



DIVISION OF PUBLIC and BEHAVIORAL HEALTH Policy

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1.0 POLICY

Summary of Revision. This revision amends documentation requirements for ownership transfers (see table at paragraph 4.1). MMEs shall submit new local jurisdiction business licenses “if applicable,” which indicates that if a change in ownership will result in the local jurisdiction issuing an updated business license to an MME, the MME must submit it to the Division with its ownership transfer request. If a local jurisdiction has not yet issued a business license to the MME, or if a proposed ownership change will not result in the issuance of a new local business license, the requirement to submit the local business license to the Division would not be applicable. MMEs are required to provide evidence that new owners, not previously vetted in the Division’s MME application process, have been entered into the Agent Card Application Portal. The requirement for MMEs to gain pre-approval of ownership transfers from the local jurisdiction has been eliminated.

The Division of Public and Behavioral Health (Division), Medical Marijuana Program (MMP) will accept, evaluate, and process requests to re-assign ownership shares of registered medical marijuana establishments (MME). This authority exists pursuant to Senate Bill 276 of the 78th Nevada Legislature, Section 2 (2), which states:

“2. A medical marijuana establishment may transfer all or any portion of its ownership to another party, and the Division shall transfer the medical marijuana establishment registration certificate issued to the establishment to the party acquiring ownership, if the party who will acquire the ownership of the medical marijuana establishment submits:

(a) Evidence satisfactory to the Division that the party has complied with the provisions of subparagraph (III) of subparagraph (2) of paragraph (a) of subsection 3 of NRS 453A.322 for the purpose of operating the medical marijuana establishment.

(b) For the party and each person who is proposed to be an owner, officer or board member of the proposed medical marijuana establishment, the name, address and date of birth of the person, a complete set of the person’s fingerprints and written permission of the person authorizing the Division to forward the fingerprints to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation for its report.”

(c) Proof satisfactory to the Division that, as a result of the transfer of ownership, no person, group of persons or entity will, in a county whose population is 100,000 or more, hold more than one medical marijuana establishment registration certificate or more than 10 percent of the



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medical marijuana establishment registration certificates allocated to the county, whichever is greater.”

Other pertinent authorities include Nevada Revised Statutes (NRS) 453A.320 and Nevada Administrative Code (NAC) 453A.326 (6), which state:

“The purpose for registering medical marijuana establishments and medical marijuana establishment agents is to protect the public health and safety and the general welfare of the people of this State. Any medical marijuana establishment registration certificate issued pursuant to NRS 453A.322 and any medical marijuana establishment agent registration card issued pursuant to NRS 453A.332 is a revocable privilege and the holder of such a certificate or card, as applicable, does not acquire thereby any vested right.”

and

6. A medical marijuana establishment is responsible to the Division for all costs incurred by the Division to determine whether any changes in ownership or other changes were made to circumvent the provisions of NRS 453A.334 which prevent the transfer of a medical marijuana establishment registration certificate.

No person shall sell, purchase, assign, lease, grant or foreclose a security interest, or otherwise transfer, convey or acquire in any manner whatsoever any interest of any sort whatsoever in or to any registered MME (final Registration Certificate holder or provisional Registration Certificate holder), or any portions thereof, or enter into or create a voting trust agreement or any other agreement of any sort in connection with any registered MME or any portion thereof, except in accordance with law, regulation, and this policy. It is the policy of the Division that intention to transfer ownership interest, in any amount greater than zero (0) percent shall cause the owners, operators and/or board of directors of any registered MME to notify the Division of Public and Behavioral Health on a form prescribed by the Division. If a person who is the owner of an interest in a registered MME, proposes to transfer any portion of his/her interest to a person who is then the owner of an interest in a registered MME, both parties shall give written notice of such proposed transfer to the Division, including the names and addresses of the parties, the extent of the interest proposed to be transferred. The notice shall be given on a form prescribed by the Division. Transfer of interest shall not be effected before notice to and review by the Division, and reply from the Division on the status of the Transfer.

If a person who is the owner of an interest in a registered MME proposes to transfer any portion of his interest to a person who is not then the listed owner of an interest in a registered MME, no such transfer shall become effective for any purpose until the proposed transferee or transferees have made notification to the Division, and have been found to be individually qualified. Notification shall be made on a form prescribed by the Division.



