



**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, August 26, 2022, at 10:30 A.M.** at the office of the CNMI Cannabis Commission Conference Room at Ascension 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 of prior meetings
- V. Public Comment
- VI. Acting Chair Report

- VII. New Business
 1. **Enforcement Action - RT91225-EA-22-001**: Common Wealth Cannabis Co., LLC.; Discussion and Vote
 2. **Cannabis Licensing Application No. C1121-0024**: Top Shelf, LLC dba Top Shelf Cannabis for Marijuana Producer Class 3; Discussion and Vote

- VIII. Old Business
 1. Discussion on Regulatory Amendments

- IX. Acting Managing Director's Report

- X. Executive Session
 1. Discussion with Legal Counsel on pending or anticipated legal matters
 2. Discussion on personnel

- VIII. Adjournment

Copies of this notice and agenda have been posted at the Administration Building Entrance Hall, House of Representative Entrance Hall, 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 Ascension 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, August 26, 2022.

CNMI Cannabis Commission
Regular Session Meeting Minutes
August 26, 2022

I. Call to Order

The Acting Chair Mathew 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

Acting Chair Mathew Deleon Guerrero called roll of the commissioners:

Secretary Journie Hofschneider, representing Tinian, was present, via Zoom;
Treasurer Valentino Taisacan, representing the Northern Islands, was present, via Zoom;
Member Songsong, representing Rota, was present via Zoom.

The acting chair subsequently confirmed quorum. The Acting Managing Director, Mr. Erik Basa, and Assistant Attorney General Mr. Hunter were present.

III. Consideration and adoption of Agenda

Secretary Hofschneider motioned to amend agenda item VII under new business by moving up item 2 to item 1 and vice versa, and for its adoption, seconded by Treasurer Taisacan. There was no discussion. All commissioners voted in favor of the motion; motion carried.

IV. Consideration and adoption of Minutes of prior meetings

The acting chair opened the floor for the adoption of prior meeting minutes.

Member Songsong communicated that if all members find the drafted meeting minutes of October 29, 2021, and November 10, 2021, acceptable, he would like to proceed with its adoption.

Secretary Hofschneider then motioned for the adoption of the October 29, 2021, and November 10, 2021, meeting minutes, seconded by Treasurer Taisacan. There was no discussion. All commissioners voted in favor of the motion; motion carried.

V. Public Comment

The acting chair opened the floor for public comment and acknowledged the presence of meeting attendees, and then asked the acting managing director for verification if other

members of the public were present in the corridor or outside of the office for public comment, which was subsequently reported that no members of the public were present for public comment.

The acting chair then opened the floor for public comment to meeting attendees and asked that comments be limited to five minutes to afford time for others to comment.

Via Zoom, Attorney Mr. Jack Torres introduced himself and his client Mr. Scott Malin of Top Shelf, LLC., and commented that he represents his client, thanked the commission for the opportunity to be heard and asked for the consideration and approval of Top Shelf's producer application for licensure, and then indicated that their submission and obtainment of the necessary requirements, e.g., documents, zoning's time lined conditional permit, approval-in-principal, etc., and is present today to answer any questions or concerns the commission may have relating to Top Shelf's application for a producer license.

The acting chair thanked Mr. Torres for his presence and comment and indicated that the questioning will be reserved when the agenda item is opened and kept the floor open for any other public comment. There were no additional public comments.

VI. Acting Chair Report

The acting chair expressed that his only report is the ongoing discussions with the acting managing director, both Mr. Erik Basa and Ms. Janina Maratita, about processing; opening up documentation about previous efforts of the commission as it relates to the flow of processing, who is responsible for what and their [documents] actual locations, emails contained in the files for this particular applicant [or licensee], finding correspondence documents, conversations that took place with AAG Carl Dela Cruz related to this item and its discussion as the commission gets to that; and expressed the great working relationship with Erik and is looking forward to bringing additional staff as will be talked about later, and then asked if there were any questions for him. There were no questions.

VII. New Business

1. Cannabis Licensing Application No. C1121-0024: Top Shelf, LLC dba Top Shelf Cannabis for Marijuana Producer Class 3; Discussion and Vote

The acting chair stated that before commencing the presentation of the application files on the above applicant, he would like to go over the public hearing rules of conduct... subsequently, he asked if there were any questions and if everyone agreed with the public

hearing rules of conduct. There were no comments. The floor was then passed to the acting managing director.

