

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Finance.

SB19-224 be amended as follows:

1 Amend reengrossed bill, page 7, after line 4 insert:

2 "(5) "ACQUIRE", WHEN USED IN CONNECTION WITH THE
3 ACQUISITION OF AN OWNER'S INTEREST OF A MEDICAL MARIJUANA
4 BUSINESS OR RETAIL MARIJUANA BUSINESS, MEANS OBTAINING
5 OWNERSHIP, CONTROL, POWER TO VOTE, OR SOLE POWER OF DISPOSITION
6 OF THE OWNER'S INTEREST, DIRECTLY OR INDIRECTLY OR THROUGH ONE OR
7 MORE TRANSACTIONS OR SUBSIDIARIES, THROUGH PURCHASE,
8 ASSIGNMENT, TRANSFER, EXCHANGE, SUCCESSION, OR OTHER MEANS.

9 (6) "ACTING IN CONCERT" MEANS KNOWING PARTICIPATION IN A
10 JOINT ACTIVITY OR INTERDEPENDENT CONSCIOUS PARALLEL ACTION
11 TOWARD A COMMON GOAL, WHETHER OR NOT PURSUANT TO AN EXPRESS
12 AGREEMENT."

13 Page 7, strike lines 5 through 8 and substitute:

14 "(7) "AFFILIATE" OF, OR PERSON "AFFILIATED WITH", HAS THE
15 SAME MEANING AS DEFINED IN THE "SECURITIES ACT OF 1933", 17 CFR
16 230.405, AS AMENDED.

17 (8) "BENEFICIAL OWNER OF", "BENEFICIAL OWNERSHIP OF", OR
18 "BENEFICIALLY OWNS AN" OWNER'S INTEREST IS DETERMINED IN
19 ACCORDANCE WITH SECTION 13(d) OF THE FEDERAL "SECURITIES
20 EXCHANGE ACT OF 1934", AS AMENDED, AND RULE 13d-3 PROMULGATED
21 THEREUNDER."

22 Renumber succeeding subsections accordingly.

23 Page 7, line 13, strike "SECURITIES," and substitute "OWNER'S
24 INTERESTS,".

25 Page 7, strike lines 15 through 26 and substitute:

26 "(10) "CONTROLLING BENEFICIAL OWNER" IS LIMITED TO A PERSON
27 THAT SATISFIES ONE OR MORE OF THE FOLLOWING CRITERIA:

28 (a) A NATURAL PERSON, AN ENTITY AS DEFINED IN SECTION
29 7-90-102 (20) THAT IS ORGANIZED UNDER THE LAWS OF AND FOR WHICH
30 ITS PRINCIPAL PLACE OF BUSINESS IS LOCATED IN ONE OF THE STATES OR
31 TERRITORIES OF THE UNITED STATES OR DISTRICT OF COLUMBIA, A
32 PUBLICLY TRADED CORPORATION, OR A QUALIFIED PRIVATE FUND THAT IS
33 NOT A QUALIFIED INSTITUTIONAL INVESTOR:

34 (I) ACTING ALONE OR ACTING IN CONCERT, THAT OWNS OR
35 ACQUIRES BENEFICIAL OWNERSHIP OF TEN PERCENT OR MORE OF THE
36 OWNER'S INTEREST OF A MEDICAL MARIJUANA BUSINESS OR RETAIL
37 MARIJUANA BUSINESS;

1 (II) THAT IS AN AFFILIATE THAT CONTROLS A MEDICAL MARIJUANA
2 BUSINESS OR RETAIL MARIJUANA BUSINESS AND INCLUDES, WITHOUT
3 LIMITATION, ANY MANAGER; OR
4 (III) THAT IS OTHERWISE IN A POSITION TO CONTROL THE MEDICAL
5 MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS EXCEPT AS
6 AUTHORIZED IN SECTION 44-10-506 OR 44-10-606; OR
7 (b) A QUALIFIED INSTITUTIONAL INVESTOR ACTING ALONE OR
8 ACTING IN CONCERT THAT OWNS OR ACQUIRES BENEFICIAL OWNERSHIP OF
9 MORE THAN THIRTY PERCENT OF THE OWNER'S INTEREST OF A MEDICAL
10 MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS."

11 Renumber succeeding subsections accordingly.

12 Page 9, strike lines 8 through 27 and substitute:

13 "INTEREST HOLDER" MEANS A PERSON THAT IS NOT AN AFFILIATE,
14 A CONTROLLING BENEFICIAL OWNER, OR A PASSIVE BENEFICIAL OWNER OF
15 A MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS AND
16 THAT:

17 (a) HOLDS A COMMERCIALY REASONABLE ROYALTY INTEREST IN
18 EXCHANGE FOR A MEDICAL MARIJUANA BUSINESS'S OR RETAIL MARIJUANA
19 BUSINESS'S USE OF THE PERSON'S INTELLECTUAL PROPERTY;

20 (b) HOLDS A PERMITTED ECONOMIC INTEREST THAT WAS ISSUED
21 PRIOR TO JANUARY 1, 2020, AND THAT HAS NOT BEEN CONVERTED INTO AN
22 OWNER'S INTEREST;

23 (c) IS A CONTRACT COUNTERPARTY WITH A MEDICAL MARIJUANA
24 BUSINESS OR RETAIL MARIJUANA BUSINESS, OTHER THAN A CUSTOMARY
25 EMPLOYMENT AGREEMENT, THAT HAS A DIRECT NEXUS TO THE
26 CULTIVATION, MANUFACTURE, OR SALE OF REGULATED MARIJUANA,
27 INCLUDING, BUT NOT LIMITED TO, A LEASE OF REAL PROPERTY ON WHICH
28 THE MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS
29 OPERATES, A LEASE OF EQUIPMENT USED IN THE CULTIVATION OF
30 REGULATED MARIJUANA, A SECURED OR UNSECURED FINANCING
31 AGREEMENT WITH THE MEDICAL MARIJUANA BUSINESS OR RETAIL
32 MARIJUANA BUSINESS, A SECURITY CONTRACT WITH THE MEDICAL
33 MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS, OR A
34 MANAGEMENT AGREEMENT WITH THE MEDICAL MARIJUANA BUSINESS OR
35 RETAIL MARIJUANA BUSINESS, PROVIDED THAT NO SUCH CONTRACT
36 COMPENSATES THE CONTRACT COUNTERPARTY WITH A PERCENTAGE OF
37 REVENUE FOR PROFITS OF THE MEDICAL MARIJUANA BUSINESS OR RETAIL
38 MARIJUANA BUSINESS; OR

39 (d) IS IDENTIFIED BY RULE BY THE STATE LICENSING AUTHORITY AS
40 AN INDIRECT FINANCIAL INTEREST HOLDER."

