



Transfer of Ownership and License Conversion: Frequently Asked Questions

May 18, 2023

Since Governor Moore signed the Cannabis Reform Act on May 3, 2023, the Maryland Cannabis Administration (MCA) has issued two notices regarding transfers of ownership and license conversions: On May 4, 2023, MCA issued a notice on updated procedures governing the review and consideration of transfer of ownership requests, and on May 12, 2023, MCA issued a notice detailing license conversion, including payment of the required conversion fee. Following dissemination of these notices, MCA has received questions from licensed businesses seeking clarification on the impact of these communications. The following information responds to questions MCA has received to date and reiterates the terms of conversion set forth in the Cannabis Reform Act.

Conversion Fees

If I do not submit a completed and signed conversion memorandum or the required conversion fee, will I be able to operate on July 1?

No. Beginning July 1, 2023, in order for a cannabis business to continue to operate, it must convert its license. **Licensees that do not convert may continue to hold the license for resale, but may not operate as of July 1, 2023.**

When do I need to submit a completed and signed conversion memorandum and the required conversion fee in order to convert my license for July 1?

In order to ensure payments are processed and license(s) converted prior to July 1, 2023, licensees are encouraged to return the conversion notice and make conversion fee payments by **Thursday, June 1, 2023**. The MCA is unable to guarantee that a license will be converted in time for July 1, 2023 sales if the conversion notice and payment is not received by **Friday, June 16, 2023**.

Important: Pursuant to section 36-401 of the Maryland Alcoholic Beverages and Cannabis Article, if a cannabis business license is not converted or conversion fees are not paid by the deadlines stated within the Conversion Fee Notice, the MCA shall suspend the license, an administrative hold will be placed on all cannabis and cannabis products, and **ALL** shipments and sales must cease.

I have submitted a request to transfer ownership of a license, may the transferee submit a conversion memorandum prior to the transfer being approved?

The MCA may allow a licensee to submit a **Conditional Conversion Notice**. This notice is **only for businesses with an active transfer request being considered by the MCA**. To request a **Conditional Conversion Notice**, both the current license holder (transferor) and prospective license holder (transferee) must do the following:

- **Step 1:** Submit a completed and signed [transfer of ownership request](#) to MCA.
- **Step 2:** Send a letter, signed by all parties to the transfer, requesting the issuance of a Conditional Conversion Notice to Conversions.MMCC@maryland.gov.
 - **Note:** This will authorize the MCA to share the transferor's license conversion information with the transferee, and the MCA will issue a Conditional Conversion Notice to the transferee.
- **Step 3:** The transferee must complete and return the Conditional Conversion Notice to the MCA. In order to allow MCA to process the Conditional Conversion Notice, it should be submitted no later than June 16, 2023.
 - **Note:** The transferee may also include the prescribed payment for the transferred license while the transfer request is being processed. **This payment will not be processed until the transfer is approved by the MCA.**

Should a licensee submit a Conditional Conversion Notice, the MCA will be able to immediately process the conversion of the license upon approval of the transfer of ownership. This is intended to reduce the administrative burden on the prospective transferee and promote continuity of operations on July 1, 2023. *The issuance of a Conditional Conversion Notice does not guarantee the approval of the transfer, nor will the conversion be processed until the approved transfer.*

If a Conditional Conversion Notice is submitted by a licensee, and the MCA ultimately determines good cause exists to deny the transfer, the transferor retains the rights to its license and may choose to convert or not to convert its license in the manner prescribed by the initial conversion notice provided by the MCA on May 12.

Transfer Requests

What is the process for reviewing and considering transfers of ownership?

MCA will review and process submissions in the same manner as the Maryland Medical Cannabis Commission. Licensees and registrants should continue to submit requests through MD OneStop and Seamless, as directed on the "Industry Licensees" tab at <https://cannabis.maryland.gov>.

Within 1 business day of a request being submitted through Seamless in the correct form, MCA staff will confirm receipt of a submission to the authorized point of contact for the licensee or registrant. MCA will process a request **within 30 days of receiving a complete application**. If

an application is incomplete due to unclear or missing information or documents, MCA will contact the authorized point of contact to supplement the submission. If any prior unauthorized transfers of ownership are discovered in the course of reviewing a transfer request, that compliance violation must be resolved before a final decision is made on the present transfer request. A final agency decision on a transfer will be made by the MCA Director, and communicated in writing to the licensee. This will be the exclusive method of communicating MCA decisions on these matters.

What does this mean for pending requests in advance of the July 1 transition to medical and adult-use sales?

MCA encourages any licensee seeking to transfer ownership of a license to submit the request as soon as possible.

MCA will work to process all transfer requests within the stated 30-day timeline. However, this timeline requires that (1) the request is complete in every material detail and (2) the licensee does not have outstanding compliance matters that may prevent or delay transfer.

If a request is submitted after June 1, 2023, is not complete in every material detail, the licensee has outstanding compliance matters, or a compliance matter is discovered during review of the transfer request, then MCA is unable to guarantee review and consideration of the request prior to July 1, 2023.

Can I operate on July 1 if I have a transfer request pending and have submitted a Conditional Conversion Notice?

No. Beginning on July 1, 2023, a business must possess a converted standard medical and adult-use cannabis license issued by MCA in order to operate. The MCA will only issue a standard license if a pending transfer of ownership of a license is processed, a completed and signed conversion fee notice is submitted, and all required fees are paid.

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