

Financial and Corporate Structure Investigations RFR
BD-20-2018-CNB-CNB-41691
Questions & Answers
July 25, 2019

1. With regard to the financial capability of the bidder, would it be acceptable to provide a performance bond in an amount acceptable to the commission for the performance of services along with selected published financial information of the Company? We are the 22nd largest CPA firm in the United States and do not release our financial statements to anyone outside of the firm. Please let us know what could suffice otherwise to satisfy this requirement.

Response: Yes, however, the Commission reserves the right to request additional information to assess the financial capacity of the bidder before negotiating and entering into a contract.

2. Will any part of this RFR be awarded to multiple vendors or is it a one vendor award?

Response: Under 1.3.1 Procurement Characteristics, the Commission seeks a single vendor.

3. Will the contract cover due diligence on existing licensees?

Response: Yes.

4. Have monitoring requirements been defined and/or is the Commission receptive to its vendor(s) defining this process? If monitoring requirements have been defined, can you provide a description of the requirements?

Response: Not at this time. The Commission is willing to discuss the scope and need for monitoring requirements with the vendor.

5. What is the volume of those requiring diligence and/or monitoring and are they located/operating only in the Commonwealth?

Response: The Commission anticipates 20 – 30 due diligence investigations related to change of ownership and control over the next year. This number could significantly increase as this is a developing market. Many of the licensees operate outside the Commonwealth.

6. Do any of these licensees operate overseas? If so, how many and where?

Response: The Commission only licenses entities located in Massachusetts. Some of the licensees may have operations in other countries. This is a developing market and conditions may change.

7. Is there an anticipated need to conduct due diligence in a language other than English? If so, what other languages are expected?

Response: It is not anticipated that due diligence will be conducted in languages other than English.

8. What is the expected amount of licensee applications to be received within the one-year period of the contract? Does the Commission anticipate a ramp up period for licensee applications?

Response: In the first year of receiving applications, the Commission received approximately 475 applications. We do not anticipate having the vendor conduct due diligence on every application.

9. What specific information is obtained by the Commission from each Licensee prior to granting a license? How does the Commission currently manage and store this information?

Response: Refer to 935 CMR 500.101(1) for the information obtained by the Commission. It is managed through an electronic licensing system, Mass CIP.

10. What is the current average timeframe to on-board a new licensee at the Commission?

Response: It depends on the applicant's compliance with Commission regulations, local approvals, and the licensee's ability to make the business operational.

11. How many company Board of Directors or company Officers are generally expected to be researched and profiled for a licensee within the due diligence process?

Response: The number of persons and entities listed on an application varies.

12. Does the Commission expect on-site visits to verify legal existence or will online corporate records suffice?

Response: If an on-site visit is not feasible, verification through other methods will suffice.

13. Which related individuals are the Commission interested in conducting due diligence on? (i.e. significant beneficial owners only, all shareholders, Board of Directors, key C-suite executives, or all principals?)

Response: Any person or entity that is listed or should be listed on an application. The list of individuals or entities that must be disclosed may be found at 935 CMR 500.101.

14. What is the expectation for profiling in-scope members of a company's Board of Directors and/or relevant officers and entities? For example, would media research be sufficient or is the expectation to also search litigation records and to identify professional and educational histories?

Response: The Commission anticipates that the chosen vendor(s) would be able to develop information that would include items not already provided by our background check vendor. These items include,, but may not be limited to, the corporate structure of entities, including delineation of parent companies and subsidiaries as applicable; associations with other businesses of individuals and entities included on the application or that come to the attention of the chosen vendor in the course of review; liens on individuals and entities; and regulatory filings associated with entities included on the application.

15. Does the Commission intend to conduct due diligence on other third parties related to the supply chain of the licensee (i.e. suppliers, manufacturers, wholesalers, distributors)? If so, what is the expected volume?

Response: If the third party entity or individual should have been listed on the application because they have an interest or controlling interest, due diligence should be conducted. The Commission cannot anticipate the volume of this type of investigation at this time.