The acting managing director introduced himself and commenced his presentation through computer screen, shared documents via Zoom, of Top Shelf's application files for a Marijuana Producer Class 3 license as follows:

- Contact person Mr. Christopher Scott Malin, business type, lot number, square footage and primary location in a rural area in As Teo, Saipan, business hours, scope of operations, canopy size, primarily indoor cultivation with future plans for outdoor cultivation, description of cultivation and storage facility, displayed photographs, floor plan, inspections conducted, required signage, premises security lighting and cameras, rain water catchment and water recycling, fire extinguishers and office space, backup generator and employee identification.

The acting managing director expressed that during the application process, an area of concern arose, and after seeking guidance from the board and legal counsel, it was advised to note all concerns and uncertainties and to incorporate them into the presentation for the commission, and therefore, presented the following areas of concern:

- A discrepancy was found pertaining to information in the individual history form for Mr. Scott Malin was deemed incomplete; the form requires the applicant, if convicted of a felony, must attach an explanation, no explanation was attached but a statement on the form stated that he was convicted of a felony in year 2000 for manufacturing; the applicant was informed of this discrepancy and was asked to submit an explanation; after several communications, the applicant submitted his explanation, and after its review, it showed that the applicant was convicted for manufacturing narcotics, a controlled substance and was sentenced to ten years, which he served fully; in receiving this information, it provided uncertainties and ambiguities with the regulations.
- In receiving that information, another concern appeared as the information provided was conflicting with what he had on file, that the applicant was also an applicant for a different company in which the applicant was required to submit an individual history form; in review of that information, it was stated that he was convicted of selling marijuana at the age of 31, there was no mention of the manufacturing conviction; the applicant was informed of this and asked to provide clarification; within the same statement, the applicant apologized for the misunderstanding and that the omission of the conviction was unintentional and that all was stated in the information provided to

the commission, which is on record; those are the two areas of concern that was found during the application review process.

The acting chair thanked the acting managing director for his presentation and opened the floor to the commission if they had any questions for the acting managing director, not necessarily only on the areas of concern, but also on the SOPs, etc. There were no questions for the acting managing director.

The acting chair then asked Mr. Scott Malin of Top Shelf, LLC., if he was available to join the conversation with the commission who replied that he was. The acting chair then opened the floor to the commission for any questions for the applicant and the acting managing director.

Member Songsong started by greeting the applicant Mr. Malin and Attorney Torres and then asked the applicant the following questions:

- Reflecting on some issues raised by the acting managing director on the felony issue, was that involving marijuana? Mr. Malin replied that it was not.
- Standard operating procedures – expressed liking Top Shelf’s pest control and disease management for crop cultivation through biological and microbial regimens, and asked if Top Shelf’s cannabis cultivation principles are in line with organic pesticides as opposed to synthetic pesticides. Mr. Malin replied that they are into organics and that organic pesticides are not used at all during late flowering and briefly gave an example of how they would deal with a pest problem.

The acting chairman interjected to point out that this is a public meeting and that if the applicant did not want anything known... Mr. Malin commented that he did not want to share that with the competition.

Member Songsong thanked Mr. Malin for his response and expressed appreciation of Top Shelf’s level of organic use and safety because public health and safety is a concern with cannabis flowers and consumer health.

- Foliar spray – the SOP mentioned foliar spray, of course organics was mentioned, but is there a period during the plant growth cycle will foliar application not be used. Mr. Malin replied, “Not past week two [of flowering], it will be used through the vegetative stage up to the second week of flowering.”
- As a producer, you will be connecting with retailers; do you have any affiliation with cannabis seed producer Top Shelf? Mr. Malin replied having no affiliation.

Any affiliation with Saipan Select, LLC.? Mr. Malin replied having no affiliation, not anymore.

