



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

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A meeting of the CNMI Cannabis Commission will be held on **Wednesday, September 29, 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. New Business
 1. Election of Board Officers for 2021-2022
 2. **Cannabis Licensing Application No. C0221-0014-SPN:** Max Investments, LLC. dba Max Farms, Producer Class 2 license; discussion and approval
 3. Discussion on banking institution regulations in relation to licensee requirements
 4. Commonwealth-wide stakeholder convention / meeting event
 5. Discussion on Notice of Change of Information forms and processes required for reporting by commercial applicants and licensees
 6. Discussion on proposed fee schedule for change applications and penalty fees
 7. Discussion on proposed Board Resolution outlining:
 - a. Timeframe for reporting changes to a license/licensee
 - b. Administrative notice of suspension/cancellation for unreported changes to a license/licensee
 8. Discussion of proposed amendments to the regulations regarding changes to a license/licensee
 - a. Timeframe for reporting changes
 - b. Administrative notice of suspension/cancellation for unreported changes
 - c. Associated application fee schedule for changes to a license/licensee
 - d. Associated penalties/fines for non-compliance

- VII. Old Business
 1. Discussion and Vote to adopt commercial licensee employee training requirements into regulation
 2. Discussion regarding delivery service operation regulation for retailers
 3. Discussion on expanding sales reporting requirements by licensed retail and producer establishments

- VIII. Executive Session
 1. Legal matters – AAG

- IX. Managing Director's Report

- X. Adjournment

Copies of this notice and agenda have been posted at the Administration Building Entrance Hall, the House of Representatives Entrance Hall, the 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 Wednesday, September 29, 2021.

**CNMI Cannabis Commission
Regular Session Meeting Minutes
September 29, 2021**

I. Call to Order

Chairwoman Nadine Deleon Guerrero called the CNMI Cannabis Commission's meeting to order at 10:41 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

The chair called roll of the commissioners:

Secretary Journie Hofschneider, representing Tinian, was present; and Member Songsong, representing Rota, was present via Zoom.

The chair announced that the Northern Islands' commissioner position is open pending an appointment from the Northern Islands mayor and that Vice Chairman Mathew Deleon Guerrero will join today's meeting at 1:30 p.m. for the discussion and licensing decision on a Producer Class 2 applicant and election of commission officers, and then announced the commission's quorum for today's meeting.

Managing Director Monique Sablan and Assistant Attorney General Mr. Kieth were also present at the meeting.

III. Consideration and adoption of Agenda

Secretary Hofschneider motioned to adopt the agenda, seconded by Member Songsong. There was no discussion. All commissioners voted in favor of the motion; motion carried.

Member Songsong inquired about the Northern Islands' commissioner in which the chair indicated that Commissioner Valentino Taisacan's term expired on September 12th and that she has not heard of a re-appointment or new appointment to that position.

IV. Consideration and adoption of Minutes of prior meetings

The chair mentioned that the vice chairman had a couple of clarifications that needed to be cleared with the January 2021 meeting minutes and asked Member Songsong if he was able to connect with the vice chair to fix it, and then expressed that the March 2021 minutes was acceptable; however, she is unsure if the vice chair had any input on the March minutes and suggested that the January and March meeting minutes being considered for adoption be moved to 1:30 p.m. upon the arrival of the vice chair.

Member Songsong acknowledged and mentioned that there was another September 4, 2020, meeting minutes that was disseminated for review.

The chair acknowledged and then motioned to table the adoption of previous meeting minutes to 1:30 p.m. All commissioners voted in favor of the motion; motion carried.

[Continued at 12:48 p.m. after executive session] The chair expressed that the minutes of January and March 2021 were satisfactory but was unsure if there were needed amendments from the vice chair and Member Songsong.

The vice chair indicated that he would like to make some amendments to the January 2021 meeting minutes which entailed a couple undiscernible words that Member Songsong was unable to make out while transcribing, and that with just those minor changes to certain words, he moved to adopt the January 29, 2021, meeting minutes, seconded by the secretary.

