



REGULATION CONCERNING LICENSING REQUIREMENTS AND PROCEDURES

K.R.L. c. C-4, r-3

Enacted by Mohawk Council Executive Directive (MCED) #82/2021-2022 on October 18, 2021

Prohibition

1. No person may conduct any commercial cannabis activity within or from the Mohawk Territory of Kahnawà:ke without holding both an appropriate licence issued under this regulation and an equivalent licence issued by Health Canada, if applicable.
2. The provisions of this Regulation are subject to the specific requirements of the Regulation concerning Cultivation, Processing and Distribution and the Regulation concerning Dispensaries and Dispensary Licences.

Definitions

3. The definitions provided in the Kahnawà:ke Cannabis Control Law have the same meaning in this Regulation.
4. For the purposes of this Regulation and its Schedules:

“annual licensing fee” means the annual licensing fees set out in Schedule “E”;

“applicant” means any person that has applied for licence under this Regulation;

“application” includes an application submitted to the Board for a licence under this Regulation, including a renewal application;

“application deposit” means the deposit that must accompany an application—used to pay the actual costs incurred by the Board to conduct due diligence investigations and reviews as required by this Regulation;

“Approved Agent” means a person appointed by the Board to carry out certain functions for and on behalf of the Board;

“Board” means the Kahnawà:ke Cannabis Control Board;

“decision” includes:

- (a) conduct engaged in making a decision;
- (b) conduct related to making a decision; and
- (c) failure to make a decision.

“dishonest act” includes fraud, misrepresentation, theft and any other act or omission which the Board deems to be a dishonest act;

“fiscal year” means the period beginning on April 1 in one year and ending on March 31 in the next year;

“key person” means a person identified as a key person in this Regulation;

“key relationship” means a relationship between a licence holder and another person as a result of which the other person is a key person;

“Law” means the *Kahnawà:ke Cannabis Control Law*, K.R.L. c. C-4;

“licence” means a licence issued by the Board;

“licence holder” means the holder of a valid licence;

“material change” means a change that affects an applicant or licence holder, including but not limited to:

- (a) the appointment of a new Director;
- (b) the addition of a new Shareholder with ten percent (10%) or more ownership of or controlling interest in the applicant, licence holder;
- (c) the addition, termination or change in functions of a key person;
- (d) a change to a system that affects, or may affect, the licence holder’s operations; and
- (e) a change to the contact information previously provided to the Board;

“non-compliance warning” means a written warning issued by the

Board to a licence holder that has, in the sole discretion of the Board, failed to fulfill one or more requirements of this Regulation. A non-compliance warning will include the following information:

- (a) name of licence holder;
- (b) date;
- (c) section or sections of the Regulations with which the licence holder has failed to comply;
- (d) details of the non-compliance;
- (e) directions from the Board to the licence holder that must be followed to achieve compliance;
- (f) deadlines by which the Board's directions must be implemented by the licence holder.

“Operating Licences” means:

- (a) Standard Cultivation Licence;
- (b) Micro-cultivation Licence;
- (c) Standard Processing Licence;
- (d) Micro-processing Licence;
- (e) Distribution Licence;
- (f) Dispensary Licence; and
- (g) such new categories of licences the Board may determine are necessary from time to time;

“Show Cause Notice” means the notice provided by the Board to a licence holder, as set forth in this Regulation;

“Show Cause Period” means the period set forth in this Regulation;

“Show Cause Procedure” means the procedure set forth in this Regulation;

“total cannabis revenue” meaning the total revenue generated by the sale of cannabis or cannabis-related products by the licence holder Micro-cultivation licence holder, a Standard Cultivation licence holder, a Micro-processing licence holder or a Standard Processing licence holder;

Categories of Licences

5. The Board may issue a restricted number of licences in the following categories:
 - (a) Standard Cultivation Licence;
 - (b) Micro-cultivation Licence;
 - (c) Standard Processing Licence;
 - (d) Micro-processing Licence;
 - (e) Distribution Licence;
 - (f) Dispensary Licence;
 - (g) Key Person Licences and;
 - (h) such new categories of licences the Board may determine are necessary from time to time
6. A licence holder may hold a licence from more than one category.
7. Notwithstanding any other provision of the Law or this Regulation, a Standard Cultivation Licence and a Standard Processing Licence will only be issued to an entity in which the Mohawk Council of Kahnawà:ke, or an entity created by the Mohawk Council of Kahnawà:ke on behalf of the Community of Kahnawà:ke, has an ownership interest to ensure a community-wide benefit, unless Mohawk Council of Kahnawà:ke has expressly foregone the ownership interest in writing.

