



CANNABIS QUARTERLY *with*

**IDFPR**

Quarterly Newsletter

Illinois Department of Financial and Professional Regulation

FALL 2022

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# ABOUT IDFPR

The **Illinois Department of Financial and Professional Regulation (“IDFPR”)** oversees the regulation and licensure of banks and financial institutions, real estate businesses and professionals, and various licensed professions in the State of Illinois. IDFPR is also charged with enforcing standards of professional practice and protecting the rights of Illinois residents in their transactions with regulated industries.

IDFPR’s Mission is:

- To protect the residents of Illinois,
- To ensure the safety and soundness of financial institutions,
- To ensure that competent professionals are licensed to provide services to the public, and,
- To enhance commerce in the state for the benefit of all its residents.

## **Springfield**

320 West Washington Street, 3rd Floor  
Springfield, Illinois 62786

## **Chicago**

555 West Monroe Street, 5th Floor  
Chicago, Illinois 60661

## **Des Plaines**

9511 W. Harrison Street, Suite 300  
Des Plaines, IL 60016

# INTRODUCING IDFPR SECRETARY MARIO TRETO, JR.



Mario Treto, Jr. was appointed by Illinois Governor JB Pritzker to serve as the Secretary of the Illinois Department of Financial and Professional Regulation on April 1, 2021. In this role, he leads and oversees the State of Illinois' lead regulatory agency with a budget of \$135 million charged with strengthening consumer protections through the licensing of over 1.2 million licensed professionals and the regulation of banking and financial services. Under Secretary Treto's leadership, the agency has continued to see increased departmental efficiencies, updated and modernized professional regulatory frameworks, reduced barriers to licensure in the State of Illinois, increased license portability for veterans and their spouses, and established diversity, equity, and inclusion strategies for the advancement of the people of Illinois. During the COVID-19 pandemic, various initiatives were implemented to address concerns with health care workforce shortages by allowing out-of-state, retired, and international medical graduates to provide their services to Illinoisans. In addition, Secretary Treto has taken part in and spoken at several healthcare-related conferences and panels, including the Illinois Association of Healthcare Attorneys and the Cook County Physicians Association program "Health and Justice in Race and the Law."

Previously, Secretary Treto served as the Deputy City Attorney for the City of Evanston, where he provided legal counsel to its elected officials, departments, and staff with compliance, transactional, and corporate matters. Secretary Treto also worked at a Chicago firm focusing his law practice in commercial & residential real estate, corporate law, and commercial transactions.

Secretary Treto serves on notable and prominent civic boards and committees, including being appointed by the Illinois Supreme Court to the Supreme Court Committee on Professional Responsibility and elected to the Indiana University Maurer School of Law Alumni Board. He served as an Obama Foundation Scholars Program Strategist at the University of Chicago Harris School of Public Policy and recently as the Board Chair of Howard Brown Health, a federally qualified health center serving 30,000 patients through 12 clinics. Mario has received national recognition from various organizations, including the International Municipal Lawyers Association, the Hispanic National Bar Association, and the National LGBT Bar. Secretary Treto has also received leadership accolades from Crain's Business Magazine, Business Equality Magazine, Chicago Scholars, and Hispanic business publication *Negocios Now*. In 2018, he was presented with the Humanitarian Award by the Cook County State's Attorney's Office, and in 2020, he was the recipient of the Illinois REALTORS Presidential Medallion.

Secretary Treto earned his Bachelor of Arts in Biology and Psychology from Washington University in St. Louis and his Doctor of Jurisprudence from the Indiana University Maurer School of Law. Secretary Treto is a Leadership Greater Chicago Fellow and University of Illinois Institute of Government and Public Affairs Edgar Fellow. He has also been recognized by the Leyden Township High School Alumni Hall of Fame.

# INTRODUCING IDFPR INTERIM DEPUTY DIRECTOR OF THE CANNABIS CONTROL SECTION, VAUGHN G. BENTLEY

Vaughn G. Bentley was appointed as Interim Deputy Director of the Cannabis Control Section on June 1, 2022. In this role, he oversees the licensing and enforcement of cannabis dispensaries and their employees in the State of Illinois. Already, Bentley has overseen the issuance of 185 Conditional Adult Use Dispensing Organization Licenses to Social Equity Applicants, representing the largest growth in the Illinois cannabis program since its inception. Additionally, Vaughn has taken steps to modernize the cannabis program and bring consistency between the medical and adult use cannabis programs.



