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2 CHAPTER VII: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
3 SUBCHAPTER b: PROFESSIONS AND OCCUPATIONS
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70

71 AUTHORITY: Implementing and authorized by the Cannabis Regulation and Tax Act [410

72 ILCS 705]

73

74 SOURCE: Adopted by emergency rulemaking at 43 Ill. Reg. 14934, effective December 9,

75 2019, for a maximum of 180 days; emergency rule expired June 5, 2020; adopted at 44 Ill. Reg.

76 14103, effective August 24, 2020; emergency amendment at 45 Ill. Reg. 9586, effective July 15,

77 2021, for a maximum of 150 days; Subpart B of the emergency amendment suspended by the

78 Joint Committee on Administrative Rules at 45 Ill. Reg. 10881, effective August 18, 2021;

79 suspension withdrawn at 45 Ill. Reg. 12206, effective September 16, 2021; emergency

80 amendment to emergency rule at 45 Ill. Reg. 11851, effective September 16, 2021, for the

81 remainder of the 150 days; emergency amendment at 45 Ill. Reg. 13442, effective October 12,

82 2021, for a maximum of 150 days; amended at 45 Ill. Reg. 16320, effective December 7, 2021;

83 amended at 46 Ill. Reg. 2660, effective January 28, 2022; amended at 46 Ill. Reg. 20783,

84 effective December 13, 2022; amended at 48 Ill. Reg. _____, effective _____.

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86 SUBPART A: GENERAL PROVISIONS

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Section 1291.10 Definitions

Terms not defined in this Section shall have the same meaning as in the Cannabis Regulation and Tax Act [410 ILCS 705]. Nothing in this Part is intended to confer a property or other right, duty, privilege or interest entitling an applicant to an administrative hearing upon denial of a dispensing organization application. The denial of a dispensing organization application does not preclude judicial review of the denial. The following definitions are applicable for purposes of this Part:

"Act" means the Cannabis Regulation and Tax Act [410 ILCS 705].

"ADA" means the Americans With Disabilities Act of 1990 (42 U.S.C. 12101).

"Address of record" means the address ~~recorded~~~~record~~ by the Department in the applicant's application file maintained by the Department.

"Adult Use Dispensing Organization License" means a license issued by the Department that permits a person to act as a dispensing organization under this Act and any administrative rule made in furtherance of this Act.

"Affiliate" means a ~~person~~~~Person~~ who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, that ~~person~~~~Person~~.

"Affiliated entity" means any business entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the ~~person~~~~Person~~.

"Applicant" means any person or entity who is applying to the department for a Conditional Adult Use Dispensing Organization License, Adult Use Dispensing Organization License or an agent, agent-in-charge, or principal officer identification card issued under the Act or this Part, or to be approved as a Responsible Vendor Provider under the Act or this Part~~the proposed dispensing organization name as stated on a license application.~~

"Application date" is the date an application for approval was received by the Department.

"Application points" means the number of points a ~~dispensary~~~~applicant~~~~Dispensary Applicant~~ receives on an application for a Conditional Adult Use Dispensing Organization License. (Section 1-10 of the Act)

~~"Application submission window" means the period between August 1st and August 15th of every odd numbered year during which the Department will receive applications to be approved as a Responsible Vendor Provider unless the date falls on a holiday or weekend in which case the window is extended to the next business day. The application submission window shall close at 5 p.m. central time on the final day on which applications are accepted.~~

~~"Approved list" is the list of providers.~~

"Approved Vendor List" means a list of service professionals approved by the department to work or perform services at a specific dispensing organization.

"Assign" or "Assignment" means granting an allocation of ownership interest or control in a dispensing organization to an existing principal officer or to a non-licensed third party.

"BLS region" means a region in Illinois used by the United States Bureau of Labor Statistics to gather and categorize certain employment and wage data. The 17 such regions in Illinois are:

Bloomington (DeWitt County; McLean County),

Cape Girardeau (Alexander County),

Carbondale-Marion (Jackson County; Williamson County),

Champaign-Urbana (Champaign County; Ford County; Piatt County),

Chicago-Naperville-Elgin (Cook County; DeKalb County; DuPage County; Grundy County; Kane County; Kendall County; Lake County; McHenry County; Will County),

Danville (Vermilion County),

Davenport-Moline-Rock Island (Henry County; Mercer County; Rock Island County),

Decatur (Macon County),

Kankakee (Kankakee County),

Peoria (Marshall County; Peoria County; Stark County; Tazewell County; Woodford County),

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Rockford ([Boone County](#); [Winnebago County](#)),

St. Louis ([Bond County](#); [Calhoun County](#); [Clinton County](#); [Jersey County](#); [Madison County](#); [Macoupin County](#); [Monroe County](#); [St. Clair County](#)),

Springfield ([Menard County](#); [Sangamon County](#)),

Northwest Illinois nonmetropolitan area ([Bureau County](#); [Carroll County](#); [Jo Daviess County](#); [LaSalle County](#); [Lee County](#); [Ogle County](#); [Putnam County](#); [Stephenson County](#); [Whiteside Count](#)),

West Central Illinois nonmetropolitan area ([Adams County](#); [Brown County](#); [Cass County](#); [Christian County](#); [Fulton County](#); [Greene County](#); [Hancock County](#); [Henderson County](#); [Knox County](#); [Livingston County](#); [Logan County](#); [Mason County](#); [McDonough County](#); [Montgomery County](#); [Morgan County](#); [Moultrie County](#); [Pike County](#); [Schuyler County](#); [Scott County](#); [Shelby County](#); [Warren County](#)),

East Central Illinois nonmetropolitan area ([Clark County](#); [Clay County](#); [Coles County](#); [Crawford County](#); [Cumberland County](#); [Douglas County](#); [Edgard County](#); [Effingham County](#); [Fayette County](#); [Iroquois County](#); [Jasper County](#); [Lawrence County](#); [Marion County](#); [Richland County](#)), and

South Illinois nonmetropolitan area ([Edwards County](#); [Franklin County](#); [Gallatin County](#); [Hamilton County](#); [Hardin County](#); [Jefferson County](#); [Johnson County](#); [Massac County](#); [Perry County](#); [Pope County](#); [Pulaski County](#); [Randolph County](#); [Saline County](#); [Union County](#); [Wabash County](#); [Wayne County](#); [White County](#)). (Section 1-10 of the Act)

"Bulk cannabis inventory" means cannabis and cannabis-infused products stored in the reinforced vault in clear, heat-sealed or taped shrink wrap bags or sheeting that is labeled with the date the inventory is sealed, the last four digits of the batch number, the number of items contained within the wrapping, and the date the inventory was last counted. Bulk ~~cannabis inventory~~**Cannabis Inventory** is included in the dispensing organization's total inventory available for sale.

"Buyer" means a prospective or current dispensing organization intending to buy or receive the license or licenses of a seller in accordance with the change of ownership parameters of this Part.

"By lot" means a randomized method of choosing between two or more applicants.

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"Cannabis" means marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including:

derivatives or subspecies, such as indica, of all strains of cannabis, whether growing or not;

the seeds thereof, the resin extracted from any part of the plant; and

any compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other naturally produced cannabinol derivatives, whether produced directly or indirectly by extraction.

"Cannabis" does not include:

the mature stalks of the plant;

fiber produced from the stalks, oil or cake made from the seeds of the plant;

any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from it), fiber, oil or cake, or the sterilized seed of the plant that is incapable of germination;

industrial hemp as defined and authorized under the Industrial Hemp Act [505 ILCS 89].

"Cannabis" does include cannabis flower, concentrate, and cannabis-infused products.

"Cannabis business establishment" means a cultivation center, craft grower, processing organization, infuser organization, dispensing organization, or transporting organization.

"Cannabis flower" means marijuana, hashish, and other substances that are:

identified as including any parts of the plant cannabis sativa and including derivatives or subspecies, such as indica, of all strains of cannabis; and

raw kief, leaves, and buds

258 "Cannabis flower" does not include resin that has been extracted from any part
259 of a plant, nor any compound, manufacture, salt, derivative, mixture, or
260 preparation of a plant, its seeds, or resin.

261
262 "Cannabis-Infused product" means a beverage, food, oil, ointment, tincture,
263 topical formulation, or another product containing cannabis or cannabis
264 concentrate that is not intended to be smoked.

265
266 "Collateral" means pledging a license and/or any current ownership interest, such
267 as a dispensing organization license or a principal officer's license, ownership, or
268 interest, in the licenses, ownership, or interest as security against an existing or
269 prospective debt.

270
271 "Conditional Adult Use Dispensing Organization License" or "Conditional
272 license" means a contingent license awarded to applicants for an Adult Use
273 Dispensing Organization License that reserves the right to an Adult Use
274 Dispensing Organization License if the applicant meets certain conditions
275 described in the Act but does not entitle the recipient to begin purchasing or
276 selling cannabis or cannabis-infused products. (Section 1-10 of the Act)

277
278 "Conditional license" means a Conditional Adult Use Dispensing Organization
279 License.

280
281 "Conditional License Phase" or "Conditional Phase" means the period after which
282 an entity is issued a Conditional Adult Use Dispensing Organization License prior
283 to the issuance of any associated Adult Use Dispensing Organization License as
284 described in Sections 15-25(e), 15-35(c); and 15-35.10(c) of the Act.

285
286 "Consultant or Conditional Management Service Agreement" or "CMSA" means
287 any agreement, contract, arrangement, or other type of formal understanding
288 between a conditional licensee or dispensing organization and a management
289 services contractor, where the contractor provides professional staffing,
290 administrative, operational, advisory, management, or other general consulting
291 services to the conditional licensee or dispensing organization in exchange for
292 remuneration.

293
294 "Department" means the Department of Financial and Professional Regulation.

295
296 "Dispensary Applicant" means the proposed dispensing organization name as
297 stated on an application for a Conditional Adult Use Dispensing Organization
298 License.

299

300 "Dispense" means to interpret, verify computer entry of, select the cannabis or
301 cannabis-infused product for, prepare and/or hand-deliver cannabis or cannabis-
302 infused product to a purchaser, registered medical patient or caregiver.
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304 *"Dispensing organization" means a facility operated by an organization or*
305 *business that is licensed by the Department to acquire cannabis from a cultivation*
306 *center, craft grower, processing organization, or another dispensary for the*
307 *purpose of selling or dispensing cannabis, cannabis-infused products, cannabis*
308 *seeds, paraphernalia, or related supplies under the Act to purchasers or to*
309 *qualified registered medical cannabis patients and caregivers. As used in this*
310 *Part, "dispensing organization" includes a registered medical cannabis*
311 *organization as defined in the Compassionate Use of Medical Cannabis Program*
312 *Act [410 ILCS 130] or its successor Act that has obtained an Early Approval*
313 *Adult Use Dispensing Organization License. (Section 1-10 of the Act)*
314

315 ~~"Dispensing Organization License" or "License" means any Early Approval Adult~~
316 ~~Use Dispensing Organization License, Conditional Adult Use Dispensing~~
317 ~~Organization License, or Adult Use Dispensing Organization License.~~
318

319 "Dispensing organization agent ID card" or "agent ID card" means a document
320 issued by the Department that identifies a person as a dispensing organization
321 agent, agent-in-charge, or principal officer.
322

323 "DOA" means the Illinois Department of Agriculture.
324

325 "DPH" means the Illinois Department of Public Health.
326

327 "DOR" means the Illinois Department of Revenue.
328

329 ~~"Email address of record" means a primary or alternate contact email address~~
330 ~~recorded by the Department in the applicant's application file maintained by the~~
331 ~~Department.~~
332

333 "Early Approval Adult Use Dispensing Organization at a Secondary Site" or
334 "secondary site" means a license that permits a medical cannabis dispensing
335 organization licensed under the Compassionate Use of Medical Cannabis
336 Program Act as of the effective date of the Act to begin selling cannabis or
337 cannabis-infused product to purchasers as permitted by the Act on January 1,
338 2020 at a different dispensary location from its existing registered medical
339 dispensary location. (Section 1-10 of the Act)
340

341 "Early Approval Adult Use Dispensing Organization License" or "Same-Site
342 Licensee" means a license that permits a medical cannabis dispensing

343 organization licensed under the Compassionate Use of Medical Cannabis
344 Program Act as of the effective date of the Act to begin selling cannabis or
345 cannabis-infused product to purchasers as permitted by the Act as of January 1,
346 2020. (Section 1-10 of the Act)

347
348 "Eligible applicant" means a tied applicant eligible to participate in the process by
349 which a remaining available license is distributed by lot.

350
351 "Firearm injury" means a gunshot wound or penetrating injury from a weapon that
352 uses a powder charge to fire a projectile. Weapons that use a power charge
353 include handguns, rifles, and shotguns. Injuries from air- and gas-powered guns,
354 BB guns, and pellet guns are not considered firearm injuries as these types of
355 guns do not use a powder charge to fire a projectile.

356
357 "Financial Interest" means any actual or future right to ownership, investment or
358 compensation arrangement, either directly or indirectly, through business,
359 investment, spouse, parent or child, in the dispensing organization. Financial
360 interest does not include ownership of investment securities in a publicly-held
361 corporation that is traded on a national securities exchange or over-the-counter
362 market in the United States, provided the investment securities held by the person
363 and the person's spouse, parent or child, in the aggregate, do not exceed 5 percent
364 ownership in the dispensing organization.

365
366 "HIPAA" means the Health Insurance Portability and Accountability Act of 1996
367 (P.L. 104-191) and the HIPAA Privacy Rule as found at 45 CFR 164.

368
369 "Individual" means a natural person.

370
371 "ISP" means the Illinois State Police.

372
373 "Laboratory" means an independent laboratory located in Illinois and approved by
374 DOA to have custody and use of controlled substances for scientific and medical
375 purposes and for purposes of instruction, research or analysis.

376
377 *"Member of an impacted family" or "impacted family member" means an*
378 *individual who has a parent, legal guardian, child, spouse, or dependent, or was*
379 *a dependent of an individual who, prior to June 25, 2019, was arrested or*
380 *convicted of, or adjudicated delinquent for any offense that is eligible for*
381 *expungement under the Act. (Section 1-10 of the Act)*

382
383 "Management Services Agreement" means any agreement, contract, arrangement,
384 or other type of formal understanding between a management services contractor
385 and a dispensing organization where the management services contractor and a

386 dispensing organization where the management services contractor provides
387 professional staffing, such as, administrative, operational, advisory, consulting or
388 management services to a dispensing organization.

389
390 "Management Services Contractor" means a third-party vendor-contractor entity
391 that provides professional staffing, administrative, operational, advisory,
392 consulting or management services to a dispensing organization.

393
394 "Notify" means to send via regular United States mail or email.

395
396 "Onsite Consumption Lounge" means an establishment connected to a licensed
397 early approval adult use dispensing organization at a secondary site or a licensed
398 adult use dispensing organization in which cannabis or cannabis-infused product
399 is heated, burned, smoked, or consumed.

400
401 "Ownership and control" means ownership of at least 51% of the business,
402 including corporate stock if a corporation, and control over the management and
403 day-to-day operations of the business and an interest in the capital assets, and
404 profits and losses of the business proportionate to percentage of ownership.
405 (Section 1-10 of the Act)

406
407 ~~"On site instruction" means class is held at a physical location in person or~~
408 ~~remotely by real time video technology tools.~~

409
410 *"Person" means a natural individual, firm, partnership, association, joint stock*
411 *company, joint venture, public or private corporation, limited liability company,*
412 *or a receiver, executor, trustee, guardian, or other representative appointed by*
413 *order of any court. ~~(Section 1-10 of the Act)~~*

414
415 *"Principal officer" includes a cannabis business establishment applicant or*
416 *licensed cannabis business establishment's board member, owner with more than*
417 *1% interest of the total cannabis business establishment or more than 5% interest*
418 *of the total cannabis business establishment of a publicly traded company,*
419 *president, vice president, secretary, treasurer, partner, officer, member, manager*
420 *member, or person with a profit sharing, financial interest, or revenue sharing*
421 *arrangement. This definition includes a person with authority to control the*
422 *cannabis business establishment or a person who assumes responsibility for the*
423 *debts of the cannabis business establishment. (Section 1-10 of the Act)*

424
425 "Point of Sale System" means a computer system capable of completing cannabis
426 purchases, tracking cannabis inventory, and communicating cannabis inventory to
427 the State traceability system.

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429 "Promptly" means as soon as reasonably practicable, but not later than five
430 calendar days.

431
432 *"Qualifying Applicant" means an applicant that submitted an application*
433 *pursuant to Section 15-30 of the Act that received at least 85% of 250 application*
434 *points available under Section 15-30 as the applicant's final score and meets the*
435 *definition of "Social Equity Applicant" as defined in the Act. (Section 1-10 of the*
436 *Act)*

437
438 "Reinforced vault" means a room built to the specifications listed in Section
439 1291.300(g)~~1291.220(g)~~.

440
441 "Remaining available license" means a license in a BLS region that has not been
442 awarded by the Department at the conclusion of the scoring process period. There
443 may be more than one remaining available license in a BLS region. For example,
444 if four licenses are available in a BLS region and the five highest scoring
445 dispensary applicants~~Dispensary Applicants~~ receive scores of 245, 240, 235, 235,
446 and 235 points, the applicants receiving 245 and 240 application points will be
447 awarded licenses and the three applicants receiving 235 points may become
448 eligible applicants~~Eligible Applicants~~. Likewise, if one license is available in a
449 BLS region and there are five dispensary applicants~~Dispensary Applicants~~ with
450 the highest score, all five dispensary applicants~~Dispensary Applicants~~ may
451 become eligible applicants~~Eligible Applicants~~.

452
453 "Responsible Vendor Program" or "Program" means a training course or module
454 offered by an approved Responsible Vendor Provider that provides at least two
455 hours of class instruction on topics outlined in Section 1291.110.

456
457 "Responsible Vendor Provider" or "Provider" means a person or entity approved
458 by the Department to offer a responsible vendor program and issue certifications
459 pursuant to Section 15-40(k) of the Act.

460
461 "Responsible Vendor Trainer" or "Trainer" means an individual who is employed
462 or contracted by a responsible vendor provider to provide the instruction for a
463 responsible vendor program.

464
465 "Scoring process period" is the period of time between the conclusion of the
466 submission period for a conditional license application and when the Department
467 publishes the names of tied applicants that may become eligible applicants.

468
469 "Secretary" means the Secretary of the Department of Financial and Professional
470 Regulation.

471

472 "Seller" means a dispensing organization intending to change its ownership or sell
473 or transfer its license or licenses.

474
475 "Service professional" means a person who must be present at the dispensary to
476 perform work, including but not limited to those installing or maintaining security
477 devices, delivering cannabis, providing construction services, and auditing or
478 accounting services, etc. It also means a person who is a prospective buyer or
479 investor in a license who has been approved in a form or manner prescribed by
480 the Department.

481
482 "State verification system" means a web-based system established and maintained
483 by the State of Illinois that is available to the Department, DOA, ISP, and
484 dispensing organizations for the tracking of the date of sale, amount, and price of
485 cannabis purchased by purchasers.

486
487 *"Tied applicant" means an application submitted by a dispensary*
488 *applicant~~Dispensary Applicant~~ pursuant to Section 15-30 of the Act that received*
489 *the same number of application points under Section 15-30 of the Act as the*
490 *dispensary applicant's~~Dispensary Applicant's~~ final score as one or more top-*
491 *scoring applications in the same BLS region and would have been awarded a*
492 *license but for the one or more other top-scoring applications that received the*
493 *same number of application points. Each application for which a dispensary*
494 *applicant~~Dispensary Applicant~~ was required to pay a required application fee for*
495 *the application period ending January 2, 2020 shall be considered an application*
496 *of a separate tied applicant~~Tied Applicant~~. (Section 1-10 of the Act)*

497
498 "Top participant" means an applicant drawn by lot in a winning slot such that it
499 has the opportunity to be issued a conditional license.

