



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

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A regular meeting and public hearing of the CNMI Cannabis Commission will be held on **Friday, May 12, 2023, at 1 P.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. Public Hearing
 1. Cannabis Application No. C1222-0032-SPN: Top Shelf, LLC dba The Hook Up, Marijuana Retailer License, discussion and approval
- VII. Chair Report
- VIII. Old Business
- IX. New Business
 1. Personnel:
 - Hiring of Managing Director, Enforcement & Auditor
 2. Proposed regulations for Marijuana Retail License deliveries; for discussion and voting
Compliance Advisory 23-02 Marijuana Retail License Deliveries draft; for discussion and voting
 3. Compliance Advisories for discussion and approval:
 - 23-01 Permit for Temporary Use of Marijuana Items at Special Events
 - 22-02 Retailer License: Discount Prohibitions for Marijuana Items
 - 22-01 Advertising Restrictions and Requirements
 4. Rescind- Order
 - 2022-01 Order Authorizing the Establishment of the Committee on Licensing and the Committee on Personnel
 5. Treasurer's Financial Report
- X. Acting Managing Director's Report
- XI. Executive Session
- XII. 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.cnmicc.com, 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, May 12, 2023.

CNMI Cannabis Commission
Regular Session Meeting Minutes
May 12, 2023

I. Call to Order

Chairman Jose Palacios called the CNMI Cannabis Commission's meeting to order at 1:10 p.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

Executive Secretary Natasha Palacios called roll of the commissioners:

Secretary Thomas Songsong was present via Zoom;
Treasurer Juan Iguel was present;
Chairman Jose Palacios was present; and
Vice Chair Journie Hofschneider was outside of the CNMI and excused.

Chairman announced quorum of commissioners for today's meeting.

Acting Managing Director Erik Basa was not present during the meeting but was later called upon for his recommendation of an application for licensing via Zoom.

Assistant Attorney General Keisha Blaise was also present along with cannabis applicants Messrs. Scot Thompson of The Green Room and 420 Lounge, LLC., and Scott Malin of Top Shelf, LLC., dba The Hook Up.

III. Consideration and adoption of Agenda

Treasurer Iguel motioned for the adoption of the agenda, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

IV. Consideration and adoption of Minutes of prior meetings

Treasurer Iguel motioned to adopt the unfinalized meeting minutes of the commission's last meeting held on Monday (May 8, 2023) in its next meeting. Chairman reiterated the motion. All commissioners voted in favor of the motion; motion carried.

V. Public Comment

Chairman opened the floor for public comment. The executive secretary subsequently reported that there were no members of the public present for public comment.

Treasurer Iguel asked the meeting attendees present if they wished to make a public comment that is unrelated to the agenda.

Mr. Scot Thompson, who is an applicant for a retail (The Green Room) and lounge (420) licenses introduced himself and mentioned that the commission recently conducted a compliance inspection at his business locations in Garapan for licensing purposes.

Chairman asked Mr. Thompson what his question was. Mr. Thompson inquired when his applications for cannabis licensing would be included on the agenda, will there be another full month waiting period until the commission's next meeting, that commercial space rental payments are being made while his pending cannabis business is not realizing any income and affecting business funds, and that he has been waiting for a long time for his applications to be addressed for licensing.

Chairman assured Mr. Thompson that he will not have to wait another full month or another two weeks for the commission to act on his applications, and expressed that the commission is keeping on top of things, pushing through with everything as fast as possible, and that given the urgency and consideration of invested stakeholders such as Mr. Thompson who have been waiting all this time for the commission to come to quorum. Mr. Thompson thanked the chair for considering his concern and sense of urgency.

Chairman asked if there were any other public comment. There was no further public comment.

VI. Public Hearing

1. Cannabis Application No. C1222-0032-SPN: Top Shelf, LLC dba The Hook Up, Marijuana Retailer License, discussion and approval

Executive Secretary Natasha Palacios, on behalf of the acting managing director, commenced a slide presentation through computer screen of the above applicant's retailer application, which detailed the applicant's personal and business information, business proposal, floor plan/layout, operating hours, scope of operations, location, signage, and other pertinent information for the commissioners' consideration.

Chairman moved for discussion and asked Secretary Songsong if he had any matters to discuss relative to the applicant. Secretary Songsong replied that he did not hear or read the acting managing director's recommendation of the application and asked if the executive secretary could read aloud the acting managing director's recommendation.

The executive secretary indicated that she did not read out the acting managing director's recommendation and only presented the applicant's information on his behalf.

Chairman asked the executive secretary if the acting managing director provided his recommendation. The executive secretary replied that she has no recommendation letter/memorandum from the acting managing director.

Chairman then asked Secretary Songsong if he is aware of the content of the recommendation because he has not seen it either. Secretary Songsong indicated that recommendations usually accompany applications that are being reported for licensing approval or denial, and that this will be the first time he has not seen a recommendation, which is something he would like to see and hear before proceeding any further.

