

Cannabis Retail License Application Process (CA)

A Practical Guidance® Practice Note by Joe Rogoway and Blair Gue, Rogoway Law



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This practice note discusses the California Department of Cannabis Control's ("DCC") commercial cannabis retail license application process including, the documents and information required to apply for a commercial cannabis retail license ("retail license"), the process of applying for a retail license, useful application guides and resources released by the DCC, and helpful hints for preparing retail license applications.

Generally, commercial cannabis licensing in the State of California is a two-step process that requires a potential commercial cannabis business operator to first obtain local authorization for the proposed commercial cannabis businesses and then a state license before operations can begin. This practice note does not discuss the first step of the process – to obtain local authorization for the proposed commercial cannabis business activity from the applicable local jurisdiction. However, counsel should note that if you have clients entering the commercial cannabis space, they

should understand that the local authorization process is typically very arduous and, depending on the type of authorization required by the local jurisdiction, can take years to complete.

For purposes of this article, we assume that the retail license applicant has already completed step one of the licensing process and is ready to commence the California state license application process.

Licensing Department Overview

All commercial cannabis licenses in the State of California are administered by the DCC. The DCC is authorized to issue commercial cannabis licenses in the following categories: nursery, cultivation, distribution, manufacturing, testing, and retail. All commercial cannabis license applications are submitted directly to the DCC, which is responsible for, among other things, reviewing all California commercial cannabis license applications and issuing all California commercial cannabis licenses.

The process of applying for a California commercial cannabis license differs depending on the type of license sought. However, all license applications need to be submitted using the [DCC's online licensing portal](#).

Regulations

When preparing to submit a retail license application, a basic knowledge of the [DCC's Regulations](#) (codified in Title 4 Division 19 of the California Code of Regulations)

will be extremely helpful because all of the license application requirements are discussed, in detail, in the DCC Regulations. For retail license applicants, the following sections of the DCC Regulations will be particularly helpful:

- 4 CCR 15000.7 – Storage of Inventory
- 4 CCR 15002 – Annual License Application Requirements
- 4 CCR 15003 – Owners of Commercial Cannabis Businesses
- 4 CCR 15004 – Financial Interest in Commercial Cannabis Businesses
- 4 CCR 15005 – Personnel Prohibited from Holding Licenses
- 4 CCR 15006 – Premises Diagram
 - See also 4 CCR 15025 – Additional Premises Requirements for Retailers and Microbusinesses Authorized to Engage in Retail
- 4 CCR 15007 – Landowner Approval
- 4 CCR 15010 – Compliance with the California Environmental Quality Act (CEQA)
- 4 CCR 15014 – Fees
- 4 CCR 15017 – Substantially Related Offenses and Criteria for Rehabilitation

License Application Preparation and Submission Details

The first thing that an applicant must do in order to apply for a retail license is [register](#) for a [DCC CLEaR Portal account](#). The person completing the registration should take care to only include information relevant to the applicant or, as is more often the case, the applicant entity seeking licensure from the DCC. The information included in the registration process, such as primary party contact information, may be used to automatically fill in portions of the applications submitted via the CLEaR Portal, so it is important to thoughtfully input all requested information during the registration phase. Once an applicant has completed the CLEaR Portal registration process, it can start a new retail application by following the steps outlined in the [DCC's Application Quick Reference Guide](#).

Upon starting a new retail license application, the applicant will immediately be asked one question, specifically, whether it wishes to obtain a **storefront retail license** or a **non-storefront retail license**. A storefront retail licensee

is one that is authorized to engage in the retail sale of cannabis via hand-to-hand sales at a physical storefront **and** the delivery of cannabis or cannabis products to customers. Cal Bus & Prof Code § 26001(at). A non-storefront retail licensee is only authorized to conduct retail sales by delivery as defined in Cal Bus & Prof Code § 26001(o). The applicant should only apply for the type of retail license for which it received local authorization. As previously stated, local authorization is a pre-requisite to state licensure so fully understanding the types of retail licenses available is necessary well before a state license application is actually started.

Once the type of retail license is selected, the applicant will be led through a variety of fill in the blank screens that request details about the applicant entity, owners of the applicant entity, contact information for the applicant entity, etc. It is extremely important that all of the information provided in this portion of the application is correct. The DCC created a [license application checklist](#) to help applicants compile the information that will ultimately be required.