- 1 Page 10, strike lines 1 through 4.
- 2 Page 12, after line 8 insert:
3 "(27) "MANAGER" HAS THE SAME MEANING AS IN SECTION
4 7-90-102 (35.7).".
- 5 Renumber succeeding subsections accordingly.
- 6 Page 13, line 10, after the period insert "A MEDICAL MARIJUANA BUSINESS
7 OPERATOR IS NOT, BY VIRTUE OF ITS STATUS AS A MEDICAL MARIJUANA
8 BUSINESS OPERATOR, A CONTROLLING BENEFICIAL OWNER OR A PASSIVE
9 BENEFICIAL OWNER OF ANY MEDICAL MARIJUANA BUSINESS IT OPERATES.".
- 10 Page 14, after line 26 insert:
11 "(41) "OWNER'S INTEREST" HAS THE SAME MEANING AS IN SECTION
12 7-90-102 (44) AND IS SYNONYMOUS WITH THE TERM "SECURITY" UNLESS
13 THE CONTEXT OTHERWISE REQUIRES.".
- 14 Page 14, strike line 27 and substitute:
15 "(42) "PASSIVE BENEFICIAL OWNER" MEANS ANY PERSON
16 ACQUIRING ANY OWNER'S INTEREST IN A MEDICAL MARIJUANA BUSINESS
17 OR RETAIL MARIJUANA BUSINESS THAT IS NOT OTHERWISE A CONTROLLING
18 BENEFICIAL OWNER OR IN CONTROL.".
- 19 Page 15, strike lines 1 through 6.
- 20 Renumber succeeding sections accordingly.
- 21 Page 15, strike lines 16 through 18 and substitute "(39) PERSON" HAS THE
22 SAME MEANING AS DEFINED IN SECTION 7-90-102 (49).".
- 23 Page 15, after line 22 insert:
24 "(46) "PUBLICLY TRADED CORPORATION" MEANS ANY PERSON
25 OTHER THAN AN INDIVIDUAL THAT IS ORGANIZED UNDER THE LAWS OF AND
26 FOR WHICH ITS PRINCIPAL PLACE OF BUSINESS IS LOCATED IN ONE OF THE
27 STATES OR TERRITORIES OF THE UNITED STATES OR DISTRICT OF
28 COLUMBIA OR ANOTHER COUNTRY THAT AUTHORIZES THE SALE OF
29 MARIJUANA AND THAT:
30 (a) HAS A CLASS OF SECURITIES REGISTERED PURSUANT TO
31 SECTION 12 OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS
32 AMENDED, THAT:
33 (I) CONSTITUTES "COVERED SECURITIES" PURSUANT TO SECTION
34 18 (b)(1)(A) OF THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED;

1 OR
2 (II) IS QUALIFIED AND QUOTED ON THE OTCQX OR OTCQB TIER
3 OF THE OTC MARKETS IF:
4 (A) THE PERSON IS THEN REQUIRED TO FILE REPORTS AND IS FILING
5 REPORTS ON A CURRENT BASIS WITH THE FEDERAL SECURITIES AND
6 EXCHANGE COMMISSION PURSUANT TO THE FEDERAL "SECURITIES
7 EXCHANGE ACT OF 1934", AS AMENDED, AS IF THE SECURITIES
8 CONSTITUTED "COVERED SECURITIES" AS DESCRIBED IN SUBSECTION
9 (46)(a)(I) OF THIS SECTION; AND
10 (B) THE PERSON HAS ESTABLISHED AND IS IN COMPLIANCE WITH
11 CORPORATE GOVERNANCE MEASURES PURSUANT TO CORPORATE
12 GOVERNANCE OBLIGATIONS IMPOSED ON SECURITIES QUALIFIED AND
13 QUOTED ON THE OTCQX TIER OF THE OTC MARKETS.
14 (b) IS AN ENTITY THAT HAS A CLASS OF SECURITIES LISTED ON THE
15 CANADIAN SECURITIES EXCHANGE, TORONTO STOCK EXCHANGE, TSX
16 VENTURE EXCHANGE, OR OTHER EQUITY SECURITIES EXCHANGE
17 RECOGNIZED BY THE STATE LICENSING AUTHORITY, IF:
18 (I) THE ENTITY CONSTITUTES A "FOREIGN PRIVATE ISSUER", AS
19 DEFINED IN RULE 405 PROMULGATED PURSUANT TO THE FEDERAL
20 "SECURITIES ACT OF 1933", AS AMENDED, WHOSE SECURITIES ARE EXEMPT
21 FROM REGISTRATION PURSUANT TO SECTION 12 OF THE FEDERAL
22 "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, PURSUANT TO RULE
23 12g3-2 (b) PROMULGATED PURSUANT TO THE FEDERAL "SECURITIES
24 EXCHANGE ACT OF 1934", AS AMENDED; AND
25 (II) THE ENTITY HAS BEEN, FOR THE PRECEDING THREE HUNDRED
26 SIXTY-FIVE DAYS OR SINCE THE FORMATION OF THE ENTITY, IN
27 COMPLIANCE WITH ALL GOVERNANCE AND REPORTING OBLIGATIONS
28 IMPOSED BY THE RELEVANT EXCHANGE ON SUCH ENTITY; OR
29 (c) IS REASONABLY IDENTIFIED AS A PUBLICLY TRADED
30 CORPORATION BY RULE;
31 (d) A "PUBLICLY TRADED CORPORATION" DESCRIBED IN
32 SUBSECTION (46)(a), (46)(b), OR (46)(c) OF THIS SECTION DOES NOT
33 INCLUDE:
34 (I) AN "INELIGIBLE ISSUER", AS DEFINED IN RULE 405
35 PROMULGATED PURSUANT TO THE FEDERAL "SECURITIES ACT OF 1933",
36 AS AMENDED, UNLESS SUCH PUBLICLY TRADED CORPORATION SATISFIES
37 THE DEFINITION OF INELIGIBLE ISSUER SOLELY BECAUSE IT IS ONE OR MORE
38 OF THE FOLLOWING, AND THE PERSON IS FILING REPORTS ON A CURRENT
39 BASIS WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION
40 PURSUANT TO THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS
41 AMENDED, AS IF THE SECURITIES CONSTITUTED "COVERED SECURITIES" AS
42 DESCRIBED IN SUBSECTION (46)(a)(I) OF THIS SECTION, AND PRIOR TO
43 BECOMING A PUBLICLY TRADED CORPORATION, THE PERSON FOR AT LEAST

1 TWO YEARS WAS LICENSED BY THE STATE LICENSING AUTHORITY AS A
2 MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS WITH A
3 DEMONSTRATED HISTORY OF OPERATIONS IN THE STATE OF COLORADO,
4 AND DURING SUCH TIME WAS NOT SUBJECT TO SUSPENSION OR
5 REVOCATION OF THE LICENSE:
6 (A) A "BLANK CHECK COMPANY", AS DEFINED IN RULE 419 (a)(2)
7 PROMULGATED PURSUANT TO THE FEDERAL "SECURITIES ACT OF 1933",
8 AS AMENDED;
9 (B) AN ISSUER IN AN OFFERING OF "PENNY STOCK", AS DEFINED IN
10 RULE 3a51-1 PROMULGATED PURSUANT TO THE FEDERAL "SECURITIES
11 EXCHANGE ACT OF 1934"; OR
12 (C) A "SHELL COMPANY", AS DEFINED IN RULE 405 PROMULGATED
13 PURSUANT TO THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED;
14 AND
15 (II) A PERSON DISQUALIFIED AS A "BAD ACTOR" UNDER RULE 506
16 (d) PROMULGATED PURSUANT TO THE FEDERAL "SECURITIES ACT OF
17 1933", AS AMENDED.".