- Top Shelf’s SOP referenced House Bill 20-178, which is basically about the cannabis law, and that the cannabis law is Public Laws 20-66 and 21-05, to consider updating the SOP. Mr. Malin replied that he appreciated that information and will make those changes.
- Seeing two names in the application, asked if Christopher Scott Malin is the same person as Scott Malin? Mr. Malin replied that it is.
- Standard operating procedures on employee training spoke of safety and health, security procedures, etc., is there any training on cultivation, cultivation practices; for example, not knowing your cultivation level of expertise, assuming you are a master gardener, is that through experience, through certification or self-proclaimed, and if employees will assist with cultivation. Mr. Malin replied through experience and employees will assist with cultivation.
- Are you aware of cannabis training academies that provide cannabis certifications? It is unknown if you are a horticulturist or agronomist. Mr. Malin replied that he is not, a lot of the expertise that they’ve demonstrated in the market and the industry so far comes from working with companies and high-level people like Trichome Farms out of Oregon and (Eugenis?) Labs, do not have all the knowledge they have but is glad to have their assistance in expanding his knowledge.
- Standard operating procedure on climate plan spoke of wind energy and solar technologies, does the Commonwealth Utilities Corporation provide for any incentives or credits towards the use of renewable energy for his facility? Mr. Malin replied not at this point that he is aware of but that it would be nice if they did.
- Standard operating procedure under employee conservation spoke of team members within the “cannabis infused products facility.” What kind of cannabis infused products are you talking about, is there processing involved, processor? Mr. Malin said, “No,” what they wanted to do is cannabis infused (cows?) at some point. Member Songsong added that would then involve a processor license at some point. Mr. Malin replied that would be considered some time later, the cows would be eating the leaves and stalks, it is being done in Tennessee right now, something interesting for the meat industry.

- Standard operating procedure on inventory and tracking spoke of cannabis tracking from seed to sale will be done through electronic inventory control system, is there a system type being used now? Mr. Malin replied that they are considering options and have not decided which one to purchase yet. Member Songsong went on to ask if one is acquired, would Top Shelf be willing to share information with the commission about its cannabis tracking system? Mr. Malin replied, “Absolutely, it would make it easier for tracking for everybody involved.”
- Posting signage - Member Songsong concluded with his final question if there are any concerns with posting signage at Top Shelf’s cultivation site relating to exposure and security? Mr. Malin replied having no concerns.

The acting chair thanked Member Songsong and expressed that the commission tells every applicant that this is a brand new industry in the CNMI, and making sure that we tell the applicants the challenges we are going through in its development, but also the considerations, sort of a creative process that the commission can help and is interested in knowing whether or not the commission’s regulations are actually keeping pace with changes in the industry or ideas, things like that, and that the information provided is definitely helpful.

The acting chair kept for floor open for any more questions from the commission; hearing none, he then asked the acting managing director for clarification, understanding that this is contained in the application packet, but on the omission of information, was that contained within the Saipan Select application for licensure or was it contained in this Top Shelf application.

The acting managing director specified that based on the review of Saipan Select’s application, marijuana possession was the only thing indicated, there was no mention of the manufacturing conviction; that was later found when Mr. Malin submitted his application under Top Shelf, which he mentioned during his submission of his Top Shelf application.

The acting chair acknowledged and stated that he wanted to say it out loud that it is concerning when there has been an application that has been submitted and approved and gone through the process, and the commission feels and the processing staff feel that information has not been adequately provided to them in that process; and there is definitely concern, not necessarily in the current time because we know this information was provided in this application, but it does come down to the ability to really recognize and have faith in the compliance with the regulations and whether or not there is a culture of compliance within the organization and the licensee; he has read the letter and

understood it, it is not necessarily about whether or not the conviction took place, it's not necessarily about those things, it's about whether or not we can have adequate faith that in the operations in the current time frame as we are building the commission, trust and faith that we can be an adequate partner in keeping the regulations on top of mind and making sure that we are communicating on honesty, and hoped that the applicant could provide a little more information about that and discuss it a little bit more.

Attorney Jack Torres, representing Top Shelf, replied that to touch on that issue, during the application with Saipan Select in the first interview with the Acting Managing Director Ms. Janina Maratita and Scott Malin, that particular issue was disclosed and discussed with Janina, so it was discussed and disclosed during the Saipan Select interview and application; maybe it is not in the actual written application, but it was brought up and already disclosed, and expressed appreciation for the candor and honesty.

The acting chair asked Attorney Torres if he could talk a little more about that conversation so that we are also having the record of it in which Attorney Torres replied that Scott will respond.

Mr. Scott Malin specified that in the original Saipan Select application, he did not write all that stuff out, he did not fill out the application, so when they interviewed for the license, Janina was like, "Don't worry, it's not going to affect your license but we have to discuss it," the issue about the prior conviction; she was told about the manufacturing and how long he was sentenced, ten years; he didn't know and thought that was on the application, that is the reason why he disclosed it and guessed that the person that filled out the application was the (lessor?), and the reason why the (lessor?) was not on there; when they read the cannabis regulations, marijuana charges over ten years don't apply, that is the reason that the manufacturing was the only one disclosed.

