**Section 1291.440 Conditional Licensee Requirements under Section 15-35.20(c) of the Act**

a) A conditional license cannot be sold, transferred, or assigned and the conditional license holder cannot in any way change its ownership structure, including by removing or adding any principal officers, except for in the event of the death of a principal officer.

b) If a principal officer of a conditional license holder dies prior to the issuance of any Adult Use Dispensing Organization License under Section 15-36 of the Act, the conditional license holder shall inform the Department of the death and submit an updated table of organization.

c) A principal officer may be added to the ownership structure of a conditional license holder only in the event of replacing a deceased principal officer, subject to the Department’s approval of that principal officer. The Department will consider, but is not limited to, the proposed principal officer's role, qualifications, and the necessity of adding a principal officer when considering the new principal officer.

d) The death of a principal officer following issuance of a conditional license shall not impact the conditional license holder’s eligibility to be issued an Adult Use Dispensing Organization License under Section 15-36 of the Act.

e) Identifying a Physical Location

1) A conditional license holder who receives a conditional license through any lottery conducted pursuant to Section 1291.400 has 365 calendar days after the date of issuance of the conditional license to identify a physical location for the dispensing organization retail storefront. For purposes of this subsection (e), proof of identifying a physical location includes, but is not limited to, one of the following:

A) proof of building ownership by the top participant;

B) agreement to purchase building or lease that is dependent on zoning or state license approval;

C) signed lease for the term of the initial license; or

D) proof of zoning approval or application for zoning approval.

2) A conditional license holder shall provide evidence that the location is not within 1,500 feet of an existing dispensing organization.

3) If a conditional license holder is unable to find a suitable physical address within 365 calendar days after the issuance of the conditional license, the Department may extend the period for finding a physical address another 180 calendar days if the conditional license holder demonstrates the steps it has taken to secure a location and hardship. If the Department denies the request for an extension or the conditional license holder is unable to become operational within 545 calendar days after being awarded a conditional license, the Department will rescind the conditional license and may proceed to the next applicant drawn in accordance with Section 121.405(c).

(Source: Added at 46 Ill. Reg. 20783, effective December 13, 2022)