18 Page 15, strike lines 23 through 27 and substitute:

19 "(47) "QUALIFIED INSTITUTIONAL INVESTOR" MEANS:
20 (a) A BANK AS DEFINED IN SECTION 3 (a)(6) OF THE FEDERAL
21 "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, IF THE BANK IS
22 CURRENT IN ALL APPLICABLE REPORTING AND RECORD-KEEPING
23 REQUIREMENTS UNDER SUCH ACT AND RULES PROMULGATED
24 THEREUNDER;
25 (b) A BANK HOLDING COMPANY AS DEFINED IN THE FEDERAL
26 "BANK HOLDING COMPANY ACT OF 1956", AS AMENDED, IF THE BANK
27 HOLDING COMPANY IS REGISTERED AND CURRENT IN ALL APPLICABLE
28 REPORTING AND RECORD-KEEPING REQUIREMENTS UNDER SUCH ACT AND
29 RULES PROMULGATED THEREUNDER;
30 (c) AN INSURANCE COMPANY AS DEFINED IN SECTION 2 (a)(17) OF
31 THE FEDERAL "INVESTMENT COMPANY ACT OF 1940", AS AMENDED, IF
32 THE INSURANCE COMPANY IS CURRENT IN ALL APPLICABLE REPORTING AND
33 RECORD-KEEPING REQUIREMENTS UNDER SUCH ACT AND RULES
34 PROMULGATED THEREUNDER;
35 (d) AN INVESTMENT COMPANY REGISTERED UNDER SECTION 8 OF
36 THE FEDERAL "INVESTMENT COMPANY ACT OF 1940", AS AMENDED, AND
37 SUBJECT TO 15 U.S.C. SEC. 80a-1 TO 80a-64, IF THE INVESTMENT
38 COMPANY IS CURRENT IN ALL APPLICABLE REPORTING AND
39 RECORD-KEEPING REQUIREMENTS UNDER SUCH ACT AND RULES
40 PROMULGATED THEREUNDER;
41 (e) AN EMPLOYEE BENEFIT PLAN OR PENSION FUND SUBJECT TO THE
42 FEDERAL "EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974",

1 EXCLUDING AN EMPLOYEE BENEFIT PLAN OR PENSION FUND SPONSORED BY
2 A LICENSEE OR AN INTERMEDIARY HOLDING COMPANY LICENSEE THAT
3 DIRECTLY OR INDIRECTLY OWNS TEN PERCENT OR MORE OF A LICENSEE;
4 (f) A STATE OR FEDERAL GOVERNMENT PENSION PLAN;
5 (g) A GROUP COMPRISED ENTIRELY OF PERSONS SPECIFIED IN
6 SUBSECTIONS (47)(a) TO (47)(f) OF THIS SECTION; OR
7 (h) ANY OTHER ENTITY IDENTIFIED BY RULE BY THE STATE
8 LICENSING AUTHORITY.
9 (48) "QUALIFIED PRIVATE FUND" MEANS AN ISSUER THAT WOULD
10 BE AN INVESTMENT COMPANY, AS DEFINED IN SECTION (3) OF THE FEDERAL
11 "INVESTMENT COMPANY ACT OF 1940", BUT FOR THE EXCLUSIONS
12 PROVIDED UNDER SECTIONS 3(c)(1) OR 3(c)(7) OF THAT ACT, AND THAT:
13 (a) IS ADVISED OR MANAGED BY AN INVESTMENT ADVISER AS
14 DEFINED AND REGISTERED UNDER SECTIONS 80b-1-21, TITLE 15 OF THE
15 FEDERAL "INVESTMENT ADVISERS ACT OF 1940", AND FOR WHICH THE
16 REGISTERED INVESTMENT ADVISER IS CURRENT IN ALL APPLICABLE
17 REPORTING AND RECORD-KEEPING REQUIREMENTS UNDER SUCH ACT AND
18 RULES PROMULGATED THEREUNDER; AND
19 (b) SATISFIES ONE OR MORE OF THE FOLLOWING:
20 (I) IS ORGANIZED UNDER THE LAW OF A STATE OR THE UNITED
21 STATES;
22 (II) IS ORGANIZED, OPERATED, OR SPONSORED BY A U.S. PERSON,
23 AS DEFINED UNDER SUBSECTION 17 CFR 230.902(k), AS AMENDED; OR
24 (III) SELLS SECURITIES TO A U.S. PERSON, AS DEFINED UNDER
25 SUBSECTION 17 CFR 230.902(k), AS AMENDED.
26 (49) "REASONABLE CAUSE" MEANS JUST OR LEGITIMATE GROUNDS
27 BASED IN LAW AND IN FACT TO BELIEVE THAT THE PARTICULAR
28 REQUESTED ACTION FURTHERS THE PURPOSES OF THIS ARTICLE 10 OR
29 PROTECTS PUBLIC SAFETY."

30 Page 16, strike lines 1 through 20.

31 Renumber succeeding subsections accordingly.

32 Page 19, after line 4 insert:

33 "(64) "SECURITY" HAS THE SAME MEANING AS IN SECTION (2)(l) OF
34 THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED."

35 Renumber succeeding subsection accordingly.

36 Page 43, strike lines 9 through 12 and substitute "~~managers, contractors,~~
37 ~~employees, and other support staff of entities licensed pursuant to this~~
38 ~~article 12,~~ AND ANY PERSON OPERATING, WORKING IN, OR HAVING

1 UNESCORTED ACCESS TO THE LIMITED ACCESS AREAS OF THE LICENSED
2 PREMISES OF A MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA
3 BUSINESS including a fingerprint-based criminal history record check as
4 may be required by the state licensing authority prior to issuing a card;".

5 Page 45, line 2, strike "CANNABIS" and substitute "MARIJUANA".

6 Page 45, line 4, strike "CANNABIS" and substitute "MARIJUANA".

7 Page 45, line 7, strike "CANNABIS WASTE;" and substitute "MARIJUANA
8 WASTE;".

9 Page 45, line 7, strike "ELECTRONIC CANNABIS" and substitute
10 "ELECTRONIC MARIJUANA".

11 Page 45, line 9, strike "CANNABIS" and substitute "MARIJUANA".

12 Page 45, line 10, strike "CANNABIS" and substitute "MARIJUANA".

13 Page 45, after line 10 insert:

14 "(cc) (I) (A) OWNERSHIP AND FINANCIAL DISCLOSURE
15 PROCEDURES AND REQUIREMENTS PURSUANT TO THIS ARTICLE 10;
16 (B) RECORDS A MEDICAL MARIJUANA BUSINESS OR RETAIL
17 MARIJUANA BUSINESS IS REQUIRED TO MAINTAIN REGARDING ITS
18 CONTROLLING BENEFICIAL OWNERS, PASSIVE BENEFICIAL OWNERS, AND
19 INDIRECT FINANCIAL INTEREST HOLDERS THAT MAY BE SUBJECT TO
20 DISCLOSURE AT RENEWAL OR AS PART OF ANY OTHER INVESTIGATION
21 FOLLOWING INITIAL LICENSURE OF A MEDICAL MARIJUANA BUSINESS OR
22 RETAIL MARIJUANA BUSINESS;
23 (C) PROCEDURES AND REQUIREMENTS FOR FINDINGS OF
24 SUITABILITY PURSUANT TO THIS ARTICLE 10, INCLUDING FEES NECESSARY
25 TO COVER THE DIRECT AND INDIRECT COSTS OF ANY SUITABILITY
26 INVESTIGATION;
27 (D) PROCEDURES AND REQUIREMENTS CONCERNING THE
28 DIVESTITURE OF THE BENEFICIAL OWNERSHIP OF A PERSON FOUND
29 UNSUITABLE BY THE STATE LICENSING AUTHORITY;
30 (E) PROCEDURES, PROCESSES, AND REQUIREMENTS FOR TRANSFERS
31 OF OWNERSHIP INVOLVING A PUBLICLY TRADED CORPORATION, INCLUDING
32 BUT NOT LIMITED TO MERGERS WITH A PUBLICLY TRADED CORPORATION,
33 INVESTMENT BY A PUBLICLY TRADED CORPORATION, AND PUBLIC
34 OFFERINGS;
35 (F) DESIGNATION OF PERSONS THAT BY VIRTUE OF COMMON
36 CONTROL CONSTITUTE CONTROLLING BENEFICIAL OWNERS;

