own and operate an adult use cannabis dispensing organization, it may inform the Department of this intent by including the following sentence in its statement for Exhibit O:

“I qualify as a Social Equity Applicant and plan to apply for a loan from the Cannabis Business Development Fund issued by the Department of Commerce and Economic Opportunity.”

- **Does the applicant need to have the entirety of funding secure already? Does the applicant need to simply have agreements in place with financial institutions / investors to provide the funding? With the SAFE Banking Act working its way through federal legislation, it may be best for operators to take a wait-and-see approach...**
- **When applying for a cannabis license for retail does the social equity applicant need to show proof of capital or can the funds be in another account, maybe someone who is investing? Or if the funds can be allocated in a lawyer's trust account?**
- **Will a signed Letter of Intent with an investor or loaning party, and supporting bank records, be sufficient supporting documentation to prove the applicant will have access to sufficient funds to own and operate an adult use cannabis dispensing operation?**
- **What are examples of supporting documentation that will satisfy the IDFPR that if granted a license, the applicant will have access to sufficient funds to own and operate an adult use cannabis dispensing organization?**
- **How much detail do you need when submitting the application about our funding sources? Do we need to show source of funding and exact dollar amounts within particular sources?**
- **Is a bank letter from an owner showing the necessary funds sufficient documentation for Exhibit O?**
- **What supporting documents, if any, are required pursuant to Exhibit O of the Conditional Adult Use Dispensing Organization License application? Is a simple affidavit sufficient to satisfy the requirement in Exhibit O?**
- **If the applicant has access to funding, but only after an award is given and can provide an agreement and proof of funds, will the applicant be given less points if the proof of funds were in an investors bank account and not in the business account or the applicants account?**
- **Can Public Currencies such as Stocks and Bonds be used as proof of funds? Is it weighted the same as cash availability or less?**
- **Can real-estate equity be used as proof of funds?**
- **Will an applicant that Attest to having this capital available lose points for not showing proof of funds?**

An applicant need only provide a statement demonstrating that the applicant will have access to sufficient funds to own and operate any and all Adult Use Cannabis Dispensing Organization Licenses it may be awarded. An applicant may, but is not required to, provide any documentation supporting its statement.



- **If applied for more than 10 licenses (ex. 15), should organization provide proof of funds for a total of 15 license or total 10 since no more than 10 licenses will be awarded?**
- **Exhibit O requests demonstration of sufficient capital to operate "an adult use dispensary". For applicants applying to, say, 10 dispensaries, will demonstration of capital to operate a single dispensary be awarded full points, or will the applicant need to demonstrate ten times that amount to be awarded maximum points?**

An applicant need only provide a statement, and any supporting documentation it may wish to provide attesting that if granted a license, the applicant will have access to sufficient funds to own and operate any and all adult use cannabis dispensing organization licenses it may be awarded.

- **If a social equity applicant is a 51% owner, must he/she show capital contributions to the dispensary in Exhibit O?**
- **Can a social equity applicant show sufficient funds through a contingent loan from another principal officer?**

An applicant need only provide a statement and any supporting documentation it may wish to provide attesting that if granted a license, the applicant will have access to sufficient funds to own and operate any and all adult use cannabis dispensing organization licenses it may be awarded.

- **Do any future financial projections need to be provided? If yes, how many years of projections should the Applicant provide?**
- **Can the Department clarify which exhibit, if any, would be appropriate for the applicant to include detailed financial planning information, such as financial projections? Section O 'Financials', specifically asks for proof the applicant has sufficient funds, however it does not specifically ask for projections or a detailed budget? Would inclusion of projections and/or a detailed budget be acceptable for this Exhibit, as it states: "Provide a statement, and any supporting documentation you wish to provide, attesting that if granted a license the applicant will have access to sufficient funds to own and operate an adult use cannabis dispensing organization. states "**

Applicants are only required to provide a statement and any supporting documentation they may wish to provide attesting that if granted a license, they will have access to sufficient funds to own and operate an adult use cannabis dispensing organization. Applicants may, but are not required to, provide future financial projections that demonstrate the sufficiency of available funding.

- **To demonstrate financial stability, is there a preference between putting funds in an escrow account vs. obtaining a bond?**

An applicant need only provide a statement and any supporting documentation it may wish to provide attesting that if granted a license, the applicant will have access to sufficient funds to

own and operate any and all adult use cannabis dispensing organization licenses it may be awarded.

- **What is the process for submitting redacted copies of our application with personal identifying information removed (i.e. Social Security Numbers on Tax and Financial documents in Exhibit O)?**

Applicants must redact any information that would reveal personally identifying information including, but not limited to, name, address, and social security number.

- **I'm wondering if the escrow requirement mentioned in the regulations is still required for the dispensary application, will proof be necessary?**

Applicants are not required to submit proof of an escrow account or surety bond with their application for a Conditional Adult Use Dispensing Organization License. Applicants will have time to submit proof of the required escrow account or surety bond prior to applying for an Adult Use Dispensing Organization License.

## Exhibit P – Evidence of Status as a Social Equity Applicant

- **Is a member of an impacted family a son with a Marijuana arrest that resulted in a SIS in the State of Missouri?**
- **I am an Illinois resident and I have had a qualifying arrest in the past for possession of a minor amount of cannabis, but it was in another state (Minnesota). Does that qualify me as a social equity applicant?**
- **For past convictions does the conviction need to be in the state of IL? What if happened in another state but live in IL?**

The Cannabis Regulation and Tax Act only made offenses committed in Illinois eligible to be expunged. As such, offenses committed in other states cannot be used to qualify an applicant as a Social Equity Applicant.

- **I can't find any court records. I am searching news clippings but am not having success. Is there anything else that I could do to prove I had been arrested for an expungable offense that I had expunged?**
- **I am a social equity applicant pertaining to the eligible offense on my record. What exact documentation do I need to submit with my application? I need to know what the document is called that you need so I can request it from the court house.**
- **If the owner of the business was arrested in middle school for marijuana, but these records were later expunged and deleted from the system upon his turning 18 (according to IL law for how crimes are treated for minors), will a statement from him and citation of the above IL law suffice for our Social Equity Applicant portion?**
- **What is acceptable evidence that a cannabis arrest / conviction has been previously expunged but would be eligible for expungement under this law? All court and police records should have been destroyed. The offense may be long enough in the past where the attorney no longer maintains records. Will Affidavits from the accused, their attorney, etc., UNDER THE PENALTY OF PERJURY, be acceptable to prove the arrest took place?**
- **What documents are appropriate to verify social equity status? Arrest records, court records etc.**

To establish that an applicant has been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement pursuant to Public Act 101-0027, applicants should provide a record of the arrest, conviction, or adjudication from the responsible legal authority. One example of a document that may demonstrate a Principal Officer was arrested for, convicted of, or adjudicated delinquent for an offense that is eligible for expungement pursuant to Public Act 101-0027 is a “disposition paper” from the court in the applicable jurisdiction.

Applicants that have had their cannabis arrest expunged in the past may: (1) provide a court record showing that an expungement was granted, (2) apply to the circuit court that granted the expungement to unseal the records of the arrest and provide a copy of those records to the Department, or (3) provide any other records that serve as evidence of the prior arrest,

conviction, or adjudication. Affidavits from the accused will not be accepted without additional documentation.

- **Option no. 5: Provides in part “The applicant shall also provide evidence the employees were engaging in full time work as of the date the application was submitted.” Does the full time employment status as of the date of application have to be with the applicant as employer ? Or is it just that the employees were employed full time with any employer at the time of application?**
- **Item 5 of Exhibit P states “The applicant shall also provide evidence the employees were engaging in full time work as of the date the application was submitted.” Does “full time work as of the date the application was submitted” include full time work in a non-cannabis job?**

The employees being used to qualify the employer as a Social Equity Applicant must be employed full-time by the applicant as of the day the application is submitted. The work performed by the employees may or may not be related to cannabis. Proof of employment from an entity other than the applicant cannot be used to satisfy this requirement.

- **I was looking for information on how to apply for licensing through the equity program. If someone could please provide me with more information it would be greatly appreciated.**
- **Can you please send me a copy or link to the Social Equity Application?**

There is no separate application to become a Social Equity Applicant. Applicants must submit Exhibit P to establish their status as a Social Equity Applicant. Please refer all questions regarding loan funds to the Department of Commerce and Economic Opportunity at [CEO.AdultUseCannabis@Illinois.gov](mailto:CEO.AdultUseCannabis@Illinois.gov).

- **Regarding the criteria for Social Equity status (Exhibit P), there appears to be a discrepancy in the language of A) the application and B) the language of the Act (HB1438), IDFPR's [FAQ](#), and the [Announcement](#) which was also released October 1. Under the latter three documents, applicants who employ ten or more employees, of which 51% have 1) been arrested for, convicted of, or adjudicated delinquent for an offense that is eligible for cannabis expungement, 2) are members of an impacted family, or 3) currently live in a Disproportionately Impacted Area, would qualify as Social Equity Applicants. Under the application, however, those employees who currently live in a Disproportionately Impacted Area would not count toward that 51% unless they have lived in Disproportionately Impacted Areas for five of the last ten years, as is required if ownership/control is used to determine social equity status. Which of these definitions will the Division use to determine an applicant's Social Equity status?**

A Social Equity Applicant, as set forth in the Cannabis Regulation and Tax Act, includes an applicant with ten or more full-time employees at the time of application that reside in a

Disproportionately Impacted Area (at the time of application), who have been arrested for, convicted of, or adjudicated delinquent for an eligible offense, or who are a member of an impacted family. The Department's application released on October 1, 2019 included incorrect instructions regarding Social Equity Applicant status. A revised application containing the correct instructions was issued on October 11, 2019 and is available at <https://www.idfpr.com/Forms/AUC/I-AUOL.pdf>.

