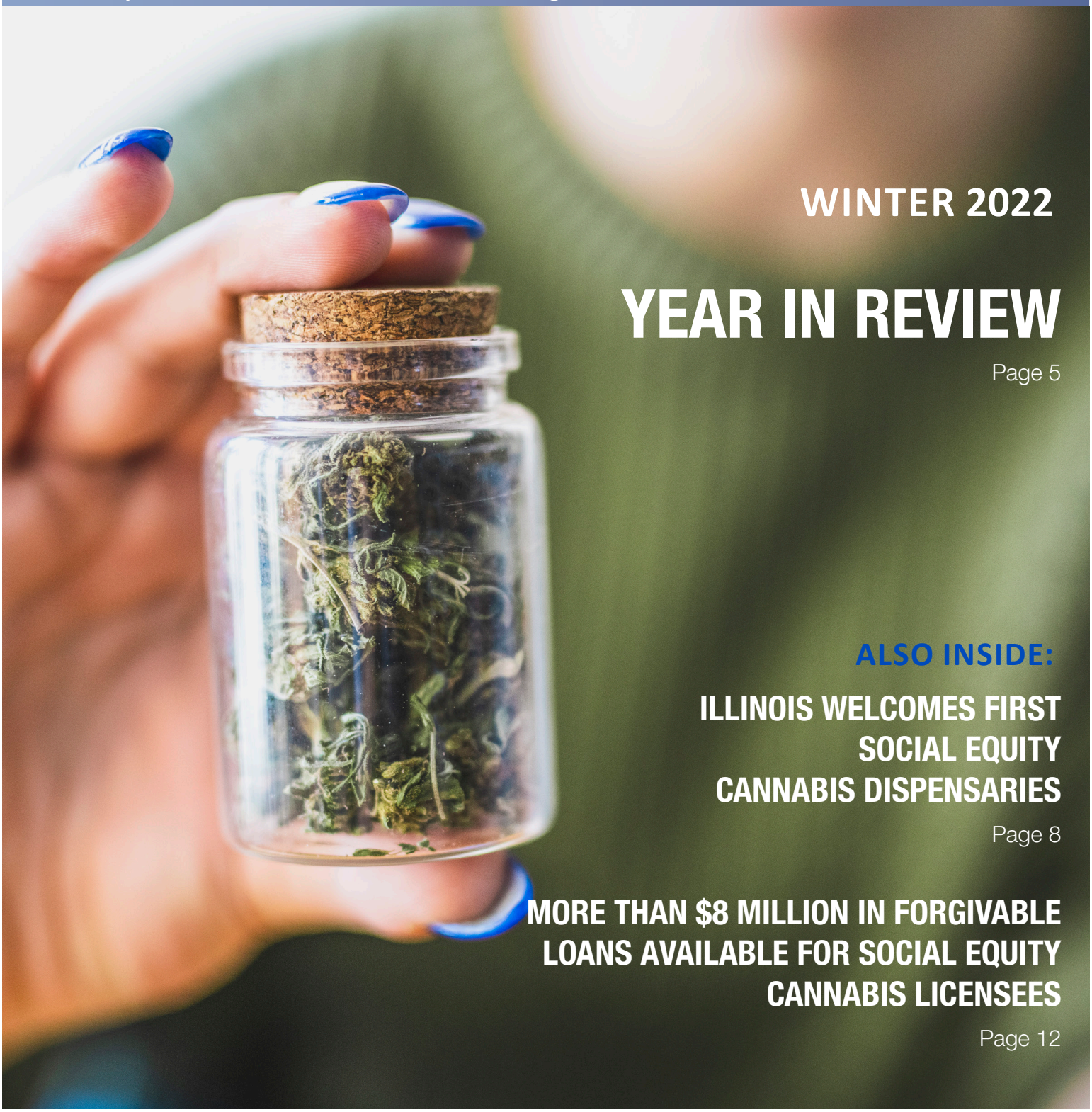
CANNABIS QUARTERLY *with* IDFPR

Quarterly Newsletter

Illinois Department of Financial and Professional Regulation



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INTRODUCING CROO ERIN A. JOHNSON

Erin A. Johnson was appointed Illinois' new Cannabis Regulation Oversight Officer ("CROO") by Governor JB Prtizker on November 28, 2022. The state's Cannabis Regulation Oversight Office is a part of the Illinois Department of Financial and Professional Regulation and is responsible for coordinating with numerous state agencies to direct the regulation and taxation of Illinois' cannabis industry. This work is done to ensure Illinois' social equity goals are met through expungements, community reinvestment, and the diversification of the state's cannabis industry.