Chairman asked the executive secretary if the acting managing director could be contacted to find out if he has a recommendation on the application; the acting managing director subsequently joined the meeting via Zoom.

Chairman expressed to the acting managing director that Secretary Songsong raised a concern about the absence of a recommendation for Top Shelf, LLC., and that the commission members do not have his recommendation and asked if he could elaborate on his report of Top Shelf, LLC., dba The Hook Up.

Acting managing director replied that he hoped he provided his recommendation in Top Shelf's application packet that was shared with the commissioners; if not, he asked the commission's acceptance of his verbal recommendation for the approval of Top Shelf's application for retailer licensing; as far as vetting of the application and the inspection that was conducted, and all things (discrepancies) that were found during the initial inspection were corrected.

AAG inquired if the acting managing director's statement(s) was in writing somewhere. Treasurer Iguel responded that he is looking at the applicant's packet.

For purposes of clarity, Secretary Songsong asked the acting managing director if his recommendation was for Top Shelf's retailer application licensing approval. The acting managing director acknowledged that he recommends Top Shelf's retail application dba The Hook Up for licensing approval. Secretary Songsong thanked the acting managing director for his recommendation.

Chairman stated that the commission is now waiting for the counsel's advisement. AAG replied that if the commission is inclined, procedures in place for deliberating licensing approval or denial could be discussed in executive session.

Treasurer Iguel requested consideration and motioned to enter into executive session to discuss application process procedures raised by the AAG. The chairman acknowledged and Secretary Songsong seconded the treasurer's motion.

The commission entered executive session at approximately 1:22 p.m.; the chairman announced exiting executive session and into regular session at approximately 1:58 p.m. and stated that matters discussed involved procedures in ensuring consistency with application and licensing approval or denial.

Chairman asked Secretary Songsong if he had any other questions relative to Top Shelf's application for retail licensing.

Secretary Songsong indicated that he has questions to ask Mr. Scott Malin of Top Shelf relating to information in its standard operation procedures as follows:

- “Scanning” of customers’ identification cards: What does Top Shelf mean by scanning? Will a scanning machine be used to scan customer ID information and stored in its computer system? Mr. Malin replied that they will “visually” verify and confirm customer identification.
- Track and Trace Software: Is there a particular software already in use or being planned for use? Mr. Malin's staff replied that they will use the IndicaOnline system, a software system out of California.
- Product Quality Assurance: Will Top Shelf solely sell its own produced cannabis product or is it open to accept other producers' cannabis products? Mr. Malin replied that they will be supporting local farmers and are open to every producer.

Secretary Songsong indicated that with product quality assurance, he did not note any mention in the SOP of issues relating to mold, mildew, cleanliness, use of pesticides, natural pure clean product, and expressed surety that Top Shelf considers these factors but that it was not mentioned in the SOP, and that is a big thing for the commission, product cleanliness, safety, etc.

Mr. Malin replied that they absolutely perform those quality assurance functions and affirmed that cannabis products coming out of his farm are extremely clean, but

anything coming from other producers will be inspected for quality and cleanliness for sure.

Secretary Songsong continued with expressing that as a retailer and possible purchaser of other producers' cannabis products, will he conduct visits to other cannabis producers' grow sites to see how they produce their product, how they do things.

Mr. Malin replied that he has not yet visited any other producers' grow site, however, he will if he does purchase from other producers; he does not know at this time if his retail shop will carry other producers' product, but every producer will have that option to have their product in their retail shop.

Secretary Songsong thanked Mr. Malin for his response and yielded the floor to the chairman.

Treasurer Iguel took the floor and asked Mr. Malin the following questions:

- Floor plan: The retail shop floor plan shows a "relax room" and asked if he is also seeking approval for the relax room and to elaborate on it. Mr. Malin indicated that it is all part of the retail shop, just a seating area and there will be menus because they have many cannabis strains to choose from, approximately 25 to 35 cannabis strains, and to create a different experience with customers, provide them the time to decide the variety they may need, to deal with things like stress, or to relax, lighten mood, etc., and staff will assist customers in providing informative information.
- Other producers: It was mentioned that other producers will be given the option to have their products in this retail shop. How does he plan for that to come about? Will they (producers) be approached and asked about their product? Mr. Malin replied that he has already spoken to a couple producers who asked if they would be able to have their products retailed at his shop when he receives his license, so they have been waiting for Top Shelf's retail license to be issued; although he has not made any deals with any producers yet, but it would be on a consignment basis.

Treasurer Iguel yielded the floor to the chairman.

Chairman addressed Mr. Malin that there were matters raised, which was first brought to his attention by the Vice Chair Hofschneider and expressed his understanding that on the

national practice, at least and consistent with the Department of Justice's position on passive enforcement, anything ten years or more marijuana related is something that cannot be over looked; particular information is that the word that was used was "non-marijuana related," and then asked was there anything non-marijuana related?

