



OWNERSHIP, CONTROL, AND FINANCIAL INTEREST GUIDANCE

The Division of Cannabis Control (DCC or Division) is issuing the following guidance to all licensees regarding ownership, control, and financial interest. Adherence to the Division's rules and this guidance is paramount, and any rule violations may result in fines and penalties, up to and including license revocation.

Please see Ohio Administrative Code (O.A.C.) [1301:18-3](#) to review Division ownership, control, and financial interest rules, and O.A.C. [1301:18-1-01](#) for definitions.

Limitations on Ownership, Control, and Financial Interest (O.A.C. [1301:18-3-03](#))

No person can be issued more than:

- One cultivator provisional license or certificate of operation.
- One processor provisional license or certificate of operation.
- Eight dispensary provisional licenses or certificates of operation.
- One testing laboratory provisional license or certificate of operation.

No person can control or maintain ownership or financial interest in more than:

- One cultivator provisional license or certificate of operation.
- One processor provisional license or certificate of operation.
- Eight dispensary provisional licenses or certificates of operation.
- One testing laboratory provisional license or certificate of operation.

Testing laboratories: No person may be issued a testing laboratory provisional license or certificate of operation, control, or maintain ownership or financial interest in a testing laboratory provisional license or certificate of operation and do any of the following:

- Acquire a provisional license or certificate of operation for any other cannabis entity licensed pursuant to Division rules.
- Maintain ownership or financial interest in any other cannabis entity licensed pursuant to Division rules.
- Control any other cannabis entity licensed pursuant to Division rules.
- Share any corporate officers or employees with any other cannabis entity licensed pursuant to Division rules.

Relevant definitions, including "person," "control," "ownership," and "financial interest" can be found in O.A.C. [1301:18-1-01](#) and the appendix to this guidance.



Change of Ownership

Pursuant to O.A.C. [1301:18-3-06](#), a licensee must request and receive prior approval from the Division before modifying its ownership structure. This requirement only pertains to ownership changes involving more than a 10% change in the licensed entity's ownership structure. Any changes of ownership that occur within a given calendar year are calculated in the aggregate.

The Change of Ownership application can be found [here](#). The form must be completed in its entirety, which includes the submission of the licensee's capitalization table, organizational structure, organizational charts, and a full listing of owners with over 10% or more ownership and other individuals identified in the application, as well as supporting documentation including definitive transaction agreements.

In order to comply with this rule, licensees are required to submit to the Division any associated final drafts of agreements **immediately prior to the parties fully executing the agreement**. Final drafts of the agreements must include any referenced attachments, exhibits, schedules, or other similar accompanying materials to the agreements. Licensees should not submit working documents where licensees know that there is a high likelihood of substantial change to the terms of the agreement.

All owners must meet all ownership, control, and financial interest requirements pursuant to Division rules, including O.A.C. [1301:18-3-03](#) and [1301:18-3-04](#).

A proposed change of ownership shall not be effective or recognized unless and until the Division provides written approval of the change. Once the parties finalize applicable agreements, they are to submit fully executed copies outlining all required signatures to effectuate the agreement, to the Division in a timely manner.

The Change of Ownership application must be submitted to DCCLicensing@com.ohio.gov. The change of ownership application fee is \$1,000.

Background Checks and Badging

In addition to all employees and agents of a licensee, all owners, officers, board members, administrators, and individuals responsible for the daily operation of a facility must obtain an employee badge from the Division prior to commencing business, pursuant to O.A.C. [1301:18-3-09](#).

Those individuals must also submit fingerprints for both a BCI and FBI background check to BCI indicating that records checks are to be send directly to the Division. Therefore, licensees must ensure that in addition to the requirements outlined in the Change of Ownership application all proposed owners are properly badged.

Please refer to the [New Employee Application & Employee ID Badge Guidance](#), [Employee Background Check Guidance](#), and [eLicense Portal User Manual](#) for further information.



Change of Entity Name or Trade Name

A licensee that wishes to use an entity name or registered trade name (i.e. DBA) other than what is on record with the Division within the DCC eLicense portal must submit an application to the Division and receive written approval prior to using the name.

Pursuant to O.A.C. [1301:18-3-07](#), the licensee must provide the proposed entity name or registered trade name and any documentation evidencing the licensee's registered use of the name, such as an Ohio Secretary of State business or trade name registration.

If the change of legal entity name or trade name is in conjunction with a change of ownership, the licensee must submit a change of ownership application and is not required to submit a separate application for change of entity name or trade name.

The Change of Entity Name or Trade Name application can be found [here](#) and must be submitted to DCCLicensing@com.ohio.gov.