Prior to joining the administration, Johnson served as an Associate Corporate Counsel at Amazon, Chief of Staff at the Illinois Department of Juvenile Justice, Associate General Counsel and Chief Diversity Officer in the office of former Governor Bruce Rauner, and Litigation Associate at Smith Amundsen in Chicago. In addition, she taught 7th and 8th grade math for two years in Philadelphia as a part of the Teach for America program. She received a B.A. in History from Dartmouth College, an M.S. in Education from the University of Pennsylvania, and a J.D. from the University of Wisconsin-Madison and holds bar admissions in Wisconsin, Illinois, and the Northern District of Illinois.

INTRODUCING DPR DIRECTOR CECILIA ABUNDIS

Cecilia Abundis was appointed Director of the Division of Professional Regulation for the Illinois Department of Financial and Professional Regulation in May 2019.

Previously, she was an attorney in the Consumer Fraud Bureau of the Illinois Attorney General's Office. Ms. Abundis investigated companies and/ or individuals for violations of Illinois' consumer protection laws; including mortgage lending institutions, mortgage brokers, for profit schools, unauthorized immigration services providers and "notarios", car dealerships, auto manufacturers and suppliers, and auto finance companies. Additionally, Ms. Abundis helped train Mexican prosecutors in trial advocacy skills in collaboration with the Conference of Western Attorneys General's Alliance Partnership.

Prior to her role with the Illinois Attorney General's Office in 2006, Ms. Abundis worked at the Lawyers' Committee for Better Housing, where she started in 2001 as a law clerk and then became an Equal Justice Works ("EJW ") Fellow in 2004.

As an EJW Fellow, she created the source of income project where she represented tenants and fair housing organizations who were victims of housing discrimination and tenants facing eviction. Ms. Abundis continues volunteering with Equal Justice Works as an alumni reviewer of project proposals submitted by prospective EJW Fellows.

Ms. Abundis graduated from the University of Illinois at Urbana-Champaign with a Bachelor of Arts in Political Science and earned her J.D. from DePaul University College of Law.

In 2015, Ms. Abundis was awarded the Excellence in Legal Service award by the Mexican American Legal Defense and Educational Fund at its Chicago Gala. Ms. Abundis is also the recipient of the 2006 Distinguished Alumni Service Award from the Latino Law Student Association of DePaul University College of Law.

Ms. Abundis is fluent in Spanish and conversant in French and Italian.

YEAR IN REVIEW: 2022 FOR ILLINOIS' ADULT USE CANNABIS INDUSTRY

As the regulator for dispensaries licensed under the Cannabis Regulation and Tax Act, the Illinois Department of Financial and Professional Regulation ("IDFPR") is charged with overseeing the licensing and enforcement of dispensaries in a way that is fair and equitable while also following state statute. In the past year, the Department expanded its staff and continued to improve its processes to fulfill this mission. Additionally, the court order enforcing the stay on issuing 185 new Conditional Adult Use Dispensing Organization Licenses was lifted.

Already, all 192 Conditional Adult Use Dispensing Organization Licenses have been issued, with three resulting in full licensure so far (additional information on those three new dispensaries may be found later in this newsletter). This represents an unprecedented expansion of the cannabis market and includes only Social Equity Applicants, providing further diversity to the market. This expansion has already created new opportunities and innovations to Department processes.