- **Considering this is a conditional application and, once approved, we have 180 days to launch. Is it acceptable for us to apply as a Social Equity applicant as long as we execute our hiring plan (e.g. within 90-120 days from store opening we will fulfill the requirements)? The reason we ask, is because:**
  - a. **We are a start-up organization and our revenue plan will trigger our staffing requirements.**
  - b. **Without existing sales, it is difficult to confirm if we will have 10 or 20 employees.**
  - c. **We would also like to leverage the benefits of the social equity program to start-up, grow our business with greatest impact to DIA territories.**
  - d. **We want offer jobs for individuals to our closest DIA areas shortly after start-up and as our business grows.**
- **If most Social Equity Applicants are expected to be new businesses requiring conditional licensure prior to commencing operations, how might they satisfy the requirement of having "10 full-time employees" that meet the qualification criteria? Would the Department accept an alternative path to demonstrate compliance?**
- **As, AT THIS POINT, I can't hire 51% of my manpower as qualified Social-Equity-applicants (because I don't have the dispensary open yet), will it be enough, for the application purpose, to commit to hire 51% of the employee as qualified Social-Equity-applicant?**
- **Will Social Equity Applicant points be awarded for hiring within a Disproportionately Impacted Area?**
- **We have been told that we could qualify for social equity status if we employ 51% of our staff (minimum of 10 full-time employees) who are from DIAs. The wording is such (see below), as to assume that we already have employees. How is that possible if we're applying for a first time conditional license? Does the word "conditional" suggest that we are anticipating hiring staff from DIAs, and the state will follow up on that claim? Which begs the question, how can individuals coming from DIAs (or non DIAs for that matter) be prepared to start working at dispensaries within such a short period of time?**
- **For the Social Equity piece: our team has Contingent Full-Time Employment Agreements with our employees. Pending that these employees satisfy the Social Equity aspect requirements, does this satisfy the requirement that they be "engaging in full time work as of the date the application was submitted"? Will a contingent employment agreement satisfy that?**
- **If a business is just entering into the dispensary market and does not yet have employees but as part of their business model, intend to employ individuals who would qualify for Social Equity status, can this be applied towards the application to allow for Social Equity status?**

- **For a new business in Illinois that does not yet have employees, how can we demonstrate compliance with this requirement? Our intention is to qualify through employing at least 51% eligible individuals but we are not yet staffed up**
- **My question is when must an applicant have the qualified employees to comply with the above social equity provision? Can an applicant be awarded a license if they promise to hire employees for their dispensary in compliance with the requirement? Or, must an applicant hire at least six social equity employees during the application process and compensate them while waiting to see if the applicant will be awarded a license?**
- **For Social Equity Applicants applying with evidence of employing 10 or more full time employees with 51% qualified as Social Equity Criteria, can you please clarify how the dispensary would employ the 10 plus individuals between application time and when licenses are granted? Since the dispensary is not yet opened, how could the employees possibly be working full time? Could the Applicant just pay the 10 employees for working but not, in fact, have them doing actual work? Please clarify how this would work.**
- **For a Social Equity Applicant who is an IL resident and is seeking to show that it employs 10 or more full-time employees with 51% or more qualifying as Social Equity Applicants under the previous sections, how does the Applicant have full time employees as of the date the application was submitted if operations are not yet approved by IL for the Applicant?**
- **Will intent to employ 10 or more full-time employees, 51% or more of those employees who would qualify as Social Equity Applicants satisfy the requirements of Exhibit P?**
- **Whether the applicant has to have 51% of employees on payroll at the time of submission if it elects to qualify under part (3), employing at least 10 full-time employees; Whether a letter of intent to hire would suffice; and Whether the applicant would still qualify if it currently employs at least 51% of its employees from disproportionately impacted areas, but in an unrelated business entity?**
- **In Exhibit P, #5 - Is there a minimum time period an employee must be employed by the Applicant? If so, please state the specific minimum window of employment including an employment start date.**
- **Does the Department expect a new Applicant to have the minimum of 10 employees hired and paid for an estimated 12 months before the dispensary is allowed to open by the Department? (We are assuming it will take six months to get the final approval to open the dispensary after the license is granted). We have estimated it will cost a minimum of \$14,000 per month to hire and pay 10 employees who may or may not have dispensary related work.**

To qualify as a Social Equity Applicant based on the hiring of employees, the employees must be working full-time for the applicant as of the day the application is submitted. The employees may be engaged in work that is or is not related to cannabis.

- **Would an applicant residing in a "comparable geographic area", shown to have similar socioeconomic demographics and meets the criteria listed in the Act of a "DIA", qualify under the residency requirement of a social equity applicant?**
- **Can there please be some flexibility in the disproportionately affected area map? Or at least allow those judging the applications to take this fact into consideration.**
- **Does someone need to live in the blue area identified in DIA map or is there an acceptable radius of XX miles (e.g. 10 miles from specific zip codes) from blue area to qualify as social equity applicant? If so, what is the radius/distance from blue area that is acceptable to earn social equity applicant status?**
- **I live in Elgin for last 13 yrs, 7 miles (14min) from blue zone on DIA map. Can apply as social equity person?**

Only those applicants residing in a Disproportionately Impacted Area, as identified by the Department of Commerce and Economic Opportunity, qualify as a Social Equity Applicant based on their residency. A list of Disproportionately Impacted Areas identified by the Department of Commerce and Economic Opportunity is available at <https://www2.illinois.gov/dceo/Pages/CannabisEquity.aspx>.

- **If the BLS Region contains a Disproportionately Impacted Area, must the dispensary be in the area or close, and, if so, how close to obtain Social Equity Applicant points?**
- **Any restriction on BLS region to apply within the Disproportionately Impacted Areas resided ( 51% shareholder lived more than 5 years in the marked areas)?**
- **If a majority stake member of my team meets the criteria by having lived in a Disadvantaged Area for more than 5 of the last 10 years, can they only apply within that county or license area? For example - if my team member lived in a disproportionate area in the Champaign area, can we still apply for a license in the Chicago area and qualify as a social equity applicant?**

An applicant that qualifies as a Social Equity Applicant because the requisite number of Principal Officers reside in a Disproportionately Impacted Area are not confined to applying in the BLS region in which they reside. An applicant will not qualify as a Social Equity Applicant based on the proposed location of the dispensary. Social Equity Applicants are determined based on who owns or is employed by the business, rather than the location of the dispensary.

- **My question is, do you need to meet the \$750,000 combined income and 2 license requirement to be considered a social equity applicant as well as the requirements listed in the FAQ (disproportionately impacted areas, etc.)?**
- **Is a Social Equity Applicant required to meet the requirements of 410 ILCS 705/7-20 (Fee waivers)? In other words, if an applicant meets the definition of a Social Equity Applicant but does not meet the fee waiver eligibility requirements, can that applicant pay 100% of all applicable fees and still qualify as a Social Equity Applicant?**

Scorers will not consider the income of the applicant or any of its principal officers when determining whether the applicants qualifies for the 50 points associated with being a Social Equity Applicant. However, Section 7-20 of the Cannabis Regulation and Tax Act describes some conditions under which the applicant will not qualify for fee waivers available to other Social Equity Applicants.

- **For Principal Officers who are veterans, how is active duty military time within the past 10 years treated for purposes of determining whether the Principal Officer has lived in a Disproportionately Impacted Area for 5 of the last 10 years and counts toward 51% of Social Equity ownership?**

Applicants, including veterans or active duty military personnel, may use any residence listed on tax forms submitted to the State of Illinois as their primary residence as evidence of their residence in a Disproportionately Impacted Area. Veterans or active duty military personnel will not be disadvantaged by time spent away from their primary residence due to their military service.

- **In order to qualify as a social equity applicant, does 51% of the company need to be owned by an Illinois resident?**
- **What if you don't meet Exhibit P (1) because the company is solely owned by an international applicant that is not an Illinois resident, but 51% of the company's at least more than 10 full-time staff qualify under the social equity requirements? Is it possible to receive any points for this section without satisfying Exhibit P (1)?**

The Cannabis Regulation and Tax Act (the “Act”) provides that an applicant can only qualify as a “Social Equity Applicant” if: (1) an applicant applying as an individual is an Illinois resident or, (2) an applicant applying as a business entity is incorporated and doing business in Illinois as of the date the application is submitted. The Act does not require the owners of a Social Equity Applicant to be Illinois residents. If an individual or individuals are applying in their individual capacity, they must all be Illinois residents.

- **Social equity criteria - Can you earn all 50 points simply by meeting one of the criteria stated - e.g., hiring 10 employees of which 51% living in impacted area, etc.?**
- **How are social equity applicant points awarded, in whole or in part?**
- **Do multiple qualifiers yield more points?**
- **Is this section graded as pass/fail or is it graduated? For example, if we are 51% owned by qualifying individuals, will we receive fewer points than a 100% owned entity?**
- **With regard to the 50 points for Evidence of Status as Social Equity Applicant, will the full 50 points be awarded to those that meet the criteria? Or will the section be graded qualitatively based on the strength of the social equity applicant meeting the intent of the law? In other words is it the full 50 points or zero on this Section?**
- **How can a Social Equity Applicant be awarded the maximum 50 points?**



- **Do we receive additional points for the more people we have on our team/application who have either lived in a disproportionate area and/or have expungeable qualifying cases? Or is a Yes or No point scale on this section?**
- **For the Social Equity Applicant, could the individual owning 51% that was arrested and adjudicated for possession, now reside in a wealthy community having turned around their life and done well financially? Would they receive the same amount of points on the application as someone with a similar arrest that lives in a Disproportionately Impacted Area?**

Points awarded for Exhibit P (Evidence of Status as a Social Equity Applicant) will be awarded on a binary basis in which applicants that qualify will receive 50 points and applicants that do not qualify will receive 0 points. Applicants will not receive additional points for meeting more than one qualifying criterion or for going beyond the required criteria in the Cannabis Regulation and Tax Act.