The part of the retail license application that typically takes the most time and planning to complete is the required attachments section. This part of the application requires applicants to upload, at a minimum, the following documents:

- Evidence that the applicant has a legal right to occupy and use the proposed location
- A premises diagram
- A surety bond of at least \$5,000 per premises
- Evidence of CEQA compliance
- A limited waiver of sovereign immunity, if applicable
- If the business is a foreign corporation or foreign LLC, a certificate of qualification, registration or status issued by the California Secretary of State
- If the commercial cannabis business has more than 20 employees, either:
 - A notarized statement that it will enter into a labor peace agreement, or
 - A document that shows the business has already entered into a labor peace agreement (the signature page of the labor peace agreement or its equivalent)
- If the commercial cannabis business has fewer than 20 employees, a notarized statement that the business will enter into a labor peace agreement within 60 days of hiring its 20th employee

- A list of all Owners
- A list of all financial interest holders
- Optional: A copy of a license, permit, or other authorization from the local jurisdiction where the licensed premises will be or is located

Though only required if specifically requested by the DCC, the applicant should also be prepared to provide the following written procedures to the DCC utilizing the forms linked herein:

- Inventory procedures ([Form DCC-LIC-016](#))
- Non-laboratory quality control procedures ([Form DCC-LIC-017](#))
- Security procedures ([Form DCC-LIC-018](#))
- Delivery procedures ([Form DCC-LIC-020](#)), including delivery employee information and delivery vehicle information

More often than not, after an applicant submits its initial application including all required attachments, the DCC will review the attachments provided and request additional or clarified information. The quicker the applicant can provide the DCC with the information it is seeking, the quicker the DCC will be able to issue the requested license. Understanding what the DCC is looking for with regard to the required attachments is therefore key to advancing through the license application process quickly and efficiently.

Required Attachment 1: Proof of Legal Right to Occupy and Use the Premises

The first required attachment is proof that the applicant has the legal right to occupy and use the proposed premises for the specific type of cannabis activity for which a license is sought. Generally, in order to fulfill this application requirement, the applicant needs to provide (1) either an executed lease agreement (if the named applicant is not the property owner) or title showing the applicant owns the property, and (2) a [letter executed by the land owner](#) stating that the applicant has its approval to conduct the commercial cannabis activity.

It's important to note that all documentation provided must be in the applicant's name. Therefore, if the applicant is a corporation, limited liability company, or other legal entity, the lease or title provided must list the applicant entity (not an individual that owns the applicant entity) as the tenant or property owner. Similarly, the required landowner approval letter must also list the applicant entity as the party authorized to conduct commercial cannabis activity on site.

Additionally, applicants should ensure that the address listed in the lease or title document and landowner approval letter accurately describes where the licensed operations will take place. For example, if the applicant's licensed premises (as defined in 4 CCR 15000(ccc)) will be a specific unit within a larger industrial building complex, the applicant should list the street address and the specific unit number associated with its operations to ensure the DCC understands exactly where the licensed activity will ultimately take place. The licensed premises information must be consistent throughout the entire application or else the DCC will return to the applicant for clarification or correction.

Required Attachment 2: Premises Diagram

The second required attachment is a Premises Diagram (as defined below). The Premises Diagram attachment is typically one of the most time-consuming attachments to put together and it is common for the applicant to go through multiple iterations of its Premises Diagram in consultation with the DCC after the initial application is submitted. The [DCC's Premises Diagram Checklist](#) is a good tool for applicants when creating or hiring a draftsman, architect, or similar professional to create a Premises Diagram.

Per DCC Regulations, "Premises" means the designated structure(s) and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. 4 CCR 15000(ccc). The premises must be a contiguous area and may only be occupied by one licensee. A Premises Diagram is a diagram showing the location in which the commercial activity will take place. Although it sounds simple, there are very strict requirements for what the Premises Diagram must contain before the DCC will consider the Premises Diagram license application requirement fulfilled.