Additionally, 2022 proved to be a record-setting year for adult use cannabis sales in Illinois. The number of items sold, sales totals to Illinois and out-of-state residents, and sales total by month all posted their largest totals ever since sales began in Illinois in 2020. In total, $1,552,324,820.37 worth of product was sold at Illinois dispensaries in 2022, an increase of more than 12% from 2021 and 131% from 2020. Our press release highlighting this historic achievement may be found here.

For individuals, the Department has processed more applications and granted more new licenses to agents, agents-in-charge, and principal officers than ever before. The Department is on track to issue even more of these licenses in Fiscal Year 2023, creating a wealth of new jobs in Illinois in an ever-expanding industry.

Finally, the Department began and continued important work to bring new innovations to the market. The Department continues to march forward with a new Seed-to-Sale system for the state within input from key stakeholders at other agencies, continued to work to begin the first disparity study, and has started exploring digital identification badges to further reduce barriers for new dispensaries entering the market for the first time. The Department looks forward to continuing this path of innovation and equity and continuing to have the most equitable cannabis program in the country.

PRITZKER ADMINISTRATION ANNOUNCES TIMELINE FOR NEXT CANNABIS DISPENSARY LICENSE LOTTERY

Following extensive conversations with lawmakers and other stakeholders, the Illinois Department of Financial and Professional Regulation has announced the timeline for the next round of cannabis dispensary licenses. Applications for the lottery will be accepted starting in January. Those interested in applying should review the rules, a mock application, a proposed timeline, and other relevant documents available now on the Department's Adult Use Cannabis program webpage. This follows the release of 192 conditional dispensary licenses earlier this year, all to social equity applicants.

"Illinois is committed to having the most accessible and equitable cannabis industry in the nation, and we look forward to issuing additional social equity licenses and cementing our status as a national leader," said Gov. JB Pritzker. "My administration will continue working to ensure the industry reflects the diversity of our great state, and I wish to thank all stakeholders for their hard work on this process to ensure that happens."

IDFPR will begin accepting applications for 55 additional conditional cannabis dispensary licenses on Monday, January 30, 2023. The 55 licenses will be distributed across the 17 Bureau of Labor Statistics (BLS) Regions. All applications will be submitted online through the Department's website.

Applicants must register as a business and provide certain basic information, such as the name of their organization, list of principal officers, contact information, and a $250 fee. During the license lottery process, principal officers cannot be included on more than one lottery entry and applicants cannot have more than one lottery entry across all 17 regions.

While the rules for the lottery process do provide flexibility on timing, IDFPR currently anticipates accepting applications through Friday, March 3, 2023. IDFPR has created an interactive map that allows individuals to check if an individual address is within a census tract that qualifies for one of the required social equity criteria. That resource, along with other resources for prospective applicants (including an infographic that details the steps for the lottery, a social equity criteria guide, and a mock application) may be found on IDFPR's Adult Use Cannabis Program webpage under the "Information for Social Equity Criteria Lottery" section.

