

## SOCIAL EQUITY APPLICANT (SEA) OWNERSHIP & CONTROL CRITERIA

Per Sec. 35 of PA 21-01, the Social Equity Council shall review the ownership information and any other information necessary to confirm that an applicant qualifies as a social equity applicant for all license type applications submitted to the department and designated by the applicant as a social equity applicant. The SEC shall prescribe the documentation necessary for applicants to submit to establish that the ownership, residency, and income requirements for social equity applicants are met.

“**SOCIAL EQUITY APPLICANT**” is a business that has applied for a license for a cannabis establishment where the applying business is at least 65% owned and controlled by an individual (or individuals) who:

**Exercises operational authority over daily affairs of the business, has the voting power to direct the management, agents, and policies, and receives the beneficial interests of the business;**

*Had an average household income of less than 300% of the state median household income (SMHI) over the three tax years immediately preceding the application (SMHI in 2021 is approximately \$74,000);*

*Was a resident of a disproportionately impacted area for not less than five of the ten years immediately preceding the date of such application or was a resident of a disproportionately impacted area for not less than nine years prior to attaining the age of eighteen.*

### **THE FOLLOWING DOCUMENTATION IS REQUIRED TO ESTABLISH OWNERSHIP AND CONTROL OF A SOCIAL EQUITY VENTURE:**

Please attach copies of all the following REQUIRED documents. A failure to supply any information, without justification, may result in denial of social equity certification. If any of the documents listed below are not applicable to your business structure, upload a sheet of paper with the document name and type “**Not Applicable.**”

- Organization Chart (including affiliates)
- List of owners and ownership interest
- List of Affiliates
- Résumés (including places of employment with corresponding dates), for all owners, officers, and key personnel of the applicant firm
- Personal Net Worth Statement for each social equity applicant, Backer and anyone owning five percent or more of the total ownership or interest rights in such cannabis establishment.
- Personal Federal tax returns for the past 3 years, for each social equity applicant, backer and anyone owning five percent or more of the total ownership or interest rights in such cannabis establishment.
- Federal tax returns (and requests for extensions) filed by social equity applicant, backer and anyone owning five per cent or more of the total ownership or interest rights in such cannabis establishment.
- Federal tax returns (and requests for extensions) filed by any affiliate companies, with related schedules, for the past 3 years.
- Documented proof of contributions used to acquire ownership interest rights in such cannabis establishment, for each owner (e.g., both sides of cancelled checks, letters of credit, financial agreements, bank statements etc.)
- Signed loan and security agreements, and bonding forms related to ownership or interest rights in such cannabis establishment.

- Documented proof of any transfers of assets to/from your firm and/or to/from any of its owners over the past 2 years.
- DBE/ACDBE and SBA 8(a), SDB, MBE/WBE certifications, denials, and/or decertification's, if applicable; and any appeal decisions on these actions.
- Bank authorization and signatory cards.
- Schedule of salaries (or other remuneration) paid to all officers, managers, owners, and/or directors of the company.
- List of all employees, job titles, and dates of employment (including affiliates).
- Management Agreements (if available)
- Operating Agreements.
- Option Agreements (if available; required for full license)

**IN ADDITION:**

**Partnership or Joint Venture**

- Original and any amended Partnership or Joint Venture Agreements related to ownership or interest rights in such cannabis establishment.

**Corporations or LLC**

- Official Articles of Incorporation/Articles of Organization (LLC) (signed by the state official)
- Certificate of Good Standing
- Both sides of all corporate stock certificates and your firm's stock transfer ledger
- Shareholders' Agreement(s)
- Minutes of all stockholders and board of director's meetings (2 years)
- Corporate bylaws and any amendments
- Corporate bank resolution and bank signature cards
- Membership certificates (front and back) and ledgers (only required if the LLC has issued membership shares)
- Current Certificate of Good Standing (may be called Certificate of Existence or Certificate of Status)
- Official Certificate of Formation and Operating Agreement with any amendments (for LLC).