

Guam Department of Revenue and Taxation  
 Cannabis Control Board Regular Meeting  
 Small Conference Room | Richardo J. Bardallo Governor's Complex, Hagatna  
 Meeting Date: January 14, 2020 | Time 1:30pm

	Board Members	Position Title	Signature
1	Adrian Cruz	<sup>Deputy</sup> Director, Department of Agriculture	
2	Linda U. DeNorcey	Director, Department fo Pubic Health & Social Services	
3	Dafne Mansapit-Shimizu	Director, Department of Revenue & Taxation (Vice Chairperson)	<sup>PADIL PABLI</sup> <sup>DTC</sup>
4	Theresa Arriola	Director, Guam Behavioral Health & Wellness Center	
5	Chief Stephen Ignacio	Guam Police Department	
6	Nico Fujikawa	Director of Tourism Research, GVB <sup>designee Sperry W.</sup>	
7	Ursula Herrera	Board Secretary	
8	Atty. Vanessalee Williams	Board Chairperson	
9	William M. Parkinson	Member	
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This is to certify that the above inforcation is ture and correct.

Board Secretary

1/14/2020

Cannabis Control Board  
Meeting Minutes  
January 14, 2020

**Opening**

Chairperson Williams called the regular board meeting of the Cannabis Control Board to order at 1:40 p.m. on January 14, 2020.

Location: Small Conference Room, Ricardo J. Bordallo Governor's Complex, Hagatña.

**Attendees Present:**

Vanessa Williams (*Appointee-Representing the general public*)

Paul Pablo (DRT Designee)

Sydney Leon Guerrero (GVB Designee)

Theresa Arriola (GBHWC)

Linda U. DeNorcey (DPHSS)

Ursula Herrera (*Appointee-representing the Business community*)

William Parkinson

Andrew Quitugua (GPD Designee)

**Apologies:**

Chelsa Muña-Brecht (DOAG)

**Approval of Minutes**

- The minutes of November 5, 2019 meeting were unanimously approved as distributed, subject to corrections:
  - *Director Arriola makes a motion to approve the November 5, 2019 meeting minutes subject to corrections: GBHWC Designee, Linda Flynn was present, remove GBHWC Theresa Arriola from Apologies. Page 2- Vice Chair Shimizu's comments, which were inaudible, 'Insert insurance and banking board'. Director Parkinson seconds the motion.*
- The minutes of December 10, 2019 and January 7, 2020 meeting were unanimously approved as distributed, subject to corrections:
  - *Director Arriola makes a motion to approve the December 10, 2019 and January 7, 2020 meeting minutes subject to corrections: DOAG Designee, Adrian Cruz was present, remove DOAG Chelsa Muña-Brecht from Apologies. Director Parkinson seconds the motion.*

**Old Business**

- Review and discuss DRAFT Rules and Regulations Sections (November 2019 edition)
  - **§11204 b.** The Board will be making the action.  
*\*Note from Chairperson Williams- the mechanics for ID revocation will be revisited and addressed at the next board meeting.*

- **§11204 c.** Appeal can be made with the Board. Change to: within ten (10) business days of *notice* of revocation.
- **§11204** Consolidate section c + d;
- **§11204** Sections 'a-d' need to be reworked.
- **§11204 a.** 'The Department may revoke...'  
*\*Note from Chairperson Williams- the administrative process will need to be examined further; the board will need to agree on adopting a similar ID revocation format as ABC. Mr. Camacho (DRT) will provide the ABC statute for review at the next board meeting.*
- **§11205 2.D.** Strike section and replace with other acceptable forms of ID.
- **§10000 Requirements for a Cannabis Establishment License**
  - a. 51% ownership of a Guam resident.
  - b. Intent is drafted, needs clarification on integration, also specify interest. Clarify 'either/or', 'or' is preferred.
  - a. + b.- consolidate
  - d. (\*Rewrite) Cultivation + Manufacturing Facility Zones: Agriculture (A), Light Industrial Zone (M1), Heavy Industrial Zone (M2)
  - e. (\*Rewrite) Retail Zones: Commercial Zone (C), Light Industrial Zone (M1), Heavy Industrial Zone (M2)

### Open Forum/Announcements

Monte Hanley: I have a comment on the licensing part today, I believe too that the vertical integration is not a good idea, but I also believe that horizontal integration is not a good idea either. Let's take dispensaries and if we go back in November, you were talking about some, assuming they're correct statistics for Guam. And I think you said we can have five dispensaries that could support the sales in Guam.

Director Parkinson: No, I meant five, five cultivators minimum, maximum size cultivators, to match the current output of the black market.

Monte Hanley: I have personally visited farms in California and Washington and a similar thing I've heard is sometimes the market can get flooded with product, that's when you really have to know the dispensary and he says you have to 'wine and dine' them and I'm afraid of somebody that could own more than one dispensary could own three, they start to control that part. They decide which product they are going to buy. And if you're not friends or not but it you know it could lead to kickbacks and bribes. I don't think it's a good idea for them to own more than one.