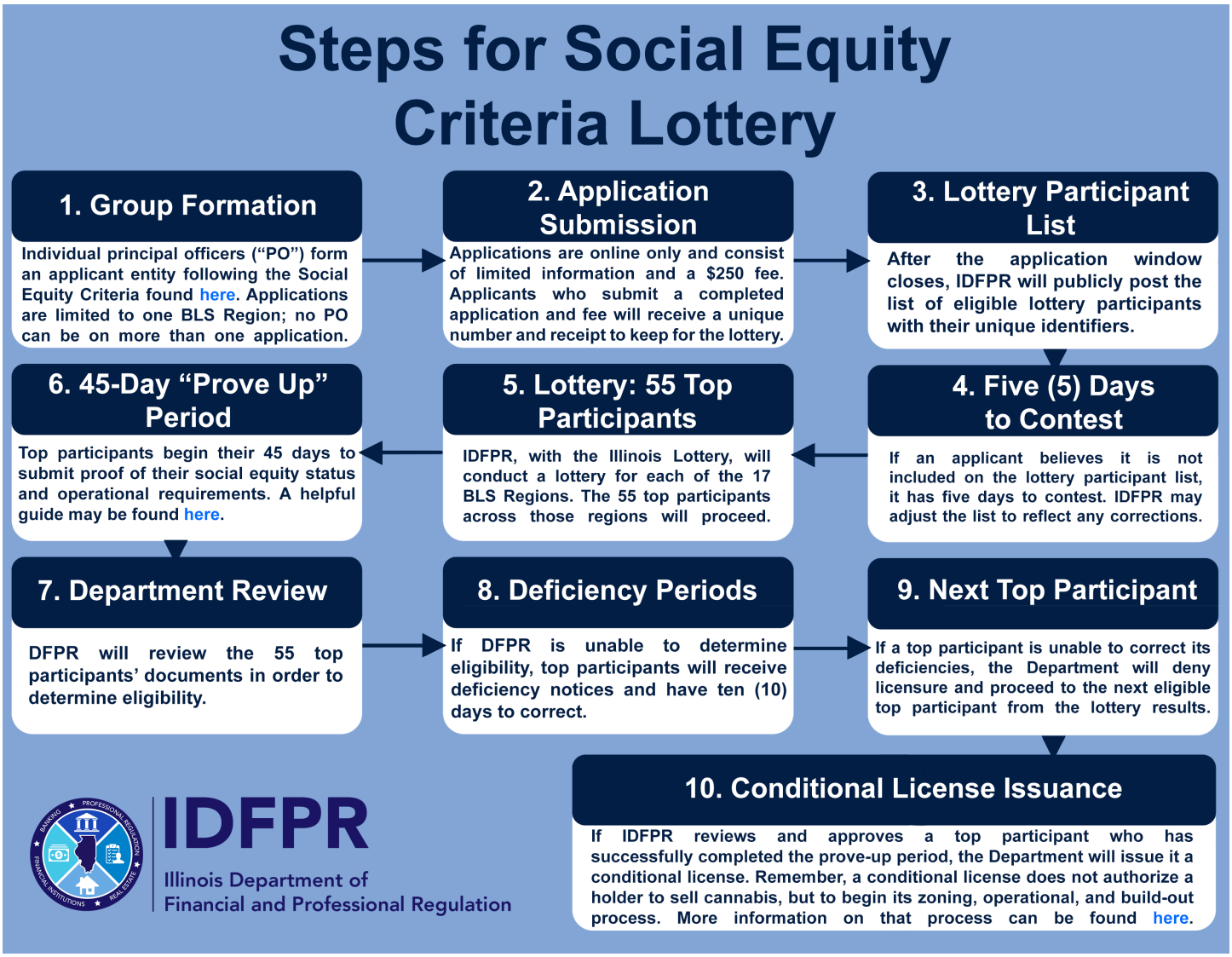
The Department will then publish a list of lottery participants. After a period for applicants to contest the list of lottery participants, IDFPR may publish an updated list based on any necessary corrections and contestations. As soon as possible after the final participant list is published, IDFPR will conduct a lottery with the Illinois Lottery and publish the certified results after the lottery has concluded.

Each applicant drawn for an opportunity for a conditional license will have 45 calendar days to prove certain social equity eligibility criteria, including proving it is 51% or more owned or controlled by one or more individuals who each meet the combination of a certain set of criteria. That criteria may be found here, along with a helpful guide of acceptable documents.

IDFPR will have 60 calendar days after the lottery to ensure the 55 applicants selected in the lottery meet the criteria detailed above. Applicants selected in the lottery will be provided an opportunity to provide supplemental information to satisfy these criteria. If an applicant selected in the lottery does not provide the supplemental information, the conditional license will be offered to the next applicant drawn in that BLS Region. The applicant must then meet the social equity eligibility criteria.

"This improved process provides increased accessibility and opportunity to individuals who, either directly or in the communities they call home, were harmed by the failed war on drugs," said Mario Treto, Jr., Secretary of the Illinois Department of Financial and Professional Regulation. "We look forward to applying the lessons learned from our first round of conditional dispensary licenses to better the means of welcoming more entrepreneurs to the most equitable cannabis program in the country."

