



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

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A meeting of the CNMI Cannabis Commission will be held on **Friday, May 28, 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 of prior meetings
- V. Public Comment
  
- VI. New Business
  1. Discussion on various policy changes for consideration
  
- VII. Old Business
  1. Discussion on suggested amendments to P.L. 20-66, 21-05
  
- VIII. Executive Session
  1. Outstanding LSRs – AAG
  2. Other 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 the CNMICC official website.

Written comments on the agenda may be submitted to the CNMI Cannabis Commission, through the Office of the Governor or emailed to [info@cnmicannabis.org](mailto:info@cnmicannabis.org) on or before the meeting date. Oral testimony may be presented during the meeting on Friday May 28, 2021.

**CNMI Cannabis Commission**  
**Regular Session Meeting Minutes**  
**May 28, 2021**

**I. Call to Order**

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 Chairman Matthew Deleon Guerrero, representing Saipan, was present;

Secretary Journie Hofschneider, representing Tinian, excused absence (in transit to Saipan);

Treasurer Valentino Taisacan, representing Northern Islands, was present;

Member Thomas Songsong, representing Rota, was present (video conference - zoom).

Chairwoman confirmed quorum with four commission members present. Managing Director Monique Sablan and AAG Mike Ernest were also present in the meeting.

**III. Consideration and adoption of Agenda**

Chairwoman motioned to amend the title of agenda item VI. (1) under new business to specify *discussion on commercial application and licensing policies for consideration* to address concerns raised by Managing Director Sablan ("MD"), seconded by Treasurer; all commissioners voted in favor of the above-mentioned amendment of the agenda, motion carried.

Vice Chairman subsequently motioned to adopt the agenda as amended, seconded by Treasurer; all commissioners voted in favor for the adoption of the amended agenda, motion carried.

**IV. Consideration and adoption of Minutes of prior meetings**

Chairwoman expressed appreciation of Member Songsong's minutes transcribing, and asked that the executive session portion of the September 25, 2020 meeting minutes be amended to summarize the topics discussed, and that the other transcribed minutes that are pending adoption be tabled for the next meeting.

Chairwoman subsequently motioned to amend the September 25, 2020 meeting minutes' execution session and the tabling of other meeting minutes to the next meeting, seconded

by Treasurer; all commissioners voted in favor for the above-mentioned amendment and tabling of minutes, motion carried.

## **V. Public Comment**

Chairwoman opened the floor for public comment. MD verified common areas for the presence of any members of the public and later reported that no one was present; Chairwoman then announced for the record that no members of the public were present for public comment.

## **VI. New Business**

### **1. Discussion on commercial application and licensing policies for consideration**

Chairwoman announced the topic of discussion and asked MD to proceed with the concerns she would like to bring to the commission's attention.

MD stated that the commission has caught up with all applications except for one, and that approval-in-principal ("AIP") letters will be issued to applicants within the next week, which means inspections will be conducted within the coming months on the proposed cannabis business establishments to ascertain compliance before licensure.

MD expressed one issue she finds challenging is the commission's single micro-producer applicant who is unable to advance towards licensing because, as a regulatory requirement, there is no licensed cannabis wholesaler in which a wholesale agreement is required between micro-producers and wholesaler; and although the commission has a single wholesaler applicant who was issued an AIP and is moving into inspection phase, they are not ready and it is not known when they will ever be ready; consequently, the commission cannot move forward with micro-producer applicants, which is building her reluctance in continuing to accept micro-producer applications if the wholesaler option is unavailable, and therefore, the commission is unable to proceed further with its single pending micro-producer applicant.

Chairwoman and Vice Chairman asked MD questions about the micro-producer and wholesaler applicants mentioned. Vice Chairman reiterated regulatory requirements on micro-producers which they should have read and understood, and that nothing is stopping them from applying for their own wholesaler license or other producer license, and expressed that this is one area (micro-producer/wholesaler) that is necessary for the market itself, which is intended for micro-producers to be successful against larger scale producers.

Chairwoman expressed that the commission shouldn't stop accepting micro-producer applications because the commission should build a pool of these micro-producer applicants, but they should be made fully aware of the regulatory requirements requiring an established wholesaler(s) who will be their sole patrons. MD acknowledged that the pending micro-producer applicant is aware of that regulatory requirement for a wholesaler to purchase their product.