Breaches

8. Any breach of the Law or this Regulation by a licence holder may result in the Board levying one or more of the following sanctions:
 - (a) a non-compliance warning;
 - (b) suspension or revocation of the subject licence;
 - (c) a fine of not less than One Thousand (\$1,000.00) Dollars and not more than One Hundred Thousand (\$100,000.00) Dollars.

Costs incurred by the Board

9. All applicants are responsible to the Board for all costs incurred by the Board related to the processing of an application. In the event these costs exceed the amount of the application deposit provided in Schedule "D", the Board will notify the applicant in writing to

provide a supplementary payment in such amount as the Board may determine. In the event the Board does not receive payment of the supplementary payment within ten (10) days of the date of the Board's notice to the applicant, processing of the application will be suspended until the supplementary payment is received or, if a licence has already been granted, the licence may be suspended or revoked. In the event the Board's costs are less than the amount of an application deposit, the balance will be refunded to the applicant.

Form of Licence

10. A licence will be in the form prescribed by the Board and may, in addition to any other matter which the Board deems to be appropriate, specify:
 - (a) the category of licence;
 - (b) the name, address, telephone number, fax number and email address of the licence holder;
 - (c) address and physical coordinates of the premises at which business activities are proposed to be conducted: (for example: Lot/Block numbers or GPS coordinates and Google Earth screenshot or aerial photograph of the premises);
 - (d) commencement and termination dates of the licence;
 - (e) any other terms and conditions that the Board in its sole discretion considers necessary or desirable;
 - (f) a clause stating that the Board and its members, employees and agents are not liable for any damages, losses, costs or liabilities incurred by a licence holder; and
 - (g) a clause stating that the licence holder has agreed to indemnify the Board against any claims, demands or actions and any resulting damages, awards or costs (including legal costs) brought by any third party against the Board in relation to the acts or omissions of a licence holder.

11. A licence issued by the Board under this Regulation:
 - (a) subject to the provisions of this Regulation, may be amended, suspended or revoked for any breach of the Law, this Regulation, the terms and conditions of the licence or any direction issued by the Board, and;
 - (b) is not valid unless and until all prescribed fees and contributions have been paid in full.

Transfer of Licences

12. A licence may not be sold, transferred or assigned except with the prior written approval of the Board.

Due Diligence Investigations

13. The Board, or such person as the Board may appoint as an Approved Agent for the purpose, will conduct a thorough due diligence investigation to determine an applicant's suitability to hold a licence.
14. The Board, or such person as the Board may appoint as an Approved Agent for the purpose, may at any time after a licence has been granted, investigate a licence holder if the Board reasonably suspects the licence holder is not, or is no longer, suitable to hold a licence.
15. For the purpose of investigating an applicant or licence holder the Board may by written notice direct the applicant or licence holder to provide the Board such information or documentation the Board considers relevant to the investigation, and the applicant or licence holder must comply with the direction.
16. The Board may consider an applicant suitable to hold a licence, if the applicant satisfies the Board that:
 - (a) in the case of an individual, the applicant is a person of good character, honesty and integrity; taking into consideration any matter the Board considers relevant, including but not limited to the following:
 - (i) personal, professional and business associations;
 - (ii) history of criminal convictions;
 - (iii) history of civil litigation;
 - (iv) credit history or bankruptcies;
 - (v) personal and professional references;
 - (vi) education, training and work history; and
 - (b) in the case of a corporation, the applicant has:
 - (i) a good business reputation, sound current financial position and financial background;
 - (ii) arranged a satisfactory ownership and corporate structure;

- (iii) the appropriate resources, services, skills and technical ability to conduct the operations authorized by its licence;
- (iv) each director, shareholder with ten percent (10%) or more ownership of or controlling interest in the corporation and key person, is a suitable individual; and
- (v) any other matter prescribed under this Regulation, under a law applicable within the Territory or which the Board otherwise deems appropriate.

Licences

- 17. Subject to the provisions of this Regulation, the holder of a valid licence is entitled to conduct such activities as are permitted by that licence.
- 18. In consultation with the Mohawk Council of Kahnawà:ke and the Health and Safety Committee, the Board may at any time and in its sole discretion limit the number of licences that are issued in any category.
- 19. No person is eligible to apply for or hold a Standard Cultivation Licence, a Micro-cultivation Licence, a Standard Processing or a Micro-processing Licence, unless the facility from which operations are intended to be conducted has been inspected, certified and licensed by the health and safety authorities designated by the Board, which may include Health Canada officials.
- 20. Only a procurement entity established by the Mohawk Council of Kahnawà:ke is eligible to apply for and hold a Distribution Licence.

