



**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CANNABIS COMMISSION**

P.O. BOX 500135 Saipan, MP 96950
Email: info@cnmicannabis.org

A meeting of the CNMI Cannabis Commission will be held on **Friday November 19, 2021 at 10:30 A.M.** at the Office of the CNMI Cannabis Commission Conference Room located at Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan.

AGENDA

- I. Call to Order
- II. Roll Call/Determination of Quorum
- III. Consideration and adoption of Agenda
- IV. Consideration and adoption of Minutes from prior meetings
- V. Public comment

- VI. Old Business
 1. Voting to amend proposed regulations §180-10.1-360 Notification of Changes, §180-10.1-415 Procedure on Revocation or Suspension of License, (Part 1700 Penalties) §180-10.1-1701 Legislative Mandate, §180-10.1-1705 Suspension of Penalties, §180-10.1-1710 Definitions, §180-10.1-1715 Licensee Liability, §180-10.1-1720 Multiple Offenses from Single Action or Omission, §180-10.1-1725 Self-reporting Determination, §180-10.1-1730 Determination of Offense Level, §180-10.1-1735 Mandatory Offense Levels, §180-10.1-1740 Penalties, §180-10.1-1745 Burden of Proof, §180-10.1-1750 No Hearing Necessary for Determinations

- VII. Managing Director's Report

- VIII. Executive Session
 1. Legal matters – AAG

- IX. Adjournment

Copies of this notice and agenda have been posted at the Administration Building Entrance Hall, the House of Representatives Entrance Hall, the House of Senate Entrance Hall and www.cnmicannabis.org, the CNMI Cannabis Commission's official website.

Written comments on the agenda may be submitted to the Office of the CNMI Cannabis Commission located at Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan or emailed to info@cnmicannabis.org on or before the meeting date. Oral testimony may also be presented during the meeting on Friday, November 19, 2021.

**CNMI Cannabis Commission
Regular Session Meeting Minutes
November 19, 2021**

I. Call to Order

Chairwoman Nadine Deleon Guerrero called the CNMI Cannabis Commission's meeting to order at 10:38 a.m., which was held at the Office of the CNMI Cannabis Commission Conference Room located at Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan.

II. Roll Call/Determination of Quorum

Chairwoman Nadine Deleon Guerrero called roll of the commissioners:

Vice Chairman Mathew Deleon Guerrero, representing Saipan, was present; Secretary Journie Hofschneider, representing Tinian, was present; Member Thomas Songsong, representing Rota, was present; and Commissioner Valentino Taisacan, representing Northern Islands, was present.

Chairwoman confirmed quorum with all five commissioners present via Zoom video conference. Managing Director Monique Sablan, Administrative Specialist Jayda Babauta and AAG Keisha Blaise were also in attendance via Zoom video conference.

III. Consideration and adoption of Agenda

Chairwoman opened the floor for the adoption, amendment or discussion of the agenda. Vice Chairman motioned to adopt today's agenda, seconded by the Secretary. All commissioners voted in favor of the motion, motion carried.

IV. Consideration and adoption of Minutes of prior meetings

Chairwoman motioned to table meeting minutes to the next meeting noting last meeting's indication that meeting audio files are pending receipt by Member Songsong, seconded by the Secretary. All commissioners voted in favor of the motion, motion carried.

MD asked Member Songsong if he received the commission meeting audio files from Ms. Babauta, which he acknowledged that he did.

V. Public Comment

Chairwoman opened the floor for public comment. MD reported that there were no members of the public present for public comment. Chairwoman announced the same.

VI. Old Business

1. Voting to amend proposed regulations §180-10.1-360 Notification of Changes, §180-10.1-415 Procedure on Revocation or Suspension of License, (Part 1700 Penalties) §180-10.1-1701 Legislative Mandate, §180-10.1-1705 Suspension of Penalties, §180-10.1-1710 Definitions, §180-10.1-1715 Licensee Liability, §180-10.1-1720 Multiple Offenses from Single Action or Omission, §180-10.1-1725 Self-reporting Determination, §180-10.1-1730 Determination of Offense Level, §180-10.1-1735 Mandatory Offense Levels, §180-10.1-1740 Penalties, §180-10.1-1745 Burden of Proof, §180-10.1-1750 No Hearing Necessary for Determinations

Chairwoman introduced the agenda item subject matter, opened the floor for discussion, and pointed out the topic of discussion will be in reference to a “fee schedule.”

Vice Chairman initiated the discussion and referred to previous discussions on the development of a structure, and that one of the remaining components was the extent of the commission’s ability to implement civil fine maximums; originally there were rough figures of what the fines would be on the minor, intermediate, and major levels of offenses, and the information furnished was that the cap limit or fine maximums is \$2,500.00.

Vice Chairman then made a motion to adjust the proposed fines on the originally proposed penalty fee schedule document to:

- No greater than \$500.00 for minor offenses;
- No greater than \$1,500.00 for intermediate offenses; and
- No greater than (the maximum) \$2,500.00 for major offenses.

...which are the only changes the Vice Chairman moved to adopt, seconded by Secretary.

