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State, Insiders Stand to Benefit From Illinois' Medical Marijuana Law

By Hilary Gowins

Illinois became the 20th state in the U.S. to legalize medical marijuana in July 2013. But the Illinois law, which allows for a four-year medical marijuana pilot program, could be the next big windfall for cronyism in the state.

Political favoritism may already be cropping up in Illinois' newly established medical marijuana industry, and barriers to entry could be steep as the state may impose hefty application and permit fees.

Competition to become established in Illinois' medical marijuana business is stiff. Under the pilot program created by the [new state law](#), Illinois will allow only 60 marijuana dispensaries and 22 growing centers.

This industry is expected to mean big money for those who land much-coveted business rights — last year, California's medical marijuana sales were [\\$1 billion](#). And in Illinois, a state notorious for corrupt insider dealings, the politically connected often get first dibs.

Those wanting a shot at one of the precious few dispensary and growing center slots are already jockeying for position. Anyone wanting to open one of these businesses must submit the name of the business, proposed location, relevant agricultural experience and much more information.

One person seeking medical marijuana registration from the state is Sam Borek, a former college roommate of Lou Lang, the state representative who sponsored Illinois' medical marijuana law. According to [CBS St. Louis](#), Borek has reserved at least three-dozen marijuana-related business names.

A friend of the governor is trying to get in on the action as well.

Chicagoan David Rosen, who was Gov. Pat Quinn's chief fundraiser in 2010, plans to open a medical marijuana business in Nevada called "Waveseer" — and interestingly enough, he has also registered the same business name in Illinois, CBS St. Louis reported.

Ultimately, the state will have the sole authority to decide the businesses it feels are best suited to operate under the new state law, and that will leave open the possibility for lawmakers to grant special favors to those applicants who are

And any applicants who do receive registration through the state will have to comply with numerous regulations.

Under [proposed regulations](#) for the pilot program, the state would require dispensaries to pay a \$5,000 nonrefundable application fee, a \$30,000 permit fee and a \$25,000 in annual permit renewal fee. Anyone wanting a dispensary permit will also have to show proof of \$50,000 in escrow or bonds.

The application fee for growing centers is even steeper, at \$25,000. Growing centers also have to pay a \$200,000 fee after its permit is approved, plus a \$100,000 renewal fee. Applicants would also have to prove that they have \$2 million in escrow or bonds.

And if owners want to make changes to their business, there could be a fee for that, too.


Under the proposed regulations, the state could charge growing centers \$1,000 to change their business name, to alter stock ownership or change principal officers.

These hefty fees certainly limit the number of people who can afford to open a business in a [booming industry](#).

Given the level of state involvement in Illinois' medical marijuana industry, it's not hard to imagine opportunities for corruption. So as marijuana-related business licenses begin to roll out of Springfield, Illinoisans would be wise to pay attention to who's reaping the benefits.

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