**Section 3000.235 Transferability of Ownership Interest**

a) An ownership interest in an entity with a finding of preliminary suitability or a holder of an Owner's license may only be transferred with leave of the Board. An ownership interest in a business entity, other than a publicly traded corporation, which has an interest in an entity with a finding of preliminary suitability or in a holder of an Owner's license, may only be transferred with leave of the Board.

1) Any individual or entity filing an application for transfer of any ownership interest in an entity with a finding of preliminary suitability or in a holder of an Owner's license, must complete a Business Entity Form or Personal Disclosure Form 1, and any other information specifically requested by the Board. The information will form the basis of Board investigation to determine suitability of the person or entity seeking transfer. All costs associated with Board investigation of the applicant for transfer will be born by an entity with a finding of preliminary suitability or by the holder of an Owner's license in which the transfer of ownership interest is being sought.

2) Board decision as to suitability for transfer will be based on the same criteria as for a finding of preliminary suitability for licensure under Section 3000.230(c).

3) If the Board denies the application for transfer, it shall issue the applicant a Notice of Denial. An applicant served with a Notice of Denial may request a hearing in accord with Section 3000.405. If a hearing is not requested, the Notice of Denial becomes the final order of the Board denying the application for transfer.

b) An ownership interest in an entity with a finding of preliminary suitability or in a holder of an Owner's license may only be pledged as collateral with leave of the Board.

c) Transferability of Ownership in publicly traded parent corporation. The Board shall (unless the investor qualifies as an institutional investor) require a Business Entity Form or Personal Disclosure Form 1 from any person or entity who or which, individually or in association with others, acquires directly or indirectly, beneficial ownership of more than 5% of any class of voting or non-voting with conversion rights securities of a publicly traded corporation which holds an ownership interest in the holder in an entity with a finding of preliminary suitability or in the holder of an Owner's license. The Business Entity Form or Personal Disclosure Form 1, and any other information specifically requested by the Board, will form the basis of the Board investigation to determine suitability of the person or entity seeking transfer. All costs associated with Board investigation of the applicant for transfer will be born by the entity with a finding of preliminary suitability or by the holder of an Owner's license in which the publicly traded corporation holds a beneficial interest.

1) Board decision as to suitability for transfer will be based on the criteria for a finding of preliminary suitability for licensure under Section 3000.230(c).

2) If the Board denies the application for transfer, it shall issue the applicant a Notice of Denial. An applicant served with a Notice of Denial may request a hearing in accord with Section 3000.405. If a hearing is not requested, the Notice of Denial becomes the final order of the Board denying the application for transfer.

3) Commencing as of the date the Board issues a Notice of Denial, it shall be unlawful for the applicant served with the Notice of Denial:

A) to receive any dividends or interest upon any such securities;

B) to exercise, directly or indirectly, any right conferred by such securities; and/or

C) to receive any remuneration in any form from any person or entity holding any license pursuant to the Act for services rendered or otherwise.

4) Within 30 calendar days after the earlier of either the failure of an applicant served with a Notice of Denial to request a hearing or the issuance of a final order pursuant to Subpart D, the holder of the affected Owner's license shall purchase all of the interests in the holder of the Owner's license from such disqualified person or entity, and the disqualified person or entity shall sell all of his/its interest in the holder of the Owner's license to the licensee at the lesser of the market price or purchase price of such interests in the holder of the Owner's license.

(Source: Amended at 23 Ill. Reg. 1037, effective January 1, 2000)