1 (G) MODIFICATION OF THE PERCENTAGE OF OWNER'S INTERESTS
2 THAT MAY BE HELD BY A CONTROLLING BENEFICIAL OWNER AND PASSIVE
3 BENEFICIAL OWNER;
4 (H) DESIGNATION OF PERSONS THAT QUALIFY FOR AN EXEMPTION
5 FROM AN OTHERWISE REQUIRED FINDING OF SUITABILITY; AND
6 (I) DESIGNATION OF INDIRECT FINANCIAL INTEREST HOLDERS AND
7 QUALIFIED INSTITUTIONAL INVESTORS.
8 (II) RULES PROMULGATED PURSUANT TO THIS SUBSECTION (2)(cc)
9 MUST NOT BE ANY MORE RESTRICTIVE THAN THE REQUIREMENTS
10 EXPRESSLY ESTABLISHED UNDER THIS ARTICLE 10."

11 Page 51, after line 10 insert:

12 "(7) THE STATE LICENSING AUTHORITY MAY DENY, SUSPEND,
13 REVOKE, FINE, OR IMPOSE OTHER SANCTIONS AGAINST A PERSON'S LICENSE
14 ISSUED PURSUANT TO THIS ARTICLE 10 IF THE STATE LICENSING
15 AUTHORITY FINDS THE PERSON OR THE PERSON'S CONTROLLING
16 BENEFICIAL OWNER, PASSIVE BENEFICIAL OWNER, OR INDIRECT FINANCIAL
17 INTEREST HOLDER FAILED TO TIMELY FILE ANY REPORT, DISCLOSURE,
18 REGISTRATION STATEMENT, OR OTHER SUBMISSION REQUIRED BY ANY
19 STATE OR FEDERAL REGULATORY AUTHORITY THAT IS RELATED TO THE
20 CONDUCT OF THEIR BUSINESS."

21 Page 51, line 24, strike "10" and substitute "10, FOR INVESTIGATION OR
22 ENFORCEMENT OF ANY INTERNATIONAL, FEDERAL, STATE, OR LOCAL
23 SECURITIES LAW OR REGULATIONS,".

24 Page 60, line 14, strike "the names and" and substitute "~~the names and~~".

25 Page 60, strike line 15 and substitute "~~addresses of the officers, directors,~~
26 ~~or~~".

27 Page 60, line 16, strike "managers," and substitute "~~managers,~~
28 DISCLOSURES REQUIRED BY SECTION 44-10-309,"

29 Page 62, line 13, strike "(13)(c)" and substitute "(16)(c)".

30 Page 62, line 16, strike "(13)(a) OR (13)(b)." and substitute "(16)(a) OR
31 (16)(b)."

32

33 Page 63, line 5, strike "OR PASSIVE BENEFICIAL OWNERS".

34 Page 63, line 7, strike "OR PASSIVE BENEFICIAL OWNER".

1 Page 63, strike lines 10 through 13 and substitute:

2 ~~"(e) A person employing, assisted by, or financed in whole or in~~
3 ~~part by any other person whose criminal history indicates he or she is not~~
4 ~~of good character and reputation satisfactory to the respective licensing~~
5 ~~authority;".~~

6 Page 65, line 2, strike "or" and substitute "or".

7 Page 65, strike line 3 and substitute:

8 ~~"(n)~~ (l) A publicly traded ~~company~~ ENTITY THAT DOES NOT
9 CONSTITUTE A PUBLICLY TRADED CORPORATION AS DEFINED IN THIS
10 ARTICLE 10;

11 (m) A PERSON THAT IS OR HAS A CONTROLLING BENEFICIAL
12 OWNER, PASSIVE BENEFICIAL OWNER, OR INDIRECT FINANCIAL INTEREST
13 HOLDER THAT IS ORGANIZED OR FORMED UNDER THE LAWS OF A COUNTRY
14 DETERMINED BY THE UNITED STATES SECRETARY OF STATE TO HAVE
15 REPEATEDLY PROVIDED SUPPORT FOR ACTS OF INTERNATIONAL TERRORISM
16 OR IS INCLUDED AMONG THE LIST OF "COVERED COUNTRIES" IN SECTION
17 1502 OF THE FEDERAL "DODD-FRANK WALL STREET REFORM AND
18 CONSUMER PROTECTION ACT", PUB.L. 111-203;

19 (n) A PERSON THAT IS OR HAS A CONTROLLING BENEFICIAL OWNER
20 THAT IS AN "INELIGIBLE ISSUER" PURSUANT TO SECTION 44-10-103 (46)
21 (d)(1);

22 (o) A PERSON THAT IS OR HAS A CONTROLLING BENEFICIAL OWNER
23 THAT IS DISQUALIFIED AS A "BAD ACTOR" UNDER RULE 506 (d)
24 PROMULGATED PURSUANT TO THE FEDERAL "SECURITIES ACT OF 1933",
25 AS AMENDED, AND SUBJECT TO 17 CFR 230.506 (d)(1);

26 (p) A PERSON THAT IS NOT A PUBLICLY TRADED CORPORATION
27 THAT IS OR HAS A PASSIVE BENEFICIAL OWNER OR INDIRECT FINANCIAL
28 INTEREST HOLDER THAT IS DISQUALIFIED AS A "BAD ACTOR" UNDER RULE
29 506 (d) PROMULGATED PURSUANT TO THE FEDERAL "SECURITIES ACT OF
30 1933", AS AMENDED, AND SUBJECT TO 17 CFR 230.506 (d)(1);

31 (q) A PERSON THAT IS A PUBLICLY TRADED CORPORATION THAT IS
32 OR HAS A NONOBJECTING PASSIVE BENEFICIAL OWNER OR INDIRECT
33 FINANCIAL INTEREST HOLDER THAT IS DISQUALIFIED AS A "BAD ACTOR"
34 UNDER RULE 506 (d) PROMULGATED PURSUANT TO THE FEDERAL
35 "SECURITIES ACT OF 1933", AS AMENDED, AND SUBJECT TO 17 CFR
36 230.506 (d)(1); OR

37 (r) A PERSON THAT IS OR HAS A CONTROLLING BENEFICIAL OWNER,
38 PASSIVE BENEFICIAL OWNER, OR INDIRECT FINANCIAL INTEREST HOLDER
39 THAT IS PROHIBITED FROM ENGAGING IN TRANSACTIONS PURSUANT TO
40 THIS ARTICLE 10 DUE TO ITS DESIGNATION ON THE "SPECIALLY
41 DESIGNATED NATIONALS AND BLOCKED PERSONS" LIST MAINTAINED BY