500
501 "Victim" means

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503 a person injured as a result of a firearm injury perpetrated or attempted
504 against them;

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506 the spouse, parent, or child of a person killed or injured as a result of a
507 firearm injury perpetrated or attempted against the person, or anyone
508 living in the household of a person killed or injured in a relationship that is
509 substantially similar to that of a parent, spouse, or child;

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511 a person injured while attempting to assist a person against whom a
512 firearm injury is being perpetrated or attempted, if that attempt of
513 assistance would be expected of a reasonable person under the
514 circumstances;

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a person injured while assisting a law enforcement official apprehend a person who has perpetrated a firearm injury or prevent the perpetration of any such crime if that assistance was in response to the express request of the law enforcement official; or

a person who personally witnessed a firearm injury.

The victim must not be the offender in the criminal act and must not have provoked or incited the crime.

(Source: Amended at 48 Ill. Reg. _____, effective _____)

Section 1291.11 Granting Variances

The director may grant variances from this Part when the director finds that:

- a) The provision from which the variance is granted is not statutorily mandated;
- b) No party will be injured by the granting of that variance; and
- c) The rules from which the variance is granted would be unreasonable or unnecessarily burdensome.

(Source: Added at 48 Ill. Reg. _____, effective _____)

Section 1291.15 Dispensing Organization Fees and Renewals

- a) Communication with the Department. The Department will only communicate with the dispensing organization's primary contact, alternate contact, or through a valid third-party authorization. The primary and alternate contact information must be different from each other and cannot be the same email address for each.. In order to change its primary or alternate contact information, a dispensing organization must submit a request to change from the current primary or alternate contact email address the Department has on record. If the current email addresses are inaccessible, the dispensing organization must submit a certification attesting to such and requesting the change.
- b) Fees. The following are the fees for dispensing organizations. All fees are nonrefundable and all monies collected under the Act shall be deposited in the Cannabis Regulation Fund in the State Treasury.

- 557 1) The application fee for a change of ownership or sale or transfer of a
- 558 license is \$5,000 for each license involved in the transaction. A fee shall
- 559 be remitted to the Department for each Adult Use Dispensing
- 560 Organization License or Registered Medical Cannabis Organization
- 561 License involved in the transaction.
- 562
- 563 2) The application fee for an exception to a change of ownership or sale or
- 564 transfer of a license as those exceptions are defined in Section 1291.213 is
- 565 \$1,000. If the Department determines that such exception does not apply
- 566 and the transaction is a change of ownership or sale or transfer of a
- 567 license, then the licensee shall pay the fees required under subsection
- 568 (a)(1), minus any monies already paid pursuant to this subsection (a)(2).
- 569
- 570 3) The licensing fee for a dispensing organization is \$60,000.
- 571
- 572 4) The renewal fee for a dispensing organization is \$60,000.
- 573
- 574 5) The late fee for renewal of a dispensing organization is \$5,000.
- 575
- 576 6) Licensing fees may be paid on a pro-rated basis based on the following
- 577 license issuance dates:

Dispensing Organization Licensing Fees – Pro-Rated Table

<u>Month</u>	<u>Fee</u>
<u>January of even-numbered years</u>	<u>\$5,000</u>
<u>February of even-numbered years</u>	<u>\$2,500</u>
<u>March of even-numbered years</u>	<u>\$60,000</u>
<u>April of even-numbered years</u>	<u>\$57,500</u>
<u>May of even-numbered years</u>	<u>\$55,000</u>
<u>June of even-numbered years</u>	<u>\$52,500</u>
<u>July of even-numbered years</u>	<u>\$50,000</u>
<u>August of even-numbered years</u>	<u>\$47,500</u>
<u>September of even-numbered years</u>	<u>\$45,000</u>
<u>October of even-numbered years</u>	<u>\$42,500</u>
<u>November of even-numbered years</u>	<u>\$40,000</u>
<u>December of even-numbered years</u>	<u>\$37,500</u>
<u>January of odd-numbered years</u>	<u>\$35,000</u>
<u>February of odd-numbered years</u>	<u>\$32,500</u>
<u>March of odd-numbered years</u>	<u>\$30,000</u>
<u>April of odd-numbered years</u>	<u>\$27,500</u>
<u>May of odd-numbered years</u>	<u>\$25,000</u>
<u>June of odd-numbered years</u>	<u>\$22,500</u>

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<u>July of odd-numbered years</u>	<u>\$20,000</u>
<u>August of odd-numbered years</u>	<u>\$17,500</u>
<u>September of odd-numbered years</u>	<u>\$15,000</u>
<u>October of odd-numbered years</u>	<u>\$12,500</u>
<u>November of odd-numbered years</u>	<u>\$10,000</u>
<u>December of odd-numbered years</u>	<u>\$7,500</u>

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c) Hardship Waiver. Dispensing organizations may seek a hardship waiver for 50% of a dispensing organization's renewal fee under Section 15-45 of the Act.

1) In order to qualify for a hardship waiver, dispensing organization licensees must:

A) Attest to their status as a social equity applicant in a form or manner prescribed by the Department.

B) Attest that the dispensing organization or applicant, including all individuals and entities with 10% or greater ownership and all parent companies, subsidiaries, and affiliates, has less than a total of \$750,000 of income in the previous calendar year; and that dispensing organization or applicant, including all individuals and entities with 10% or greater ownership and all parent companies, subsidiaries, and affiliates, have no more than two other licenses for cannabis business establishments in the State of Illinois.

C) Provide income verification by the Illinois Department of Revenue.

2) Licensees may only qualify for a hardship waiver for the licensee's first renewal cycle.

d) Renewals.

1) An Adult Use Dispensing Organization License will expire on March 31 of each even-numbered year. The licensee shall renew the license during the 90 calendar days preceding the expiration date by submitting a renewal application and paying the fee required by Section 1291.15 no later than March 1 of the renewal year. If a license is not renewed before the license expires, the dispensing organization must cease operations until the license has been renewed.

- 616 2) If a dispensing organization does not renew its license, it shall notify the
617 Department, not less than three months prior to the closing date or as
618 otherwise authorized by the Department.
619
- 620 3) If a dispensing organization does not renew its license within 90 calendar
621 days after its expiration, the Department may deem the license to be
622 abandoned and may issue a Notice of Intent to Issue a Permanent
623 Revocation Order. The Notice of Intent to Issue Permanent Revocation
624 Order shall specify the reason for the intended action and notify the
625 licensee that it has 20 calendar days from the date the notice is mailed or
626 e-mailed to present to the Department a written response contesting the
627 Department's intended action. A written response will be considered by
628 the Department only if the dispensing organization provides
629 documentation that:
630
- 631 A) the license was renewed within the required timeframe; or
632
- 633 B) a renewal application was submitted prior to the Notice of Intent to
634 Issue Permanent Revocation being issued.
635
- 636 4) If the Department does not receive a written response from the licensee
637 that establishes 1 of the grounds provided in subsection (c)(1) or (2) and
638 20 calendar days have lapsed since the issuance of the Notice of Intent to
639 Issue Permanent Revocation Order, the Director shall issue an order
640 permanently revoking the license of the licensee.
641
- 642 e) Dispensing Organization Duties and Prohibitions
643
- 644 1) A dispensing organization license shall be valid only for the specific
645 dispensing organization identified on the license and for the specific
646 location proposed and approved by the Department.
647
- 648 2) Dispensing organizations who were issued their license as an Early
649 Approval Adult Use Dispensing Organization Licenses ("same-site"
650 pursuant to Section 15-15 of the Act or an Early Approval Adult Use
651 Dispensing Organization Licenses at secondary sites ("secondary site")
652 issued pursuant to Section 15-20 of the Act cannot be severed from the
653 associated medical registration. The ownership structures for a same-site
654 or secondary site shall remain identical to the associated medical
655 registration. Same-site Licensees seeking relocation must relocated both
656 the same-site license and associated medical registration to the same
657 location. Any change of ownership or sale or transfer involving a medical

- 658 registration must also include its associated same-site and secondary site
659 licenses and vice versa.
660
661 3) Dispensing organizations are responsible for ensuring it and its agents
662 adhere to the codes of conduct and grounds for discipline identified in
663 Sections 1291.60 and 1291.70.
664
665 4) Dispensing organizations have a duty to report to the Department, within
666 14 calendar days, any adverse action taken against the dispensing
667 organization, or its agent, by a licensing authority with jurisdiction in any
668 state or any territory of the United States or any foreign jurisdiction, any
669 governmental agency, any law enforcement agency or any court defined in
670 this Section;
671
672 5) Dispensing organizations are prohibited from assigning a dispensing
673 organization license.
674
675 6) Dispensing organizations are prohibited from using a dispensing
676 organization license as collateral to secure an existing or prospective debt.
677
678 f) The Department may suspend or revoke a dispensing organization license for a
679 violation of the Act or this Part.

680 (Source: Added at 48 Ill. Reg. _____, effective _____)
681

682 **Section 1291.20 Agent Fees, Application, and Credentialing**

- 683
684
685 a) All individuals who have access to a dispensing organization's restricted access
686 area who are not otherwise registered as an agent-in-charge, a principal officer, or
687 are identified on the dispensary's approved vendor list, are required to be
688 approved by the Department as an agent and be issued an agent identification
689 card. Such individuals include, but are not limited to:
690
691 1) Individuals involved with in-take of cannabis or cannabis-infused product
692 deliveries;
693
694 2) Individuals fulfilling cannabis or cannabis-infused product orders;
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696 3) Individuals involved with the destruction of cannabis or cannabis-infused
697 products;
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699 4) Individuals entering purchasers' cannabis or cannabis-infused product
700 orders into any point of sale system used by a dispensing organization; and

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5) Individuals employed by the dispensing organization that engage in inventory verifications.

b) Communications with the Department. The Department will only communicate with the agent's email address the Department has on record, or with a third-party so long as a third-party authorization form is submitted. In order to change its contact information, an agent must submit a request to the Department from the email address the Department has on record. If the current email address is inaccessible, the agent must submit a certification attesting to such and requesting the change.

c) Fees. The fees for an agent are as follows. All fees are nonrefundable and all monies collected under the Act shall be deposited in the Cannabis Regulation Fund in the State Treasury.

1) The application fee for an agent identification card is \$100. This fee includes the physical card.

2) The annual renewal fee for an agent identification card is \$100.

3) The late fee for renewal of an agent identification card is \$50.

4) The fee for the issuance of a replacement agent identification card is \$50.

5) The fee to restore an agent identification card is \$100.

d) Agent Identification Card Application. Prior to performing the duties of an agent within a dispensing organization, an agent identification card application shall be submitted by a dispensing organization principal officer or agent-in-charge in a form or manner provided by the Department.

1) Completed applications shall include the following:

A) The name of the dispensing organization employing the agent, and the address of the dispensary;

B) A copy of the applicant's valid driver's license or a State-issued identification;

C) Electronic picture of applicant taken within 30 days of the application submission;

- 744 D) A set of documents verifying the applicant's place of residence,
745 such as a bank statement, cancelled check, insurance policy, etc.
746 The documents must contain the applicant's full residence address
747 and must be dated within 90 days of the application;
748
749 E) The applicant's social security number;
750
751 F) The application fee;
752
753 G) Department background check authorizations in compliance with
754 410 ILCS 705/5-20. These authorizations include Fingerprint
755 Consent Forms and livescan vendor receipt demonstrating that the
756 agent applicant has applied for a fingerprint-based criminal history
757 records check. Applicants shall only submit valid fingerprints
758 capable of being retrieved by the Department; and
759
760 H) Any additional information requested by the Department in the
761 verification process.
762
763 2) Agents may begin working at a dispensary once an application has been
764 submitted. If the applicant is notified of a deficiency in their application,
765 the applicant must submit the information or documentation requested
766 within 30 calendar days of the notification requesting such information or
767 documents. If the applicant fails to provide the requested documentation
768 or information, the Department may deny the issuing of the Agent
769 Identification Card, and the applicant may no longer enter the dispensary.
770 Applicants may not work after receiving a Notice of Intent to Deny
771 Licensure as defined by the Rules of Practice in Administrative Hearings,
772 (68 Ill. Adm. Code 1110.30).
773
774 3) The Department may communicate with the applicant's contact
775 information on file, including the applicant's email address of record, the
776 primary contact, and/or the alternate contact associated with the
777 application.
778
779 e) Agent Training
780
781 1) All individuals who are required to apply under this subsection shall
782 annually complete eight hours of training through an approved
783 Responsible Vendor Program.
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785 2) Individuals required to apply under this subsection shall complete the
786 Responsible Vendor Program;

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- A) Within 90 calendar days of commencing initial employment at a dispensary; and
 - B) Within 45 calendar days before the individual's renewal is due or within 45 calendar days after the individual's renewal has been approved; unless,
 - C) The individual commences employment at a new dispensing organization within one year of that individual's annual or renewal requirements in the above subsection (e)(2)(A) or (B).
- 3) Individuals who received a certification of training from a provider who is not an approved responsible vendor provider will not be accepted by the Department. Such individual is required to complete an approved responsible vendor program without appreciable delay. The Department may grant an extension to the deadlines identified in subsection (b) on an individual basis if the individual can demonstrate they had a good faith belief that a training program they completed was approved by the Department.

f) Agent Renewal and Restoration

- 1) All agent identification cards shall expire one year from the date they are issued. The holder of an agent card shall submit their online renewal application to renew their card no later than 30 calendar days preceding the card's expiration date.
- 2) As part of an agent's renewal, the individual shall certify to the Department that they are in compliance with the required annual responsible vendor program training.
- 3) An agent seeking restoration of a license that has terminated or expired shall have the license restored upon request to the Department and payment of the required fee. A restored agent must comply with subsection (d) upon beginning employment.
- 4) At any time after the successful completion of any term of suspension, placement on probationary status or other disciplinary action taken by the Department with regards to any agent license, the licensee may file a petition for restoration in accordance with 68 Ill. Adm. Code 1110.30.

g) Agent Duties and Prohibitions

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- 1) All individuals registered as an agent are subject to the codes of conduct and grounds for discipline identified in Sections 1291.60 and 1291.70. The Department may suspend or revoke an agent's license, registration, and/or agent identification card for a violation of the Act or this Part.
- 2) An individual registered as an agent shall not otherwise be registered as an agent-in-charge under Section 1291.25.
- 3) An agent shall not dispense cannabis or cannabis-infused products to other agents or employees of the dispensing organization if the purchasing agent or employee is on duty For the purposes of this subsection, an employee is on-duty when they are being compensated for their work, including any paid lunch or break..
- 4) Agents shall not consume on the premises of the dispensing organization.

(Source: Added at 48 Ill. Reg. _____, effective _____)

Section 1291.25 Agent-In-Charge Fees, Application, and Credentialing

- a) The agent-in-charge ("AIC") shall be a principal officer or full-tie agent of the dispensing organization and shall manage the dispensary. Managing the dispensary includes, but is not limited to, responsibility for opening and closing the dispensary, delivery acceptance, oversight of sales and dispensary agents, recordkeeping, inventory, dispensary agent training, and compliance with the Act and this Part. Participation in affairs also includes the responsibility for maintaining all files subject to inspection by the Department at the dispensary. AICs may delegate some of their duties to agents registered under Section 1291.20.
- b) Communications with the Department. The Department will only communicate with the AIC's email address the Department has on record, or with a third-party so long as a third-party authorization form is submitted. In order to change its contact information, an AIC must submit a request to the Department from the email address the Department has on record. If the current email address is inaccessible, the AIC must submit a certification attesting such and requesting the change.
- c) AIC Fees. The fees for AIC are as follows. All fees are nonrefundable and all monies collected under the Act shall be deposited in the Cannabis Regulation Fund in the State Treasury.

- 873 1) The application fee for an AIC identification card is \$100. This fee
874 includes the physical card.
875
876 2) The annual renewal fee for an AIC identification card is \$100.
877
878 3) The late fee for renewal of an AIC identification card is \$50.
879
880 4) The fee for the issuance of a replacement AIC identification card is \$50.
881
882 5) The fee to restore a terminated AIC identification card is \$100.
883
884 d) AIC Application. Prior to performing the duties of an AIC within a dispensing
885 organization, an AIC application shall be submitted by the applicant in a form or
886 manner provided by the Department.
887
888 1) Such application shall include, but not be limited to the following:
889
890 A) The name of the dispensing organization employing the AIC, and
891 the address of the dispensary;
892
893 B) A copy of the applicant's valid driver's license or a State issued
894 identification;
895
896 C) Electronic picture of applicant taken within 30 days of the
897 application submission;
898
899 D) A set of documents verifying the applicant's place of residence,
900 such as a bank statement, cancelled check, insurance policy, etc.
901 The documents must contain the applicant's full residence address
902 and must be dated within 90 days of the application;
903
904 E) The applicant's social security number;
905
906 F) The application fee;
907
908 G) Department background check authorizations in compliance with
909 410 ILCS 705/5-20. These authorizations include Fingerprint
910 Consent Forms and livescan vendor receipt demonstrating that the
911 AIC application has applied for a fingerprint-based criminal
912 history records check. Applicants shall only submit valid
913 fingerprints capable of being retrieved by the Department; and
914

- 915 H) Any additional information requested by the Department in the
916 verification process.
917
- 918 2) AICs may begin working at a dispensary once an application has been
919 submitted. If the applicant is notified of a deficiency in their application,
920 the applicant must submit the information or documentation requested
921 within 30 calendar days of the notification requesting such information or
922 documents. If the applicant fails to provide the requested documentation
923 or information, the Department may deny the issuing of the agent
924 identification card, and the applicant may no longer enter the dispensary.
925 Applicants may not work after receiving a Notice of Intent to Deny
926 Licensure as defined by the Rules of Practice in Administrative Hearings
927 (68 Ill. Adm. Code 1110.30).
928
- 929 3) The Department may communicate with the applicant's contact
930 information on file, including the applicant's email address of record, the
931 primary contact, and/or the alternate contact associated with the
932 application.
933
- 934 e) AIC Training
935
- 936 1) All individuals who are required to apply under this subsection shall
937 annually complete eight hours of training through an approved responsible
938 vendor program.
939
- 940 2) Individuals required to apply under this subsection shall complete the
941 responsible vendor program:
942
- 943 A) Within 90 calendar days of commencing initial employment at a
944 dispensary; and
945
- 946 B) Within 45 calendar days before the individual's renewal is due or
947 within 45 calendar days after the individual's renewal has been
948 approved; unless,
949
- 950 C) The individual commences employment at a new dispensing
951 organization within one year of that individual's annual or renewal
952 requirements in the above subsection (e)(1) or (e)(2).
953
- 954 3) Individuals who received a certification of training from a provider who is
955 not an approved responsible vendor provider will not be accepted by the
956 Department. Such individual is required to complete an approved
957 responsible vendor program without appreciable delay. The Department

958 may grant an extension to the deadlines identified in subsection (b) on an
959 individual basis if the individual can demonstrate they had a good faith
960 belief that a training program they completed was approved by the
961 Department.

962
963 f) AIC Renewal and Restoration

- 964
965 1) All AIC identification cards shall expire one year from the date they are
966 issued. The holder of a card may renew the card 45 calendar days
967 preceding the expiration date by submitting a renewal application and
968 paying the required renewal fee.
- 969
970 2) As part of an agent's renewal, the individual shall certify to the
971 Department that they are in compliance with the required annual
972 responsible vendor program training.
- 973
974 3) An AIC seeking restoration of a license that has terminated or expired
975 shall have the license restored upon request to the Department and
976 payment of fee required.
- 977
978 4) At any time after the successful completion of any term of suspension,
979 placement on probationary status or other disciplinary action taken by the
980 Department with regards to any AIC license, the licensee may file a
981 petition for restoration in accordance with 68 Ill. Adm. Code 1110.30.