MD indicated that a previous micro-producer applicant elevated to a Producer Class I license because of the absence of a wholesaler, however, not everyone is able to afford the application and license fees to upgrade to a class I producer. MD pointed out that although the micro-producer fees are not far off from the next class I producer, micro-producers will have a smaller production (limited to 25 plants annually) to sell; and since the commission has only one micro-producer applicant so far and having no licensed wholesaler to date, in consideration of this, it was inquired if they could go into an agreement with a retailer if a retailer is willing to go into an agreement with the micro-producer. MD added that the commission has a licensed retailer and a soon to be licensed lounge, and understanding the regulations stipulating a wholesaler agreement between wholesaler and micro-producers, and the lack of a licensed wholesaler, she suggested and sought the opportunity to discuss in the commission's next meeting some other agreement form for micro-producers.

Vice Chairman stated that it is not necessarily that component, it is if we understand they have a direct supply chain, on the regulatory side, because the barrier entering into micro-producers is so small, there is a likelihood that if the regulatory requirements for micro-producers were amended, the flood gates would open, everybody would get into it, and it could become a regulatory nightmare; the structure that we discussed is utilizing the wholesaler in a single point transaction as center points, because we do not expect it to be a lot for regulatory review, and so it would be understood which micro-producer is going to which wholesaler if you need to make list and obtain information on their transactions into the market, which is a single point, then we only go to one place to obtain a lot of data, we don't go to different retailers, we don't go to different micro-producer farms, and that seems to be a much simpler way to manage micro-producers; and yes, it may be a hop and a skip between a micro-producer and class I producer, but it is small, and the barrier between them is still much lower than it has and it is quite possible that the micro-producer side could be a large market.

MD agreed and understood the wholesaler/agreement with micro-producers, and expressed that it is just the fact that the commission lacks a licensed wholesaler for its single micro-producer applicant to go into an agreement with, and she foresees that there

could be more incoming micro-producer applications; understanding that they could possibly band together to obtain a wholesaler license, she feels the reality of it is that they probably will not apply for a wholesaler license.

Vice Chairman inserted which is what is going to happen in the market, that is the central point, that if they (micro-producers) cannot cooperate now, they may not be able to cooperate when it comes to the retail side, it will undercut cost and will be to the disadvantage of all the micro-producers; this is the same thing that happens with small commercial farmers and fishers, is that they need to have a cooperative of micro-producers for smaller producers so that their market power works, if they cannot cooperate enough to get into an application, they may not cooperate when they get into the market, and this is important for them.

MD acknowledged and asked for the allowance of extended periods for micro-producer applicants as current procedure provides applicants a 10-day limitation to complete their applications with document submission in which a wholesale agreement is required until a wholesaler is licensed, and added that when an AIP is issued, however, they have a one (1) year time frame to complete their application and premises inspected for licensure.

Vice Chairman stated that the commission just recently began accepting applications several months ago, that it has not been a year, so it is reasonable that we don't have all these things in place, but these things will fall into place, and that the regulations stipulate extensions.

Member Songsong asked for clarification purposes, hearing discussions on micro-producer, wholesaler and wholesaler agreement, if the licensed wholesaler requirement also applies to other classes of producers. The Chairwoman responded no, and that it only applies to micro-producers.

Discussions continued on the possibility of a regulatory amendment granting the MD discretion in dealing with extensions for micro-producer applicants. Vice Chairman expressed procedural practices in dealing with micro-producers does not seem to necessitate regulatory amendment, and felt that the MD already has discretion in dealing with the micro-producer 10-day limitation for application completion, and that it would be reasonable that the MD proceed accordingly.

MD inquired should a situation arise where a micro-producer asks for a refund because there is no commission licensed wholesaler. Chairwoman mentioned that interests for micro-producer license should be made fully aware ahead of time of what the regulations

require, and that they should also be self-aware of the micro-producer regulatory requirements.

MD raised issues with enforcement as she is being bombarded through social media with inquiries and reports of situations dealing with marijuana, postings of marijuana plants, marijuana sales advertisement, the difficulty in dealing with these issues in social media platforms, and how the commission would address these social media activity and submitted complaints.

Vice Chairman suggested providing complainants a place to provide information in some form on the commission's website, a complaint form, and referred to regulatory stipulations on webpage advertising, etc.

AAG responded that hearsay is not considered evidence, and rather than forwarding the matter to the Attorney General, it was suggested that complaints be turned over to the Department of Public Safety for investigation to verify legitimacy; alternatively, the commission may look into the Consumer Protection Act on non-criminal civil complaints or litigation of unlicensed and illegal products being sold in an open market by unlicensed individuals, in addition to those individuals being approached and informed that they are known to be conducting an illegal activity and offer them an application to come into compliance with the CNMI cannabis law.

Discussions continued on the handling of illegal cannabis activities, communications, corresponding with the Department of Public Safety and the Attorney General's Office, the commission's non-handling of drug trafficking activity, statutory stipulations, etc.

MD expressed that those were the two big issues (micro-producers and social media marijuana advertisements/complaints) she's been dealing with, and is currently working on updating applications with the examples provided by Secretary Hofschneider, and strengthening the advertisement of cannabis regulations for public and applicant awareness.

