**Section 1291.212 Prohibitions and Denials**

a) The Department may deny a request for a change of ownership or sale or transfer of a dispensing organization license for reasons including, but not limited to, the following:

1) The entity is attempting to sell or transfer a Conditional Adult Use Dispensing Organization License.

2) The entity is attempting to sell or transfer an Early Approval Adult Use Dispensing Organization License ("same-site") issued under Section 15-15 of the Act and Early Approval Adult Use Dispensing Organization Licenses at secondary sites ("secondary site") issued under Section 15-20 of the Act.

3) The proposed principal officers, entity, or entity's owners held a cannabis-related registration and/or license that has been subjected to an adverse action by any licensing jurisdiction in the United States or any foreign jurisdiction, any governmental agency, any law-enforcement agency, or any court;

4) The proposed principal officers, entity, or entity's owners, employees, agents or representatives submitted information to the Department that was deceptive, misleading, false, or fraudulent or that tended to deceive or create a misleading impression whether directly or by omission or ambiguity;

5) The proposed principal officers, entity, or entity's owner, employees, agents, third-party agents, independent contractors, or representatives made statements to any regulatory or governmental authority that are deceptive, misleading, false, or fraudulent, or that tend to deceive or create a misleading impression, whether directly, or by omission or ambiguity;

6) The proposed principal officers, entity, or entity's owners have a conviction for distribution of a controlled substance to a minor;

7) The proposed principal officers, entity, or entity's owners conduct in Illinois or another jurisdiction posed or could pose a risk to the public health, safety, or welfare; and the risk posed by the proposed new ownership entity actions relates or could relate to the operation of a cannabis business;

8) The proposed principal officer's entity, or entity's owners have engaged in unprofessional or unethical conduct in Illinois or any jurisdiction, regardless of whether such conduct has resulted in any litigation, discipline, adverse action, or settlement;

9) The entity did not commit to the same or similar community engagement plan provided as part of the original dispensing organization's application; or

10) The change of ownership or sale or transfer of the license would result in a single person or entity having a direct or indirect financial interest in more than 10 dispensing organization licenses, as prohibited by 410 ILCS 70/15-36(c).

b) Buyer may agree to accept any Department-initiated encumbrances a dispensing organization license may have besides a formal complaint initiated against the license. If the dispensing organization licensee involved in a proposed change of ownership or sale or transfer has a complaint filed against it by the Department prior to or during the Department's review of the transaction, then the Department's review of the change of ownership or sale or transfer of a license shall cease until the corresponding case of the formal complaint is resolved.

c) If the seller entered into an agreement with the Department, such as a consent order or a non-disciplinary action as defined in Section 1291.60, the agreement may, with the buyer's consent, transfer to the buyer and the new dispensing organization license number unless otherwise resolved prior to the approval of the change of ownership or sale or transfer of a license.

d) A buyer or seller may withdraw a change of ownership or sale or transfer of a license request at any time with notice provided to the Department in writing. The Department shall inform the other party of the withdrawal in writing within five calendar days after receiving the notice.

e) If a dispensing organization fails to respond to a request or inquiry of the Department regarding a proposed change of ownership or sale or transfer within 90 calendar days of the request or inquiry, the change of ownership or sale or transfer of a license will be considered withdrawn and the Department will provide written notice to both buyer and seller. Any fees paid are non-refundable and shall be paid at the time of application.

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