All updates and additional information will be found on IDFPR's Adult Use Cannabis Program webpage.



ILLINOIS WELCOMES FIRST THREE SOCIAL EQUITY CANNABIS DISPENSARIES

The State of Illinois is proud to announce the first three adult use cannabis dispensaries owned by social equity applicants opened their doors at the end of 2022. These three dispensaries are part of the 192 conditional adult use cannabis dispensary licenses issued by IDFPR last year. Additional dispensaries may open once applicants receive their full cannabis dispensary license after completing the required steps.

The three new dispensaries are:

Ivy Hall
1720 N. Damen Ave.
Chicago, IL 60647

Green Rose
612 N. Wells St.
Chicago, IL 60654

Altius
993 E. Rollins Rd.
Round Lake Beach, IL 60073

We sat down with each of the dispensaries so we could introduce you to them!

IVY HALL

Pictured: Omar Delgado, Director of Retail; Dominique Moses, General Manager; Arsenio Aguirre, Assistant General Manager; Gregory Elliott, Chief Growth Officer; Nigel Dandridge, Chief Strategy Officer; David Berger, Chief Operating Officer.

About Ivy Hall

Ivy Hall is a collective of Social Equity Licenses banding together to create a meaningful retail footprint. Ivy Hall was created as a warm and welcoming alternative to the sterile, transactional dispensaries that are typical of the industry. It promotes itself as "a friendly neighborhood boutique that takes pride in lifting your spirits with concierge-level service and premium products, all in an atmosphere that simply can't be beat."

Why did you want to join the cannabis industry in Illinois?

After years of operating in Colorado, Michigan and Washington, the ability to bring equity and justice to the cannabis industry in our home state is priceless. Minority-owned companies have faced challenges getting started and opening. Everything in the cannabis industry is 100 times harder, but thankfully the state has acted to help social equity licensees succeed. Through our experience in the industry for over a decade, we can tell you no state has done more to support equity and given support to licensees like us to get open despite the challenges our industry faces.

Pictured: Gov. JB Pritzker introduced Illinois' new Cannabis Regulation Oversight Officer, Erin A. Johnson, at Ivy Hall on December 7, 2022.

You're one of the first recipients of a social equity dispensary license in Illinois. What does this mean to you?

We're proud that Ivy Hall is a Black-owned business and was the state's first operating social equity dispensary. It's been a long time coming, a new era in the industry, especially for communities of color. We're honored and appreciative to be able to play a role in this transformation. We're grateful the state wanted to empower minority communities to have ownership and equity in the legal cannabis industry. Even though co-founder and CSO Nigel Dandridge has been operating in the industry for years, his family hasn't been able to participate, and this has been a really exciting way for them to do so.

You've successfully opened your dispensary. What's next for that location and Ivy Hall?

Ivy Hall is a different concept in the cannabis industry than what's been seen and experienced in the state so far. We're a sensory dispensary set in a comforting neighborhood boutique environment. We look forward to welcoming in all of Illinois adult-use cannabis purchasers and will offer discounts to medical patients, veterans, senior-citizens and industry professionals. Ivy Hall isn't going to be a one-off store; we've assembled a great, diverse team that's reflective of the communities we serve and we're building a brand that succeeds with scale. Working in tandem with other social equity license owners, we plan to open additional locations in underserved communities throughout the state.

GREEN ROSE

Pictured: IDFPR Secretary Mario Treto, Jr., DPR Director Cecilia Abundis, and Deputy Director of Cannabis Control Vaughn Bentley joined Green Rose for its ribbon cutting on December 10, 2022.

About Green Rose

Green Rose is a Chicago-based cannabis company with an experienced Veteran, Female, Black and Latino ownership team committed to providing our customers with top line products and an exceptional customer experience with many amenities. Located in the River North neighborhood, their mission is to offer a beautiful and welcoming environment with some of the industry's most-experienced budtenders that empowers customers with in-depth knowledge and access to a wide variety of products using the most innovative platforms. Their company culture is driven by its commitment to being a strong advocate for inclusion and the elevation of diverse voices.