- 1 THE FEDERAL OFFICE OF FOREIGN ASSETS CONTROL."
- 2 Page 67, line 11, strike "interests;" and substitute "interests AND PUBLICLY
3 TRADED CORPORATIONS;"
- 4 Page 67, line 17, strike "in states" and substitute "~~in states~~ FROM" and
5 strike "and" and substitute "and".
- 6 Page 67, after line 17 insert:
7 "(IV.5) UNDER CERTAIN CIRCUMSTANCES, PERMITTING PUBLICLY
8 TRADED CORPORATIONS TO HOLD AN INTEREST IN MEDICAL MARIJUANA
9 BUSINESSES WILL BENEFIT COLORADO'S MEDICAL MARIJUANA MARKET;"
- 10 Page 67, after line 20 insert:
11 "(VI) PUBLICLY TRADED CORPORATIONS OFFERING SECURITIES FOR
12 INVESTMENT IN MEDICAL MARIJUANA BUSINESSES OR RETAIL MARIJUANA
13 BUSINESSES MUST TELL THE PUBLIC THE TRUTH ABOUT THEIR BUSINESS,
14 THE SECURITIES THEY ARE SELLING, AND THE RISKS INVOLVED WITH
15 INVESTING IN MEDICAL MARIJUANA BUSINESSES OR RETAIL MARIJUANA
16 BUSINESSES, AND PERSONS THAT SELL AND TRADE SECURITIES RELATED TO
17 MEDICAL MARIJUANA BUSINESSES OR RETAIL MARIJUANA BUSINESSES ARE
18 PROHIBITED FROM ENGAGING IN DECEIT, MISREPRESENTATIONS, AND
19 OTHER FRAUD IN THE SALE OF THE SECURITIES; AND
20 (VII) RECOGNIZING THAT PARTICIPATION BY PUBLICLY TRADED
21 CORPORATIONS IN COLORADO'S MEDICAL MARIJUANA INDUSTRY AND
22 RETAIL MARIJUANA INDUSTRY CREATES AN INCREASED NEED TO ASSESS
23 BARRIERS OF ENTRY FOR MINORITY- AND WOMAN-OWNED BUSINESSES,
24 WITH SUCH EFFORTS BEING MADE TO IDENTIFY SOLUTIONS TO ARRIVE AT
25 A GREATER BALANCE AND FOR FURTHER EQUITY FOR MINORITY- AND
26 WOMAN-OWNED BUSINESSES, AND IN A MANNER THAT IS CONSISTENT WITH
27 THE PUBLIC SAFETY AND ENFORCEMENT GOALS AS STATED HEREIN, IT IS
28 THEREFORE OF SUBSTANTIVE IMPORTANCE TO ADDRESS THE LACK OF
29 MINORITY- AND WOMAN-OWNED BUSINESSES' INCLUSION IN COLORADO'S
30 MEDICAL MARIJUANA INDUSTRY AND RETAIL MARIJUANA INDUSTRY,
31 SOCIAL JUSTICE ISSUES ASSOCIATED WITH MARIJUANA PROHIBITION,
32 SUITABILITY ISSUES RELATING TO PAST CONVICTIONS FOR POTENTIAL
33 LICENSEES, LICENSING FEES, AND ECONOMIC CHALLENGES THAT ARISE
34 WITH THE APPLICATION PROCESSES."
- 35 Page 67, line 23, strike "states." and substitute "states AND FROM CERTAIN
36 PUBLICLY TRADED CORPORATIONS PURSUANT TO THIS ARTICLE 10."
- 37 Page 67, strike lines 24 through 27 and substitute:

1 ~~"(2) A direct beneficial interest owner who is a natural person~~
2 ~~must either:~~
3 ~~(a) Have been a resident of Colorado for at least one year prior to~~
4 ~~the date of the application; or~~
5 ~~(b) Be a United States citizen prior to the date of the application.~~
6 ~~(3) (a) A medical marijuana business may be comprised of an~~
7 ~~unlimited number of direct beneficial interest owners that have been~~
8 ~~residents of Colorado for at least one year prior to the date of the~~
9 ~~application.~~
10 ~~(a) (b) On and after January 1, 2017, a medical marijuana~~
11 ~~business that is composed of one or more direct beneficial interest owners~~
12 ~~who have not been Colorado residents for at least one year prior to~~
13 ~~application shall have at least one officer who has been a Colorado~~
14 ~~resident for at least one year prior to application, and All officers~~
15 ~~NATURAL PERSONS with day-to-day operational control over the business~~
16 ~~must be Colorado residents. for at least one year prior to application. A~~
17 ~~medical marijuana business under this subsection (3)(b) is limited to no~~
18 ~~more than fifteen direct beneficial interest owners, including all parent~~
19 ~~and subsidiary entities, all of whom are natural persons.~~
20 ~~(b) (c) Notwithstanding the requirements of subsection (3)(b) of~~
21 ~~this section, the state licensing authority may review the limitation on the~~
22 ~~number of direct beneficial interest owners and may increase the number~~
23 ~~of allowable interests above fifteen based on reasonable considerations~~
24 ~~such as developments in state and federal financial regulations, market~~
25 ~~conditions, and the licensee's ability to access legitimate sources of~~
26 ~~capital. A PERSON, OTHER THAN AN INDIVIDUAL, THAT IS A MEDICAL~~
27 ~~MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS OR A CONTROLLING~~
28 ~~BENEFICIAL OWNER SHALL APPOINT AND CONTINUOUSLY MAINTAIN A~~
29 ~~REGISTERED AGENT THAT SATISFIES THE REQUIREMENTS OF SECTION~~
30 ~~7-90-701. THE MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA~~
31 ~~BUSINESS SHALL INFORM THE STATE LICENSING AUTHORITY OF A CHANGE~~
32 ~~IN THE REGISTERED AGENT WITHIN TEN DAYS AFTER THE CHANGE.~~
33 ~~(d) A direct beneficial interest owner that is a closely held~~
34 ~~business entity must consist entirely of natural persons who are United~~
35 ~~States citizens prior to the date of the application, including all parent and~~
36 ~~subsidiary entities.~~
37 ~~(4) A medical marijuana business may include qualified~~
38 ~~institutional investors that own thirty percent or less of the medical~~
39 ~~marijuana business.~~
40 ~~(5) (a) A person who intends to apply as a direct beneficial~~
41 ~~interest owner and is not a Colorado resident for at least one year prior to~~
42 ~~the date of application shall first submit a request to the state licensing~~
43 ~~authority for a finding of suitability as a direct beneficial interest owner.~~

1 ~~The person shall receive a finding of suitability prior to submitting an~~
2 ~~application to the state licensing authority to be a direct beneficial interest~~
3 ~~owner. Failure to receive a finding of suitability prior to application is~~
4 ~~grounds for denial by the state licensing authority.~~

5 ~~(b) The state licensing authority shall perform a limited initial~~
6 ~~background check on qualified limited passive investors. If the initial~~
7 ~~background check provides reasonable cause for additional investigation,~~
8 ~~the state licensing authority may require a full background check."~~

9 Strike pages 68 through 70.

10 Page 71, strike lines 1 through 8.

11 Page 71, strike lines 12 through 27.

12 Page 72, strike line 1.

13 Page 72, after line 23 insert:

14 **"44-10-309. Business owner and financial interest disclosure**
15 **requirements.** (1) APPLICANTS FOR THE ISSUANCE OF A STATE LICENSE
16 SHALL DISCLOSE TO THE STATE LICENSING AUTHORITY THE FOLLOWING:

17 (a) A COMPLETE AND ACCURATE ORGANIZATIONAL CHART OF THE
18 MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS
19 REFLECTING THE IDENTITY AND OWNERSHIP PERCENTAGES OF ITS
20 CONTROLLING BENEFICIAL OWNERS;

21 (b) THE FOLLOWING INFORMATION REGARDING ALL CONTROLLING
22 BENEFICIAL OWNERS OF THE MEDICAL MARIJUANA BUSINESS OR RETAIL
23 MARIJUANA BUSINESS:

24 (I) IF THE CONTROLLING BENEFICIAL OWNER IS A PUBLICLY
25 TRADED CORPORATION, THE APPLICANT SHALL DISCLOSE THE
26 CONTROLLING BENEFICIAL OWNERS' MANAGERS AND ANY BENEFICIAL
27 OWNERS THAT DIRECTLY OR INDIRECTLY BENEFICIALLY OWN TEN PERCENT
28 OR MORE OF THE OWNER'S INTEREST IN THE CONTROLLING BENEFICIAL
29 OWNER;

30 (II) IF THE CONTROLLING BENEFICIAL OWNER IS NOT A PUBLICLY
31 TRADED CORPORATION AND IS NOT A QUALIFIED PRIVATE FUND, THE
32 APPLICANT SHALL DISCLOSE THE CONTROLLING BENEFICIAL OWNER'S
33 MANAGERS AND ANY BENEFICIAL OWNERS THAT DIRECTLY OR INDIRECTLY
34 BENEFICIALLY OWN TEN PERCENT OR MORE OF THE OWNER'S INTEREST IN
35 THE CONTROLLING BENEFICIAL OWNER;

36 (III) IF THE CONTROLLING BENEFICIAL OWNER IS A QUALIFIED
37 PRIVATE FUND, THE APPLICANT SHALL DISCLOSE A COMPLETE AND
38 ACCURATE ORGANIZATIONAL CHART OF THE QUALIFIED PRIVATE FUND

1 REFLECTING THE IDENTITY AND OWNERSHIP PERCENTAGES OF THE
2 QUALIFIED PRIVATE FUND'S MANAGERS, INVESTMENT ADVISERS,
3 INVESTMENT ADVISER REPRESENTATIVES, ANY TRUSTEE OR EQUIVALENT,
4 AND ANY OTHER PERSON THAT CONTROLS THE INVESTMENT IN, OR
5 MANAGEMENT OR OPERATIONS OF, THE MEDICAL MARIJUANA BUSINESS OR
6 RETAIL MARIJUANA BUSINESS;

7 (IV) IF THE CONTROLLING BENEFICIAL OWNER IS A NATURAL
8 PERSON, THE APPLICANT SHALL DISCLOSE THE NATURAL PERSON'S
9 IDENTIFYING INFORMATION;

10 (c) A PERSON THAT IS BOTH A PASSIVE BENEFICIAL OWNER AND AN
11 INDIRECT FINANCIAL INTEREST HOLDER IN THE MEDICAL MARIJUANA
12 BUSINESS OR RETAIL MARIJUANA BUSINESS; AND

13 (d) ANY INDIRECT FINANCIAL INTEREST HOLDER THAT HOLDS TWO
14 OR MORE INDIRECT FINANCIAL INTERESTS IN THE MEDICAL MARIJUANA
15 BUSINESS OR RETAIL MARIJUANA BUSINESS OR THAT IS CONTRIBUTING
16 OVER FIFTY PERCENT OF THE OPERATING CAPITAL OF THE MEDICAL
17 MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS.

18 (2) THE STATE LICENSING AUTHORITY MAY REQUEST THAT THE
19 MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS DISCLOSE
20 THE FOLLOWING:

21 (a) EACH BENEFICIAL OWNER AND AFFILIATE OF AN APPLICANT,
22 MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS, OR
23 CONTROLLING BENEFICIAL OWNER THAT IS NOT A PUBLICLY TRADED
24 CORPORATION OR A QUALIFIED PRIVATE FUND; AND

25 (b) EACH AFFILIATE OF A CONTROLLING BENEFICIAL OWNER THAT
26 IS A QUALIFIED PRIVATE FUND.

27 (3) FOR REASONABLE CAUSE, THE STATE LICENSING AUTHORITY
28 MAY REQUIRE DISCLOSURE OF:

29 (a) A COMPLETE AND ACCURATE LIST OF EACH NONOBJECTING
30 BENEFICIAL INTEREST OWNER OF AN APPLICANT, MEDICAL MARIJUANA
31 BUSINESS OR RETAIL MARIJUANA BUSINESS, OR CONTROLLING BENEFICIAL
32 OWNER THAT IS A PUBLICLY TRADED CORPORATION;

33 (b) PASSIVE BENEFICIAL OWNERS OF THE MEDICAL MARIJUANA
34 BUSINESS OR RETAIL MARIJUANA BUSINESS, AND FOR ANY PASSIVE
35 BENEFICIAL OWNER THAT IS NOT A NATURAL PERSON, THE MEMBERS OF
36 THE BOARD OF DIRECTORS, GENERAL PARTNERS, MANAGING MEMBERS, OR
37 MANAGERS AND TEN PERCENT OR MORE OWNERS OF THE PASSIVE
38 BENEFICIAL OWNER;

39 (c) A LIST OF EACH BENEFICIAL OWNER IN A QUALIFIED PRIVATE
40 FUND THAT IS A CONTROLLING BENEFICIAL OWNER;

41 (d) ALL INDIRECT FINANCIAL INTEREST HOLDERS OF THE MEDICAL
42 MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS, AND FOR ANY
43 INDIRECT FINANCIAL INTEREST HOLDER THAT IS NOT A NATURAL PERSON

1 AND TEN PERCENT OR MORE BENEFICIAL OWNERS OF THE INDIRECT
2 FINANCIAL INTEREST HOLDER.

3 (4) AN APPLICANT OR MEDICAL MARIJUANA BUSINESS OR RETAIL
4 MARIJUANA BUSINESS THAT IS NOT A PUBLICLY TRADED CORPORATION
5 SHALL AFFIRM UNDER PENALTY OF PERJURY THAT IT EXERCISED
6 REASONABLE CARE TO CONFIRM THAT ITS PASSIVE BENEFICIAL OWNERS,
7 INDIRECT FINANCIAL INTEREST HOLDERS, AND QUALIFIED INSTITUTIONAL
8 INVESTORS ARE NOT PERSONS PROHIBITED PURSUANT TO SECTION
9 44-10-307, OR OTHERWISE RESTRICTED FROM HOLDING AN INTEREST
10 UNDER THIS ARTICLE 10. AN APPLICANT'S OR MEDICAL MARIJUANA
11 BUSINESS'S OR RETAIL MARIJUANA BUSINESS'S FAILURE TO EXERCISE
12 REASONABLE CARE IS A BASIS FOR DENIAL, FINE, SUSPENSION,
13 REVOCATION, OR OTHER SANCTION BY THE STATE LICENSING AUTHORITY.

14 (5) AN APPLICANT OR MEDICAL MARIJUANA BUSINESS OR RETAIL
15 MARIJUANA BUSINESS THAT IS A PUBLICLY TRADED CORPORATION SHALL
16 AFFIRM UNDER PENALTY OF PERJURY THAT IT EXERCISED REASONABLE
17 CARE TO CONFIRM THAT ITS NONOBJECTING PASSIVE BENEFICIAL OWNERS,
18 INDIRECT FINANCIAL INTEREST HOLDERS, AND QUALIFIED INSTITUTIONAL
19 INVESTORS ARE NOT PERSONS PROHIBITED PURSUANT TO SECTION
20 44-10-307, OR OTHERWISE RESTRICTED FROM HOLDING AN INTEREST
21 UNDER THIS ARTICLE 10. AN APPLICANT'S OR MEDICAL MARIJUANA
22 BUSINESS'S OR RETAIL MARIJUANA BUSINESS'S FAILURE TO EXERCISE
23 REASONABLE CARE IS A BASIS FOR DENIAL, FINE, SUSPENSION,
24 REVOCATION, OR OTHER SANCTION BY THE STATE LICENSING AUTHORITY.

