



Renewal Application Rules and Statutes

1-115 – Definitions

“**Control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting Owner’s Interests, by contract, or otherwise. This definition of Control includes Controls, Controlled, Controlling, Controlled by, and under common Control with.

“**Controlling Beneficial Owner**” or “**CBO**” means a Person that satisfies one or more of the following criteria:

- a.** A natural person, an Entity that is organized under the laws of and for which its principal place of business is located in one of the states or territories of the United States or District of Columbia, a trust, the trustee of a trust, a Publicly Traded Corporation, or a Qualified Private Fund that is not a Qualified Institutional Investor:
 - i.** Acting alone or Acting In Concert, that owns or Acquires Beneficial Ownership of ten percent or more of the Owner’s Interest of a Regulated Marijuana Business;
 - ii.** That is an Affiliate that Controls a Regulated Marijuana Business and includes, without limitation, any Manager; or
 - iii.** That is otherwise in a position to Control the Regulated Marijuana Business except as authorized in section 44-10-506 or 44-10-606, C.R.S.; or
- b.** A Qualified Institutional Investor acting alone or Acting In Concert that owns or Acquires Beneficial Ownership of more than thirty percent of the Owner’s Interest of a Regulated Marijuana Business.
- c.** Unless the context otherwise requires, the defined term Controlling Beneficial Owner includes Direct Beneficial Interest Owner.

“**Indirect Financial Interest Holder**” means a Person that is not an Affiliate, a Controlling Beneficial Owner, or a Passive Beneficial Owner of a Regulated Marijuana Business and that:

- a.** Holds a Commercially Reasonable Royalty in exchange for a Regulated Marijuana Business’s use of the Person’s intellectual property;
- b.** Holds a Permitted Economic Interest that was issued prior to January 1, 2020, and that has not been converted into an Owner’s Interest or holds any unsecured convertible debt option, option agreement or warrant that establishes a right for a Person to obtain an interest that might convert to an ownership interest in a Regulated Marijuana Business obtained after January 1, 2020;
- c.** Is a contract counterparty with a Regulated Marijuana Business, other than a customary employment agreement, that has a direct nexus to the cultivation, manufacture, sale, or testing of Regulated Marijuana, including, but not limited to, a lease of real property on which the Regulated Marijuana Business operates, a lease of equipment used in the cultivation, manufacture, or testing of Regulated Marijuana, a

secured or unsecured financing agreement with the Regulated Marijuana Business, a security contract with the Regulated Marijuana Business, or a management agreement with the Regulated Marijuana Business, provided that no such contract compensates the contract counterparty with a percentage of revenue for profits of the Regulated Marijuana Business.

i. Any secured interest in Regulated Marijuana must expressly provide that it is subject to all required suitability and application requirements.

d. Unless the context otherwise requires, the defined term Indirect Financial Interest Holder includes Indirect Beneficial Interest Owner.

2-215 – All Applications Requirements

D. Complete, Accurate, and Truthful Applications Required. Applications must be complete, accurate, and truthful and include all attachments and supplemental information. Incomplete applications may not be accepted by the Division.

E. Local Licensing Authority/Local Jurisdiction.

1. Each application must identify the applicable Local Licensing Authority or Local Jurisdiction.

2-220 – Initial Application Requirements for Regulated Marijuana Businesses

A. Documents and Information Requested. Every initial application for a Regulated Marijuana Business License must include all required documents and information including, but not limited to:

1. A copy of the local license application, if required, for a Regulated Marijuana Business.
2. Certificate of Good Standing from the jurisdiction in which the Entity was formed, which must be one of the states of the United States, territories of the United States, District of Columbia, or another country that authorizes the sale of marijuana.
3. If the Applicant is an Entity, the identity and physical address of its registered agent in the state of Colorado.
4. Organizational Documents. Articles of Incorporation, by-laws, and any shareholder agreement for a corporation; articles of organization and operating agreement for a limited liability company; or partnership agreement for a partnership.
5. Corporate Governance Documents.
 - a. A Regulated Marijuana Business that is a Publicly Traded Corporation must maintain corporate governance documents as required by the securities exchange on which its securities are listed and traded, and section 44-10103(50), C.R.S., and must provide those corporate governance documents with each initial application.
 - b. A Regulated Marijuana Business that is not a Publicly Traded Corporation is not required to maintain any corporate governance documents. However, if the Regulated Marijuana Business that is not a Publicly Traded Corporation

voluntarily maintains corporate governance documents, the Division encourages inclusion of such documents with each initial application.