982
983 g) AIC Duties and Prohibitions

- 984
985 1) All individuals registered as an AIC are subject to the codes of conduct
986 and grounds for discipline identified in Sections 1291.60 and 1291.70, as
987 well as subsection (h). The Department may suspend or revoke an AIC's
988 license, registration, and/or agent identification card for a violation of the
989 Act or this Part.
- 990
991 2) An AIC shall not be an AIC at more than one dispensary, other than
992 dispensaries under common ownership on a temporary basis in accordance
993 with 410 ILCS 15-95(f).
- 994
995 3) An AIC shall work at least 32 hours per week at their assigned dispensary
996 in order to qualify as "full-time" for the purposes of this Part.
- 997
998 4) An AIC is responsible for notifying the Department of a change in the
999 employment status of all dispensing organization agents within five

- 1000 business days after the change, including notice to the Department if the
1001 termination of an agent was for diversion of product or theft of currency.
1002
- 1003 5) An AIC is responsible for notifying the Department of any changes made
1004 to the approved vendor list.
1005
- 1006 6) An AIC is responsible for ensuring the daily inventory count as required
1007 by Section 1291.310(e) is completed.
1008
- 1009 7) An AIC is responsible for managing the dispensary.
1010
- 1011 8) AN AIC is responsible for implementing the dispensary's records retention
1012 policy, including: the preparation, obtaining, or keeping records, logs,
1013 reports, or other documents in connection with Act and rules; and for,
1014 upon request by the Department, making any documents immediately
1015 available for inspection and copying by the Department, the Department's
1016 authorized representative, or others authorized by law to review the
1017 documents.
1018
- 1019 h) AIC Disciplinary Actions. In addition to any action initiated pursuant to Sections
1020 1291.60 and Section 2191.70, the Department may deny an application or renewal
1021 or discipline or revoke an agent-in-charge identification card for any of the
1022 following reasons:
1023
- 1024 1) Submission of misleading, incorrect, false, or fraudulent information in the
1025 application or renewal application;
1026
- 1027 2) Violation of the requirements of the Act or this Part;
1028
- 1029 3) Fraudulent use of the agent-in-charge identification card;
1030
- 1031 4) Selling, distributing, transferring in any manner, or giving cannabis to any
1032 unauthorized person;
1033
- 1034 5) Theft of cannabis, currency, or any other items from a dispensary;
1035
- 1036 6) Tampering with, falsifying, altering, modifying, or duplicating an agent-
1037 in-charge identification card;
1038
- 1039 7) Tampering with, falsifying, altering, or modifying the surveillance video
1040 footage, point-of-sale system, or the State's verification system;
1041

- 1042 8) Failure to notify the Department immediately upon discovery that the
1043 agent-in-charge identification card has been lost, stolen, or destroyed;
1044
- 1045 9) Failure to notify the Department within 5 business days after a change in
1046 the information provided in the application for an agent-in-charge
1047 identification card;
1048
- 1049 10) Conviction of a felony offense in accordance with Sections 2105-131,
1050 2105-135, and 2105-205 of the Department of Professional Regulation
1051 Law of the Civil Administrative Code of Illinois or any incident listed in
1052 the Act or this Part following the issuance of an agent-in-charge
1053 identification card;
1054
- 1055 11) Dispensing to purchasers in amounts above the limits provided in the Act;
1056 or
1057
- 1058 12) Delinquency in filing any required tax returns or paying any amounts
1059 owed to the State of Illinois.
1060

1061 (Source: Added at 48 Ill. Reg. _____, effective _____)
1062

1063 **Section 1291.30 Principal Officer Fees, Application, and Credentialing**
1064

- 1065 a) In addition to any individuals identified in the dispensing organization's by-laws
1066 as principal officers, the following individuals are considered principal officers of
1067 a dispensing organization and shall register and be approved by the Department:
1068
- 1069 1) Those individuals who meet the definition of a "Principal Officer" as
1070 defined in the Act and this Part, however, an individual does not need to
1071 register as a Principal Officer solely because of that person's close
1072 relationship or familial tie to the holder of a Financial Interest in a
1073 dispensing organization;
1074
- 1075 2) Managers of a management services contractor who have entered into an
1076 agreement with a dispensing organization under Section 1291.210(f)(4).
1077 Managers include but are not limited to board members and corporate
1078 officers.
1079
- 1080 3) If a corporation, the officers of the corporation;
1081
- 1082 4) If a partnership, the partners;
1083

- 1084 5) If a limited liability company, the members and managers of the limited
1085 liability company;
1086
1087 6) If an association or cooperative, the members of the association or
1088 cooperative;
1089
1090 7) If a joint venture, the individuals who signed the joint venture agreement;
1091 and
1092
1093 8) If a business organization other than the types listed in subsections (a)(1)
1094 through (5), the members of the business organization.
1095
1096 9) If a trust has any interest in a dispensing organization license, the
1097 dispensing organization must disclose the Department the trustee and all
1098 beneficiaries of/participants in the trust, on a form or manner prescribed
1099 by the Department. Trust beneficiaries and participants may be required
1100 to register as principal officers if they meet the definition of a principal
1101 officer. The Department may not approve a trust if any trust beneficiary
1102 or participant is a person that is otherwise prohibited from having an
1103 ownership interest in the entity.
1104
1105 b) Communications with the Department. The Department will only communicate
1106 with the principal officer's email address the Department has on record, or with a
1107 third-party so long as a third-party authorization form is submitted. In order to
1108 change its contact information, a principal officer must submit a request to the
1109 Department from the email address the Department has on record. If the current
1110 email address is inaccessible, the principal officer must submit a certification
1111 attesting to such and requesting the change.
1112
1113 c) Principal Officer Fees. The fees for a principal officer are as follows. All fees are
1114 nonrefundable. All monies collected under the Act shall be deposited in the
1115 Cannabis Regulation Fund in the State Treasury.
1116
1117 1) The application fee for a principal officer-agent identification card is
1118 \$100. This fee includes the physical card.
1119
1120 2) The annual renewal fee for a principal officer agent identification card is
1121 \$100.
1122
1123 3) The late fee for renewal of a principal officer agent identification card is
1124 \$50.
1125

- 1126 4) The fee for the issuance of a replacement principal officer agent
1127 identification card is \$50.
1128
- 1129 5) The fee to restore a terminated principal officer agent identification card is
1130 \$100.
1131
- 1132 d) A principal officer is not required to complete a responsible vendor program if the
1133 principal officer does not otherwise meet the requirements in Section 1291.20(a).
1134
- 1135 e) Principal Officer Application. A principal officer application shall be submitted
1136 by the dispensing organization in a form or manner provided by the Department.
1137 principal officer applications shall be submitted for all new principal officers and
1138 at any time an application is needed pursuant to Section 1291.211. Principal
1139 officer applications shall include, but not be limited to, the following:
1140
- 1141 1) The name and license number of the dispensing organization employing
1142 the principal officer, and the address of the dispensary;
1143
- 1144 2) Unless the background check exception under subsection (f) applies,
1145 Department background check authorizations in compliance with 410
1146 ILCS 705/5-20. These authorizations include fingerprint consent forms
1147 and livescan vendor receipt demonstrating that the principal officer
1148 applicant has applied for a fingerprint-based criminal history records
1149 check. Applicants shall only submit valid fingerprints capable of being
1150 retrieved by the Department;
1151
- 1152 3) A copy of the applicant's valid driver's license or a State-issued
1153 identification;
1154
- 1155 4) Electronic picture of applicant taken within 30 days of the application;
1156
- 1157 5) A set of documents verifying the applicant's place of residence, such as a
1158 bank statement, cancelled check, insurance policy, etc. The documents
1159 must contain the applicant's full residence address and must be dated
1160 within 90 days of the application;
1161
- 1162 6) The applicant's social security number;
1163
- 1164 7) The application fee;
1165
- 1166 8) A certification that the individual is tax compliant pursuant to 410 ILCS
1167 705/45-20.
1168

- 1169 9) A certification that the individual is compliant with all other aspects of
1170 Article 2105 of the Civil Administrative Code of Illinois [20 ILCS
1171 2105/2105]; and
1172
- 1173 10) Any additional information requested by the Department in the
1174 verification process.
1175
- 1176 f) For all changes of ownership or sales of a license pursuant to subsection
1177 1291.211, each proposed principal officer must also submit to the Department
1178 background check authorizations as part of its principal officer applications in
1179 compliance with Section 1291.30(e).
1180
- 1181 1) The Department may waive the requirement for fingerprint consent forms
1182 and livescan vendor receipt if the underlying transaction is a transfer, as
1183 that term is defined in this Part.
1184
- 1185 2) The Department may also waive the requirement for fingerprint consent
1186 forms and livescan vendor receipt if the principal officers have submitted
1187 principal officer applications within the previous 12 months of the closing
1188 date of the transaction.
1189
- 1190 g) Principal Officer Renewals and Restoration
1191
- 1192 1) All principal officer agent identification cards shall expire one year from
1193 the date they are issued. The holder of a card may renew the card 45
1194 calendar days preceding the expiration date by submitting a renewal
1195 application and paying the required renewal fee.
1196
- 1197 2) A principal officer agent seeking restoration of a license that has
1198 terminated or expired shall have the license restored upon request to the
1199 Department and payment of fee required.
1200
- 1201 3) At any time after the successful completion of any term of suspension,
1202 placement on probationary status or other disciplinary action taken by the
1203 Department with regards to any agent license, the licensee may file a
1204 petition for restoration in accordance with 68 Ill. Adm. Code 1110.30.
1205
- 1206 h) Principal Officer Duties and Prohibitions
1207
- 1208 1) A principal officer not in compliance with the requirements of the Act
1209 shall be removed from his or her position with the dispensing organization
1210 or shall otherwise terminate his or her affiliation. Failure to do so may

- 1211 subject the dispensing organization to discipline, suspension, or revocation
1212 of its license by the Department.
1213
- 1214 2) All individuals registered as a principal officer are subject to Sections
1215 1291.60 and 1291.70.
1216
- 1217 3) Principal officers are prohibited from assigning their principal officer
1218 license.
1219
- 1220 4) Principal officers are prohibited from using their principal officer license
1221 as collateral to secure an existing or prospective debt.
1222
- 1223 i) Principal Officer License Limitations
1224
- 1225 1) A person or entity shall not be a principal officer or have a financial
1226 interest in more than 10 dispensing organizations.
1227
- 1228 2) The Department will issue a Notice of Intent to Issue a Suspension Order
1229 to all dispensing organizations held by any person or entity or entities that
1230 the Department determines is a principal officer and/or holds a financial
1231 interest in more than 10 Adult Use Dispensing Organization Licenses, as
1232 well as the individual principal officer, in violation of this subsection. The
1233 notice shall specify the reason for the intended action and notify the
1234 dispensing organization and the principal officer that they have 20
1235 calendar days from the date the notice is mailed or emailed to the address
1236 of record, to present the Department with a written response contesting the
1237 intended action. Any written response will only be considered for the
1238 following reasons and shall include documentation that supports one of
1239 these reasons:
1240
- 1241 A) The person or entity has been incorrectly identified as a principal
1242 officer of more than 10 dispensing organizations and/or having a
1243 financial interest in more than 10 dispensing organizations; or
1244
- 1245 B) The person or entity is no longer a principal officer of more than
1246 10 dispensing organizations and/or no longer has financial interest
1247 in more than 10 dispensing organizations, as supported by proof of
1248 resignation letters and current tables of organization, ownership,
1249 and control.
1250
- 1251 3) If the Department does not receive a written response that establishes one
1252 of the grounds provided in subsection (i)(2) within 20 calendar days after
1253 the date the notice was issued, the director shall issue an order suspending

1254 the license of each dispensing organization in which the person or entity is
1255 a principal officer and/or has a financial interest.

1256
1257 4) The dispensing organizations may file for restoration of its license as
1258 provided in Section 1291.90 once the person or entity is no longer a
1259 principal officer or has a financial interest in more than 10 dispensing
1260 organizations.

1261
1262 (Source: Added at 48 Ill. Reg. _____, effective _____)

1263
1264 **Section 1291.50 Tied Applicant Lottery Conducted in 2021**

1265
1266 a) A tied applicant may qualify as an eligible applicant subject to the following:

1267
1268 1) A tied applicant is prohibited from becoming an eligible applicant if a
1269 principal officer of the tied applicant is a principal officer of more tied
1270 applicants than the number of remaining available licenses. For example,
1271 if an individual is a principal officer of four tied applicants and there are
1272 two remaining available licenses, no more than two of those tied
1273 applicants may become eligible applicants.

1274
1275 2) A tied applicant is prohibited from becoming an eligible applicant if a
1276 principal officer of a tied applicant resigns after the conclusion of the
1277 scoring process period.

1278
1279 3) A tied applicant is prohibited from becoming an eligible applicant if, after
1280 the conclusion of the declination period identified in subsection (b), a
1281 principal officer of the applicant is a principal officer of more tied
1282 applicants than the number of remaining available licenses.

1283
1284 b) A tied applicant may decline to become an eligible applicant by informing the
1285 Department within five business days after the conclusion of the scoring process.
1286 The declination must be submitted on forms approved by the Department.

1287
1288 c) If, at the conclusion of the scoring process period, there are two or more eligible
1289 applicants, the Department may distribute the remaining available licenses by lot
1290 subject to the following:

1291
1292 1) The Department shall publish a list of eligible applicants at least five
1293 business days before the day the remaining available licenses are
1294 distributed.

1295

- 1296 2) The drawing by lot for all remaining available licenses will occur on the
1297 same day.
1298
- 1299 3) For each BLS region, the Department will draw a number of eligible
1300 applicants equal to five times the number of remaining eligible applicants.
1301
- 1302 4) Within each BLS region, the first eligible applicant drawn will have the
1303 first right to a remaining available license. The second eligible applicant
1304 drawn will have the second right to a remaining available license. The
1305 same pattern will continue for each subsequent eligible applicant drawn.
1306
- 1307 5) The process for distributing remaining available licenses will be recorded
1308 by the Department in a format selected by the Department.
1309
- 1310 6) If, upon being selected for a remaining available license, the eligible
1311 applicant has a principal officer that is a principal officer in more than 10
1312 Early Approval Adult Use Dispensing Organization Licenses, Conditional
1313 Adult Use Dispensing Organization Licenses, Adult Use Dispensing
1314 Organization Licenses, the licensees and the eligible applicant listing that
1315 principal officer must choose which license to abandon pursuant to
1316 Section 15-36(d) of the Act, and notify the Department in writing within
1317 the timeframe identified in 1291.50(b). If the eligible applicant or
1318 licensees do not notify the Department as required, the Department will
1319 refuse to issue to the eligible applicants all remaining available licenses
1320 obtained by lot in all BLS regions.
1321
- 1322 7) All remaining available licenses that have been abandoned shall be
1323 distributed to the next eligible applicant drawn by lot. If there are no
1324 additional eligible applicants, the license shall be awarded to the applicant
1325 receiving the next highest number of application points in the BLS region.
1326

1327 (Source: Amended at 48 Ill. Reg. _____, effective _____)
1328

1329 **Section 1291.60 Unprofessional, Dishonorable, or Unethical Conduct**
1330

1331 Unprofessional, dishonorable, or unethical conduct includes, but is not limited to, the following
1332 actions and/or omissions:
1333

- 1334 a) Failing to establish and maintain effective controls against the theft or diversion
1335 of cannabis;
1336
- 1337 b) Committing, or attempting to commit, theft or diversion of cannabis;
1338

- 1339 c) Failing to follow rules and procedures established by the dispensing organization;
1340
1341 d) Failing to comply with law enforcement agencies, other state, local or federal
1342 agencies, or the Department;
1343
1344 e) Discriminating in any manner against a person or group based on religion, race,
1345 creed, color, gender, gender identity, sexual orientation, age, disability or national
1346 origin;
1347
1348 f) Selling products to a medical cannabis patient who is a minor in violation of the
1349 Illinois Department of Public Health rules (77 Ill. Adm. Code 946.280);
1350
1351 g) Selling or attempting to sell products to an individual under age 21 or failing to
1352 establish or maintain effective controls against selling cannabis to an individual
1353 under age 21;
1354
1355 h) Misuse or attempted misuse of an agent identification card, and/or medical
1356 cannabis patient card, including, but not limited to: operating under an expired
1357 agent identification card, and/or medical cannabis patient card, falsely presenting
1358 oneself as a licensed agent, AIC, principal officer, and/or medical cannabis
1359 patient;
1360
1361 i) Tampering with, falsifying, altering, modifying or duplicating an agent
1362 identification card, and/or medical cannabis patient card, or any attempt thereof;
1363
1364 j) Misrepresentation or attempt to misrepresent cannabis and/or cannabis-infused
1365 product, including, but not limited to, weight, quality, percentage of THC, or
1366 efficacy;
1367
1368 k) Failing to report to the Department that the dispensing organization has received
1369 notice in any form or from any person, that cannabis or cannabis-infused products
1370 produced in a licensed cultivation center, craft grower, or infuser organization has
1371 failed a test performed by a laboratory within two calendar days. Such tests may
1372 include, but are not limited to, all information contained within the laboratory
1373 testing rules found at 8 Ill. Adm. Code 700;
1374
1375 l) Allowing an Individual into a limited access area who is not permitted into a
1376 limited access area, as that term is defined in the Act;
1377
1378 m) Engaging in activity that requires a license under the Act or Part while not holding
1379 an active license;
1380
1381 n) Making or filing a report or record that the individual knows to be false;

- 1382
1383 o) Intentionally or negligently failing to file a report or keep records as required by
1384 the Act or this Part;
1385
1386 p) Knowingly selling or transferring cannabis using a patient's medical cannabis card
1387 after the death of the person who holds the medical cannabis card;
1388
1389 q) Failing to keep a dispensary in sanitary condition, including, but not limited to,
1390 failing to keep the dispensary free from insects, rodents and/or vermin; or from
1391 mold and/or fungus; and/or complying with local health code requirements;
1392
1393 r) Billing or charging for quantities of cannabis greater than was dispensed;
1394
1395 s) Demonstrating actual or potential inability to practice under the Act or this Part
1396 with reasonable skill, safety or judgment;
1397
1398 t) Engaging in activities that cause actual harm to any member of the public;
1399
1400 u) Dispensing cannabis after the use by date on the label of cannabis pursuant to 8
1401 Ill. Adm. Code 1300.390(b)(5);
1402
1403 v) Dispensing defective cannabis which shall include, but is not limited to, cannabis
1404 which has failed any laboratory testing, cannabis that has expired, cannabis that
1405 has been tampered with, or cannabis that otherwise poses a threat to public safety;
1406
1407 w) Knowingly aiding or assisting another in any of the above violations; or
1408
1409 x) Any violation of the Act or this Part.