25 (6) THIS SECTION DOES NOT RESTRICT THE STATE LICENSING
26 AUTHORITY'S ABILITY TO REASONABLY REQUEST INFORMATION OR
27 RECORDS AT RENEWAL OR AS PART OF ANY OTHER INVESTIGATION
28 FOLLOWING INITIAL LICENSURE OF A MEDICAL MARIJUANA BUSINESS OR
29 RETAIL MARIJUANA BUSINESS.

30 (7) THE SECURITIES COMMISSIONER MAY, BY RULE OR ORDER,
31 REQUIRE ADDITIONAL DISCLOSURES IF SUCH INFORMATION IS FULL AND
32 FAIR WITH RESPECT TO THE INVESTMENT OR IN THE INTEREST OF INVESTOR
33 PROTECTION.

34 **44-10-310. Business owner and financial interest suitability**
35 **requirements.** (1) THIS SECTION APPLIES TO ALL PERSONS REQUIRED TO
36 SUBMIT A FINDING OF SUITABILITY.

37 (2) ANY PERSON INTENDING TO BECOME A CONTROLLING
38 BENEFICIAL OWNER OF ANY MEDICAL MARIJUANA BUSINESS OR RETAIL
39 MARIJUANA BUSINESS, EXCEPT AS OTHERWISE PROVIDED IN SECTION
40 44-10-310 (4), SHALL FIRST SUBMIT A REQUEST TO THE STATE LICENSING
41 AUTHORITY FOR A FINDING OF SUITABILITY OR AN EXEMPTION FROM AN
42 OTHERWISE REQUIRED FINDING OF SUITABILITY.

43 (3) FOR REASONABLE CAUSE, ANY OTHER PERSON THAT WAS

1 DISCLOSED OR THAT SHOULD HAVE BEEN DISCLOSED PURSUANT TO
2 SECTION 44-10-309, INCLUDING BUT NOT LIMITED TO A PASSIVE
3 BENEFICIAL OWNER, SHALL SUBMIT A REQUEST FOR A FINDING OF
4 SUITABILITY.

5 (4) FAILURE TO PROVIDE ALL REQUESTED INFORMATION IN
6 CONNECTION WITH A REQUEST FOR A FINDING OF SUITABILITY IS GROUNDS
7 FOR DENIAL OF THAT FINDING OF SUITABILITY.

8 (5) FAILURE TO RECEIVE ALL REQUIRED FINDINGS OF SUITABILITY
9 IS GROUNDS FOR DENIAL OF AN APPLICATION OR FOR SUSPENSION,
10 REVOCATION, OR OTHER SANCTION AGAINST THE LICENSE BY THE STATE
11 LICENSING AUTHORITY. FOR INITIAL APPLICATIONS, THE FINDING OF
12 SUITABILITY SHALL BE REQUIRED PRIOR TO SUBMITTING THE APPLICATION
13 FOR LICENSURE.

14 (6) ANY PERSON REQUIRED TO OBTAIN A FINDING OF SUITABILITY
15 SHALL DO SO ON FORMS PROVIDED BY THE STATE LICENSING AUTHORITY
16 AND THE FORMS MUST CONTAIN SUCH INFORMATION AS THE STATE
17 LICENSING AUTHORITY MAY REQUIRE. EACH SUITABILITY APPLICATION
18 MUST BE VERIFIED BY THE OATH OR AFFIRMATION OF THE PERSONS
19 PRESCRIBED BY THE STATE LICENSING AUTHORITY.

20 (7) A PERSON REQUESTING A FINDING OF SUITABILITY SHALL
21 PROVIDE THE STATE LICENSING AUTHORITY WITH A DEPOSIT TO COVER THE
22 DIRECT AND INDIRECT COSTS OF ANY INVESTIGATION NECESSARY TO
23 DETERMINE ANY REQUIRED FINDING OF SUITABILITY UNLESS OTHERWISE
24 ESTABLISHED BY RULE. THE STATE LICENSING AUTHORITY MAY MAKE
25 FURTHER RULES REGARDING THE DEPOSIT AND DIRECT AND INDIRECT
26 COSTS THAT MUST BE BILLED AGAINST THE DEPOSIT, UNLESS OTHERWISE
27 ESTABLISHED BY RULE.

28 (8) WHEN DETERMINING WHETHER A PERSON IS SUITABLE OR
29 UNSUITABLE FOR LICENSURE, THE STATE LICENSING AUTHORITY MAY
30 CONSIDER THE PERSON'S CRIMINAL CHARACTER OR RECORD, LICENSING
31 CHARACTER OR RECORD, OR FINANCIAL CHARACTER OR RECORD.

32 (9) A PERSON THAT WOULD OTHERWISE BE REQUIRED TO OBTAIN
33 A FINDING OF SUITABILITY MAY REQUEST AN EXEMPTION FROM THE STATE
34 LICENSING AUTHORITY AS DETERMINED BY RULE.

35 (10) ABSENT REASONABLE CAUSE, THE STATE LICENSING
36 AUTHORITY SHALL APPROVE OR DENY A REQUEST FOR A FINDING OF
37 SUITABILITY WITHIN ONE HUNDRED TWENTY DAYS FROM THE DATE OF
38 SUBMISSION OF THE REQUEST FOR SUCH FINDING.

39 (11) THE STATE LICENSING AUTHORITY MAY DENY, SUSPEND,
40 REVOKE, FINE, OR IMPOSE OTHER SANCTIONS AGAINST A PERSON'S LICENSE
41 ISSUED PURSUANT TO THIS ARTICLE 10 IF THE STATE LICENSING
42 AUTHORITY FINDS THE PERSON OR THE PERSON'S CONTROLLING
43 BENEFICIAL OWNER, PASSIVE BENEFICIAL OWNER, OR INDIRECT FINANCIAL

- 1 INTEREST HOLDER TO BE UNSUITABLE PURSUANT TO THIS SECTION.".
- 2 Renumber succeeding statutory sections accordingly.
- 3 Page 74, line 26, strike "44-10-311" and substitute "44-10-313".
- 4 Page 74, line 27, strike "ownership," and substitute "ownership
5 INVOLVING A CONTROLLING BENEFICIAL OWNER,".
- 6 Page 75, after line 15 insert:
- 7 "(3) FOR A TRANSFER OF OWNERSHIP INVOLVING A PASSIVE
8 BENEFICIAL OWNER, THE LICENSE HOLDER SHALL NOTIFY THE STATE
9 LICENSING AUTHORITY ON FORMS PREPARED AND FURNISHED BY THE
10 STATE LICENSING AUTHORITY WITHIN FORTY-FIVE DAYS TO THE EXTENT
11 DISCLOSURE IS REQUIRED BY SECTION 44-10-309.
- 12 (4) A PERSON THAT BECOMES A CONTROLLING BENEFICIAL OWNER
13 OF A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA
14 BUSINESS OR RETAIL MARIJUANA BUSINESS OR THAT BECOMES A
15 BENEFICIAL OWNER, THROUGH DIRECT OR INDIRECT OWNERSHIP OF A
16 CONTROLLING BENEFICIAL OWNER, OF TEN PERCENT OR MORE OF A
17 MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS THAT IS
18 A PUBLICLY TRADED CORPORATION MUST DISCLOSE THE INFORMATION
19 REQUIRED BY SECTION 44-10-309 AND APPLY TO THE STATE LICENSING
20 AUTHORITY FOR A FINDING OF SUITABILITY OR EXEMPTION FROM A
21 FINDING OF SUITABILITY PURSUANT TO SECTION 44-10-310 WITHIN
22 FORTY-FIVE DAYS AFTER BECOMING SUCH A CONTROLLING BENEFICIAL
23 OWNER. A MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA
24 BUSINESS SHALL NOTIFY EACH PERSON THAT IS SUBJECT TO THIS
25 SUBSECTION (4) OF ITS REQUIREMENTS AS SOON AS THE MEDICAL
26 MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS BECOMES AWARE
27 OF THE BENEFICIAL OWNERSHIP TRIGGERING THE REQUIREMENT, PROVIDED
28 THAT THE OBLIGATIONS OF THE PERSON SUBJECT TO THIS SUBSECTION (4)
29 ARE INDEPENDENT OF, AND UNAFFECTED BY, THE MEDICAL MARIJUANA
30 BUSINESS'S OR RETAIL MARIJUANA BUSINESS'S FAILURE TO GIVE THE
31 NOTICE.".
- 32 Page 76, line 14, strike "owners, ~~officers,~~" and substitute "owners
33 ~~officers,~~ TO THE EXTENT DISCLOSURE IS REQUIRED BY SECTION
34 44-10-309,".
- 35 Page 76, line 27, after "BUSINESS" insert "THAT IS NOT A PUBLICLY
36 TRADED CORPORATION".