- **The requirements state that in order to be considered for the social equity status for the application there must be 51% ownership in the business by an individual who can qualify for social equity status. Is this a literal ownership percentage regardless of total number of owners, or does this only mean that the individual's ownership interest must equate to what would be majority ownership? For example, if my company has 3 owners and the individual with qualifying status has 36% percent ownership while the other two owners retain 32%, would this be considered the same as having 51% ownership in the business since they would have the majority ownership?**
- **If I am applying for a conditional dispensary license with two other people (3 people) and 2 of them qualify for social equity (66% ownership), do we qualify for the 50% discount or does one person by himself/herself have to own over 51% to qualify?**
- **Individual 1 qualifies under condition A. Individual 2 qualifies under condition B. Individual 3 qualifies under condition C. If these three individuals made up 51% or more of an application would they qualify as a social equity applicant?**

The Cannabis Regulation and Tax Act requires that 51% or more of the ownership and control be held by one or more individuals that meet the qualifying criteria in order for an applicant to qualify as a Social Equity Applicant. If multiple individuals own or control at least 51% percent of an applicant and collectively qualify the applicant as a Social Equity Applicant, they are not required to qualify under the same provision of the Social Equity Applicant definition. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **For individuals who did reside in Chicago, in areas that were considered Disproportionately Impacted Areas, but were homeless within the 5 years of the last 10 years, what considerations are given to allow for individuals with this type of experience to show habitation within a Disproportionately Impacted Area?**

An applicant who resided in a Disproportionately Impacted Area but was homeless for some or all of the relevant time period may provide a signed Homeless Status Verification form provided by the Illinois Secretary of State (available here:

[https://www.cyberdriveillinois.com/publications/pdf\\_publications/dsd\\_a230.pdf](https://www.cyberdriveillinois.com/publications/pdf_publications/dsd_a230.pdf)) to show they resided in a Disproportionately Impacted Area during that period of time.

- **Can an applicant qualify for an adult use social equity license if they meet the 51% ownership rule and Have lived in a Disproportionately Impacted Area in 5 of the past 10 years and none of the other requirements listed below?**

An applicant must meet only one of the criteria to qualify as a Social Equity Applicant.

- **Does a prior offense not qualified for expungement get any points?**

No – only those offenses eligible for expungement pursuant to Public Act 101-0027 meet the criteria for a Social Equity Applicant.

- **Can an applicant awarded a license as a social equity applicant (SEA) sell all or a portion of their shares?**
- **Other than the provisions of Sec 7-25a, are there other restrictions, prohibitions or limits on the ability of a Social Applicant who is a person/individual, to sell or transfer all or a portion of its ownership interest in the entity that is the license holder?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **What role is the SEA required to hold in the organization/business?**

Please refer to the definition of “Social Equity Applicant” in Section 1-10 of the Cannabis Regulation and Tax Act.

- **Once the application is awarded how does being a social equity owner differ from other owners of same business and other licensed entities?**
- **What’s the requirement around maintaining social equity employees for the long term?**

If a Social Equity Applicant license holder seeks to transfer a cannabis license to an entity that does not qualify as a Social Equity Applicant within 5 years of receiving the license, it must make payments to the Cannabis Business Development Fund as specified in 410 ILCS 705/7-25.

The Department will not address questions regarding long term employment as this question does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- How is "ownership and control" defined? For example, if we apply for and do not win (or the loan applications for exhibit O are not provided prior to submitting the application) a social equity loan/grant are we able to sell or pledge non-voting shares, such that we would maintain voting control, but potentially retain less than 51% of the profits?
- Is 51% ownership and control sufficient or must it be more than 51%?
- As referenced in Exhibit P, can individuals qualifying for social equity status (residing in the disproportionately impacted areas or who have been arrested/convicted/adjudicated of an eligible offense) meet the ownership/control requirements by investing in a dispensary licensee entity through a "holding co" (for example, if there is a hold co that is 100% owned by social equity-qualifying individuals, and that hold co owns 51% or more of the proposed licensee, does that meet the test to be deemed a Social Equity Applicant)?
- Question No. 11, first criteria option on the Conditional Adult Use Dispensing Organization License Application asks if the applicant is an Illinois resident and is "at least 51% owned and control by one or more individuals who have resided for at least 5 of the preceding 10 years in a 'disproportionately Impacted Area.'" Is it sufficient for qualified individual to have 51% or more of the voting ownership, but less than 51% of the financial ownership of the applicant entity, thus giving that individual 51% ownership and control of the applicant?
- The Act and the regulations require that a Social Equity Applicant have "at least 51% ownership and control by . . ." Can you provide further explanation on the definition of "ownership and control"? Is ownership of 51% of the voting securities of an entity sufficient to qualify, even if, assuming for example:
  - The Senior Officers and Managers of a Dispensary are designated in advance and change or other action requires unanimous consent?; and/or
  - The minority owners have preference on return of their capital, so the 51% only participate in the "profits" after other investors receive their preferred return?

"Ownership and control" means ownership of at least 51% of the business, including corporate stock if a corporation, and control over the management and day-to-day operations of the business and an interest in the capital, assets, and profits and losses of the business proportionate to percentage of ownership.

- **If a child was arrested for cannabis in 2001, and the child no longer resides in Illinois, but the child's parents do, can you confirm the parents would qualify for social equity as "Impacted Family Members"? And if so, what "evidence of the relationship" would be best to verify parent/child relationship? Birth certificate?**
- **How does one demonstrate a familial relationship to qualify as a Social Equity Applicant (in terms of documentary evidence)?**

To demonstrate evidence as a Social Equity Applicant, applicants must submit something more than a mere statement of qualification. Applicants should submit records that can be verified by application scorers such as, but not limited to government and business records. Examples of such records include, but are not limited to, W-2 forms, income tax forms, court records,

disposition papers, utility bills, insurance forms, bank statements, pay stubs, pension payments, records from public assistance agencies, and school records. A birth certificate is an example of a document that may be used as evidence of a parental relationship.

Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **Is “Possess Cannabis />500 Grams” arrest on 10/24/2000 whereby the Defendant/Petitioner was released without conviction following a sentence of probation under “720 ILCS 550/10-Section 10 of the Cannabis Control Act” eligible for expungement under this Act, HB 1438? Or more simply, does this particular arrest qualify the individual as a “Social Equity Applicant”?**
- **Can you provide a complete list of “offenses eligible for expungement under this Act”? This would be very helpful for all potential social equity applicants.**
- **What counts as a cannabis charge? Is there a time frame for charges, such as in the past 20 or more years ago?**
- **Do class 4 felonies for intent to distribute count as expungable/ will they hurt the applicant’s chances?**
- **Do I qualify as an social equity applicant if I have a felony charge with the possession of marijuana?**
- **Would a person still be considered a social equity applicant if they were arrested for an offense made eligible for expungement, along with a controlled substance charge, but the eligible offense was dropped?**

Offenses identified in Sections 4 and 5 of the Illinois Cannabis Control Act (720 ILCS 550) that were classified as Class 4 felonies or misdemeanors at the time of the offense are eligible for expungement. None of these crimes are expungable if the offense was associated with a violent crime or a penalty enhancement for selling to a person under the age of 18 if the seller was over the age of 18. Applicants should review whether their offense was charged as a Class 4 felony or any level misdemeanor to verify their eligibility for expungement.

- **With the requirement of providing evidence for each employee that qualifies under social equity qualifications are we required to submit payroll/employee information with our application?**
- **How does a Social Equity Applicant qualifying under the third option (i.e. through employment), demonstrate full-time employment? How do we demonstrate the applicant meets the requirement generally (Org chart, tax records, etc.)?**

To demonstrate evidence as a Social Equity Applicant through employment, applicants must submit something more than a mere statement of qualification. Applicants should submit records that can be verified by application scorers such as, but not limited to, government and business records. Examples of such records include, but are not limited to, W-2 and/or W-4 forms, pay stubs, New Hire Reporting Forms submitted to the Illinois Department of Employment Security, payroll records, residency records, income tax forms, court records and disposition papers, utility bills, insurance forms, bank statements, pension payments, records from public assistance agencies, and school records.

- **For the case of an Applicant achieving Social Equity Applicant Status by employing a minimum of 10 full time employees, 51% or more of the employees qualifying as Social Equity Applicants, how does the IDFPFR define full time employment?**

“Full-time employee” means an individual for whom a W-2 is issued by the applicant and is employed for a basic wage for at least 35 hours each week. "Basic Wage" means compensation for employment that is no less than the legal minimum wage of the jurisdiction in which the person is employed. Salary shall consist of all basic wage compensation not including overtime pay, bonus pay, stock options, awards or any other equity-based incentive, unreimbursed employee expenses or piecemeal rate of pay, or any form of deferred compensation.

- **Would an individual employed by the applicant for 40 hours a week at the Illinois minimum wage qualify as a full-time employee, under the requirements for Social Equity Applicant Status?**

“Full-time employee” means an individual for whom a W-2 is issued by the applicant and is employed for a basic wage for at least 35 hours each week. "Basic Wage" means compensation for employment that is no less than the legal minimum wage of the jurisdiction in which the person is employed. Basic wage shall not include overtime pay, bonus pay, stock options, awards or any other equity-based incentive, unreimbursed employee expenses or piecemeal rate of pay, or any form of deferred compensation.