Mr. Malin replied "Yes, the manufacturing charge was about twenty years ago."

Chairman then asked if there was a conviction on that. Mr. Maline responded, "Yes, in South Carolina." Chairman then asked what was the conviction on that and what was the outcome? Mr. Maline replied that he was convicted for manufacturing and served federal time.

Chairman stated that the reason he asked that question is because one of the requirements is, and it is very vague of course, "moral turpitude;" and that being the case, if that was omitted from the application, and that is where the concern comes in, is if that information was "omitted" and not "admitted" like the marijuana conviction, then that is where the relationship comes in as to the question, the question of moral turpitude.

Chairman asked Mr. Malin if he was ever pardoned for that. Mr. Malin replied that it was disclosed in his initial application for a producer license.

Chairman then asked Secretary Songsong if he was okay with Mr. Malin's response or disclosure.

Secretary Songsong indicated that Mr. Malin provided a written statement sometime in 2022 explaining that situation, and a similar question was asked at the time the commission deliberated on his initial producer application for licensure regarding marijuana related conviction; besides that fact, it does not concern Secretary Songsong as there has been discussion in the legislature about expunging marijuana convictions, and expressed to the chair that he is clear with everything with Mr. Malin, which was already explained in the past.

Chairman stated to Secretary Songsong that he is not talking about the marijuana conviction but about the non-marijuana conviction.

Chairman asked Mr. Malin the type of drugs involved and if there were weapons involved. Mr. Malin replied that it was methamphetamine and acknowledged that weapons were involved.

Treasurer Iguel asked Mr. Malin that his manufacturing conviction was brought up in the past with the commission during his hearing for his producer license. Mr. Malin acknowledged that it was revealed to the commission.

Chairman asked Mr. Malin if he remembered the year of the conviction, who replied that it was twenty-three years ago (1999 or 2000).

Secretary Songsong indicated to the chairman that Mr. Malin has a written statement dated July 2022 about the matter that is part of the application packet.

Chairman asked if there were any other comments or questions. Hearing no further comments or questions, Chairman then asked if there was a motion to discuss or approve Top Shelf's application for licensure.

Treasurer Iguel motioned that based on Top Shelf's application packet that was received, the commission's decision that was made in the past, with the manufacturing case that was brought up and resolved...then asked Secretary Songsong if Mr. Malin's manufacturing and marijuana case was resolved during his first producer application review with the previous commissioners.

Secretary Songsong replied that the commission is all clear with that issue since Mr. Malin clearly explained it with the previous commissioners that the former managing director also vetted and that he is all good, and then asked Mr. Malin if he was a free man. Mr. Malin acknowledged that he is.

Treasurer Iguel then made a motion for the approval of Top Shelf's application for licensure whom the applicant was vetted in a previous hearing with the commission, with a condition that if ever this situation or case ever arises again that the commission moves for immediate revocation of license, of all licenses, but for current application, his motion is for approval.

Chairman inserted that for clarity should this case arise again, asked Treasurer Iguel which case he was referring to because there are two different convictions.

Treasurer Iguel indicated the non-marijuana manufacturing case which is the federal case where methamphetamine and weapons were involved as was mentioned; if the commission were to be challenged with Mr. Malin's case, the matter would have to be further reviewed and revocation of licenses considered; he sees that this was previously reviewed by the former commissioners and some current commissioners are familiar with the matter and is confident that the past votes for Top Shelf's producer licensure was based on the law, and is sure that if Top Shelf was disapproved in the past, the current commission would not be dealing with Mr. Malin today; and motioned for Top Shelf's retail application approval with a condition that if the federal case arises, if it is looked into, a special meeting should held to consider license revocation.

Chairman indicated that there is really nothing else that will arise out of those past cases, there was already finality with it, there was conviction and time served, and nothing else is going to come out of that, it is what it is already.

Treasurer Iguel explained that he meant that in the event any person or company that asks to investigate the matter or complaint.

Chairman inserted that he feels that it would not be fair to Mr. Malin to re-open that door, the commission is going to make a decision that basically says if one is going to challenge it, return tomorrow to challenge it and the commission will see about license revocation, that is a hypothetical scenario, but what is being meant is that whatever decision the commission make moving forward, that is going to be the precedent, what applies to Mr. Malin today will apply to everybody else moving forward and the commission will have to stand by it, and if the commission cannot stand by its precedent and defend it, then the commission would need to ask itself is this what it wants to use as the standard because it will be the standard with whatever decision is made and how it is made, that will be the standard.

Treasurer Iguel asked the AAG if the commission can approve licenses with conditions, in which the AAG acknowledged that the commission can do it if all would agree.

Chairman added that as far as those old cases, that is a done deal and the commission cannot put a condition on that because it is already done, that would almost be like double jeopardy... The chairman continued his explanations with example scenarios...

Treasurer Iguel requested to make a motion again and indicated that he'll take out the condition and indicated that he is unfamiliar with how court cases work...

