

cannabizfile

Cannabis Business Entity Information Frequently Asked Questions

What cannabis-related business filings will be accepted by the Secretary of State?

Nonprofit Corporations: The Secretary of State's office presently accepts filings submitted for nonprofit mutual benefit corporations, cooperative corporations formed under the Corporations Code and nonprofit cooperative associations formed under the Food and Agricultural Code for qualified patients and primary caregivers that wish to engage in medical cannabis activities currently under the restrictions of the Compassionate Use Act, Medical Marijuana Program Act and the 2008 Attorney General Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use.

Other Corporations and Other Entity Types: Additionally, filing submissions on behalf of any for profit entity types (e.g. general stock corporations, limited liability companies, and limited partnerships), other than cannabis cooperative associations, that are formed for the purpose of engaging in future commercial medical and/or adult-use cannabis-related activities after seeking the appropriate licenses are accepted at this time. These customers may wish to form their entity in order to prepare to apply for necessary license(s) as applications become available.

Cannabis Cooperative Associations: The Secretary of State will begin accepting filings for cannabis cooperative associations formed under the Business and Professions Code after January 1, 2018.

Start Up Checklist & Online Help: For a checklist of necessary steps to start a cannabis business in California please visit cannabizfile.sos.ca.gov/brochure. If you are ready to start a cannabis-related business in California and want additional information regarding online filings, forms, samples and fee information, please visit bizfile California Portal at bizfile.sos.ca.gov.

For information regarding licensing requirements, please contact the California city and/or county where the physical location of the commercial cannabis-related activities will take place and the state agency, bureau, or board with jurisdiction over the cannabis-related activities to be conducted in California. Additional information is available through the California Cannabis Portal at cannabis.ca.gov.

Do organizational documents filed with the Secretary of State constitute a license to engage in cannabis-related activities under MAUCRSA?

No. The Secretary of State does not issue licenses for cannabis related activity. State licensing agencies (see below) anticipate issuing licenses beginning January 1, 2018. However, customers should be aware that commercial cannabis activities cannot be conducted prior to obtaining any appropriate local license, permit or other authorization, as well as any necessary state license. Filing organizational documents with the Secretary of State's office alone does not provide business entities with the legal authority to conduct commercial cannabis activities pursuant to MAUCRSA.

For information regarding licensing requirements, please contact the California city and/or county where the physical location of the commercial cannabis-related activities will take place and the state agency, bureau, or board with jurisdiction over the cannabis-related activities to be conducted in California. Additional information is available through the California Cannabis Portal at cannabis.ca.gov.

Does my business need a license to conduct commercial cannabis-related activities in California?

Yes. California has a dual licensing system for commercial medical and adult-use cannabis. Businesses engaging in cannabis-related activities that are required to be licensed must obtain a city, county or city and county license, permit or other authorization as well as any required state license. Lawful cannabis cultivation, transportation, distribution, testing, dispensing, and manufacturing under California law are highly regulated and licensed by California State and local government entities. It is anticipated that state licenses for medical and adult-use cannabis-related activities will begin being issued January 1, 2018. The Secretary of State does not issue licenses. State licensing agencies are as follows:

<p>Bureau of Cannabis Control Department of Consumer Affairs</p>  <p>The Bureau licenses Testing Laboratories, Distributors, Retailers, and Micro-Businesses.</p> <p>Website: bcc.ca.gov Email: bcc@dca.ca.gov Phone: (800) 952-5210</p>	<p>CalCannabis Cultivation Licensing Program Department of Food & Agriculture</p>  <p>CalCannabis licenses cannabis cultivators and administers the Track-and-Trace system.</p> <p>Website: cannabis.cdffa.ca.gov Email: cannabis@cdffa.ca.gov Phone: (916) 263-0801</p>	<p>Manufactured Cannabis Safety Branch (MCSB) Department of Public Health</p>  <p>MCSB licenses Manufacturers of cannabis products, such as edibles.</p> <p>Website: cdph.ca.gov/mcsb Email: mcsb@cdph.ca.gov Phone: (916) 440-7861</p>
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For further information about cannabis licensing and regulation, please visit the California [Cannabis Portal](#). The California Cannabis Portal is intended to be a valuable resource and a one-stop shop for all things related to the state's effort to regulate the cannabis industry and is updated frequently with information from all affected state agencies.

My business is currently incorporated as a nonprofit mutual benefit corporation or cooperative corporation but I would like to change the business structure to a general stock corporation. What do I need to file with the Secretary of State?

To change the status of an existing nonprofit corporation, such as a mutual benefit corporation or cooperative corporation to a for profit corporation, you may file either a Certificate of Amendment or Restated Articles of Incorporation.