Application for Operating Licence

- 21. To be considered by the Board, an application for an Operating Licence must include the following, duly completed as required:
 - (a) an application, in the form attached as Schedule “A” to this Regulation, including the documents required by Schedule “A”;
 - (b) business entity information, in the form set out in Schedule “B” to this Regulation;
 - (c) personal information, in the form attached as Schedule “C” to this Regulation, for an individual applicant and for each director and shareholder with ten percent (10%) or more ownership of or controlling interest in a corporate applicant;

- (d) an application for a Key Person Licence, in the form attached as Schedule “A” to this Regulation, for each of the proposed key persons;
- (e) personal information, in the form attached as Schedule “C” to this Regulation, for each of the proposed key persons;
- (f) Key Person Licence application deposit, as provided in Schedule “D” to this Regulation;
- (g) a detailed business plan which must include:
 - (i) information about structure, equipment and services to be offered by the facility the applicant proposes to operate;
 - (ii) source of finances to be used to build and maintain the proposed operation;
 - (iii) description of physical and computer security systems;
 - (iv) such other information as the Board may request;
- (h) application deposit in the amount set out in Schedule “D”, which is the estimated cost of conducting the investigations and reviews required by this Regulation.

22. The Board may grant an Operating Licence only if the applicant satisfies the Board that:

- (a) the premises at which the proposed facility is to be operated is suitable for the purpose;
- (b) the applicant has the knowledge, experience and skills that are necessary to conduct the operations authorized by the licence;
- (c) the applicant satisfies the eligibility requirements of the Law and its Regulations, and is suitable to hold a licence;
- (d) in the case of a corporate applicant, each director, shareholder with ten percent (10%) or more ownership of or controlling interest in the applicant, is a suitable person;
- (e) each of the applicant’s key persons are suitable persons;
- (f) the applicant has a good business reputation, sound current financial position and financial background; and
- (g) the applicant has satisfied any other requirement that the Board, in its sole discretion, deems appropriate.

23. Notwithstanding any provision of this Regulation, if the Board determines that it is appropriate from a regulatory perspective to do so, it may issue a Standard Cultivation Licence and a Standard Processing Licence to an entity that is located outside the Territory, as long as the Board is satisfied there is a benefit to the Community of Kahnawà:ke for doing so.

Stages for Processing Operating Licence

24. Unless the Board otherwise directs, an application for an Operating Licence will be considered in the following three (3) stages.

Stage 1

To initiate Stage 1, the Board must receive fully completed application forms, excepting only Key Person Licence applications, and fees as required by this Regulation.

To successfully complete Stage 1, the following matters must be completed to the satisfaction of the Board:

- (a) due diligence investigations on the applicant, proposed investors and any other persons or entities identified by the Board;
- (b) a preliminary review of the proposed location of the building, floor plan and parking areas, as described in the application, must be completed to the satisfaction of the Board;
- (c) a detailed description of all physical and computer security systems to be implemented in the proposed operation;
- (d) the Board must be satisfied that, using a process of its choosing, residents in close proximity to the location, have been appropriately informed of, and consulted about, the proposed facility;
- (e) such other matters as the Board may direct.

For the purposes of this Regulation, “close proximity” means within 300 metres, or such other distance as the Board may determine is appropriate, based on the circumstances of any given case.

At the successful completion of Stage 1, the Board will provide the applicant written confirmation that the application has been provisionally approved. The applicant may not operate or open its facility to the public.

Stage 2

To initiate Stage 2, the applicant must provide to the Board a written request to initiate Stage 2 and the request must be approved by the Board. The written request must be accompanied by the following information and documentation:

- (a) proof of adequate insurance coverage for the applicant's facility and for persons within the facility; and
- (b) such additional information and documentation that the Board may request.

The Board will review the information and documentation provided by the applicant and will provide such direction that the Board may deem appropriate.

To successfully complete Stage 2, the following matters must be completed to the satisfaction of the Board:

- (a) a final detailed description of the building, floor plan and parking areas of the applicant's facility must be submitted to the Board for approval;
- (b) detailed descriptions of the equipment and supplies that are proposed to be operated and used within the applicant's facility must be submitted to the Board for approval;
- (c) all information and documentation provided by the applicant has been verified as complete, accurate and suitable for the purpose; and
- (d) the applicant has complied or will comply with any directions the Board has provided during Stage 2.

At the successful completion of Stage 2, the Board will issue to the applicant a Conditional Operating Licence which may, among other things, identify the equipment that may be installed in the applicant's facility during Stage 3 of the application. The applicant may not operate or open its facility to the public.

Stage 3

To initiate Stage 3, the applicant must provide to the Board a written request to initiate Stage 3 and the request must be approved by the Board.