Notice of Intent

Other changes to ownership, control, and financial interest that do not require an application and prior approval pursuant to the Change of Ownership rule (O.A.C. [1301:18-3-06](#)) or Change of Entity Name or Trade Name rule (O.A.C. [1301:18-3-07](#)), may be made without prior written approval from the Division as long as the licensee provides notice to the Division of its intent to do so. Specifically, a licensee is not required to acquire prior approval from the Division to modify its ownership structure so long as the change is less than a 10% interest. Pursuant to this rule, licensees are to provide notice in advance of their intent to create or modify any of the following:

1. Licensee's ownership list and capitalization table as outlined under O.A.C. [1301:18-3-04\(A\)\(1\)](#).
2. Licensee's organizational chart identifying all owners, officers, and board members of the applicant as outlined under O.A.C. [1301:18-3-04\(A\)\(2\)](#).
3. The list of any person with a direct or indirect control over, the license as outlined under O.A.C. [1301:18-3-04\(A\)\(6\)](#).
4. The list of any of the following regardless of whether they meet the definition of ownership, financial interest, or control:
 - a. Option agreement, debt conversion, or other agreement which creates a current or future right in equity in the applicant.
 - b. Disclosure is mandatory regardless of whether such modification is contingent upon certain acts or omissions.

In order to comply with this rule, licensees are required to submit to the Division any associated final drafts of agreements **immediately prior to the parties fully executing the agreement**. Final drafts of the agreements must include any referenced attachments, exhibits, schedules, or other similar accompanying materials to the agreements. Licensees should not submit working documents where licensees know that there is a high likelihood of substantial change to the terms



of the agreement. In the event a licensee submits an agreement to the Division pursuant to this rule that is never fully executed by the parties, licensees are to notify the Division in a timely manner of such outcome.

The licensee must submit a notice in writing to DCCLicensing@com.ohio.gov. The notice must include at least the following:

- Licensee's business name and all license numbers pertaining to the notice.
- The action being taken which requires notice pursuant to O.A.C. [1301:18-3-05](#).
- Documentation evidencing any of these modifications.

Once the parties finalize applicable agreements, they are to submit fully executed copies outlining all required signatures to effectuate the agreement, to the Division in a timely manner.

Disclosure of Ownership, Control, and Financial Interest

As a reminder, information submitted to the Division may be subject to disclosure under public records law unless otherwise an appropriate exception applies, such the licensee outlines the information is trade secret or other sensitive personal information (e.g., social security numbers).

Disclosure Requirements Pursuant to O.A.C. [1301:18-3-04\(A\)](#)

1. Ownership list and capitalization table.
 - a. In order to comply with this rule, licensees are required to provide a complete and comprehensive disclosure of any person who maintains an ownership or equity interest in licensee, whether it be directly or indirectly, and as follows:
 - i. As defined in O.A.C. 1301:18-1-01, any owner who has a 10% or greater ownership interest within the ownership structure of the licensee.
 - ii. As defined by in O.A.C. 1301:18-1-01, any person who has a financial interest in licensee.
 - iii. As defined by O.A.C. 1301:18-1-01, any person who has control over licensee.
 - b. The information provided must clearly show any person with an ownership or equity interest in the licensed entity and the percentage of their respective interest. The preferred methodology to provide the totality of this information is in the form of a capitalization table. However, should a capitalization table not clearly outline those required for disclosure, licensee is mandated to separately evidence all those applicable.
 - c. In the event a person outlined above is a business entity (e.g., LLC, corporation, etc.), licensees must disclose the business entity and a complete list of any and all associated individual(s) within the specified entity.
 - d. Any person that is not required to be disclosed, e.g., maintains a less than 10% ownership interest and acts solely as a passive investor in licensee, must still be



- outlined and indicated in some manner on the capitalization table so that the total equity outlined amounts to 100%.
2. Organizational chart identifying all owners, officers, and board members.
 - a. In order to comply with this rule, licensees are required to provide a comprehensive organizational chart of all owners, officers, board members, and any person that controls licensee that is otherwise not disclosed in the ownership list or capitalization table above.
 - b. If applicable, licensees are also required to disclose the overarching corporate structure of the licensee and outline all owners, officers, board members, and any person who controls the associated person.
 - c. Additionally, the organizational chart must specify any person who is an owner, whether it be a direct or indirect owner in licensee. This includes any person that may constitute a holding company or parent company that maintains or manages the licensee. In the event a person outlined above is a business entity, please provide a complete list of any and all associated individual(s) within the entity.
 3. For each individual owner, officer, and board member:
 - a. Full legal name.
 - b. Address.
 - c. Date of birth.
 - d. Role.
 - e. Any ownership, financial interest, or control in any other cannabis entity, whether it be in Ohio or another state or jurisdiction.
 4. For any instance in which the licensee or any person associated with the licensee is currently or was previously licensed or authorized in another state or jurisdiction to cultivate, produce, test, dispense, or otherwise deal with the distribution of marijuana in any form, the following:
 - a. A statement granting permission to contact the regulatory agency that granted the license, accompanied by the contact information; and
 - b. If the license, authorization, or application was ever fined, denied, suspended, revoked, or otherwise sanctioned, a copy of documentation so indicating, or a statement that the applicant was so licensed and was never sanctioned.
 5. Unless otherwise fully evidenced above, licensees are also required to disclose the following:
 - a. A list of any person with direct or indirect financial interest in the licensed entity.
 - b. A list of any person with direct or indirect control over the licensed entity.
 - i. This includes any current or future right to control.
 - c. A list of any of the following regardless of whether they meet the definition of ownership, financial interest, or control:
 - i. Option agreement, debt conversion, or other agreement which creates a current or future right in equity in the applicant.
 - ii. Disclosure is mandatory regardless of whether such modification is contingent upon certain acts or omissions.



