



LICENSE APPEAL COMMISSION
CITY OF CHICAGO

MEMORANDUM

To: The Honorable Pat Dowell
Chairman, Committee on the Budget and Government Operations

From: Laura Parry
Chair
License Appeal Commission

CC: Manuel Perez
Mayor's Office of Intergovernmental Affairs

Date: September 28, 2021

Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 77-01 List of Vendors

The following information is provided in response to questions posed at our department's hearing on September 27, 2021, to discuss the proposed 2022 budget.

Alderman Hairston requested a list of court reporting vendors the Commission uses including MBE/WBE vendors.

Please note, the LAC has identified a dearth of Minority and Women-Owned enterprises in the court reporting business community at large.

Below is the active court reporting and transcription services list requested:

- BAREaltime
P.O. Box 944
Peotone, IL
PO 30302
- Bridges Court Reporting, LLC
10 S. La Salle, #1950
Chicago, IL 60603
PO 30303
- Carlin Transcription Services
3656 W. Fullerton

Chicago, IL 60647
PO 30294

- DCM Court Reporting, Inc.
221 N. La Salle Street
Chicago, IL 60601
PO 30295
- L.A. Court Reporters, LLC
8 W. Monroe Street, #207
Chicago, IL 60603
PO 30297
- McCorkle Litigation Services, Inc.
200 N. La Salle Street, Suite 2900
Chicago, IL 60602
PO 30298
- Urlaub, Bowen & Associates, Inc.*
20 N. Clark, Suite 1260
Chicago, IL 60602
PO 30300
- U.S. Legal Support, Inc.
200 W. Jackson, #600
Chicago, IL 60606
PO 30299

As always, please let me know if you have any further questions.

*WBE Certified



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Re: Request for Information from Annual Appropriation Committee Hearing

ID#: 77-02 State Discussions on Cannabis Appeals

The following information is provided in response to questions posed at our department's hearing on September 27, 2021, to discuss the proposed 2022 budget.

Chairman Dowell requested the LAC to follow up on if there are any expected changes in State law regarding LAC's potential role in the review of cannabis cases.

The following two questions will be addressed:

- A. Under state cannabis licensing laws, is there a license appeal commission grant of authority for municipalities over 500,000?

The short answer is no. There is no license appeal commission established for appeals of cannabis dispensary disciplinary cases. The Department of Financial and Professional Regulation has an internal hearing procedure and decisions made by that body are appealed directly to the state circuit courts via the Administrative Review Act.

- B. Are there any plans in the works by the state for such a commission?

Our office could find no plans in the works for a license appeal commission for cannabis dispensary license discipline cases like that of the license appeal commission for local liquor control. If I were asked to guess, it MAY be because the number of dispensaries are very small compared to liquor licenses.

As always, please let me know if you have any further questions. The applicable laws can be found below:

(410 ILCS 705/5-15)

Sec. 5-15. Department of Financial and Professional Regulation. The Department of Financial and Professional Regulation shall enforce the provisions of this Act relating to the oversight and registration of dispensing organizations and agents, including the issuance of identification cards for dispensing organization agents. The Department of Financial and Professional Regulation may suspend or revoke the license of, or otherwise discipline dispensing organizations, principal officers, agents-in-charge, and agents for violations of this Act and any rules adopted under this Act. (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

(410 ILCS 705/Art. 15 heading)

Article 15.

License and Regulation of Dispensing Organizations

(Source: P.A. 101-27, eff. 6-25-19.)

(410 ILCS 705/15-5)
Sec. 15-5. Authority.

(a) In this Article, "Department" means the Department of Financial and Professional Regulation.

(b) It is the duty of the Department to administer and enforce the provisions of this Act relating to the licensure and oversight of dispensing organizations and dispensing organization agents unless otherwise provided in this Act.