MD concluded that she has communicated with the zoning authority who will provide her a break-down on the processes with cannabis applicant public hearings so that she'll have a script prepared for applicants on the zoning processes they will have to go through, in addition, the zoning authority will also assist her by providing other relevant information relating to measurements of distances from a proposed cannabis establishments to schools, day care centers, etc.

Chairwoman asked Member Songsong if he had anything to bring up under the policy consideration for commercial applications and licensing before she moves on to the next agenda item. Member Songsong responded having no comment.

## **VII. Old Business**

### **1. Discussion on suggested amendments to P.L. 20-66, 21-05**

Chairwoman stated that the commission is drafting language for a draft bill on the proposed amendments to the CNMI cannabis public laws, and that the pressing issue being the statutory September 30<sup>th</sup> date affecting licensing, renewals and expirations to amend to one (1) year expiration/renewal after date of licensure.

Vice Chairman brought up the recommendation for Saipan Local Law 21-15 on zoning, the amendment for public land exemption for the Northern Islands, and the striking-out of the non-denial of homegrown applicants.

MD replied that it has already been drafted and ready for submittal, including the commission's revolving account. Discussions continued on the commission's proposed amendments to the CNMI cannabis laws...

MD raised the importance of the proposed revolving account as it may also be used to acquire the commission's Cannabis Tracking System in the event that the Saipan and Northern Islands Legislative Delegation is unable to fund the commission's CTS. Chairwoman agreed for the inclusion of the commission's revolving account in the proposed amendments.

Vice Chairman stated that if there is a side of things that are urgent, we could draft it and introduce it at the same time so that it goes, if it has a funding component, through the cycle, so if we want to get it done quickly, we do both at the same time.

Discussions continued on budgetary issues, the issue of seeds, intricacies of LLCs and operating agreements, piece meal submissions of proposed amendments, confidential security plans, establishment of a revolving fund deriving from fees and a system of fines that will go towards the general fund, excise sales tax structure, statutory and regulatory stipulations on the production of accounting books on premises or upon request in the absence of a Cannabis Tracking System, etc.

Chairwoman asked Member Songsong if he had anything to add or discuss on the proposed amendments to the CNMI cannabis laws. Member Songsong responded having

no comment about the subject matter, except that he takes the position against the wholesaler requirement for micro-producers, is totally against a middleman for micro-producers. Chairwoman acknowledged, and Vice Chairman stated the process that members of the commission may submit an amendment to the regulations, and that the commission could vote on it and get it on record.

Chairwoman noted an issue raised by Member Songsong relating to cannabis thieves suggesting for stiff penalties. Member Songsong acknowledged and mentioned that there was a response already made by the legislature indicating to teach cannabis thieves how to grow, however, this is a problem on Rota with a certain age group (teens to young adults) who prowl around people's homes, properties, or farms in search of cannabis, and that they need to be taught to stop thieving because they don't stop thieving even if they happen to be growing cannabis, and has received several complaints about that problem expressing that it is useless to participate in the homegrown registry if there are no consequences for cannabis thieves, if the matter is not investigated and/or pursued by police.

Chairwoman acknowledged Member Songsong's concern with cannabis thieves and stated that rather than include it in the draft bill as one of the proposed amendments, she will bring it to the Department of Public Safety's attention and discussion with the DPS Rota office.

Vice Chairman referred back to Member Songsong's issue with micro-producers and wholesaler to note and consider its addition into the next meeting's agenda for discussion and vote to amend the regulations to allow exemptions to the Tinian and Rota micro-producers to sell directly to retailers without the regulatory requirement of going through a wholesaler licensee/wholesale agreement. Member Songsong acknowledged and agreed with the Vice Chairman's proposal.

Chairwoman acknowledged and inquired if that would be discriminatory against Saipan micro-producers. Vice Chairman expressed that there are all sorts of restrictions that segment out Saipan, zoning restrictions being one example, and so while maintaining the wholesaler on Saipan, the smaller markets on Tinian and Rota may have a better opportunity for growth of its micro-producers.

Vice Chairman expressed that it seems to show that there is a market failure with farmers and fishers on Saipan and that is what we are trying to fix for the cannabis side, and that is not necessarily apparent in Tinian and Rota, so if there is a regulatory issue that arises, maybe that is something the commission can consider to add on to make it work better.



MD agreed with the Vice Chairman's proposal and expressed that there could be other considerations for Tinian and Rota with other licenses that might better accommodate the offering and motivation to partake in the cannabis business industry, and that suggestions from others point at finding ways to avoid placing too much burden on Tinian and Rota's small market.

