

Guidance for Registered Marijuana Dispensaries Regarding Corporate Conversion

October 2017

This document was issued originally by the Department of Public Health (DPH). As part of the transfer of the medical-use of marijuana program on or before December 31, 2018, the Commission adopted this document. We suggest that you remain current with the applicable medical-use marijuana laws, which include M.G.L. c. 94I and 935 CMR 501.000, and periodically check for revisions to this document before relying on its contents. Questions with regards to this document may be directed to CannabisCommission@Mass.gov

The purpose of this guidance is to inform you of updated policies related to Registered Marijuana Dispensaries (“RMD”) and the conversion of non-profit corporations to domestic business corporations as authorized by Section 72 of Chapter 55 of the Acts of 2017 (“2017 Act”) (see attachment). The Cannabis Control Commission (“Commission”) interprets the 2017 Act to allow existing applicants and registrants to convert from G.L. c.180 non-profit corporations to domestic business corporations according to the procedures established by the Secretary of State’s Office, and to allow new applicants to choose whether to file as a non-profit corporation or a domestic business corporation.

Existing Applicants or Registrants

Step 1. An RMD with either a Provisional Certificate of Registration or a Final Certificate of Registration, or an applicant with an application pending before the Commission must complete the conversion documents provided by the Secretary of State’s office in order to convert from a non-profit corporation.

Step 2. The completed conversion documents must be submitted to the Medical Use of Marijuana Program (“Program”) for certification that the registrant is a registrant with the Commission or the applicant has an application pending before the Commission.

Step 3. If the registrant or applicant is eligible for certification, the Program will certify the conversion documents and return them to the registrant or applicant. If the registrant or applicant is not eligible, the Program will inform the registrant or applicant that it is not eligible.

Step 4. The registrant or applicant files the certified documents with the Secretary of State’s office.

Step 5. Upon completion of the conversion process, the registrant or applicant must obtain a Certificate of Good Standing that reflects their status as a domestic business corporation pursuant to G.L.c.156D and file it with the Commission as an update pursuant to 105 CMR 725.100(F)(4). The registrant or applicant should also notify the Commission if any other documentation that has been submitted to the Commission has been modified or will no longer be in effect as a result of the conversion.



All submissions regarding Non-Profit Conversion should be submitted to:

Department of Public Health
Medical Use of Marijuana Program
Non-Profit Conversion
99 Chauncy Street, 11th Floor
Boston, MA 02111

New Applicants

An applicant filing a new application may apply as a non-profit corporation or a domestic business corporation organized for general nonprofit or business purposes, respectively. If the applicant applies as a non-profit corporation, it shall be required to comply with the 105 CMR 725.100(A)(1) and the Guidance for Registered Marijuana Dispensaries Regarding Non-Profit Compliance (<http://www.mass.gov/eohhs/docs/dph/quality/medical-marijuana/applications/non-profit-compliance-guidance.pdf>). When filing a new application, please thoroughly read the information provided regarding the application process and the application instructions on the Commission's application process webpage (<http://www.mass.gov/eohhs/gov/departments/dph/programs/hcq/medical-marijuana/rmd-application-process.html>)

If you have any questions regarding the procedures provided in this Guidance, please contact (833) 869-6820 or MedicalMarijuana@state.ma.us.

Chapter 55 of the Acts of 2017
Section 72

Notwithstanding any general or special law to the contrary, any person with a provisional or final certification of registration as of July 1, 2017 to dispense medical use marijuana, or any application pending before the department of public health which has not received provisional or final certification of registration, shall be entitled to convert from a non-profit corporation organized under chapter 180 of the General Laws into a domestic business corporation or a domestic other entity pursuant to chapter 156 of the General Laws, or any other such domestic business entity as permitted by the General Laws, by adopting a plan of entity conversion in accordance with section 9.51 of chapter 156D of the General Laws approved by a vote of $\frac{2}{3}$ of the members of its board of directors at a meeting duly called for the purpose or by unanimous written consent; provided, however, notwithstanding any law to the contrary, any plan of entity conversion adopted by an any medical use marijuana licensee or any application for a medical use marijuana license pending before the Massachusetts cannabis control commission which has not received provisional or final certification of registration shall not be required to be approved in accordance with the organic law of the non-profit corporation organized under said chapter 180. Articles of entity conversion shall be signed and submitted to the secretary of the commonwealth in the manner prescribed in and subject to section 9.53 and section 9.55 of said chapter 156D on a form prescribed by the secretary of the commonwealth and the secretary of the commonwealth shall approve all such filings submitted pursuant to this section. For the purposes of converting from a non-profit corporation organized under said chapter 180 into a domestic business corporation or a domestic other entity pursuant to said chapter 156, notwithstanding any provision in the articles of organization applications pending before the Massachusetts cannabis control commission which have not received provisional or final certification of registration to the contrary, the members of its board of directors may determine that such plan of entity conversion is consistent with its purpose and such non-profit corporation shall be entitled to surrender its articles of organization in connection with the plan of entity conversion. Notwithstanding any law to the contrary, neither the entity conversion nor the issuance of any shares, interests, or other securities, obligations, rights to acquire interests or other securities, cash, other property or any combination of the foregoing, set forth in or resulting from the plan of entity conversion shall be subject to taxation or result in the imposition of any tax by the commonwealth.

THIS IS A COURTESY COPY AND NOT AN OFFICIAL COPY OF THE LEGISLATION. THE FULL TEXT OF CHAPTER 55 OF THE ACTS OF 2017 MAY BE OBTAINED FROM THE WEBSITE OF THE GENERAL COURT AT:

<https://malegislature.gov/Laws/SessionLaws/Acts/2017/Chapter55>