The chair indicated that the adoption of the January 29, 2021, meeting minutes will be tabled until the amendments are made and resubmitted for adoption to include the September 04, 2020, meeting minutes because she needs to read it, and then noted that the minutes of March 04, 2021, may be adopted in today's meeting as she found no issues with it.

The vice chair then motioned to adopt the March 04, 2021, meeting minutes, seconded by the secretary. All commissioners voted in favor of the motion; motion carried.

The chair moved on to agenda item VI (1) election of board officers for 2021-2022.

V. Public Comment

The chair opened the floor for public comment. The chair subsequently announced that there were no members of the public present for public comment.

VI. New Business

The chair motioned to move line items 1 and 2 of new business to 1:30 p.m. upon the arrival of the vice chair, which was seconded by the secretary. There was no discussion. All commissioners voted in favor of the motion; motion carried.

1. Election of Board Officers for 2021-2022 [Moved to 1:30 p.m.]

The chair indicated that every year the commission elects its board officers and that it is understood that there is a current position vacancy under the Northern Islands' commissionership until one gets appointed; the commission currently has three commissioners on board whose terms expire on September 12, 2023, and that the commissioner from Rota was reappointed by Mayor Atalig who will serve four years pursuant to statute pending a confirmation hearing from the Rota Legislative Delegation.

Vice Chair Mathew Deleon Guerrero asked that he initiate the conduct of the nomination and election process, which the chair okayed. The vice chair then opened the floor for the nomination and election of commission board officers and asked if there were any nominations for officer positions.

Commissioner Hofschneider nominated Commissioner Nadine Deleon Guerrero for chairperson, seconded by Commissioner Mathew Deleon Guerrero.

Commissioner Mathew Deleon Guerrero asked if there were any other nominations for chair; hearing no other nominations, all commissioners voted in favor of electing Commissioner Nadine Deleon Guerrero as chairperson.

Chair Nadine Deleon Guerrero took the floor as asked if there were any nominations for vice chair. Commissioner Mathew Deleon Guerrero pointed out that he does not necessarily need to be in a position and that if anybody else would like to take the vice chair position he would second it.

The chair then nominated Commissioner Mathew Deleon Guerrero for vice chair, seconded by Commissioners Songsong and Hofschneider. The chair asked if there was any other nomination for vice chair; hearing none, all commissioners voted in favor of electing Commissioner Mathew Deleon Guerrero as vice chair.

The chair opened the floor for the nomination of a treasurer. The chair initially nominated Commissioner Songsong for treasurer but subsequently rescinded it and then nominated Commissioner Hofschneider for treasurer.

The vice chair entered and explained the roles of the treasurer and secretary for the purpose of clarity of the roles of the officers, and then asked Commissioner Songsong if he was interested in any of the officer positions.

Commissioner Songsong expressed that he hoped Commissioner Hofschneider would remain being the secretary but as far as the treasurer position is concerned, he asked if he could turn that and any officer position down for the reason that as a veteran

diagnosed with Gulf War syndrome and other military service connected disabilities, he is unable to take on any of those positions and responsibilities, and would like to refrain from those positions and reserve them for their nomination of others.

The commission members expressed appreciation for Commissioner Songsong sharing his personal information.

The chair then designated the vice chair as the interim treasurer until there is another commissioner to take on that position. All commissioners voted in favor of the vice chair being the interim treasurer.

The chair opened the floor for any nominations for secretary. Hearing no nomination, the chair then nominated Commissioner Hofschneider as secretary, seconded by Commissioner Songsong. All commissioners voted in favor of electing Commissioner Hofschneider as secretary.

RECESS: The chair called for recess at 1:10 p.m., until the arrival of Max Investments, LLC., at 1:30 p.m., for discussion and consideration for licensing.

[Audio recording of 21 September 29 (1) ended here. Second (or part 2) audio recording is missing or not found, which would encompass agenda item VI (2) Max Investments, LLC., agenda item IX managing director's report, and agenda item X adjournment.]

- 2. Cannabis Licensing Application No. C0221-0014-SPN: Max Investments, LLC. dba Max Farms, Producer Class 2 license; discussion and approval [Moved to 1:30 p.m.]**

[Missing or unfound second audio recording for this part; first audio recording ended at approximately 1:10 p.m. after the chair called recess; see last paragraph under agenda item VI (1) election of board officers.]