Why did you want to join the cannabis industry in Illinois?

Our team wanted to be part of the cannabis industry in Illinois because we saw it as fast-growing, lucrative, exciting and ahead of the curve. We embraced social equity and wanted to eliminate the stigma of cannabis. We wanted to be part of a new industry that is diverse, welcoming to all, safe and professional.

You're one of the first recipients of a social equity dispensary license in Illinois. What does this mean to you?

Being one of the first recipients of a social equity dispensary license in Illinois is an honor, a responsibility, and a great opportunity. Getting the social equity license and launching the dispensary has been challenging and a tremendous amount of work, but we did it working together. Now that we are finally open, we are very proud to be providing careers in cannabis for many employees from communities that have suffered in the past due the disproportionate impacts of the War on Drugs. Seventy-five percent of our managers are Black or Latino, and our other employees are equally diverse and come from marginalized communities.

We want to be successful and show the world that a diverse social equity dispensary can not only compete with the biggest cannabis companies in the world but can also offer an elevated cannabis experience that is unique and special.

You've successfully opened your dispensary. What's next for that location and Green Rose?

The River North dispensary is the Green Rose flagship store. We've created a boutique atmosphere there and aim to provide the most elevated cannabis experience in Illinois. We hope by providing a beautiful environment, many amenities like free parking and friendly and knowledgeable budtenders, we can remove the stigma regarding cannabis and nurture a culture where everyone feels welcome whether they are visiting a dispensary for the first time or are longtime cannabis users.

We are launching a MURAL photo contest featuring the one-of-a-kind Green Rose mural which encompasses the entire 2,100 square foot exterior north wall of the dispensary facing Ontario Street. It is one of the largest street murals in Illinois and depicts an outreached arm holding a green rose symbolizing the beauty of the cannabis plant. Created by local artist Asend and well-known Oakland mural artist Vogue TDK, the stunning mural was just completed and has already become a popular selfie location.

The MURAL photo contest will run through the end of March and the public will vote for their favorite photos to determine the winners. Go to https://www.greenroseil.com/muralcontest/ for more information about the contest and prizes.

Construction is progressing on the second Green Rose dispensary location in Lincolnwood and we expect it to be open in March 2023, around the same time that the company expects to be approved to begin growing at the South Elgin craft grow facility.

ALTIUS

Pictured: The Altius leadership team - Luke Johnson, Jeanne Johnson, Brittney Gasner, and Jeff Gasner.

About Altius

In layman's terms, ALTIUS = HIGHER. The Olympic motto, CITIUS, ALTIUS, FORTIUS, is a Latin expression meaning "Faster, HIGHER, Stronger." At ALTIUS Dispensary, located at 993 E Rollins Road in Round Lake Beach, the Altitude Specialists (aka Budtenders) are there to "Change Your Altitude." Our team of specialists focus on delivering a higher customer-experience through a curated cannabis experience that supports a quest for higher wellness.

Why did you want to join the cannabis industry in Illinois?

One of the main reasons ALTIUS' CEO Jeff Gasner and partner Jeanne Johnson entered the space was to help remove the stigma that has been attached to cannabis for such a long time. Gasner believes the stigma will continue to progress into a more socially acceptable product as more customer-orientated dispensaries open their doors. For communities and individuals to be lambasted for so many years from the use and possession of cannabis, now is the time to help repair the damage that years of prohibition has instilled.

You're one of the first recipients of a social equity dispensary license in Illinois. What does this mean to you?

Being one of the first social equity dispensaries to open our doors is an astounding accomplishment by the Altius Management group and team members. This feat could not have been achieved by the efforts of few, only by the means of a true team effort.

Pictured: IDFPR Secretary Mario Treto, Jr. and a team from IDFPR joined Altius for its ribbon cutting ceremony on December 5, 2022.

You've successfully opened your dispensary. What's next for that location and ALTIUS?

Our Grand opening was a success in early December 2022. The ALTIUS team will continue to work with the surrounding community of Round Lake Beach and Lake County to make sure to better the community and provide future career paths in the space of cannabis. Experience ALTIUS and Change Your Altitude!