- **Can a Social Equity Applicant gain the maximum 50 points by having 10 full time employees, 60% of whom currently reside in a Disproportionately Impacted Area?**
- **Can a Social Equity Applicant gain the maximum 50 points by having 10 full time employees, 60% of whom have been arrested or convicted or adjudicated delinquent of a cannabis offenses eligible for expungement under the Cannabis Regulation and Tax Act, or are a member of an impacted family?**
- **To qualify as a Social Equity Applicant can the applicant combine the different criteria of a Social Equity Applicant to reach 51% ownership? Meaning if an applicant has 26% ownership with people(s) who have lived 5 of the last 10 years in a Disproportionately Impacted Area, and 25% ownership with people(s) who have an offense eligible for expungement, would they qualify as a Social Equity Applicant?**
- **If an Applicant’s retail facility is small and, therefore, Applicant employs less than 10 employees but 51% or more of those employees would qualify as social equity applicants, can the Applicant obtain Social Equity Applicant status or any points for this Exhibit?**
- **How will the state view staffing companies to pay 10 full time employees 6 of which are Social Equity Applicants before opening their doors?**
- **The fourth Social Equity criteria on Page 1 requires an applicant to have at least 51% or more of its 10 or more full time employees who meet the qualifying conditions in the fourth criteria. Do 51% of the employees have to share at least one**

**of the same qualifying conditions, or can the 51% be combined among different qualifying conditions?**

The Cannabis Regulation and Tax permits an applicant to obtain status as a Social Equity Applicant if, at the time of application, they have 10 or more full-time employees, at least 51% of whom: (1) currently reside in a Disproportionately Impacted Area, or (2) have been arrested, convicted of, or adjudicated delinquent of an offense eligible for expungement under Public Act 101-0027, or (3) are a member of an impacted family. Each of the qualifying employees must meet one of the above criteria, but they are not required to all meet the same criterion.

- **Please clarify how the five years are being counted? Is this tax years? Or to the day 5 full years? For example this would be my fifth full tax year here in IL but in days I would be short if a year is 365 days. Does 4 of last 10 years still qualify if I moved here four years ago?**
- **What if you no longer live in the DIA but have for more than 5 of past ten years?**

Applicants must show that they lived in a Disproportionately Impacted Area for five full calendar years.

- **If the organization I work for currently holds a medical dispensary license, are we eligible to participate in the new round of 75 conditional adult use licenses (subject to the 10 licenses cap) with social equity applicants owning at least 51%?**

Principal officers of currently registered medical cannabis dispensing organizations may be principal officers in a Conditional Adult Use Dispensing Organization License provided the principal officer will not have ownership or control in more than 10 total Early Approval Adult Use Dispensing Organization Licenses, Conditional Adult Use Dispensing Organization Licenses, and Adult Use Dispensing Organization Licenses. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **Assuming the answer to the above question is YES, what % ownership can our organization take in the new round of 75 conditional AU licenses if we partner with qualified social equity applicants? Is it the same 10% which is mentioned in the IL CRTA (section 15-15 and 15-20) for early approval AU licenses, assuming our organization chooses to participate as a host in a cannabis business establishment incubator program?**

Principal officers of currently registered medical cannabis dispensing organizations may be principal officers in a Conditional Adult Use Dispensing Organization License provided no principal officer will have ownership or control in more than 10 total Early Approval Adult Use Dispensing Organization Licenses, Conditional Adult Use Dispensing Organization Licenses, and Adult Use Dispensing Organization Licenses. The Department will not answer questions as to a specific potential applicant's qualifications as a Social Equity Applicant. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

For questions regarding any actions that may disqualify a medical cannabis licensee that has acquired an Early Approval Adult Use Dispensing Organization License from having its incubator program approved by the Department of Commerce and Economic Opportunity, please consult the Department of Commerce and Economic Opportunity.

- **When can we expect IDFPR to issue guidelines on management agreements to social equity applicants, profit sharing and equity ownership of new conditional AU licenses, etc.? For example, is it permissible to have a mgmt fee based on % of revenue, even if we own 0% of the equity?**
- **Will management companies that strip off the profits of the dispensary to control the social equity ownership be allowed?**

The definition of Social Equity Applicant includes aspects of “ownership” and “control.” To qualify as a Social Equity Applicant, an applicant must be 51% or more owned and controlled by qualifying individuals or the applicant must currently employ a requisite number of qualifying individuals. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

“Ownership and control” means ownership of at least 51% of the business, including corporate stock if a corporation, and control over the management and day-to-day operations of the business and an interest in the capital, assets, and profits and losses of the business proportionate to percentage of ownership.

- **Can we provide a proposed mgmt agreement to IDFPR for review ahead of application submission or include it as part of the submission?**

The Department will not answer questions as to a specific potential applicant’s qualifications as a Social Equity Applicant. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **For Exhibit P, in order to demonstrate that an employee currently lives in a Disproportionately Impacted Area, are there any requirements for the number of documents or the date of the documents used as evidence?**
- **When applying for social equity for having lived in a disproportionately affected area for 5 of the last ten years, do we need proof for every year, or how do we cover all five years? Is any evidence more valid than others?**

There is no maximum limit on the number of documents that may be used to demonstrate an applicant’s status as a Social Equity Applicant. Applicants must include records for each year in which they lived in a Disproportionately Impacted Area. When offering evidence that a person has resided in a Disproportionately Impacted Area for the requisite number of years, “resided” means an individual's primary residence was located within the relevant geographic area as established by two (2) of the following:

- (1) a signed lease agreement that includes the applicant's name;
- (2) a property deed that includes the applicant's name;
- (3) school records;

- (4) a voter registration card;
- (5) an Illinois driver's license, an Illinois Identification Card, or an Illinois Person with a Disability Identification Card;
- (6) a paycheck stub; or
- (7) a utility bill.

- **How will the State view options to buy out the social equity owners for fair market value in 3 years ago the company has grown to a social equity business by hiring?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Will an applicant for a Dispensary be considered a “Social Equity Applicant” if it otherwise satisfies the requirements of a Social Equity Applicant, but:**
  - a. **The applicant has entered into a management agreement with a third-party that provides that the third-party manager will manage the Dispensary (and does the answer depend on how much oversight and control the applicant exerts over the manager)?; and/or**
  - b. **The applicant has entered into a Shareholders Agreement or other agreement with a minority owner that provides the minority owner with certain control or negative control (such as a right to board seats or veto rights over certain significant actions)?; and/or**
  - c. **The applicant’s shareholder base includes investors that have preference on return of capital or profits before distribution of profits to other shareholders, including the shareholders that resulted in the applicant being classified as a Social Equity Applicant?**  
**For example, the shareholders of the applicant that result in the applicant being classified as a Social Equity Applicant contribute 30% (or 0%) of the capital in exchange for Class A shares which represent 60% of the voting and economic rights in the applicant; investors contribute 70% (or 100%) of the capital in exchange for Class B shares which represent 40% of the voting and economic rights in the applicant, but also provide for a preferred return on capital prior to any distributions being paid on the underlying economic rights.**

The Department will not answer questions as to a specific potential applicant’s qualifications as a Social Equity Applicant. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **If you hand in 20 applications under one company name, do you need 200 employees for the equity program or the minimum 10 employees until the licenses are issued?**



The number of full-time employees required for qualifying as a Social Equity Applicant is based on the applicant, not the number of applications the Applicant submits.

- **What if an employee terminates employment with the Applicant and accepts another position after the application is submitted. Does the Applicant have to replace the employee?**
- **If the Applicant is required to replace the employee, how much time does the Applicant have to find and hire a suitable replacement?**
- **Should an applicant expect to maintain ten employees on a full-time basis from the time of application through award date?**
- **Is an applicant that utilizes the full-time employee provision to reach social equity status then required to maintain ten full-time employees (six of whom meeting the social equity criteria) at all times after award date if a license is awarded?**

The applicant must disclose all adverse material changes to the application to the Department, including material changes during the time period between application and granting the award. Staffing changes that impact the Applicant's status as a Social Equity Applicant would be considered adverse material changes. The applicant will have ten (10) calendar days after the material change is disclosed to remedy the deficiency and retain status as a Social Equity Applicant.

- **As it relates to hiring the 51% of employees residing in the DIA, if the employees are 1099 employees will that employment engagement satisfy the SEA requirements or must the employees be W2 employees? And will those employees be able to be subcontracted to other entities (such as existing dispensaries) for training and other purposes prior to the license award?**

"Full-time employee" means an individual for whom a W-2 is issued by the applicant and is employed for a basic wage for at least 35 hours each week. "Basic Wage" means compensation for employment that is no less than the legal minimum wage of the jurisdiction in which the person is employed. Basic wage shall not include overtime pay, bonus pay, stock options, awards or any other equity-based incentive, unreimbursed employee expenses or piecemeal rate of pay, or any form of deferred compensation.

- **Are non-profit organizations permitted to apply as social equity applicants?**

Non-profit entities are eligible to apply as a Social Equity Applicant provided the non-profit organization meets the required criteria for being a Social Equity Applicant.

- **The enabling statute (410 ILCS 705) contemplates the sale of a social equity candidate's interest (See 410 ILCS 705/7-25) within 5 years of a license being issued. Will an applicant be awarded full points for the social equity section if there is a mechanism (ie. stock option, shareholder agreement, or convertible note) that contemplates an optional reallocation of ownership interest that may result in the social equity client having less than 51% ownership and control of a licensee? In the**

**event the mechanism is utilized all parties would be paid fair market value for any share re-allocated to another owner within the group.**

The Department will not answer questions as to a specific potential applicant's qualifications as a Social Equity Applicant. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **If there is a mechanism (stock options, shareholder agreement, or convertible note) contemplates a social equity license holder having less than 51% ownership and it occurs after 5 years of holding a license, are the new majority shareholders required to undertake the actions (make payments) described in 410 ILCS 705/7-25?**
- **How will the State view proxies to vote shares of the Social Equity owners?**

The Department will not answer questions as to a specific potential applicant's qualifications as a Social Equity Applicant. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **Control is not individually defined in 410 ILCS 705. Will the department utilize a similar definition of control as described in 44 Ill. Admin. Code Section 10.68 Control?**

“Control” including the term “controlling,” “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause to direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

- **If a company that meets the social equity status via ownership raises capital after application, but before license award date, that results in the percentage of social equity owners dropping below 51% ownership and control, would that effect the applicant entity's status as a social equity applicant?**
- **If a company that meets the social equity status via ownership raises capital after award license date resulting in the percentage of social equity owners dropping below 51% ownership and control, would that effect the entity's licensure?**

An applicant must disclose any adverse material changes to their application submitted to the Department. An adverse material change is one that has the potential to negatively impact the applicant's application score or qualification for a license. Failure to disclose an adverse material change to the Department may result in denial or revocation of a license. Staffing changes that impact the Applicant's status as a Social Equity Applicant would be considered adverse material changes. The applicant will have 10 calendar days after the material change is disclosed to remedy the deficiency and retain their status as a Social Equity Applicant.

