

CNMI Cannabis Commission
Regular Session Meeting Minutes
November 26, 2019

I. Call to Order

The sixth meeting of the CNMI Cannabis Commission was called to order by Chairwoman Nadine Deleon Guerrero at 11:21 a.m. on November 26, 2019, in the Commonwealth Casino Commission Conference Room, Saipan.

II. Roll Call/Determination of Quorum

Nadine Deleon Guerrero, Commissioner representing Saipan
Matthew Deleon Guerrero, Commissioner representing Saipan
Valentino Taisakan Jr., Commissioner representing Northern Islands – excused due to illness
Journie Hofschneider, Commissioner representing Tinian
Thomas Songsong, Commissioner representing Rota - **via teleconference**

Joseph Deleon Guerrero, Special Advisor (SA) on Cannabis Industry for the Office of the Governor
Monique B. Sablan, Managing Director

III. Consideration and Adoption of Agenda

- Chairwoman made a motion to amend the agenda to include discussion on the Senate meeting with the Managing Director; Vice Chairman seconded. No discussion. All members voted in favor of the motion.
- Vice Chairman made a sub motion to amend the agenda to adding stakeholder meetings to the agenda; Chairwoman seconded. Discussion: Vice Chair advised he will send the current draft regulations to all members; All members voted in favor of the motion.

IV. Consideration and Adoption of Minutes of Prior Meeting

- Secretary made a motion to table the minutes to the following meeting. Chairwoman seconded it. No discussion. All Members voted in favor of the motion.

V. Public Comment

- SA verified that there were no members of the public present; therefore, no public comments were made to the Commission.

VI. Old Business

1. Discussion on Commercial regulations – starting on page 9, Marijuana Processors – endorsements
 - Discussing the endorsements, Secretary asked if each endorsement will have a fee. Ie. If an applicant applies for a new license and requests 3 endorsements all at once, do they have to pay for each of them. Members

decided that applicants would. Secretary mentioned that at the time of renewal, the Commission can charge a fee to renew the endorsement; also, licensees must report to the Commission if they cease to use the endorsement.

- Marijuana Processors – Privileges; Prohibitions a) #1 (i) members discussed whether to go back in the regulation drafts and specifically refer to the type of class for every reference to “lounge” ie. Class 1 or Class 2
- Vice Chair asked why would a processor sell waste to a lounge? (a) #1 (ii) – strike the word “lounge”
- (a) #2 (iv) – further work on policies for research certificate holder is required
- (a) #2 (v) – regarding product being held in bailment by a wholesaler, policies need to be in place surrounding how long they can hold product
- Vice Chair explained: Wholesalers holding on to product without a market transfer – if you were vertically integrated and you had a production license and a processor license, and use the wholesaler as an intermediary without having to transfer ownership to the wholesaler; all of it being tracked by CTS; they didn’t sell it to the wholesaler so they don’t have to pay the tax. Wholesaler plays a big part regulatorily – hopefully a large portion of the product will remain there, and it has different access point. Regulatorily we would be able to go to a wholesaler and back track where the product has come from. They (wholesaler) are a bottle neck and could be where we can regulate a lot of the market.
- Members discussed hypothetical CTS tracking – in more advance systems we would have the information of who owns the product, who the driver is, inventory and track list and ensure the manifest is identical. Transporting from processor to wholesaler, who is responsible when the product is in transit? Members discussed that once a producer releases product to a retailer, lounge or processor, and they accept, it releases custody of the product; however, when it sits in a wholesaler for the purposes of temporary storage for the producer, it has not changed ownership.
- Secretary recommended that if we allow for this, we should ask a question on the application to identify if the producer will be operating this way so that the Commission can track it. There should also be a limit of how long the wholesaler can hold on to the producer’s product so that it does not turn into offsite storage.
- SA suggested in these cases the wholesaler could be required to section off the temporary storage area from the rest of their inventory to keep the two distinctly separate.
- Commissioner Songsong stated that he felt people of Rota would be interested in using a wholesaler for dry storage and that they could do part of the processing; however, this would require the licensee to have a wholesaler license and a processor license in order to make this a part

of their business operation. The processor and wholesaler could be adjacent; however, not in the same footprint.