Treasurer Iguel then motioned for the approval of Top Shelf's application dba The Hook Up for marijuana retail license, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

Top Shelf, LLC., dba The Hook Up was congratulated.

VII. Chair Report

Chairman stated that in the last meeting [May 08, 2023], the discussion basically put together the commission structurally, voted on its officers and developed the agenda of today's meeting; the other issue discussed was establishing the commission's standard operating procedure so that the commission does not find itself in a situation that it just found itself in, and that it cannot operate with how the previous commissioners used to do or did; if it is not documented, it is meaningless, if challenged, the only thing that matters is what is documented. This is basically the chair's report.

Treasurer Iguel informed the chair that he is working on drafting the commission's SOP for board meetings; he received information from the legislature on how their meetings are formed and hearings conducted, and that it could possibly be ready for adoption in upcoming meetings.

Chairman asked the treasurer if the SOP he is referring to is on procedures? Treasurer acknowledged. The chairman then asked what about the SOP regarding addressing contents of applications/licensee package to the board/commission. The treasurer replied that SOP could come from the acting managing director, perhaps a checklist could identify documents provided, etc.

Chairman indicated that if we are the ones to make decisions, then we should be the ones to make the rules. The treasurer indicated that he could consult and verify with the acting managing director about the existing checklist and possibly create an SOP from there. Chairman acknowledged and moved on to the next agenda item.

VIII. Old Business

There were no old business matters for discussion.

RECESS: Chairman called for a fifteen-minute recess at 2:21 p.m.; the was back in session at 2:36 p.m.

IX. New Business

1. Personnel:

Hiring of Managing Director, Enforcement & Auditor

Treasurer asked the chairman if he and Secretary Songsong are aware that the managing director's position was already advertised in which the Office of Personnel Management (OPM) sent the commission three candidates for the position; treasurer then asked the executive secretary about the timeline of the managing director position announcement.

Executive secretary indicated that the position was endorsed for announcement sometime on April 24, 2023, and delivered to the OPM the following day.

Chairman indicated that he was aware of the position announcement because the matter was brought to the governor and special assistant's attention in order to support the commission and industry move forward and expand; in addition, offers were made by some members of the legislature for additional full-time employees for compliance and

inspectors, and asked the executive secretary if the processing for additional full-time employees was initiated.

The executive secretary replied that aside from the managing director position announcement, she is still currently working on drafting the other FTE job descriptions.

Chairman asked if a formal request for the FTEs was made to the special assistant because that is what they requested and are waiting for, FTEs for a managing director and two compliance/inspector staff along with the Acting Managing Director Erik Basa.

The executive secretary replied that Mr. Basa is an inspector so the additional FTEs would be a managing director, and one enforcement and one compliance officers. Chairman acknowledged and asked that the formal request for FTEs be initiated.

Chairman stated that as far as the auditor is concerned, and perhaps the AAG can elaborate on this because the commissioners are not government employees, can the AG's office provide legal advice to non-government employees, because commissioners are clearly spelled out as non-government employees in the law.

AAG replied that it depends on how it is measured, she provides legal counsel to agencies of the commonwealth, it is not on employees or anything like that.

Chairman expressed that he is unsure of the other agencies, but the cannabis commission under Public Law 20-66 specifically spelled out that commissioners are not government employees.

AAG replied that it is not about employees, the commissioners together are a body and she is their counsel. Chairman acknowledged and expressed that he wanted that clarified.

Chairman continued that with public auditor, the use of the public auditor for auditing, his understanding is that the Office of the Public Auditor is mainly on personnel performance, for the lack of a better word, auditing off, and not so much with auditing as in financials.

AAG replied that she can provide the chairman written correspondence on the Office of the Public Auditor's duties and responsibilities.

Chairman expressed appreciation to the AAG for the offer because the commission has to stand behind its invested stakeholders, look out for their interests and protect their interest when there is push back or blow back in terms of increasing taxation and fees; the commission has to ensure...then exemplified a scenario in the state of California in that the two things that kills the cannabis industry is over taxation and over regulation, and the fueling of black market cannabis, and that resonates to a small community such as ours; if the commission is going to be doing these regulations, let us make regulations for industry

growth and sustain it, reach a level of sustainability, not create regulations that is not going strangle it, hamper it and be the fuel for the underground economy that exist because it does exist.

Treasurer asked the AAG if the public auditor would be permitted 's ability to audit cannabis businesses, etc.

AAG asked that the commission make a legal services request to her as to the specifics of how to utilize the Office of the Public Auditor.

Chairman asked the secretary if he had anything to add on to the agenda item under discussion on personnel, the hiring of the managing director, enforcement, and auditor. The secretary replied that he has nothing to add.

The treasurer added that he met with Representative Diego Camacho who requested the submission of another letter mainly for the acquisition of a vehicle for the commission.

