

# Application: Change of Ownership and Control

## General Information

Pursuant to 935 CMR 500.104(1) and/or 935 CMR 501.104(1), a licensee shall request and receive approval from the Commission prior to effectuating a change of ownership and control over any license. This request (“application”) shall be completed and submitted by the current licensee. Please note that this information, and any referenced guidance, is not legal advice. Please consult an attorney if you have questions regarding the laws and regulations that apply to licensees.

This application must be completed if a proposed change would qualify a new person or entity as meeting the regulatory definition of one of the following:

- Person or Entity Having Direct Control (including Owner and Close Associate); or
- Person or Entity Having Indirect Control

Please see the following definitions for more information on these terms—additional information can be found by reviewing the Commission’s regulations pursuant to 935 CMR 500.002 and/or 935 CMR 501.002:

**Person or Entity Having Direct Control** means any person or entity having direct control over the operations of a license, which satisfies one or more of the following criteria:

- a. An Owner that possesses a financial interest in the form of equity of 10% or greater in a license;
- b. A person or entity that possesses a voting interest of 10% or greater in a license or a right to veto significant events;
- c. A Close Associate;



- d. A person or entity that has the right to control or authority, through contract or otherwise including, but not limited to:
  - 1. To make decisions regarding operations and strategic planning, capital allocations, acquisitions and divestments;
  - 2. To appoint more than 50% of the directors or their equivalent;
  - 3. To appoint or remove corporate-level officers or their equivalent;
  - 4. To make major marketing, production, and financial decisions;
  - 5. To execute significant (in aggregate of \$10,000 or greater) or exclusive contracts;
  - 6. To earn 10% or more of the profits or collect more than 10% of the dividends.
- e. A Court Appointee or assignee pursuant to an agreement for a general assignment or Assignment for the Benefit of Creditors; or
- f. A Third-party Technology Platform Provider that possesses any financial interest in a Delivery Licensee including, but not limited to, a Delivery Agreement or other agreement for services.

**Person or Entity Having Indirect Control** means any person or entity having indirect control over operations of a license. It specifically includes any Person or Entity Having Direct Control over an indirect holding or parent company of the applicant, and the chief executive officer and executive director of those companies, or any person or entity in a position indirectly to control the decision-making of a license.

**Close Associate** means a person who holds a relevant managerial, operational or financial interest in the business of an applicant or licensee and, by virtue of that interest or power, is able to exercise a significant influence over the corporate governance of a license. A Close Associate is deemed to be a Person or Entity Having Direct or Indirect Control.

**Owner** means any equity holder that possesses 10% equity or more in a Marijuana Establishment, Medical Marijuana Treatment Center, or Independent Testing Laboratory.

## Instructions

Licensees requesting a change of ownership and control shall complete this application, submit all required documentation, and remit the applicable fee(s). The licensee may request this change for multiple licenses in one application if the proposed change will be the same for each license.

The application contains the following six (6) sections:

- I. Licensee Information



- II. Required Disclosures
- III. Required Documentation
- IV. Required Attestations
- V. Attestation of Required Payment
- VI. Economic Empowerment Status Applicability

Please ensure that all responses are typed into the application where applicable. All attachments should be labeled to reference the particular document/response that is required. Please use the reference label that will be associated with each required document/information. This reference label should be on the top of each page of the relevant document/response. Every section and numbered item of this application is required to be filled in with the required information unless otherwise instructed.

**Please note the following:**

- This application cannot be used to change the business or doing-business-as name associated with a license, propose a new physical location for the license, or any other change outlined in 935 CMR 500.104(1) or 935 CMR 501.104(1). All other proposed changes under those provisions will require a separate and distinct application for Commission consideration. The required forms are available on the Commission's website.
- If the proposed change is a transfer of a license to another entity, or the name of the business will change following the ownership and control approval, a change of name application is required to be considered and approved prior to effectuating the name change. The change of name application should be submitted upon or after the approval of the change of ownership and control to ensure all parties will effectuate the ownership and control change.
- If the licensee has a pending application for licensure that will be affected by this change, please make the proposed change within the license application in MassCIP. Do not include pending applications within this application as this will require amendment to your submission. Please contact [Licensing@CCCMass.com](mailto:Licensing@CCCMass.com) to reopen any pending application in MassCIP that will be affected and do not resubmit until this application has been approved.
- If a license application that was approved for provisional licensure is included in this request, please ensure that the appropriate license fee has been paid and processed before submitting this application.