4 CCR 15006 lists exactly what information a Premises Diagram must contain. In addition to complying with the requirements set forth in Section 15006 of the DCC Regulations, when creating or having a third party create a Premises Diagram for a retail license application, the applicant should note the following:

- The Premises Diagram must be no more than a single page
- The Premises Diagram should contain both a floor plan diagram (a "zoomed-in" diagram of the interior of the building or unit in which cannabis activity will occur) and a site plan diagram (a "zoomed out" diagram of the

building in which the Premises exists in relation to the property and surrounding area)

- All cannabis activity must occur inside the licensed Premises
- Retailers cannot package and label cannabis or cannabis products, so the Premises Diagram need not depict areas to conduct such activities
- The Premises Diagram must show the location of each and every surveillance camera on the Premises. Remember, all entrances and exits to the Premises must be video recorded from both the inside and the outside. Additionally, all cameras must be numbered (1, 2, 3, etc.)

Required Attachment 3: Surety Bond

The third required attachment is a surety bond. The surety bond attachment is straightforward. The applicant must obtain a \$5,000 surety bond from a corporate surety licensed to transact surety business in the State of California. The corporate surety should provide proof of the surety bond that the Applicant can upload as a part of its license application.

Required Attachment 4: Evidence of CEQA Compliance

The fourth required attachment is evidence of compliance with the California Environmental Quality Act (CEQA). CEQA, (codified in **14 CCR 15000 et seq.**), is a long and detailed statute that, among other things, regulates the environmental review process required for specific land use projects. Essentially, the DCC requires every applicant obtain the necessary environmental approvals to operate the proposed cannabis business before it issues a state license to that applicant.

This requirement is often easier for a retailer to fulfill than a cultivator because retail operations typically take place in existing buildings as opposed to undisturbed land, and there is much less water use associated with retail facilities. However, retailers should still talk to their local jurisdictions about CEQA compliance as CEQA review typically begins during the local authorization application process.

4 CCR 15010 addresses CEQA compliance and what type of documentation the DCC will accept as proof of CEQA compliance. In terms of documentation, the applicant must provide either (1) evidence that the proposed project is compliant with CEQA or (2) evidence that the proposed project is exempt from CEQA. Typically, applicants hire an environmental specialist during the local permitting process to ensure all CEQA requirements are met by the project.

According to 4 CCR 15010, the following documentation may be submitted as proof of compliance with or exemption from CEQA:

- A signed copy of a project-specific Notice of Determination or Notice of Exemption and a copy of the associated CEQA document, or reference to where it may be located electronically, a project description, and any accompanying permitting documentation from the local jurisdiction used for review in determining site-specific environmental compliance. Documentation may include a copy of the administrative record previously certified or adopted by the local jurisdiction that has already reviewed the commercial cannabis business' proposed commercial cannabis activities. For purposes of this section, the administrative record may include, but is not limited to:
 - Environmental documentation, including, but not limited to, exemptions, initial studies, negative declarations, mitigated negative declarations, and environmental impact reports
 - Staff reports and related documents prepared by the local jurisdiction
 - Transcripts or minutes of the proceedings of the local jurisdiction
 - Notice(s) issued by the local jurisdiction to comply with CEQA and the CEQA Guidelines
 - Proposed decisions or findings considered by the local jurisdiction by its staff or the commercial cannabis business –and–
 - Documentation of the local jurisdiction's final decision.

If the applicant does not have any documentation proving compliance with or exemption from CEQA or the specific documentation the DCC has asked for, the DCC will conduct its own CEQA review process. To complete the CEQA review process, the DCC will typically send the applicant a questionnaire that requests specific documentation/information including (1) the project location and information about the surrounding land uses, (2) a project description, and (3) information about the environmental setting of the proposed project.

4 CCR 15010 goes into detail about what each item described above must include. The requirements are very specific and include things like visual diagrams, distance measurements, photographs, vehicle trip data, etc. The applicant or you as counsel will likely be able to put together the documentation/information required when the proposed retail project will be located inside an existing

building that is served by local utilities. However, if the retail project requires the erection of a new building, the use of well water, or other more intricate environmental issues, the applicant may want to hire an environmental professional to complete the CEQA related items requested by the DCC.

