

4 CCR 15003

This document is current through Register 2023, No. 13, March 31, 2023

CA - Barclays Official California Code of Regulations > TITLE 4. BUSINESS REGULATIONS > DIVISION 19. DEPARTMENT OF CANNABIS CONTROL > CHAPTER 1. ALL LICENSEES > ARTICLE 2. APPLICATIONS

§ 15003. Owners of Commercial Cannabis Businesses

(a) An applicant for a commercial cannabis license or a licensee shall disclose all owners of the commercial cannabis business. An owner of the commercial cannabis business includes all of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the commercial cannabis business, unless the interest is solely a security, lien, or encumbrance. For purposes of this section, "aggregate" means the total ownership interest held by a single person through any combination of individually held ownership interests in a commercial cannabis business and ownership interests in an entity that has an ownership interest in the same commercial cannabis business. For example, a person who owns 10 percent of the stock in a commercial cannabis business as an individual shareholder and 100 percent of the stock in an entity that owns 10 percent of the stock in the same commercial cannabis business has a 20 percent aggregate ownership interest in the commercial cannabis business.

(2) An individual who manages, directs, or controls the operations of the commercial cannabis business, including but not limited to:

(A) A member of the board of directors of a nonprofit.

(B) A general partner of a commercial cannabis business that is organized as a partnership.

(C) A non-member manager or managing member of a commercial cannabis business that is organized as a limited liability company.

(D) The trustee(s) and all persons who have control of the trust and/or the commercial cannabis business that is held in trust.

(E) The chief executive officer, president or their equivalent, or an officer, director, vice president, general manager or their equivalent.

(b) If the commercial cannabis business is owned in whole or in part by an entity and the entity includes individuals who manage, direct, or control the operations of the commercial cannabis business, as described in subsection (a)(2)(E), those individuals shall also be disclosed as owners.

(c) If available evidence indicates that an individual qualifies as an owner, the Department may notify the applicant or licensee that they must either disclose the individual as an owner and submit the information required by section 15002 or demonstrate that the individual does not qualify as an owner.

Statutory Authority

AUTHORITY:

Note: Authority cited: [Section 26013, Business and Professions Code](#). Reference: [Sections 26001 and 26012, Business and Professions Code](#).

History

HISTORY:

1. Change without regulatory effect renumbering and amending former **title 16**, section 5003 to new title 4, section 15003 filed 7-14-2021 pursuant to [section 100, title 1, California Code of Regulations](#) (Register 2021, No. 29). For prior history of **title 16**, division 42, see Register 2019, No. 3.

2. Amendment of section heading and section filed 9-27-2021 as an emergency; operative 9-27-2021 (Register 2021, No. 40). This filing is a deemed emergency pursuant to [Business and Professions Code sections 26013\(b\)\(3\) and 26153.1\(k\)](#). A Certificate of Compliance must be transmitted to OAL by 3-28-2022 or emergency language will be repealed by operation of law on the following day.

3. Amendment of section heading and section refiled 3-28-2022 as an emergency; operative 3-28-2022 (Register 2022, No. 13). This filing is a deemed emergency pursuant to [Business and Professions Code sections 26013\(b\)\(3\) and 26153.1\(k\)](#). A Certificate of Compliance must be transmitted to OAL by 9-26-2022 or emergency language will be repealed by operation of law on the following day.

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4 CCR 15004

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CA - Barclays Official California Code of Regulations > TITLE 4. BUSINESS REGULATIONS > DIVISION 19. DEPARTMENT OF CANNABIS CONTROL > CHAPTER 1. ALL LICENSEES > ARTICLE 2. APPLICATIONS

§ 15004. Financial Interest in a Commercial Cannabis Business

(a) An applicant for a commercial cannabis license or a licensee shall disclose all financial interest holders. A financial interest holder of the commercial cannabis business includes all of the following, except as provided in subsection (b):

- (1) A person with an aggregate ownership interest of less than 20 percent.
- (2) A person providing a loan to the commercial cannabis business.
- (3) A person entitled to receive 10 percent or more of the profits of the commercial cannabis business, including:
 - (A) An employee who has entered into a profit share plan with the commercial cannabis business.
 - (B) A landlord who has entered into a lease agreement with the commercial cannabis business for a share of the profits.
 - (C) A consultant who is providing services to the commercial cannabis business for a share of the profits.
 - (D) A person acting as an agent, such as an accountant or attorney, for the commercial cannabis business for a share of the profits.
 - (E) A broker who is engaging in activities for the commercial cannabis business for a share of the profits.
 - (F) A salesperson who earns a commission.