During Stage 3 the Board must be provided:

- (a) proof, satisfactory to the Board, that the applicant's facility, floor plan and parking areas have been approved by all necessary fire, safety and health authorities;

- (b) Key Person Permit application forms, as required by this Regulation, for each Key Person the applicant intends to employ; and
- (c) information, the form and content of which must be satisfactory to the Board, about any investor, management company, consultant or any other person that will, in the sole discretion of the Board, have a significant role in the financing, operation or management of the applicant's facility or of equipment to be located in the facility;
- (d) the applicant will install the appropriate equipment and related systems within the facility;
- (e) the Board, or agents acting on behalf of the Board, will conduct such inspections, testing and other verifications of the applicant's facility and of equipment and related systems within the facility, and of any other matter the Board may direct;
- (f) the Board will issue to the applicant such other directions as the Board, in its sole direction, deems appropriate.

To successfully complete Stage 3:

- (a) due diligence investigations on key persons, managers, suppliers, investors, management companies, consultants and any other persons or entities identified by the Board must be conducted and completed to the satisfaction of the Board;
- (b) the Board must be satisfied that the applicant, the applicant's facility (including floor plan and parking area), equipment and related systems within the facility and any related matters are in full compliance with the requirements of this Regulation: and
- (c) the Board must be satisfied there are no other outstanding matters that must be addressed.

The applicant may not operate or open its facility to the public during Stage 3.

At the successful completion of Stage 3, the Board will issue to the applicant the appropriate Operating Licence.

Upon the issuance of the appropriate Operating Licence, the applicant's facility may commence operations or to be opened to the public.

Decisions

25. Subject to the foregoing sections, the Board will consider an application for an Operating Licence and will:
- (a) grant the application and issue a licence, for a probationary period of six (6) months (the “probationary period”);
 - (b) deny the application: or
 - (c) return the application to the applicant with a request for additional information.

Term of Licences

26. Subject to the probationary period, an Operating Licence will be granted for a fixed term of five (5) years, or such other period of time that the Board may determine.

Application denied

27. The Board, in its sole discretion, may deny any application even if the requirements set out in this Regulation have been met.
28. In the event an application is denied, the Board will give its reasons for the refusal in writing to the applicant.
29. A decision by the Board may be reviewed by the Administrative Tribunal in accordance with the *Kahnawà:ke Justice Act* and its applicable regulations.

Application granted

30. When an application for an Operating Licence is granted, the Board will notify in writing:
- (a) the applicant;
 - (b) the community of Kahnawà:ke, by publication in local media;
 - (c) the Mohawk Council of Kahnawà:ke;
 - (d) the Health and Safety Committee;
 - (e) the Kahnawà:ke Peacekeepers;
 - (f) Health Canada;
 - (g) such other interested parties as the Board deems appropriate.
31. Not less than thirty (30) days prior to the expiry of the six (6) month

probationary period, the Board will review the licence holder's performance during the probationary period, and will in particular consider whether the licence holder has fully complied with the terms and conditions of its licence, any directions issue by the Board, this Regulation and any other law applicable within the Territory.

32. As soon as possible after the review referred to in the foregoing section 31, and in any event prior to the expiry of the initial six (6) month, the Board will, based on the information reviewed:
- (a) continue the licence for a term not exceeding five (5) years;
 - (b) not continue the licence; or
 - (c) extend the term of probationary period for another three (3) months.
33. A licence may not be extended pursuant to subsection 32(c) more than once.

Key Person Licences

34. For the purposes of this Regulation, there are two types of key persons, namely: persons who are employed or contracted by a licence holder to perform either:
- (a) key managerial functions; or
 - (b) key operational functions.
35. Any person who performs a key managerial function or a key operational function for a licence holder, or who is deemed to be a key person under this Regulation, must apply for a Key Person Licence.
36. Notwithstanding any other provision of this Regulation, the issuance of a Key Person Licence does not remove overall responsibility from the licence holder for the acts or omissions of a key person.
37. The holder of an Operating Licence must designate at least two (2) key persons: one who performs key managerial functions and one who performs key operational functions for or on behalf of the licence holder.
38. Notwithstanding any other provision of this Regulation, persons holding the following titles or performing the functions normally associated with these titles, are deemed to be performing key managerial functions for or on behalf of an applicant, licence holder:

- (a) Chief Executive Officer;
- (b) Chief Operating Officer;
- (c) Chief Financial Officer;
- (d) Office Manager.