MORE THAN $8 MILLION IN FORGIVABLE LOANS AVAILABLE FOR SOCIAL EQUITY CANNABIS LICENSEES

The Pritzker Administration and the Illinois Department of Commerce and Economic Opportunity ("DCEO") announced in November 2022 that $8.75 million in direct forgivable loans will be made available to all conditionally-approved social equity loan applicants. Fully financed by the State of Illinois, the loans will be available in amounts between $50,000 - $500,000 to provide immediate access to capital. Conditionally-approved social equity loan applicants may apply for a forgivable loan on DCEO's website.

The new Direct Forgivable Loan Program will make funding from the state available to all eligible program participants, regardless of their original loan application status with a lending partner. Interested participants can continue to pursue funding through the original loan program, while also receiving the new direct forgivable loan.

A total of $8.75 million will be available through the new Direct Forgivable Loan Program. The following loan amounts are available per participant based on the business type:

- Craft Growers: $500,000
- Infusers: $250,000
- Transporters: $50,000

(Funding for loans for dispensary applicants is in development with DCEO and will be announced as soon it is ready.)

Loan forgiveness will be provided to recipients upon receiving documentation of a broad array of eligible expenses currently accrued or accrued during the loan period. A complete list of eligible expenses may be found on the DCEO website.

CONNECT WITH OUR TECHNICAL ASSISTANCE PARTNERS

The Trep School is offering live webinars and individual consulting to help Conditional License Winners who are Social Equity Applicants, as well as self-paced webinars and brief advising for all Social Equity Applicants interested in joining the Illinois Cannabis Industry. To register for a "one-on-one" phone or virtual sessions, call 217-497-9227 or email cannabis@thetrepschool.com. *Individualized sessions are limited to social equity applicants only. Proof of social equity applicant status is required.

Which Subjects Do We Cover?

CBE Application Process, Deficiency Notices, & Notices of Awards

- Legal & Regulatory Compliance
- Business & Entrepreneurship
- Real Estate & Zoning
- HR, Agent Badging, & Bookkeeping
- Security Planning & Protection
- Legislation & Administrative Rules
- Financial Planning & Lending
- Operations, Supply Chain & Logistics
- Workplace Safety & OSHA
- Construction & Infrastructure

Oakton Community College – Cannabis Industry Certificates and Workshops

Illinois cannabis license applicants and prospective applicants are invited to attend free workshops offered by Oakton Community College — to help them navigate the state's licensing process and move closer to beginning careers in the emerging cannabis industry. Prospective applicants can start planning now in preparation for the future release of cannabis business applications

Most sessions will be held through the Zoom app this fall in an open-forum format, small group settings, and one-to-one consultations. Overview sessions are open to all, while the small group and consultation sessions are for those who qualify as social equity applicants.. Register for sessions.

In fall 2019, Oakton launched the Cannabis Dispensary and Patient Care Specialist certificate program, becoming the first community college in the nation to offer a college-credit career certificate focused on the medical cannabis field. Last fall, Oakton introduced a new Cannabis Transportation, Logistics and Supply Chain Management certificate program to meet the growing needs of the cannabis industry. Oakton's 14-credit hour certificate program will prepare transporters to apply state laws and regulations to transport and track cannabis securely. The College launched a 12-credit hour Cannabis Cultivation Certificate this spring in its new hands-on cannabis cultivation lab on the Des Plaines campus.

For more information, email cannabisprograms@oakton.edu.

The Trep School
P.O. Box 945
2 E. Main St. Suite 136
Danville, IL 61834

Description of Program Services – Current as of June 2022

The Trep School – D/B/A CannaTrep

The Trep School operates CannaTrep, a cannabis law and business clinic serving Social Equity Applicants across the State of Illinois. We help Social Equity Applicants in every stage of the cannabis business license process with educational services and wraparound support.

Who Do We Serve?