**Completed Application**



Once completed, please have the application and all required documentation/responses combined into a single PDF document and emailed to [Licensing@CCCMass.com](mailto:Licensing@CCCMass.com). The applicable fees shall be paid using the Payment Remittance Form below. All payments shall accompany the Payment Remittance Form, be made by check, made payable to the Cannabis Control Commission, and sent to one of the following addresses:

- Via USPS: Cannabis Control Commission, PO Box 412144, Boston MA 02241-2144; or
- Via Courier/Overnight: Bank of America Lockbox Services, Cannabis Control Commission 412144, MA5-527-02-07, 2 Morrissey Blvd, Dorchester, MA 02125

Pursuant to 935 CMR 500.005(1)(e) and/or 935 CMR 501.005(3), change of ownership and control fees are determined based on the number of new individuals and entities being proposed and the number of licenses affected. The Commission's regulations require a \$500 fee for each added individual, per license, and \$5,000 fee for each added entity, per license. Please ensure that the correct fee is paid for timely processing of your application. Additional fees related to costs associated with background checks and fingerprinting for individuals may be required and will be identified once the application has been found complete and compliant.

### Review of the Application

Once the application payment is received, the application will be reviewed for completeness and compliance with Commission regulations. If additional information is required, notice will be sent to the email address stated within the "Official Correspondence Representative" section of the below.

Once the application is found to be initially compliant with the information sought, the licensee will receive a notice containing a status update with next steps that are required. It is the responsibility of the "Official Correspondence representative", licensee, or one of the licensee's authorized representatives to notify any third-party affected by this application with pertinent information, at their discretion. Additionally, please note, Commission staff may perform an investigatory due diligence review which may include the submission of additional documents as well as interviews with relevant stakeholders as part of its review of the application pursuant to 935 CMR 500.301, 500.302, 501.301, and/or 501.302.

### Application Process



Following the review of all applicable reports, the application will be appropriately recommended for Commission consideration. Please note that the Commission has delegated approval authority to the Executive Director for the following changes:

- Any new equity owner, provided that the equity acquired is below 10%;
- Any new Executive or Director, provided that the equity acquired is below 10%; and
- A reorganization, provided that the ownership and their equity does not change;

All changes of ownership or control that include a new individual and/or entity gaining 10% or more of equity will be considered by the Commission at a public meeting. The Commission may approve, deny, request additional information, or approve with conditions any application for change in ownership or control. The licensee shall receive notice of the Commission’s decision or requests by email to the email address stated within this application. The approval notice will inform the licensee to notify the Commission once the approved change is effectuated. The Commission will update the applicable license records once notified.

**Failure to obtain Commission approval prior to making a change of ownership and control may result in a license being suspended, revoked, or deemed void. Additional enforcement actions, including fines, may be assessed if violations of the Commission’s regulations are identified.**

## I. Licensee Information

1. **Name of Licensee.** *(please put the business name of the licensee that is listed on the license):*

2. **License Number(s) Affected by this Application.** *(please put only license numbers, i.e., MR123456 or RMD1234—numbers beginning with EE, SE, or RP are not valid license numbers. Additionally, pending license applications should not be included in this application, i.e., MRN123456 or RMDA1234, see information above):*



3. **Official Correspondence Representative—Name/Contact Information.** *(name, email address and phone number—this information will be used for official correspondence from the Commission regarding this application):*

## II. Required Disclosures

1. **Summary of Request.** Please provide a summary of the proposed change. Please disclose all information the licensee believes to be material. All information should be consistent with the information and documents provided within the application. Additionally, if the license(s) identified within this application will represent a complete transfer of ownership to new persons and/or entities, please identify this fact within the summary. As a note, a complete transfer of ownership may require additional documentation related to the Host Community Agreement (“HCA”) or HCA Waiver that covers the license(s). *(This response should be labeled “Response #1”)*
  