- **Why does June 25<sup>th</sup> apply only to condition C. Shouldn't dates prior to June 25<sup>th</sup> apply to condition B as well? Otherwise, someone can go out and get arrested today to gain social equity.**

The Department cannot answer the question as written. Please refer to the Cannabis Regulation and Tax Act for further information.

- **John Jones owns more than 51% (actually 100%) of “Company A” and there has been no change in ownership in Company A after June 25<sup>th</sup>. Company A has been a “second chance employer” for over 30 years hiring hundreds of convicted offenders over the years. Company A currently has 40 employees of which 80 percent (over 51%). This percentage was also true on June 25<sup>th</sup>. John Jones will own more than 51% of the proposed dispensary. Does John Jones qualify for social equity? If not, what changes would John Jones need to make to qualify?**
- **What if, by no fault of John Jones, he can no longer maintain over 10 employees with 51% or more qualifying through May, 2020? He has maintained well over 10 employees who would allow him to qualify for the past 30 years. Why is this different that someone moving out of a disproportionately affected neighborhood five years ago? Why does that person qualify?**

The Department will not answer questions as to a specific potential applicant’s qualifications as a Social Equity Applicant. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **For the Social Equity Applicant relating to the criteria of 10 full-time employees, can the owners/operators count as 4 of those 10 employees per license being applied for?**

Principals officers may count as employees if they meet the definition of full-time employee.

“Full-time employee” means an individual for whom a W-2 is issued by the applicant and is employed for a basic wage for at least 35 hours each week. "Basic Wage" means compensation for employment that is no less than the legal minimum wage of the jurisdiction in which the person is employed. Basic wage shall not include overtime pay, bonus pay, stock options, awards or any other equity-based incentive, unreimbursed employee expenses or piecemeal rate of pay, or any form of deferred compensation.

- **Is there a limit on the number of licenses to apply for using the same person(s) as a Social Equity Applicant?**

There is no limit on the number of licenses an individual can be used to qualify as a Social Equity Applicant. However, no individual may hold financial interest in or control of more than 10 Adult Use Dispensing Organization Licenses.

- **The statute talks about a 750k cap of annual income for the social equity applicant, how does that work or how will it be applied?**

The annual income limit applies only to the ability of a Social Equity Applicant to receive a waiver on fees required by the Department. “Income” means the Adjusted Gross Income listed on the applicant’s federal tax form

- **If you were convicted of a crime that is eligible for expungement under the Illinois Cannabis Regulation and Tax Act, and that conviction was previously expunged, do you still qualify as a Social Equity Applicant because the crime you were convicted of is an “offense that is eligible for expungement under” the Act?**

Yes, because the offense was of the type that was made expungable by Public Act 101-0027, a person with such a previously expunged offense would satisfy the requirement.

- **If an applicant is looking to be a social equity applicant based on having 10 employees at least 51% of which meet the social equity applicant requirements, do all employees need to be Illinois residents? For example, if an employee has a parent who was arrested for an offense that is eligible for expungement under the Act, but that employee lives in Wisconsin, can they count toward the 51% of employees who meet the social equity applicant requirement?**

No, the employees do not all need to be Illinois residents. The applicant must be an Illinois resident but there is no residency requirement for employees.

- **For any Social Equity Applicant, in connection with Exhibit P of the Dispensary Application, please advise as to the effect, if any, the following business transactions would have on an applicant’s status as a Social Equity Applicant if the transaction was undertaken by the 51% control person through which the entity’s Social Equity Applicant status (the “SEA Control Person”) was obtained:**
  - A traditional senior lender finances all or any portion of the price to obtain the SEA Control Person’s equity interest or the start-up costs for the entity, including if the SEA Control Person grants a lien on its equity in connection with the financing transaction. Can the lender agree to accept payment “in kind” (e.g., the SEA Control Person’s equity financed in the transaction) in the event that the SEA Control Person cannot otherwise repay the loan in cash?**
  - An employee benefit plan that permits equity participation in an applicant by employees which might dilute the SEA Control Person’s ownership below 51%.**
  - Enter into an equity financing transaction to raise capital to grow the business which would dilute the SEA Control Person’s ownership below 51%.**
  - The sale of all or a portion of the SEA Control Person’s equity stake which would dilute the SEA Control Person’s ownership below 51%, whether under hardship conditions or otherwise. Is there a minimum holding period contemplated for such person’s controlling equity stake after a license is granted?**
  - Structure the organizational documents in a manner (or enter into a voting agreement) to provide members (other than the SEA Control Person) a right to veto certain fundamental transactions, such as the issuance of additional**

**equity, granting liens on company assets, entering into loan transactions or entering into new areas of business.**

- f. Create multiple series of equity, whether at the formation of the entity or upon accepting additional capital from new or existing investors.**

The Department will not answer questions as to a specific applicant's qualifications as a Social Equity Applicant. Please refer to the definition of Social Equity Applicant in Section 1-10 of the Cannabis Regulation and Tax Act.

- **Can you please clarify the definition of “income” for individuals and companies? Are you stating, as an example, that if we have three persons that each own 12% of the Parent and each individual has \$300,000 of income in the previous year (for a total of \$900,000 combined income for the three individuals) that the Applicant will not qualify for a “Fee waivers”?**

“Income” means the Adjusted Gross Income listed on the applicant's federal tax return.

- **When is the qualification for the “Fee waivers” determined?**

If an applicant believes it qualifies as a Social Equity Applicant eligible for a fee waiver, it should answer “Yes” to question 10 of the Application Form and submit a reduced application fee of \$2500 for each license sought. If during the review of the application it is determined that the applicant does not qualify as a Social Equity Applicant, the applicant will be notified of the deficiency and will be given 10 calendar days to either pay the remainder of the application fee for non-Social Equity Applicants or provide evidence that the applicant qualifies as a Social Equity Applicant. All application fees are non-refundable.

- **Are the 75 conditional retail adult cannabis dispensary licenses only for people that fall within social equity map? Does it make sense for any non-social equity person to apply based on our merits?**
- **Will licenses be awarded to people that are not within social equity map but have the other requirements complete?**
- **If a social equity person does not open store in 180 days, will “next in line” be reviewed for award? Could the “next in line” person be a non-social equity applicant?**
- **Will non-social equity person be added to the “queue” after 75 licenses issued? Meaning, does the State encourage non-social equity applicants to apply because there is a visible process in place to determine if he/she is next in-line or in queue to be considered?**

Status as a Social Equity Applicant is not a requirement to apply for or receive a Conditional Adult Use Dispensing Organization License. If a Social Equity Applicant is awarded a Conditional Adult Use Dispensing Organization License but then forfeits the Conditional Adult Use Dispensing Organization License, the forfeited license is not required to pass to another Social Equity Applicant.

## Exhibit Q – Labor and Employment Practices Plan

- **If Exhibit Q is anonymous, should the names on the contract be redacted?**

The names of the applicant and any principal officers must be redacted.

- **Though this section is optional, will it be scored?**

Exhibit Q is optional. However, it does have a point value as identified in the Cannabis Regulation and Tax Act. It is worth up to 5 points. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **If I do not submit an Exhibit Q, will my application be considered to have deficiency?**

No. Because this is an optional section, the application will not be considered to have a deficiency if an Exhibit Q is not submitted. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Is a labor peace agreement required to be submitted with Exhibit Q?**

Applicants may, but are not required, to submit a labor peace agreement. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **What is Living Wage in dollar amount per hour in Illinois?**

Applicants may, but are not required, to provide information about wages they pledge to pay employees above the local minimum wage in effect in the BLS region. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Do these benefits have to in place at the time the application is submitted if you are applying as a company with at least 10 employees, or can the enhanced benefits become effective upon the ending of the employee probationary period?**

Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Is there a state statute that guides appropriate labor and employment practices for the state's cannabis plans? If so, what is it?**

Applicants must follow any and all federal, state, and local laws related to labor and employment practices.

## Exhibit R – Environmental Plan

- **Though this section is optional, will it be scored?**

Exhibit R is optional. However, it does have a point value as identified in the Cannabis Regulation and Tax Act. It is worth up to 5 points. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **If I do not submit an Exhibit R, will my application be considered to have deficiency?**

No. Because this is an optional section, the application will not be considered to have a deficiency if an Exhibit R is not submitted. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Is there a state statute that guides appropriate environmental practices for the state's cannabis plans? If so, what is it?**

Applicants must follow any and all federal, state, and local laws related to environmental practices.

## Exhibit S – Evidence of Status as an Illinois Owner

- **If we demonstrate, our residency in Exhibit O, do we need to submit duplicate information, or can we simply say, "See Exhibit O"?**

Applicants are expected to include in each exhibit all the information required for that exhibit. Applicants should not assume that the same scorer will be reviewing all sections of their application.

- **How much of the applicant's tax returns from each of the last 5 years are necessary? Are there just certain sections of the tax returns that should be submitted?**
- **Are five (5) years of tax records required for Illinois residents? If yes, in what section of the application would these be required?**
- **Exhibit S - Evidence of Status as an Illinois Owner (Optional): Can an applicant prove status as an Illinois owner by providing documents such as voter registration card, utility bills, etc. Also, if tax records, should an applicant submit state or federal tax records? In addition, what information can be redacted from the tax records?**
- **In order to receive five (5) points for being an Illinois Owner, can this be accomplished by providing a copy of the 1st page of Form IL-1040 for each of the past five (5) years? Can the applicant redact all information in Form IL-1040 other than name and address?**
- **Can an applicant prove status as an Illinois owner by providing documents such as voter registration card, utility bills, etc. Also, if tax records, should an applicant submit state or federal tax records? In addition, what information can be redacted from the tax records?**
- **Under Exhibit P, Paragraph 1, the Department gives a list of documents that can be used to prove Illinois residency. Can these documents be used to provide Illinois residency under Exhibit S?**

Applicants must include copies of pages 1 and 2 of their IL-1040 tax forms submitted to the State of Illinois for each of the last 5 years. No redactions are permitted.