- 1 Page 77, line 10, after "BUSINESS" insert "THAT IS NOT A PUBLICLY
2 TRADED CORPORATION".
- 3 Page 78, line 10, after "EMPLOYEES" insert "WITH DAY-TO-DAY
4 OPERATIONAL CONTROL" and after "A" insert "MEDICAL MARIJUANA
5 BUSINESS OR".
- 6 Page 80, line 2, strike "A" and substitute "EXCEPT FOR A PUBLICLY
7 TRADED CORPORATION, A".
- 8 Page 80, line 5, strike "44-10-310" and substitute "44-10-312".
- 9 Page 80, line, 5, strike "A" and substitute "EXCEPT FOR A PUBLICLY
10 TRADED CORPORATION, A".
- 11 Page 80, line 6, strike "capital stock of any corporation" and substitute
12 "~~capital stock of any corporation~~ AN OWNER'S INTEREST OF ANY ENTITY".
- 13 Page 80, line 8, strike "A" and substitute "EXCEPT FOR A PUBLICLY
14 TRADED CORPORATION, A".
- 15 Page 80, line 11, strike "44-10-310" and substitute "44-10-312".
- 16 Page 80, line 11, strike "A" and substitute "EXCEPT FOR A PUBLICLY
17 TRADED CORPORATION, A".
- 18 Page 80, line 12 and 13, strike "CAPITAL STOCK OF ANY CORPORATION"
19 and substitute "AN OWNER'S INTEREST OF ANY ENTITY".
- 20 Page 85, line 6, strike "of all persons" and substitute "~~of all persons~~".
- 21 Page 85, line 8, strike "THAT ARE" and substitute "PURSUANT TO SECTION
22 44-10-309 IN CONNECTION WITH EACH LICENSE ISSUED UNDER THIS
23 ARTICLE 10.".
- 24 Page 85, strike lines 9 through 11.
- 25 Page 88, line 5, strike "44-10-311" and substitute "44-10-313".
- 26 Page 113, line 6, strike "an owner" and substitute "~~an owner~~ ANOTHER
27 MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS".
- 28 Page 126, lines 12 and 13, strike "CANNABIS OPPORTUNITY

1 MANUFACTURER" and substitute "ACCELERATOR".

2 Page 126, line 14, strike "CANNABIS OPPORTUNITY MANUFACTURER" and
3 substitute "ACCELERATOR".

4 Page 133, lines 21 and 22, strike "CANNABIS OPPORTUNITY
5 MANUFACTURER" and substitute "ACCELERATOR".

6 Page 133, lines 22 and 23, strike "CANNABIS OPPORTUNITY
7 MANUFACTURER" and substitute "ACCELERATOR".

8 Page 138, line 7, strike "AN UNREPORTED" and substitute "A".

9 Page 138, line 9, strike "10;" and substitute "10 THAT WAS NOT DISCLOSED
10 IN ACCORDANCE WITH SECTION 44-10-309;".

11 Page 138, lines 18 and 19, strike "WITHOUT PRIOR APPROVAL FROM THE
12 STATE LICENSING AUTHORITY;" and substitute "THAT WAS NOT DISCLOSED
13 IN ACCORDANCE WITH SECTION 44-10-309;".

14 Page 139, line 9, strike "44-10-311" and substitute "44-10-313".

15 Page 143, after line 7 insert:

16 "(8) (a) IT IS UNLAWFUL FOR A PERSON TO ENGAGE IN ANY ACT OR
17 OMISSION WITH THE INTENT TO EVADE DISCLOSURE, REPORTING, RECORD
18 KEEPING, OR SUITABILITY REQUIREMENTS PURSUANT TO THIS ARTICLE 10,
19 INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

20 (I) FAILING TO FILE A REPORT REQUIRED UNDER THIS ARTICLE 10
21 OR CAUSING OR ATTEMPTING TO CAUSE A PERSON TO FAIL TO FILE SUCH A
22 REPORT;

23 (II) FILING OR CAUSING OR ATTEMPTING TO CAUSE A PERSON TO
24 FILE A REPORT REQUIRED UNDER THIS ARTICLE 10 THAT CONTAINS A
25 MATERIAL OMISSION OR MISSTATEMENT OF FACT;

26 (III) MAKING FALSE OR MISLEADING STATEMENTS REGARDING THE
27 OFFERING OF AN OWNER'S INTEREST IN A MEDICAL MARIJUANA BUSINESS
28 OR RETAIL MARIJUANA BUSINESS; OR

29 (IV) STRUCTURING ANY TRANSACTION WITH THE INTENT TO EVADE
30 DISCLOSURE, REPORTING, RECORD KEEPING, OR SUITABILITY
31 REQUIREMENTS PURSUANT TO THIS ARTICLE 10.

32 (b) THE STATE LICENSING AUTHORITY MAY DENY, SUSPEND,
33 REVOKE, FINE, OR IMPOSE OTHER SANCTIONS AGAINST A PERSON'S LICENSE
34 ISSUED UNDER THIS ARTICLE 10 IF THE STATE LICENSING AUTHORITY FINDS
35 A VIOLATION OF THIS SUBSECTION (8) BY THE PERSON, THE PERSON'S

- 1 CONTROLLING BENEFICIAL OWNER, PASSIVE BENEFICIAL OWNER, INDIRECT
- 2 FINANCIAL INTEREST HOLDER, OR ANY AGENT OR EMPLOYEE THEREOF.
- 3 Renumber succeeding subsection accordingly.
- 4 Page 146, line 3, strike "44-10-311" and substitute "44-10-313".
- 5 Page 146, line 5, strike "44-10-310" and substitute "44-10-312".
- 6 Page 146, line 8, strike "44-10-312" and substitute "44-10-314".
- 7 Page 160, line 4, strike "(26)" and substitute "(30)".
- 8 Page 160, line 5, strike "(45);" and substitute "(53);".
- 9 Page 162, line 7, strike "(26)" and substitute "(30)".
- 10 Page 162, line 8, strike "(45)." and substitute "(53).".
- 11 Page 171, line 21, strike "(53)" and substitute "(61)".
- 12 Page 174, line 15, strike "(26)." and substitute "(30).".

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