Required Attachment 5: Limited Waiver of Sovereign Immunity (if applicable)

The fifth required attachment is a limited waiver of sovereign immunity. This attachment is only required in very limited circumstances as fully described in 4 CCR. Essentially, if the applicant falls within the scope of sovereign immunity that may be asserted by a federally recognized tribe or other sovereign entity, that tribe or entity must waive any sovereign immunity defense that the applicant may have and provide paperwork showing the sovereign immunity has been waived.

This attachment will realistically only be required if the applicant's Premises is located on tribal or other sovereign entity land. Thus, it is unlikely that your client will need to prepare and submit this attachment.

Required Attachment 6: Foreign Business Entity Documentation

The sixth required attachment only applies to foreign corporations and foreign limited liability companies. This means that if the applicant entity was formed in California, you do not need to worry about this attachment. If the applicant entity is a foreign entity, meaning an entity formed outside the State of California, the applicant needs to upload a certificate of qualification, registration, or status issued by the California Secretary of State to fulfill this requirement.

Per the DCC Regulations, post submission of the initial application, the DCC may ask any and all applicant entities to provide specific business formation documents. Therefore, when working on a retail license application you should have your client, the applicant entity, compile all its formation documents in the event the DCC requests them. The compiled documents should include, at least, the following:

- The applicant entity's filed articles of incorporation or formation
- All statements of information filed on behalf of the applicant entity
- The applicant entity's bylaws, operating agreement, or other similar governing document –and–

- All board or member consents/actions taken by the applicant entity that show who the Owners (shareholders, officers, members, etc.) of the applicant entity are.

Note that the DCC will compare the applicant entity's formation documents to (1) the publicly available documents on file with the California Secretary of State and (2) the Ownership information provided by the applicant on the DCC application portal. If there are discrepancies between the documents or information provided regarding Ownership, the DCC will seek clarification before proceeding with the license application issuance process.

Required Attachments 7 & 8: Labor Peace Agreement Documentation

The seventh required attachment is the entity's labor peace agreement documentation. Regardless of whether the applicant entity has twenty (20) or more employees at the time of application, it will have to submit documentation to fulfill this requirement. The type of documentation that needs to be uploaded depends on the number of employees the applicant entity has at the time of application submission.

For purposes of determining whether the applicant entity has twenty (20) or more employees at the time of application, remember that you are concerned about non-supervisory employees only. If, for example, the applicant entity has fifteen (15) budtenders and seven (7) supervisors/managers, typically, the applicant entity would not be considered to have more than twenty (20) employees for labor peace agreement purposes and therefore an executed labor peace agreement would not be required as a part of the retail application. The applicable definitions of "employee" and "supervisor" to use when determining if the applicant entity need to submit an executed labor peace agreement can be found in Cal Bus & Prof Code § 26051.5(a)(5)(B) and (C).

Less than 20 Employees at Application Submission

If the applicant entity has less than twenty (20) supervisory employees and has **not** executed a labor peace agreement, it should print the DCC's Labor Peace Agreement Notarized Statement, check the box that states "The commercial cannabis business has less than 20 employees and will enter into and abide by the terms of a labor peace agreement within 60 days of employing its 20th employee", execute the form in front of a notary, and submit the fully executed document to the DCC.

If the applicant entity has less than twenty (20) supervisory employees and **has** executed a labor peace agreement, it should simply submit a copy of its executed labor peace agreement to the DCC.

20 or More Non-Supervisory Employees at Application Submission

If the applicant entity has 20 or more non-supervisory employees at the time of application, it either needs to (1) submit a copy of its executed labor peace agreement to the DCC or (2) print the [DCC's Labor Peace Agreement Notarized Statement](#), check the box that states "The commercial cannabis business has 20 or more employees and will enter into and abide by the terms of a labor peace agreement", execute the document in front of a notary, and submit the fully executed form to the DCC.

Required Attachment 9: A List of All Owners

The ninth required attachment is a list of all owners of the applicant/applicant entity. Although this required attachment seems simple, it is actually a bit complex. At this point in time, most applicants for retail licenses are corporations or limited liability companies. Some applicant entities may only have a single human being behind them (meaning one person holds all officer, board member, and shareholder positions), but they are still legal entities. In the corporate world, an owner of an entity is typically either a shareholder or member. However, for purposes of DCC license applications, "Owner" is a term of art that includes more than just the shareholders or members of an applicant entity.