Before serving in this role, Interim Deputy Director Bentley worked in a number of roles at the Department for the last seven years. Starting as a Supreme Court Rule 711 Law Clerk in the Health-Related Prosecutions Unit, Vaughn helped enforce violations of the Nurse Practice Act and Pharmacy Practice Act, including assisting in the prosecution of a nurse whose license was suspended in Indiana for sexually assaulting a patient. Vaughn also worked as a law clerk in the Office of Legal Affairs, where he assisted in running the Music Therapy Advisory Board and drafted a portion of the Board's report to the General Assembly. After becoming licensed as an attorney, Vaughn worked as a staff attorney in both the Medical Prosecutions Unit and Health-Related Prosecutions Unit. During this time, he prosecuted a humane euthanasia facility and approximately ten involved individuals for improperly euthanizing hundreds of animals. In December 2019, Vaughn was made Senior Attorney for the Health-Related Prosecutions Unit, at which time he prosecuted the State's first case against a cannabis dispensary and represented the Department in the first registered agent case in cannabis to go to formal hearing. In October 2021, Vaughn was promoted to Associate General Counsel, where he acted as legal counsel of the Illinois State Medical Board. In this role, he oversaw the combination of the Illinois Medical Licensing Board and Illinois Medical Disciplinary Board and worked to create temporary practice for International Medical Graduates who held medical degrees and licenses abroad.

Vaughn has spoken in several law school courses about the Department, including administrative law at the University of Illinois Chicago School of Law and fraud and abuse at DePaul University College of Law. He has also assisted in coaching DePaul University College of Law's Health Law Transactional Moot Court team. He has also spoken to the Illinois Attorney General Opioid Task Force about the Department and opioid prosecutions.

Vaughn earned his Bachelor of Arts in Psychology from the State University of New York College at Oswego and a joint Doctor of Jurisprudence and Master of Laws in Health Law at DePaul University College of Law. While at DePaul, he served on the Jaharis Health Law Institute Executive Board and as Editor-in-Chief of the E-Pulse Newsletter.



The Cannabis Regulation Oversight Office (CROO) was created by the same legislation that legalized cannabis for adult use in Illinois in June 2019, the Cannabis Regulation and Tax Act (CRTA).

The CROO is tasked with coordinating among the 13 state agencies involved in the regulation and taxation of cannabis. Just as importantly, the CROO is responsible for upholding the General Assembly's commitments to repair the harm caused by cannabis prohibition, help rebuild communities devastated by the failed war on drugs, and diversifying the cannabis industry through data collection, reporting, and making policy recommendations to ensure Illinois continues to be the most equitable industry in the country.

In efforts to inform the citizens of Illinois, the CROO holds regular meetings with working groups on topics that are essential to the cannabis industry. CROO has also developed and kept great relationships with various policy, advocacy, and patient groups to help address questions and concerns.

Since August 2020, CROO has overseen the following:

- The expungement of nearly 800,000 arrest records in coordination with the State Police four years earlier than required by statute.
- More than 70 million dollars of investment and direct services in disproportionately impacted communities across our state.
- Release of over 150 licenses by the Department of Agriculture to businesses predominantly owned by people of color, changing the face of the cannabis industry in Illinois on the agricultural side
- With IDFPR, reforms to the dispensary application which we believe will make the licensing process more accessible.
- CROO is pleased to announce that we are on the brink of issuing the Disparity study vendor a Notice to Proceed (NTP), which will officially begin work.