1410
1411 (Source: Added at 48 Ill. Reg. _____, effective _____)
1412

1413 **Section 1291.70 Grounds for Discipline**
1414

- 1415 a) The Department may deny issuance, refuse to renew or restore, or may reprimand,
1416 place on probation, suspend, revoke, or take other disciplinary or non-disciplinary
1417 action against any licensee, including, but not limited to, any license issued
1418 pursuant to subsections (a)(15), (a)(20), (a)(25), or (a)(30) or may impose a fine
1419 for any of the below. Such fines may not exceed \$20,000 for each violation.
1420
1421 1) Material misstatement in information furnished to the Department;
1422
1423 2) Violations of the Act or this Part;
1424

- 1425 3) Obtaining an authorization or license by fraud or misrepresentation;
1426
1427 4) A pattern of conduct that demonstrates incompetence or that the applicant
1428 or licensee has engaged in conduct or actions that would constitute
1429 grounds for discipline under the Act;
1430
1431 5) Aiding or assisting another person in violating any provision of the Act or
1432 this Part;
1433
1434 6) Failing to respond to a written request for information by the Department
1435 within 30 calendar days;
1436
1437 7) Engaging in unprofessional, dishonorable, or unethical conduct, such as
1438 those criteria under Section 1291.60, or of a character likely to deceive,
1439 defraud, or harm the public;
1440
1441 8) Adverse action by another United States jurisdiction or foreign nation; a
1442 certified copy of the record of the action taken by another jurisdiction
1443 being prima facie evidence thereof. This includes, but is not limited to, an
1444 adverse action by another state agency, U.S. jurisdiction, or foreign
1445 jurisdiction against a principal officer of a dispensing organization;
1446
1447 9) A finding by the Department that the licensee, after having their license
1448 placed on suspended or probationary status, has violated the terms of the
1449 suspension or probation;
1450
1451 10) Conviction, entry of a plea of guilty, nolo contendere, or the equivalent in
1452 a State or federal court of a principal officer or AIC of a felony offense in
1453 accordance with Sections 2105-131, 2105-135, and 2105-205 of the
1454 Department of Professional Regulation Law of the Civil Administrative
1455 Code of Illinois [20 ILCS 2105/2105];
1456
1457 11) Excessive use of or addiction to alcohol, narcotics, stimulants, or any other
1458 chemical agent or drug demonstrating an inability to carry out the
1459 responsibilities of a license-holder with reasonable skill, safety, and
1460 judgment under the Act;
1461
1462 12) A finding by the Department of a discrepancy in a department audit of
1463 cannabis;
1464
1465 13) A finding by the Department of a discrepancy in a department audit of
1466 capital or funds;
1467

- 1468 14) A finding by the Department of acceptance of cannabis from a source
1469 other than an adult use cultivation center, craft grower, infuser, or
1470 transporting organization licensed by the Department of Agriculture, or a
1471 dispensing organization licensed by the Department;
1472
- 1473 15) An inability to operate using reasonable judgment, skill, or safety due to
1474 physical or mental illness or other impairment or disability, including,
1475 without limitation, deterioration through the aging process or loss of motor
1476 skills or mental incompetence;
1477
- 1478 16) Failing to report to the Department, within 14 calendar days, any adverse
1479 action taken against the dispensing organization, or its agent, by a
1480 licensing authority with jurisdiction in any state or any territory of the
1481 United States or any foreign jurisdiction, any governmental agency, any
1482 law enforcement agency or any court defined in this Section;
1483
- 1484 17) Any violation of the dispensing organization's policies and procedures
1485 submitted to the Department annually as a condition for licensure;
1486
- 1487 18) Failure to inform the Department of any change of address, including
1488 email addresses, within 10 business days of such a change;
1489
- 1490 19) Disclosing customer names, personal information, or protected health
1491 information in violation of any State or federal law;
1492
- 1493 20) Operating a dispensary without or prior to obtaining a license from the
1494 Department;
1495
- 1496 21) Performing duties authorized by the Act prior to receiving a license to
1497 perform such duties;
1498
- 1499 22) Dispensing cannabis when prohibited by the Act or this Part;
1500
- 1501 23) Any fact or condition that, if it had existed at the time of the original
1502 application for the license, would have warranted denial of the license;
1503
- 1504 24) Permitting a person without a valid agent identification card to perform
1505 licensed activities under the Act;
1506
- 1507 25) Failure to designate a full-time AIC as required by this Article; for the
1508 purposes of the AIC, "full-time" means an employee who works for at
1509 least 32 hours per week;
1510

- 1511 26) Failure to provide the training required by Section 15-40(3)(i) of the Act
1512 within the provided timeframe;
1513
- 1514 27) Personnel insufficient in number or unqualified in training or experience
1515 to properly operate the dispensary business;
1516
- 1517 28) Any pattern of activity that causes a harmful impact on the community;
1518
- 1519 29) Failing to prevent diversion, theft, or loss of cannabis;
1520
- 1521 30) Shielding a dispensing organization's ownership and control from the
1522 Department. Shielding ownership and control includes but is not limited
1523 to: failing to properly disclose and register all individuals who meet the
1524 definition of a principal officer; failing to submit current and accurate
1525 tables of organization, ownership, and control; submitting false or
1526 misleading information regarding principal officers, ownership and
1527 control, or tables of organization, ownership, and control to the
1528 Department or to a unit of local government, State agency, other State,
1529 third-party, or as otherwise required by law; or any other similar action;
1530 and
1531
- 1532 31) Carrying more than 40% of products available for sale from a single
1533 source. The Department shall calculate inventory percentages over a
1534 monthly average.
1535
- 1536 b) The Department may approve a corrective action plan for any licensee. Such
1537 corrective action plan is at the discretion of the Department. In approving a
1538 corrective action plan, the Department may consider any remedial actions
1539 undertaken by the licensee, including but not limited to: the licensee's cooperation
1540 in resolving the matter; if the licensee has initiated any mitigating actions; the
1541 licensee's past practices; the licensee's self-reporting; and any other factors
1542 otherwise specified in 20 ILCS 2105/2105-130(c).
1543
- 1544 c) All fines and fees imposed under this Section shall be paid within 60 calendar
1545 days after the effective date of the order or citation imposing the fine or as
1546 otherwise specified in the order or citation.
1547
- 1548 d) All proceedings for disciplinary action shall adhere to the rules for practice in
1549 Administrative Hearings under 68 Illinois Administrative Code 1110.10 et seq.
1550
- 1551 e) Upon receipt of a circuit court order establishing that an AIC or principal officer
1552 holding an agent identification card is subject to involuntary admission, as that

1553 term is defined in Section 1-119 or 1-119.1 of the Mental Health and
1554 Developmental Disabilities Code, the Department shall suspend that card.
1555

1556 f) In enforcing this Section, the Department, upon a showing of a possible violation,
1557 may compel any principal officer, agent in charge, or agent or applicant for
1558 licensure under the Act to submit to a mental or physical examination or both, as
1559 required by and at the expense of the Department. The examining physician, or
1560 multidisciplinary team involved in providing physical and mental examinations
1561 led by a physician consisting of one or a combination of licensed physicians,
1562 licensed clinical psychologists, licensed clinical social workers, licensed clinical
1563 professional counselors, and other professional and administrative staff, shall be
1564 those specifically designated by the Department. The Department may order the
1565 examining physician or any member of the multidisciplinary team to present
1566 testimony concerning this mental or physical examination of the licensee or
1567 applicant. No information, report, or other documents in any way related to the
1568 examination shall be excluded by reason of any common law or statutory
1569 privilege relating to communication between the licensee or applicant and the
1570 examining physician or any member of the multidisciplinary team. The
1571 individual to be examined may have, at his or her own expense, another physician
1572 of his or her choice present during all aspects of the examination. Failure of any
1573 individual to submit to a mental or physical examination when directed shall
1574 result in the automatic suspension of his or her license until such time as the
1575 individual submits to the examination. If the Department finds a principal officer,
1576 AIC, or agent unable to practice or perform their duties as required under the Act
1577 because of the reasons set forth in this Section, the Department shall require such
1578 principal officer, AIC, or agent to submit to care, counseling, or treatment by
1579 physicians or other appropriate health care providers approved or designated by
1580 the Department as a condition for continued, restored, or renewed licensure to
1581 practice. Any principal officer, AIC, or agent whose license was granted,
1582 continued, restored, renewed, disciplined, or supervised, subject to such terms,
1583 conditions, or restrictions, and who fails to comply with such terms, conditions, or
1584 restrictions or to complete a required program of care, counseling, or treatment, as
1585 determined by the Department, shall be referred to the director for a determination
1586 as to whether the licensee shall have his or her license suspended immediately,
1587 pending a hearing. In instances in which the Department immediately suspends a
1588 license, a hearing upon such a person's license must be convened within 45
1589 calendar days after such suspension and completed without appreciable delay.
1590 The Department shall have the authority to review the subject principal officer's
1591 AIC's, or agent's record of treatment and counseling regarding the impairment.
1592

1593 (Source: Added at 48 Ill. Reg. _____, effective _____)
1594

Section 1291.90 Disciplinary and Non-disciplinary Actions and Petitions for Rehearing or Reconsideration Pursuant to Section 55-50 of the Act

a) Disciplinary Action Initiated by the Department

- 1) The Department may initiate a disciplinary action against a dispensing organization or any cannabis business establishment license under its jurisdiction, including any license issued pursuant to Sections 1291.15, 1291.20, 1291.25, or 1291.30, for any violation of the Act or a rule adopted in accordance with the Act, including Sections 1291.60 and 1291.70.
- 2) For the purposes of this subsection, a "disciplinary action" includes but is not limited to: a complaint filed by the Department, an intent to deny a license, and a refusal to renew a license. Disciplinary actions may or may not include the imposition of a monetary fine. All disciplinary actions taken by the Department are a matter of public record.
- 3) If a license issued pursuant to Sections 1291.15, 1291.20, 1291.25, or 1291.30, or any other cannabis business establishment regulated by the Department has any disciplinary action initiated against it by the Department, proceedings for that disciplinary action shall adhere to 68 Ill. Adm. Code 1110.10 et seq. and the Administrative Review Law. Administrative hearings shall be conducted under the Department's rules governing administrative hearings.
- 4) Notice for any disciplinary action taken shall comply with the provisions of 68 Ill. Adm. Code 1110.20.
- 5) At any time after the successful completion of a minimum term of indefinite probation or suspension issued by the Department, including those licenses issued pursuant to Sections 1291.15, 1291.20, 1291.25, or 1291.30, the licensee may file a petition for restoration in accordance with 68 Illinois Administrative Code 1130.30.
- 6) If the Department suspends, permanently revokes, or otherwise disciplines the Early Approval Adult Use Dispensing Organization License of a dispensing organization that also holds a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act, the Department may consider the suspension, permanent revocation, or other discipline of the medical cannabis dispensing organization license.

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b) Non-disciplinary Orders and Non-disciplinary Actions

- 1) In lieu of or in addition to any disciplinary action initiated by the Department, the Department may, in its discretion, negotiate the terms of an enter into any non-disciplinary orders with a licensee. Such non-disciplinary orders are non-public.
- 2) In lieu of or in addition to any disciplinary action initiated by the Department, the Department may, in its discretion, issue a non-disciplinary action, including a citation, for minor violations. Any such citation issued by the Department may be accompanied by a fee. The fee shall not exceed \$20,000 per violation. The citation shall be issued to the licensee and shall contain the licensee's name and address, the licensee's license number, a brief factual statement, the Sections of the law allegedly violated, and the fee, if any, imposed. The citation must clearly state that the licensee may choose, in lieu of accepting the citation, to request a hearing, and that a hearing is requested, the Department may withdraw the citation and instead file a complaint. If the licensee does not dispute the matter in the citation with the Department within 30 days after the citation is served, then the citation shall become final and not subject to appeal.

c) Petitions for Rehearing or Reconsideration Pursuant to Section 55-50 of the Act

- 1) Within 20 business days after notification of any order or decision by the Department regarding a dispensing organization's license or a conditional license, a dispensing organization or conditional licensee may file with the Department a Petition for Rehearing or Reconsideration of the order or decision. This subsection does not apply to any recommendations made by an Administrative Law Judge under 68 Ill. Adm. Code 1110, which are not orders or decisions.
- 2) Such Petition shall include a brief summary of the facts and legal arguments and shall not exceed five pages unless for good cause shown.
- 3) Upon receipt of a Petition, the Department shall notify the Petitioner of the briefing schedule, which shall be as follows, unless otherwise extended:
 - A) Petitioner has seven calendar days to file a brief or memorandum in support of its petition file its response within five business days. Such brief or memorandum is not to exceed 10 pages unless for good cause shown. This page limitation does not include any exhibits which may accompany the brief or memorandum.

- 1681 B) The Department has seven calendar days to file its response. Such
1682 response is not to exceed 10 pages unless for good cause shown.
1683 This page limitation does not include any exhibits which may
1684 accompany the brief or memorandum.
1685
1686 C) After the Department files its response, the dispensing organization
1687 has seven calendar days to file any reply. Such reply is not to
1688 exceed 10 pages unless for good cause shown.
1689
1690 D) The Department may extend the above briefing schedule for an
1691 additional 30 calendar days upon prior written notice to the
1692 petitioner.
1693
1694 4) After the petitioner files its reply or if its response goes unanswered after
1695 10 calendar days, the director shall issue its final order. This final order is
1696 a final administrative decision under Section 55-55 of the Act.
1697
1698 5) If the Department fails to act on the petition within 30 calendar days, or
1699 the date the time for rendering a decision was extended for good cause
1700 shown, the original order or decision of the Department is a final
1701 administrative decision under Section 55-55 of the Act.
1702

1703 (Source: Added at 48 Ill. Reg. _____, effective _____)
1704

1705 SUBPART B: RESPONSIBLE VENDOR PROGRAM
1706

1707 Section 1291.100 Application and Approval Process
1708

- 1709 a) Before any entity can offer a responsible vendor program, the applicant shall first
1710 apply to and receive approval for the program from the Department and pay the
1711 applicable fee. The application submission window is the period between August
1712 1st and August 15th of every odd-numbered year during which the Department will
1713 receive applications to be approved as a responsible vendor provider unless the
1714 date falls on a holiday or weekend in which case the window is extended to the
1715 next business day. The application submission window shall close at 5 PM
1716 Central Time on the final day on which applications are accepted.
1717
1718 b) All Responsible Vendor Provider approvals will expire on September 30 of each
1719 odd-numbered year. Approvals are not subject to renewal. All current
1720 responsible vendors must reapply during the application submission window to
1721 remain an approved Program.
1722

- 1723 c) Applications for approval shall be submitted on forms provided by the
1724 Department and shall include:
1725
1726 1) The first and last name of each Responsible Vendor Trainer currently
1727 employed by the program and the following document for each current
1728 Trainer:
1729
1730 A) A resume and/or a curriculum vitae;
1731
1732 B) A written statement detailing the trainer's relevant experience; and
1733
1734 C) A signed certification from the trainer that they do not hold an
1735 ownership interest in a cannabis business establishment, unless the
1736 trainer was approved in the 2021 cycle in which case, the
1737 Department may allow such trainer to proceed;
1738
1739 2) A general outline of the responsible vendor program;
1740
1741 3) All training materials and curriculum consistent with Section 1291.120;
1742
1743 4) A blank copy of the pre-test and post-test required by Section
1744 1291.120(a)(2);
1745
1746 5) A signed statement from each individual with an ownership interest in the
1747 applicant confirming that the individual does not hold an ownership
1748 interest in a cannabis business establishment nor is the individual owner
1749 an agent, employee, or affiliate of a cannabis business establishment or an
1750 affiliated entity of a cannabis business establishment, unless the individual
1751 is a member of an applicant which was approved in the 2021 cycle in
1752 which case, the Department may allow such an Individual to be approved;
1753 and
1754
1755 6) The application fee of \$2,000.
1756
1757 d) The application shall be signed by a representative of the entity applying to be a
1758 responsible vendor provider certifying that all information contained in the
1759 application is true and accurate.
1760
1761 e) All required materials shall be submitted during the application submission
1762 window. The Department will not accept applications any other time. Early or
1763 late applications will not be accepted.
1764

- 1765 f) The Department may, in its discretion, refuse to issue an approval to any
1766 applicant:
1767
1768 1) Who is unqualified to perform the duties required of a provider;
1769
1770 2) Who fails to disclose or makes misrepresentations of any information
1771 called for in the application;
1772
1773 3) Who fails to provide all required application materials; or
1774
1775 4) If the training materials provided by the applicant do not demonstrate
1776 knowledge of the rules and laws for dispensing cannabis in Illinois or
1777 demonstrates a misunderstanding of the rules and laws.
1778
1779 5) If an application is submitted in the application window, the Department
1780 may inform the applicant of a deficiencies in the application. An applicant
1781 may modify their training materials to meet the above requirements for 30
1782 days following such notice. If the applicant is unable or unwilling to, then
1783 the Department shall deny the approval. If the Department denies the
1784 approval, it shall provide a detailed description of the reasons for the
1785 denial.
1786
1787 g) The Department will send approval notices to successful applicants. Approved
1788 responsible vendor providers may begin offering training upon receipt of its
1789 approval notice. Only responsible vendor providers approved by the Department
1790 can provide a responsible vendor program.
1791
1792 h) An approval for a responsible vendor provider shall be valid only for the provider
1793 named in the application. An approval is not transferable or assignable.
1794
1795 i) A responsible vendor provider may not subcontract or engage with an outside
1796 third-party to offer any of its training.
1797
1798 j) If the responsible vendor provider hires new trainers who were not previously
1799 disclosed at the time of the provider's original application of subsection (c)(1), the
1800 provider shall promptly submit the required information and documents of any
1801 such new trainers to the Department.
1802
1803 k) The Department may rescind its approval of a responsible vendor provider that
1804 allows an individual or entity that has not been disclosed to the Department to
1805 offer its training course.
1806

- 1807 l) The Department shall deny any applicant for a responsible vendor provider in
1808 which the provider or a proposed trainer of the provider holds an ownership
1809 interest in a cannabis business establishment or is the individual owner an agent,
1810 employee, or affiliate of a cannabis business establishment or an affiliated entity
1811 of a cannabis business establishment.
- 1812
- 1813 m) As used in this subsection, "affiliate", an "affiliate of", or person "affiliated with",
1814 shall include, but is not limited to, a person directly, or indirectly through 1 or
1815 more intermediaries, controls, or is controlled by, or is under common control
1816 with, that person.
- 1817
- 1818 n) As used in this subsection, "affiliated entity", an "affiliated entity" of a person
1819 shall include, but is not limited to, any business entity that directly or indirectly,
1820 through 1 or more intermediaries, controls, is controlled by, or is under common
1821 control with, the person.
- 1822
- 1823 (Source: Added at 48 Ill. Reg. _____, effective _____)
- 1824

1825 **Section 1291.110 Curriculum Requirements**

1826

- 1827 a) The curriculum for a responsible vendor program shall include, at a minimum, the
1828 following topics:
- 1829
- 1830 1) Health and safety concerns of cannabis use, including the responsible use
1831 of cannabis, its physical effects, onset of physiological effects, recognizing
1832 signs of impairment and overconsumption, and appropriate responses in
1833 the event of overconsumption. This Section shall specifically include
1834 information on the health risks associated with the use or abuse of
1835 cannabis, how cannabis can affect an individual's health, dosing, the
1836 criteria and severity for cannabis use disorder listed in the Diagnostic and
1837 Statistical Manual of Mental Disorders, fifth edition ("DSM-5"), and the
1838 contact information for the Illinois Poison Center. The criteria for
1839 Cannabis Use Disorder listed in DSM-5 can be found at
1840 [https://thriveworks.com/help-with/addiction/marijuana-addiction-](https://thriveworks.com/help-with/addiction/marijuana-addiction-cannabis-use-disorder/)
1841 [cannabis-use-disorder/](https://thriveworks.com/help-with/addiction/marijuana-addiction-cannabis-use-disorder/) and are also enumerated below. The DSM-5
1842 defines a mild cannabis use disorder as having the presence of 2-3 of the
1843 criteria within the last twelve months, moderate is 4-5 in the last twelve
1844 months, and severe is 6 or more within the last twelve months.
- 1845
- 1846 A) Cannabis is often taken in larger amounts or over a longer period
1847 than was intended.
- 1848

- 1849 B) There is a persistent desire or unsuccessful efforts to cut down or
1850 control cannabis use.
1851
1852 C) A great deal of time is spent in activities necessary to obtain
1853 cannabis, use cannabis, or recover from its effects.
1854
1855 D) Craving, or a strong desire or urge to use cannabis.
1856
1857 E) Recurrent cannabis use results in failure to fulfill role obligations
1858 at work, school, or home.
1859
1860 F) Continued cannabis use despite having persistent or recurrent
1861 social or interpersonal problems caused or exacerbated by the
1862 effects of cannabis.
1863
1864 G) Important social, occupational, or recreational activities are given
1865 up or reduced because of cannabis use.
1866
1867 H) Recurrent cannabis use in situations in which it is physically
1868 hazardous.
1869
1870 I) Cannabis use continues despite knowledge of having a persistent
1871 or recurrent physical or psychological problem that is likely to
1872 have been caused or exacerbated by cannabis.
1873
1874 J) Tolerance, as defined by either:
1875
1876 i) a need for markedly increased cannabis to achieve
1877 intoxication or desired effect; or
1878
1879 ii) a markedly diminished effect with continued use of the
1880 same amount of the substance.
1881
1882 K) Withdrawal, as manifested by either:
1883
1884 i) the characteristic withdrawal syndrome for cannabis; or
1885
1886 ii) cannabis is taken to relieve or avoid withdrawal symptoms.
1887
1888 2) Training on laws and regulations on driving while under the influence and
1889 operating a watercraft or snowmobile under the influence. This Section
1890 shall specifically include information on possible penalties for refusing a