Discussions continued on possible economic zones, unlawful transport of cannabis and population ratio between islands and cost differences, and the single micro-producer applicant on Saipan, etc.

MD reiterated the proposed amendments of the CNMI cannabis law to include amendment to the September 30<sup>th</sup> date for licensure and expiration to one year from date of licensure, public land exemption for the Northern Islands and deniability of homegrown cannabis registry applicants.

Chairwoman inquired about the seeds issue, accounting books on site, and the Saipan local law on zoning.

Vice Chairman stated that seeds is being moved to the definition of marijuana so that seeds cannot be imported, that the legislature established the CNMI cannabis law with language to protect it from federal action against its cannabis law, and it would be concerning and a violation of federal law if the commission changes the definition of seeds to allow for the use of USPS to import a marijuana item.

MD acknowledged the Chairwoman's inquiry for the inclusion of the accounting books on site, and that the revolving account will be submitted separately.

Vice Chairman expressed that the Saipan local law may be a consideration because the house of representatives has a bill to eliminate some zoning conditions, or even a proposed bill that could come from the senate with its version and then handed to the house, and them weighing which bill to entertain.

Discussions continued on the commission's proposed revolving fund, operations budget, and assisting cannabis industry participants to the fullest extent possible within statutory limitations, etc.

Having no further discussions on the subject matter, Vice Chairman motioned to move to the managing director's report, seconded by Chairwoman; all commissioners voted in favor, motion carried.

## **VIII. Executive Session**

- 1. Outstanding LSRs - AAG**
- 2. Other legal matters – AAG**

Chairwoman announced exiting executive session at 1:27 p.m., and that the issues discussed were the Open Government Act, handling complaints, and the powers and duties of the commission in relation to the enforcement of the cannabis act.

## **IX. Managing Director’s Report**

MD reported that she will provide the commission at a later date a status update of its homegrown registry, commercial application processing and licensing, and that the commission currently has one application under review.

MD explained that applications are listed as “pending documents” when an application is lacking documents that were requested to complete the application, and “AIP issued” is when an approval-in-principal letter has been issued to the applicant and is underway to having their premises inspected for compliance verification before licensure with a one year timeline to contact the commission to schedule for an inspection of their premises if they feel they are ready to go operational, and that some inspections may take place in the month of June.

MD continued that there are approximately twenty (20) applications going through the process and that three (3) have been licensed, and expressed enthusiasm that more cannabis businesses will be established within the next few months; she additionally reported that three (3) homegrown registry licenses were issued within the last two weeks and three (3) more are pending due to lacking documents, and that there are thirteen (13) homegrown registrants on Saipan, one (1) on Tinian, and one (1) on Rota.

MD apologized for not providing the commission a financial report as she is awaiting information from the Treasury Office on the commission’s funds account, and the various application and license fees collected by the Department of Tax and Revenue; she explained that the monetary figures from the Treasury Office may not necessarily correlate with the actual number of applications, one example being an applicant has paid the application fee, but has not submitted their application for one reason or another.

MD stated that she has been in discussion with the Office of Management and Budget (OMB) on the commission budget and was advised that the commission will be receiving ARPA funding, and apparently it will last up the year 2024; however, she was not given funding figures, but estimated that it was able to fund five (5) full time employees and possibly a legal counsel; she expressed OMB’s understanding of the commission’s budgetary situation or lack thereof, and agreed to the commission’s need for staff, and

added that she'll be able to initiate the staff hiring process in the month of June for at least two (2) full time employees with a salary cap; she continued that in July when OMB's budgetary revisions are made, there could be additional commission funding for an additional two (2) full time employees.

Chairwoman asked MD if the ARPA funding is in addition to general funding. MD replied that she has no information to date on how much the commission may be locally funded from the general fund, however, with respect to funding her salary, she receives 80% locally funded and 20% ARPA funded since the month of April. MD additionally stated that when OMB had asked about the commission's needs, she replied, staff, Cannabis Tracking System, legal counsel, and operations cost.

Discussions continued on the commission's representation with outside legal counsels or the attorney general's office.

MD concluded that the types of positions being considered for the commission are administrative officer or office manager, permitting and licensing, compliance and enforcement, and that all will be contracted non-civil service.

Chairwoman thanked MD for her report then motioned to move into executive session for approximately fifteen minutes to discuss legal matters pertaining to OGA questions, complaints about specific social media groups' public display/advertisement of cannabis, and outstanding LSRs, seconded by Vice Chairman. All commissioners voted in favor to move into executive session, motion carried.

Executive session was entered at approximately 1:10 p.m.

## **X. Adjournment**

Chairwoman motioned to adjourn meeting, seconded by Treasurer; all commissioners voted in favor for meeting adjournment, motion carried. Meeting adjourned at 1:28 p.m.