

Cannabis law talks



Lotto 420: Ontario expressions of interest lottery rules released

January 2019 Cannabis

As we [previously reported](#), the Alcohol and Gaming Commission of Ontario (AGCO) will hold a lottery to determine which interested parties will be invited to apply for a retail operator license. The Ontario government has set an initial cap on the number of cannabis retail store authorizations it will issue at 25 and each holder of a retail operator license will only be eligible to apply for one such authorization.

Interested parties may submit an expression of interest (EOI) to the AGCO from 12:01 a.m. Eastern Standard Time (EST) January 7 until 12 p.m. EST January 9, 2019.

The AGCO released the rules for the lottery on January 2, 2019. These rules will apply to all licenses that are issued until December 13, 2019, or until the Ontario government decides to open the process. The full text of the rules is available [here](#). Key points include:

- **Corporate changes:** Applicants who are selected must use the same legal name in their retail operator license application. Additionally, applicants who are selected will not be permitted to make any corporate or ownership changes that would result in a change of control until December 13, 2019, or the regulations are amended.
- **Affiliated applicants:** As we learned previously, applicants who are affiliated with one another may collectively only submit one EOI per region. Only one applicant among all affiliated applicants may be selected to apply for a retail operator license. Violation of this rule will result in the disqualification of all affiliated applicants.
- **Selected list and wait list:** The AGCO will establish a selected list and a wait list by randomly drawing from the lottery pool. Separate selected lists and wait lists will be established for each region. Applicants on the selected list will be invited to apply for a retail operator license. Prospective applicants who are placed on the wait list may be moved to the selected list if a selected applicant withdraws, is disqualified, or is refused a retail operator license.
- **Age restrictions:** All individuals associated with an applicant must be at least 19 years old.

- **Application deadline:** Selected applicants will have five business days after the results of the lottery are released to complete a retail operator license application.
- **Fees and charges:** The EOI application fee will be \$75. The fee for the retail operator license application will be \$6,000. An additional \$4,000 retail store authorization fee will be collected if the retail operator license application is successful.
- **Penalties for disqualification and failure to open in April:** Selected applicants must provide a \$50,000 standby letter of credit (using the [AGCO's provided form](#)) along with the retail operator license application. The letter of credit will be drawn if an applicant is disqualified for violating the lottery rules, or if a licensee does not begin selling cannabis in April.

The AGCO has stated that all expressions of interest received between January 7 and 9 will be pooled, meaning no advantage will be given to those who submit EOIs early. Prospective applicants should create an account on iAGCO to be prepared to submit an expression of interest between January 7 and 9.

For a timeline for the cannabis retail lottery, licensing and store authorization process, please see this [link](#).

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The authors wish to thank articling student Daniel Weiss for his help in preparing this legal update.

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