6. The deed, lease, sublease, rental agreement, contract, or any other document(s) establishing the Applicant is, or will be, entitled to possession of the premises for which the application is made.
7. Legible and accurate diagram for the facility. The diagram must include a plan for the Licensed Premises and a separate plan for the security/surveillance plan including camera location, number and direction of coverage. If the diagram is larger than 8.5 x 11 inches, the Applicant must also provide a copy of the diagram in a portable document format (.pdf).
8. All required findings of suitability issued by the Division.
9. If the Applicant is a Publicly Traded Corporation:
 - a. Documents establishing the Publicly Traded Corporation qualifies to hold a Regulated Marijuana Business License including but not limited to disclosure of securities exchange(s) on which its Securities are listed and traded, the stock symbol(s), the identity of all regulators with regulatory oversight over its Securities; and
 - b. Divestiture plan for any Controlling Beneficial Owner that is a Person prohibited by the Marijuana Code, has had her or his Owner License revoked, or has been found unsuitable.
10. Financial Statements. Consolidated financial statements (which may be prepared on either a calendar or fiscal year basis) that were prepared in the preceding 365 days, and which must include a balance sheet, an income statement, and a cash flow statement. If the Applicant or Regulated Marijuana Business is required to have audited financial statements by another regulator (e.g. United States Securities and Exchange Commission or the Canadian Securities Administrators) the financial statements provided to the Division must be audited and must also include all footnotes, schedules, auditors' report(s), and auditor's opinion(s). If the financial statements are publicly available on a website (e.g. EDGAR or SEDAR), the Applicant or Regulated Marijuana Business may provide notification of the website link where the financial statements can be accessed in lieu of hardcopy submission.
11. Tax Documents. While duplicate tax documentation is not required to be provided with the application, the Applicant shall cooperate with the Division to establish proof of compliant return filing and payment of taxes related to any Regulated Marijuana Business in which the Person is, or was, required to file and pay taxes.

2-225 – Renewal Application Requirements for All Licensees

- G. Documents Required at Renewal.** A Regulated Marijuana Business and all Controlling Beneficial Owner-Entities must provide the following documents with every renewal application:
1. Any document required by Rule 2-220(A)(1) through (9) that has changed since the document was last submitted to the Division. It is a license violation affecting public safety to fail to submit any document that changed since the last submission for the purpose of circumventing the requirements of the Marijuana Code, or these Rules;

2. A copy of the Local Licensing Authority or Local Jurisdiction approval, licensure, and/or documentation demonstrating timely submission of and pending local license renewal application;
 - a. For renewal applications submitted after August 8, 2023, the State Licensing Authority may renew a License that has not yet received Local Licensing Authority approval prior to the expiration of the state-issued License if:
 - i. The Applicant submits a renewal application in accordance with this Rule; and
 - ii. The Applicant submits written documentation that demonstrates the Licensee has taken action to obtain local approval and demonstrates why local approval has not yet been obtained or a local license issued.
3. A list of any sanctions, penalties, assessments, or cease and desist orders imposed by any securities regulatory agency, including but not limited to the United States Securities and Exchange Commission or the Canadian Securities Administrators;
4. A Regulated Marijuana Business operating under a single Entity name with more than one License may submit the following documents only once each calendar year on the first license renewal in lieu of submission with every license renewal in the same calendar year:
 - a. Financial statements required by Rule 2-220(A)(10);
 - b. If the Regulated Marijuana Business is a Publicly Traded Corporation, the most recent list of Non-Objecting Beneficial Owners possessed by the Regulated Marijuana Business;
 - c. A copy of all management agreement(s) the Regulated Marijuana Business has entered into regardless of whether the Person is licensed or unlicensed; and
 - d. Contracts, agreements, royalty agreements, equipment leases, financing agreements, or security contracts for any Indirect Financial Interest Holder that is required to be disclosed by Rule 2-230(A)(3).

H. Controlling Beneficial Owner Signature. At least one Controlling Beneficial Owner shall sign the renewal application. However, other Controlling Beneficial Owners may be required to sign authorizations and/or requests to release information.