4 CCR 15003 states that an Owner of a commercial cannabis business includes all of the following:

- A person with an aggregate ownership interest of twenty (20) percent or more in the commercial cannabis business, unless the interest is solely a security, lien, or encumbrance. "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.
- An individual who manages, directs, or controls the operations of the commercial cannabis business, including but not limited to:
 - A member of the board of directors of a nonprofit
 - A general partner of a commercial cannabis business that is organized as a partnership

- A non-member manager or managing member of a commercial cannabis business that is organized as a limited liability company
- The trustee(s) and all persons who have control of the trust and/or the commercial cannabis business that is held in trust
- The chief executive officer, president or their equivalent, or an officer, director, vice president, general manager or their equivalent
- 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 15003(a)(2)(E) of the DCC Regulations, those individuals shall also be disclosed as owners.

Once the applicant has put together a list of every person that qualifies as an Owner of the applicant entity pursuant to the DCC Regulations, it should collect the following information from each person that qualifies as an Owner.

- The Owner's full legal name
- How the person or entity qualifies as an Owner of the applicant entity
- The Owner's phone number
- The Owner's mailing address
- The Owner's email address
- The Owner's Social Security Number
- The Owner's date of birth –and–
- The Owner's driver's license or State issued ID information.

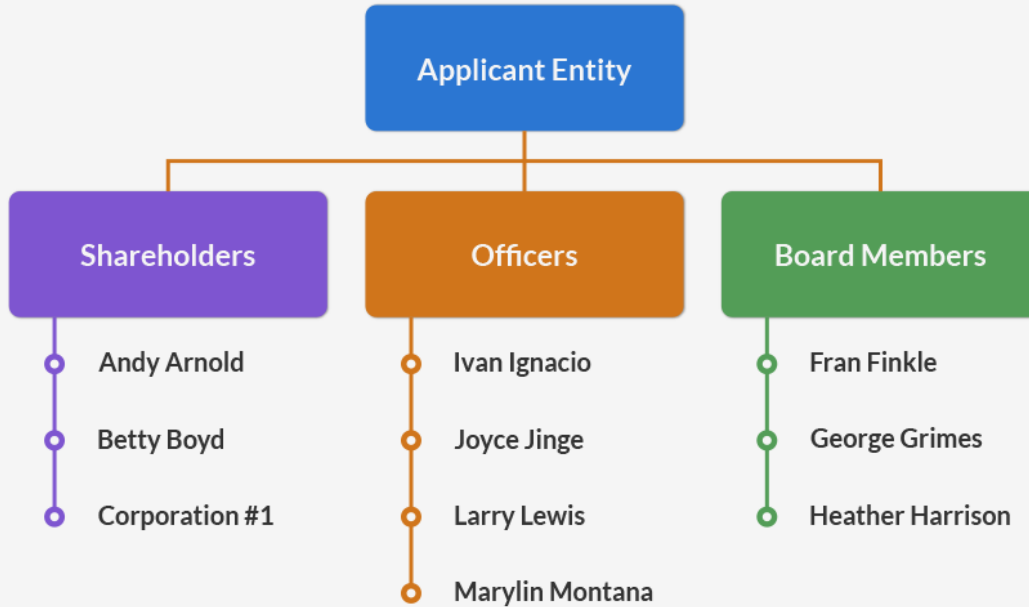
Once the information above has been collected for each Owner, the applicant entity should put together an Ownership packet to submit to the DCC. Note that an Owner can be a human being or another entity. If the Owner is, itself, an entity, that entity is an Owner of the applicant entity and certain individuals within that entity are likely Owners of the applicant entity, as well. Each needs to be separately listed as an Owner of the applicant entity in the DCC application materials

For best results, the Ownership packet should include (1) a hierarchy chart or similar visual explaining the applicant's Ownership structure that identifies every Owner, (2) a written explanation of the applicant's Ownership structure, and (3) a table of all Owners that includes all information required by the DCC Regulations. See examples below.

Ownership Breakdown

Submission Date: xx/xx/xxxx

List of Owners for [Applicant Entity] Non-Storefront Retail License Application



Written Breakdown of Owners

Applicant's Owners fall into three categories: shareholders, officers, and board members. Please see below for a list of all Owners and the Ownership categories that apply to them.