- **Exhibit S- Evidence of Status as an Illinois Owner (optional) Provide evidence the applicant is 51% or more owned and controlled by a person or persons who are Illinois residents. Does the above mean that applicants are not required to be residents of the state of Illinois?**

Applicants are not required to be residents of the State of Illinois.

- **If an applicant qualifies for Illinois resident ownership status, will the applicant receive all 5 points available or will there be distinctions based on the quality of the answer and/or whether they exceed the requirements of the Act (e.g. 75% Illinois resident ownership vs 51%)?**



Points for being an Illinois Owner will be awarded on a binary basis, meaning applicants will receive 5 points if they qualify for Illinois Owner status, and 0 points if they do not qualify.

- **Residency requirements require IL residency for five years, as demonstrated by tax returns. If the person only has three years of tax returns due to young age, how else can they demonstrate residency?**

Applicants can only show status as an Illinois Owner by including copies of pages 1 and 2 of their IL-1040 tax forms submitted to the State of Illinois. No redactions are permitted.

- **For Exhibit S, for clarification, residency for purposes of Social Equity status can be established in 30 days (Ex. P), but residency for purposes of Evidence of Status as an Illinois owner (Ex. S) requires 5 years of residency?**

A person or persons who own or control 51% or more of the applicant must have lived in Illinois for 5 years for the applicant to receive the 5 points awarded to Illinois Owners. This required time period is unrelated to any residency requirements included in other exhibits in the application.

## Exhibit T – Evidence of Status as a Veteran

- **For Principal Officers who are veterans, how is active duty military time within the past 10 years treated for purposes of determining whether the Principal Officer has lived in a Disproportionately Impacted Area for 5 of the last 10 years and counts toward 51% of Social Equity ownership?**

Applicants, including veterans or active duty military personnel, may use any residence listed on tax forms submitted to the State of Illinois as their primary residence as evidence they do reside or have resided in a Disproportionately Impacted Area. Veterans or active duty military personnel will not be disadvantaged by time spent away from their primary residence in connection with their military service.

- **For the status of the veteran, does the status have to apply to the principal officer(s) submitting the application form or the person is one of the business partners or holding a key position in the organization?**

For the applicant to qualify for veteran status under Exhibit T, the applicant must be 51% or more owned and controlled by an individual or individuals who meet qualifications of a veteran as defined by Section 45-57 of the Illinois Procurement Code.

A principal officer is defined as: (1) a cannabis business establishment applicant or licensed cannabis business establishment's board member; (2) an owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company; (3) a president, vice president, secretary, treasurer, partner, officer, member, and manager member; (4) a person with a profit sharing, financial interest, or revenue sharing arrangement; (5) a person with authority to control the cannabis business establishment; or (6) a person who assumes responsibility for the debts of the cannabis business establishment.

- **If the owner's spouse is currently active in the military, would we be able to qualify for veteran status?**

For the applicant to qualify for veteran status under Exhibit T, the applicant must be 51% or more owned and controlled by an individual or individuals who meet qualifications of a veteran as defined by Section 45-57 of the Illinois Procurement Code.

- **If an applicant qualifies for veteran status, will the applicant receive all 5 points available or will there be distinctions based on the quality of the answer and/or whether they exceed the requirements of the Act (e.g. 75% veteran ownership vs 51%)**

Points for being veteran owned will be awarded on a binary basis, meaning applicants will receive 5 points if they qualify as veteran owned, and 0 points if they do not qualify.

- **Does the Veteran have to own 51% or more of the company to qualify for the additional 5 points? Can the Veteran qualify for the 5 points if they partnered with a Social Equity Applicant and have a combined ownership interest of 51%.**

There are separate, independent criteria to determine whether an applicant is veteran owned and whether an applicant is a Social Equity Applicant. Each will be evaluated independently of one another.

- **As it relates to Exhibit T, will this section be scored with variance? Will some points be awarded for being partially veteran owned? Will some points be awarded for less than 6 months of military service?**

Points for being veteran owned will be awarded on a binary basis, meaning applicants will receive 5 points if they qualify as veteran owned, and 0 points if they do not qualify. For an applicant to qualify for points under Exhibit T, the applicant must be 51% or more owned and controlled by an individual or individuals who meet qualifications of a veteran as defined by Section 45-57 of the Illinois Procurement Code.

## General Questions

- **Hello. I am an e-commerce Business owner. How can my business dispense online as an entrepreneur?**

All sales and delivery of cannabis to purchasers must occur in person in a licensed dispensary.

- **Once approved the Adult Use Dispensing Organization License is \$60,000 for a two-year license. What will the renewal fees be after the initial 2-year license?**
- **Is the \$60,000 fee a recurring fee (every two years) or is it a one-time fee?**

The renewal fee after the initial license term is \$60,000.

- **Will any of the conditional adult use dispensing organization licenses be awarded prior to May 1, 2020?**

As required by the Act, the Department of Financial and Professional Regulation will award up to 75 Conditional Adult Use Dispensing Organization Licenses before May 1, 2020.

- **Are images allowed within the Exhibits?**
- **Can an applicant include graphics in their responses to the application exhibits, such as Exhibit E?**

Images or graphics are permitted within exhibits.

- **Are there regulations in place for law enforcement (state and local) owning or participating as principal officers for applications?**

The Cannabis Regulation and Tax Act does not prohibit law enforcement officials from owning Illinois cannabis business establishments. However, other domestic or foreign laws may apply, and applicants should perform their own analysis to ensure they are aware all applicable domestic and foreign laws.

- **Can you please provide insight on whether or not nurses can stand to lose their license if they own a stake in a legal cannabis dispensary in Illinois?**

By itself, having a financial interest in or control of an Illinois Adult Use Dispensing Organization will not place an Illinois nursing license at risk. Depending on which state has issued the nursing license, the applicant may wish to contact the entity that regulates his or her professional license for additional information.

- **We have a client whom is interest in obtaining a Medical Cannabis Dispensary License in both Skokie and Lincolnwood, Illinois. Can you please tell me what we have to do in order to apply for them?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **In the coming months, does your department, or any other state-level Illinois agency, plan to issue regulations in addition to the Cannabis Regulation and Tax Act to govern the operation of recreational cannabis licensees? If so, what is the timeline?**

The Department will review and grade applications based on the requirements of the Cannabis Regulation and Tax Act. The Cannabis Regulation and Tax Act authorizes the Department to issue regulations that govern the licensing and operation of adult use cannabis dispensaries. The Department cannot provide information regarding when it may issue such regulations.

- **What will the licensing requirements be for a cigar (Hooka) lounge type business. Not a dispensary but a lounge type atmosphere for adults 21 and over to come and enjoy their own cannabis.**
- **Is a customer allowed to smoke or consume an edible as a sample in the restricted area of the premises?**

The Department licenses Adult Use Dispensing Organizations. It does not license on-site consumption facilities. Regarding samples, Section 55-20(d) of the Cannabis Regulation and Tax Act provides: “No cannabis business establishment nor any other person or entity may encourage the sale of cannabis or cannabis products by giving away cannabis or cannabis products, by conducting games or competitions related to the consumption of cannabis or cannabis products, or by providing promotional materials or activities of a manner or type that would be appealing to children.”

- **What is the distance restriction away from churches and schools?**

The Cannabis Regulation and Tax Act does not establish any mandatory setbacks from any type of facility besides other dispensaries, however, applicants should be aware of any setback requirements set by a local jurisdiction.

- **Is a separate business licensing required before cannabis licensing, or is business licensing wrapped up with the cannabis licensing?**

A separate business license is not required prior to receiving a Conditional Adult Use Dispensing Organization License. However, local business licenses may be required before the Department awards an Adult Use Dispensing Organization License.

- **I can't seem to find much information on the farmer cultivation limits for Illinois. Is the number of plants dependent on the square foot of canopy growth? Or is all that just dependent on future state regulation?**

Please direct any questions related to licensing or requirements for cultivation centers to the Department of Agriculture, Bureau of Medicinal Plants.

- **If an individual is granted a dispensary license, will they also be able to sale medical marijuana?**

Recipients of a Conditional Adult Use Dispensing Organization License are eligible to receive an Adult Use Dispensing Organization License. The Adult Use Dispensing Organization License permits holders to only sell cannabis to adult use purchasers and does not entitle holders to sell cannabis through the medical cannabis program.

- **Is there a limit to the number of dispensaries licenses that any one company may own in Illinois?**
- **Is there a limit to the number of licenses a Social Equity Applicant can be awarded? Or are Social Equity Applicants also allowed to be awarded and simultaneously hold ten (10) Adult Use Dispensing Organization Licenses?**
- **Will companies that hold medicinal use licenses have an opportunity to apply for these 75 licenses?**

No principal officer may have a financial interest in or control of more than 10 total Early Approval Adult Use Dispensing Organization Licenses, Conditional Adult Use Dispensing Organization Licenses, and Adult Use Dispensing Organization Licenses.

Principal officers of currently registered medical cannabis dispensing organizations may apply to become principal officers of a Conditional Adult Use Dispensing Organization License, provided that no principal officer may have a financial interest in or control of more than 10 total Early Approval Adult Use Dispensing Organization Licenses, Conditional Adult Use Dispensing Organization Licenses, and Adult Use Dispensing Organization Licenses.

