**Section 1291.230 Changes to a Conditional Adult Use Dispensing Organization License and Location Parameters**

a) A conditional adult use dispensing organization license cannot be sold, transferred, or assigned and the conditional license holder cannot in any way change its ownership structure, including by removing or adding any principal officers, except in the event of the death of a principal officer.

b) Notwithstanding subsection (a), this prohibition does not preclude third parties who are not registered as principal officers from investing in, lending to, or otherwise providing capital to the conditional adult use dispensing organization license holder.

c) Pursuant to this Section, third parties are not required to register as principal officers of the conditional adult use dispensing organization license holder so long as any third party interest cannot be realized or otherwise vest until the Conditional Adult Use Dispensing Organization License holder is issued a corresponding Adult Use Dispensing Organization License under Section 15-36. In order to realize that interest or have the interest vest, all third parties are subject to the Department's approval processes under Section 15-60(b) of the Act, either through the sale or transfer of the Adult Use Dispensing Organization License to the third party or through the third party's registration and approval as principal officer to the Adult Use Dispensing Organization License holder.

d) In order to become operational, a conditional licensee shall be issued an adult use dispensing organization license pursuant to Section 15-36 of the Act by the conditional license's expiration date.

e) In order to identify or find a physical location, a conditional licensee shall provide proof of its physical location to the Department at least 30 days prior to the conditional license's expiration date. Proof shall include, but is not limited to, one of the following:

1) proof of building ownership by the conditional licensee;

2) agreement to purchase building or lease that is dependent on zoning or state license approval;

3) signed lease for the term of the initial license; or

4) proof of zoning approval or application for zoning approval.

f) The Department may rescind a conditional license even after submitting proof in accordance with subsection (e), if, after an unreasonable time and considering the totality of the conditional license's steps towards becoming operational, the conditional licensee has not become operational as identified in subsection (d).

g) A conditional license holder shall provide evidence that the location is not within 1,500 feet of an existing dispensing organization.

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