Shareholders:

Andy Arnold - owns 50% of the applicant entity

Betty Boyd - owns 25% of the applicant entity

Corporation #1 - owns 25% of the applicant entity

- Corporation #1 has two officers that qualify as Owners of the applicant entity:
 - Danny Diamond - CEO and Secretary of Corporation #1; and
 - Ellie Edwards - COO of Corporation #1

Board Members:

Fran Finkle

George Grimes

Heather Harrison

Officers:

Ivan Ignacio - CEO & President

Joyce Jinge - Secretary

Larry Lewis - CFO & Treasurer

Marilyn Montana - COO

Visualization of Ownership Breakdown.

List of Owners and Required Information

Submission Date: xx/xx/xxxx

Name	Title	Address	Phone	Email	Date & Place of Birth	SSN or ITIN	DL/ID Info	Ownership %

Visualization of List of Owners and Required Information.

The easier the applicant makes this required attachment for the DCC to review and understand, the quicker the applicant's application will get processed. To further ensure a smooth application process, the applicant should make sure that Ownership is reported and represented consistently throughout the application and application materials submitted to the DCC.

For example, if the Ownership packet lists Bill, Fred, and Linda as the board members of the applicant entity (a corporation), but the applicant entity's most recently filed Statement of Information (a document that entities must file and keep up to date with the California Secretary of State) lists Sarah, Betty, and Jim as the board members, the DCC is going to seek clarification as to who the applicant entity's current board members are and why the incorrect parties were listed in the application materials. It is, therefore, extremely important that the applicant entity accurately and appropriately report Ownership throughout its application.

Required Attachment 10: List of Financial Interest Holders

The tenth required attachment is a list of the applicant/applicant entity's financial interest holders. According to

section 15004 of the DCC Regulations, a financial interest holder of a commercial cannabis business includes all of the following:

- A person with an aggregate ownership interest of less than 20 percent.
- A person providing a loan to the commercial cannabis business.
- A person entitled to receive 10 percent or more of the profits of the commercial cannabis business, including:
 - An employee who has entered into a profit share plan with the commercial cannabis business.
 - A landlord who has entered into a lease agreement with the commercial cannabis business for a share of the profits.
 - A consultant who is providing services to the commercial cannabis business for a share of the profits.
 - A person acting as an agent, such as an accountant or attorney, for the commercial cannabis business for a share of the profits.

- o A broker who is engaging in activities for the commercial cannabis business for a share of the profits.
- o A salesperson who earns a commission

Also as detailed in section 15004 of the DCC Regulations, a financial interest holder of a commercial cannabis business does not include any of the following:

- A bank or financial institution whose interest constitutes a loan
- Persons whose only financial interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument
- Persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the commercial cannabis business –or–
- 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

Once the applicant entity has identified every person that qualifies as a financial interest holder, it should put together a word document or PDF that contains a table of all of its financial interest holders that includes the following information for each financial interest holder:

- The financial interest holder’s full legal name
- The financial interest holder’s email address
- The financial interest holder’s phone number
- The financial interest holder’s driver’s license or state ID information (type and number)

Once completed, the document containing all of the information above should be submitted to the DCC to fulfill the tenth attachment requirement.

Additional Voluntary Attachment: Proof of Local Authorization

As discussed earlier in this Note, the applicant entity must obtain local authorization for its proposed commercial cannabis business before it can obtain a state license for its proposed commercial cannabis business. Local authorization is a pre-requisite to state licensure. Typically, “local authorization” comes in the form of a zoning clearance, a use permit, a business license, or another form of written local approval. The applicant has the option to upload a copy of its local authorization paperwork to its license application portal along with its other application attachments.

If the applicant entity provides a copy of its local authorization, the DCC will notify the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within ten (10) calendar days, the DCC will consider the authorization valid.

If an applicant/applicant entity elects not to provide the DCC with a copy of its local authorization, the DCC will reach out to the local jurisdiction to determine if the applicant entity has the local authorization necessary to conduct the commercial cannabis activity for which the applicant seeks licensure at the premises listed in the applicant’s license application. If the DCC does not receive a response from the local jurisdiction, it can delay its licensing decision until a response from the local jurisdiction is received.