- 1891 chemical test and the level of concentrations of tetrahydrocannabinol that
1892 can form the basis for a driving under the influence conviction;
1893
- 1894 3) Sales to minors prohibition. This Section shall include penalties levied
1895 under 6-20 of the Illinois Liquor Control Act and Section 10-20 of the Act.
1896
- 1897 4) Quantity limits on sales to purchasers. This Section shall include
1898 information on the purchasers and patient limits as provided in Section 10-
1899 10 of the Action and Section 10(a) of the Medical Cannabis Program Act;
1900
- 1901 5) Acceptable forms of identification. This shall specifically include
1902 information on the acceptable forms of identification for:
1903
- 1904 A) Verifying age as provided in Section 10-20(e) of the Act;
1905
- 1906 B) Verifying residency;
1907
- 1908 C) The forms of identification that cannot serve as evidence of the
1909 purchaser's state of residence; and
1910
- 1911 D) Information on the proper methods for checking an ID.
1912
- 1913 6) Safe storage of cannabis, including information about preventing the
1914 accidental consumption by minors by storing cannabis in a locked place
1915 and/or in child resistant containers;
1916
- 1917 7) Compliance with all inventory tracking system regulations. This Section
1918 shall include information regarding the requirements of Section 15-75 of
1919 the Act and shall explain the difference between the State Verification
1920 System and any commercial inventory system a dispensing organization
1921 may use to track inventory. Additionally, this Section must highlight the
1922 importance of verifying the physical inventory in the dispensary against
1923 the inventory reported in the State Verification System;
1924
- 1925 8) Waste handling management and disposal. This Section shall include
1926 information on the proper disposal and destruction of cannabis waste in
1927 accordance with Section 15-90 of the Act;
1928
- 1929 9) Health and safety standards. This Section may include information
1930 including, but not limited to, the following: safe and healthy working
1931 conditions for employees including worker rights and protections guidance
1932 issued by the Occupation Safety and Health Administration, and health
1933 and safety guidelines issued by the Illinois Department of Public Health

- 1934 and local health departments. It shall also include information regarding
1935 any specific cannabis-related public health and safety standards,
1936 guidelines, mandates, or orders that may be in place at the time of the
1937 training;
- 1938
- 1939 10) Security surveillance requirements. This Section shall specifically include
1940 information on where surveillance cameras should be located in a
1941 dispensary to ensure that all required areas are covered and where cameras
1942 are prohibited by law (e.g., bathrooms and locker rooms). Additionally,
1943 this Section shall include information regarding the Department and ISP's
1944 ability to access all surveillance cameras remotely and at any time, and
1945 that all recordings must be saved for a period of a least 90 calendar days;
1946
- 1947 11) Permitting inspections by state and local licensing and enforcement
1948 authorities. This Section shall specifically include instruction on allowing
1949 inspections by the Department, ISP, and local law enforcement officials,
1950 and the best practices for verifying with the relevant agencies that such
1951 Individuals are authorized to inspect the dispensary;
1952
- 1953 12) Purchaser privacy. This Section shall specifically include instruction on
1954 HIPAA protections for medical cannabis patients, the prohibition on
1955 collecting an adult use purchaser's personal information without the
1956 purchaser's consent, and maintaining a purchaser's confidentiality;
1957
- 1958 13) Packaging and labeling requirements. This Section shall include the
1959 packaging and labeling information provided in Section 55-21 o the Act
1960 and 8 Ill. Adm. Code 1000.420 or their successor provisions; and
1961
- 1962 14) Current educational information provided by the Department, as made
1963 available on the Department's website related to responsible vendor
1964 program.
1965
- 1966 b) Providers have a continuing obligation after they are approved to update their
1967 curriculum within 30 calendar days of the effective date of any amendment to the
1968 Act or these rules that alters the accuracy of their curriculum. Any updates to the
1969 curriculum shall be submitted to the Department for approval before the provider
1970 includes the amended curriculum in its course.
1971
- 1972 c) After a provider has been approved, it may update its curriculum to reflect
1973 changes in the industry, scientific knowledge, or for any other reason. Any
1974 updates to the curriculum must be submitted to the Department for approval
1975 before the provider includes the amended curriculum in its course.
1976

1977 d) Failure to submit any updated materials, as required in subsections (b) and (c),
1978 may result in the Department rescinding its approval of the provider.
1979

1980 (Source: Added at 48 Ill. Reg. _____, effective _____)
1981

1982 **Section 1291.120 Programmatic Requirements**
1983

1984 a) To maintain approval by the Department, a responsible vendor provider must
1985 meet the following requirements:
1986

1987 Provide a safe and secure environment for responsible vendor instruction,
1988 which may include in-person, live-streamed, or pre-recorded classes, or a
1989 mix of the above.
1990

1991 2) Provide a pre-test and post-test to participants to assess the program's
1992 effectiveness and to assess any increase in knowledge in the curriculum
1993 areas described in Section 1291.110. The responsible vendor provider
1994 shall make a copy of the pre-test, post-test, or a copy of any individual's
1995 examination or related records available to the Department upon request.
1996 Passage of the written examination shall require a score of 70%. A
1997 participant who fails to score at least 70% on the post-test shall not receive
1998 a certificate of proof of completion.
1999

2000 3) Maintain a roster of individuals who have completed a responsible vendor
2001 program. The roster shall include the participant's name, address,
2002 telephone number, employers, and date of birth of each individual who
2003 completed the program, including those who passed and failed the
2004 program, and the date each individual completed the program. The roster
2005 shall be made available to the Department upon request.
2006

2007 4) Issue a certification of completion to each individual who successfully
2008 completes the program indicating that the individual has completed an
2009 approved IDFPFR responsible vendor training program. The certification
2010 must include:
2011

2012 A) Individual's first and last name;
2013

2014 B) Number of completed hours of instruction;
2015

2016 C) Trainer's name;
2017

2018 D) Date of completion;
2019

- 2020
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2061
- E) Name of the approved responsible vendor provider; and
 - 5) Submit a semi-annual report to the Department by July 15 for the reporting period of January 1 through June 30 and by January 15 for the reporting period of July 1 through December 31. Each report shall contain the following information:
 - A) The number of participants trained during the reporting period;
 - B) The number of classes scheduled and completed during the reporting period and the locations of each class;
 - C) The total fees charged by the provider during the reporting period; and
 - D) The number of dispensaries represented by participants completing a responsible vendor program and the respective counties of those dispensaries.
 - 6) Submit a fee schedule indicating the cost of the program, if any. The responsible vendor provider must notify the Department within five business days of any change to the fee schedule.
 - 7) Notify the Department before a new trainer begins providing instruction of the provider's responsible vendor program. Such notification shall include:
 - A) The name of the responsible vendor provider;
 - B) The name of the trainer;
 - C) The trainers' resume and/or a curriculum vitae;
 - D) A written statement detailing the trainer's relevant experience; and
 - E) A signed statement from the trainer attesting that they do not hold an ownership interest in a cannabis business establishment.
 - b) The Department may attend any in-person or remote, real time online video instruction at any time. Upon request, a provider must make any login information or class places and times available to the Department.

- 2062 c) Failure to comply with this Section or any other provisions of the Act or this Part
2063 will result in the Department withdrawing its approval.

2064
2065 (Source: Added at 48 Ill. Reg. _____, effective _____)
2066

2067 **Section 1291.130 Responsible Vendor Provider Recordkeeping**
2068

- 2069 a) Responsible Vendor Providers' records shall be maintained electronically and be
2070 available for inspection by the Department upon request. The Department may
2071 audit any records held by the responsible vendor at any time.

- 2072
2073 b) Responsible vendor providers shall develop recordkeeping policies and
2074 procedures consistent with this Part.

- 2075
2076 c) Responsible Vendor Providers shall retain all records for at least three years from
2077 the date of creation and shall include, but not be limited to, the following:

2078
2079 1) Program training materials;

2080
2081 2) Enrollment rosters and training records for registrants – records should
2082 include registrants who successfully completed the program and those
2083 who did not complete or failed the Program;

2084
2085 3) Completed program certificates for each successful individual;

2086
2087 4) Storage and transfer of records. If a responsible vendor provider ceases
2088 operations due to insolvency, revocation, bankruptcy or for any other
2089 reason, all records must be preserved at the expense of the responsible
2090 vendor for at least 3 years in a form and location in Illinois acceptable to
2091 the Department. The provider shall retain the records longer if requested
2092 by the Department. The provider shall notify the Department of the
2093 location where the dispensary records are stored or transferred;

2094
2095 5) Approval notifications from the Department; and

2096
2097 6) All other records, policies, and procedures required by the Act and this
2098 Part.

2099
2100 (Source: Added at 48 Ill. Reg. _____, effective _____)
2101

2102 **Section 1291.140 Closure of an Approved Program**
2103

2104 The following procedures shall be followed for closure of an approved provider and removal
2105 from the approved list. The provider shall:

- 2106
- 2107 a) Notify the Department, in writing, postmarked or emailed at least 30 calendar
2108 days in advance of the closing date.
- 2109
- 2110 b) Notify individuals who have completed or are in the process of completing the
2111 program of the closure at least 15 calendar days in advance of the closing date and
2112 of the location where their completion records will be maintained for at least three
2113 years from the closing date.
- 2114
- 2115 c) Stop enrolling individuals immediately and provide refunds in the full amount of
2116 the program's fee to individuals who will be unable to complete the program.
- 2117
- 2118 d) Notify the Department in writing the names of the persons responsible for the
2119 maintenance of records for at least three years from the date of closure.

2120
2121 (Source: Added at 48 Ill. Reg. _____, effective _____)

2122
2123 SUBPART C: CHANGES TO DISPENSING ORGANIZATIONS

2124
2125 Section 1291.200 Cosmetic and Non-Cosmetic Changes to Dispensing Organization
2126 Operations

- 2127
- 2128 a) A dispensing organization does not need to seek the Department's approval to
2129 make any cosmetic changes to its dispensary.
- 2130
- 2131 b) Cosmetic changes are changes made to the physical appearance of the dispensing
2132 organization not requiring structural changes to the building. Cosmetic changes
2133 include, but are not limited to:
- 2134
- 2135 1) Painting;
- 2136
- 2137 2) Decorations;
- 2138
- 2139 3) Movement of furniture or shelving that does not block the view of an
2140 existing security camera;
- 2141
- 2142 4) Movement of any non-cannabis products such as clothing or stickers; or
- 2143
- 2144 5) Movement of the storage of any non-cannabis products.
- 2145

- 2146 c) A dispensing organization must obtain the Department's approval before making
2147 any non-cosmetic changes to the dispensary.
2148
- 2149 d) Approval for any proposed non-cosmetic change must be requested by the
2150 dispensing organization in writing in a form or manner prescribed by the
2151 Department. If the Department does not approve the proposed non-cosmetic
2152 changes, the dispensing organization is prohibited from undertaking those
2153 changes.
2154
- 2155 e) For the purposes of this Section, non-cosmetic changes include, but are not
2156 limited to:
2157
- 2158 1) any change which blocks the view of an existing security camera;
2159
- 2160 2) any structural or non-structural change to the dispensing organization's
2161 floorplan;
2162
- 2163 3) any change of the square footage of the dispensary;
2164
- 2165 4) any structural change to the vault where cannabis or cannabis-infused
2166 products are stored;
2167
- 2168 5) the sealing off, creation of or relocation of a common entryway, doorway,
2169 passage or other such means of public ingress and/or egress, when such
2170 common entryway, doorway, passage, or window alters or changes limited
2171 access areas, such as the cultivation, harvesting, manufacturing, testing, or
2172 sale of cannabis within the dispensing organization;
2173
- 2174 6) any change which requires a local government permit; or
2175
- 2176 7) any physical modification to the dispensary that impacts the operation of
2177 the dispensary in a manner inconsistent with the plans previously
2178 submitted and approved by the Department.
2179
- 2180 f) This rule does not exempt dispensing organizations from complying with any
2181 local licensing authority or local jurisdiction requirements regarding changes,
2182 alterations, or modifications to the dispensary.
2183

2184 (Source: Added at 48 Ill. Reg. _____, effective _____)
2185

2186 **Section 1291.210 Change of a License's Entity or Ownership or Control Structure and the**
2187 **Sale or Transfer of a License**
2188

- 2189 a) A license issued by the Department shall be valid only for the specific dispensing
2190 organization identified on the application and for the specific location proposed
2191 and approved by the Department.
2192
- 2193 b) Any proposed change of ownership or sale or transfer of a license must be
2194 requested by the dispensing organization in a form or manner prescribed by the
2195 Department. If the Department does not approve of the proposed changes, the
2196 dispensing organization is prohibited from undertaking those changes.
2197
- 2198 c) The Department shall receive approval from the current dispensing organization
2199 to engage with the buyer regarding the Department's review and approval of any
2200 change of ownership or sale or transfer of a license. Such approval shall be on a
2201 form or manner provided by the Department and made readily available on its
2202 website.
2203
- 2204 d) As used in this subsection, a "sale" shall include but is not limited to a transaction
2205 to acquire at least 51% of the dispensing organization licenses between an
2206 existing license holder and a buyer that is not already registered as a principal
2207 officer on the affected licenses.
2208
- 2209 e) As used in this subsection, a "transfer" shall include but is not limited to a
2210 transaction to acquire a Dispensing Organization License, which results in a
2211 change of at least 51% of the ownership structure of the dispensing organization,
2212 between persons that are already registered as principal officers on the affected
2213 licenses. A "transfer" shall not include a reallocation as described in Section
2214 1291.213(c).
2215
- 2216 f) As used in this subsection, a "change of ownership" means any or all of the
2217 following, or any combination thereof:
2218
- 2219 1) Any action which results in a change of at least 51% of the ownership
2220 structure of the dispensing organization;
2221
- 2222 2) A change in an employee identification number (EIN) associated with the
2223 dispensing organization;
2224
- 2225 3) The addition of a person that will have a revenue sharing arrangement
2226 with or assume the responsibility for the debts of the dispensing
2227 organization;
2228
- 2229 4) Any agreement or contract between a dispensing organization and a third-
2230 party MSC in which the MSC offers its services or expertise to the
2231 dispensing organization through an instrument, such as a Management

2232 Service Agreement that does not otherwise meet the exception for a
2233 consultant or Conditional Management Service Agreement under Section
2234 1291.214. If such an agreement or contract between a dispensing
2235 organization and a third-party exists that does not meet the limited
2236 exception under Section 1291.214, then all individuals who meet the
2237 definition of a principal officer under Section 1291.30 and the Act shall be
2238 approved by the Department prior to the agreement or contract taking
2239 effect; or

2240
2241 5) Any action which indicates a change in control over the dispensing
2242 organization. In evaluating whether a person exerts "control" over a
2243 dispensing organization, the Department may consider the totality of the
2244 evidence, including, but not limited to, the following or any combination
2245 thereof:

2246
2247 A) Any action which results in a person owning or controlling at least
2248 51% of the dispensing organization that does not otherwise qualify
2249 for an exemption under Section 1291.213, if any;

2250
2251 B) The person's ability to materially influence and direct the
2252 operational and managerial decisions of the dispensing
2253 organization including but not limited to: corporate decision-
2254 making, employment decisions, product selection, access to
2255 security systems, advertisement decisions, etc.;

2256
2257 The person is an immediate family member of one or more persons
2258 in control of the dispensing organization and has a common
2259 purpose or motive relating to their collective ability to materially
2260 influence and direct the operational and managerial decisions of
2261 the dispensing organization. An "immediate family" member as
2262 used herein shall mean a spouse (other than a spouse who is legally
2263 separated from the individual under a decree of divorce or separate
2264 maintenance), parents, siblings, and children whether by blood,
2265 marriage or adoption; or

2266
2267 D) The person has the ability to control the proxy machinery or to win
2268 a proxy contest;

2269
2270 E) The person is a primary creditor or a guarantor, such as through a
2271 loan or guaranty agreement, of the dispensing organization As used
2272 in this subsection "primary creditor" means a person who would
2273 receive an ownership interest requiring registration as a Principal

2274 Officer in a dispensing organization upon a default of a loan or
2275 other such similar agreement.

2276
2277 (Source: Added at 48 Ill. Reg. _____, effective _____)
2278

2279 **Section 1291.211 Required Documents and Actions for Change of Ownership or Sale or**
2280 **Transfer of a License Application**

2281
2282 a) When requesting approval for a change of ownership or sale or transfer of a
2283 license, the following documents or information shall be included as part of the
2284 application for approval. The Department may request any other documents or
2285 information which may aid its review of the proposed transaction and dispensing
2286 organizations are required to produce any document or information the
2287 Department requests.

2288
2289 1) Written narrative identifying each impacted license, the current ownership
2290 of each impacted license, the nature of the proposed transaction, and the
2291 proposed new ownership structure as a result of the proposed transaction;

2292
2293 2) An illustration of the proposed transaction that demonstrates the pre-
2294 transaction structure, the transaction, and the post-sale structure;

2295
2296 3) Purchase or transaction agreement;

2297
2298 4) Operating agreement of the buyer that will hold the licenses if approved;

2299
2300 5) Articles of incorporation of the entity that will hold the licenses if
2301 approved;

2302
2303 6) If the buyer operates any cannabis businesses within any non-Illinois
2304 jurisdiction, certification from the jurisdiction of any non-Illinois
2305 regulatory body stating the date of issuance of the license, and whether the
2306 records of the regulatory body contain any record of disciplinary action
2307 taken or pending, or proof from the buyer that after reasonable attempts
2308 the buyer was unable to obtain such certification.;

2309
2310 7) Letters of good standing from the jurisdiction in which the buyer is
2311 incorporated in, or proof from the buyer that after reasonable attempts the
2312 buyer was unable to obtain such certification.;

2313
2314 8) Table of Organization, Ownership, and Control of the post-transaction
2315 ownership structure. Such table shall identify all intended future principal
2316 officers and entities that through direct or indirect means, will manage,

2317 own, or control the interest and assets of the license or registration holder.
2318 If the entities have boards, all board members shall be identified. The
2319 Table of Organization, Ownership and Control should also identify the
2320 following information:

2321
2322 A) The proposed new management structure including:
2323
2324 i) the name of each business entity;
2325
2326 ii) the office or position held by each Individual;
2327
2328 iii) the percentage ownership interest of each individual and
2329 business entity; and
2330
2331 iv) if the business entity has a parent company, the name of
2332 each parent company's principal officers and the percentage
2333 ownership interest.

2334
2335 B) All business entities identified in the table must identify each
2336 individual's title and ownership share, regardless of whether they
2337 meet the definition of a principal officer.

2338
2339 C) If a business entity identified in the table is a publicly traded
2340 company, the following information shall be provided in the Table
2341 of Organization Ownership and Control:

2342
2343 i) The name and percentage of ownership interest of each
2344 individual or business entity with ownership of more than
2345 five percent of the voting shares of the entity, to the extent
2346 such information is known or contained in 13D or 13G
2347 Securities and Exchange Commission filings.

2348
2349 ii) To the extent known, the names and percentage of interest
2350 of ownership of persons who are relatives of one another
2351 and who together exercise control over or own more than
2352 10 percent of the voting shares of the entity.

2353
2354 9) All proposed principal officers shall submit a principal officer application
2355 in compliance with Section 1291.30;

2356
2357 10) If a trust has any interest in a dispensing organization license, the
2358 dispensing organization must disclose to the Department the trustee and all
2359 beneficiaries of/participants in the trust, on a form or manner prescribed

2360 by the Department. Trust beneficiaries and participants may be required
2361 to register as principal officers. The Department may not approve a trust
2362 if any trust beneficiary or participant is a person that is otherwise
2363 prohibited from having an ownership interest in the entity.