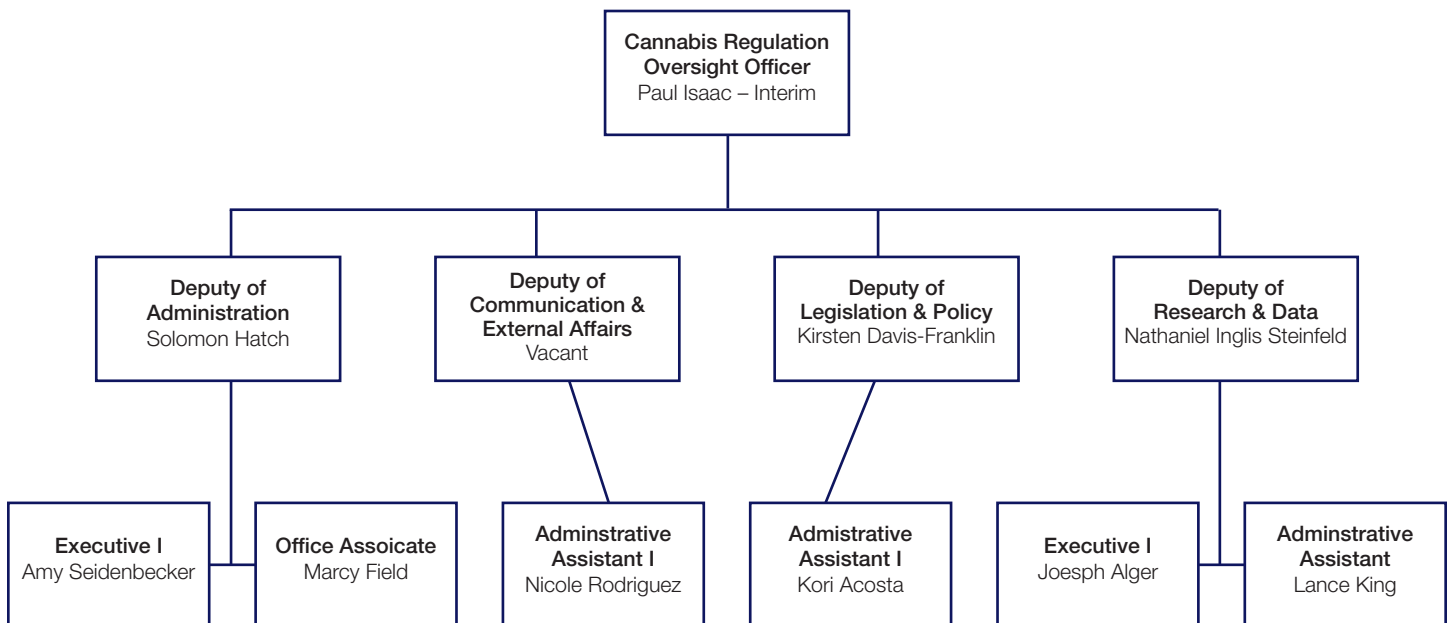
CROO has also become a national voice on social equity in cannabis, serving as the co-chair of the National Cannabis Regulators Association Committee on Social and Economic Equity and as a founding member of the Cannabis Regulators of Color Coalition.

Illinois has become a model around the country for legalizing and regulating cannabis with equity at the forefront. CROO is proud to represent the great State of Illinois and we are committed to furthering the goals and mission set forth in the CRTA by working to bolster and improve upon the work we have already started.

**Meet the CROO Staff:**

- Paul Isaac – Interim CROO
- Solomon Hatch - Deputy of Administration
- Nathaniel Steinfeld - Deputy of Data & Research
- Kirsten Davis-Franklin - Deputy of Legislation & Policy
- Joe Alger - Executive I/Assistant Data Analyst (Research & Data)
- Kori Acosta - Administrative Assistant I Legislation & Policy)
- Nicole Rodriguez - Administrative Assistant I – (Communications & External Affairs)
- Marcy Fields - Office Associate (Administration)
- Amy Seidenbecker - Executive I (Administration)
- Lance King – Administrative Assistant I (Research & Data)

# CANNABIS REGULATION OVERSIGHT OFFICE





## **WELCOME TO 190 NEW CONDITIONAL ADULT USE DISPENSING ORGANIZATION LICENSE HOLDERS**

Welcome, New Licensees!

We are excited to welcome our new Conditional Licensees to both IDFPR (“Department”) and the Illinois cannabis industry. Since this process began in 2019, we have been anticipating your arrival and are excited to have you join the cannabis industry. Our goal is to create a transparent, productive, and long-lasting relationship between the Department and licensees. We want all dispensaries to succeed in the Illinois cannabis industry, and we stand ready to help each of you through the licensing process and beyond.