(c) No person shall operate a dispensing organization for the purpose of serving purchasers of cannabis or cannabis products without a license issued under this Article by the Department. No person shall be an officer, director, manager, or employee of a dispensing organization without having been issued a dispensing organization agent card by the Department.

(d) Subject to the provisions of this Act, the Department may exercise the following powers and duties:

(1) Prescribe forms to be issued for the administration and enforcement of this Article.

(2) Examine, inspect, and investigate the premises, operations, and records of dispensing organization applicants and licensees.

(3) Conduct investigations of possible violations of this Act pertaining to dispensing organizations and dispensing organization agents.

(4) Conduct hearings on proceedings to refuse to

issue or renew licenses or to revoke, suspend, place on probation, reprimand, or otherwise discipline a license under this Article or take other nondisciplinary action.

(5) Adopt rules required for the administration of this Article.

(Source: P.A. 101-27, eff. 6-25-19.)

(410 ILCS 705/15-140)

Sec. 15-140. Citations. The Department may issue nondisciplinary citations for minor violations. Any such citation issued by the Department may be accompanied by a fee. The fee shall not exceed \$20,000 per violation. The citation shall be issued to the licensee and shall contain the licensee's name and address, the licensee's license number, a brief factual statement, the Sections of the law allegedly violated, and the fee, if any, imposed. The citation must clearly state that the licensee may choose, in lieu of accepting the citation, to request a hearing. If the licensee does not dispute the matter in the citation with the Department within 30 days after the citation is served, then the citation shall become final and not subject to appeal. The penalty shall be a fee or other conditions as established by rule.

(Source: P.A. 101-27, eff. 6-25-19.)

(410 ILCS 705/15-145)

Sec. 15-145. Grounds for discipline.

(a) The Department may deny issuance, refuse to renew or restore, or may reprimand, place on probation, suspend, revoke, or take other disciplinary or nondisciplinary action against any license or agent identification card or may impose a fine for any of the following:

- (1) Material misstatement in furnishing information to the Department;
- (2) Violations of this Act or rules;
- (3) Obtaining an authorization or license by fraud or misrepresentation;
- (4) A pattern of conduct that demonstrates incompetence or that the applicant has engaged in conduct or actions that would constitute grounds for discipline under this Act;
- (5) Aiding or assisting another person in violating any provision of this Act or rules;
- (6) Failing to respond to a written request for information by the Department within 30 days;
- (7) Engaging in unprofessional, dishonorable, or unethical conduct of a character likely to deceive, defraud, or harm the public;
- (8) Adverse action by another United States jurisdiction or foreign nation;
- (9) A finding by the Department that the licensee,

after having his or her license placed on suspended or probationary status, has violated the terms of the suspension or probation;

(10) Conviction, entry of a plea of guilty, nolo contendere, or the equivalent in a State or federal court of a principal officer or agent-in-charge of a felony offense in accordance with Sections 2105-131, 2105-135, and 2105-205 of the Department of Professional Regulation Law of the Civil Administrative Code of Illinois;

(11) Excessive use of or addiction to alcohol, narcotics, stimulants, or any other chemical agent or drug;

(12) A finding by the Department of a discrepancy in a Department audit of cannabis;

(13) A finding by the Department of a discrepancy in a Department audit of capital or funds;

(14) A finding by the Department of acceptance of cannabis from a source other than an Adult Use Cultivation Center, craft grower, infuser, or transporting organization licensed by the Department of Agriculture, or a dispensing organization licensed by the Department;

(15) An inability to operate using reasonable judgment, skill, or safety due to physical or mental illness or other impairment or disability, including, without limitation, deterioration through the aging process or loss of motor skills or mental incompetence;

(16) Failing to report to the Department within the time frames established, or if not identified, 14 days, of any adverse action taken against the dispensing organization or an agent by a licensing jurisdiction in any state or any territory of the United States or any foreign jurisdiction, any governmental agency, any law enforcement agency or any court defined in this Section;