2-230 – Disclosure of Financial Interests in a Regulated Marijuana Business

A. Mandatory Disclosures. Information required to be disclosed by section 44-10-309, C.R.S., must be identified in every initial, renewal, and change of owner application. Mandatory disclosures include, but are not limited:

3. Any Person that is an Indirect Financial Interest Holder that:
 - a. Holds two or more indirect financial interests;
 - b. Is also a Passive Beneficial Owner; or
 - c. That is contributing debt financing, secured or unsecured, that has not previously been disclosed and exceeds fifty percent of the operating capital of the Regulated Marijuana Business or if the calculation yields a negative number. Operating capital is defined as total current and fixed assets less total liabilities

(as presented on the balance sheet consistent with the business's past practices), measured as of the nearest month's end prior to the date of the applicable loan document(s).

D. Affirmation of Reasonable Care.

1. Reasonable Care Affirmation for a Regulated Marijuana Business That is Not a Publicly Traded Corporation. A Regulated Marijuana Business that is not a Publicly Traded Corporation must affirm it exercised reasonable care to confirm its Passive Beneficial Owner(s), including any Qualified Institutional Investor(s), and Indirect Financial Interest Holder(s) are not Persons prohibited from holding a license under these Rules or the Marijuana Code. A Regulated Marijuana Business exercises reasonable care if it:

- a. Receives documentation from each Passive Beneficial Owner, including any Qualified Institutional Investor, and each Indirect Financial Interest Holder affirming each is not a Person prohibited from holding a license by these Rules or the Marijuana Code; and
- b. The Regulated Marijuana Business does not know or reasonably should not know facts that would contradict the Passive Beneficial Owner or Indirect Financial Interest Holder's affirmation.

2-245 – Change of Controlling Beneficial Owner Application or Notification

- A. Application for Change of Controlling Beneficial Owner(s) – Not a Publicly Traded Corporation.
- B. Change of Owner Involving a Publicly Traded Corporation.
- C. Exemptions to the Change of Owner Application Requirement.
- D. Change of Owner Requirements, Restrictions and Procedures Applicable to All Regulated Marijuana Businesses.
- E. Refundable and Nonrefundable Deposits Permitted.
- F. Controlling Beneficial Owner Dispute.

2-265 – Owner and Employee License: License Requirements, Applications, Qualifications, and Privileges

- L. Evaluating a Natural Person's Good Moral Character Based on Criminal History.
 2. In evaluating whether a Person is prohibited from holding a license pursuant to subsections 44-10-307(1)(b) or (c), C.R.S., based on a determination that the person's criminal history indicates he or she is not of Good Moral Character, the Division may consider the following history:
 - a. Any felony conviction(s), except as set forth in Rule 2-265(L)(1)(e) and 2265(L)(1)(f);
 - b. Any conviction(s) of crimes involving moral turpitude;
 - c. Pertinent circumstances connected with the conviction(s); and

- d. Conduct underlying arrest(s) or charge(s) or a criminal offense for which the criminal case is not actively pending.

44-10-202 Powers and Duties of State Licensing Authority - Stakeholder Work Group - Rules - Report - Legislative Declaration

(1) Powers and duties. The state licensing authority shall:

(a) Develop and maintain a seed-to-sale tracking system that tracks regulated marijuana from either the seed or immature plant stage until the regulated marijuana or regulated marijuana product is sold to a patient at a medical marijuana store or to a customer at a retail marijuana store or a retail marijuana hospitality and sales business to ensure that no regulated marijuana grown or processed by a medical marijuana business or retail marijuana business is sold or otherwise transferred except by a medical or retail marijuana store or a retail marijuana hospitality and sales business; except that the medical marijuana or medical marijuana product is no longer subject to the tracking system once the medical marijuana or medical marijuana product has been:

(I) Repealed.

(II) Transferred to a pesticide manufacturer in quantities that are limited as specified in rules promulgated by the state licensing authority, in consultation with the departments of public health and environment and agriculture. The rules must define a pesticide manufacturer that is authorized to conduct research and must authorize a pesticide manufacturer to conduct research to establish safe and effective protocols for the use of pesticides on medical marijuana.

Notwithstanding any other provision of law, a pesticide manufacturer authorized pursuant to this subsection (1)(a)(II) to conduct pesticide research regarding marijuana must be located in Colorado, must conduct the research in Colorado, and is exempt from all otherwise applicable restrictions on the possession and use of medical marijuana or medical marijuana products; except that the manufacturer shall:

(A) Not possess at any time a quantity of medical marijuana or medical marijuana product in excess of the limit established in rules promulgated by the state licensing authority;

(B) Use the medical marijuana and medical marijuana product only for the pesticide research authorized pursuant to this subsection (1)(a)(II);

(C) Destroy, in compliance with rules promulgated by the state licensing authority, all medical marijuana and medical marijuana products remaining after the research has been completed; and

(D) Not apply pesticides for research purposes on the licensed premises of a medical marijuana business.