16. What is the expected annual volume for financial audits performed? How does the Commission define a financial audit?

Response: The Commission anticipates 20 – 30 due diligence investigations related to Change of Ownership over the next year. This number could significantly increase as this is a developing market. Please refer to M.G.L. 94G section 18 for the definition of an audit.

17. Does the Commission intend to build an internal team, including managerial oversight, to oversee this program? If so, have those position(s) been filled?

Response: Yes. The chosen vendor will be expected to facilitate this process by providing training and advice to Commission staff on due diligence investigations.

18. What is the expected weekly/monthly/annual volume of reviews expected by the CCC?

Response: The Commission anticipates 20 – 30 due diligence investigations related to Change of Ownership over the next year. This number could significantly increase as this is a developing market.

19. Are all subjects of assessment U.S. based or will there be international ones as well? If the latter, which jurisdictions would be in scope?

Response: Most subjects are U.S. citizens, however, there may be foreign nationals with controlling interest in a Marijuana Establishment or Medical Marijuana Treatment Center. At this time, we cannot predict how many or from which countries they may come from. Many U.S. marijuana business are also publicly traded companies based in Canada.

20. Can the successful consultant utilize offshore company resources to assist the CCC with the project?

Response: As part of its response, bidders should disclose all persons or entities it will utilize in performing due diligence investigations, including any potential subcontractors.

21. What are the approximate number of subjects to be assessed within each due diligence project for a licensee e.g. related executives, controlling persons, etc.?

Response: The number will vary based on how many persons or entities are reported to have an ownership or control interest in the company.

22. Can you provide a range of approximate number of documents to be reviewed and assessed by the consultant for each due diligence case?

Response: Refer to Section 2.1 of the RFR. The following documents are also expected to be reviewed, if applicable: articles of incorporation, by-laws, recent changes in corporate structure, organizational charts, shareholder lists, parent companies and subsidiaries, minutes of board of directors' meetings, most recent five-year business plan, prior business plans, major contracts, financial statements to include income statements, balance sheets, statement of cash flows, and change in equity statements; recent acquisitions or spin-offs, news media reports and trade publications.

23. As part of the due diligence process, is the consultant expected to interface with the licensees or is the due diligence expected to be performed discreetly?

Response: The vendor may interface with the licensee unless directed otherwise.

24. While we understand each due diligence case could be different, would you be able to provide an approximate expected turnaround time or range for each project?

Response: While the requirements and amount of material to review will vary from case to case, a thirty-day completion time would be expected for most investigations.

25. What kind of deliverables are expected from the process - PowerPoint summary? Detailed verbose Word documents with exhibits/attachments, as applicable? One final deliverable at the end of each licensee assessment?

Response: Most internal Commission reports are comprehensive Word docs with Exhibits; however, the Commission may request a different format on a case-by-case basis. Referring to Attachment A of the RFR, the vendor may assist the Commission with developing report templates.

26. Section 4.1 of the RFR allocates 5 points of the Phase II Review to Invest in Massachusetts. Can you please clarify that criteria?

Response: The Commission seeks to identify vendors who demonstrate ties to the state, including a headquarters or principal place of business within the state, the number of Massachusetts-based employees, and relationships with other Massachusetts-based businesses.

27. It is our understanding the Supplier Diversity Program Plan Form #1 should be submitted with the bid and Form #2 and Form #3 would be submitted after contract execution, if awarded. Please confirm.

Response: This understanding is correct. All bidders are required to submit Form #1 in their response. Form #2 and #3 will be required from the awarded contractor.

28. The Forms folder attached to the bid contains a Commonwealth of Massachusetts Settlement and Release form. Please confirm that this is not relevant to this bid.

Response: It is not relevant to this bid, please disregard.

29. As a deliverable, does the Commission expect a report issued in accordance with Generally Accepted Government Auditing Standards?

Response: Potential vendors are encouraged to identify and recommend the appropriate professional and industry standards that they will use to conduct due diligence investigations and issue reports.