Application for Key Person Licence

39. The Board will grant an application for a Key Person Licence only if the person applying for the Key Person Licence satisfies all of the following requirements:

(a) he or she has submitted to the Board:

- (i) a duly completed application for a Key Person Licence, in the approved form;
- (ii) personal information, in the approved form;
- (iii) a letter from the proposed Operating Licence holder addressed to the Board confirming the existence or proposed existence of the key relationship, the type of key function the proposed key person will perform and the type of training the proposed key person has received that would qualify him or her to perform the proposed key person function;
- (iv) Key Person Licence application deposit in the amount of set out in Schedule "D", which is the estimated cost of conducting investigations regarding the applicant.

(b) the Board is satisfied the applicant is a suitable person.

40. Subject to the foregoing sections, the Board will promptly consider the application and will:

- (a) grant the application and issue a Key Person Licence;
- (b) deny the application; or
- (c) return the application to the applicant with a request for additional information.

41. The Board may issue a Key Person Licence:

- (a) on conditions the Board considers necessary or desirable; and
- (b) on other conditions the Board considers necessary or desirable in the public interest.

42. In the event an application for a Key Person Licence is denied, the Board will give its reasons for the refusal in writing to the applicant and to the Operating Licence holder with whom the person was proposed to have a key relationship.
43. In the event an application is granted the Board will notify in writing, the key person and the Operating Licence holder with whom the person is to have the key relationship.
44. A person must not accept employment or provide services as a key person with an Operating Licence holder or agree to carry out the duties of a key person, unless the person has applied for and been granted a Key Person Licence.
45. An Operating Licence holder must not employ a person to carry out the functions of a key person, unless the person has applied for and been granted a Key Person Licence.
46. Notwithstanding any other provision of this Regulation, if the Board reasonably believes a person, other than a Key Person Licence holder, is performing either key managerial function or key operational functions, the Board may, by written notice given to the person, with copies to the Operating Licence holder with whom the key relationship exists, direct the person either to apply for a Key Person Licence or to terminate the relevant key relationship, within seven (7) days of receiving the notice.
47. The person must comply with the Board's direction within seven (7) days of receiving the notice or such other period of time that the Board may specify in the notice, failing which the Board may impose one or more of the sanctions provided in section 8.
48. If, as a result of receiving a direction pursuant to section 46, an Operating Licence holder elects to terminate the relevant key relationship:
 - (a) the Board must be provided proof, satisfactory to the Board, that the key relationship has in fact been terminated; and
 - (b) the Operating Licence holder must identify the person who will perform the functions that were previously provided by the person who was terminated and, unless the Board directs otherwise, the new person must apply for a Key Person Licence, failing which the Board may impose one or more of the sanctions provided in section 8.
49. If the Board denies an application for a Key Person Licence, the Board will, by written notice given to the person, with copies to the Operating Licence holder with whom the key relationship exists, require the person to terminate the relevant key relationship within the time stated in the notice and the Operating Licence holder must

comply with the requirement within the time stated in the notice.

50. An Operating Licence holder does not incur any liability under this Regulation as a result of action taken to comply with a notice under the foregoing section 49.
51. A Key Person Licence may be granted for a term not exceeding five (5) years but may be renewed an unlimited number of times.
52. A Key Person Licence will be in the form prescribed by the Board and will include the following:
 - (a) the key person's name;
 - (b) a recent photograph of the key person;
 - (c) the date of issue and termination of the licence;
 - (d) the conditions of the licence, if any; and
 - (e) other conditions or particulars the Board deems to be appropriate.
53. A Key Person Licence lapses if there has been no key relationship between the key person and an Operating Licence holder for a continuous period of six (6) months.

Posting Security for Operations

54. The Board will decide whether an Operating Licence holder should post security for the costs and expenses incurred by their operations and, if so, determine the type and amount of security that an Operating Licence holder must provide, how the security is to be held and for what period of time.
55. In the event an Operating Licence holder does not fulfill its obligations to the Board or any other person, the Board may take such measures, as may be required, to use the security provided by the Operating Licence holder to satisfy the obligation in question.
56. The types of security may be one or more of the following:
 - (a) a bond;
 - (b) insurance;
 - (c) a lien or charge against:
 - (i) physical assets; or
 - (ii) accounts receivable;

- (d) cash deposit; or
 - (e) such other type of security that is satisfactory to the Board.
57. The type and amount of security may vary according to the circumstances of the Operating Licence holder.
58. The type and amount of security may be varied by the Board, in its sole discretion, upon application by a licence holder.