The acting chairman thanked Mr. Malin for his response and stated that one of the points he wants to chat about is that, are there ways going forward, what are your thoughts about being partners with the commission in terms of ensuring adequate regulatory compliance and these things.

Mr. Malin replied that he is going to have someone really good in doing their record keeping, he's good with the plant cultivation and operations and will not handle the record keeping part of it and will have someone doing that working really well hand in hand with Mr. Erik Basa and the commission to make sure that everything is complied with.

The acting chair asked Mr. Maline who would that person be. Mr. Malin replied that he is not sure yet but will be someone sharp.

The acting chair went on to ask Mr. Malin about his experience with Oregon that he mentioned to Commissioner Songsong about having experience derived from the operations of Oregon and those growers, was he a licensed applicant or within that licensee structure in Oregon.

Mr. Malin said he was not but has lots of friends in Trichome Farms who won a lot of cannabis cups, and they are a wealth of knowledge who shared a little bit of that knowledge with him; and they have (Genes?) Labs with a chemistry department with the Oregon guys, so there is really good information, even down to precise times of harvest, microscopes, etc., phenomenal, it really helped a lot with good advice.

The acting chair asked about the systems they are using with their regulatory controls, is it aligning with their unified regulatory system and their cannabis tracking system, and if he has any experience or can he relay information from them about their point-of-sale process and the overall CTS.

Mr. Maline replied that he has no information about those, he's been talking about production and the retail side, but in that conversation, while he is setting his up, he can communicate with them to help mirror some of those a little bit more if it would help the industry here while ours is setting up.

The acting chair asked what his outlook in terms of sales is, understanding that he is going into the grow process, but with his channels, total volume, or agreements with retailers, or is his production tied to another application being considered or working with.

Mr. Malin replied that would be in the next phase to do retail as well and that he is affiliated with another applicant, The 420 Lounge and retail, and plans on doing his retail at a later date.

The acting chair asked if there were any more questions from the commission and considering the conversation, asked if anybody feels the need to go into executive session to talk about any issues. There were no questions or comments.

The acting chair thanked the acting managing director for his presentation, application processing and processes with the applicant, and thanked Mr. Malin and Attorney Torres for participating in the conversation and then opened the floor to any motions to entertain an action on the application for Application No. C1121-0024, and noted that Commissioner Hofschneider is continuing her recusal on making decisions on applications that she helped process with the commission staff on going through applications, and because of her involvement in the development of these processes, i.e., AIPs, the reviews of applications, etc., she is recused from voting on it at the moment.

Member Songsong then motioned for the approval for licensure of Cannabis Licensing Application No. C1121-0024, Top Shelf, LLC dba Top Shelf Cannabis for Marijuana Producer Class 3, seconded by Treasurer Taisacan. There was no further discussion.

All commissioners voted in favor of the motion for the approval of the application for licensure; motion carried. Top Shelf was subsequently congratulated.

The acting chairman reiterated to Top Shelf his hope about the ability to be partners in trying to make this work, being in the same page that this is a unique industry and that if applicants and commission are not communicating regularly to make sure that it is correct, the actions of taking it away from the entire population are out of the commission's control, and so in a lot of ways, the commission has the obligation to protect the community, but also, the licensee has an obligation to follow the rules, all licensees have the obligation to follow the rules, for your own self-interest within this process.

Mr. Malin acknowledged and asked that if in the future, if the federalization of marijuana becomes legal, is the commission and the commonwealth going to consider import restrictions in some way so that it doesn't ruin the industry here; the farms in the states are so over growing, a pound of the best stuff in the world can be bought for \$500; if it is legalized federally, dispensaries can just order it from the states, it is going to kill a big part of our industry, there is a need to do something to protect ourselves and the industry here.

The acting chair acknowledged and expressed that is a good point for the commission's consideration, but if it does become legal federally and were amended within the structure that would have to be reflected in CNMI law, it would be out of the commission's control, the importation requirements; but going forward, in having conversations like this as the commission gets a full staff, personally would love to have more feedback and communications with licensees as to what's working and what's not working within the market and the industry, and expressed his hope that they [Top Shelf] will join the commission in participating in those things.

Attorney Torres replied that it is the intention of Top Shelf to work hand in hand with the commission to make sure this industry survives and has every intention in making sure that they assist the cannabis commission with the survival of the industry.

RECESS: The acting chair called for a five-minute recess; subsequently, the acting chair apologized for not calling out the recess time and then called the meeting back to order at 11:39 a.m.