The legal Illinois cannabis industry began in 2014 with the passage of the Compassionate Use of Medical Cannabis Pilot Program Act, making Illinois the 20th state to do so in the United States. After passage, 55 Medical Cannabis Dispensing Organizations (“Medical Dispensary”) were established throughout Illinois to serve qualifying patients. In 2019, the Pilot Program was made permanent, and the Act was retitled the Compassionate Use of Medical Cannabis Program Act (“Medical Act”). Moreover, the Cannabis Regulation and Tax Act (“CRTA”) was passed, legalizing cannabis for adult use purchasers and creating the regulatory system of which you are now a part of.

The CRTA allowed currently existing Medical Dispensaries to apply for both an Early Approval Adult Use Dispensing Organization License (“Same Site License”) and an Early Approval Adult Use Dispensing Organization License at a secondary site (“Secondary Site License”) starting January 1, 2020. Upon issuance of these licenses, the State increased the number of dispensary locations from 55 to the 110 currently in operation.



The CRTA, as amended by HB1443, provided the framework for the issuance of the new 185 Conditional Licenses that you all hold today. This means upon completion of the Conditional Phase, the State will have almost 300 dispensary locations, nearly tripling the current number. New licensees represent the highest rate of minority ownership of dispensing organizations nationally with 41% being majority Black-owned, 7% majority White-owned, 4% are majority Latino-owned for those that disclosed this information.

There is additional assistance for new licensees provided by the Illinois Department of Commerce and Economic Opportunity (“DCEO”). DCEO administers the Social Equity Cannabis Loan Program offering low-interest loans to qualified licensed companies. Additional information on the loan program can be found on the [DCEO website](#). In addition to the Loan Program, DCEO funds free licensing and post-licensing technical assistance through their partners at Oakton Community College, The Trep School, the Women’s Business Development Center, and the University of Illinois Chicago Law School. For more information, please visit the [Technical Assistance page](#).

We also wanted to take the time to introduce you to the Department Cannabis Unit through a series of articles in this newsletter. In this issue we have an introduction to Secretary of the Department, Mario Treto Jr., and Interim Deputy Director of the Cannabis Control Section, Vaughn G. Bentley.

If you have any questions throughout the Conditional Licensing Phase, please contact [FPR.ConditionalAdultUseLicenses@illinois.gov](mailto:FPR.ConditionalAdultUseLicenses@illinois.gov). The Department is also working towards establishing a Constant Contact account to notify any individuals that sign up for notifications related to the Illinois cannabis industry. Please consider signing up for these notifications when they become available.

If you have not done so already, please review the [Conditional License FAQs](#) for answers to many common questions, as well as the Department’s guidance on the [1,500 Foot Prohibition](#), while you are working towards the construction of the dispensaries. Further guidance and helpful links can be found in Department’s [Next Steps Document](#). Other helpful documents and required forms can be found on the [Adult Use Cannabis page](#), including [a list](#) to the 185 conditional licensees that have been issued over the past few months.

Again, we are excited to have you officially as a part of the Illinois cannabis industry, and we look forward to our work together in the years to come.

# THE FIVE MOST COMMON ISSUES NOTED ON INSPECTIONS



Part of IDFPR's role is routinely inspecting dispensaries to ensure they are operating in compliance with the Acts and Rules. Our team of inspectors has identified the below 5 issues as what they most often noticed during inspections. Keep in mind, that any violation of the Acts and Rules may result in a citation and all licensees are required to remain in compliance at all times. While the below are the five most common inspection issues, the Department encourages all licensees to review the entirety of the Acts and Rules to ensure compliance.

## 1. Inventory

The most common issue our inspectors find at dispensaries is related to a dispensary's inventory. Agents-In-Charge need to be extremely thorough when conducting their daily inventory counts. Bulk inventory must be included in the count and must be sealed and stored securely. When a discrepancy is noted the agent-in-charge must submit an [inventory adjustment request \(IAR\) form](#). The Department recommends agents-in-charge bookmark this link to make sure they have the most up-to-date version. Written notice must be submitted to the Department within two (2) calendar days of discovery of the imbalance. All IAR forms can be submitted to [FPR.CannabisEnforcement@illinois.gov](mailto:FPR.CannabisEnforcement@illinois.gov).