Since you will need to change several provisions listed in your nonprofit Articles of Incorporation, filing Restated Articles of Incorporation may be the preferred method of making these changes. Samples of Restated Articles of Incorporation and a Certificate of Amendment may be found on our [bizfile California Portal](#) under Forms and Filing Tips. You should use the sample that is designated as either "Certificate of Amendment – Nonprofit" or "Restated Articles of Incorporation – Nonprofit" since your entity will not change to a for profit stock corporation until the document is filed with the Secretary of State.

Restated article provisions will need to include at least the following: (1) the name of the corporation; (2) the purpose statement for a general stock corporation; and (3) the number of shares authorized to be issued. If there are outstanding membership interests for the nonprofit corporation, the articles also will need to include a statement of the effect of the amendment/restatement on those interests (e.g. a statement indicating that upon the filing of the Restated Articles of Incorporation

ration, each outstanding membership interest shall be converted into one common share or a statement that each outstanding membership interest shall be canceled without consideration upon the filing of the Restated Articles of Incorporation with the Secretary of State).

While you may include additional article provisions, any article provisions that previously appeared in the nonprofit Articles of Incorporation that are specific to a nonprofit entity type must be omitted from the restated article provisions (e.g. statements referencing members or the purpose statement for a nonprofit mutual benefit corporation and tax exemption provisions).

Finally, if the nonprofit corporation has not yet filed a Statement of Information with the Secretary of State, the Restated Articles of Incorporation will need to include the name and address of the agent for service of process and the initial street and mailing address of the corporation exactly as it appeared in the original nonprofit Articles of Incorporation.

Alternatively, if the nonprofit corporation has already filed a Statement of Information, the name and address of the agent for service of process and the street and mailing address of the corporation must be omitted. Once the Restated Articles of Incorporation are filed, you should file an updated Statement of Information – Stock (Form SI-550) within 90 days.

My business currently is incorporated as a nonprofit mutual benefit corporation or cooperative corporation but I would like to change the business structure to a limited liability company, limited partnership or general partnership. What do I need to file with the Secretary of State?

Under California law, California nonprofit corporations cannot “convert” (change the entity type from a nonprofit corporation to a limited liability company, limited partnership, or general partnership). However, nonprofit corporations can amend or restate their Articles of Incorporation to become a stock corporation (please see the previous response for information on how to do this) and once the corporation is a stock corporation the corporation can follow the procedures outlined in Corporations Code sections 1150 through 1160 to convert to a limited liability company, limited partnership or general partnership.

To convert from a stock corporation to a limited liability company, limited partnership or general partnership, you can use the applicable conversion form provided by the Secretary of State. For further information, forms and instructions relating to conversion filings with the Secretary of State’s office please see [Conversion Filings](#). You may wish to consult your legal and financial advisors, along with the licensing agencies prior to submitting filings to the Secretary of State.

I already formed a business. The local or state licensing application is now requiring me to provide business documents that I filed with the Secretary of State. How can I obtain this information from the Secretary of State?

Information for corporations, limited liability companies, and limited partnerships, including most filings for those entities, are available online. bizfile California Portal, is the Secretary of State’s new online business portal to help businesses file, search, and order business records. Within bizfile California Portal, you will find the California Business Search which provides online access to information for corporations, limited liability companies, and limited partnerships of record with the California Secretary of State including FREE copies of more than 10.9 million PDF images relating to business registrations, amendments, terminations, and the most recent Statements of Information for corporations and limited liability companies. Instructions and fees for ordering certified copies of filed documents for all types of business entities of record are available on the [Business Entities Records – Order Form \(PDF\)](#).

Can I register a cannabis-related service mark or trademark with the California Secretary of State's Office?

Beginning January 1, 2018, customers may register their cannabis-related trademark or service mark with the California Secretary of State's office so long as: **(1) the mark is lawfully in use in commerce within California; and (2) matches the classification of goods and services adopted by the United States Patent and Trademark Office**. If the application submitted to register a trademark or service mark is found deficient, the application will be returned to the registrant for correction. Note: Not all cannabis-related products can be registered under current law due to the inability to meet federal classifications. For further information including forms, fees and registration instructions, please visit the California Secretary of State's Trademark and Service Mark webpage.

How will priority be determined for a trademark or service mark application for identical marks received at the same time?

In the instance of separate applicants concurrently seeking registration of the same or confusingly similar marks, priority will be given to the application received in the following order:

1. Applications received by mail will be labeled received at 5:00 p.m. on the date received.
2. Applications received in person over the counter in Sacramento will be labeled received at the actual time and date received.