

CNMI Cannabis Commission
Regular Session Meeting Minutes
February 6, 2020

I. Call to Order

The CNMI Cannabis Commission was called to order by Chairwoman Nadine Deleon Guerrero at 10:56 a.m. on February 6, 2020, 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 Taisacan Jr., Commissioner representing Northern Islands (excused due to illness)
Journie Hofschneider, Commissioner representing Tinian
Thomas Songsong, Commissioner representing Rota (attending by telephone)
Joseph Deleon Guerrero, Special Advisor (SA) on Cannabis Industry for the Office of the Governor (on leave)
Monique B. Sablan, Managing Director (MD)
Keisha Blaise, A/Attorney General

III. Consideration and Adoption of Agenda

- Vice Chairman made a motion to amend the agenda to include a discussion regarding the request to meet with Senate Committee. Chairwoman seconded. No discussion. All members were in favor, motion carried.

IV. Consideration and Adoption of Minutes of Prior Meeting

- Secretary made a motion to table the January 23rd minutes and January 30th to the following meeting. Chairwoman seconded it. No discussion. All Members voted in favor of the motion.

V. Public Comment

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

VI. Old Business

1. Outstanding items for Homegrown and Commercial Regulations finalization

- Chairwoman clarified that Homegrown regulations are complete, bylaws are still tabled; moving on to finalizing commercial regulations.
- MD provided members with the most updated copy of the commercial regulations with recent amendments.

Clarification: Keisha Blaise clarified that members of the Commission cannot meet outside of scheduled, published meetings for personal reasons as there would be an appearance that members were meeting without following OGA requirements.

2. Continue discussion on commercial regulations

- Members walked through each package of the regulations.
- Members discussed the definition of financial interest - referenced Oregon's regulations.
- Members discussed the potential requirement for applicant financial integrity forms that would require deemed individuals to disclose their financial background for the purpose of determining applicant suitability.
- Secretary raised that Oregon's legislation requires directors/officers of a corporation with an interest of 3% or greater in the company is required to complete a Business Individual History form. She explained that in BC that all directors/officers of a corporation are required to complete this form and that individuals holding 10% or greater stocks in the corporation are required to complete a personal history disclosure form as well as undergo a financial integrity and criminal record background check. Secretary suggested we have directors/officers self-declare if they are a stockholder as opposed to reviewing a set interest percentage amount. Secretary asked Keisha if there is a requirement in the CNMI for us to require all directors/officers to provide personal disclosure forms versus a determined percentage or based on role (President, Vice, Secretary, Treasurer), for example. **Keisha advised that she will look into this and get back to members.** Members discussed the downside of collecting all directors/officers information for a suitability review and the lack of resources to conduct the background checks of applicants. Secretary suggested we speak to the Casino Commission to gain an understanding of their suitability/investigative process, how often they are required to conduct an investigation of applications, and what resources are required. Vice Chairman shared that the Banking Commission requires individuals with 5% of stock. Members agreed we do not want to make the process so onerous for applicants as well as ensure the Commission is diligent keeping organized crime out of the industry.
- MD excused herself to request Charlie Atalig, Casino Commission Audit Manager to share his experience and explained the suitability process.
- Secretary explained that BC also has a process where investigators can deem an individual (outside of the applicant) an "associate" (someone that holds a financial interest directly or indirectly) and is required to submit their financial integrity documents for the investigator to determine where the monetary resources are coming from.
- Secretary suggested, as opposed to staff having to analyse the share register to calculate and determine the percentage of interest held, that we request the applicant to provide a breakdown of the interest held by each stockholder. We would still require the business documents in case staff would need to review accuracy.
- MD brought Mr. Atalig in the meeting to discuss the review process - he explained that each application is reviewed at its own merit and is subjective. A variety of factors are considered i.e. bankruptcies, previous convictions etc.
- Executive Director of Casino Commission, Edward C. Deleon Guerrero, joined the meeting to further discuss the CCC's process regarding applicant review and determining if an applicant is suitable to hold a license. He also discussed CCC's collaboration with other agencies. I.e. DPS, Customs
- Mike Ernest, legal counsel assigned to the CCC, joined the meeting.