2. Enforcement Action - RT91225-EA-22-001: Common Wealth Cannabis Co., LLC.;
Discussion and Vote

The acting chair stated that he placed this item on the agenda following several conversations with the commission's appointed AAG for the initial hearing that was planned for April 2022, and prior to the meeting, AAG Dela Cruz provided the chair at the time, Nadine Deleon Guerrero, an opinion from the AG's office that was speaking to the "process" in which this enforcement action took place and the notice of violation; within that, a couple of different areas were raised, which there was due process concerns for the applicant's side, but most significantly, there was concerns about the proper process internally within the commission of going forward with violations and complaint actions; in the last meeting during executive session, everyone was forwarded the legal services opinion that came from AAG Dela Cruz, and prior to this meeting, he pried into the notice of violation and the response from Common Wealth Cannabis.

The acting chair opened the floor if anybody had any questions on this matter and hoped to get to a point which the commission can move to do an action related to this enforcement in April since it was originally issued; just to go over the details, expressed that it does seem that there is a process concern, who exactly within the commission is entitled to institute penalties; from the AAG, the attorney general's office, the point being made is that "the authority to issue penalties comes from the commission," the commission being us in this room [the commissioners]; the violation contained a penalty section without going through the commission and having the commission approve it; this in itself is a question as to whether or not the commission is firmly understanding what its enforcement policies are and how to go about enforcing a penalty or instituting a penalty for a violation of the regulations; he has thoughts that can be worked towards advising this structure so that there is a policy in place similar to the licensing, a policy that guided conversations that we just had, but prior to that, this issue needs to be addressed; further, there is questions about whether or not the penalty section, even though it was adopted and approved in the week prior to the enforcement hearing, whether or not during the time of the violation, was the penalty section being not present, promulgated, efficiently an area that can hold a licensee accountable for, this is contained within both Common Wealth's response to the notice of violation and the AAG's opinion; the floor is open to get everybody's thoughts, any questions about the actions and conversations we've been having, in the acting chair level, with the AAG and this whole process.

Member Songsong indicated that he had some questions to ask, which the managing director would have the answer to these; the incident occurred at Common Wealth's lounge or the former lounge, was the lounge licensed at the time, assuming that is where they had the event or activity, he'll call it an activity. The acting chair replied that it was not licensed at the time. Member Songsong then said so the lounge was

not licensed, it was licensed previously, and so the retail shop is the only licensed premises.

The acting chair indicated that he thinks there is an area that the commission needs to be careful on when talking about this, we are not necessarily talking about the violation itself, we are talking about whether or not the commission had the right processes in going about giving notice of this violation and instituting penalties; and if we are to go about, the proper process would be having a hearing and discussing it with the licensee, but the purpose of having this meeting in this line item is to discuss it within the commission as to whether or not our internal processes were suitable to do that action; the process indicated by the AG's office said that maybe it should have been instituted and made concrete, would have been if the licensee was not licensed to do the activity they were performing, that the complaint be filed possibly from the commission and there be written documentation provided or delegation of authority that is listed and decidable to the managing director; the managing director could possibly do an investigation, the AG recommends that the commission itself can establish a regulatory committee, investigation committee, an appointed member can be a part of that investigation, etc., but ultimately, similar to license approval, that no action or decision is taken from the commission's side without board approval; and so the commission staff can come to us and point out a violation, these are the things that they are concerned about, so whether or not it is a violation is not within the managing director's purview, potentially, is one interpretation of it, that the managing director does not assess violations, does not assess penalties, does not issue the actual order; the way that it was done in this example, the managing director went through the process, was working with the attorney general's office, issued, found, collected information, issued a notice of violation, contained within that notice of violation was ordered and penalties should not have been made; and so some of the nature of the responses that we saw from the licensee do talk about this procedural issue and it does open up questions as to whether or not we have better grounding when it comes to speak about our internal process.

Member Songsong indicated that is where he was leading up to in that when he first saw that notice of violation, at that moment he would have preferred that the commission would have been notified and advised beforehand, before that notice of violation was issued, that was his first thought on that matter and maybe it is that certain procedure that should be considered.

The acting chair asked AAG Hunter if he wanted to enter the conversation or had questions on the matter. The AAG indicated that he is taking careful notes and reviewing the regulations as they are currently to see specifically the process that

should be given; and expressed tending to agree, if it is the commission's role, the responsibility to carry out to investigate violations that no other process is going to be sufficient; certainly laws can be amended without creating the regulations to create for a review or investigations, or of course, the regulations can be amended to allow for investigations by management and eventually referred to the board for penalties.