- **Does the number of adult use dispensary licenses allotted to each BLS Region include the existing medical dispensaries that convert to recreational use?**
- **If I currently own and operate a medical cannabis dispensary under the original bill and I decide to relocate using the “early adult recreation option,” does that take away from one of the 75 licenses available? Sections 10-20**

The number of Early Approval Adult Use Dispensing Licenses is not included in the 75 Conditional Adult Use Licenses issued before May 1, 2020.

- **I would like to identify top three cities I plan to open a retail dispensary. How should I identify on my application that certain territories zoning maps are not yet available? I need to make sure any zoning questions in application have a legitimate response and I'm not sure how to respond when most cities are still in-process.**

An applicant is not required to have identified or secured a location before submitting an application. No extra points will be awarded to applicants that have identified or secured locations before submitting their application.

- **Can a person/business apply for all these different licenses (Dispensary, Cultivation, Infuser, Transporter, Craft Grower) and be able to monopolize the cannabis industry?**

An applicant may apply for and participate in ownership of any or all types of cannabis business establishments.

- **Is there a cumulative license limit (i.e. a maximum number of infuser, dispensary, craft grower, and transport licenses an entity may have)?**

There is not a license limit that applies across license types. However, some individual license types do have limits. No Principal Officers in a dispensary may have a financial interest in or control of more than 10 adult use dispensing organizations.

- **Is the Department holding public meetings prior to licensing Adult Use Cannabis? If so, when and where?**
- **Will any guidance documents be released that indicate in more detail what information is required for each section (exhibit) of the application?**

The Department does not currently plan to hold a public meeting prior to issuing the Conditional Adult Use Licenses in May 2020. The Department will be answering questions submitted to [FPR.AdultUseCannabis@illinois.gov](mailto:FPR.AdultUseCannabis@illinois.gov) received by 5 p.m. on November 15, 2019. The Department will post answers to the submitted questions by 5 p.m. on November 25, 2019.

- **What keeps groups from creating "straw man" applications in effort to garner additional points, or will this scenario be frowned upon? My group fears unscrupulous applicants will file and not be who they claim to be. How is this issue handled?**

Scoring of applications will be done in accordance with the requirements of the Cannabis Regulation and Tax Act. The Department will not be providing a public description of the specific scoring system for applications at this time. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible. Applicants must answer each question completely and honestly. The Department may deny any application that includes the submission of misleading, incorrect, false, or fraudulent information in the application. It is considered misleading, incorrect, false, or fraudulent to fail to include any information that should have been included. Applicants that submit false or misleading information the Department risk having their license denied or revoked.

- **Adult Use dispensaries have the right to sell to purchasers who are patients (under the medical program), but if the patient chooses to buy from an adult use dispensary are they subject to the same taxes that other purchasers must pay, or do they have the benefit of the medical program's tax structure?**

A dispensary must hold a registration under the Compassionate Use of Medical Cannabis Program Act to sell cannabis to medical cannabis patients at the medical cannabis tax rate. An individual permitted to purchase medical cannabis under the Compassionate Use of Medical Cannabis Program Act may choose to purchase cannabis from an Adult Use Dispensing Organization. A medical patient purchasing cannabis from an Adult Use Dispensing Organization would purchase the cannabis as an adult use purchaser and not as a medical patient and shall be charged the applicable tax rate for adult use purchasers.

- **Could you please point me to where I can find information on the status of prior medical cannabis regs and the new regs for the Cannabis Regulation and Taxation Act?**

The Department has not proposed or issued administrative rules pursuant to the Cannabis Regulation and Tax Act. Administrative rules issued pursuant to the Compassionate Use of Medical Cannabis Program Act can be found at the following link:

[https://www2.illinois.gov/sites/mcopp/Documents/68\\_IAC\\_1290\\_DFPR\\_eff52019.pdf](https://www2.illinois.gov/sites/mcopp/Documents/68_IAC_1290_DFPR_eff52019.pdf)

- **Section 55-85(b) of the Act. We read this as saying that new adult use dispensing organizations will not be required to carry medical cannabis products as long as they are at new locations not previously occupied by a medical cannabis dispensing organization. Can you confirm that read as accurate?**

A dispensary must hold a registration under the Compassionate Use of Medical Cannabis Program Act to sell cannabis to medical cannabis patients at the medical cannabis tax rate. Dispensaries that are not authorized to sell cannabis pursuant to the Compassionate Use of Medical Cannabis Program Act are not required to maintain an inventory of medical cannabis.

- **Will application deficiency be provided upon application rejection?**
- **Upon receipt of deficiency notices as set forth on page 2 of the instruction sheet, what process should be utilized for resubmission (email, paper, USB)?**

If the Department detects a deficiency in an application, the Department will notify the applicant. The applicant will receive a deficiency notice from the Department and will have 10 calendar days from the date of the notice to cure the deficiency. Applicants receiving deficiency notices will be instructed how to respond in the notification of deficiency. All application fees are non-refundable.

- **How did the state come up with 75 licenses for wave 1?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.



- **How many applications are expected for 75 licenses?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Are we able to present a proposal that promotes a seed to sale model? I.e. Can applicants propose a facility that incorporates a cultivation center and dispensary into one business model?**

Applicants are only able to apply for a Conditional Adult Use Dispensing Organization License through this application process. Questions about licenses for cultivation centers may be directed to the Department of Agriculture. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **Are you all able to provide a list of medical dispensaries that have obligated to providing mentoring and/or low-interest loans to social equity applicants?**

The Department cannot provide a list of medical cannabis dispensaries that have opted into providing mentoring and/or low-interest loans to social equity applicants.

- **Will dispensing organizations be required to hire retail employees (budtenders, etc...) who are part of a union? And for contracted security?**

The Cannabis Regulation and Tax Act does not require union employees to be employed at cannabis business establishments.

- **How does one discover whether their proposed facility is within 1500 feet of an existing dispensing organization?**
- **If at the time of the application, the facility is not operational, does the 1,500-foot requirement still apply?**
- **What constitutes an "existing dispensing organization" for the purposes of the 1500 foot rule?**
- **How will the Department measure distance from dispensary to dispensary?**
- **Is the 1,500 foot distance requirement from another dispensary and the 1,000 foot distance requirement for advertising the only distance limitations?**
- **How will geographic conflicts be resolved once licenses are awarded if applicants do not identify sites in the application process?**
- **Will we be able to see before the application deadline where applicants who have submitted their plans are trying to put their dispensaries?**
- **For the Chicago-Naperville, Elgin BLS region, so long as each dispensary is 1500 ft from one another, will the proximity of another dispensary play a role in the likelihood of an license being awarded?**

Applicants are not required to provide any information about the location of a proposed dispensary, and no extra points will be awarded to applicants who have located or obtained a location.

- **How will geographic conflicts be resolved once licenses are awarded if applicants do not identify sites in the application process?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Is there a list available of Banks or Credit Unions in the State of Illinois that will accept Cannabis businesses as clients and will accept cash deposits from Illinois license cannabis businesses?**

The Department does not maintain such a list.

- **Can we have an electronic menu board of what we are selling on the outside of the premises?**
- **Can we have a person handing out advertising on the sidewalk of the dispensary?**

Dispensing Organizations must conduct themselves consistent with the requirements of the Cannabis Regulation and Tax Act and any administrative rules that may be released pursuant to the Act.

- **Does the system allow for an agent to work in more than one dispensary organization?**
- **Does a person require multiple badges if they work in more than one dispensing organization?**

An Adult Use Dispensing Organization Agent may work in more than one dispensary. However, an Adult Use Dispensing Organization Agent-in-Charge may only serve as an Agent-in-Charge at one location. If an Adult Use Dispensing Organization Agent works in multiple dispensaries that share common ownership, they do not need to acquire separate badges. If the agent works for multiple employers, they must have separate badges.

- **Has the Department developed and designed the “agent, employee, contracting, and subcontracting diversity report”? Please forward a copy of the report?**

The State has not issued such a report at this time.

- **Has the Department developed and designed the “environmental impact report”? Please forward a copy of the report?**

The State has not issued such a report at this time.

- **Is the “oldest stock” measured as the oldest dated product of each individual Stock Keeping Unit (“SKU”) number?**

The age of the stock is determined by when it was received and accepted by the dispensing organization.

- **Does the department recommend or require including standard operating procedures for business operations in written responses (exhibits) for the app?**

Any operating procedures provided with an application should be written as if they are the dispensing organization’s operating procedures. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

- **In what form does the Department provide the request for copies of the policies and procedures to be provided to the Department?**
- **If a Conditional License is awarded by the Department are the policies and procedures required to be provided to the Department prior to the License being issued?**

The Department’s request for copies of policies and procedures may be oral or in writing. A policy and procedures manual, separate from the completed application and exhibits, is not required before an applicant can receive a Conditional License. Applicants must respond to any request from the Department within 30 days unless otherwise specified by the Department.

- **Is there a threshold amount of “loss or theft of cannabis”? Is it 1 gram, 3.5 grams, etc.?**

Any loss of cannabis must be reported to the Department.

- **Is a “service professional” an individual or a company providing the service?**
- **When you refer to the word “name” are you referring to the service company’s name or the service technician’s name?**

A service professional may be an individual or company providing the service. “Name” refers to the individual person’s name providing the service.

- **Please define how “40% of the total inventory available for sale” calculated.**

Whether a dispensary has more than 40% of the total inventory available for sale will be determined by counting the individual inventory items a dispensary offers for sale from each cultivation center, craft grower, or infuser. The determination will not be calculated by product type, retail value, or any other measure. The Department may change this policy by administrative rule.

- **Is the Department stating that shareholders, members, officers cannot lend financial resources if there is a cash flow shortage?**

No

- **Can a license holder define more than one “agent-in-charge”?**

Yes, but only those employees given the additional responsibilities associated with being an agent-in-charge should be given that designation.

- **Do the hours of operation define when the dispensary is open to the public or the total hours employees are in the facility?**

Hours of operation refer to when the dispensary is open to the public.