(17) Any violation of the dispensing organization's policies and procedures submitted to the Department annually as a condition for licensure;

(18) Failure to inform the Department of any change of address within 10 business days;

(19) Disclosing customer names, personal information, or protected health information in violation of any State or federal law;

(20) Operating a dispensary before obtaining a license from the Department;

(21) Performing duties authorized by this Act prior to receiving a license to perform such duties;

(22) Dispensing cannabis when prohibited by this Act or rules;

(23) Any fact or condition that, if it had existed at the time of the original application for the license, would have warranted the denial of the license;

(24) Permitting a person without a valid agent identification card to perform licensed activities under this Act;

(25) Failure to assign an agent-in-charge as required by this Article;

(26) Failure to provide the training required by paragraph (3) of subsection (i) of Section 15-40 within the provided timeframe;

(27) Personnel insufficient in number or unqualified in training or experience to properly operate the dispensary business;

(28) Any pattern of activity that causes a harmful impact on the community; and

(29) Failing to prevent diversion, theft, or loss of cannabis.

(b) All fines and fees imposed under this Section shall be paid within 60 days after the effective date of the order imposing the fine or as otherwise specified in the order.

(c) A circuit court order establishing that an agent-in-charge or principal officer holding an agent identification card is subject to involuntary admission as that term is defined in Section 1-119 or 1-119.1 of the Mental Health and Developmental Disabilities Code shall operate as a suspension of that card.

(Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

(410 ILCS 705/15-150)
Sec. 15-150. Temporary suspension.

(a) The Secretary of Financial and Professional Regulation may temporarily suspend a dispensing organization license or an agent registration without a hearing if the Secretary finds that public safety or welfare requires emergency action. The Secretary shall cause the temporary suspension by issuing a suspension notice in connection with the institution of proceedings for a hearing.

(b) If the Secretary temporarily suspends a license or agent registration without a hearing, the licensee or agent is entitled to a hearing within 45 days after the suspension notice has been issued. The hearing shall be limited to the issues cited in the suspension notice, unless all parties agree otherwise.

(c) If the Department does not hold a hearing within 45 days after the date the suspension notice was issued, then the suspended license or registration shall be automatically reinstated and the suspension vacated.

(d) The suspended licensee or agent may seek a continuance of the hearing date, during which time the suspension remains in effect and the license or registration shall not be automatically reinstated.

(e) Subsequently discovered causes of action by the Department after the issuance of the suspension notice may be filed as a separate notice of violation. The Department is not precluded from filing a separate action against the suspended licensee or agent.

(Source: P.A. 101-27, eff. 6-25-19.)

(410 ILCS 705/15-155)

Sec. 15-155. Unlicensed practice; violation; civil penalty.

(a) In addition to any other penalty provided by law, any person who practices, offers to practice, attempts to practice, or holds oneself out to practice as a licensed dispensing organization owner, principal officer, agent-in-charge, or agent without being licensed under this Act shall, in addition to any other penalty provided by law, pay a civil penalty to the Department of Financial and Professional Regulation in an amount not to exceed \$10,000 for each offense as determined by the Department. The civil penalty shall be assessed by the Department after a hearing is held in accordance with the provisions set forth in this Act regarding the provision of a hearing for the discipline of a licensee.

(b) The Department has the authority and power to investigate any and all unlicensed activity.

(c) The civil penalty shall be paid within 60 days after the effective date of the order imposing the civil penalty or in accordance with the order imposing the civil penalty. The order shall constitute a judgment and may be filed and execution had thereon in the same manner as any judgment from any court of this State. (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

(410 ILCS 705/15-160)

Sec. 15-160. Notice; hearing.

(a) The Department shall, before disciplining an applicant or licensee, at least 30 days before the date set for the hearing: (i) notify the accused in writing of the charges made and the time and place for the hearing on the charges; (ii) direct him or her to file a written answer to the charges under oath within 20 days after service; and (iii) inform the applicant or licensee that failure to answer will result in a default being entered against the applicant or licensee.