- MD asked what we would do if a producer decided to store their product at a wholesale, they have temperature-controlled storage and their air conditioning breaks down. Who is liable for the damaged product? Vice Chair said that this would boil down to a business issue, not regulatory. MD continued to suggest that a marijuana storage facility could be a potential business; however, the storage facility would have no license. SA further stated that no one should accept custody of marijuana product if they do not have a license issued by this Commission that authorizes them to do so.
- (a) #2 (v) – amend “wholesaler” to “licensed wholesaler”
- General Processor Requirements – strike #2 (page 10)
- Members discussed items that could be appealing to minors and determined that further work would need to be done regarding edibles.
- SA asked if we had to have medicinal regs done by March; he suggested we implement edibles and medicinal after a year to look at it and bring in experts to weigh in on the regulations. Members all agreed. Vice Chair said if we have regulations, we can implement later.
- Secretary recommended to MD developing a timeline to determine what resources we will need for implementing license classes at the different phases. She suggested we consider transfer of ownership and share applications be considered as companies will change frequently.
- Vice Chair shared information regarding a person that works for the Maryland Cannabis Commission that did research project on edibles (Landscape Presentation Analysis) and did several interviews. He recommended we check it out.

RECESS

Chairwoman recessed the meeting at 12:21 p.m.

IN SESSION

Chairwoman brought the meeting back in session at 12:49 pm.

- Cannabinoid Concentrate and Extract Processor Requirements – (a) #1 change to (62 CFR 67377)
- (b) #2 (i) #1 – change “diagram” to floor plan (page 12)
- Retail Marijuana Processor – strike “Retail”
- Wholesale License Privileges; Prohibitions – (a) #1—amend to “Sell, including sale by auction, transfer and/or transport”
- (a) #1 (ii) add “retailers”
- (a) #1 (iii) – delete any reference to “license”
- Members agreed to skip over laboratory sections for the time being.
- Marijuana Research Certificate Privileges; Prohibitions – (a) strike out “registrant”
- Under (c), (4) “All administrative rules adopted by...” should be changed to (d), not (4).

- Members discussed potential packaging and labelling concerns such as producers labelling in a misleading way (example: they didn't produce the product and had someone else produce it but they are labelling it as theirs). There should be policy surrounding this down the road when the industry is more established.
- Packaging and Labelling Pre-approval Process – (a)(1) strike out “registrant”
- Secretary raised the question on whether the MD's staff will have to review every single label/package. This would be administratively tedious and would require time and resources, including the C&E staff that would follow up afterwards. In addition, labels and product change regularly and the number of different products that would have to be assessed would be significant. She suggested MD's staff review and approve the company's logos and provide specific policies around labelling and packaging requirements for them to adhere to. If not, the C&E staff can issue contraventions for non-compliance. If the product packaging changes without the Commission's approval, they are in contravention.
- SA suggested we do review of every package. Chairwoman suggested we leave the section in and reevaluate it when the market is thriving.
- Secretary reiterated the administrative time and resources it would take to evaluate every single product and suggested we provide clear policies to the licensees and have them self-regulate. Secretary feels it is important to look at the applicant's logo to ensure it meets licensing requirements. Vice Chairman also raised that the Commission staff could inadvertently overlook a labelling detail and approve something that does not comply with regulations.
- (a) (3)(ii) (1) – change to: information but not limited to logo, establishment name and description of packaging (example: “It is in a resealable bag”) and the Commission can ask for more information if necessary because it is “not limited to”.
- Vice Chairman added that if the licensee's change minor details on the packaging, they will not have to receive the Commission's pre-approval because they are required to adhere to the policies and regulation surrounding labelling and packaging.
- Strike all references to “registrant”
- (i) Vice Chairman said this is great for micro producers – it is a simple labelling option for them
- Vice Chairman went over Waste Management and added that we will need to add a section regarding what qualifies as approved waste disposal
- Advertising – Restrictions – (c) add a line for pregnancy warning like alcohol beverages

RECESS

Chairwoman recessed the meeting at 3:01 p.m.