(b) Grant or refuse state licenses for the cultivation, manufacture, distribution, sale, hospitality, and testing of regulated marijuana and regulated marijuana products as provided by law; suspend, fine, restrict, or revoke such licenses, whether active, expired, or

surrendered, upon a violation of this article 10 or any rule promulgated pursuant to this article 10; and impose any penalty authorized by this article 10 or any rule promulgated pursuant to this article 10. The state licensing authority may take any action with respect to a registration or permit pursuant to this article 10 as it may with respect to a license pursuant to this article 10, in accordance with the procedures established pursuant to this article 10.

(c) Promulgate rules for the proper regulation and control of the cultivation, manufacture, distribution, sale, and testing of regulated marijuana and regulated marijuana products and for the enforcement of this article 10 and promulgate amended rules and such special rulings and findings as necessary;

(d) Hear and determine at a public hearing any contested state license denial and any complaints against a licensee and administer oaths and issue subpoenas to require the presence of persons and the production of papers, books, and records necessary to the determination of any hearing so held, all in accordance with article 4 of title 24. The state licensing authority may, at its discretion, delegate to the department hearing officers the authority to conduct licensing, disciplinary, and rule-making hearings pursuant to section 24-4-105. When conducting the hearings, the hearing officers are employees of the state licensing authority under the direction and supervision of the executive director and the state licensing authority.

(e) Develop such forms, licenses, identification cards, and applications as are necessary or convenient in the discretion of the state licensing authority for the administration of this article 10 or rules promulgated pursuant to this article 10;

(f) Prepare and transmit annually, in the form and manner prescribed by the heads of the principal departments pursuant to section 24-1-136, a report accounting to the governor for the efficient discharge of all responsibilities assigned by law or directive to the state licensing authority; and

(g) Collect and maintain data related to licensing disqualifications and all sanctions based on past criminal history pursuant to the requirements in section 24-34-104 (6)(b)(IX).

(h) Repealed.

(2) Nothing in this article 10 delegates to the state licensing authority the power to fix prices for regulated marijuana.

(3) Nothing in this article 10 limits a law enforcement agency's ability to investigate unlawful activity in relation to a medical marijuana business or retail marijuana business. A law enforcement agency has the authority to run a Colorado crime information center criminal history record check of a primary caregiver, licensee, or employee of a licensee during an

investigation of unlawful activity related to medical marijuana. A law enforcement agency has the authority to run a Colorado crime information center criminal history record check of a licensee or employee of a licensee during an investigation of unlawful activity related to regulated marijuana and regulated marijuana products.

(4) The executive director of the department of public health and environment shall provide to the state licensing authority standards for licensing laboratories pursuant to the requirements as outlined in section 44-10-203 (2)(d)(II) for regulated marijuana and regulated marijuana products.

(5)

(a) The state licensing authority has the authority to petition a district court for an investigative subpoena applicable to a person who is not licensed pursuant to this article 10 to obtain documents or information necessary to enforce the provisions of this article 10 and any rules promulgated pursuant to this article 10 after reasonable efforts have been made to obtain requested documents or information without a subpoena.

(b) The state licensing authority may apply to any court of competent jurisdiction to temporarily restrain or preliminarily or permanently enjoin the act in question of a person who is not licensed pursuant to this article 10 and to enforce compliance with this article 10 or any rule or order issued pursuant to this article 10 whenever it appears to the state licensing authority upon sufficient evidence satisfactory to the state licensing authority that any person has been or is committing an act prohibited by this article 10, a rule promulgated pursuant to this article 10, a rule or an order issued pursuant to this article 10, and the act:

(I) Threatens public health or safety;

(II) Constitutes an unlawful act for which the person does not hold the required license under this article 10; or

(III) Constitutes a violation of an order of the state licensing authority.

(6) The general assembly finds and declares that matters related to labeling as regulated pursuant to this section and section 44-10-203 (2)(f), packaging as regulated pursuant to this section and section 44-10-203 (3)(b), and testing as regulated pursuant to this section and section 44-10-203 (2)(d) are matters of statewide concern and the sole regulatory authority for labeling, packaging, and testing is section 44-10-203.

44-10-307. Persons prohibited as licensees – definition.

