**Section 1290.510 Grounds for Discipline**

a) The Division, after notice to the applicant or registrant, may refuse to issue or renew, place on probation, temporarily suspend, suspend, or revoke a dispensing organization registration or agent identification card in any case in which the Division finds any of the following:

1) Material misstatement in furnishing information to the Division;

2) Violations of the Act or this Part;

3) Obtaining an authorization or registration by fraud or misrepresentation;

4) A pattern of conduct that demonstrates incompetence or unfitness to work in or operate a dispensary;

5) Aiding or assisting another person in violating any provision of the Act or this Part;

6) Failing to respond to a written request for information by the Division within 30 days;

7) Engaging in unprofessional, dishonorable or unethical conduct of a character likely to deceive, defraud or harm the public;

8) Discipline by another U.S. jurisdiction or foreign nation;

9) A finding by the Division that the registrant, after having his or her registration placed on suspended or probationary status, has violated the terms of the suspension or probation;

10) Conviction, entry of a plea of guilty, nolo contendere or the equivalent in a state or federal court of an excluded offense, a felony, or of two or more misdemeanors involving moral turpitude during the previous five years as shown by a certified copy of a court record;

11) Excessive use or addiction to alcohol, narcotics, stimulants or any other chemical agent or drug;

12) A finding by the Division of a discrepancy in a Division audit of medical cannabis;

13) A finding by the Division of a substantial discrepancy in a Division audit of capital or funds;

14) A finding by the Division of acceptance of medical cannabis from a source other than a cultivation center registered by DOA;

15) An inability to operate using reasonable judgment, skill or safety due to physical or mental illness or other impairment or disability, including without limitation, deterioration through the aging process or loss of motor skills or mental incompetence;

16) Failing to report to the Division within the timeframes established, or if not identified, 14 days, of any adverse final action taken against the dispensing organization or an agent by a licensing jurisdiction in any state or any territory of the United States or any foreign jurisdiction, any governmental agency, any law enforcement agency or any court defined in this Section;

17) Failing to comply with a subpoena issued by the Division;

18) Failure to promptly inform the Division of any change of address;

19) Disclosing customer names, personal information or protected health information in violation of any State or federal law;

20) Operating a dispensary before obtaining a registration from the Division;

21) Dispensing cannabis to any person other than a qualifying patient, provisional patient, designated caregiver, or OAPP participant with a valid registry identification card, provisional registration, or confirmation in the Illinois Cannabis Tracking System;

22) A principal officer or agent-in-charge failing to report to the Division when he or she knows or should have known that an agent was using medical cannabis when the agent does not have a qualifying patient registry identification card, or provisional registration, or is not an OAPP participant;

23) Dispensing cannabis when prohibited by the Act or this Part;

24) Any fact or condition which, if it had existed at the time of the original application for the registration, would have warranted the denial of the registration;

25) Permitting a person without a valid agent identification card to be employed by the dispensing organization;

26) Failure to assign an agent-in-charge as required by this Part;

27) Personnel insufficient in number or unqualified in training or experience to properly operate the dispensary business;

28) Any pattern of activity that causes a harmful impact on the community;

29) Failing to prevent diversion, theft or loss of medical cannabis; or

30) For any unethical, dishonorable or unprofessional conduct.

b) If the Division determines that the dispensing organization committed a violation, the Division may take any disciplinary or non-disciplinary action as the Division may deem proper, including fines not to exceed $10,000 for each violation.

c) If the Division determines that a person or entity is a principal officer or holds a financial interest in more than five dispensary registrations in violation of this Part, the Division will suspend the registrations of all dispensaries held by that person until the person is divested from all dispensing organizations that exceed the limit provided for in this Part. If the person or persons does not divest from all dispensing organizations that exceed the limit provided for in this Part within 30 days, the Division will revoke the registration for the dispensaries, based on date acquired, that exceed the limit.

d) A notice of violation issued by the Division shall include a clear and concise statement of each violation, the statute or rule violated, the discipline sought and a notice of opportunity for hearing.

e) If a dispensing organization contests the violation, it shall provide written notice to the Division requesting a hearing within 10 days after service of the notice of violation.

f) Upon receipt of the request for hearing, the Division shall confirm receipt of the notice and hold an administrative hearing as provided in the Act and this Part.

g) If a dispensing organization does not contest a revocation notice, it may surrender its registration by written notice to the Division and return its registration.

h) The effective date of nonrenewal or revocation of a registration by the Division shall be any of the following:

1) Until otherwise ordered by the circuit court, revocation is effective on the date set by the Division in the revocation notice, or upon final action after hearing under the Act and this Part, whichever is later;

2) Until otherwise ordered by the circuit court, nonrenewal is effective on the date of expiration of the existing registration, or upon final action after hearing under the Act and this Part, whichever is later; however, a registration shall not be deemed to have expired if the Division fails to respond to a timely request for renewal under this Act or for a hearing to contest nonrenewal under this Part.

i) All fines imposed under this Section shall be paid within 60 days after the effective date of the order imposing the fine or as otherwise specified in the order.

j) A circuit court order establishing that an agent-in-charge or principal officer holding a registration is a person in need of mental health treatment may operate as a suspension of the registration.

k) In a contested case, administrative hearings conducted under the jurisdiction of the Department will be subject to 68 Ill. Adm. Code 1110 (DFPR hearing rules).

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