



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

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A regular meeting of the CNMI Cannabis Commission will be held on **Friday, June 24th, 2022 at 10:30 A.M.** at the Office of the CNMI Cannabis Commission 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. Acting Managing Director's Report

- VII. Executive Session
 - a. Hiring of Managing Director
 - b. Legal Matters

- VIII. Miscellaneous Announcements

- 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, June 24th, 2022.

CNMI Cannabis Commission
Regular Session Meeting Minutes
June 24, 2022

I. Call to Order

The Chairwoman Nadine Deleon Guerrero called the CNMI Cannabis Commission's meeting to order at 10:30 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 called roll of the commissioners:

Vice Chair Mathew Deleon Guerrero, representing Saipan, was present;
Secretary Journie Hofschneider, representing Tinian, was present;
Treasurer Valentino Taisacan, representing the Northern Islands, was present; and
Member Songsong, representing Rota, was present via Zoom.

The chair subsequently announced the presence of all five commissioners, confirmed quorum and acknowledged the presence of Acting Managing Director Mr. Erik Basa.

III. Consideration and adoption of Agenda

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

IV. Consideration and adoption of Minutes of prior meetings

The chair expressed noting issues with retrieving previous meeting audio files and asked the acting managing director if he was able to work out that situation with the former managing director prior to her departure; the issue with downloading/uploading audio files for Commissioner Songsong's access.

The acting managing director indicated having meeting audio files, which were provided to Commissioner Songsong that he requested and would also upload prior meetings audio files.

The chair asked Member Songsong if the audio recordings were okay or if there were issues listening to them.

Member Songsong replied that he received from the acting meeting recordings for the year 2022 and was able to complete last month's meeting of May 26, 2022, which was

disseminated for review and consideration for adoption, and indicated that the September 2021 to December 2021 meeting audio files were needed.

The chair stated that she would defer to the vice chair about the May 26, 2022, meeting minutes since she was not present in the last meeting.

The vice chair then motioned to adopt the May 26, 2022, meeting minutes, which was seconded by Treasurer Taisacan. There was no discussion. All commissioners voted in favor of the motion; motion carried.

V. Public Comment

The chair opened the floor for public comment. The acting managing director subsequently reported that there were no members of the public present for public comment, which the chair reiterated.

VI. Acting Managing Director's Report

The acting managing director reported the following:

- Permitting and Licensing: There are eight (8) active commercial licenses, with the exception of T-Marianas who decided to close its [producer] business; there are two inactive licenses, which are the Common Wealth Cannabis who did not renew its lounge license and T-Marianas who submitted its notice to the commission on June 7th about its permanent business closure, voluntarily surrendered its commercial cannabis license and properly disposed of its cannabis plants, which was inspected; there are ten (10) approvals-in-principal in which one requested for an on-site inspection; there are six (6) pending applications in which one was denied and the other withdrew.
- Things to note for active licensees: Max Farms proposed that it will extend its drying room and is working on its zoning authorization, in addition, Max Farms has a conditional license because it changed its cultivation plan to indoor from its initial plan of both indoor and outdoor cultivation, thus, an order was issued to its license; however, Max Farms later decided to include an outdoor cultivation, which the commission will set-up an inspection when they are ready; Saipan Select notified the commission of a change to their company members with the removal of one person as a shareholder but kept as an employee in which they were advised to provide proper documentation, i.e., commerce recorded documents.

- For background checks, which was discussed with Commissioner Hofschneider, is to figure the commission's bounds as far as conducting background checks on principals in case one needs to be conducted; this matter was raised to Commissioner Hofschneider because from his previous experience with another agency [casino commission], there were documents that principals or applicants had to provide authorizing the conduct of background checks on them.
- Delivery of marijuana: A licensee has been inquiring about delivery, and in researching the matter, there was a legal services request regarding marijuana delivery, noted amendments to the regulations and seeks current status about it.
- Homegrown Marijuana Registry: There are eighteen (18) active registrants, six (6) inactive and five (5) pending; legal counsel's advice and clarification was requested because several new applicants had land document issues where it became complicated with the fact that they were not necessarily documented or named owners of the premises but are heirs of the premises.
- Enforcement and Investigation: Monthly retail and producer reports are being received and compiled and conducted monthly site inspections; during the course of inspections, one licensee was found to be in violation in which a mitigation concern notice was sent to the licensee, which provided two weeks' time to rectify the issue; a re-inspection will be conducted thereafter to verify if the concern was mitigated.
- The DPS detail made an inquiry as to the status of the citation book, which will be looked into, and expressed that the citation book may help persuade unpermitted home growers to come into compliance as far as homegrown is concerned.
- Administrative: The commission has access to the Munis System but is still waiting for training on its operation in order to produce purchase requests and/or purchase orders; there was a brief Munis training period that provided for the use of P-Cards, which eliminated the need for purchase orders for office supplies and equipment; however, before the P-Card was able to be used, it was advised to verify whether or not the commission had the funds under its operations; the Office of Management and Budget was then contacted for assistance in providing information of the commission's operations budget.
- The house cannabis committee is requesting the commission's expenditures for fiscal year 2021 and for the first and second quarters of fiscal year 2022 with a deadline of July 11th; being new to this process, requested the chair's assistance to address the matter.