[Max Investments cannabis licensing application was approved during this meeting.]

- 3. Discussion on banking institution regulations in relation to licensee requirements**

The chair indicated that a couple of meetings were attended this month with Bank of Saipan (BOS) who expressed interest in assisting the commission's cannabis licensees with establishing bank accounts, which is only in the discussion phase; the BOS are looking to vendors who are possible consultants to assist with determining its ability to assist the cannabis industry. The chair expressed her support of the idea and sought the commission members' consensus to support BOS's endeavor in

helping provide a safe haven for licensees to deposit their revenue in a banking institution rather than store cash on their premises, and that it would be helpful for the industry and show more stakeholder support in assisting the commission with regulating the industry, and then asked the Managing Director (MD) Monique Sablan if she had any information to add on the subject matter.

The MD indicated that she met with Bank of Guam (BOG) twice and was introduced to one of its potential consultant (Green Check Verified) who described how cannabis licensees would be able to make deposits in BOG or any other banking institutions that agrees to host cannabis licensees; cannabis funds would be able to be deposited in banks but the middle-man would be Green Check Verified or any other consulting agency that the BOG chooses; she explained that what that would do is cross check and verify with the commission's rules and regulations and commonwealth law to ensure that transactions that are made between licensees or licensee to consumer would be verified, and then briefly described an example of how a \$10,000 deposit would first go through the consulting agency for verification, and on the banking side, it would be cross checked and verified; for the commission's purpose, it could also act as a regulatory tool used for reporting purposes, i.e., establishment of a paper trail, reporting accuracy, etc., only if these banking institutions agree to host cannabis licensees and then expressed her support of the idea.

Discussions followed relating to the meetings that took place with local banking institutions, the federally regulated banking system, the commission's building of a regulatory framework for banking institutions, investigations, audit, financial integrity, the commission's need of an auditor, commission's budget to support those functions, etc.

4. Commonwealth-wide stakeholder convention / meeting event

The chair expressed the commission's desire to conduct a stakeholder event, and now that the banking industry has expressed interest in supporting the cannabis industry and its licensees, there is a need to hold a stakeholder event where everybody could present where they are at with the cannabis industry and the capabilities they may have to offer; to gather everyone so that everyone could be on the same page in relation to the cannabis industry and that it would be beneficial because the commission and the industry is still very new only having started in March, and having everyone participate in knowing what the cannabis laws and regulations are and how it could affect their or other industries would be helpful, not just for stakeholders, but also the legislature and people that have questions can be invited, including the judiciary branch, other governmental agencies and banking institutions

can also have a portion of that event; understanding the MD's workload, which includes the cannabis educational training being conducted with the Department of Public Safety in Saipan and subsequently on Tinian and Rota, this is an event the commission would like to host by the end of the year or the following year in January in the hopes that it will help answer a lot of questions and unknowns, and then offered to assist the MD with the stakeholder event planning.

Discussions followed on the stakeholder event planning, presentation topics, event budget, presentation of cannabis revenue collections and taxation figures, etc.

5. Discussion on Notice of Change of Information forms and processes required for reporting by commercial applicants and licensees

Secretary Hofschneider said that she did an overview of application forms that are currently missing (or non-existent); in the beginning of licensing, it was anticipated that there was not going to be a big issue once licenses were issued; basically, the absence of forms that would involve changes to the license, licensee or stakeholders, changes to hours of operation or floor plans, etc.; the regulations or statute say nothing about the commission having to provide for an application form, to charge a fee and develop a fee schedule; there exists applications for transfer of ownership and relocation that is indicated in the statute, but the commission has no application form for instances such as dormancy when an applicant or licensee closes business due to fire, flood or similar; there are no application forms for structural or floor plan changes, name changes, changes to endorsements or operating hours, transfers of shares internally or externally, change of directors, officers, members, bankruptcy receivership forms, which should be included in the statute; the question is, does all application forms and fee schedule have to be in the statute, for example, fee charges for labeling are in the regulations but not in the statute.