(1) A license provided by this article 10 shall not be issued to or held by:

(a) A person until the fee therefore has been paid;

(b) An individual whose criminal history indicates that he or she is not of good moral character after considering the factors in section 24-5-101 (2);

(c) A person other than an individual if the criminal history of any of its controlling beneficial owners indicates that a controlling beneficial owner is not of good moral character after considering the factors in section 24-5-101 (2);

(d) A person under twenty-one years of age;

(e) A person licensed pursuant to this article 10 who, during a period of licensure, or who, at the time of application, has failed to:

- (I) File any tax return with a taxing agency related to a medical marijuana business or retail marijuana business;
 - (II) Pay any taxes, interest, or penalties due as determined by final agency action related to a medical marijuana business or retail marijuana business;
 - (f) A person who fails to meet qualifications for licensure that directly and demonstrably relate to the operation of a medical marijuana business;
 - (g)
 - (I) A person who was convicted of a felony in the three years immediately preceding his or her application date or who is currently subject to a sentence for a felony conviction; except that, for a person applying to be a social equity licensee, a marijuana conviction shall not be the sole basis for license denial; or
 - (II) A person who is currently subject to a deferred judgment or sentence for a felony;
 - (h) A person who employs another person at a medical marijuana business or retail marijuana business who has not submitted fingerprints for a criminal history record check or whose criminal history record check reveals that the person is ineligible;
 - (i) A sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the state licensing authority or a local licensing authority;
 - (j) A person applying for a license for a location that is currently licensed as a retail food establishment;
 - (k) A publicly traded entity that does not constitute a publicly traded corporation as defined in this article 10;
 - (l) A person that is or has a controlling beneficial owner, passive beneficial owner, or indirect financial interest holder that is organized or formed under the laws of a country determined by the United States secretary of state to have repeatedly provided support for acts of international terrorism or is included among the list of “covered countries” in section 1502 of the federal “Dodd-Frank Wall Street Reform and Consumer Protection Act”, Pub.L. 111-203;
 - (m) A person that is or has a controlling beneficial owner that is an “ineligible issuer” pursuant to section 44-10-103 (50)(d)(I);
 - (n) A person that is or has a controlling beneficial owner that is disqualified as a “bad actor” pursuant to 17 CFR 230.506 (d)(1);
 - (o) A person that is not a publicly traded corporation that is or has a passive beneficial owner or indirect financial interest holder that is disqualified as a “bad actor” pursuant to 17 CFR 230.506 (d)(1);
 - (p) A person that is a publicly traded corporation that is or has a nonobjecting passive beneficial owner or indirect financial interest holder that is disqualified as a “bad actor” pursuant to 17 CFR 230.506 (d)(1); or
 - (q) A person that is or has a controlling beneficial owner, passive beneficial owner, or indirect financial interest holder that is prohibited from engaging in transactions pursuant to this article 10 due to its designation on the “Specially Designated Nationals and Blocked Persons” list maintained by the federal office of foreign assets control.
- (2)**The state licensing authority may deny or revoke a license if the applicant or licensee’s criminal character or criminal record poses a threat to the regulation or control of

Marijuana.

(3) A medical marijuana license provided by this article 10 shall not be issued to or held by:

(a) A licensed physician making patient recommendations; or

(b) A person whose authority to be a primary caregiver as defined in section 25-1.5-106 (2) has been revoked by the state health agency.

(4)

(a) In investigating the qualifications of an applicant or a licensee, the state and local licensing authorities may have access to criminal history record information furnished by a criminal justice agency subject to any restrictions imposed by such agency. In the event the state or local licensing authority considers the applicant's criminal history record, the state or local licensing authority shall also consider any information provided by the applicant regarding such criminal history record, including but not limited to evidence of rehabilitation, character references, and educational achievements, especially those items pertaining to the period of time between the applicant's last criminal conviction and the consideration of the application for a state license.

(b) As used in subsection (4)(a) of this section, "criminal justice agency" means any federal, state, or municipal court or any governmental agency or subunit of such agency that administers criminal justice pursuant to a statute or executive order and that allocates a substantial part of its annual budget to the administration of criminal justice.

(c) At the time of filing an application for issuance or renewal of a state medical marijuana business license or retail marijuana business license, an applicant shall submit a set of his or her fingerprints and file personal history information concerning the applicant's qualifications for a state license on forms prepared by the state licensing authority. The state or local licensing authority or local jurisdiction shall submit the fingerprints to the Colorado bureau of investigation for the purpose of conducting fingerprint-based criminal history record checks. The Colorado bureau of investigation shall forward the fingerprints to the federal bureau of investigation for the purpose of conducting fingerprint-based criminal history record checks. When the results of a fingerprint-based criminal history record check reveal a record of arrest without a disposition, the state or local licensing authority or local jurisdiction shall require an applicant or a license holder to submit to a name-based judicial record check, as defined in section 22-2-119.3 (6)(d). The state or local licensing authority or local jurisdiction shall use the information resulting from the fingerprint-based criminal history record check to investigate and determine whether an applicant is qualified to hold a state or local license pursuant to this article 10. The state or local licensing authority or local jurisdiction may verify any of the information an applicant is required to submit.