The chairman added that there will be two vehicles because the Department of Public Safety will also provide one vehicle to the commission and asked that the request letter for another vehicle be initiated.

2. Proposed regulations for Marijuana Retail License deliveries; for discussion and voting Compliance Advisory 23-02 Marijuana Retail License Deliveries draft; for discussion and voting

Treasurer Iguel expressed having questions on delivery in that the advisory mentioned temporary lodging areas such as bed & breakfast is not allowed; his experience with the zoning office in issuing zoning permits, in this case for example, a bed & breakfast establishment, zoning has its own definition of "bed & breakfast" establishments, which states that "it is a single family residential dwelling unit," similar to a dwelling house but unlike an apartment unit with multiple rooms, it has to be in a single family dwelling; his question with that is, the commission does not regulate B&Bs, so how would the commission know, he does not have a definition of a B&B.

Chairman expressed that he thinks for zoning's purpose, it is only specific as to what is defined as "occupancy," it is more of occupancy when it comes to zoning. Discussion continued between the chairman and treasurer about zoning and B&Bs...

Chairman indicated that it was previously mentioned that there is the need to expand the industry and remove the stigma that is attached to cannabis, to take away from the black-market cannabis that is being fueled by restrictive policies, and to make available to invested stakeholders the opportunity to take orders from the licensed premises and deliver.

Treasurer said that he raised the B&B issue because the delivery stated that it must have a location, and that a lot of the B&Bs in Saipan are located in residential dwelling units, they are not in hotels, hotel type or apartment type buildings, they are in residential dwelling type buildings and wanted to bring that up to get the commission's thoughts on it.

Chairman voiced that with location, it may have been defined as to what would constitute a location, is it going to be defined as a place where there is a street name, a house number, or would a location constitute also a place such as Banzai Cliff, or fall under that category; because of the ambiguities, a lot of the language in the current cannabis Public Law 20-66, it does not clearly define location, whether it is a place of domicile, etc.

Treasurer suggested that in working towards amendments of the cannabis law, if there is no clear definition of "location," the commission may insert the definition of location, and the other may be for "delivery location," there should be separate definitions of both.

Chairman stated that just so that we can obtain the input because he is interested, and that is always something that he's pushed for to get the discussion, to get these guys [licensee meeting attendees] into the discussion; and just to play it safe, made a motion to open the discussion to include the individuals that are present in the meeting, seconded by the treasurer. All commissioners voted in favor of the chairman's motion to include all those present in the meeting (stakeholders/license holders) into the discussion of delivery, motion carried.

Chairman then asked a meeting attendee what his thoughts on the matter was. A speaker, who was not identified for minutes transcribing purposes, expressed that certain individuals such as the man'amko [the elderly] do not have access to travel so that would help certain groups with cannabis delivery; aside from that, legal age confirmation could be verified upon delivery or when registered prior to delivery, or delivered to homegrown marijuana permittees, and expressed support for allowing retailers to perform delivery in general, it makes it easier for customers, and could create a new industry and possibly new revenues for the commission.

Chairman expressed that in considering taking a step forward and to ensure safety of delivery drivers, it reminds him of delivery driver incidences in California; talking about form of payment, does not want to expose delivery drivers as targets carrying cannabis products or cash. Chairman then asked Mr. Clyde Norita's thoughts on the matter.

Mr. Norita indicated that delivery customers should be registered with the commission and the banks, and that credit cards should be used because if not for credit cards, it would be cash transaction, and that deliveries could be made anywhere on the island. Another person added that credit cards cannot be used because it is still federally not permissible. Mr. Norita acknowledged that is the whole quagmire that is causing problems, either use credit

card because if your guys are carrying marijuana to deliver for cash, for example, to a man'amko's house for example, what's stopping the grandson from...

Discussions continued with other meeting attendees adding to the delivery conversation, avoiding unsafe situations with delivery drivers being targeted, placing a negative spotlight on the cannabis industry, growth and expansion of the cannabis industry and not create a problem that was thought to be a solution, etc.

The treasurer asked if there should be a memorandum of understanding with the Department of Public Safety regarding deliveries and sought clarity with the stakeholders present in the meeting. The attendees seemed to have indirectly expressed the undesirability of that notion, other than ensuring that deliveries are properly documented, e.g., delivery receipt, delivery order, employee badging, proper packaging, tracking, etc.

Chairman reiterated that is what this discussion is for, to put all ideas together, share collectively and come up with something that is palatable with the public, at the same time ensuring safety, that is non-negotiable when it comes to safety, not only for those involved with deliveries but also with ensuring minors do not have access to marijuana products.

Chairman asked Commissioner Songsong if he had anything on deliveries. Songsong replied that he had no questions, is hearing the discussions on deliveries and that it would be helpful to have adequate microphones attached to the laptop so that he can clearly hear to understand discussions. Chairman acknowledged and indicated that the commission will work on that issue.

A question was raised by one of the meeting attendees about deliveries to Rota and Tinian within the commonwealth.