The acting chair indicated the AAG's statement made sense, introduced AAG Hunter coming out of Hawaii and then stated that the commission needs to make a decision as a board as to what is going to be done; the interpretation from the legal counsel's legal opinion is that this entire process should have been the commission's from the onset, and that it is either does the commission go forward now having that information, go forward with it and redo the process potentially; it is open for question as to what, one of the options in talking with the AAG is have a vote on a motion to withdraw the notice of violation, and that would be within the commission's purview instead of a dismissal because the commission is not reviewing the case; essentially, the commission is the body that is with the notice of violation out there and so it is the commission's responsibility to put it out there and have the ability to withdraw it; the question to the board is what would you think we would like to do.

Secretary Hofschneider said that this is obviously the first time the commission is going through this and asked if it aligns better that it be done the way just discussed as in present the information to the board and the board makes a decision; if it allows the commission to interview the licensee to hear their perspective and the potentiality to see the ambiguities in the regulations, and hear it before making a decision, and then expressed having a motion to make unless anyone else had additional discussion.

The acting chair acknowledged Secretary Hofschneider's expressed motion to be made and asked if anyone had any further discussion. Hearing none, the acting chair opened the floor to hear the secretary's motion.

Secretary Hofschneider expressed that based on the discussion of the subject matter, motioned to withdraw the notice of violation issued to Common Wealth Cannabis Co., LL., on March 21, 2022, specifically issued against marijuana retail license number RT91225, Common Wealth Cannabis Dispensary, seconded by Treasurer Taisacan.

The acting chair asked if there was any discussion on the motion and welcomed the AAG to this open discussion. Hearing no discussion, the acting chair thanked the secretary for making the motion and expressed his thoughts that this is the right

course of action and that this is the commission's first notice of violation, the first process that the commission is testing the regulations and to make sure that we have the penalties, and immediately having the penalty section and creating the framework to be able to do it; thinking back to the commission's first license application process, that process there is completely different than what is being done now, and what it seems like what is being done now is similar to how the licensing process was changed where not so much to delegating decisions are placed with members of the commission's staff; refining what was the commission's powers within this and making sure that if the commission does take an enforcement action, it is solid in its footing that there are no questions about whether or not the commission is legally done with its part of the process, and that if the commission goes for one, it is not going to be challenged as to the processes that was taken, and this is the commission's mission, his mission, or how ever the commission wants it, is to make sure that the commission has the framework for the violations, it is done right and that applicants know that they are accountable for violating the rules, and concluded that was his discussion piece and asked if there was any other discussion.

Hearing no further discussion, the acting chair then asked all those in favor to withdraw the enforcement action as motioned by Secretary Hofschneider. All commissioners voted in favor of the motion; motion carried.

The chairman stated that the commission will work through the process of letting the applicant/licensee and the commission staff know that the notice of violation is being withdrawn and will work with AAG Carl Dela Cruz on that to see whether he will be able to assist and will update the commission as to the status of it in the subsequent meeting.

VIII. Old Business

1. Discussion on Regulatory Amendments

The acting chair indicated that to continue this discussion into old business under discussion on regulatory amendments, proposed the adoption of the structure that was recommended by the AG's office and is mirrored in the licensing process for the enforcement of penalties of notices of violations; the way that it seems that it would work fast would be if a violation is deemed to be occurring or has occurred and they haven't gone through the notice process, especially because the commission has a new notice requirement of self-reported violations of different processes there, but if the commission staff and the enforcement bodies of the commission gets into initiating an investigation of a violation, that brings it to the chair, that is step one, to see whether or not if the separation of enforcement and investigation committees is warranted or a written

delegation is provided, potentially; this gets over the hurdle of the AG's concern that there is no division of enforcement or there is no effort in the investigation process for commission members, which they thought was a problem; but ultimately, the commission staff is provided the responsibility and their authority to go out and gather the information, they determine from their own within the regulations what their opinion is or what their recommendation to the board is, and the commission goes through the process of hearing and inviting the applicant/licensee and go over it through a public meeting, and the commission staff presents their findings together with their recommendation, and there is the opportunity for the licensee to present their case as to why they didn't violate the regulations and the commission ultimately makes a decision; and in that decision, it would be a decision as to whether or not if a violation has occurred, what level of violation and later on subsequent to that, the commission determines what the penalties would be within the order structure, that is typical within other agencies; any decision or discussion of your thoughts, if something else is thought of that would possibly work better, that can be heard now and maybe by the end of this meeting have an idea of what to put down in writing in terms of a formal motion to adopt into the commission's processes; getting it right and making sure that the commission is iron tight in the process when a violation occurs is really a big task ahead of us.