The AAG shared that the regulations can only have what the statute permit it to have but that being said, the statute can be very generous in giving the powers of the regulations and general guidance, but if the commission did not want something to exist, putting it in the statute would definitely be better but it could be in the regulations.

Discussions followed with the AAG on specifications and requirements between the regulations and statute, described certain scenarios and examples, the lack of fee assessment for time spent in the administrative review of distinct types of changes, the statute only specifying changes to ownership and business relocation, the preparation of a legal services request for clarification...

6. Discussion on proposed fee schedule for change applications and penalty fees

Secretary Hofschneider indicated that discussions under agenda item VI (5) above led into this agenda item VI (6), which was already covered and then proceeded to agenda item VI (7) below.

7. Discussion on proposed Board Resolution outlining:

a. Timeframe for reporting changes to a license/licensee

Secretary Hofschneider indicated that she will discuss her proposal in dealing with licensee changes in the interim; through her conversations with the MD and Ms. Janina Maratita, who is designated in an acting capacity during the MD's absence, and as a result of inspections conducted and findings, have come to a consensus that should any changes whatsoever be made from the time of license approval to any time thereafter needs to be reported to the commission; the commission will then provide guidance on what requirements may be needed, e.g., updated floor plan, change of individuals, etc.; there has been a couple of instances of changes that were made without it being reported to the commission and so there is a need to be more clear on what the commission is expecting and when it is expected, and suggested that in the interim, a resolution be passed that outlines specifically the changes that are out there, including potential changes, and when the commission expects it to be reported; for example, with a transfer of location and transfer of ownership, which is already in the statute, those forms can be developed, and how it would be reported is through an application form and that an approval is required before relocation occurs; same with a transfer of ownership before it occurs, the commission would want to vet new people entering; with a permanent change to a licensee, if a director, officer, etc., is changed, the commission would want it reported within ten days prior to the permanent change, that way the commission is clear and current with who is operating and involved with the license at all times; same with changes to the premises, e.g., structural expansion, removal, etc., that would need to be reported before it occurs so that the commission can acknowledge and confirm that the proposed changes meet licensing requirements; same with share transfers for any new or removed shareholder needs to be reported within ten days; this was discussed previously and the reason a resolution is being proposed is to get the information out to everyone formally from the commission outlining exactly what the commission is looking for and when it should be reported, and by not reporting changes is considered non-compliance; there has already been a licensee that added people to their business structure, which raises a flag because first of all, they were asked to

report it initially, and second, the new people in the business structure were not vetted, the commission does not know who these new people are, which is problematic; as the commission evolves, there will be more information about licensees and expressed that she is not trying to become reactive to licensees but there is a need to ensure clarity.

The secretary stated that she will work with the MD in developing the necessary change of information forms discussed above, inclusive of a legal services request (LSR) regarding it.

b. Administrative notice of suspension/cancellation for unreported changes to a license/licensee

Secretary Hofschneider expressed that the commission has the authority to suspend licenses in which a process needs to be developed for creating administrative notices for suspension, cancellation, and rescindment for unreported changes of the license/licensee; an example was detailed of a discovery where other shareholders were added to a licensed company three months earlier in which an administrative notice of suspension would be issued, which would require notification to the commission of the change within ten days or expect license suspension; if it is not addressed within the ten-day time period provided, as would be noted in the proposed resolution, a notice of license suspension could be issued until all requested documentation is submitted; if documents are provided after the deadline and satisfactory to the commission, a notice of suspension rescindment could be issued, which would clear that situation, it is a way to ensure compliance; with a notice of cancellation, the reason why it is included would apply to a certain circumstance as with a total change of ownership, e.g., from ABC, Ltd., to EFG, Ltd., which should fall under a notice of cancellation because the entire group of individuals in the initial application or license are no longer operating and an entirely new company has taken over business operations, which the commission has not vetted and do not know anything about, which would prompt them to submit a transfer of ownership application; the other thing that would stimulate these kinds of notices is through the questions asked in the renewal application form, i.e., has there been any changes to the company's share structure, officers, directors, etc., and if they do reveal changes, appropriate notices may be issued, which would specify the required documentation and actions that may be taken by the commission.