Chairman expressed that recent news with the U.S. attorney general, in his testimony to the U.S. senate about a month ago, dealt with concerns that were raised by west coast cannabis growers and the cannabis industry in general, in that cannabis not necessarily be taken off as a Schedule 1 drug, but to allow state governors to enter into interstate commerce agreements with other state governors; the same passive policies the Department of Justice has been implementing and that the U.S. attorney general should be coming out with its position on cannabis interstate commerce; the issue is within the CNMI, which was something recently discussed that while geographically we are surrounded by ocean and not connected by land, unlike the continental United States or North America for that matter, is that because we are still in the CNMI, Saipan, Tinian and Rota, although once marijuana products are placed onboard a boat, the U.S. Coast Guard can always intervene, and that has been happening off the coasts of Washington and Oregon along the Pacific Northwest, but again there is that passive enforcement, and it's not necessarily confiscate everything, lose license and boat, it could be don't do it again.

Chairman continued discussion/explanations on the interisland cannabis transport obstacle, the transport do-ability as far as the DOJ's position, the commission's position on industry expansion, cultivation on the other islands and possible limitations on Tinian on a commercial scale due to its military's expansion with land use, cultivation on Rota or Northern Islands and Saipan being the major market...

Mr. Scott Malin added that to protect the CNMI's cannabis industry, we need to be careful with deliveries from stateside, if the federal government legalizes it, the CNMI's market will be ruined.

Chairman continued discussion on the subject matter, i.e., large scale producers in Oregon sitting on two years' worth of inventory with similar situations occurring in the CNMI which is cause for the commission's concerns in overissuing licenses...

Chairman concluded that if all are good with delivery, suggested a tweak to the policy if the language need to exclude B&Bs or include additional definitions with B&B, location, so that it is clearly defined.

Treasurer stated that right now with the language of the delivery advisory, the one thing that can be defined is "residence," which clearly states that "deliveries must be made to a residence," and in this rule, residence means a dwelling such as a house or apartment, but does not include a hotel, dormitory, B&B and commercial businesses.

Chairman suggested that hotels, for example, could be curbside so that whatever their policy is relating to marijuana; if the commission is talking about expanding the market, obviously the one thing that he looked at, in October 2022 when the first tracking of business gross revenue tax was conducted with cannabis sales and in subsequent months, and in taking visitor numbers from the Marianas Visitors Authority, the number of tourists and BGRT cannabis sales, there was a consistency with the rise in tourism and BGRT; In December and January, there was a lowering of tourism arrivals and lowering of cannabis sales; it cannot be said with absolute, but it can be seen at least that there is some parallel relativity in that when the tourist numbers were high in October, cannabis sales as far as BGRT was up.

Treasurer suggested amendments to the language in the delivery advisory to add in curbside for hotel areas, B&Bs, etc., at the discretion of these commercial businesses.

Discussions continued with meeting attendees on curbside deliveries... Chairman expressed that it is not something the commission wants to restrict, but the commission does not want to develop policy to being a party to violating hotel policies; for the purpose of hotels, curbside delivery was suggested and it is up to hotel policy, once the curbside transaction is complete and a guest decides to bring it into the hotel lobby, grounds or

rooms, the commission is not a party to the guest purchaser's actions; the commission wants to respect these industry's policies and not have them blame cannabis; there are already restrictions with smoking in hotels, but one just has to look at hotel balconies to see what is actually taking place...

Treasurer Iguel suggested a motion to vote on the delivery advisory, chairman acknowledged.

Chairman then motioned to table compliance advisory no. 23-02 relative to marijuana retail license delivery to be placed on the next agenda for voting on proposed revisions, a change in language to include B&Bs, clear definitions of location, residence, et al., and to include curbside for hotels or temporary lodgings, seconded by Treasurer Iguel. All commissioners voted in favor of the motion; motion carried.

3. Compliance Advisories for discussion and approval:

23-01 Permit for Temporary Use of Marijuana Items at Special Events

22-02 Retailer License: Discount Prohibitions for Marijuana Items

22-01 Advertising Restrictions and Requirements

- Chairman asked if there was any discussion on Compliance Advisory 23-01 and asked Commissioner Songsong if he had any comment on the matter. Commissioner Songsong replied that he had no questions or comments on this advisory.

Treasurer Iguel indicated that he had no comment on the matter and that if the chair had nothing to share, he would like to make a motion on it.

Chairman expressed that just for clarity and that this is where the commission does not want to get caught in technicalities, "marijuana items," what exactly defines marijuana items, are we talking the marijuana plant itself, pre-rolls, bong, papers, pipes, etc.

AAG indicated that there should be a definition on marijuana items. Treasurer Iguel read the definition of marijuana items as "marijuana, marijuana products and marijuana extracts," and that it does not include bong, paraphernalia, the product itself.

