**Section 1291.211 Required Documents and Actions for Change of Ownership or Sale or Transfer of a License Application**

a) When requesting approval for a change of ownership or sale or transfer of a license, the following documents or information shall be included as part of the application for approval. The Department may request any other documents or information to aid its review of the proposed transaction and dispensing organizations are required to produce any document or information the Department requests.

1) Written narrative identifying each impacted license, the current ownership of each impacted license, the nature of the proposed transaction, and the proposed new ownership structure as a result of the proposed transaction;

2) An illustration of the proposed transaction that demonstrates the pre-transaction structure, the transaction, and the post-sale structure;

3) Purchase or transaction agreement;

4) Operating agreement of the buyer that will hold the licenses if approved;

5) Articles of incorporation of the buyer that will hold the licenses if approved;

6) If the buyer operates any cannabis businesses within any non-Illinois jurisdiction, certification from the jurisdiction of any non-Illinois regulatory body stating the date of issuance of the license, and whether the records of the regulatory body contain any record of disciplinary action taken or pending, or proof from the buyer that after reasonable attempts the buyer was unable to obtain certification;

7) Letters of good standing from the jurisdiction in which the buyer is incorporated in, or proof from the buyer that after reasonable attempts the buyer was unable to obtain certification;

8) Table of Organization, Ownership, and Control of the post-transaction ownership structure. The table shall identify all intended proposed principal officers and entities that through direct or indirect means, will manage, own, or control the interest and assets of the license or medical registration holder. If the entities have boards, all board members shall be identified. The Table of Organization, Ownership and Control shall also identify the following information:

A) The proposed new management structure including:

i) the name of each business entity;

ii) the office or position held by each individual;

iii) the percentage ownership interest of each individual and business entity; and

iv) if the business entity has a parent company, the name of each parent company's principal officers and the percentage ownership interest.

B) All business entities identified in the table must identify each individual's title and ownership share, regardless of whether they meet the definition of a principal officer.

C) If a business entity identified in the table is a publicly traded company, the following information shall be provided in the Table of Organization Ownership and Control:

i) The name and percentage of ownership interest of each individual or business entity with ownership of more than 5% of the voting shares of the entity, to the extent the information is known or contained in 13D or 13G U.S. Securities and Exchange Commission filings.

ii) To the extent known, the names and percentage of interest of ownership of persons who are relatives of one another and who together exercise control over or own more than 10% of the voting shares of the entity.

9) All proposed principal officers shall submit a principal officer application in compliance with Section 1291.30;

10) 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/participants in the trust, on a form or manner prescribed by the Department. Trust beneficiaries and participants that meet the definition of a principal officer must register as principal officers. 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.

11) Any relevant financial or ownership disclosures of the buyer, including, but not limited, to any documents involving guaranties, trusts, financing agreements, convertible debt arrangements, employment agreements, stock options, warrants, grants, buy-sell agreements, inheritance, and/or gifting;

12) Updated license materials, such as any amended policies and procedures, and any other changes that may be made in accordance with Subpart D;

13) Any dispensary name registrations, such as a DBA (doing-business-as);

14) Federal tax identification issuance letter from the IRS for any entities holding ownership of the licenses post-transfer;

15) If change of ownership or sale or transfer involves a license that was required to submit a community engagement plan as part of licensure, the buyer must provide a community engagement plan that is the same or similar to the one provided as part of the licensee's application (see Section 15-60(h) of the Act); and

16) The Department may waive the submission of certain documents upon a showing of a good faith attempt to comply, which may include a written explanation of the steps taken to acquire those documents or why the submission of documents would be not applicable.

b) If the Department determines the application materials and proposed new principal officer applications are complete, it will perform a site inspection of the dispensaries before approving the sale and issuing the new dispensing organization licenses. In determining the scope of this inspection, the Department may consider the history for compliance of the dispensing organization and whether the dispensing organization is subject to any ongoing monitoring.

c) All outstanding Department-imposed fees and fines on the current license numbers must be paid to the Department before the change of ownership or sale or transfer of a license is approved.

d) The seller shall deliver all business, training, and operational records to the buyer. The buyer shall retain those records for five years from the transfer date.

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