



Microbusiness Ownership Structure

This is an example of a visual representation of an applicant entity's ownership structure.



This symbol indicates that a definition is provided on the next page.



MISSOURI DEPARTMENT OF
**HEALTH &
SENIOR SERVICES**



Definitions

Microbusiness Application

Applicant Entity is the name of the business or individual who is applying for a license and, if a license is awarded, this will be the name of the licensed entity. This name is to be entered in the General Information section of the application under Legal Entity Name. The entity name should correspond to the Business Structure Type entered in the application. In this example, LLC would correspond to a business structure type of limited liability corporation. If an individual applies with their own name as the applicant entity, this would correspond to a business structure type of sole proprietorship. Note that, once awarded a license, all business entities except sole proprietorships would need to be registered with the Missouri Secretary of State.

Ownership Interest (defined in 19 CSR 100-1) means any amount of financial (FI) or voting interest (VI) in a medical or marijuana facility license. In this example, Joan Bonham (25% FI, 25% VI), Keith Drummer (30% FI, 30% VI), Moon, LLC (30% FI, 30%VI), Ed Mitten (5% FI, 5% VI), and Rick Jagger (40% FI, 40% VI) all have ownership interest in the applicant entity. Information about all individuals and sub-entities shown here would be entered into the application's Ownership section. This example demonstrates the requirement of combined interest percentages for financial and voting each equaling 100%.

Majority Owner contributes to majority ownership means that an individual is claiming that they meet at least one of the eligibility criteria for microbusiness ownership. The total interest for all individuals claiming majority ownership in the applicant entity must be greater than 50%. In this example, Joan Bonham has 25% FI and VI interest, Keith Drummer has 30% FI and VI interest, making the total interest for individuals claiming majority ownership 55%. Financial and voting interest are totaled separately, such that majority ownership can be met through either the total financial interest or the total voting interest in the applicant entity exceeding 50%. The greater of the two will be used in instances where financial and voting interest are not equal. These individuals would answer 'yes' to the following question in the Ownership section of the application: **Does this individual's financial or voting interest contribute toward the calculation for majority ownership?**

Owner (defined in 19 CSR 100-1) means an individual or other entity having a financial or voting interest in 10% or greater of a medical or marijuana facility license. In this example, Joan Bonham, Keith Drummer (via Moon, LLC), and Rick Jagger are owners, but Ed Mitten is not considered an owner.

Financial Interest (defined in 19 CSR 100-1) means all the economic rights and benefits owed to the holder of an equity ownership position in an entity. Percentage of financial interest is shown in the visual representation of ownership as well as within the application's Ownership section. The combined percentage of all individuals with financial interest must equal 100%.

Voting Interest means any interest in an entity that entitles the holder of that interest to vote for the election of directors of the entity or to vote on other matters affecting the entity. Percentage of voting interest is shown in the visual representation of ownership as well as within the application's Ownership section. The combined percentage of all individuals with voting interest must equal 100%.

Sub-entity means an entity through which an individual holds indirect interest in the applicant entity. In this example, Moon, LLC is considered a sub-entity because individual Keith Drummer holds interest in Green Street, LLC indirectly through Moon, LLC. As the sole member holding 100% interest in Moon, LLC, Keith's interest in the applicant entity is equal to Moon, LLC's interest (30% FI, 30% VI) in the applicant entity. Joan Bonham, Rick Jagger, Ed Mitten and the entity Moon, LLC hold direct interest in Green Street, LLC. Within the application's Ownership section, Moon, LLC would be entered by answering 'yes' to the following question when entering information for Keith Drummer: **Is this individual invested in the applicant entity through a sub-entity?**