Discussions followed on certain scenarios and the processes of issuing notices, follow the 10% shareholder rule, determination of shareholder structure, vetting shareholders, criminal records, the need to have that process available, the ability to rescind

suspension notices upon compliance, recent renewal applications received, that it does not hinder the renewal process...

8. Discussion of proposed amendments to the regulations regarding changes to a license/licensee

a. Timeframe for reporting changes

Secretary Hofschneider stated that agenda items VI (8) (a) and (b) were already discussed earlier in agenda items VI (7) (a) and (b) and then moved to agenda item VI (8) (c).

b. Administrative notice of suspension/cancellation for unreported changes

[Discussed in agenda items VI (7) (a) and (b) above.]

c. Associated application fee schedule for changes to a license/licensee

Secretary Hofschneider expressed unfamiliarity with how fees are established in the CNMI, its justification for establishing fees and how figures were determined in the statute, not to say that it is wrong but is unsure of the methodology used in establishing fee rates; if the commission is to develop a fee schedule, it would need to determine what is appropriate to align with other fees and what is required through administrative processing; there is a huge analytical difference between a new license application and a small change to an existing license after review and vetting is completed; for example, with a change in business name or logo, that could be something that could be assessed a fee for reporting the change through the submission of a change of information form; when a change involves a transfer of location, however, that is similar to a new application other than vetting the company itself, which would entail the commission re-reviewing the company's floor plans, the conduct of site inspections, assessing a different picture but not assess the licensee because that has already been done, which is less time spent administratively assessing a new site than assessing a new application; just wanted to introduce that for discussion.

Discussions followed on the subject matter... The AAG suggested an LSR for confirmation of the idea of establishing fees for the types of changes that were discussed that are not specified in the statute or current regulations...

d. Associated penalties/fines for non-compliance

Secretary Hofschneider stated that she wanted to touch on this subject matter, not necessarily associated with penalties for not reporting changes, but for incidences such as sales to minors, which is a penalty; in Canada for example, the penalty fine to a licensee for serving liquor to a minor is \$7,500 and a \$500 fine to the person that sold it to the minor; not to suggest those amounts but just to say that a penalty fee schedule would be needed to address those kinds on non-compliant incidences; other incidences could be that a licensee's surveillance cameras were turned off, which could raise questions as to how the long surveillance cameras were off; it could also depend on a licensee's history, if a first time offender, it could be considered a minor incident and a warning issued, but if it was a serious offense such as not having surveillance cameras, a meeting could be held and a penalty ticket for a certain amount issued to the licensee for non-compliance.

Discussions followed on non-compliant scenarios that could occur, the monetary penalty amounts considered for non-compliance, monitoring licensing requirements, public safety, development of timelines, staffing resources, development of a penalty fee schedule...

The secretary concluded by asking if there were any questions on the subject matters that she covered. There were no questions, comments, or further discussion.

VII. Old Business

1. Discussion and Vote to adopt commercial licensee employee training requirements into regulation

The chair indicated that the commission had previously discussed adding into the regulations the need or mandate of all licensees to go through some kind of cannabis training and suggested that twenty hours of annual cannabis training could be a good bench line for licensees to comply with; the training may not be too costly and will work on some kind of language that speaks to some minimum requirement, an effective regulation piece that could speak to requiring cannabis training and the identification of the types of training that may be necessary.

The secretary added that there are online cannabis training certifications by different companies on topics relating to cannabis dispensary, identifying basic signs of intoxication, dispensing marijuana safely, training courses for producers, etc., and that it should be a standard because licensees are dealing with the public and consumer safety.

The chair indicated that the commission could name some of those cannabis training companies and that she is only aware of Green CulturED in which one licensee has attained training certification and mentioned that Member Songsong brought up other online cannabis trainers in a previous meeting and asked him if there was an issue with Green CulturED.

Member Songsong replied that there was no issue with Green CulturED, he just mentioned another online cannabis trainer and courses offered by Cannabis Training University (CTU) and that there are about five online cannabis training companies, which include Green CulturED and CTU.