2364
2365 11) Any relevant financial or ownership disclosures of the buyer, including,
2366 but not limited, to any documents involving guaranties, trusts, financing
2367 agreements, convertible debt arrangements, employment agreements,
2368 stock options, warrants, grants, buy-sell agreements, inheritance, and/or
2369 gifting;

2370
2371 12) Updated dispensary registration materials, such as any amended policies
2372 and procedures, and any other changes that may be made in accordance
2373 with Subpart D;

2374
2375 13) Any dispensary name registrations, such as a DBA (doing-business-as);

2376
2377 14) Federal tax identification issuance letter from the IRS for any entities
2378 holding ownership of the licenses post-transfer;

2379
2380 15) If change of ownership or sale or transfer involves a license that was
2381 required to submit a community engagement plan as part of licensure, the
2382 buyer must provide a community engagement plan that is the same or
2383 similar to the one provided as part of the licensee's application; and

2384
2385 The Department may waive the submission of certain documents upon a
2386 showing of a good faith attempt to comply, which may include a written
2387 explanation of the steps taken to acquire such documents or why the
2388 submission of such documents would be not applicable

2389
2390 b) If the Department determines the application materials and proposed new
2391 Principal Officer applications are complete, it will perform a site inspection of the
2392 dispensaries before approving the sale and issuing the new Dispensing
2393 Organization licenses. In determining the scope of this inspection, the
2394 Department may consider the history for compliance of the dispensing
2395 organization and whether the dispensing organization is subject to any ongoing
2396 monitoring.

2397
2398 c) All outstanding Department-imposed fees and fines on the current license
2399 numbers must be paid to the Department before the change of ownership or sale
2400 or transfer of a license is approved.

2401

2402 d) The seller shall deliver all business, training, and operational records to the buyer.
2403 The buyer shall retain those records for five years from the transfer date.
2404

2405 (Source: Added at 48 Ill. Reg. _____, effective _____)
2406

2407 **Section 1291.212 Prohibitions and Denials**
2408

2409 a) The Department may deny a request for a change of ownership or sale or transfer
2410 of a dispensing organization license for reasons including, but not limited to, the
2411 following:
2412

2413 1) The entity is attempting to sell or transfer a Conditional Adult Use
2414 Dispensing Organization License.
2415

2416 2) The entity is attempting to sell or transfer an Early Approval Adult Use
2417 Dispensing Organization License ("same-site") issued under Section 15-15
2418 of the Act and Early Approval Adult Use Dispensing Organization
2419 Licenses at secondary sites ("secondary site") issued under Section 15-20
2420 of the Act, in violation of Section 1291.15(d)(2).
2421

2422 3) The proposed principal officers, entity, or entity's owners held a
2423 registration and/or license that has been subjected to an adverse action by
2424 any licensing jurisdiction in the United States or any foreign jurisdiction,
2425 any governmental agency, any law-enforcement agency, or any court;
2426

2427 4) The proposed principal officers, entity, or entity's owners, employees,
2428 agents or representatives submitted information to the Department that
2429 was deceptive, misleading, false, or fraudulent or that tended to deceive or
2430 create a misleading impression whether directly or by omission or
2431 ambiguity;
2432

2433 5) The proposed principal officers, entity, or entity's owner), employees,
2434 agents, third-party agents, independent contractors, or representatives
2435 made statements to any regulatory or governmental authority that are
2436 deceptive, misleading, false, or fraudulent, or that tend to deceive or create
2437 a misleading impression, whether directly, or by omission or ambiguity;
2438

2439 8) A proposed principal officers, entity, or entity's owners of the proposed
2440 entity has a conviction for distribution of a controlled substance to a
2441 minor;
2442

2443 9) A proposed principal officers, entity, or entity's owners conduct in Illinois
2444 or another jurisdiction posed or could pose a risk to the public health,

- 2445 safety, or welfare; and the risk posed by the proposed new ownership
2446 entity actions relates or could relate to the operation of a cannabis
2447 business;
2448
- 2449 10) The proposed principal officer's entity, or entity's owners have engaged in
2450 unprofessional or unethical conduct in Illinois or any jurisdiction,
2451 regardless of whether such conduct has resulted in any litigation,
2452 discipline, adverse action, or settlement;
2453
- 2454 11) The entity did not commit to the same or similar community engagement
2455 plan provided as part of the original dispensing organization's application;
2456 or
2457
- 2458 12) The change of ownership or sale or transfer of the license would result in a
2459 single person or entity having a direct or indirect financial interest in more
2460 than 10 dispensing organization licenses, as prohibited by 410 ILCS
2461 70/15-36(c).
2462
- 2463 b) Buyer may agree to accept any Department-initiated encumbrances a dispensing
2464 organization license may have besides a formal complaint initiated against the
2465 license. If any dispensing organization license involved in a proposed change of
2466 ownership or sale or transfer has a complaint filed against it by the Department
2467 prior to or during the Department's review of the transaction, the Department's
2468 review of the change of ownership or sale or transfer of a license shall cease until
2469 the corresponding case of the formal complaint is resolved.
2470
- 2471 c) If the seller has entered into an agreement with the Department, such as a consent
2472 order or a non-disciplinary action as defined in Section 1291.60, such agreement
2473 may, with the buyer's consent, transfer to the buyer and the new dispensing
2474 organization license number unless otherwise resolved prior to the approval of the
2475 change of ownership or sale or transfer of a license.
2476
- 2477 d) A buyer or seller may withdraw a change of ownership or sale or transfer of a
2478 license request at any time with notice provided to the Department in writing.
2479 The Department shall promptly inform the other party of such withdrawal in
2480 writing.
2481
- 2482 e) If a dispensing organization fails to respond to a request or inquiry of the
2483 Department regarding a proposed change of ownership or sale or transfer within
2484 90 calendar days of the request or inquiry, the change of ownership or sale or
2485 transfer of a license will be considered withdrawn and the Department will
2486 provide written notice of such to both buyer and seller. Any fees paid are non-
2487 refundable and shall be paid at the time of application.

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(Source: Added at 48 Ill. Reg. _____, effective _____)

Section 1291.213 Exceptions to the Change of Ownership Request Requirement

The Department may consider the following to not be a change of ownership or sale or transfer of a license:

- a) The death, incapacity, and receivership of a principal officer. The death, incapacity, or receivership of a principal officer may not result in the change of ownership or sale or transfer of the licenses for fee purposes, however; the dispensing organization shall notify the Department of the affected principal officer within 10 business days of that principal officer's triggering event. The dispensing organization shall provide the Department any updated necessary policies and procedures, Tables of Organization, Ownership, and Control, and any other documents the Department may require.

- b) Conversion. Dispensing organization may combine with or convert, including, but not limited to, under the Entity Omnibus Act [805 ILCS 415], for the exclusive purpose of changing its entity jurisdiction to one of the states or territories of the United States or the District of Columbia, its entity type or change the legal name of an entity without filing a change of ownership or sale or transfer of a license request. This exception applies only if the principal officers' interests will remain the same after the combination, conversion, or change of legal name, and there will not be any new principal officers (individuals or entities). Within 14 calendar days of the combination, conversion, or change of legal name the dispensing organization must submit the following to the Department:
 - 1) A copy of the transaction documents;
 - 2) A copy of any documents submitted to the Illinois Secretary of State;
 - 3) A copy of any document submitted to the Secretary of State or similar regulator of another state if the entity is organized under the laws of a state of the United States other than Illinois, a territory of the United States, or the District of Columbia;
 - 4) Identification of the dispensing organization's or principal owners' registered agents; and
 - 5) Identification of any principal officer for which disclosure is required by Section 1-10 of Act and 68 Ill. Adm. Code 1291.10.

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- c) Reallocation of Owner's Interests Among Remaining Principal Officers. A dispensing organization may reallocate the ownership interests among existing principal officers if it provides notification of the reallocation to the Department and there are no new principal officers, or the reallocation does not otherwise result in a change of ownership or sale or transfer of the license pursuant to Section 1291.210. A reallocation under this rule is subject to the following requirements:
 - 1) The interests being reallocated results in a change of less than 51% of the ownership structure of the dispensing organization;
 - 2) All interests must be reallocated to other existing principal officers;
 - 3) Only consensual reallocations where all principal officers whose ownership percentages will change agree to the reallocation are permitted under this rule. Proof that the transfer was consensual may include that it was done in accordance with any bylaws, membership agreement, or other similar business entity documents agreed to by the owners or per affirmation.
 - 4) If any principal officer will not hold any interest or remain a principal officer in a dispensing organization following the reallocation, that principal officer shall return their dispensing organization agent identification card in accordance with Section 15-40(d) of the Act; and
 - 5) All principal officers remain responsible for all actions of the dispensing organization while they were a principal officer and are subject to administrative action based on the same regardless of the reallocation.
- d) Dissolution of intermediary companies. The dissolution of any intermediary companies of a licensee shall not be considered a change of ownership or sale or transfer of a license so long as the ultimate parent company of the license holding entity or entities remains the same, the ownership percentages of the existing principal officers remain the same, and no new intermediary companies or principal officers are added to the existing ownership structure. If any holding companies of a dispensing organization are dissolved, the licensee shall submit an updated Table of Organization, Ownership, and Control to the Department for the Department's approval prior to any such change taking effect.
- e) Addition of intermediary companies. The addition of any intermediary companies of a licensee shall not be considered a change of ownership or sale or transfer of a license so long as the ultimate parent company of the license holding

2574 entity or entities remains the same, the ownership percentages of the existing
2575 principal officers remain the same, and no new principal officers are added to the
2576 existing ownership structure. If any holding companies are added to the
2577 ownership structure of a dispensing organization, the licensee shall submit an
2578 updated Table of Organization, Ownership, and Control to the Department for the
2579 Department's approval prior to any such change taking affect.

2580
2581 f) Change of Executive Officer or Member of the Board of Directors. A change of
2582 ownership or sale or transfer of a license application is not required for the
2583 removal or addition of an executive officer or member of the board of directors of
2584 a dispensing organization so long as the change does not otherwise qualify as a
2585 change of ownership or sale or transfer of a license as outline in Section
2586 1291.210. However, the addition of an executive officer or member of the board
2587 of directors must be approved by the Department as a principal officer prior to
2588 such change taking effect.

2589
2590 g) A Consultant or Conditional Management Service Agreement ("CMSA") or other
2591 similar such agreement that is executed pursuant to Section 1291.214. If a CMSA
2592 or similar such agreement is submitted for review with terms that are not
2593 substantially similar to those outlined in Section 1291.214, the agreement or
2594 contract will be considered a change of ownership or sale or transfer of a license
2595 pursuant to Section 1291.210 and must proceed through the process outlined in
2596 Section 1291.211.

2597
2598 (Source: Added at 48 Ill. Reg. _____, effective _____)
2599

2600 **Section 1291.214 Consultant and Conditional Management Service Agreements Exception**

2601
2602 a) Pursuant to this section, a dispensing organization or conditional licensee and a
2603 management services contractor may contract for a consultant or Conditional
2604 Management Service Agreement ("CMSA") that does not qualify as a change of
2605 ownership or sale or transfer of a license under Section 1291.210 that any
2606 contractors are required to register as a principal officer of the underlying
2607 dispensing organization licenses.

2608
2609 b) Services provided under a CMSA may include, but are not limited to,
2610 management or supervision, operations, technical assistance, consulting, hiring
2611 employees, accounting, recordkeeping, leasing of equipment or real or intellectual
2612 property, and provision of goods or materials.

2613
2614 c) A CMSA is prohibited from being sold, assigned, or otherwise transferred to a
2615 third-party.
2616

- 2617 d) Prior to the execution of any CMSA submitted pursuant to this subsection, a
2618 dispensing organization or conditional licensee shall submit to the Department:
2619
2620 1) A third-party authorization form;
2621
2622 2) A copy of the CMSA and any related agreements between the parties; and
2623
2624 3) The operating agreement of the management services contractor.
2625
2626 e) Dispensing organizations must get approval from the Department prior to
2627 execution of a CMSA.
2628
2629 f) Dispensing organizations and conditional licensees must get approval from the
2630 Department prior to making any material changes to a CMSA. Prior to any
2631 material change to a CMSA, the dispensing organization or conditional licensee
2632 must submit to the Department, a copy of any proposed material changes to the
2633 Management Services Agreement and any related agreements between the parties,
2634 any proposed material changes to information detailing any remuneration paid, or
2635 to be paid, to the management services contractor by the dispensing organization;
2636 and any proposed material changes to any previously required submissions.
2637
2638 g) A CMSA must clearly identify the licenses it applies to and contain the following
2639 provisions to be approved by the Department in order to qualify for this
2640 exception:
2641
2642 1) The terms of the CMSA shall include a single, fixed fee and are prohibited
2643 from including percentage-based commissions, profit-sharing, or interest
2644 rates;
2645
2646 2) A CMSA shall acknowledge that the management services contractor and
2647 its owners, principals, and staff who are engaged, directly or indirectly, in
2648 operating the cannabis business, are supervised in such operations by the
2649 dispensing organization and its principal officers;
2650
2651 3) A CMSA shall acknowledge that the management services contractor and
2652 its owners, principals, and staff do not have a security interest in the
2653 conditional license;
2654
2655 4) A CMSA shall acknowledge that the management services contractor and
2656 its owners, principals, and staff do not have an ownership interest or any
2657 right, including a future or contingent right, to obtain any ownership
2658 interest in the dispensing organization or conditional license; and
2659

2660 5) A CMSA for a Conditional Licensee shall automatically terminate upon
2661 the Conditional Licensee being issued its 15-36 License. The term of the
2662 CMSA for a 15-36 Licensee shall not exceed five years.
2663

2664 (Source: Added at 48 Ill. Reg. _____, effective _____)
2665

2666 **Section 1291.215 Death, Incapacity, and Receivership of a Principal Officer**
2667

2668 a) In the event of the death, incapacity, receivership, or other event rendering one or
2669 more principal officer incapable of performing the duties associated with the
2670 license, the principal officer, principal officers' successor in interest (e.g.,
2671 appointed guardian, executor, administrator, receiver, trustee), or dispensing
2672 organizations shall notify the Department in writing within 10 business days of
2673 the triggering event. Such notification shall be supported by proof, such as a
2674 death certificate or court order, and shall be on a form or manner prescribed by
2675 the Department.
2676

2677 b) As soon as reasonably possible after a triggering event described in subsection
2678 (a), and in order to continue the operations of the dispensing organization, the
2679 Department may approve a successor in interest to act on behalf of the affected
2680 principal officer. As used in this subsection, "successor in interest" is an
2681 individual who has the authority to act on behalf of the affected principal officer
2682 (e.g., appointed guardian, executor, administrator, receiver, custodian, trustee), as
2683 documented by a court order or other similar document appointing guardianship,
2684 receivership, administration or through a will or trust. The successor in interest is
2685 subject to all terms and conditions under which a principal officer is held to,
2686 however, the Department's approval of the successor in interest creates no vested
2687 right to the future approval as a principal officer for the successor in interest. The
2688 Department may approve a successor in interest if that Individual or the
2689 dispensing organization submits the following:
2690

- 2691 1) The name of the successor in interest;
2692
2693 2) The name of the principal officers for which the successor in interest is
2694 succeeding along with the corresponding principal officer license
2695 numbers;
2696
2697 3) The phone number, mailing address, and email address of the successor in
2698 interest; and
2699
2700 4) Documentation demonstrating the following:
2701

- 2702 A) That the principal officers is incapable of performing the duties
2703 associated with the license including, but not limited to, a death
2704 certificate or court order;
2705
2706 B) That the successor in interest is at least 21 years of age;
2707
2708 C) That the successor in interest is not delinquent in filing any
2709 required tax return or paying any amount owed to the State of
2710 Illinois as evidenced by the Illinois Department of Revenue;
2711
2712 D) That the individual named as the successor in interest is the
2713 principal officers' legal successor as evidenced by documentation
2714 such as a court order appointing guardianship, receivership, or a
2715 will or trust agreement;
2716
2717 E) An attestation that naming the successor in interest will not have
2718 the effect of granting any of the owners or principal officers,
2719 including the successor in interest, direct or indirect ownership or
2720 control of more than 10 adult use dispensing organization licenses;
2721 and
2722
2723 F) If the affected principal officer's ownership interest is held by a
2724 trust, such trust shall be disclosed within 10 business days of the
2725 trust receiving the impacted ownership interest in compliance with
2726 the trust disclosure parameters in Section 1291.30.
2727
2728 c) The Department may give the successor in interest written approval to continue
2729 operations of the dispensing organization for a period of time at the discretion of
2730 the Department.
2731
2732 d) The Department may request an updated Table of Organization, Ownership, and
2733 Control in order to reflect a successor in interest.
2734

2735 (Source: Added at 48 Ill. Reg. _____, effective _____)

2736
2737 **Section 1291.225 Relocation of an Adult Use Dispensing Organization License**
2738

- 2739 a) Adult Use Dispensing Organization Licenses issued in a BLS region shall remain
2740 in that BLS region, even if the license changes its ownership or is sold or
2741 transferred, unless the Act specifically allows such a license to change BLS
2742 regions pursuant to Section 15-25(e-5) of the Act.
2743

- 2744 b) Adult use dispensing organizations whose licenses were issued pursuant to
2745 Section 15-15 or Section 15-36 of the Act may submit an application on forms
2746 provided by the Department to relocate their dispensary.
2747
- 2748 c) Licensees who apply to relocate their dispensaries to a new location pursuant to
2749 this Part may be approved, subject to all other statutory and administrative
2750 requirements, if:
- 2751 1) The proposed location is within the same BLS region, as defined in 68 Ill.
2752 Adm. Code 1291.10 that the dispensing organization's corresponding
2753 conditional license was awarded in; or
2754
- 2755 2) The proposed location is in the same geographic district as those
2756 geographic districts are defined in 68 Ill. Adm. Code 1290.20, if the
2757 original dispensing organization license was issued pursuant to Section
2758 15-15 of the Act; and
2759
- 2760 3) The adult use dispensing organization shall submit the fee required for the
2761 relocation of its existing associated medical registration. This shall be the
2762 only fee required for the same-site licensee to relocate.
2763
- 2764 d) The Department shall approve or deny an application to relocate under subsection
2765 (a) within 30 calendar days of receiving a completed application.
2766
- 2767 e) If the Department does not approve or deny an application to relocate under
2768 subsection (a) within 30 calendar days of receiving a completed application, the
2769 application shall be deemed to be approved.
2770
- 2771 f) If the Department denies an application to relocate pursuant to subsection (a), it
2772 shall do so in writing and provide a specific reason for the denial.
2773
- 2774 g) An application to relocate shall be deemed complete upon submission of all
2775 documents required by the application form provided by the Department.
2776
- 2777 h) If, upon reviewing the application, the Department discovers any documentation
2778 required by the Department's application to relocate are missing, the Department
2779 may request the missing documentation. In this case, the application is not
2780 complete until the missing documentation is submitted.
2781
- 2782 i) After receiving the Department's approval to relocate under subsection (a), the
2783 Adult Use Dispensing Organization License shall submit floorplans of the new
2784 location for the Department's approval in a form or manner prescribed by the
2785

2786 Department. The Department shall approve or deny the floorplans within 10
2787 business days of the Department's receipt of the floorplans.

2788
2789 j) Prior to the commencement of operations at a new location that was approved by
2790 the Department under subsection (a), the Adult Use Dispensing Organization
2791 License must also pass a building and site inspection conducted by the
2792 Department. The Adult Use Dispensing Organization License shall request a
2793 building and site inspection of the new site on forms provided by the Department.
2794 The Department shall schedule a building and site inspection within 10 business
2795 days upon receiving the Adult Use Dispensing Organization License's request for
2796 a building and site inspection.