- d. A copy of any pending or executed merger, sale, option to purchase, letter of intent, consulting, management, support, administrative services, or other similar agreements between the licensee and any other person or that person's affiliates.
- e. Any other documentation evidencing the ownership structure, financial interest, or control of the licensee.
- f. The intent of this section of the rule is to capture any and all remaining contracts and/or agreements between licensee and another person that were not otherwise disclosed above. Pursuant to this section, licensees are required to disclose to the Division applicable agreements regardless of whether they meet the O.A.C.1301:18-1-01 defined terms of ownership, financial interest, or control. For example, if a licensee executed a contract that grants a third party a future ownership right that is less than 10%, it must disclose this to the Division.

Certificate of Operation Renewal Requirements

All licensees must comply with O.A.C. [1301:18-3-04\(B\)](#), and at least 30 days prior to the renewal of a certificate of operation, each licensee must review all documentation provided pursuant to paragraph (A) of the rule and ensure the information remains true, accurate, and complete as of the date of the review. As part of this renewal review, each licensee must submit to the Division all of the following:

1. The date of the review.
2. Updated documentation containing all information mandated under paragraph (A).
3. Certification by a third-party, independent licensed auditor or certified public accountant attesting all documentation propounded is true, accurate, and complete representation of the information.



Ohio Statutory and Administrative Rule Authority

- Ohio Revised Code 3780.03 and 3796.03 permits the Division to adopt rules regulating medical and non-medical cannabis.
- Ohio Administrative Code 18-1-01 Definitions
- Ohio Administrative Code 18-3-03 Ownership, Financial Interest, and Control
- Ohio Administrative Code 18-3-04 Disclosure of Ownership, Financial Interest, and Control
- Ohio Administrative Code 18-3-05 Notice of Intent
- Ohio Administrative Code 18-3-06 Change of Ownership
- Ohio Administrative Code 18-3-07 Change of Entity Name or Registered Trade Name



APPENDIX

Definitions related to this guidance pursuant to O.A.C. 1301:18-1-01.

"Control" means the ability to make or significantly influence the strategic policies or management decisions ordinarily reserved for the majority owners or board of directors of a "person" as defined under these rules. Control may be established through ownership, contract, or otherwise; provided control will not be imputed on a bank or licensed lending institution that holds a mortgage or other lien on the person acquired in the ordinary course of business.

(a) When determining whether a person is exercising control, or has the ability to exercise control, over another, the division may consider, among other factors, whether, and to what extent, the person has any power to do the following on behalf of another:

- (i) Adopt or amend governance documents, including articles of incorporation, articles of organization, bylaws, operating agreements, or buy-sell agreements.
- (ii) Cause or prevent a merger, dissolution, equity sale, or asset sale.
- (iii) Elect or remove directors or officers; or elect or remove other positions that exercise authority similar to those of a director or an officer in an Ohio corporation.
- (iv) Exercise voting power similar to a shareholder in an Ohio corporation.
- (v) Exercise voting power similar to a director in an Ohio corporation.
- (vi) Call meetings of the directors or owners.
- (vii) Regulate the authority of the owners, directors, or officers.
- (viii) Issue shares, membership interest, or similar equity.
- (ix) Declare dividends or distributions.
- (x) Enter into contractually binding agreements.
- (xi) Authorize a mortgage, pledge, lien or deed of trust on any real property or personal property.
- (xii) Hire or fire organizations that manage day-to-day operations.

(b) In addition to the listed factors, the division may consider any other factors listed under paragraph (3)(a) it deems relevant. Control may be established whether one, any or none of the factors listed are present.

"Financial interest" means any actual or future right to ownership, or investment, with another person, either directly or indirectly, through business, investment, spouse, parent, or child, in licensed cannabis business. Financial interest does not include ownership of investment securities in a publicly-held corporation that is traded on a national securities exchange or over-



the-counter market in the United States, provided the investment securities held by the person and the person's spouse, parent, or child, in the aggregate, do not exceed ten percent ownership in the licensed cannabis entity.

"Ownership" means a person's, direct or indirect, present ownership interest in a person, including membership interest in a limited liability company, shares of stock in a corporation, or similar equity interests in any other corporate person; or a person's beneficial interest or proprietary interest in an individual or group of individuals. The definition of ownership does not include passive equity interest of less than ten percent in a licensed cannabis business which is for investment purposes only.

"Person" includes, but is not limited to, an individual or a combination of individuals; a sole proprietorship, a firm, a company, a joint venture, a partnership of any type, a joint-stock company, a corporation of any type, a corporate subsidiary of any type, a limited liability company, a business trust, or any other business entity or organization; an assignee; a receiver; a trustee in bankruptcy; an unincorporated association, club, society, or other unincorporated entity or organization; entities that are disregarded for federal income tax purposes; and any other nongovernmental, artificial, legal entity that is capable of engaging in business.