2. **Proposed New Persons Having Direct or Indirect Control.** Please disclose each person proposed to acquire ownership and/or control over the license(s) and, once approved, be classified as a Person Having Direct or Indirect Control. If more than one person will be listed, please number the people sequentially. Please disclose the following beneath their names – **all items are required:** *(This response should be labeled “Response #2”)*
  - a. Physical address;
  - b. Phone number;
  - c. Email address;
  - d. Date of birth;
  - e. Role in the establishment (i.e. owner, director, board member, etc.);
  - f. Individual interests in other in-state marijuana-related licenses;
  - g. Interest in out-of-state marijuana-related businesses;
  - h. Proposed percentage of ownership;
  - i. Proposed percentage of control;
  - j. Economic Empowerment Priority Applicant Certification Number, Social Equity Participant Number, and/or Social Equity Business Number, if applicable *(the number will start with EE, SE, or other prefix);* and



- k. Disclosure of any past or present civil, criminal, or administrative matters for the person. The disclosures must include the date of offense, offense description, offense type, offense disposition, date of disposition, and all other relevant information regarding the offense.
3. **Proposed New Entities Having Direct or Indirect Control.** This document should be labeled “Attachment #3”. Please disclose the business name of each entity proposed to acquire ownership and/or control over the license(s), and once approved, be classified as an Entity Having Direct or Indirect Control. If more than one entity will be listed, please number the entities sequentially. Along with the name of each entity, please disclose the following beneath their names – **all items are required:** *(This response should be labeled “Response #3”)*
  - a. Physical address of the headquarters;
  - b. Business phone number;
  - c. Business email address;
  - d. Entity’s website address;
  - e. Description of the entity’s role in the license;
  - f. Individual interests in other in-state marijuana-related licenses;
  - g. Interest in out-of-state marijuana-related businesses;
  - h. Proposed percentage of ownership and control;
  - i. Economic Empowerment Certification Number or Social Equity Business Number *(the number will start with EE or other prefix)*, if applicable; and
  - j. Disclosure of any past or present civil, criminal, or administrative matters for the entity. The disclosures must include the date of offense, offense description, offense type, offense disposition, date of disposition, and all other relevant information regarding the offense.
4. **Removal of Individuals/Entities.** Please disclose any person and entity that will no longer have ownership or control over the license(s) based on the proposed changes. If more than one person or entity will be listed, please number them sequentially. If no people or entities are being removed from the license(s), please provide a statement to that effect. Please disclose the following beneath the name of any person and entity being removed: *(This document should be labeled “Response #4”)*
  - a. Disclose the reason they will no longer have ownership or control and the need to remove them from the license(s); and
  - b. Attestation signed by each individual being removed from the license(s) stating that they no longer can be defined as a Person or Entity Having Direct or Indirect Control over the license(s). In the absence of an attestation from the removed



individual, an attestation to the same effect signed by an individual still on the license(s) at the time of this application will suffice.

5. **Change in Information for Current Individuals/Entities.** For any person or entity that will remain on the license(s) but their ownership, control, or other information may change due to this application, please state said changes. If more than one person or entity will be listed, please number them sequentially. If no people or entities will have their information changed, please provide a statement to that effect. Please disclose the following beneath the name of any individual and entity whose information is being changed: (*This document should be labeled “Response #5”*)
  - a. Disclose the information that is changing and the reason for the change; and
  - b. Attestation signed by the individual whose information is changing. In the absence of an attestation from each person, an attestation to the same effect signed by an individual still on the license(s) at the time of this application will suffice.
  
6. **Host Community Agreement (“HCA”).** Pursuant to 935 CMR 500.180(2)(j) and/or 935 CMR 501.180(2)(j), a licensee that submits a change of ownership and control application that involves the transfer of a license may be required to submit a new or amended HCA. Therefore, Commission staff may request an HCA as part of this request. If it is determined the HCA is required, the requestor will be notified.