Material Change Reports

59. Every licence holder must report to the Board any material changes to the information that was provided to the Board for the purposes of an application (a “material change report”).
60. A material change report must be in writing, must clearly identify the material change in question and must be received by the Board:
- (a) wherever possible, at least thirty (30) days prior to the date on which the proposed material change is to be effective; or
 - (b) in any event, not later than seven (7) days from the date on which the material change was effective.
61. The costs incurred by the Board, associated with its assessment of a material change report, will be paid to the Board by the licence holder or applicant that submitted the report, upon being presented the appropriate invoice.
62. Failure to report a material change to the Board as required by this Part may result in one or more of the following sanctions provided in section 8.
63. In the case of an application, failure to report a material change is a sufficient ground for denial of the application.
64. The Board will consider the information in a material change report, including a material change report that is received after the material change is effective, and will issue such written directions to licence holder or applicant as the Board, in its sole discretion, deem necessary and appropriate under the circumstances.
65. Notwithstanding any other provision of this Regulation, an Operating Licence holder must notify the Board in writing that is considering voluntarily terminating its licence at least sixty (60) days before the date of the proposed termination.

Renewals

66. All licences must be renewed in accordance with the procedures in

this part. Failing to do so will result in the licence automatically terminating on the date on which its term expires.

67. An application to renew licence must be submitted to the Board in the approved form (a “renewal application”).
68. A renewal application must be received by the Board not less than three (3) months prior to the date on which the term of the licence expires.
69. To be considered by the Board, a renewal application must contain all of the information requested in the approved form and be accompanied by a renewal application deposit in the amount of set out in Schedule “D”.
70. Subject to the foregoing section, the Board will promptly consider the renewal application and will:
 - (a) grant the renewal application and renew the licence for a period of five (5) years;
 - (b) deny the renewal application; or
 - (c) return the renewal application with a request for additional information.
71. In the event an application is denied, the Board will give its reasons for the refusal in writing to the applicant.
72. In deciding whether to grant a renewal application, the Board will consider:
 - (a) any material changes to the information previously provided to the Board;
 - (b) complaints, concerns or problems that may have arisen in the previous term related to the licence holder;and will deny the renewal application if, in the Board's sole discretion, the material changes, complaints, concerns or problems are sufficiently serious or numerous.
73. A licence that is renewed under this Part continues to be subject to the all provisions of this Regulation.

Amendments

74. The Board may amend any term or condition of an Operating Licence if the Board considers it is necessary or desirable to make the amendment for the proper operation of a commercial cannabis facility or that the amendment is otherwise in the public interest.

75. If the Board decides to amend an Operating Licence, the Board must promptly give the licence holder written notice (the “amendment notice”) of the change and the reasons for the change.
76. The authority of the Board under section 75 includes the authority to add such new terms or conditions as the Board, in its sole discretion, deems appropriate.
77. Before amending an Operating Licence, the Board must follow the ‘show cause’ procedures set out in this Regulation.
78. An amendment takes effect on the date set by the Board.

Suspensions and revocations

79. The Board may suspend or revoke a licence, on one or more of the following grounds:
 - (a) the licence holder no longer has, in the Board’s sole discretion, a good business reputation or sound current financial position;
 - (b) one or more of the persons that own, control or are key persons of the licence holder are no longer, in the Board’s sole discretion, suitable to be licensed under this Regulation;
 - (c) in the case of a Key Person Licence, the person is no longer, in the Board’s sole discretion, suitable to be licensed under this Regulation;
 - (d) the licence holder has breached a provision of the Law or this Regulation;
 - (e) the licence holder has failed or refused to pay a fine imposed by the Board in accordance with a provision of this Regulation;
 - (f) the licence holder has been convicted of an indictable offence, felony or other crime the Board, in its sole discretion, results in the licence holder no longer being suitable to be licensed under this Regulation;
 - (g) the licence holder has contravened a term or condition of its licence or has failed to pay any fee that the licence holder is required to pay under this Regulation, or as directed by the Board;
 - (h) the licence holder is insolvent, has been petitioned into bankruptcy or has applied to take advantage of any bankruptcy law;
 - (i) the licence holder has a trustee, receiver, manager,

liquidator or administrator appointed for it under the provisions of the laws of any jurisdiction;

- (j) the licence holder applies for, or is compelled by any means or for any reason, for a discontinuance or winding-up;
- (k) the licence was obtained by a materially false or misleading representation or in some other improper way;
- (l) the Board determines, in its sole discretion, that the continuation of a licence adversely affects, or could adversely affect, Kahnawà:ke's jurisdictional integrity or reputation; or
- (m) any other ground that the Board, in its sole discretion, determines is material and sufficient for the purposes of this section.

80. If the Board directs the licence holder to rectify a matter in a non-compliance warning and the licence holder fails to comply with the direction within the time allowed for compliance, the Board may, subject to the provisions of this Regulation, revoke the licence or suspend it for such period of time and on such conditions for reinstatement as the Board deems appropriate.