- Members discussed the challenges of processing applications and doing background checks with a lack of resources.
- Members agreed for MD and Secretary to meet with ABTC to discuss their applicant suitability process as well. MD will schedule a meeting in the near future.
- Members discussed the need to add investigative/suitability review fees (background checks/ sting operations) to the statute (this fee would go to the legislature) which includes travel to Rota and Tinian.
- Keisha suggested that due to time constraints, focus on the biggest liabilities and issues. Vetting and suitability review is the biggest issue and will require the most resources. Based on this issue, there is an interest in adding a section to the statute that would allow a license to be issued with the option for the Commission to revoke the license within 180 days of issuance if any suitability issues surfaced. The collected disclosure forms would also be valid for 180 days.
- MD stated that we need a permitting, licensing staff and enforcement. She stated it would be helpful to work with DTF.
- Vice Chairman stated that the Governor would issue an order for an agency such as ABTC to assist with the licensing process, if necessary.
- MD stated that OMV indicated our budget will be cut and hiring may not be possible.
- Vice Chairman stated that there is a hiring freeze coming up. He summarized the items we need to finalize imminently: Application processing, application denials, agree on fees (add investigative fees need to be added), review process for staff, application withdrawals, approving licenses, security waivers, security plans, security requirements, determine license amendments (we need to add these fees to the statute).
- Vice Chairman stated that processors are required to submit a monthly inventory to the Commission and suggested for CTS, to adopt this practice where licensees provide the Commission a register of tracking the product as a temporary tracking system.
- Members discussed the definition of financial interest and decided to have applicants answer a question on the application requiring them (all involved) to self-declare their financial interest directly or indirectly as defined in the regulations. Vice Chairman suggested instead of separately developing set security requirements, that we have applicants include the security measures they will have in place in their standard operating procedures for Commission staff to analyse and determine if it is deemed satisfactory. Staff can request additional information if necessary. Members agreed to review applications at its own merit and potentially change this in the future.
- Members suggested phasing in transfer of ownership at a later date and not permitting transferring of licenses at the onset. We have the authority to transfer; however, we do not have the infrastructure at this time to facilitate this license change. Members decided to include transfer of shares and relocation of premises and structural changes to phase in at a later date.
- Vice Chairman asked Keisha if there was a way to get an understanding of the title number within the admin code that we are legalizing. Ie. The CCC is Title 175; however, he believes the Commission does not have a title. So, what title we are on in the Northern Mariana Islands Administrative Code. Keisha said the Commission would be Title 180.
- Members agreed to implement Oregon's tiered (6 levels of severity) violation schedule until a later date. The Commission will be working with licensees to educate and enforce compliance with the statute and regulations while building this new industry in the CNMI.

- Members discussed statute Section 166 with Keisha which states that if someone violates any regulation the result would be 1 year imprisonment; the statute does not distinguish between criminal or civil. Keisha stated that violating the criminal portions of the regulations speaks for itself and that for a criminal violation such as selling to a minor, the AG would determine the outcome of this violation.
- Members discussed implementing fines that the Commission would issue for specific violations (non-criminal). Vice Chairman suggested we add that “violations will be determined by the Commission up to a (certain amount).” He mentioned that CCC’s regulations about process of penalties and penalty theory.
- Add a line to the regulation to state that the licensee must also comply with CNMI law.
- Chairwoman mentioned we should discuss marijuana disposal service in the near future.
- **Chairwoman asked Keisha to help add the CMC references to the sections of regulations.**
- Chairwoman determined the next meeting is February 27th.

RECESS Chairwoman called the meeting to recess at 3:15 pm and called it back to order at 3:19 PM.

Secretary made a motion to table #3 and #4 to the following meeting; Vice Chair seconded. No discussion. All members voted in favor of the motion.

- 3. Non-commercial application draft review - (tabled)** MD and Secretary are going to meet to review their application drafts and meet with ABTC to discuss their application process.
- 4. Commercial application draft review - same as above.**

NEW BUSINESS

- 1. Director’s Report** – there may be a hiring freeze. MD is creating a budget plan for FY21 with 25% reduction. In regard to the office space, MD is still waiting on bids.

MD scheduled a meeting with ABTC on February 12th and is scheduling a meeting with Customs and DPS and DTF is requesting a meeting with us to understand their role with cannabis.

Chairwoman advised that we will postpone the meeting with the Senate Committee (requested for tomorrow, February 7) until we are able to seek advice from the AG that would be pertinent to the discussions they want to have. All members agreed to postpone and Chairwoman is drafting a response to their request. Keisha confirmed with AG’s office that the AG was not aware of this meeting and would not be attending.

ADJOURNMENT Chairwoman made a motion to adjourn the meeting; Vice Chairman seconded. The meeting adjourned at 3:41 PM.