- With the planned hiring of an administrative officer, job descriptions were compiled, however, because of the current hefty workload, it was decided to place that task on hold until the commission hires a managing director, which will be shared then.

The chair thanked the acting managing director for assuming the position, holding down the fort, and expressed her appreciation with his efforts into making sure that things are being run at the office and dealing with the workload since the departure of the former managing director; the report showcases why the commission needs to hire a managing director as soon as possible.

The chair inquired about the marijuana delivery issue if the regulations or a more defined regulations are needed to address it.

The acting managing director replied that it is just that a licensee is interested in delivery to which an LSR was issued and noticed that an amendment to the regulations was made relating to that; wanted to determine if there was anything else that needs to be done to move forward with the delivery process and maybe afford licensees the ability to provide that service.

The vice chair expressed belief that the regulations on delivery were a part of what was promulgated in the last meeting; the commission voted in the last meeting to approve, after the public comment period, for that regulation on getting that transference, that is in the regulations and that they are able to, it is a part of the regulations.

The chair asked about the processes that took place with the regulatory amendments prior to the former managing director's departure, i.e., the package that was sent to the attorney general's office.

The vice chair indicated that there was one published in the register, inclusive of the transportation amendments, and that those went into the register; in the last meeting, he signed on the official communication, it is in the regulation, it is done.

The chair acknowledged and said that it should be in the law revision. The vice chair said that the law revision has not been updated and is making it difficult in trying to track what are the standards in the regulations with what is the most up-to-date complete package.

Discussions followed on tracking regulatory changes, creating a master sheet, updating information on the commission's website...

The chair said that as far as the citation book is concerned, she was under the impression that Mr. Kelby Royal was working on a draft.

The acting managing director responded that his recollection, unsure if the board was going to consult with the judiciary system, that it was first going to be figured out where the citation payments were going to be deposited; the status of the citation book was just a topic of conversation amongst the guys in the commission and that he did not make an inquiry with the former managing director about it, and thought he would inquire with the board about it.

The chair mentioned that she has not seen a draft of the citation, and if the commission were to initiate talks with the judiciary, it would present something to show them and then talk about the mechanics of how the commission would deal with those payments and the whole procedure.

The acting managing director acknowledged that a draft citation will then be presented to the board first and work from there. The chair acknowledged and added that the regulations specify the types of offenses to help with the citation's template and to have it coincide with the regulations.

Relating to background checks, the chair asked if the commission is going to formulate an authorization form for each shareholder to authorize the commission's conduct of background checks, and then asked the secretary's assistance on the matter.

Discussions followed on the lack of resources to conduct background checks, collaboration with other agencies on background checks, self-declaration of criminal history, police report/clearance, authorization form and validity duration...

The vice chair indicated that he is unsure of what the acting managing director's exact question was; was it what the process of performing additional background checks, whether it is permitted to do it and how to do it.

The acting managing director asked if the commission is allowed to conduct background checks on the principals or applicants in case there is a tip or information and a background check needed; is the commission within its authorization to conduct background checks; this matter was brought up because from his previous job [the casino commission], there were forms that applicants had to sign to allow for the conduct background checks on them.

The vice chair indicated that it may depend on the circumstance under the regulations; for example, if an individual is a new applicant and because the applicant met the criteria of

ownership within an existing license, then within the application process, the commission is allowed to ask for any information from them, including criminal background checks; from his point of view, meaning through the regulations, as part of the regulatory responsibilities, if an individual needs looking into, there does not seem to be any big reason not to and is unsure why the casino commission would require individuals to have a signature of an acknowledgement that they are going to be investigated, but that is something he could check on to figure out why the disclosure was required; but it could depend on circumstance and reiterated that if it is a new applicant under an existing license or the applicant in general, then the background check is a component of what the commission require or are able to request and perform; but if it is just a background check on an employee or a further more detailed background check on an existing applicant, then that could be a different question for sure; and expressed to the acting managing director that if he feels that there are resources that is not going to impede or affect general operations and he is able to, that shouldn't stop him from doing what he thinks is possible within that knowledge.

