**Section 1291.210 Change of a License's Entity or Ownership or Control Structure and the Sale or Transfer of a License**

a) A license issued by the Department shall be valid only for the specific dispensing organization identified on the application and for the specific location proposed and approved by the Department.

b) Any proposed change of ownership or sale or transfer of a license must be requested by the dispensing organization in a form or manner prescribed by the Department. Upon review, the Department will approve a proposed change of ownership or sale or transfer of a license that complies with the Act and this Part. If the Department does not approve of the proposed changes, the dispensing organization is prohibited from undertaking those changes.

c) The Department shall receive approval from the current dispensing organization to engage with the buyer regarding the Department's review and approval of any change of ownership or sale or transfer of a license. Approval shall be on a form or manner provided by the Department and made readily available on its website.

d) As used in this Section, a "sale" includes but is not limited to a transaction to acquire at least 51% of the dispensing organization licenses between an existing license holder and a buyer that is not already registered as a principal officer on the affected licenses.

e) As used in this Section, a "transfer" includes but is not limited to a transaction to acquire a dispensing organization license, which results in a change of at least 51% of the ownership structure of the dispensing organization, between persons that are already registered as principal officers on the affected licenses. A "transfer" shall not include a reallocation as described in Section 1291.213(c).

f) As used in this Section, a "change of ownership" means any or all of the following, or any combination thereof:

1) Any action which results in a change of at least 51% of the ownership structure of the dispensing organization;

2) A change in an employee identification number (EIN) associated with the dispensing organization;

3) The addition of a person that will have a revenue sharing arrangement with or assume the responsibility for the debts of the dispensing organization;

4) Any agreement or contract between a dispensing organization and a third-party MSC in which the MSC offers its services or expertise to the dispensing organization through an instrument, such as a management service agreement that does not otherwise meet the exception for a consultant or conditional management service agreement under Section 1291.214. If an agreement or contract between a dispensing organization and a third-party exists that does not meet the limited exception under Section 1291.214, then all individuals who meet the definition of a principal officer under Section 1291.30 and the Act shall be approved by the Department prior to the agreement or contract taking effect; or

5) Any action which indicates a change in control over the dispensing organization. In evaluating whether a person exerts "control" over a dispensing organization, the Department will consider the totality of the evidence, including, but not limited to, the following or any combination thereof:

A) Any action which results in a person owning or controlling at least 51% of the dispensing organization that does not otherwise qualify for an exemption under Section 1291.213, if any;

B) The person's ability to materially influence and direct the operational and managerial decisions of the dispensing organization including but not limited to corporate decision-making, employment decisions, product selection, access to security systems, advertisement decisions;

C) The person is an immediate family member of one or more persons in control of the dispensing organization and has a common purpose or motive relating to their collective ability to materially influence and direct the operational and managerial decisions of the dispensing organization. An "immediate family" member as used herein shall mean a spouse (other than a spouse who is legally separated from the individual under a decree of divorce or separate maintenance), parents, siblings, and children whether by blood, marriage or adoption; or

D) The person has the ability to control the proxy machinery or to win a proxy contest;

E) The person is a primary creditor or a guarantor, such as through a loan or guaranty agreement, of the dispensing organization. As used in this subsection "primary creditor" means a person who would receive an ownership interest requiring registration as a Principal Officer in a dispensing organization upon a default of a loan or other similar agreement.

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