Inspectors have also noticed inventory issues appearing when receiving product from a cultivator, when selling product to customers and patients, and when destroying product. When product is received from a cultivator, the agent-in-charge should check each product received against both the manifest and the State traceability system. Agents-in-charge are able to reject product that does not comport to either the manifest or that is defective in some way.

When a customer or patient is buying product, all dispensary staff should check the allotment for the individual. Staff should keep in mind the differences between a patient's allotment, and in-state adult use customer's allotment, and an out-of-state adult use customer's allotment. Doing so will ensure dispensaries are not over-dispensing to customers or patients.

Finally, when product expires or is otherwise defective it must be quarantined immediately. Quarantined product must be kept separate from inventory while still being placed in the vault, must be labeled with the date quarantined, and must remain sealed. All quarantined product must be destroyed at the next scheduled destruction date and cannot remain in the vault for more than seven (7) days. Destroyed product must be entered into both the dispensary's destruction log and State traceability system.

## **2. Access to the Limited Access Area and Restricted Access Area**

A second common issue our investigators find are unauthorized individuals in either the limited access area or the restricted access area. Only authorized individuals are allowed into either area and cannot crossover between areas unless otherwise allowed. For example, a cultivation center employee must make deliveries to the restricted access area. They cannot then move the limited access area to give educational material. All individuals accessing either area must be either: (1) a badged dispensary employee; (2) a Department investigator or staff; (3) a member of Illinois State Police or other emergency personnel performing official duties; (4) an approved service professional; (5) badged cultivation center agent making deliveries; or (6) a customer or patient in the limited access area there to make a purchase. Any other individual in the limited access area must be pre-approved by the Department. These requests can be made to [FPR.CannabisEnforcement@illinois.gov](mailto:FPR.CannabisEnforcement@illinois.gov).

## **3. Cameras**

The third most common issue our investigators find are camera issues. These most often include failing to notify the Division of a camera outage or having malfunctioning cameras. Dispensaries must cease operations when a camera outage occurs unless they have received Department approval to continue operation. All camera outages must be reported to the Department for review as well. Finally, all dispensaries must give the Department 24-hour access to their cameras, including log-in information if necessary.

## **4. Training, Required Postings, or Documents Required to be Onsite**

The fourth most common issue found on inspections relate to things dispensaries are required to have and maintain onsite. All dispensaries are required to keep a record of agent training through a registered responsible vendor. Our inspectors will request and review this information, so its important to have it readily available. All agents are required to complete responsible vendor training within 90 days of being hired and re-complete training annually. Dispensaries must keep record of completion of this training as well.

There are also a number of signs dispensaries are required to post. These signs can be found at 410 ILCS 705/15-65(h) and include:

- “Cannabis consumption can impair cognition and driving, is for adult use only, may be habit forming, and should not be used by pregnant or breastfeeding women.”.
- “Edible cannabis-infused products were produced in a kitchen that may also process common food allergens.”
- “The effects of cannabis products can vary from person to person, and it can take as long as two hours to feel the effects of some cannabis-infused products. Carefully review the portion size information and warnings contained on the product packaging before consuming.”
- That no minors are permitted in the dispensary unless the minor is a minor qualifying patient under the Compassionate Use of Medical Cannabis Program Act.
- That distribution of cannabis to a person under the age of 21 is prohibited.
- That transportation of cannabis or cannabis products across state lines is prohibited.

This signage must be prominently displayed, no smaller than 24 inches tall by 36 inches wide, with typed letters no smaller than 2 inches. This signage shall be clearly visible and readable by customers.

Finally, dispensaries are required to update their standard operating procedures annually. A copy of these must be kept onsite, available to the Department upon request. Dispensaries should ensure that when they send updated standard operating procedures to the Department they are also printing the updated copy for the dispensary to have onsite.

## 5. Badging

The fifth most common issue we find on inspections are issues related to badging. Each dispensary must have at least one person badged as an agent-in-charge who has primary responsibility for managing the dispensary. Agents-in-charge have duties above and beyond those of agents and its important to keep those in mind. All employees must have an active badge before they begin working. Agents may begin work once they have submitted an application for a new license, but if they've taken any time off they should make sure they have an active badge before returning. Badges need to be renewed on a timely manner and renewal applications should be submitted at least 5 days before the expiration date to make sure there's enough time to process the renewals. When an agent is terminated or leaves employment with a dispensary, the dispensary must collect their agent badge and return it to the Department. The agent-in-charge must also fill out a termination form and indicate if the agent was terminated due to theft or diversion. This form must be filled out completely and correctly to ensure the agent is terminated properly.