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No person shall transfer or convey in any manner whatsoever any interest in or to any registered MME or any portion thereof, or permit any investment therein or participation in the profits thereof, by any person acting as agent, trustee or in any other representative capacity for or on behalf of another person without first having fully disclosed all facts pertaining to such representation to the Division of Public and Behavioral Health. This disclosure should include a description of the reason for transfer and legal contracts or agreements detailing the ownership transaction signed by respective parties.

No MME registrant, or officer, director or transfer agent thereof, shall cause or permit any stock certificate or other evidence of beneficial interest therein to be registered in its books or records in the name of any nominee, agent, trustee or any other person other than the true and lawful owner of the beneficial interest therein without written permission of the Division to do so.

All time and effort for reviewing and investigating any notification of an ownership change shall be billed to the MME requesting the ownership change, pursuant to NAC 453A.326(6).

2.0 PURPOSE

The purpose of this document is to delineate the policies and procedures by which an MME may or may not implement a change in ownership, identify materials MME registrants must submit in support of their proposed change, and describe how the Division will handle and process ownership transfer requests.

3.0 SCOPE

This policy applies to all MME ownership groups to whom an MME registration certificate has been issued (both Final and Provisional Registration Certificate holders).

4.0 PROCEDURES

- 4.1 No transferee may wholly be listed as a corporation, trust, or any other entity; rather, ownership interest in such entities must be broken down to MME percentage interest owned by natural persons.

See the following table for specific scenarios and required documentation:



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Ownership change / transfer scenario	Applicable Registration Certificate Type	Document Requirements	Transfer of Ownership % Allowable effective 10-1-2015
Internal Transfer to already vetted natural persons within existing MME ownership	Provisional and Final	<ul style="list-style-type: none"> • Transfer of Interest Form • Proof of \$250,000 liquid assets (totality of MME ownership, not each owner) • Legal contracts or agreements detailing the ownership transaction • Proof satisfactory that no monopoly will be created 	100%
External Transfer to already vetted natural persons (through a separate MME) acquiring ownership individually or as part of an entity (e.g., Limited Liability Corporation, S Corporation, C Corporation)	Provisional* and Final	<ul style="list-style-type: none"> • Transfer of Interest Form • Proof of \$250,000 liquid assets (totality of MME ownership, not each individual owner) • Legal contracts or agreements detailing the ownership transaction • Identification of MMEs within which proposed transferees maintain existing ownership • Organization chart • Updated Secretary of State paperwork (if applicable) • Fictitious firm name DBA paperwork (if applicable) • Shares issued in total and per owner (if applicable) • Local jurisdiction business license (if applicable) • Proof satisfactory that no monopoly will be created 	100%



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		<ul style="list-style-type: none"> • Legal contracts or agreements detailing the ownership transaction 	
External Transfer to non-vetted natural person(s) acquiring ownership individually or as part of an entity (e.g., Limited Liability Corporation, S Corporation, and C Corporation)	Provisional* and Final	<ul style="list-style-type: none"> • Transfer of Interest Form • Proof of \$250,000 liquid assets (totality of MME ownership, not each individual owner) • Fingerprints Background Check DPS • Evidence new owner has been entered into the Agent Card Application Portal • Organization chart • Updated Secretary of State paperwork (if applicable) • Fictitious firm name DBA paperwork (if applicable) • Shares issued in total and per owner (if applicable) • Local jurisdiction business license (if applicable) • Proof satisfactory that no monopoly will be created • Legal contracts or agreements detailing the ownership transaction 	100%

4.2* Pursuant to NRS 453A.322 and 453A.328, if the Transfer of Interest request is for an MME holding a provisional certification, a signed and notarized attestation by every officer and board member must be included in the request. The attestation must declare that the MME will be built and operated at standards that meet or exceed the application criteria for the original MME, as prescribed below. A narrative demonstrating that the MME will meet and/or exceed the standards enumerated in NAC 453A.306 is not required, only the signed and notarized attestation included with the Transfer of Interest paperwork. The regulation is partially reproduced here for the industry’s understanding of the Division’s expectations.