2797
2798 (Source: Added at 48 Ill. Reg. _____, effective _____)

2799
2800 **Section 1291.230 Changes to a Conditional Adult Use Dispensing Organization License**
2801 **and Location Parameters**

- 2802
2803 a) A Conditional Adult Use Dispensing Organization License cannot be sold,
2804 transferred, or assigned and the conditional license holder cannot in any way
2805 change its ownership structure, including by removing or adding any principal
2806 officers, except in the event of the death of a principal officer.
- 2807
2808 b) Notwithstanding the foregoing, this prohibition does not preclude third parties
2809 who are not registered as principal officers from investing in, lending to, or
2810 otherwise providing capital to the Conditional Adult Use Dispensing Organization
2811 License holder.
- 2812
2813 c) Pursuant to this Section, third parties are not required to register as principal
2814 officers of the Conditional Adult Use Dispensing Organization License holder so
2815 long as any third party interest cannot be realized or otherwise vest until the
2816 Conditional Adult Use Dispensing Organization License holder is issued a
2817 corresponding Adult Use Dispensing Organization License under Section 15-36.
2818 In order to realize that interest or have the interest vest, all third parties are subject
2819 to the Department's approval processes, either through the sale or transfer of the
2820 Adult Use Dispensing Organization License to the third party or through the third
2821 party's registration and approval as principal officer to the Adult Use Dispensing
2822 Organization License holder.
- 2823
2824 d) In order to become operational, a conditional licensee shall be issued an Adult
2825 Use Dispensing Organization License pursuant to Section 15-36 of the Act by the
2826 conditional license's expiration date.
- 2827

- 2828 e) In order to identify or find a physical location, a conditional licensee shall provide
2829 proof of its physical location to the Department at least 30 days prior to the
2830 conditional license's expiration date. Proof shall include, but is not limited to, one
2831 of the following:
2832
2833 1) proof of building ownership by the conditional licensee;
2834
2835 2) agreement to purchase building or lease that is dependent on zoning or
2836 state license approval;
2837
2838 3) signed lease for the term of the initial license; or
2839
2840 4) proof of zoning approval or application for zoning approval.
2841
2842 f) The Department may rescind a conditional license even after submitting proof of
2843 1-4 above, if, after an unreasonable time and considering the totality of the
2844 conditional license's steps towards becoming operational, the conditional licensee
2845 has not become operational as identified in paragraph (d).
2846
2847 g) A conditional license holder shall provide evidence that the location is not within
2848 1,500 feet of an existing dispensing organization.
2849

2850 (Source: Added at 48 Ill. Reg. _____, effective _____)
2851

2852 SUBPART D: DISPENSING ORGANIZATION REQUIREMENTS

2853 Section 1291.300 Security Requirements

- 2854
2855
2856 a) A dispensing organization shall develop and implement a security plan to deter
2857 and prevent improper entry into the dispensary and theft of cannabis or currency.
2858
2859 b) Security measures in the plan shall include, but not be limited to, the following:
2860
2861 1) Establishing a locked door or barrier between the dispensary's public
2862 entrance and the limited access area;
2863
2864 2) Preventing individuals from remaining on the premises if they are not
2865 engaging in activity permitted by the Act or this Part. Any physical
2866 removal shall comply with state and federal laws;
2867
2868 3) Maintaining a policy that addresses the maximum capacity;
2869

- 2870 4) Dispensing all cannabis from the restricted access area, which may include
2871 a pass-through window into the vaults. Any pass-through window from
2872 the vault to the restricted access area shall be capable of being closed and
2873 locked when not in use and shall not contain an opening greater than 9
2874 inches;
2875
2876 5) Storing cannabis during all hours in an enclosed locked room or cabinet
2877 that is accessible only to dispensing organization agents;
2878
2879 6) Storing cannabis during non-operational hours in a locked reinforced vault
2880 room;
2881
2882 7) Storing currency during non-operational hours in a locked reinforced vault
2883 room or other location in a manner as to prevent diversion, theft or loss;
2884
2885 8) Keeping the reinforced vault room securely locked and protected from
2886 unauthorized entry at all times;
2887
2888 9) Keeping an electronic daily log of dispensing organization agents who
2889 access the reinforced vault room;
2890
2891 10) Maintaining all locks and security equipment in good working order
2892 including a manual lock on all doors leading to the exterior of the
2893 dispensing organization;
2894
2895 11) Maintaining an operational security and alarm system at all times;
2896
2897 12) Preventing keys from being left in locks or stored in a location accessible
2898 to Individuals other than specifically authorized personnel;
2899
2900 13) Maintaining integrity of security systems, including, but not limited to,
2901 limiting access to combination numbers, passwords or other security
2902 measures to specifically authorized agents;
2903
2904 14) Ensuring the dispensary interior and exterior premises are sufficiently lit
2905 to facilitate surveillance;
2906
2907 15) Ensuring that trees, bushes and other foliage outside of the dispensary
2908 premises do not allow for an individual or individuals to conceal
2909 themselves and that trees, bushes, and other foliage outside of the
2910 dispensary premises do not obstruct the view of the perimeter of the
2911 dispensary;
2912

- 2913 16) Developing policies and procedures for immediately securing all product
2914 and currency following any instance of diversion, theft or loss of cannabis;
2915 for conducting an investigation into the cause of the diversion, theft, or
2916 loss; and to remediate any deficiencies that may have allowed the
2917 diversion, theft, or loss to occur;
2918
2919 17) Developing sufficient additional safeguards in response to any special
2920 security concerns, or as required by the Department; and
2921
2922 18) Installing counters which separate limited access areas from restricted
2923 access areas which are at least 48" in height, except that spans counters up
2924 to 36" in length may be reduced to no lower than 33" and not higher than
2925 36" in height. Dispensing organizations operating before January 1, 2023,
2926 are exempt from this requirement until such time that they move locations.
2927
2928 c) A dispensing organization shall provide additional security measures as needed an
2929 appropriate for the community where it operates.
2930
2931 d) Restricted Access Areas
2932
2933 1) All restricted access areas must be identified by the posting of a sign that
2934 shall be a minimum of 12" x 12" and that states "Do Not Enter –
2935 Restricted Access Area – Authorized Personnel Only" in lettering no
2936 smaller than 1" in height.
2937
2938 2) All restricted access areas shall be clearly described in the floor plan of the
2939 dispensing organization, in the form and format directed by the
2940 Department, reflecting walls, partitions, counters and all areas of entry and
2941 exit. The floor plan shall show all storage, disposal and retail sales areas.
2942
2943 3) All restricted access areas must be secure, with locking devices that
2944 prevent access from the limited access areas.
2945
2946 e) Security and Alarm Systems
2947
2948 1) A dispensing organization shall have a security system designed to
2949 monitor, prevent and detect unauthorized intrusion, and theft or loss of
2950 cannabis or currency. The system shall use commercial grade equipment
2951 and be installed by an Illinois-licensed private alarm contractor or private
2952 alarm contractor agency. The system shall include, at a minimum:
2953
2954 A) A perimeter alarm on all entry points to the dispensary;
2955

- 2956 B) Glass break protection and security shatterproof film on perimeter
2957 windows;
2958
- 2959 C) A failure notification system that provides an alert to designated
2960 dispensing organization agents within five minutes of any
2961 operational failure of the surveillance system. The alert must be by
2962 phone or text message;
2963
- 2964 D) A sufficient number of panic and hold up buttons and alarms, a
2965 duress alarm, and an after-hours intrusion detection alarm, each of
2966 which will directly or indirectly notify the Public Safety
2967 Answering Point ("PSAP") for the law enforcement agency having
2968 primary jurisdiction;
2969
- 2970 E) Security equipment to deter and prevent unauthorized entrance into
2971 the dispensary, including electronic door locks on the doors in or
2972 providing access to limited and restricted access areas, and devices
2973 or a series of devices to detect unauthorized intrusion. Dispensing
2974 organizations must have video surveillance capable of producing
2975 that allow for recognizing faces images at each door leading to the
2976 exterior of the dispensary;
2977
- 2978 F) Video surveillance monitors with 19-inch screens or larger;
2979
- 2980 G) Video surveillance that provides unobstructed views of all
2981 enclosed dispensary areas, unless prohibited by law. The
2982 surveillance equipment used must capture the image, with clear
2983 and certain identification, of any person entering or exiting the
2984 limited access area;
2985
- 2986 H) Video surveillance that provides unobstructed views of all outside
2987 areas, the storefront, and the parking lot. The surveillance
2988 equipment used must capture the image, with clear and certain
2989 identification, of any person entering or exiting the dispensary, the
2990 immediate surrounding area, and the license plates of vehicles in
2991 the parking lot;
2992
- 2993 D) Video surveillance at each point-of-sale terminal which captures
2994 the sale, the individuals, and the computer monitors used for the
2995 sale. The surveillance equipment used must capture the image,
2996 with clear and certain identification of any person involved in the
2997 sale;
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- J) Video surveillance, available for immediate viewing by the Department, that provides 24-hour recordings which are correctly time and date stamped. Recordings shall be retained for no less than 90 calendar days, and may not be deleted without Department approval if the dispensing organization is aware of the loss or theft of cannabis; a pending criminal, civil or administrative investigation; or a legal proceeding for which the recording may contain relevant information;
 - K) Video surveillance that will immediately and at any time produce a clear, color still photo from the surveillance video, either live or recorded;
 - L) Video surveillance that will export still images in a JPG, BMP, GIF, or JPEG image format. Exported video shall have the ability to be archived in a format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in a file format that can be played on a standard computer operating system.
 - M) Any video surveillance that is required to produce facial recognition compliant images shall be at a minimum of 80 pixels per camera.
- 2) All security system equipment and recordings shall be maintained in good working order, in a secure location so as to prevent theft, loss, destruction or alterations.
 - 3) Access to surveillance monitoring recording equipment shall be limited to persons that are essential to surveillance operations, law enforcement, security system service personnel and Department personnel. A current list of authorized dispensary agents and service personnel that have access to the surveillance equipment must be available to the Department upon request.
 - 4) All security and video surveillance equipment shall be inspected and tested at regular intervals, not to exceed one month from the previous inspection and test to ensure the systems remain functional.
 - 5) The security system shall provide protection against theft and diversion that is facilitated or hidden by tampering with computers or electronic records.

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- 6) In the event of a power outage, the dispensary shall ensure all access doors remain secure and any video surveillance system remains fully operational for no less than four hours.
 - 7) The dispensing organization must immediately report any security system outage to the Department, including, but not limited to, any loss of video recordings, and must promptly submit an outage report in the form and format directed by the Department.
 - f) All electronic video surveillance monitoring must record at least the equivalent of 8 frames per second and be available to the Department and ISP 24 hours a day in real-time via a secure web-based portal with reverse functionality.
 - g) A reinforced vault built to the following specifications, unless it is a dispensing organization which operated before January 1, 2023. Dispensing organizations which operated before January 1, 2023, are exempt from the below requirements until such time that they move locations:
 - 1) The walls, floors, and ceilings of a vault shall be constructed of:
 - A) At least 8" of reinforced concrete; or
 - B) All of the following:
 - i) 18-gauge 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) Comparable materials and standards as approved by the Department.
 - 2) The door and frame unit of a vault shall 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, shall be equipped with a "day-gate" which is self-closing and self-locking, or

3084 the equivalent, for use during the hours of operation in which the vault
3085 door is open;

3086
3087 4) The walls or perimeter of a vault shall be equipped with an alarm, which
3088 upon unauthorized entry transmits a signal directly to a central station
3089 protection company, a local or State police agency which has a legal duty
3090 to respond or a 24-hour control station operation by the registrant; and

3091
3092 5) The door of a vault shall be equipped with contact switches.

3093
3094 h) Approved Vendor List. A dispensing organization shall submit a list to the
3095 Department of the names and contact information of all service professionals who
3096 will work at the dispensary for approval. The list shall include a description of
3097 the type of business or service provided. Changes to the Approved Vendor List
3098 shall be promptly provided to the Department. No service professional shall work
3099 in the dispensary until the individual's name is provided to the Department on the
3100 Approved Vendor List and the Department confirms approval. A dispensing
3101 organization may permit a service professional who is not otherwise on the
3102 Approved Vendor List in the event of an emergency and after a good faith attempt
3103 to obtain the Department's pre-approval. In such an emergency, the dispensing
3104 organization shall inform the Department as soon as possible of the event and the
3105 service professional's role. Examples of service professionals include, but are not
3106 limited to, cannabis transporters, IT professionals, security professionals, cleaning
3107 services, and other individuals whose work requires them to be within the actual
3108 dispensary.

3109
3110 (Source: Added at 48 Ill. Reg. _____, effective _____)

3111
3112 **Section 1291.301 Minors Prohibited in Dispensary**

3113
3114 a) Unless otherwise authorized pursuant to the Compassionate Use of Medical
3115 Cannabis Program Act or the Act, no persons under the age of 21 shall be allowed
3116 entry into a dispensing organization.

3117
3118 b) Each dispensing organization is responsible for checking and verifying customer
3119 identification prior to any customer entering the limited access area. Each
3120 dispensing organization is responsible for all individuals entering the dispensing
3121 organization.

3122
3123 c) Each dispensing organization shall use an electronic reader or electronic scanning
3124 device to scan a purchaser's government-issued identification if scanning the
3125 identification is possible in accordance with Section 10-20 of the Act.

3126 Government-issued identification that cannot be scanned may still be accepted at
3127 the dispensing organization's discretion.

3128
3129 d) Dispensing organizations may accept identification that does not contain an
3130 expiration date in order to verify the age of a purchaser, so long as the dispensing
3131 organization is otherwise able to verify the validity of the identification. This
3132 does not include an expired identification document, unless otherwise permitted
3133 by law.

3134
3135 e) As used in this subsection, "government-issued identification" means a document
3136 issued by a unit of government, foreign or domestic, which identifies, at a
3137 minimum, the name, image, and date of birth of the Individual. "Government-
3138 issued identifications" include, but are not limited to, passports; driver's licenses;
3139 temporary visitor driver's licenses; consular identification cards; international
3140 election identification cards; tribal identification cards and indigenous reservation
3141 government identification cards; visas; permanent resident cards; and municipal,
3142 local, or state identification cards.

3143
3144 (Source: Added at 48 Ill. Reg. _____, effective _____)

3145
3146 **Section 1291.305 Signage**

3147
3148 All of the required signage in this Part shall be hung no lower than 4' and no higher than 9' from
3149 the floor unless such height restrictions are not feasible to comply with and shall not be
3150 obstructed.

3151
3152 a) All dispensing organizations must display placards that state the following:

3153
3154 1) "Cannabis consumption can impair cognition and driving, is for adult use
3155 only, may be habit forming, and should not be used by pregnant or
3156 breastfeeding women."; and

3157
3158 2) "Adult Use Purchasers are not required to disclose personal information to
3159 the dispensing organization in order to purchase cannabis or cannabis
3160 infused products. Dispensing organizations must allow anonymous
3161 purchases, if requested."

3162
3163 b) Any dispensing organization that sells edible cannabis-infused products must
3164 display placards that state the following:

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3166 1) "Edible cannabis-infused products were produced in a kitchen not subject
3167 to public health inspections that may also process common food
3168 allergens."; and

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- 2) "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."

 - c) All dispensing organizations shall prominently post notices inside the dispensing organizations identifying the following activities that are strictly prohibited and punishable by law:
 - 1) no minors permitted on the premises unless the minor is a minor qualifying patient under the Compassionate Use of Medical Cannabis Program Act;
 - 2) distribution of adult use cannabis to persons under the age of 21 is prohibited;
 - 3) transportation of cannabis or cannabis products across state lines is prohibited;
 - 4) that cannabis remains federally illegal; and
 - 5) that smoking cannabis in a public place is prohibited.

 - d) Dispensing organizations licensed under Section 130/115 of the Compassionate Use of Medical Cannabis Program Act shall post the signage in the above paragraph (c) (1) notice as written. Organizations licensed under Section 15-65 of the Cannabis Regulation and Tax Act shall post the paragraph (c)(1) notice stating, "no minors permitted on the premises.

 - e) All of the required signage in this Part shall be no smaller than 24" tall by 36" wide, with typed letters no smaller than 2". The signage shall be clearly visible and readable by customers. The signage shall be placed in the area where cannabis and cannabis-infused products are sold and may be translated into additional languages as needed. The Department may require a dispensary to display the required signage in a different language, other than English, if the Secretary deems it necessary.

 - f) Handouts shall not be used in place of the required signage.

3209 (Source: Added at 48 Ill. Reg. _____, effective _____)
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3211 **Section 1291.308 Purchaser Privacy**

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- a) Dispensing organizations are prohibited from obtaining, collecting, maintaining, recording, and/or storing a purchaser's personal information from the transaction itself without the purchaser's consent. Any identifying or personal information of a purchaser obtained or received during a transaction shall not be retained, used, shared, or disclosed for any purpose except as authorized by the Act or this Part. Dispensaries shall ensure their internal systems delete all purchaser personal information within 24 hours after any purchase is completed.
- b) Personal information includes, but is not limited to, a purchaser's name, address, birthdate, and/or email address.

(Source: Added at 48 Ill. Reg. _____, effective _____)

Section 1291.310 Inventory Control System

- a) A dispensing organization AIC shall have primary oversight of the dispensing organization's State Verification System and Point of Sale System. The inventory Point of Sale System shall be real-time, web-based and accessible by the Department 24 hours a day, seven days a week.
- b) A dispensing organization shall establish an account with the State Verification System that documents:
 - 1) Each sales transaction at the time of sale;
 - 2) Each day's beginning inventory, acquisitions, sales, disposal and ending inventory;
 - 3) All acquisitions of cannabis and cannabis-infused products from a cultivation center, craft grower, infuser, transporter, or dispensary including:
 - A) A description of the products including the quantity, strain, variety and batch number of each product received;
 - B) The name and license identification number of the cultivation center, craft grower, infuser, transporter, or dispensary providing the cannabis and cannabis infused products;
 - C) The name and license identification number of the cultivation center or transporter agent delivering the cannabis;

- 3255 D) The name and license identification number of the dispensing
3256 organization agent receiving the cannabis; and
3257
3258 E) The date of acquisition.
3259
3260 4) The disposal of cannabis, including:
3261
3262 A) A description of the products being disposed, including the
3263 quantity, strain, variety, batch number and reason for the cannabis
3264 being disposed;
3265
3266 B) The method of disposal; and
3267
3268 C) The date and time of disposal.
3269
3270 c) A dispensing organization shall use a point of sale system that establishes and
3271 maintains an interface with the State Verification System to track the sale of
3272 cannabis, consistent with the Act and this Part.
3273
3274 d) Upon cannabis delivery, a dispensing organization shall confirm the product's
3275 name, strain name, weight, identification number, and quantity on the manifest
3276 matches the information on the cannabis product label and package. The product
3277 name listed and the weight listed in the State Verification System shall match the
3278 product packaging.
3279
3280 e) An AIC shall conduct a daily physical count of all inventory, except as permitted
3281 under subsection (e)(4) and also conduct a reconciliation documenting and
3282 balancing cannabis inventory by confirming the State Verification System
3283 matches the dispensing organization's point of sale system and the amount of
3284 physical product at the dispensary. The daily physical count shall include
3285 checking the use-by date for all inventory and quarantining any expired product.
3286
3287 1) A dispensing organization must receive Department approval prior to
3288 completing an inventory adjustment. It shall provide a detailed reason for
3289 the adjustment. Inventory adjustment documentation must be kept at the
3290 dispensary for two years from the date performed.
3291
3292 2) If, after the daily inventory reconciliation the dispensing organization
3293 identifies an imbalance in the amount of cannabis due to mistake, the
3294 dispensing organization shall determine how the imbalance occurred and,
3295 immediately upon discover, take and document corrective action. If the
3296 dispensing organization cannot identify the reason for the mistake within
3297 two calendar days after first discovery, it shall inform the Department

3298 immediately in writing of the imbalance and the corrective action taken to
3299 date. The dispensing organization shall work diligently to determine the
3300 reason for the mistake. The dispensing organization shall complete its
3301 investigation within 10 business days. If the investigation is not complete
3302 within 10 business days, the dispensary shall notify the Department of
3303 next steps and a contemplated deadline. The Department may extend the
3304 investigation period upon a showing of good cause.