Discussions followed on regulatory requirements for online cannabis training certifications, Canada having similar training requirements, determination of minimum standards and curriculum, identification of online training companies and cost, that one current licensee has it included in its standard operating procedure about having their staff undergo training certification with Green CulturED, the commission listing and prioritizing minimum expectations from licensees...

2. Discussion regarding delivery service operation regulation for retailers

The chair indicated that an applicant (Ms. Alexis of Common Wealth Cannabis) inquired about marijuana delivery service and asked the MD if there were other inquiries. The MD replied that there were no other inquiries.

The chair said that she was not sure of how much of a priority this subject matter is and shared that the State of Massachusetts recently passed its regulations, which developed a whole new separate license for delivery service and expressed that more research needs to be conducted on cannabis delivery service.

Discussions followed on delivery scenarios, delivery vehicles, transporting cash, security measures, suggestion that the MD to reach out to the Massachusetts Cannabis Control Commission's executive director to learn more about their decision to establish a separate license for delivery rather than allow licensed cannabis retailers to conduct delivery service to consumers, the need to conduct more research on cannabis delivery and determine factors to look out for, marked or unmarked delivery vehicles, Canada's recent policy of allowing retailers to deliver to consumers, delivery to residences and not to other vehicles, tracking delivery...

Commissioner Mathew Deleon Guerrero entered the board room and joined the meeting, and then requested a five-minute recess.

RECESS: The chair called for a five-minute recess and later called the meeting back to order and in regular session at 12:17 p.m. and moved to the next agenda item VII (3) below.

3. Discussion on expanding sales reporting requirements by licensed retail and producer establishments

The MD stated that a sales reporting template was created but there were a few things that need to be finalized and will introduce it next month.

The secretary indicated that the MD receives licensee monthly sales reports and that everyone has a different system of cannabis sales tracking, which the MD would use to determine, develop, and finalize the sales reporting template based on the general information that licensees report.

The MD indicated that reports from licensees that use a cannabis tracking system are easy to read, but those that do not are somewhat challenging.

The vice chair asked the MD if that information (sales reports) is something she could share with the commission, because he has met some people occasionally that work in cannabis shops and wants to know how cannabis licensees are doing.

The MD acknowledged and indicated that she would upload licensees' monthly sales reports to the board's documents for the board's review.

The chair agreed with wanting to know how the cannabis industry is doing as a whole and part of the information she wants gathered is data from the Commonwealth Utilities Corporation's revenue collections derived from and since the cannabis industry started in terms of utility installation and monthly billings, to include permitting revenues from the Zoning Office and the Department of Public Works' building permits, and all other CNMI agencies involved in collecting fees derived from the cannabis industry; a lot of people seem to think that the cannabis commission is just about application and license fees, not realizing that there are also other revenues, e.g., business gross revenue tax, surtax, salary and wages, etc.

The vice chair added that Chapter 7 taxes are also significant as there is the inability to deduct expenses with cannabis businesses and that they pay a more higher tax rate than any other type of business in the CNMI, which a couple cannabis licensees have talked about.

Discussions followed on cannabis retailers' revenue generation, the MD's indication that retail sales are high and increasing, the possibility of establishing limitations on licenses, status of producer and retailer licensees...

The chair subsequently motioned to enter executive session, seconded by the secretary. All commissioners voted in favor of the motion; motion carried.

VIII. Executive Session

1. Legal Matters – AAG

The chair announced exiting executive session and back to regular session at 12:47 p.m. and stated that discussions involved sales report figures from current licensees, the law relating to price gauging, the status of licensees and license renewal process.

The chair then reverted to agenda item IV on consideration and adoption of prior meeting minutes.

IX. Managing Director's Report

[Missing or unfound second audio recording for this agenda item; first audio recording ended at approximately 1:10 p.m. after the chair called recess; see last paragraph under agenda item VI (1) election of board officers.]

X. Adjournment

[Missing or unfound second audio recording for this agenda item; first audio recording ended at approximately 1:10 p.m. after the chair called recess; see last paragraph under agenda item VI (1) election of board officers.]