IN SESSION Chairwoman brought the meeting back in session at 3:12 pm.

- Advertising Media, Coupons and Promotions – Members discussed online advertising and the proposed regulations ie. (b), taken from Oregon regulations would be unreasonable. Strike (b). MD recommended we have the licensees operate similarly to the Casino Commission and have them indicate anyone under 21 is prohibited.
- Members agreed to stay silent on advertising on billboards, media etc. because FCC will regulate
- Secretary asked if we were going to cover off on inducements – she read from BC’s cannabis term and conditions handbook to explain inducements to the members.
- Vice Chairman added that we did not include from Oregon regulations: harvest lost, harvest notification, medical marijuana, industrial hemp, the concentration for industrial hemp, prohibited vapor product sales and manufacturer, alternating proprietors, micro wholesalers, laboratory related to CTS, marijuana worker permits, marijuana seed and plant labelling requirements, anything related to UID tags is not in there, cultivation batches, inventory audits within CTS, license surrenders, civil penalties, 5 categories of violations: 1) makes a licensee ineligible for a license 2) create present threat for public safety, 2(b) violations for sale to minor 3) threat to health and safety 4) ? 5) violations inconsistent with the Oregon regulations for sale of Marijuana
- Chairwoman asked if Oregon had their own enforcement body; Vice Chairman mentioned they did not do homegrown which does not permit them into people’s homes.
- Chairwoman does not want people to be able to grow at home because she feels that this is where the black market will thrive.
- Secretary feels that the Commission (that has the authority to inspect) should not inspect people’s private dwelling, that it should be police agencies that deal with complaints at residences.
- MD stated that with the drug enforcement task force and police – you need probable cause with a warrant, and it takes a long time. You must be specific, get it signed by a judge etc.
- SA discussed who can enforce and discussed the penalty is too low for non-compliance. In the future we can request to have it changed.

RECESS Chairwoman recessed the meeting at 3:40 p.m.

IN SESSION Chairwoman brought the meeting back in session at 4:09 pm.

- Vice Chairman made a motion to amend the agenda to have a conversation on house bill 21-55 on hemp; Secretary seconded. No Discussion; All members voted in favor of the motion.
- Overview of Senate Cannabis Committee:
 - Chairwoman gave an overview of the meeting with Senate and MD – the Senate requested to have graphs, presentations, forecasts, reports for updating, requested by Senator Sixto Igisomar; Members discussed the time this would take to prepare under our strict timelines. We will confirm with Governor to clarify expectations. SA suggested to provide our meeting minutes to the Chair for distribution.
 - Chairwoman – Senator Hofschneider did not realize we did not have any medical insurance and did not realize that we are not government employees and that the commissioners were not employees. Chairwoman reminded him that our salary was higher to include medical; however, when the PL went for review again by Senate, our salary was reduced.
 - Senator Santos asked if we had satellite offices; Chairwoman confirmed that we did.
 - Senator Borja asked about drug testing – Chairwoman let him know that it is not in the Commission’s jurisdiction that OPM’s rules would apply and in private sector they can make their own rules
 - Senator Justo Quitugua – asked about how the Commission would deal with the black market
 - Senate wanted our comments on the Hemp Bill: SA explained that it gives authority for DLNR to regulate hemp and develop regulation and fees consistency with Farm Act
 - Vice Chairman had an idea – we could use the lab funded from the feds used for hemp.
 - i. We can regulate the lab
 - ii. Overlapping jurisdictions
 - iii. Still marijuana
- Discussion on stakeholder meeting – we need to figure out business licenses, what kind do they need, taxes, meet with Finance, CUC, Public Health, DPS, CGC, Youth Center, CHCC, BECQ, DFEM, Customs, Zoning, MVA, etc.
- Chairwoman declared Next meeting December 11th at 10:30 am

ADJOURNMENT

Chairwoman made a motion to adjourn the meeting at 5:03 pm; Secretary seconded, no discussion; all members agreed with the motion.