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NAC 453A.306 Applications to operate establishment: Required provisions

6. For each owner, officer and board member of the proposed medical marijuana establishment:

- b) A narrative description, not to exceed 750 words, demonstrating:
 - 1. Past experience working with governmental agencies and highlighting past community involvement;
 - 2. Any previous experience at operating other businesses or nonprofit organizations; and
 - 3. Any demonstrated knowledge or expertise with respect to the compassionate use of marijuana to treat medical conditions; and
- c) A resume.

7. To assist the Division in considering the criterion of merit set forth in subsection 7 of NRS 453A.328, documentation concerning the adequacy of the size of the proposed medical marijuana establishment to serve the needs of persons who are authorized to engage in the medical use of marijuana, including, without limitation, building and construction plans with supporting details.

8. To assist the Division in considering the criterion of merit set forth in subsection 8 of NRS 453A.328, the integrated plan of the proposed medical marijuana establishment for the care, quality and safekeeping of medical marijuana from seed to sale, including, without limitation, a plan for testing and verifying medical marijuana, a transportation plan and procedures to ensure adequate security measures, including, without limitation, building security and product security.

9. A plan for the business which includes, without limitation, a description of the inventory control system of the proposed medical marijuana establishment to satisfy the requirements of sub-subparagraph (II) of subparagraph (3) of paragraph (a) of subsection 3 of NRS 453A.322.

10. Evidence that the applicant has a plan to staff, educate and manage the proposed medical marijuana establishment on a daily basis, which must include, without limitation:

- a) A detailed budget for the proposed medical marijuana establishment, including pre-opening, construction and first year operating expenses;
- b) An operations manual that demonstrates compliance with this chapter;
- c) An education plan which must include, without limitation, providing educational materials to the staff of the proposed medical marijuana establishment; and
- d) A plan to minimize the environmental impact of the proposed medical marijuana establishment.



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4.3 An MME registrant who wishes to reassign any ownership shares greater than 0% in its MME to any individuals who are currently listed among the ownership of any registered MME will submit all required documentation as prescribed in the table above. These items should be mailed to:

Division of Public and Behavioral Health – Medical Marijuana Program
4150 Technology Way Suite 106
Carson City, NV 89706

- 4.3.1 The Division will conduct such investigation of the proposed new ownership list as it deems necessary.
- 4.3.2 After review of the registered MME's Notice of Transfer of Interest form, the Division reserves the right to request additional information, as it determines necessary to complete the review.
- 4.3.3 The Division will respond in writing to the MME registrant advising that it has duly recorded the new ownership of the registered MME.
- 4.3.4 The Division will update the MME registrant's file and advise the local jurisdiction of the ownership change.

4.4 An MME registrant who wishes to reassign any ownership shares greater than 0% in its MME to include any individual or party who is not currently listed among the ownership of any registered MME will submit all required documentation as prescribed in the table above. These items should be mailed to:

Division of Public and Behavioral Health – Medical Marijuana Program
4150 Technology Way Suite 106
Carson City, NV 89706

- 4.4.1 The Division requires any individual or individuals who are prospective MME owners to submit a Notice of Transfer of Interest form and:
 - 4.4.1.1 A completed Agent Fingerprint Submission Form, annotated and signed by the technician who took the fingerprints at the fingerprinting facility.
Note: Fingerprints are to be submitted electronically to the Nevada Department of Public Safety (DPS). A list of facilities which participate in the electronic fingerprint program is at <http://gsd.nv.gov/feesforms/fingerprints>.

If a prospective owner is unable to comply with the requirement to submit his/her fingerprints to DPS electronically, contact MedicalMarijuana@health.nv.gov for specific directions for making a



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manual fingerprint card submission. DPS background check fees can be viewed at <http://gsd.nv.gov/feesforms/fingerprints>.

- 4.4.2 The Division will respond in writing to the MME registrant requesting the ownership change if the prospective owners have been found to be unqualified pursuant to NRS 453A, NAC 453A, or any other pertinent statute or regulation.
- 4.4.3 If the ownership change does not violate NRS 453A, NAC 453A or any other pertinent statute or regulation, the Division will advise the MME registrant that it has duly recorded the new ownership of the registered MME.
- 4.4.4 The Division will update the MME registrant's file and advise the local jurisdiction of the ownership change.