Treasurer Iguel motioned to approve Compliance Advisory 23-01 Permit for Temporary Use of Marijuana Items at Special Events, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

- Chairman announced Compliance Advisory 22-02 Retailer License: Discount Prohibitions for Marijuana Items and asked Secretary Songsong if he had comments on the matter.

Secretary Songsong stated that the commission already went through this discussion on how discounts over discounts are implemented and how products are promoted and

clarified it through that discussion, so if both commissioners Chair Palacios and Treasurer Iguel have no comments on it, he would like to make a motion for its approval.

Treasurer Iguel mentioned that he read through Compliance Advisory 22-02 and agrees with the language in the proposed advisory.

Chairman raised concern over the word “prohibition,” that is like scary and saying no, putting the two words together and saying, “No discount,” and asked if he is reading it accurately. The way it is stated, “Discount prohibition for marijuana.”

AAG responded that is how it is in the regulations; the advisories are examples or further explanations of what is defined in the regulations that is already law.

The chair asked the AAG if it means that discounts cannot be given. The AAG indicated that it is not totally restricted but there are exceptions, and the advisory provides for examples. Treasurer Iguel added that discounts are allowed except in certain situations.

Chairman explained through exemplifying a scenario where Mr. Malin opened a cannabis shop and the commission says no and that you can only discount your sack of rice at \$5.00 for 50lbs; how then can we say that we are allowing the industry to grow, that is where competition would come in, it is just his thoughts on the matter, if we are going to start saying, alcohol is one of the regulated items, do we tell bud and you can only discount your case of bud on Tuesdays; how can one say we want to grow the cannabis industry when it is restricting the people that knows how and have the most to lose in their investments, this is what it takes to pay their bills and employees just to stay afloat and this is what...

AAG asked the chair if he wants to revisit the regulations then perhaps place it on the agenda, propose an amendment and see if it is compliant with the law; if the advisory is not liked as is, but that is based on the interpretation of the regulations based on the interpretation of the law, so it is all settled already, but of course, if amendments are being considered, obviously the AG’s office will review those proposed amendments.

Treasurer Iguel shared his understanding of the advisory and offered to table Compliance Advisory 22-02 to obtain more clarification on the matter.

The AAG offered Chairman Palacios the time to get together to talk about discount restrictions; to meet with commissioners individually as long as it is not a quorum.

Chairman asked the AAG off topic, but it is also on topic because he was told that if he has a party at his house, that he can only invite one commissioner because if he invites two commissioners in addition to himself, that would constitute a quorum.

AAG acknowledged saying that with either one commissioner from Tinian or Rota, that would constitute a quorum, for transparency. Chairman acknowledged.

Chairman advised Secretary Songsong that Compliance Advisory 22-02 is being considered for tabling on discount prohibitions, understanding the one side of reasoning on quantity because that is already there, and maybe just as a thought, the federal statute as to amount can be more applicable; if we are talking about expanding the market, and expressed that he is not in the retail business therefore he has no business telling retailers how to retail, that is his point of view.

Treasurer Iguel expressed understanding the chairman's concern and explained to Secretary Songsong that he offered the chair the motion to table the advisory so that he could hear the chair's concerns, and to meet with the AAG for further explanation and clarity on the prohibition parts. Secretary Songsong seconded the motion.

Chairman expressed the need for further clarity and possible tweaking of the language to make it more user friendly, because the word prohibition is a cause of concern, and that the reason behind it would be more for public safety than it is with simply over regulating, and reiterated that the two things that triggered the national change in not just being more passive with enforcement with the DOJ's policy in that the industry cannot continue to be regulated in a way where it is killing the industry, and the thing with over regulation is that it fuels the black market cannabis; it does not help the legitimate industry that are paying taxes and creating the jobs as intended, and instead killing it and cutting off growth.

All commissioners voted in favor of tabling Compliance Advisory 22-02 to next meeting, motion carried.

- Chairman announced Compliance Advisory 22-01 Advertising Restrictions and Requirements and asked Commissioner Songsong if he has thoughts on advertising restrictions and requirements.

Secretary Songsong responded that there are ideas on advertising, it does not mean restricting from advertisements, but there are certain words or use of certain photographic or images restrictions, but if there is a need for further clarity, this advisory may be deferred to gain more clarity on it. Treasurer Iguel agreed with deferment.

Chairman communicated his thoughts on the matter as being, "Let's create this industry but don't tell anybody about it." Treasurer Iguel expressed similar thoughts about restrictions on other store commodities being advertised and the need to get more clarity about the subject matter.

Chairman raised the Federal Communications Commission and exemplified a scenario with tobacco/cigarette advertisements no longer being advertised, because of restrictions being put in place; to a point when there are already existing federal regulations in regards to advertising marijuana or cannabis, then reinventing the wheel is not going to do any good, maybe the restrictions, if any, would be in the areas of, and exemplified The Hook Up can be advertised in the local radio after 10 p.m.