The acting chair asked Secretary Hofschneider if Canada has a similar process in which she acknowledged that it was and shared her experience, e.g., investigators, recommendations, enforcement, final decision, etc.

The acting chair expressed that the question then comes to who they appeal to; the commission may go through the administrative procedures act or figure out a separate appeals process, unsure of that part yet.

AAG Hunter indicated that generally these kinds of decisions require the final agency action or opinion, the agency's decision... the judicial review process; it's encouraged by...see the NMI Supreme Court; a subcommittee could be established, an appeals committee... or there are good examples of other agency's processes, ensure to state what constitutes a quorum for that subcommittee or even a hearing officer...

The acting chair stated that these are open discussions that the commission can figure out as it work towards what is a formal motion, these are two separate conversations in a way; one, the need to figure out the motion for an immediate internal process of how to guide the managing director and staff of the proper procedure of going about these things; it seems that those elements are already in the regulations, the ability to penalize and issue violations, it really comes down to *who is issuing those violations* and *what authority do we have*; it is getting these down on paper, and subsequently, how do we do

appeals and all other elements that are important within this process; give it some thought over the next couple of weeks, while he looks into other agency regulations to see if that is something that can be added to the agenda for consideration and adoption for the next meeting.

IX. Acting Managing Director's Report

The acting managing director reported the following information:

- Permit and Licensing: Commercial licenses consisting of eight (8) licensees, in which renewal notices will soon be issued; there are four (4) inactive consisting of one application denial, one application withdrawal, one license non-renewal and one surrendered license because of business closure; there are six (6) pending of which four are from the Tu Group, one from Tom Baker and the other from Common Wealth Cannabis for its Producer Class 3.

There are ten (10) approvals-in-principal; Tu Group was granted an extension again in which he met its newly appointed contact person at one of their facilities where five of its applications are for that facility; based on their discussion, Tu Group is leaning towards downsizing their operations and were advised that if that were the case being that there are five applications for their location, to consider looking into withdrawing their application, that way they remain in compliance with the regulations and avoiding time wasted continually following-up on those applications in which one of their applications is for processing and the other is for wholesaler; we might have a discussion on one of the pending applications, which is Tom Baker who applied under the micro-producer.

Secretary Hofschneider asked about Top Shelf, if Mr. Scott Malin is aware of the coming license renewal date [ending September 2022].

The acting managing director replied that during his inspection, Top Shelf was advised that with the duration of his AIP and the license expiration and renewal dates, that should he be licensed today in which he was approved, that license is only valid up to September 30, 2022, and would have to renew his license; what he expressed from his business standpoint is that losing out on that five weeks of cultivation is money lost for him, so down the line he is willing to renew his license again.

Secretary Hofschneider acknowledged that it was then a business decision as others may have preferred to wait. The acting chair expressed that he's going to pay for his license this month then pay again for license renewal next month.

The acting managing director acknowledged and mentioned his indication of that fact to Mr. Malin, that because it is stipulated in the law, the commission is unable to do anything about it, but he was persistent with moving forward; being on the subject matter, the acting managing director asked to touch base later about the application process, in receiving the email from the acting chair on the procedural parts when unclarity or issues are found and to address them in the end; what he is leading to is that maybe the fact that if during the application portion, should substantial information be found that would deny the application, it relieves the burden to wait to the end where the applicant is going to have to go through the entire processes, where the applicant would need to prepare its facility; in looking back into the entire process and his experiences with the CCC on how two types of licenses were issued, a provisional license and the regular license, in this case, the provisional license is approved by the managing director and chairman of the board, that could be mirrored to the commission's AIPs.

The acting chair indicated that seems to make sense, the AIP for him has always been, doesn't think the commission has any role with AIPs administratively, if all the dots have been checked making sure that all documents are in compliance, then that is up to your decision, but it is documenting those things; in the case of Mr. Scott Malin or Top Shelf, that was just discussed out in the open, it seems it went through the AIP process, there was a question as to whether or not this particular issue was a violation of that process of the AIP or after the AIP was issued; in this example would be, do you feel that your interaction with that process reeled enough information for you to go ahead and move forward with the AIP and then bringing that in for discussion for the longer term licensing; however, this does bring up the need for the commission to figure out the appeals process and go through that area, this does seem to require at least the formulation of an appeal board for both AIP appeals and for decisions of the board; how does one appeal those decisions, the commission needs to figure that out for you; but in mentioned the provisional license and full license structure is probably the kind of area the commission is trying to go to.