(b) Financial interest holders do not include any of the following:

- (1) A bank or financial institution whose interest constitutes a loan;
- (2) Persons whose only financial interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument;
- (3) Persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the commercial cannabis business; and
- (4) Persons who hold a share of stock that is less than 10 percent of the total shares in a publicly traded or privately held company.

Statutory Authority

AUTHORITY:

Note: Authority cited: [Section 26013, Business and Professions Code](#). Reference: [Sections 26012 and 26051.5, Business and Professions Code](#).

History

HISTORY:

1. Change without regulatory effect renumbering and amending former **title 16**, section 5004 to new title 4, section 15004 filed 7-14-2021 pursuant to [section 100, title 1, California Code of Regulations](#) (Register 2021, No. 29). For prior history of **title 16**, division 42, see Register 2019, No. 3.

2. Amendment filed 9-27-2021 as an emergency; operative 9-27-2021 (Register 2021, No. 40). This filing is a deemed emergency pursuant to [Business and Professions Code sections 26013\(b\)\(3\)](#) and [26153.1\(k\)](#). A Certificate of Compliance must be transmitted to OAL by 3-28-2022 or emergency language will be repealed by operation of law on the following day.

3. Amendment refiled 3-28-2022 as an emergency; operative 3-28-2022 (Register 2022, No. 13). This filing is a deemed emergency pursuant to [Business and Professions Code sections 26013\(b\)\(3\)](#) and [26153.1\(k\)](#). A Certificate of Compliance must be transmitted to OAL by 9-26-2022 or emergency language will be repealed by operation of law on the following day.

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4 CCR 15024

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§ 15024. Death, Incapacity, or Insolvency of a Licensee

- (a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors or other event rendering one or more owners incapable of performing the duties associated with the license, the owner or owners' successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Department in writing, within 14 calendar days, by submitting the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 9/21), which is incorporated herein by reference.
- (b) To continue operations or surrender the existing license, the successor in interest shall submit to the Department the following:
- (1) The name of the successor in interest.
 - (2) The name of the owner(s) for which the successor in interest is succeeding and the license number;
 - (3) The phone number, mailing address, and email address of the successor in interest; and
 - (4) Documentation demonstrating that the owner(s) is incapable of performing the duties associated with the license such as a death certificate or a court order, and documentation demonstrating that the person making the request is the owner or owners' successor in interest such as a court order appointing guardianship, receivership, or a will or trust agreement.
- (c) The Department may give the successor in interest written approval to continue operations on the licensed business premises for a period of time specified by the Department:
- (1) If the successor in interest or another person has applied for a license from the Department for the licensed premises and that application is under review;
 - (2) If the successor in interest needs additional time to destroy or sell cannabis or cannabis products; or
 - (3) At the discretion of the Department.
- (d) The successor in interest is held subject to all terms and conditions under which a state cannabis license is held pursuant to the Act.
- (e) The approval creates no vested right to the issuance of a state cannabis license.

Statutory Authority

AUTHORITY:

Note: Authority cited: [Section 26013, Business and Professions Code](#). Reference: [Section 26012, Business and Professions Code](#).

History

HISTORY:

1. Change without regulatory effect renumbering and amending former **title 16**, section 5024 to new title 4, section 15024 filed 7-14-2021 pursuant to [section 100, title 1, California Code of Regulations](#) (Register 2021, No. 29). For prior history of **title 16**, division 42, see Register 2019, No. 3.

2. Amendment of subsections (a), (b) and (c)(2) filed 9-27-2021 as an emergency; operative 9-27-2021 (Register 2021, No. 40). This filing is a deemed emergency pursuant to [Business and Professions Code sections 26013\(b\)\(3\) and 26153.1\(k\)](#). A Certificate of Compliance must be transmitted to OAL by 3-28-2022 or emergency language will be repealed by operation of law on the following day.

3. Amendment of subsections (a), (b) and (c)(2) refiled 3-28-2022 as an emergency; operative 3-28-2022 (Register 2022, No. 13). This filing is a deemed emergency pursuant to [Business and Professions Code sections 26013\(b\)\(3\) and 26153.1\(k\)](#). A Certificate of Compliance must be transmitted to OAL by 9-26-2022 or emergency language will be repealed by operation of law on the following day.

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