AAG added that the matter deals with age restrictions, websites, social media, that was an issue where certain websites and Instagram pages must restrict those under 21 years of age, and that is the purpose of explaining that.

Treasurer Iguel added to the conversation, inquired with the AAG and exemplified a scenario with personal social media posting. The AAG replied that there must be a disclaimer that the viewer must be 21 years of age or older, to partake, to purchase, to whatever you are trying to do if one is advertising marijuana. The chairman added to the conversation and provided exemplified explanations...

Treasurer Iguel motioned to table Compliance Advisory 22-01 on advertising restriction requirements to next meeting, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

4. Rescind- Order

2022-01 Order Authorizing the Establishment of the Committee on Licensing and the Committee on Personnel

Chairman expressed that Vice Chair Hofschneider expressed in the last meeting that this was taken care of and asked Commissioner Songsong if that was the case since it was during their time.

Secretary Songsong expressed that the matter was discussed previously over the designation of the licensing committee and personnel committee that was ordered by the previous chairman, but now that we have quorum with a new board of commissioners onboard, we are recommending to rescind this order so that the chair and treasurer can also involve themselves in the review of applications; the purpose of that order set-up was to keep the motion flowing while there was no board or quorum at the time, but now that all are onboard, that order can be rescinded.

Secretary Songsong then motioned to rescind 2022-01 Order authorizing the establishment of the Committee on Licensing and the Committee on Personnel, seconded by Treasurer Iguel. All commissioners voted in favor of the motion; motion carried.

5. Treasurer's Financial Report

Treasurer Iguel indicated that the commission's executive secretary has been filling-in the commissioners with current dues and right now the commission is past due with Docomo for communications costs; the matter was communicated with the chair as to what accounts could be used to settle this outstanding billing, and that there are funds available of approximately \$12,000 that was provided by the Saipan and Northern Islands Legislative Delegation, and that the chair authorized the use of that account to cover for past due billings with Docomo as the commission received a disconnection notice by May 25, 2023.

Treasurer continued that a report was received from the Division of Revenue and Tax on cannabis collections that were collected so far and was provided a number, which none of the commission would agree with, and that number was \$336,000 for fiscal year 2022 of total collections from all cannabis establishments; an email correspondence was sent to them to clarify the collections amount in which feedback received indicated that collections were strictly from retailers and does not include producers; and so producer collections are still missing and will work towards obtaining those unreported figures.

Chairman added that besides the \$12,000 provided to the commission by SNILD, SNILD also authorized the funding of the commission's three full time employees for the managing director, enforcement and compliance positions; because of a shaving off of the commission's initial proposed budget of \$85,000, the biggest ticket items under that budget was \$45,000 for a vehicle, which one is already being donated from the governor's office, \$15,000 for travel expenses and \$12,000 for miscellaneous under fiscal year 2023's spending plan; being that the vehicle cost and travel expenses were shaved-off, a proposal was offered to reprogram those funds, perhaps 50% of that budget, about \$40,000 for reprogramming, along with the \$12,000 miscellaneous funds, gives the commission at least a \$50,000 budget for the remainder of the fiscal year, which is about five months remaining in the fiscal year left, which is separate from the FTE funding and derived from the general funds.

Treasurer Iguel indicated that there is \$29,770 in the commission's general fund and \$284,818 in the special fund.

Chairman added that the special account is where most of the salaries will derive from, and the amount in the general fund is inadequate to support the commission's operations and personnel for the next five months, which amounts to approximately \$6,000 a month; the commission, however, is being supported so long as it justifies its operational needs.

Discussions continued with the uses of the separate funds, expenditure itemization and justification, personnel costs, cannabis BGRT identification, cannabis tax and tracking collections, etc.

Chairman asked the executive secretary and AAG if they had anything to add to the conversation; there was no additional discussion.

X. Acting Managing Director's Report

The executive secretary indicated that the acting managing director requested the tabling of his report until the next meeting.

Treasurer Iguel motioned to table the acting managing director's report until the next meeting, seconded by the chair. All commissioners voted in favor of the motion; motion carried.

XI. Executive Session

Treasurer Iguel indicated that there were no topics for discussion in executive session but sought clarification on the agenda's executive session, that based on discussions and feedback with the legislature, suggested that in the next meeting's agenda, executive session does not need to be included in the agenda mainly because we should only go into executive session to discuss specific topics and that everything in the agenda should be discussed.

AAG explained the purpose of executive session, her duty to ensure the commission is represented effectively and efficiently, legal services request, and the commission's decision to determine its course of action with respect to executive sessions.

The scheduling of the next board meeting and pending applications for licensing were discussed, and the chair briefly commented on the oversupply of cannabis sitting on the shelves. The commission's next meeting was then tentatively scheduled for May 23, 2023.

XII. Adjournment

Treasurer Iguel motioned to adjourn the meeting, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried. The CNMICC's May 12, 2023 meeting adjourned at approximately 3:40 p.m.