### III. Required Documents

Please submit the following applicable documents with your application.

1. **New Proposed Persons—Documents Required.** All new persons proposed in this application must submit to a background check. The required forms can be found on the Commission’s website. Each person must submit the following documents:
  - a. Employment agreements (for executives/directors/board members only) (*“Document 1A”*);
  - b. Copy of an unexpired government-issued ID (*“Document 1B-Last Name”*);
  - c. CORI Acknowledgement Form (*“Document 1C-“Last Name”*);
  - d. Disclosure Regarding “Investigative Consumer Report” (*“Document 1D-Last Name”*); and
  - e. Acknowledgment and Authorization for Background Investigation (*“Document 1E-Last Name”*).





2. **New Proposed Entities—Documents Required.** For applications in which a new entity will acquire ownership or control, please provide the following documentation for the current licensees and the newly proposed entities, which is subject to review:
- a. Current Articles of Organization and By-laws (“*Document 2A*”);
  - b. Organizational chart (“*Document 2B*”);
  - c. All operating agreements and capitalization tables (“*Document 2C*”);
  - d. All management agreements (“*Document 2D*”);
  - e. Financing agreements (“*Document 2E*”);
  - f. Convertible debt arrangements (“*Document 2F*”);
  - g. Employment agreements (for executives/directors/board members only) (“*Document 2G*”); and
  - h. Stock option plans (“*Document 2H*”).

#### IV. Required Attestation

Please attest to all of the following statements by initialing each of the corresponding boxes below. Failure to attest each item will require further information.

- \_\_\_\_\_ a. The Licensee’s Official Correspondence Representative has the authority to act on behalf of the licensee to complete and submit this application to the Commission for its consideration.
- \_\_\_\_\_ b. The Licensee’s Official Correspondence Representative certifies that all newly proposed persons and entities listed within this application are aware of such application request being made to the Commission.
- \_\_\_\_\_ c. No additional entities or individuals meeting the requirement set forth in 935 CMR 500.002, 935 CMR 501.002, 935 CMR 500.104(1) and/or 935 CMR 501.104(1) have been omitted by the Licensee.
- \_\_\_\_\_ d. All entities who are required to be listed above do not include any omitted individuals, who by themselves, would be required to be listed individually pursuant to 935 CMR 500.002, 935 CMR 501.002, 935 CMR 500.104(1) and/or 935 CMR 501.104(1)
- \_\_\_\_\_ e. The acquisition of any ownership or control, for any added person or entity contained within this application, does not violate specific license ownership or control provisions pursuant to any and all applicable subsections of 935 CMR 500.050 and/or 935 CMR 501.050.



- \_\_\_\_\_ f. The acquisition of any ownership or control, for any added person or entity contained within this application, does not violate specific cultivation tier limits pursuant to any and all applicable subsections of 935 CMR 500.050 and/or 935 CMR 501.050.
- \_\_\_\_\_ g. The licensee understands that if additional changes are required under 935 CMR 500.104(1) and/or 935 CMR 501.104(1), such as a change of business name or physical location, additional applications shall be submitted for those individual requests. A change of name will not be effectuated pursuant to any approval of this change of ownership and control application.
- \_\_\_\_\_ h. The licensee understands and confirms that additional information and interviews with the licensee’s staff may be required and will be made available upon request by Commission staff.

**V. Attestation of Required Payment**

Please calculate the required payment according to the formula below:

- B1 = Number of Individuals Added in this Application
- B2 = Number of Entities Added in this Application
- C1 = Number of Licenses Affected by this Application
- C2 = Number of Licenses Affected by this Application
- D1 = A1 x B1 x C1
- D2 = A2 x B2 x C2
- D3 = D1 + D2 = Required Payment

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Cost Per Individual/ Entity</b>	<b>Number of Individuals/ Entities</b>	<b>Number of License(s) Affected</b>	<b>Total Cost</b>



<b>1</b>	<b>Individuals</b>	<b>\$500.00</b>			\$
<b>2</b>	<b>Entities</b>	<b>\$5,000.00</b>			\$
<b>3</b>					\$