If you have any questions, please contact the inspector assigned to your dispensary.

**A CONSUMER'S GUIDE TO IDENTIFYING A LICENSED CANNABIS DISPENSARY**

**CANNABIS PRODUCT IS LABELED AND TESTED**  
All cannabis for sale at a dispensary will be labeled according to the requirements below.  
• No cannabis leaf or flower on the label.  
• Tested at a lab certified by the Department of Agriculture (full list available on the [IDQA website](#)) with test results posted on the product package.

**IDFP-ISSUED DISPENSARY LICENSE**  
All dispensaries must display an official license to operate, issued by IDFP.

**MODEL DISPENSARY**  
123  
EMPLOYEES ONLY  
WARNING  
Edible cannabis-infused products were produced in a kitchen that may also process common food allergens.  
Cannabis consumption can impair cognition and driving, is for adult use only, may be habit forming and should not be used by pregnant or breastfeeding women.  
The effects of cannabis products can vary from person to person, and it can take as long as two hours to feel the effects of some cannabis-infused products. Carefully review the portion size information and warning contained on the product packaging before consuming.

**LARGE AND SPECIFIC SIGNAGE**  
All dispensaries must display large and specific interior signage (see below).  
Edible cannabis-infused products were produced in a kitchen that may also process common food allergens.  
Cannabis consumption can impair cognition and driving, is for adult use only, may be habit forming and should not be used by pregnant or breastfeeding women.  
The effects of cannabis products can vary from person to person, and it can take as long as two hours to feel the effects of some cannabis-infused products. Carefully review the portion size information and warning contained on the product packaging before consuming.

**IDFP-ISSUED AGENT IDENTIFICATION CARD**  
All dispensaries must have an agent-in-charge who is wearing an agent badge (see below).

**LIMITED PRODUCTS FOR SALE AND ON DISPLAY**  
Dispensaries are limited to selling product in accordance with the restrictions below.  
• No cannabis flower on display (empty packaging may be on display).  
• No nicotine products for sale.  
• Limited non-cannabis items for sale.

**ID CHECK AT ENTRANCE AND BEFORE SALE**  
All dispensaries must check the identification of every person who enters the dispensary. A dispensary may check a customer's ID multiple times during a single visit.

**LOCKED DOOR BETWEEN ENTRANCE & SALES AREAS**  
All dispensaries will have a locked door between the entrance and the sales area ("limited access area"), which can only be opened by an employee or security guard.

**OPAQUE OR TINTED EXTERIOR WINDOWS**  
You cannot see into a licensed dispensary from the outside.\*  
\*inside of dispensary shown in model for demonstration purposes.

**State of Illinois**  
Department of Financial and Professional Regulation  
Early Approval Adult Use Cannabis Dispensing Organization  
Dispensary  
123 N. Department Ave.  
City, Illinois 60605

**Illinois Department of Financial and Professional Regulation  
Cannabis Dispensary Agent**  
Name of Agent: Sam, plink  
Position: AGENT-IN-CHARGE  
Customer ID: ABCDEF98765  
License No: 01-002  
Date of Birth: 1/1/1977  
Sex: M  
Expires: 01/01/2023

## IDFPR RELEASES CANNABIS DISPENSARY PSA

In August, IDFPR released a new PSA that looks to help consumers identify and ensure they are purchasing cannabis from a dispensary licensed by IDFPR. Doing so ensures product sold meets Illinois safety guidelines and that all agents are licensed by IDFPR.

Our PSA is available [online here](#).

## CONTACT US

Have questions about cannabis in Illinois? Please email us using one of the addresses below:

### Adult Use Cannabis:

[FPR.AdultUseCannabis@Illinois.gov](mailto:FPR.AdultUseCannabis@Illinois.gov)

### Medical Cannabis:

[FPR.MedicalCannabis@Illinois.gov](mailto:FPR.MedicalCannabis@Illinois.gov)