(b) At the time and place fixed in the notice, the hearing officer appointed by the Secretary shall proceed to hear the charges, and the parties or their counsel shall be accorded ample opportunity to present any pertinent statements, testimony, evidence, and arguments. The hearing officer may continue the hearing from time to time. In case the person, after receiving the notice, fails to file an answer, his or her license may, in the discretion of the Secretary, having first received the recommendation of the hearing officer, be suspended, revoked, or placed on probationary status, or be subject to whatever disciplinary action the Secretary considers proper, including a fine, without hearing, if that act or acts charged constitute sufficient grounds for that action under this Act.

(c) The written notice and any notice in the subsequent proceeding may be served by regular mail or email to the licensee's or applicant's

address of record.
(Source: P.A. 101-27, eff. 6-25-19.)

(410 ILCS 705/15-165)

Sec. 15-165. Subpoenas; oaths. The Department shall have the power to subpoena and bring before it any person and to take testimony either orally or by deposition, or both, with the same fees and mileage and in the same manner as prescribed by law in judicial proceedings in civil cases in courts in this State. The Secretary or the hearing officer shall each have the power to administer oaths to witnesses at any hearings that the Department is authorized to conduct.
(Source: P.A. 101-27, eff. 6-25-19.)

(410 ILCS 705/15-170)

Sec. 15-170. Hearing; motion for rehearing.

(a) The hearing officer shall hear evidence in support of the formal charges and evidence produced by the licensee. At the conclusion of the hearing, the hearing officer shall present to the Secretary a written report of his or her findings of fact, conclusions of law, and recommendations.

(b) At the conclusion of the hearing, a copy of the hearing officer's report shall be served upon the applicant or licensee by the Department, either personally or as provided in this Act for the service of a notice of hearing. Within 20 calendar days after service, the applicant or licensee may present to the Department a motion in writing for rehearing, which shall specify the particular grounds for rehearing. The Department may respond to the motion for rehearing within 20 calendar days after its service on the Department. If no motion for rehearing is filed, then, upon the expiration of the time specified for filing such motion or upon denial of a motion for rehearing, the Secretary may enter an order in accordance with the recommendation of the hearing officer. If the applicant or licensee orders from the reporting service and pays for a transcript of the record within the time for filing a motion for rehearing, the 20-day period within which a motion may be filed shall commence upon the delivery of the transcript to the applicant or licensee.

(c) If the Secretary disagrees in any regard with the report of the hearing officer, the Secretary may issue an order contrary to the report.

(d) Whenever the Secretary is not satisfied that substantial justice has been done, the Secretary may order a rehearing by the same or another hearing officer.

(e) At any point in any investigation or disciplinary proceeding under in this Article, both parties may agree to a negotiated consent order. The consent order shall be final upon signature of the Secretary.
(Source: P.A. 101-27, eff. 6-25-19.)

(410

ILCS

705/15-175)

Sec. 15-175. Review under the Administrative Review Law.

(a) All final administrative decisions of the Department hereunder shall be subject to judicial review under the provisions of the Administrative Review Law, and all amendment and modifications thereof. The term "administrative decision" is defined as in Section 3-101 of the Code of Civil Procedure.

(b) Proceedings for judicial review shall be commenced in the circuit court of the county in which the party applying for review resides, but if the party is not a resident of Illinois, the venue shall be in Sangamon County.

(c) The Department shall not be required to certify any record to the court, file any answer in court, or otherwise appear in any court in a judicial review proceeding, unless and until the Department has received from the plaintiff payment of the costs of furnishing and certifying the record, which costs shall be determined by the Department. Failure on the part of the plaintiff to file a receipt in court shall be grounds for dismissal of the action.
(Source: P.A. 101-27, eff. 6-25-19.)