Please attest to the following statement by initialing the corresponding box:

\_\_\_\_\_ The Licensee’s Representative has sent the appropriate payment in the manner prescribed above in the instructions. Please provide a copy of the check that has been or will be sent to the Commission as payment. The bank account number should be redacted. *(This document shall be labeled “Document D3”).*

## **VI. Economic Empowerment Status Certification**

The Commission is required to review anew the status of a license when any Economic Empowerment Priority Applicant notifies the Commission of any change in ownership or control. 935 CMR 500.104(1)(b)(3). Please note that this assessment applies to the status of the above-mentioned licenses and that individuals and entities who were approved in 2018 as Economic Empowerment Priority Applicants will not lose their status as it applies to them individually.

Are any of the listed licenses in Question 2 designated by the Commission as an Economic Empowerment Priority Applicant pursuant to the definition in 935 CMR 500.002?

\_\_\_\_\_ Yes                      \_\_\_\_\_ No

If the licensee answered “no” above, no additional information is required. If the licensee answered “yes” above, please submit the following information: *(This document shall be labeled “EE Documentation”).*



- a. A list of individuals and entities currently on and will remain on the license following the approval of this change of ownership or control that were certified in 2018 as Economic Empowerment Priority Applicants.
- b. A list of individuals and entities proposed in this change of ownership and control application that were certified in 2018 as Economic Empowerment Priority Applicants.
- c. Please provide information about the individuals and entities (that will exist following the approval of this change) that meet three (3) or more of the following six (6) criteria, at least one (1) of which shall be a majority-equity-ownership criterion:

1. *Majority-equity-ownership Criteria:*

- a. *A majority (more than 50%) of ownership belongs to people who have lived for five of the preceding ten years in an Area of Disproportionate Impact, as determined by the Commission.*
- b. *A majority (more than 50%) of ownership has held one or more previous positions where the primary population served were disproportionately impacted, or where primary responsibilities included economic education, resource provision or empowerment to disproportionately impacted individuals or communities.*
- c. *A majority (more than 50%) of the ownership is made up of individuals from Black, African American, Hispanic or Latino descent.*

2. *Additional Criteria:*

- a. *At least 51% of current employees or subcontractors reside in Areas of Disproportionate Impact and by the first day of business, the ratio will meet or exceed 75%.*
- b. *At least 51% of employees or subcontractors have drug-related CORI and are otherwise legally employable in Cannabis enterprises.*
- c. *Other significant articulable demonstration of past experience in or business practices that promote economic empowerment in Areas of Disproportionate Impact*

**The licensee's representative and proposed added individuals/entities representative affirms by signing below that to the best of their knowledge all required information and documentation has been submitted accurately, all information and documentation is truthful and correct, and that no material information has been omitted.**

Name of the Licensee's Official Correspondence Representative:



Signature of the Licensee's Official Correspondence Representative:

Date of Application Submission:



# Payment Remittance Form: Change of Ownership or Control

Pursuant to 935 CMR 500.005, the applicable fee for a change of ownership or control is \$5,000 per entity, per license and \$500 per person, per license. Please ensure the appropriate fee is paid in association with the change of ownership and control application. **An insufficient payment for this change, or failure to include this Payment Remittance Form with payment, will delay the processing of the application.**

Name of ME/MTC:

License Number(s) Affected by this Request:

Name, Phone Number, and Business Email Address of the Licensee's Representative:

Amount of Payment Required/Submitted:

All payments shall accompany this Payment Remittance Form, be made by check, made payable to the Cannabis Control Commission, and sent to one of the following addresses:

- Via USPS: Cannabis Control Commission, PO Box 412144, Boston MA 02241-2144; or
- Via Courier/Overnight: Bank of America Lockbox Services, Cannabis Control Commission 412144, MA5-527-02-07, 2 Morrissey Blvd, Dorchester, MA 02125

**Please retain a copy of this completed document and any proof of mailing. If you have any questions regarding the payment or process, please contact the Commission at [Licensing@CCCMass.com](mailto:Licensing@CCCMass.com).**

