**Section 1291.30 Principal Officer Fees, Application, and Credentialing**

a) In addition to any individuals identified in the dispensing organization's by-laws as principal officers, the following individuals are considered principal officers of a dispensing organization and shall register and be approved by the Department:

1) Those individuals who meet the definition of a "principal officer" as defined in the Act and this Part, however, an individual does not need to register as a Principal Officer solely because of that person's close relationship or familial tie to the holder of a Financial Interest in a dispensing organization;

2) Managers of a management services contractor who have entered into an agreement with a dispensing organization under Section 1291.210(f)(4). Managers include but are not limited to board members and corporate officers.

3) If a corporation, the officers of the corporation;

4) If a partnership, the partners;

5) If a limited liability company, the members and managers of the limited liability company;

6) If an association or cooperative, the members of the association or cooperative;

7) If a joint venture, the individuals who signed the joint venture agreement; and

8) If a business organization other than the types listed in subsections (a)(1) through (5), the members of the business organization.

9) If a trust has any interest in a dispensing organization license, the dispensing organization must disclose to the Department the trustee and all beneficiaries of and participants in the trust, on a form or manner prescribed by the Department. Trust beneficiaries and participants may be required to register as principal officers if they meet the definition of a principal officer. The Department may not approve a trust if any trust beneficiary or participant is a person that is otherwise prohibited from having an ownership interest in the entity.

b) Communications with the Department. The Department will only communicate with the principal officer's email address the Department has on record, or with a third-party so long as a third-party authorization form is submitted. In order to change its contact information, a principal officer must submit a request to the Department from the email address the Department has on record. If the current email address is inaccessible, the principal officer must submit a certification attesting to the inaccessibility and requesting the change.

c) Principal Officer Fees. The fees for a principal officer are as follows. All fees are nonrefundable. All monies collected under the Act shall be deposited in the Cannabis Regulation Fund in the State Treasury.

1) The application fee for a principal officer agent identification card is $100. This fee includes the physical card.

2) The annual renewal fee for a principal officer agent identification card is $100.

3) The late fee for renewal of a principal officer agent identification card is $50.

4) The fee for the issuance of a replacement principal officer agent identification card is $50.

5) The fee to restore a terminated principal officer agent identification card is $100.

d) A principal officer is not required to complete a responsible vendor program if the principal officer does not otherwise meet the requirements in Section 1291.20(a).

e) Principal Officer Application. A principal officer application shall be submitted by the dispensing organization in a form or manner provided by the Department. Principal officer applications shall be submitted for all new principal officers and at any time an application is needed pursuant to Section 1291.211. Principal officer applications shall include, but not be limited to, the following:

1) The name and license number of the dispensing organization employing or associated with the principal officer, and the address of the dispensary;

2) Unless the background check exception under subsection (f) applies, Department background check authorizations in compliance with 410 ILCS 705/5-20. These authorizations include fingerprint consent forms and livescan vendor receipt demonstrating that the principal officer applicant has applied for a fingerprint-based criminal history records check. Applicants shall only submit valid fingerprints capable of being retrieved by the Department;

3) A copy of the applicant's valid driver's license or a State-issued identification;

4) Electronic picture of applicant taken within 30 days of the application;

5) The applicant's social security number;

6) The application fee;

7) A certification that the individual is tax compliant pursuant to 410 ILCS 705/45-20.

8) A certification that the individual is compliant with all other aspects of Article 2105 of the Civil Administrative Code of Illinois [20 ILCS 2105/2105]; and

9) Any additional information requested by the Department in the verification process.

f) For all changes of ownership or sales of a license pursuant to subsection 1291.211, each proposed principal officer must also submit to the Department background check authorizations as part of its principal officer applications in compliance with Section 1291.30(e).

1) The Department may waive the requirement for fingerprint consent forms and livescan vendor receipt if the underlying transaction is a transfer, as that term is defined in this Part.

2) The Department may also waive the requirement for fingerprint consent forms and livescan vendor receipt if the principal officers have submitted principal officer applications within the previous 12 months of the closing date of the change of ownership or the sale of the license.

g) Principal Officer Renewals and Restoration

1) All principal officer agent identification cards shall expire one year from the date they are issued. The holder of a card may renew the card 45 calendar days preceding the expiration date by submitting a renewal application and paying the required renewal fee.

2) A principal officer agent seeking restoration of a license that has terminated or expired shall have the license restored upon request to the Department and payment of fee required.

3) At any time after the successful completion of any term of suspension, placement on probationary status or other disciplinary action taken by the Department with regards to any agent license, the licensee may file a petition for restoration in accordance with 68 Ill. Adm. Code 1110.30.

h) Principal Officer Duties and Prohibitions

1) *A principal officer not in compliance with the requirements of* the *Act shall be removed from his or her position with the dispensing organization or shall otherwise terminate his or her affiliation. Failure to do so may subject the dispensing organization to discipline, suspension, or revocation of its license by the Department* in accordance with the Act and 20 ILCS 2105/2105-130. (Section 15-50(h) of the Act)

2) All individuals registered as a principal officer are subject to Sections 1291.60 and 1291.70.

3) Principal officers are prohibited from assigning their principal officer license.

4) Principal officers are prohibited from using their principal officer license as collateral to secure an existing or prospective debt.

i) Principal Officer License Limitations

1) A person or entity shall not be a principal officer, have a financial interest, or hold any legal, equitable, ownership, or beneficial interest, directly or indirectly, in more than 10 dispensing organizations. (See Section 15-36(c) of the Act.)

2) The Department will issue a Notice of Intent to Issue a Suspension Order to all dispensing organizations held by any person or entity or entities that the Department determines is a principal officer and/or holds a financial interest in more than 10 Adult Use Dispensing Organization Licenses, as well as the individual principal officer, in violation of Section 15-36(c) of the Act. The notice shall specify the reason for the intended action and notify the dispensing organization and the principal officer that they have 20 calendar days after the date the notice is mailed or emailed to the address of record, to present the Department with a written response contesting the intended action. The Department will rescind the Notice of Intent to Issue a Suspension Order if the dispensing organization and the principal officer demonstrate, and include documentation that supports, one of the following scenarios:

A) The person or entity has been incorrectly identified as a principal officer of more than 10 dispensing organizations and/or having a financial interest in more than 10 dispensing organizations; or

B) The person or entity is no longer a principal officer of more than 10 dispensing organizations and/or no longer has financial interest in more than 10 dispensing organizations, as supported by proof of resignation letters and current tables of organization, ownership, and control.

3) If the Department does not receive a written response that establishes one of the grounds provided in subsection (i)(2) within 20 calendar days after the date the notice was issued, the Director shall issue an order suspending the license of each dispensing organization in which the person or entity is a principal officer and/or has a financial interest.

4) The dispensing organizations may file for restoration of its license as provided in Section 1291.90 once the person or entity is no longer a principal officer or has a financial interest in more than 10 dispensing organizations.

(Source: Added at 48 Ill. Reg. 13377, effective August 20, 2024)