MD interrupted, apologized, and then requested that she would state that she received information from the AAG do disregard the latest LSR response, which detailed the \$2,500.00 maximum fine limit, and that the AAG needed to examine the matter further as it relates to the commission’s maximum fine limitations, and suggested the AAG may explain it matter further if she wishes to do so.

AAG Blaise indicated that she and AAG Chambers discussed the matter, in which she was content with the \$2,500.00 maximum limit; however, other questions arose in terms of the commission potentially imposing more fines, the statutory details relating to prison sentences which is out of the commission’s control, the imposition of other fines (e.g., the courts) after the commission imposes its fines and where do those fines route to, and

jurisdictional authority to impose other fines and prison sentences, etc., and that they would like to ensure clarity on these issues that may limit the commission in the course of its engagements.

AAG Blaise mentioned that AAG Chambers just entered and will consult with him and return shortly to discuss the matter further, while the Chairwoman, MD and others entered into a brief conversation on where fines would be routed to.

AAG Blaise reentered the discussion saying that she and AAG Blaise reviewed the Oregon cannabis law and because it (penalty/fine) is absent in the CNMI's cannabis statute, it is assumed that the legislature may have wanted to give the commission free reign on the matter, however, the Oregon law show a civil penalty to not exceed \$10,000.00 for each violation; obviously the CNMI statute says that it can be referred to or sort of refer it to the Oregon law because that is where the CNMI statute was framed; she indicated that she can update her LSR response, but feels that may be more in line with what the commission is trying to achieve, and as it seems, the legislature seemed to have left it up to the commission's discretion.

Questions and discussion followed with the AAG on maximum fine limitations and fee schedule, and the Vice Chairman provided feedback to the MD's earlier question relating to the authority to fine, its process and exemplified a process leading to implementing a fine.

AAG Blaise added in answering one of the MD's question on fee collections is that the only fees that revert to the commission derives from application and license fees to assist the commission in regulating the industry. Discussion followed on the establishment of a penalty account, which the MD indicated that it was already established. The AAG additionally added that possibly, if enforcement needs to increase, that could justify the increase in fees to assist with regulating the industry.

Vice Chairman stated that for discussion's sake, he withdrew his earlier motion to amend, and made a motion to adopt the original framework that...Vice Chairman paused and referred back to the original document.

Chairwoman entered and asked the AAG a question about the standard practice of fee collections, and exemplified a violator being fined \$2000 and made the penalty payment at the treasury office, where would those funds go or be allocated to because as it stands now, any fines imposed by the commission will not go to the commission, and asked if it has to be set statutorily, statutory amendment.

The AAG agreed with the statutory amendment requirement and mentioned that the only fees the commission is allowed would originate from application and license fees.

Vice Chairman and Chairwoman indicated that the commission is not receiving application and license fees at the moment, and that it is a part of the statutory amendments the commission proposed and submitted to the legislature which is still pending action.

The AAG was surprised that it was still the case and inquired about the commission's operational funds. "Through legislative appropriation," the Vice Chairman replied. The AAG added that may be a good thing because it could be worse, and exemplified the happenings with the casino commission.

Referring to the previous proposed statutory amendments and current statute, the Vice Chairman reiterated that all license and application fee shall be kept in a separate account, that provision says all application and license fees, and then questioned whether a civil penalty is also considered an application fee or license fee, and expressed uncertainty if the statute talks about where or how to use... then mentioned that maybe an LSR question and said that is a good point, that maybe the statute is silent on where penalties/fines go, and if it is silent, is it something the commission can just take on; primarily, one of the concerns was when they did allocations from the general fund, that it was something dealing with the allocation of money, the comingling of funds with federal funds, or the unwanted jeopardizing of federal funds, that is maybe a structure the commission may need to work with the legislature when it comes to penalties.

Chairwoman asked both AAGs that the commission would be sending them an LSR request about the question on what was just discussed. The AAG acknowledged.

Vice Chairman announced that he repeals his earlier motion and reverted back to the original penalty fee structure cited as 21015.

The Chairwoman stated that she finds it acceptable as long as the law allows, and stated that the penalty fee structure/schedule was the main issue that was up for discussion in today's meeting as everything else was discussed in length in the last two meeting, and then asked if anybody else had any concerns before she moved to take a vote on the proposed regulatory amendments.

Secretary expressed no concern. The Vice Chairman expressed no concern either, however, stated that going forward for future attendance that the commission has its line item indicate as, "Discussion on regulatory amendments," so that it is captured because

there are things that tend to pop up that needs to be reviewed, for example, the transportation and delivery issue, that shouldn't be conversed on now because it is not on the agenda, but we should expose it later to show as to what is new in the realm of things that was not caught.

Chairwoman agreed and mentioned that since the transportation and delivery subject matter was not discussed in this round of discussions, it would be included in the next meeting.

Chairwoman then asked the Vice Chairman if there was something specific about transportation and delivery needing discussion. The Vice Chairman replied that the law allows for delivery, while commission regulations do not, which makes it a prohibition.