- ***Interested CBE Applicants*** – The Public seeking educational services on whether they qualify as an Illinois Social Equity Applicant.
- ***Current CBE Applicants*** – Illinois Social Equity Applicants seeking assistance with assembling, submitting, and advancing their applications for Cannabis Business Establishments (CBEs).
- ***Conditional License Holders*** – Illinois Social Equity Applicants who won a Conditional License, seeking support with scaling and opening their CBEs.

What Are Our Services?

- ***Webinars*** – Legal and business courses related to the Illinois Cannabis Industry, and often accompanied by worksheets and templates for participants. Open to the Public.
- ***Brief Advising*** – Online individualized advice about the Illinois Cannabis Industry, aimed to help people self-advocate, self-educate, and avoid fraud. Open to the Public.
- ***Consulting*** –Individualized services helping Social Equity Applicants and connecting them to subject matter experts across the Illinois Cannabis Industry. Open to Social Equity Applicants and Conditional License Holders.
- ***Community Education Listserv*** – Online educational content updating our over 600-member program network on the Illinois Cannabis Industry. Open to the Public.
- ***E-Books*** – Online learning materials covering frequently asked about topics in the Illinois Cannabis Industry. Open to the Public.
- ***Advocacy*** – Analysis of current and proposed cannabis laws and rules, like Public Comments on equity and advice to stakeholders. Open to the Public.

Which Subjects Do We Cover?

- CBE Application Process, Deficiency Notices, & Notices of Awards
- Legal & Regulatory Compliance
- Legislation & Administrative Rules
- Business & Entrepreneurship
- Financial Planning & Lending
- Real Estate & Zoning
- Operations, Supply Chain & Logistics
- HR, Agent Badging, & Bookkeeping
- Workplace Safety & OSHA
- Security Planning & Protection
- Construction & Infrastructure

Oakton Community College

OAKTON COMMUNITY COLLEGE – CANNABIS INDUSTRY CERTIFICATES AND WORKSHOPS, BUSINESS SUPPORT

Oakton Community College is currently offering for-credit courses with the opportunity for social equity applicants to earn certificates in cannabis industry specialties.

Their post-license training plan is geared toward building upon their current cannabis education program by preparing social equity applicants for the next round of dispensary license applications, creating business plans and operational agreements; in addition to conducting one-on-on consulting.

WINTER TRAVEL ADVISORY

As we head into the winter months, IDFPR wanted to take time to remind everyone that bad weather can be a real hazard for travelers. We are asking our dispensaries to alert cultivation centers and transporters to any road closures or other travel issues they may know of and to keep an open line of communication with your cultivation center and transporter partners. We also ask that you distribute this to your employees so they know to monitor road conditions while traveling to and from work. Please monitor the following websites and Facebook pages for weather updates:

National Weather Service - https://www.weather.gov/

US National Weather Service Chicago (Facebook) https://www.facebook.com/NWSChicago

US National Weather Service Central Illinois (Facebook) https://www.facebook.com/NWSLincoln

US National Weather Service Paducah Kentucky (Facebook) https://www.facebook.com/NWSPaducah

US National Weather Service Saint Louis Missouri (Facebook) https://facebook.com/NWSStLouis

Illinois Department of Transportation home page: https://www.gettingaroundillinois.com/

Illinois Department of Transportation Winter Weather Conditions https://www.gettingaroundillinois.com/WinterConditions/index.html

Illinois Department of Transportation Road Closures Due to Flooding https://www.gettingaroundillinois.com/MapViewer/?config=FLDconfig.json

Illinois Department of Transportation Road Closures https://www.gettingaroundillinois.com/MapViewer/?config=RDCconfig.json

Illinois Department of Transportation Road Closures Due to Construction https://www.gettingaroundillinois.com/RoadConstruction/index.html

Illinois State Police (Facebook) has occasional updates on road conditions during storms. https://www.facebook.com/IllinoisStatePolice

CONTACT US

Have questions about cannabis in Illinois? Please email us using one of the addresses below:

Adult Use Cannabis:
FPR.AdultUseCannabis@illinois.gov

Medical Cannabis:
FPR.MedicalCannabis@illinois.gov