3305
3306 3) If, after the daily inventory reconciliation or through other means, the
3307 dispensing organization identifies an imbalance in the amount of medical
3308 cannabis due to theft, criminal activity or suspected criminal activity, the
3309 dispensing organization shall immediately determine the manner in which
3310 the theft or criminal activity occurred and take and document corrective
3311 action. Within 24 hours after the first discovery of the reduction due to
3312 theft, criminal activity or suspected criminal activity, the dispensing
3313 organization shall inform the Department and ISP in writing.

3314
3315 4) A dispensing organization is not required to perform a daily physical
3316 count of bulk cannabis inventory if stored pursuant to the requirements in
3317 this Part. The dispensing organization must verify daily that any bulk
3318 cannabis inventory meets the storage requirements in its definition. If the
3319 packaging of bulk cannabis inventory becomes torn or tampered with it
3320 must be recounted and resealed before the completion of the next daily
3321 physical count. Bulk cannabis inventory must be counted monthly by
3322 physically removing each item from the sealed containers, counting each
3323 item, and checking the expiration date. Bulk cannabis inventory must then
3324 be resealed and labeled with the last date it was counted. All expired
3325 product must be destroyed in accordance with Section 1291.325. For the
3326 purposes of this Section "Bulk cannabis inventory" means cannabis and
3327 cannabis-infused products stored in the reinforced vault in clear, heat-
3328 sealed or taped shrink wrap bags or sheeting that is labeled with the date
3329 the inventory is sealed, the last four digits of the batch number, the
3330 number of items contained within the wrapping and the date the inventory
3331 was last counted. Bulk cannabis inventory is included in the dispensing
3332 organization's total inventory available for sale.

3333
3334 6) The AIC shall certify their consideration of the factors in subparagraph
3335 above on a form provided by the Department.

3336
3337 f) A dispensing organization shall maintain the documentation required in this
3338 Section in a secure locked location at the dispensing organization.
3339

3340 g) A dispensing organization shall ensure the oldest stock of cannabis and cannabis-
3341 infused product is dispensed first. A dispensing organization may deviate from
3342 this requirement upon Department approval.

3343
3344 h) If cannabis is abandoned at a dispensing organization, it shall be accounted for
3345 and destroyed in compliance with this Part.

3346
3347 (Source: Added at 48 Ill. Reg. _____, effective _____)
3348

3349 **Section 1291.320 Returns and Refunds**

3350
3351 A dispensing organization may create a policy allowing for the return and refund of damaged,
3352 inadequate or erroneously dispensed cannabis subject to the following provisions:

3353
3354 a) The policy shall not permit the resale of any returned cannabis product if the
3355 tamper-evident seal has been broken or the product has left the premises.

3356
3357 b) Any returned product must be entered promptly into the State Verification
3358 System.

3359
3360 c) All returned product that has either left the premises or has the tamper-evident
3361 seal broken must be destroyed in accordance with Section 15-90 of the Act.

3362
3363 (Source: Added at 48 Ill. Reg. _____, effective _____)
3364

3365 **Section 1291.325 Destruction of Cannabis and Cannabis Infused Products**

3366
3367 a) Any cannabis and cannabis-infused products to be destroyed shall be destroyed by
3368 rendering it unusable following the methods set forth in this Section.

3369
3370 b) Any product to be destroyed shall be destroyed on the same day and time weekly
3371 unless otherwise approved by the Department on a case-by-case basis. A
3372 dispensing organization shall notify the Department and ISP of this day and time
3373 at the initial registration inspection. Any change in the day and time must be
3374 communicated to the Department and ISP at least three business days before the
3375 implementation.

3376
3377 c) The allowable method to render cannabis waste unusable is by grinding and
3378 incorporating the cannabis waste with other ground materials so the resulting
3379 mixture is at least 50% non-cannabis waste by volume. Other methods to render
3380 cannabis waste unusable must be approved by the Department before
3381 implementation. Material used to grind with the cannabis falls into two
3382 categories, compostable waste and non-compostable waste.

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- 1) Compostable Mixed Waste: Cannabis waste to be disposed as compost feedstock or in another organic waste method (e.g., anaerobic digester) may be mixed with the following types of waste materials:
 - A) Food waste;
 - B) Yard waste; or
 - C) Other wastes as approved by the Department (e.g., agricultural material, biodegradable products and paper, clean wood, fruits and vegetables, plant matter).

- 2) Non-compostable Mixed Waste: Cannabis waste to be disposed in a landfill or by another disposal method may be mixed with the following types of waste materials:
 - A) Paper waste;
 - B) Cardboard waste;
 - C) Plastic waste;
 - D) Soil; or
 - E) Other wastes as approved by the Department (e.g., non-recyclable plastic, broken glass, leather).

- d) Cannabis waste rendered unusable following the methods described in this Section can be disposed. Disposal of the cannabis waste rendered unusable may be delivered to a permitted solid waste facility for final disposition. Examples of acceptable permitted solid waste facilities include:
 - 1) Compostable Mixed Waste: Compost, anaerobic digester or other facility with approval of the jurisdictional health department.
 - 2) Non-compostable Mixed Waste: Landfill, incinerator or other facility with approval the jurisdictional health department.

- e) All cannabis flower product shall be weighed, recorded and entered into the State Verification System prior to rendering it unusable. This event shall be performed by an AIC, or under the supervision of the AIC, and conducted under video surveillance.

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f) Electronic documentation of destruction and disposal shall be maintained for a period of at least five years.

(Source: Added at 48 Ill. Reg. _____, effective _____)

Section 1291.330 Recalls and Product Safety

a) Voluntary Recalls

- 1) Each dispensing organization shall have policies and procedures governing voluntary recalls of cannabis products.
- 2) All voluntary recall policies and procedures shall include the following at a minimum:
 - A) *A mechanism reasonably calculated to contact purchasers who have, or likely have, obtained the product from the dispensary, including information on the policy for return of the recalled product. This may include outreach via media, as necessary and appropriate;*
 - B) *A mechanism to identify and contact the adult use cultivation center, craft grower, or infuser that manufactured the cannabis;*
 - C) *Policies for communicating with the Department, the Department of Agriculture, and the Department of Public Health within 24 hours of discovering defective or potentially defective cannabis;*
 - D) Policies for the collection of recalled product;
 - E) *Policies for destruction of any recalled cannabis product that comply with Section 1291.325; and*
 - F) *Entry of recalled product into the state traceability system prior to destruction. (Section 15-65 of the Act)*
- 3) Voluntary recalls may be initiated at any time as determined by the dispensing organization.

b) Mandatory Recalls

- 3468 1) The Department may require dispensing organizations to conduct a recall
3469 of a cannabis product that is adulterated, misbranded, or otherwise poses a
3470 danger to public safety.
3471
- 3472 2) The dispensing organization shall maintain policies and procedures for a
3473 mandatory recall that shall include, at a minimum:
3474
- 3475 A) A mechanism reasonably calculated to contact purchasers who
3476 have, or likely have, obtained the product from the dispensary,
3477 including information on the policy for return of the recalled
3478 product. This may include outreach via media, as necessary and
3479 appropriate;
3480
- 3481 B) A mechanism to identify and contact the adult use cultivation
3482 enter, craft grower, or infuser that manufactured the cannabis;
3483
- 3484 C) Policies for communicating with the Department, the department
3485 of Agriculture, and the Department of Public Health within 24
3486 hours of discovering defective or potentially defective cannabis;
3487
- 3488 D) Policies for the collection of recalled product;
3489
- 3490 E) Policies for destruction of any recalled cannabis product that
3491 comply with Section 1291.325; and
3492
- 3493 F) Entry of recalled product into the state traceability system prior to
3494 destruction. (Section 15-65 of the Act)
3495
- 3496 3) The Department may issue a mandatory recall and require dispensing
3497 organizations to immediately cease distribution of a cannabis product and
3498 recall the cannabis if the Department determines both of the following:
3499
- 3500 A) The cultivation, manufacture, distribution, or sale of the cannabis
3501 or cannabis product creates or poses an immediate and serious
3502 threat to human life or health; and
3503
- 3504 B) A recall is necessary to ensure the health and safety of affected
3505 cannabis consumers.
3506
- 3507 4) The Department may require a dispensing organization to quarantine
3508 product without destruction for a minimum of 72 hours or until further
3509 notice of the Department, whichever occurs later, if the Department

3510 suspects the product is adulterated, misbranded, or otherwise poses a
3511 danger to public safety.

3512
3513 5) The Department may require a dispensing organization to submit cannabis
3514 product that is suspected to be adulterated, defective, misbranded, or
3515 otherwise poses a danger to public safety to laboratory testing from a
3516 testing laboratory approved by the Illinois Department of Agriculture. If
3517 the laboratory testing demonstrates the cannabis product is safe for
3518 consumption the Department may approve the dispensing organization to
3519 move the product back into active stock.

3520
3521 A) For the purposes of this Section, "adulterated" shall include, but is
3522 not limited to, cannabis that has been tampered with by having the
3523 tamper-proof seal broken, cannabis that has been altered after it
3524 has been packaged, or cannabis that has materially changed
3525 condition since laboratory testing.

3526
3527 B) For the purposes of this Section, "defective" shall have the same
3528 meaning as in Section 1291.60.

3529
3530 6) In ordering a mandatory recall of cannabis pursuant to this Section, the
3531 director of the Department shall issue an order to such effect, which shall
3532 also include affidavits sufficient to lay out the factual basis for the recall.

3533
3534 7) Whenever the Department issues a mandatory recall, an affected
3535 dispensing organization may file a request for hearing within 30 days of
3536 the recall. All requests for hearing and any associated proceedings shall
3537 follow the rules of Practice in Administrative Hearings at 68 Ill. Adm.
3538 Code 1110.

3539
3540 A) In the event a dispensing organization files a request for hearing, a
3541 formal hearing shall begin within 30 days of the filing of the
3542 request and shall be completed without appreciable delay.

3543
3544 B) The Department shall bear the burden of proving the recalled
3545 cannabis is defective, adulterated, misbranded, or otherwise poses
3546 a danger to public safety.

3547
3548 (Source: Added at 48 Ill. Reg. _____, effective _____)

3549
3550 **Section 1291.335 Sale of Non-Cannabis Items**

3551

- 3552 a) Dispensing Organizations shall only sell items that are cannabis, cannabis
3553 paraphernalia, or related supplies.
3554
3555 1) "Related supplies" shall mean branded merchandise including, but not
3556 limited to, clothing, water bottles, keychains, etc. Such merchandise may
3557 include the dispensing organization's name and logo in compliance with
3558 Section 55-20 of the Act.
3559
3560 2) "Related supplies" shall also include non-branded decorative or material
3561 items such as periodicals, ornaments, pins, or similar items.
3562
3563 3) "Related supplies" shall also include pre-packaged food and pre-packaged
3564 non-alcoholic beverages.
3565
3566 4) "Related supplies" shall not include hemp or hemp-derived materi that do
3567 not meet the definition of "cannabis" or "cannabis-infused products" as
3568 those terms are defined in the Act and these rules.
3569
3570 5) The Department may approve additional items not specifically identified
3571 above at a licensed dispensing organization's request. In doing so, the
3572 Department shall consider the similarity of the items to the criteria listed
3573 above.
3574
3575 b) Dispensing organizations may allow third-party vendors to promote or advertise
3576 in the public access area of the dispensary. All advertisements by third-party
3577 vendors must comply with Section 55-20 of the Act. The dispensing organization
3578 is responsible for ensuring compliance with the Act and this Part for all third-
3579 party vendors operating inside of the dispensary. The dispensing organization
3580 shall give the Department written notice of all third-party vendors at least three
3581 business days in advance.
3582

3583 (Source: Added at 48 Ill. Reg. _____, effective _____)
3584

3585 **Section 1291.340 Onsite Consumption Lounges**
3586

- 3587 a) Dispensing organizations may operate an onsite consumption lounge within its
3588 dispensary only if its unit of local government has authorized it to do so pursuant
3589 to Section 55-25 of the Act. Proof of such authorization must be submitted to the
3590 Department.
3591
3592 b) Dispensing organizations may only operate an onsite consumption lounge at the
3593 dispensary's address or in a building contiguous to the dispensary. If the
3594 dispensary's onsite consumption lounge is within the dispensary, the dispensary

3595 shall maintain a designated area for the purpose of the heating, burning, smoking,
3596 or consuming activities that is separate from the remainder of the dispensary.

3597
3598 c) If specially authorized by its unit of local government, dispensaries may operate
3599 an outdoor onsite consumption lounge. Outdoor consumption shall not be visible
3600 to the public (high fences, shrubs, etc., are permissible); and the interior of the
3601 onsite consumption lounge and dispensary shall be separated from the outdoor
3602 onsite consumption lounge by a locked and secured door. Patrons of the outdoor
3603 onsite consumption lounge may re-enter the interior onsite consumption lounge
3604 and dispensary's limited access area and bathrooms for the duration of their visit
3605 so long as a security guard, licensed agent, AIC or principal officer is stationed at
3606 the point of re-entry during all hours of the lounge's hours of operation. Onsite
3607 consumption lounge and dispensary staff may enter and exit all sections of the
3608 facility.

3609
3610 d) Dispensaries which are authorized by their unit of local government to operate an
3611 onsite consumption lounge at its dispensary shall abide by all local rules,
3612 regulations, and ordinances, including, but not limited to: zoning regulations,
3613 local health and safety standards, and fire safety regulations.

3614
3615 e) Dispensaries seeking to operate an onsite consumption lounge at its dispensary
3616 must be approved by the Department in a form or manner prescribed by the
3617 Department. In seeking approval, the dispensary shall submit, at a minimum, the
3618 following:

3619
3620 1) A copy of the unit of local government's authorization to operate an onsite
3621 consumption lounge and any supporting documents thereof;

3622
3623 2) A copy of the proposed floor plan of the onsite consumption lounge;

3624
3625 3) Identification of all staff who will work at the onsite consumption lounge;

3626
3627 4) A copy of the dispensary's policies and procedures for the onsite
3628 consumption lounge, including, but not limited to, any policies and
3629 procedures regarding pricing, security measures, staffing plans, hours of
3630 operation, etc. and those required by subsection (g)(9);

3631
3632 5) A copy of the security plan of the onsite consumption lounge;

3633
3634 6) A copy of the lease or landlord consent to operate an onsite consumption
3635 lounge or proof of ownership of the land the onsite consumption lounge is
3636 located; and

3637

- 3638 7) A copy of the policies and procedures of the onsite consumption including
3639 all information required by Sections 15-65 and 15-110 of the Act.
3640
- 3641 f) Dispensaries are prohibited from initiating any material changes to the
3642 consumption lounge without prior approval by the unit of local government and
3643 the Department.
3644
- 3645 g) A dispensary may operate an onsite consumption lounge subject to the following
3646 conditions:
3647
- 3648 1) All employees of an onsite consumption lounge shall be a licensed agent
3649 and/or agent-in-charge of the dispensary;
3650
- 3651 2) Dispensaries shall verify all individuals entering an onsite consumption
3652 lounge are in compliance with Section 10-20 of the Act;
3653
- 3654 3) Cannabis and cannabis infused products shall not be dispensed in the
3655 onsite consumption lounge unless in accordance with 410 ILCS 705/15-
3656 100(c)(5);
3657
- 3658 4) Onsite consumption lounges must be separate and distinct from the
3659 remainder of the dispensary, including the public access area, the limited
3660 access area, and the restricted access area, and is separated from the
3661 remainder of the dispensary by a door capable of being locked.
3662
- 3663 5) Onsite consumption lounges shall not be publicly accessible (except as
3664 otherwise permitted as a point of re-entry under 1291.340(c)), unless such
3665 entrance also includes its own public access area and security guard during
3666 all hours of operation;
3667
- 3668 6) Onsite consumption lounges shall not hold any liquor license issued under
3669 235 ILCS 5/5-1 or any gaming license issued under 230 ILCS 40/90;
3670
- 3671 7) Onsite consumption lounges are permitted to serve food and drinks so
3672 long as the following conditions are met:
3673
- 3674 A) The onsite consumption lounge has obtained the necessary
3675 certifications or licenses to serve food, other than cannabis-infused
3676 products, that are required by the unit of local government and
3677 State law; and
3678

- 3679 B) The onsite consumption lounge complies with the Illinois Food
3680 Code (77 Ill. Adm. Code 750) and the Food Handling Regulation
3681 Enforcement Act [410 ILCS 625] or,.
3682
- 3683 C) Such food or drink qualifies as a "related supply" as that term is
3684 defined in these rules.
3685
- 3686 8) The onsite consumption lounge shall have security cameras, which comply
3687 with Section 15-100(i)(2) of the Act, facing any areas of ingress or egress.
3688 Such cameras are not required to record those consuming products, only
3689 those entering and leaving through areas of ingress or egress;
3690
- 3691 9) All cash and currency collected at the onsite consumption lounge shall be
3692 treated the same as cash and currency collected by the dispensary and shall
3693 be stored securely in compliance with Section 15-100 of the Act;
3694
- 3695 10) Copy of internal policies shall be kept onsite within the onsite
3696 consumption lounge that shall include, at a minimum:
3697
- 3698 A) A business plan that includes a description of the proposed hours
3699 of operation;
3700
- 3701 B) A responsible operations plan that includes a detailed explanation
3702 of how employees will monitor and prevent over-intoxication,
3703 underage access to the onsite consumption lounge, the illegal sale
3704 or distribution of cannabis or cannabis-infused products within the
3705 onsite consumption lounge, and any other potential criminal
3706 activity on the premises. Such operation plan may also identify
3707 how to best prevent impaired driving by encouraging consumers to
3708 consider alternative transportation options;
3709
- 3710 C) A documented employee training plan that addresses all
3711 components of the responsible operations plan; and
3712
- 3713 D) A cannabis product destruction and waste management plan that
3714 meets the requirements of this Part, as applicable, for destroying
3715 and disposing of cannabis waste left at the onsite consumption
3716 lounge.
3717
- 3718 11) Only persons 21 years of age or older shall be permitted access to onsite
3719 consumption lounges;
3720

- 3721 12) The onsite consumption lounge shall have a smoke-free area for both
3722 employees and the Department to monitor the onsite consumption lounge;
3723
- 3724 13) The onsite consumption lounge shall have a ventilation system that directs
3725 air from the consumption area to the outside of the building through a
3726 filtration system sufficient to remove visible smoke, consistent with all
3727 applicable building codes and ordinances, and adequate to eliminate odor
3728 at the property line, if consumption by inhalation is permitted;
3729
- 3730 14) If cannabis is abandoned in the consumption lounge, it must be destroyed
3731 in compliance with Section 1291.325.
3732
- 3733 15) Dispensaries may charge a fee for entrance and usage of onsite
3734 consumption lounges.
3735
- 3736 16) Any other requirements that the Department deems necessary based on
3737 local zoning authorities or unique security concerns.
3738
- 3739 h) Onsite consumption lounges remain subject to random inspections by the
3740 Department.
3741
- 3742 i) If Department inspectors or emergency personnel enter the onsite consumption
3743 lounge and upon the inspector's or emergency personnel's direction,, a dispensary
3744 is responsible for ensuring that all consumption and other activities, including
3745 sales within the dispensary, cease until such personnel have completed their
3746 investigation or services and have left the premises.
3747
- 3748 j) State standards and requirements. Any standards, requirements, and rules
3749 regarding the health and safety, environmental protection, testing, security, food
3750 safety, and worker protections established by the State shall be the minimum
3751 standards for all licensees under the Act statewide, where applicable. Knowing
3752 violations of any State or local law, ordinance, or rule conferring worker
3753 protections or legal rights on the employees of a licensee may be grounds for
3754 disciplinary action under the Act, in addition to penalties established elsewhere.
3755

3756 (Source: Added at 48 Ill. Reg. _____, effective _____)