Show Cause Procedures

81. Before amending, suspending, withdrawing or revoking a licence, the Board must give the licence holder a written notice (a "show cause notice") that:

- (a) states the action (the "proposed action") the Board proposes taking;
- (b) states the grounds for the proposed action;
- (c) outlines the facts and circumstances forming the basis for the grounds;
- (d) if the proposed action is suspension, states the proposed suspension period; and
- (e) permits the affected person or persons to show within a stated period (the "show cause period") why the proposed action should not be taken.

82. The show cause period will be established by the Board and will be specified in the show cause notice.

83. The Board will determine the length of the show cause period which must, in no event, be less than thirty (30) days or longer than ninety (90) days from the date on which it is issued.

84. The Board must promptly serve a copy of the show cause notice on each person (an “interested person”) the Board believes has an interest in the licence, if the Board considers:
- (a) the person’s interest may be affected adversely by the amendment, suspension or cancellation of the licence; and
 - (b) it is otherwise appropriate in the circumstances to give copy of the notice to the person.
85. A person upon whom a copy of the show cause notice is served may, within the show cause period, make written representations about the matters raised in the notice to the Board.
86. The Board will consider all written representations (the “accepted representations”) made during the show cause period by:
- (a) the affected licence holder; or
 - (b) any interested person upon whom a copy of the show cause notice is served.
87. Notwithstanding any other provision of this Regulation, the Board may amend, suspend, withdraw or revoke a licence immediately and without the necessity of a show cause period, if the Board believes:
- (a) a sufficient ground exists to amend, suspend or revoke the licence; and
 - (b) the circumstances are so extraordinary that it is imperative to amend, suspend or revoke the licence immediately to ensure:
 - (i) the public interest is not affected in an adverse and material way; or
 - (ii) the integrity of the licence holder’s operations is not jeopardized in a material way.
88. An immediate amendment, suspension or revocation:
- (a) must be affected by written notice served on the licence holder (the “notice or immediate amendment, suspension or revocation”), and any interested person;
 - (b) is effective from the moment the notice is served;
 - (c) continues in effect until a hearing date or until the Board otherwise directs; and

- (d) will specify a show cause period.
89. Notwithstanding any other provision of this Regulation, a licence holder may voluntarily suspend or terminate his, her or its own licence by giving at least thirty (30) days written prior notice to the Board.
90. A voluntary suspension of a licence:
- (a) is not effective unless accepted in writing by the Board;
 - (b) does not suspend, interrupt or negate the requirement to pay annual licensing fees for that licence; and
 - (c) unless the Board otherwise directs, does not relieve the licence holder from any other obligations under the Law or this Regulation.
91. In the event a licence is revoked by the Board or voluntarily terminated by the licence holder, the licence holder must not remove any assets or equipment from the Territory until it has:
- (a) satisfied all of its obligations to the Board, including the payment of fees;
 - (b) provided evidence, satisfactory to the Board, that the licence holder has satisfied its obligations to the Board's Approved Agents.
92. When the requirements of section 91 have been fulfilled, the Board will provide the licence holder with written notice confirming the licence holder may remove its assets and equipment from the Territory.

Show Cause Hearings

93. A licence holder who has received a show cause notice or notice of immediate amendment, suspension or revocation, may, within the show cause period, request a hearing before the Board to respond to the matters raised in the show cause notice.
94. Upon receiving a request for a hearing, the Board will set a time and place for the hearing and will immediately notify the licence holder in writing (the "hearing notice") of time and place of the hearing.
95. At the hearing, the licence holder will have the opportunity to bring written and oral evidence to respond to the matters raised in the show cause notice.
96. The Board may issue additional rules to govern the procedures to be followed at a hearing, in lieu of which, proceedings will follow

accepted rules of fairness and natural justice.

97. In the event the affected licence holder fails or refuses to attend a hearing at the time and place set out in the hearing notice, the Board may, in its sole discretion, take one or more of the following actions:

- (a) adjourn the hearing to another time and place;
- (b) confirm and continue the amendment, suspension or revocation;
- (c) impose a fine on the affected licence holder of not less than One Thousand (\$1,000.00) Dollars and not more than One Hundred Thousand (\$100,000.00) Dollars;
- (d) issue such other directives as the Board deems necessary.