Application Fee Payment

Once all application information and attachments have been provided/uploaded, the DCC application portal will prompt the applicant to submit its application and pay its license application fee. As noted in section 15014 of the DCC Regulations, the license application fee for retail applicants is currently \$1,000.

Post Application Submission – Owner Submittals

After the application has been submitted, all reported Owners will receive an email from the DCC at the email address provided by the applicant entity in its application. The email will contain instructions for each Owner to, among other things, (1) create a DCC Owner portal and (2) complete and submit an “Owner Submittal” via the portal. All Owner Submittals, including any and all required attachments, must be submitted to and received by the DCC before a license will be issued to the applicant entity, assuming all other requirements are met by the applicant.

As a part of the Owner Submittal process, each Owner will be required to provide the DCC with the following:

- Full legal name
- Title within the commercial cannabis business
- Date and place of birth
- Social security number or individual taxpayer identification number
- Contact information (mailing address, email address, and phone number)
- Current employer
- The percentage of ownership interest held in the commercial cannabis business by the Owner (if any)

- o Counsel should note that not all Owners are shareholders. If an individual is an Owner but does not own a percentage of the applicant entity, the ownership percentage reported by the individual should be 0%.
- The number of the Owner's government-issued ID
- A copy of the Owner's completed application for electronic fingerprint images submitted to the Department of Justice
 - o Counsel should note that in California, the electronic fingerprint process is called a "Live scan".
- A detailed description of any relevant administrative orders or civil judgements.
 - o Counsel should note that an Owner may provide mitigating information.
- Optional: A statement of rehabilitation if the applicant's background check will show one or more criminal convictions in the Owner's past

As noted in item number nine (9), above, each Owner will be required to undergo a Live scan background check and submit proof of completion of the Live scan background check to the DCC as a part of the Owner Submittal process. Counsel should note that if an Owner is outside the State of California, the Live scan background check process will not be available; the DCC has a process for obtaining ink rolled fingerprints in such situations. You should contact the DCC directly via email for more information.

Live scan background checks are conducted by private businesses that can be located by searching the internet. Each Owner should fill out the background check form provided by the DCC (the location of which should be discussed in the email each Owner received regarding the Owner Submittal process) and then bring the partially completed form to a Live scan background check provider's business location. After completing the Live scan background check and prior to leaving the Live scan operator's business location, each Owner should obtain a copy of the completed Live scan background check form (the Live scan operator will have filled in certain portions of the form upon completion of the Live scan itself) and a receipt.

The DCC will require each Owner to either (1) provide a physical copy of his/her/their completed Live scan background check form or (2) provide the confirmation number included on the completed Live scan background check form as a part of the Owner Submittal process.

Note: When it comes to criminal convictions, the following individuals are precluded from owning a state licensed commercial cannabis business in the State of California:

- Any person on active criminal probation or parole
- Any person with a violent felony conviction, as specified in Penal Code section 667.5(c)
- Any person with a serious felony conviction, as specified in Penal Code section 1192.7(c)
- Any person with a felony conviction involving fraud, deceit, or embezzlement
- Any person with a felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor
- Any person with a felony conviction for drug trafficking with enhancements pursuant to Health and Safety Code section 11370.4 or 11379.8

Post Application Submission - Correspondence with the DCC

Once all application materials have been submitted and the license application fee has been paid, the DCC will start reviewing the documents and information provided. Most applicants receive a letter or email from the DCC indicating that the application was received, the name of the licensing agent in charge of reviewing the application, and other introductory information. Once the licensing agent has reviewed the application, he/she/they will contact the applicant (usually via email) with a list of application items that need to be clarified, provided, or fixed.

The applicant should provide the DCC with all requested information and documentation quickly and, in any event, within any timeframes specified by the DCC licensing agent. It is not uncommon for there to be multiple rounds of communication between DCC licensing agents and applicants, so don't be distressed if the DCC has questions about application materials previously provided.