Director Parkinson: Actually that's valid because in Oregon, there's like a queen did there's a queen over there who owns like 15 cultivation facilities.

*mt* ~~Yeah, no, actually that's valid because in Oregon, there's like a queen did there's a queen over there who owns like 15 cultivation facilities.~~

Andrea Pellacani: There are pros and cons for both vertically. I don't think we should have vertically integrated licenses single licenses. The rationale behind why the Medical

Cannabis Industry put the ability to get a license at each level is because if you look at the gold standard model, which is Colorado, which is not Washington, which is not California, they've all had a lot of problems, especially in the area of taxation. You look at Colorado; they had store empty shelves because you had cultivators who were losing harvest. And as a dispensary as a manufacturer, you're not allowed to grow your own product as a manufacturer. My product, if I'm putting, you know, whatever sort of quality control in my product and I'm not allowed to grow it, you're leaving my future in somebody's else's hands. And that is not a comfortable position for a manufacturer of a product that's being made from a plant. This is not plastic, or containers or whatever. Let's say we have three cultivators, you have two harvests that go bad or go bum, and you're going to have dispensary people with empty shelves. I don't know what the situation is, but from what I understand, Payless owns their own wholesaler. So we're allowing it in other industries here on island as a distributor, and I'm sorry, they're a distributor. And as a retailer, why would you prohibit it here?

DRT Deputy Paul Pablo: Those restrictions are on alcohol and tobacco?

Andrea Pellacani: Right. And again, my concern is with the competitive nature.

Director Arriola: So are you for or against it?

Andrea Pellacani: For neither, but if you would have one at each level, they all have to be individually licensed.

Director Arriola: One at each level, as opposed to multiple at any level or one license all the way up, there are problems with that.

Chairperson Williams: My understanding from a product quality or quality control, it makes sense for some businesses that want to own both the cultivation and manufacturing facility. And then, just from a fairness perspective.

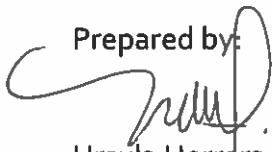
Andrea Pellacani: They want to have the opportunity to build a niche product, right? Or you may have a certain strain or brand that becomes intellectual property for you that you wouldn't be able to grow. And so it makes sense to allow one at each level. You may own all three and I would like for Rev + Tax to come in with the tax study because I think this whole thing about a loophole in the excise tax thing is it's not accurate. And so, if we can give a scenario with the excise tax being applied at one level, because of one thing that I'm not hearing anybody really talk about, is the imposition of IRC280E, which would prohibit standard deductions for cannabis businesses. So the business even if they have one license at each level is going to pursue the least amount of taxation, which is not IRC280E. So they're not going to push anything to a dispensary at \$1 a pound because they would actually end up paying more taxes more corporate tax than they would be paying excise tax. Throw that theory out the window so we don't hear it anymore or maybe a Rev + Tax to sort of put real numbers to the scenario so that the application of the taxes at each level could be understood. So that you guys know what you're deciding on rather than theory because it's not a legitimate loophole, considering Guam keeps all our taxes. None of this goes to the federal government. So I just wanted to point that out.

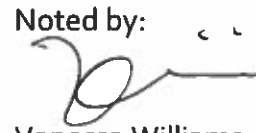
Nicolas Brown: Regarding if they should remove the retail stores from the commercial zone. I disagree. Because if you limit it to only one you're going to have the problem Jollibee has, and this is all about getting the product to the customer, you wouldn't

want somebody who has a medical condition, standing outside three hours. Should we limit how much is in Tumon? Yes, because there's a lot of tourists that can't use it in their hometown. If they test positive, just like you know, accidentally consuming, accidentally stepping into a facility that causes problems. Should you limit how much is in the island? Yes. Because you wouldn't want anyone to accidentally step into it. But you wouldn't want to restrict it to one because if someone can't drive, how are they supposed to get there? They're going to send someone else. Three in the most populated places Hagatña, Tumon and Dededo sounds a lot more realistic. Should you separate it from school zones? Yes. Should you keep it away from where children congregate, yes. But you shouldn't want to isolate it where it's going to be difficult for people with disabilities to get to you.

**Adjournment**

The Cannabis Control Board meeting was adjourned at 3:45 p.m.

Prepared by:  
  
Ursula Herrera  
Secretary

Noted by:  
  
Vanessa Williams  
Chairperson

## CANNABIS CONTROL BOARD

Regular Meeting #11 | January 14, 2020 | 1:30pm

Small Conference Room | Ricardo J. Bordallo Governor's Complex, Hagåtña

- I. Call to Order
- II. Roll Call of Members/Quorum
- III. Secretary's Report:
  - a. November 5, 2019 Regular Meeting #8 Minutes
  - b. December 10, 2019 Regular Meeting #9 Minutes
  - c. January 7, 2020 Regular Meeting #10 Minutes
- IV. Old Business
  - a. Review and discuss DRAFT Rules and Regulations Sections
- V. Open Forum - \*Five (5) minutes per attendee/topic
- VI. Adjournment