

Missouri Division of Cannabis Regulation

Guidance Document – 2/24/2023

Topics: Ownership Change Request, Facility Ownership, Fingerprint Requirements, Common Ownership and Reporting

The Section for Compliance & Enforcement (SCE) has developed the following to outline notable changes with relation to new facility ownership requirements.

19 CSR 100-1.110(70) now defines an “Owner” as an individual or other entity having a financial or voting interest in ten percent or greater of a marijuana facility license. In most cases, comprehensive licenses will only be required to provide information about individuals that meet this definition.

50% Change of Ownership

Changes that would result in an overall change in ownership interests of fifty percent (50%) or more from the last approved ownership of the licensee requires a business change application. Please note that changes of interest of individuals with less than ten percent (10%) **do** contribute toward the 50% change threshold. Licensees will be required to provide verification of the percent of ownership of individuals under 10%, but will not be required to provide the individuals’ name. The Licensee should be prepared to verify these interest changes to the Department with supporting documentation, pursuant to 19 CSR 100-1.100(2)(C).

Medical License Ownership

Because 19 CSR 100-1.070(A) requires that no medical facility shall be owned, in whole or in part, by an individual with a disqualifying felony offense, medical licensees are still required to provide the same information and documentation as before in business change applications, including but not limited to information about any individual who owns any part of the licensed entity and their individual ownership percentage; visual representation of the licensee’s ownership structure; and an attestation that all individuals subject to analysis for disqualifying felony offenses will submit fingerprints.

Fingerprints

Pursuant to Article XIV, no individual shall be required to submit fingerprints more than once, unless required by law. Licensees should be prepared to confirm the most recent fingerprint submission date and Transaction Control Number (TCN) of all individuals subject to analysis for disqualifying felony offenses. All individuals subject to analysis for disqualifying felony offenses will be required to submit fingerprints.

For a marijuana facility (comprehensive, microbusiness, transportation, testing labs and seed to sale licenses or certification), individuals who hold 10% or more ownership are required to submit fingerprints and may not have a disqualifying felony offense as outlined in 19 CSR 100-1.010(22). For medical facilities, all individuals with any economic or voting interest, must provide fingerprints for evaluation.

Common Ownership

Pursuant to 19 CSR 100-1.070(1)(E), an entity or individual may not be an owner in more than ten percent (10%) of the total number of comprehensive and medical cultivation, dispensary, or infused products manufacturing facility licenses outstanding, rounded down to the nearest whole number. The Division of Cannabis Regulation will establish these totals, rounded down to the nearest whole number, and publish the totals to our webpage. Entities with financial and/or voting interest of 10% or greater will be subject to common relationship analysis to confirm compliance. This includes, but is not limited to, parent companies, sub-entities, and individuals. Unlike review for disqualifying felony offenses, which only looks at the percent of ownership at the individual level, a review for common relationships will look at the percent of ownership of each entity in a licensee's organizational structure at or above 10%.

Pursuant 19 CSR 100-1.070(1)(E), no marijuana testing facility shall be owned by an entity or entities under substantially common control, ownership, or management as a cultivation facility, marijuana-infused products manufacturing facility, or dispensary facility. Because of this, SCE will collect information from all license types consistent with evaluation for substantial common control, as defined by 19 CSR 100-1.010(85)

A marijuana microbusiness facility may not have an owner who is also an owner of an existing medical, comprehensive, or another microbusiness marijuana facility license.

New Ownership Forms and Tools

SCE will post a tool for ownership reporting to collect required information. The tool will replace both the Ownership Structure Form and Personal Disclosure Form and only capture the information required under current law. Changes to the tool are expected as our processes are further developed according to 19 CSR 100-1. Please reach out to your assigned Business Specialist to ensure you are using the most current reporting document for information submissions.

Annual Reporting and Investigations

Pursuant to 19 CSR 100-1.100(6)(B), licensees must report, at least annually: 1) For marijuana facility licensees, all owners, with ownership percentage. 2) For medical facility licensees, all entities that own any part of the licensed entity, with ownership percentage. The Department will release further instruction for this annual report as our process develops, but licensees should be prepared to provide a timely account of current ownership for evaluation.

Per 19 CSR 100-1.030(2)(B), the department may conduct an inspection or investigation of a licensee or facility at any time, including an inspection of any part of the premises or records of a licensed or certified entity. This includes requesting all information related to ownership, in whole or part, and any other management record for these purposes. In other words, while many process will not seek information about all entities or individuals in a licensee's organizational structure, licensees should be ready at all times to respond to requests for records that include this information.

For the full text of the rules cited in this communication, please visit <https://health.mo.gov/safety/cannabis/rules.php>.

Please reach out to your assigned Business Specialist with questions.