The chair went on to say that as far as the expenditure report, she will schedule to meet next week with the acting managing director to go over and compile the commission's expenditures, and then asked if there were any more questions for the acting managing director.

The vice chair raised a question about the application denial if it was a seamless process, if there was anything that came up with the notification that their application was denied.

The acting managing director indicated that the denied application was incomplete in which a status notice with a deadline was issued to the applicant to provide certain information; the applicant did not meet the deadline but the commission continued to wait for the submission of the requested information; it came to a point where the commission had to move forward, so the applicant was then issued a notice of proposed denial of application, which stated that the application was incomplete and that the commission is pushing forward with the denial; the applicant was also offered the opportunity to withdraw the application if a denial was not desired and to submit the requested information within a certain time, but if the commission does not receive the requested information within the timeline provided, the application would be automatically denied; the issue with this applicant was that he did not have an email address, so the only form of communication was through postal mail.

A brief discussion followed on notices being sent through certified mail, tracking notices, denials, suspensions, cancellations...

The vice chair mentioned that with the regulations when it comes to rejections of applications, it does say that the commission will give an opportunity for the applicant to, not appeal, but present their circumstances to the commission and asked if that was a component of the letter, and expressed interest on how the first process went and how the commission can improve.

The chair asked if this was the same applicant that refused to get an email address, something that was mentioned about not having a computer, an older gentleman.

The acting managing director acknowledged that he was an older gentleman but did not note in the application if it was stated that he did not want to provide an email address.

The chair mentioned that this was part of a discussion too with the Tinian and Rota commissioners, which was that not everybody is technologically connected in that sense, but there may be a need to have some kind of understanding that if one is going to get into the business, there are certain guidelines that needs to be followed, and one of them is having an email address.

Discussions followed on the regulations with commercial applicants requiring or shall provide an electronic email address to the commission, notices will be electronic, future requirements with cannabis tracking systems that will require internet connectivity; there is mention of postal mail, but it does not supersede the requirement of an email address, applicability to both commercial and homegrown applicants...

The vice chair asked about Saipan Select losing one of their applicants, in taking him out of the ownership structure, does the commission have a good understanding as to who assumed those shares; is there a breakdown of the percentage of shares that went from that one individual to another, how did it flush out and is there a new applicant that arose from that transference of shares.

The acting managing director replied not necessarily and that is the documentation he is trying to request for, which is a required document; that is also required with commerce and once that document is recorded there, they are required to provide the commission a copy, which would show who the new principal owners are and how much shares each owner has.

The vice chair asked if the regulations 360 (e) [notification to the commission, changes in business structure] was reviewed and mentioned that he sent out the master sheet of the most recent regulations; essentially, it is a two part notification that is the present structure in that if somebody becomes an applicant through the acquisition of ownership

or if they are removed from ownership, then there is a notification requirement prior to the change, but then a form needs to be put together.

Secretary Hofschneider recalled past discussions with the acting managing director on changes or transfers of ownership. A brief discussion followed on the subject matter...

The vice chair indicated that this is clear cut and a good example where this particular piece of regulation would come into play where notification to the commission would be required; they [Saipan Select] already self-determined that an individual, an applicant on the original application is no longer [shareholder], so there was some kind of change in the original ownership/business structure, which is a clear example of when notification would be required; it is not a provision as to whether or not the commission would deny it, it's just logging the information, and it sounds like they [Saipan Select] notified the commission about it, which the acting managing director and secretary acknowledged that Saipan Select had notified the commission about its change in business structure.

Discussions followed on the development of a prescribed form that is needed for notification to the commission to changes in business structure or transfer of ownership, notification requirement on changes of employees, etc...

The vice chair mentioned that in the last conversation the commission had about marijuana delivery, what the decision was, the commission did not get it in the regulations because it was sort of in the regulations; from his interpretation at least, was that if they were to deliver, then it would be added into their standard operating procedures for consideration; the commission would take a look at the SOP to make sure that they had a system in place that would monitor and check for identification of the recipient; the SOP would have to be updated under the transportation of marijuana as to how they would go about doing it; the commission's conversation was primarily concerned on how does the delivery check for or how does one ensure the delivery was made to somebody twenty-one years of age or older.

Discussions followed on marijuana delivery, transportation of marijuana, LSR on what constitutes bonafide orders, which is the requirement for making the delivery... [\[Meeting audio recording ended here\]](#).

VII. Executive Session

- a. Hiring of Managing Director**
- b. Legal Matters**

[It is assumed that the legal counsel was not present in this meeting as there was no mention of his/her presence and did not hear the legal counsel speak during this meeting.]

VIII. Miscellaneous Announcements

[Chairwoman Nadine Deleon Guerrero may have announced her resignation here.]

IX. Adjournment

[Meeting adjournment time not known]