44-10-309. Business owner and financial interest disclosure requirements.

(1) Applicants for the issuance of a state license shall disclose to the state licensing authority the following:

(a) A complete and accurate organizational chart of the medical marijuana business or retail marijuana business reflecting the identity and ownership percentages of its controlling beneficial owners;

(b) The following information regarding all controlling beneficial owners of the medical marijuana business or retail marijuana business:

(I) If the controlling beneficial owner is a publicly traded corporation, the applicant shall disclose the controlling beneficial owners' managers and any beneficial owners that directly or indirectly beneficially own ten percent or more of the owner's interest in the controlling beneficial owner.

(II) If the controlling beneficial owner is not a publicly traded corporation and is not a qualified private fund, the applicant shall disclose the controlling beneficial owner's managers and any beneficial owners that directly or indirectly beneficially own ten percent or more of the owner's interest in the controlling beneficial owner.

(III) If the controlling beneficial owner is a qualified private fund, the applicant shall disclose a complete and accurate organizational chart of the qualified private fund reflecting the identity and ownership percentages of the qualified private fund's managers, investment advisers, investment adviser representatives, any trustee or equivalent, and any other person that controls the investment in, or management or operations of, the medical marijuana business or retail marijuana business.

(IV) If the controlling beneficial owner is a natural person, the applicant shall disclose the natural person's identifying information.

(c) A person that is both a passive beneficial owner and an indirect financial interest holder in the medical marijuana business or retail marijuana business; and

(d) Any indirect financial interest holder that holds two or more indirect financial interests in the medical marijuana business or retail marijuana business or that is contributing over fifty percent of the operating capital of the medical marijuana business or retail marijuana business.

(2) The state licensing authority may request that the medical marijuana business or retail marijuana business disclose the following:

(a) Each beneficial owner and affiliate of an applicant, medical marijuana business or retail marijuana business, or controlling beneficial owner that is not a publicly traded corporation or a qualified private fund; and

(b) Each affiliate of a controlling beneficial owner that is a qualified private fund.

(3) For reasonable cause, the state licensing authority may require disclosure of:

(a) A complete and accurate list of each non objecting beneficial interest owner of an applicant, medical marijuana business or retail marijuana business, or controlling beneficial owner that is a publicly traded corporation;

(b) Passive beneficial owners of the medical marijuana business or retail marijuana business, and for any passive beneficial owner that is not a natural person, the members of the board of directors, general partners, managing members, or managers and ten percent or more owners of the passive beneficial owner;

(c) A list of each beneficial owner in a qualified private fund that is a controlling beneficial owner;

(d) All indirect financial interest holders of the medical marijuana business or retail marijuana business, and for any indirect financial interest holder that is not a natural person and ten percent or more beneficial owners of the indirect financial interest holder.

(4) An applicant or medical marijuana business or retail marijuana business that is not a publicly traded corporation shall affirm under penalty of perjury that it exercised reasonable care to confirm that its passive beneficial owners, indirect financial interest holders, and qualified institutional investors are not persons prohibited pursuant to section 44-10-307, or otherwise restricted from holding an interest under this article 10. An applicant's or medical marijuana business's or retail marijuana business's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation, or other sanction by the state licensing Authority.

(5) An applicant or medical marijuana business or retail marijuana business that is a publicly traded corporation shall affirm under penalty of perjury that it exercised reasonable care to confirm that its non objecting passive beneficial owners, indirect financial interest holders, and qualified institutional investors are not persons prohibited pursuant to section 44-10-307, or otherwise restricted from holding an interest under this article 10. An applicant's or medical marijuana business's or retail marijuana business's failure to exercise reasonable care is a basis for denial, fine, suspension, revocation, or other sanction by the state licensing Authority.

(6) This section does not restrict the state licensing authority's ability to reasonably request information or records at renewal or as part of any other investigation following initial licensure of a medical marijuana business or retail marijuana business.

(7) The securities commissioner may, by rule or order, require additional disclosures if such information is full and fair with respect to the investment or in the interest of investor protection.