Secretary Hofschneider shared that as the commission gets more applicants and come across these similar issues, to have a matrix to help the managing director and staff determine what direction to go, if this is actually an issue that should be of concern or if it is something to be noted, obviously for the board to decide but it gives more of an understanding of whether or not it should even be looked at; if it is something so minimal or something from twenty or thirty years ago, it can be noted but maybe not have to be so concerned about it.

The acting chair expressed agreement and indicated that he sent the commission a link to something that he is hoping to work on, which is something that is going to be helpful

from the Oregon medical marijuana program, it is a violation matrix, what the potential violation is, what is the rule, what is the level, see if this information needs additions.

Discussions went on the violation matrix... reference for staff, putting together a handbook for commission staff, adoption of the penalty matrix, staff understanding of their full authority to do it these ways, etc.

The acting managing director subsequently continued his report:

- Homegrown Marijuana Registry currently has twenty-two (22) active permittees; during the period July to August, four new permits were issued, three were renewed, and there are six inactive and four pending.
- Enforcement and Investigation: Mr. Kelby Royal, the person in charge for receiving monthly reports from retailers and producers, although his is currently away on military leave [or duty], assigned Mr. Dominic Pangelinan to take the helm until his return in which the reports will be compiled and uploaded to the shared drive.

The draft citation book is completed which will be provided for the commission's review; the commission's enforcement team worked with the Department of Public Safety on the citation book, which was exemplified from other governmental citation books, e.g., BECQ, to grasp the type of template that would best suit the commission.

An anonymous tip was received early this month on a supposed illegal marijuana grow; DPS conducted the visit and confirmed that the owner had no homegrown marijuana registry card; when asked to comply, the resident mentioned that he was unaware that they had to apply for a permit and decided to just yank the whole plants out [destroy].

- Administrative: Commission staff has been busy with Munis and that he is currently undergoing time keeping training for certification by the Office of Personnel Management; until the hiring of an executive secretary that will take on these administrative duties, e.g., timekeeping, finances, etc., he is attending these training and certification requirements since he is the only official commission staff; the commission's purchase card was tapped into for office supplies and is learning the different accounts and purposes for its use, e.g., ARPA funded account, SNILD funded account, etc., and concluded that contract renewal was routed and is awaiting feedback from the governor's office

The acting chair asked if there were any questions for the acting managing director.

Member Songsong asked when the commission is expecting the new regulations for license renewals to kick in, understanding that all licensees will be expiring at the same time on September 30th.

The acting managing director explained that how they went about it the last time, renewal notices were issued the first week of the month of expirations [September], that is how the process is, the renewal application is not that stringent unless there are updates that had to be made, which could be submitted during or after the renewal period if it is indicated in the application.

Member Songsong specified that he was talking about the regulations, the regulations on amending the license start date to being the date the license is issued. The acting managing director replied that the process is still ongoing.

Member Songsong then asked if the application for the Rota HG [Homegrown] was processed. The acting managing director indicated that it was emailed, and that the hardcopy was mailed to the permittee.

Member Songsong asked about the medical exemptions for homegrown that was mentioned by the acting chair, does the commission know any physician in the CNMI besides government physicians that issue recommendations, is the commission aware of any. The acting managing director indicated not to his knowledge.

The acting chair indicated that he heard people getting recommendations from certain providers, there are providers giving recommendations, on Saipan at least, but does not know specifically from who or where but is worth checking out.

The acting managing director was thanked for his work and that the commission will work towards getting the staff needed for support and to help relieve him of the added duties and responsibilities.

X. Executive Session

1. Discussion on Personnel

Secretary Hofschneider motioned to move into executive session, seconded by Treasurer Taisacan. All commissioners voted in favor of the motion; motion carried. Executive session was entered at 10:48 a.m.

The acting chairman announced exiting executive session and back to regular session at 12:59 p.m., which involved discussions on some legal issues, applications

submitted on the open job vacancy for the managing director position and executive secretary.

XI. Adjournment

Secretary Hofschneider motioned for meeting adjournment, seconded by Treasurer Taisacan. All commissioners voted in favor of the motion; motion carried.

The CNMICC's August 26, 2022, meeting adjourned at 1:02 p.m.