98. If, after considering the accepted representations, or in the case of a hearing, the evidence adduced before it, if any, the Board finds that:

- (a) a ground or grounds exist to amend, suspend or revoke the licence; or
- (b) the act, omission or other matter constituting the ground is of a serious and fundamental nature and either:
 - (i) the integrity of the licence holder's operations may be compromised in a material way;
 - (ii) the public interest may be affected in an adverse or material way;
 - (iii) the credibility or reputation of the Board, the Territory of any person or entity within the Territory is, or may be, negatively affected;

the Board may amend or revoke the licence or suspend the licence for such period of time and on such conditions of re-instatement as the Board deems appropriate.

99. The Board must promptly serve written notice of the decision to amend, suspend or revoke a licence, with reasons for the decision, on the affected licence holder.

100. The Board will publish a notice on its website and in local media advising the Community of Kahnawà:ke of a decision to amend, suspend or revoke a licence, with a summary of the reasons for the decision.

101. A decision to amend, suspend or revoke a licence takes effect on

the date and time specified by the Board.

102. If a licence is under suspension, the Board may, at the request of the licence holder, reconsider the duration of the suspension and will promptly inform the affected licence holder in writing of its decision.

Approved Agents

103. Upon receipt of a completed application in the approved form, the Board may appoint one or more Approved Agents, which may include representatives of Health Canada, to assist and advise the Board and to carry out any of the following functions, for and on behalf of the Board:
 - (a) to investigate whether any person applying for or holding a licence is a suitable person for the purposes of this Regulation and submit a report of its findings to the Board;
 - (b) to conduct a review of the physical and computer security systems used, or proposed to be used, by an applicant or licence holder, and make such recommendations to the Board for any modifications that may be appropriate;
 - (c) to prepare the appropriate standards to be followed by facilities that are intended to be used for the purpose of cultivating or processing cannabis;
 - (d) to conduct inspections and certifications of facilities, equipment and materials used by facilities for the purpose of cultivating or processing cannabis;
 - (e) to conduct testing and analysis of cannabis cultivated or processed by facilities licensed under this regulation;
 - (f) to advise on the appropriate manner for the storing and handling of cannabis;
 - (g) to conduct reviews of an applicant or licence holder's operations and submit a report of its findings to the Board; and
 - (h) such other matters as the Board may require from time to time.
104. The Board may appoint a person as an Approved Agent if it considers that the person has the necessary expertise and is otherwise suitable in consideration of the person's knowledge, skills, training, reputation, character, business reputation, current financial position and financial background.
105. Notwithstanding the generality of the foregoing section 104, to be

appointed as an Approved Agent for the purpose of conducting analytical testing (“Analytical Testing Agent”), a person must have knowledge of the provisions of the Law, its Regulations as well as the *Cannabis Act* and Cannabis Regulations (Canada), have knowledge and experience related to the analytical testing of cannabis and possess a degree in a science related to the work to be carried out that is awarded by a Canadian university or, if awarded by a foreign university, that is recognized by a Canadian university or a Canadian professional association.

106. An Approved Agent will be subject to the directives of the Board and may not act outside of the scope of authority contained in those directives.
107. The Board may appoint a person as Approved Agent for a period of time not to exceed two (2) years, but such appointment may be renewed an unlimited number of times.

Annual Licensing Fees

108. The holder of one or more Operating Licences must, no later than April 30th of a fiscal year, submit to the Board a statement of the total cannabis revenue for the preceding fiscal year with respect to those licences, including the amount received from the sale of cannabis and the amount paid for the purchase of cannabis that were used to determine the cannabis revenue.
109. The holder of an Operating Licence or a Key Person Licence must pay an annual licensing fee as set out in Schedule “E”.
110. Annual licensing fees must be paid in full:
 - (a) within thirty (30) days of the date on which a licence is granted by the Board;
 - (b) on or before the anniversary of the date on which the licence was first granted and on or before each subsequent anniversary date;failing which the licence will be suspended or revoked.
111. The Board will, not less than thirty (30) days before the date on which an annual licensing fee is due, send a written notice (the “notice to pay”) to the affected licence holder advising of the amount of the annual licensing fee and the date on which payment is due.
112. Failure to receive a notice to pay does not excuse a licence holder from his, her or its obligation to pay the appropriate annual licensing fee.

113. A licence holder must pay to the Board a penalty in the amount of an annual licensing fee outstanding (the “unpaid amount”) at the end of the period allowed for payment.
 114. The penalty is ten percent (10%) per annum of the unpaid amount calculated on a per diem basis from the date the fee was due until it is paid in full.
 115. The amount of an annual licensing fee and a penalty payable under section 109 is a debt payable to the Board and may be recovered by action in a court of competent jurisdiction.
 116. Failure to pay a required annual licensing fee may, in addition to the penalties provided in this Regulation, result in the suspension or revocation of the licence in question.
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