- **What is the latest time the dispensary can be open on weekend nights?**
- **Is there a grace period a customer can be in a dispensary if their entered prior to 10:00 pm but their cannabis product order is not fulfilled until after 10:00 pm?**

The Cannabis Regulation and Tax Act provides that a dispensary may operate between 6 a.m. and 10 p.m. local time.

- **Other than Exhibit J, is there any other places applicants must be sensitive to mentioning location information?**

Applicants do not need to submit any location specific information. No extra points will be awarded to applicants that have identified or secured locations before submitting their application.

- **Is the information supplied in the Application for Adult Use, and/or the application itself, including the information provided by and on behalf of the Principal Officers, subject to FOIA and how are personal documents protected?**

Confidentiality of applications are addressed in Section 55-30 of the Cannabis Regulation and Tax Act.

- **Will there be a set number of winning applications for each group, 1) Non-Social Equity Applicants and 2) Social Equity Applicants?**

No.

- **Has the IDFPR published the agent identification card application form referenced in Question No. 7 of the Application for Proposed Principal Officer of an Adult Use Dispensing Organization?**

Not at this time.

- **In order to receive Status as a Veteran and Status as an Illinois Owner, if an applicant has social equity members, but not are all Veterans or from Illinois, can the applicant still qualify if the majority of the principal officers own and control 51%.**

There are separate, independent criteria to determine whether an applicant is a Social Equity Applicant, whether it is owned by an Illinois Owner, or owned by a Veteran. Each will be evaluated independently of one another.

- **How will the limited supply of adult-use cannabis be proportioned to operating adult-use dispensaries?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Can we receive the specific methods used by DCEO? Is there a way to challenge the social equity standing in the application pending a future review by DCEO?**

Please refer all questions for the Department of Commerce and Economic Opportunity to [CEO.AdultUseCannabis@Illinois.gov](mailto:CEO.AdultUseCannabis@Illinois.gov).

- **Will the licensee be considered the applicant(s) (such as one or more individuals who submit the application) or the entity (formed or proposed to be formed by the individual(s) submitting the application)?**

The licensee will be the entity that applies for the license. Individuals are also able to apply for a license in their individual capacity. Individuals applying for the license in such capacity will be considered the licensee.

- **For advertising, How will the following terms be defined:**
  - **“school” – is a community college considered a “school”?**
  - **“public park” – if a private entity owns a piece of property set up to have features of a public park (e.g., benches, sitting areas) and the public can freely access/use that property, would this be considered a “public park”?**

- iii. **“on or in publicly owned or publicly operated property” – is a city/municipality owned parking lot considered a “publicly owned or publicly operated property”?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **What are the implications of a dispensary working with a research effort to provide product at no cost to the eligible test subjects? For Example: trials and research on the remediation of opiate addiction and withdrawal symptoms through cannabis products.**

Dispensing Organizations must operate consistent with the requirements of the Cannabis Regulation and Tax Act and any administrative rules that may be released pursuant to the Act.

- **In December, will the Department make public the number of applications that have been received leading up to 1/1/20? If so, will it be broken down by BLS region?**

The Department will not be releasing any applicant or application information in December 2019.

- **Can applicants include names or identifying information for consultants such as security firms, vendors, suppliers, individuals that write letters of support or charitable organizations they have established partnerships with, in the sections of the application that must be anonymous?**

Applicants must include the name of the security contractor with whom it contracts as required by Exhibit H. In Exhibit L, if an applicant has a community in mind of where it would like to locate should it be awarded a license, it may name a specific organization or community it would plan to help. If an applicant does not name a specific organization or community, it should describe a plan with enough specificity that the application scorers can identify what the commitment will be. For example, if a Plan involves working with a local elementary school district, the application can refer to the “local elementary school district in which the dispensary eventually locates” without the name the specific district.

Applicants should not name in the exhibits any other contractors, vendors, suppliers, or supporters. Letters of support from communities, elected officials, or other prominent persons will not impact an applicant’s score and should not be submitted with the application.

- **If a company takes on convertible debt before submission of an application for an undetermined future valuation, would that note affect how the Department assesses ownership equity percentages based on the current value of the business? For example: if individual A owns 70% of the business at a \$10,000,000 valuation and the company issues a 2 year convertible note for \$1,000,000, does the department view Individual A as owning 63% of the company despite the fact that the dilution may be considerably less when the note actually converts?**

Dispensing Organizations must operate consistent with the requirements of the Cannabis Regulation and Tax Act and any administrative rules that may be released pursuant to the Act.

- **Will the state publish examples of “low, mid and high” score content samples?**

No, content samples will not be provided by the Department. Applicants are encouraged to complete all sections of the application and submit the most competitive application possible.

## After May 1

- **In the event of an approved license, what is the policy or procedure in the event some minor aspects of the submitted application change in the interim? EG, the submitted floor plan has a minor variation compared to the location that is eventually secured. Or a principal member drops out of the project between submission and approval. As well as any other unforeseeable events**

A licensee must disclose any material changes to their application submitted to the Department. Failure to disclose a material change to the Department may result in denial or revocation of a license.

- **Is there a time limit for the commencement of operations after an Adult Use Dispensing Organization License is issued?**

Applicants awarded a Conditional Adult Use Dispensing Organization License must identify a location at which to operate a dispensary within 180 days of being awarded the License.

- **What is the procedure to change the ownership percentage within the principal officers after the Dispensary is in operation?**

A licensee must disclose any material changes to their application submitted to the Department. Failure to disclose a material change to the Department may result in denial or revocation of a license. The licensee must submit an Application for Proposed Principal Officer of an Adult Use Dispensing Organization, including Addenda A, B, and C, and respond to any requests of the Department regarding change of ownership.

- **Once the license is approved at the state level, whats the downstream process of having it approved at the village level?**

It is the responsibility of the applicant to ensure they have received any necessary approvals from local jurisdictions.

- **How long does a Licensee have to make any updates to the policies and procedures that are requested by the Department?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Will licenses be able to be moved after acceptance? For instance if we apply for a license in an area that has not yet approved recreational marijuana (or opted out) will we have a right to move the location of the license if awarded it?**
- **Will licenses be able to be moved after acceptance? For instance if we apply for a license in an area that has not yet approved recreational marijuana (or opted out) will we have a right to move the location of the license if awarded it?**



The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Please provide an estimated timeframe to have the inspection completed by the Department.**
- **Please define how the “difference in time” is determined. Does the Department inspect the site as discussed in Section 15-30(f)(1), inform the applicant in writing that the site is approved and the date of the communication of the approval determines the “difference in time.”**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Would the IDFPR approve a transfer of a license, given all conditions of the community engagement plan and other requirements were satisfied by the new license holder, if the transfer was at a below market-rate?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Will the days between a Conditional Adult Use Dispensing Organization License holder identifying and submitting to IDFPR a physical location for the dispensing organization retail storefront, and when IDFPR inspects the premise for suitability count against the 360 days a Conditional Adult Use Dispensing Organization License holder has to become operational?**

Section 15-25(e) of the Cannabis Regulation and Tax Act provides a dispensing organization must be operational within 360 days “of being awarded a conditional license.” The number of days an applicant takes to identify a physical location does not alter this requirement.

- **Will the IDFPR authorize to build out a physical space if the proposed build-out will make the location suitable and compliant with all requirements for a dispensing organization retail storefront, but if the physical space is not currently compliant?**

The Department will not address this question as it does not relate to the application process for a Conditional Adult Use Dispensing Organization License.

- **Under Section 15-30(k) of the Act, if an applicant is awarded a license that results in a single person or entity having a direct or indirect financial interest in more than 10 licenses, they will have to forfeit the most recently issued license and suffer a penalty to be determined by the Department, unless the entity declines the license at the time it is awarded. Would the Division clarify what will happen if the same applicant is awarded more than 10 licenses? Will the applicant be allowed to choose which 10 they prefer to be awarded? Will the applicant suffer a penalty, or be automatically denied any of the licenses without choosing which to forfeit? If so, what penalty will the applicant suffer?**

Section 15-36 (d) of the Cannabis Regulation and Tax Act provides: “If a person or entity is awarded a Conditional Adult Use Dispensing Organization License that would cause the person or entity to be in violation of this subsection, he, she, or it shall choose which license application it wants to abandon, and such licenses shall become available to the next qualified applicant in the region in which the abandoned license was awarded.”

- **Is there a waiting period to sell an awarded dispensary license?**

There are no waiting periods to sell an awarded dispensary license, other than the 5-year restrictions on sale related to Social Equity Applicants.

- **Will there be another round of applications accepted for the December 21, 2021 Conditional Adult Use Organization Licenses distributed?**

Yes

- **Is there a timeline established for individuals granted licenses to be open or operating by? I would like to do seed to sale but it is difficult to determine a time frame with the order the applications are available as well as the uncertainty of application approval.**
- **The Cannabis Regulation and Taxation Act states that in the event “the Conditional Adult Use Dispensing Organization License holder is unable to find a location or become operational within 360 days of being awarded a conditional license, the Department shall rescind the conditional license”, can the IDFPR clarify if there is a deadline to become operational or just a deadline to find a suitable location?**
- **Is there going to be a different timeline for individuals that get approved for more than one license, since one of the licensed businesses will depend on the other (i.e. dispensary will depend on craft grower/cultivation for product).**
- **Do I have 180 days to find the location to put the cannabis dispensary after I'm granted my unconditional license?**

Pursuant to the Cannabis Regulation and Tax Act, Conditional Adult Use Dispensing Organization License holders will have 180 days from the day they are awarded a license to identify a physical location for a dispensary. Please review Section 15-25(e) for more information.

- **If I'm awarded multiple licenses, I need to know how long I have to build-out locations.**

At this time the Department is not answering questions unrelated to the application process for a Conditional Adult Use Dispensing Organization License. Please consult the Cannabis Regulation and Tax Act for more information.