**Section 1290.120 Dispensing Organization − Financial Responsibility**

Evidence of financial responsibility is a requirement for the issuance of a registration, maintenance of a registration, or reactivation of a registration. Evidence of financial responsibility shall be used to guarantee that the dispensing organization timely and successfully completes dispensary construction, operates in a manner that provides an uninterrupted supply of cannabis, faithfully pays registration renewal fees, keeps accurate books and records, makes regulatorily required reports, complies with State tax requirements, and conducts the dispensary in conformity with the Act and this Part. Evidence of financial responsibility shall be provided by one of the following:

a) Establishing and maintaining an escrow or surety account in a financial institution in the amount of $50,000, with escrow terms, approved by the Division, that it shall be payable to the Division in the event of circumstances outlined in this Section.

1) A financial institution may not return money in an escrow or surety account to the dispensing organization that established the account or a representative of the organization unless the organization or representative presents a statement issued by the Division indicating that the account may be released.

2) The escrow or surety account shall not be canceled on less than 30 days' notice in writing to the Division, unless otherwise approved by the Division. If an escrow or surety account is canceled and the registrant fails to secure a new account with the required amount on or before the effective date of cancellation, the registrant's registration may be revoked. The total and aggregate liability of the surety on the bond is limited to the amount specified in the escrow or surety account.

b) Providing a surety bond in the amount of $50,000, naming the dispensing organization as principal of the bond, with terms, approved by the Division, that the bond defaults to the Division in the event of circumstances outlined in this Section.

1) The business name and registration number on the bond must correspond exactly with the business name and registration number in the Division's records.

2) The bond must be written on a form approved by the Department.

3) A copy of the bond must be received by the Division within 90 days after the effective date.

4) The bond shall not be canceled by a surety on less than 30 days' notice in writing to the Division. If a bond is canceled and the registrant fails to file a new bond with the Division in the required amount on or before the effective date of cancellation, the registrant's registration may be revoked. The total and aggregate liability of the surety on the bond is limited to the amount specified in the bond.

(Source: Amended at 43 Ill. Reg. 6593, effective May 20, 2019)