Annual License Fee

Once all license application requirements have been met, the DCC will email the applicant informing the applicant that its license application is complete and that once it pays the required annual license fee, its retail license will be issued. Annual retail license fees differ depending on the applicant's anticipated gross revenue. The chart below shows the retail license fee scale depicted in 4 CCR 15014:

Annual License Fee Schedule for Retailer (Type 9 or 10)

Gross Revenue (\$ Max. Per License)	Fee Per License
≥ \$500,000	\$2,500
< \$500,000 and ≥ \$750,000	\$5,500
< \$750,000 and ≥ \$1.0 million	\$7,500
< \$1.0 million and ≥ \$1.5 million	\$11,000
< \$1.5 million and ≥ \$2.0 million	\$14,500
< \$2.0 million and ≥ \$3.0 million	\$22,500
< \$3.0 million and ≥ \$4 million	\$30,500
< \$4.0 million and ≥ \$5.0 million	\$38,500
< \$5.0 million and ≥ \$6 million	\$46,500
< \$6.0 million and ≥ \$7.0 million	\$57,000
< \$7.5 million	\$96,000

Visualization of Annual License Fee Schedule for Retailer (Type 9 or 10).

If the applicant fails to pay its license fee within 60 calendar days from the date of the DCC's request for payment, the application will be deemed abandoned.

Maintaining DCC Licensure

All commercial cannabis licenses are good for one year from date of issuance and must be renewed on a yearly basis. For more information about the license renewal process, see section 15020 of the DCC Regulations.

Related Content

Podcasts

- [Cannabis and Financing Podcast](#)
- [Cannabis' International M&A Growth Podcast](#)
- [Cannabis and the FDA: Regulatory Impacts on Food and Consumer Goods Podcast](#)

Resource Kits

- [Cannabis Resource Kit](#)

Practice Notes

- [Cannabis Key Legal Developments Tracker](#)
- [Cannabidiol \(CBD\) Key Legal Developments Tracker](#)
- [CBD Fundamentals](#)
- [Cannabidiol \(CBD\) Oil and CBD Infused Products Advertising](#)
- [FDA Drug Regulatory Activity Tracker](#)

Templates

- [Severability Clause \(Cannabis\)](#)
- [Compliance with Laws Clause \(Cannabis\)](#)
- [Enforceability Representation and Warranty Clause \(Cannabis\)](#)
- [Waiver of Illegality Defense Clause \(Cannabis\)](#)

Joe Rogoway, Managing Partner, Rogoway Law

Joe Rogoway founded Rogoway Law Group in 2011 with a vision to help his clients through purposeful legal representation. Joe is licensed in California, Oregon, the District of Columbia, and in multiple federal districts. Joe's substantial litigation experience includes conducting dozens of jury, bench, and administrative trials; he has argued cases before the California Courts of Appeal, and has participated in numerous mediations and arbitrations. Joe's policy work includes being a co-author and co-proponent of several state ballot initiatives to legalize cannabis and his continuing pro bono efforts on behalf of industry trade associations seeking better local regulations.

Blair Gue, Partner, Rogoway Law

Blair is admitted to practice law in both California and Illinois. Prior to joining RLG Blair worked as a criminal defense attorney in Cook County, Illinois defending clients in a variety of narcotics and violent crime cases. Blair received her Bachelor of Arts degree from Loyola Marymount University and her Juris Doctorate from Chicago-Kent College of Law.

Blair joined the RLG team in 2014 as the sole associate attorney when the firm's primary focus was criminal defense. Blair represented dozens of criminal clients charged with cannabis crimes in jurisdictions all over Northern California. Appearing in such a variety of jurisdictions, Blair has an intimate knowledge of how California and local laws affect those operating within the cannabis industry.

Having witnessed the dramatic shift in the cannabis industry over the last few years, Blair's practice area now focuses on cannabis compliance and helping clients operate within the confines of California's regulated cannabis market. As the leader of RLG's Compliance Team, Blair's practice involves advising clients on MAUCRSA, the California Health and Safety Code, and the commercial cannabis regulations promulgated by the various state agencies responsible for issuing commercial cannabis licenses. As Compliance Team Leader, Blair oversees the attorneys on the Compliance Team, assists clients with the preparation of local permit and state license applications, interfaces with government officials, and represents clients in code enforcement and regulatory enforcement matters if and when they arise.

Blair consistently looks forward to helping cannabis professionals achieve success in the cannabis industry while ensuring they have the tools to operate compliantly.

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