Chairwoman asked Member Songsong if he had concerns knowing of he raised an issue through email about pesticide use on cannabis and pest management.

Member Songsong replied that is an idea, a suggestion, and an important one to address and implement at least in a licensee's SOP that could provide for surety that producers are knowledgeable on basic pest management or Integrated Pest Management practices, including pesticide use on cannabis, because through all the producer applicants approved for licensure, not a single producer SOP detailed pesticide use, pest management knowledge or practices; although questions were asked about the types of pesticides they plan on using, if any, they always seem to use the words "organic" and "natural," yet those statements and practices were not detailed in their SOPs; pesticide use and pest management on cannabis plays an important role because that is the product being marketed to consumers; of course, with the commission's planned implementation of cannabis training requirements and certifications, pesticide use on cannabis and pest management are part of the curriculum with the various online training certifications; a possible approach to address this matter for the time being could be through a simple resolution that seeks information on pesticide and types used on cannabis and knowledge on pest management be incorporated into SOPs, however, he would rely on the MD to figure a workable approach or solution, either through resolution or regulation.

MD added that she and her staff will look into the approaches to consider for implementation on issues with reporting pesticide and types used on cannabis, if any, pesticide management/handling, including educational cannabis training and certifications.

Chairwoman indicated that she will incorporate the pesticide issue and cannabis training certifications in following meetings for further discussion.

Chairwoman announced that if there are no other discussions on the agenda item, she would like to make a motion to begin the voting on the proposed regulatory amendments. All commissioners expressed readiness to commence voting.

Chairwoman clarified that the commission members are voting to amend and approve the proposed regulations as discussed in previous meetings in relation to:

- §180-10.1-360 Notification of Changes, §180-10.1- 415 Procedure on Revocation or Suspension of License, (Part 1700 Penalties) §180-10.1- 1701 Legislative Mandate, §180-10.1-1705 Suspension of Penalties, §180-10.1-1710 Definitions, §180-10.1-1715 Licensee Liability, §180-10.1-1720 Multiple Offenses from Single Action or Omission, §180-10.1-1725 Self-reporting Determination, §180-10.1-1730 Determination of Offense Level, §180-10.1-1735 Mandatory Offense Levels, §180-10.1-1740 Penalties, §180-10.1-1745 Burden of Proof, §180-10.1-1750 No Hearing Necessary for Determinations

In addition to the inclusion of a fee schedule for penalty charges based on the level of offense as originally proposed as follows:

- \$2000.00 for a minor offense;
- \$10,000.00 for an intermediate offense; and
- \$15,000.00 for a major offense.

Chairwoman commenced roll call for voting as follows:

- Commissioner Songsong voted yes for regulatory amendments;
- Commissioner Taisacan voted I (or yes);
- Commissioner Hofschneider voted I;
- Commissioner Mathew Deleon Guerrero voted I; and
- Chairwoman Nadine Deleon Guerrero voted in favor of amending the proposed regulations as she previously stated.

Chairwoman announced the commission members' unanimous vote to approve the proposed regulatory amendments.

MD subsequently shared information about her transmittal letter (CNMICCRA22-01), which the AAG reviewed and had a few questions, and expressed to the AAG that she can explain it further here.

The AAG replied that she may explain it and said that the language and numbering of the document was unclear.

MD stated that the language in the transmittal letter in item 1 related to the use of the term “licensee representative,” which was suggested that it may also be termed as “designated representative,” and explained that Public Law 20-66 defined it as “licensee representative.” The AAG acknowledged.

MD added that with the renumbering system in adding “(e) (6),” all the numbering that followed shifted downward and was renumbered; every numbering seen starting from number 2 up to number 4 updated its reference, for example, the numbering “(e) (8)” was previously “(e) (7),” and so forth, therefore, all succeeding numbers needed to be adjusted, updated, or renumbered.

The AAG expressed uncertainty about the use of the word “water usage” spoken about in item (f) and wondered why it was situated in item (e). Vice Chairman added that it was a renumbering, which was misreferenced originally. The AAG acknowledged the MD and Vice Chairman’s clarification.

Chairwoman then moved to the managing director’s report.

VII. Managing Director’s Report

MD reported the following:

- The commission’s Citizen Centric Report was submitted;
- Receipt of two new applications this week for a Producer Class 2 located at Garapan, Beach Road and Producer Class 3 located at As Teo, and that commission members will be kept informed on their application processing progress, but as of recent, the commission has been working closely with these two new applicants;
- Another potential application may be submitted next week for a Producer Class 3 license, and concluded that:
- A few AIP recipients are beginning to construct facilities, and that there is a possibility that a review and consideration for licensure would occur soon.

VIII. Executive Session

1. Legal matters – AAG

Chairwoman stated that she has no legal questions to discuss with the AAG and asked the other commission members and MD if they had any to require moving into executive session.

Hearing no legal matters to address, Chairwoman moved to adjournment.

IX. Adjournment

Chairwoman motioned to adjourn meeting, seconded by Commissioner Taisacan. All commissioners voted in favor of the motion, motion carried. Meeting adjourned at 12:45 p.m.