

Recreational Marijuana Program

Compliance Education Bulletin

Bulletin CE2018-04

April 3, 2018

The Oregon Liquor Control Commission is providing the following information to: recreational marijuana licensees.

The bulletin is part of OLCC's compliance education. It is important that you read it, and understand it. If you don't understand it please contact the OLCC for help.

Failure to understand and follow the information contained in this bulletin *could result in an OLCC rules compliance violation affecting your ability to work or operate your business.*

Bulletin CE2018-04 covers the following issues:

- Proactive Compliance Inspections (Retail)

Proactive Compliance Inspections

Inspectors will be reviewing licensed premises for compliance with cannabis security and tracking requirements, compliance with basic operational requirements, unapproved premises alterations, and unapproved business structure changes. These actions will be in addition to ongoing retail licensee minor decoy operations.

Licensees should be ready for inspection at all times; the OLCC is not required to notify licensees in advance of a compliance inspection. Regular rigorous and comprehensive self-auditing of OLCC procedures and processes is strongly recommended.

Marijuana licensees should be operating as approved at the time of licensing. Below are some OLCC Recreational Marijuana Program licensee requirements with specific details licensees should be aware of and practicing.

CTS Tracking Requirements

A large focus of upcoming compliance efforts will be to determine if retailers are following CTS tracking requirements. Inspectors will perform inventory checks against CTS records. The failure to keep accurate records, even if unintentional, is considered a violation for any licensee.

The daily reconciliation requirement of OAR 845-023-7580(1)(b) requires that each licensee reconcile inventory in CTS daily prior to the start of business the following day. Inventory discrepancies of waste resulting from repackaging, spoilage, additional drying, or other factors should be adjusted in CTS for each affected package. A discrepancy that remains for more than a single day counts as a failure to meet this requirement.

Video Surveillance

Video surveillance requirements mandate a level of security and accountability for licensees. Although surveillance coverage is reviewed at the time of licensure, changes in operations or unapproved alterations to a premises may result in changes to the way images are captured. Licensees can and should review their video coverage periodically to ensure compliance with this requirement. Cameras should capture video continuously at 10 frames per second at a resolution of 720p; cameras should not be blocked or obscured in such a way that prevents coverage of any limited access or consumer sales area.

OLCC rules require that surveillance cameras capture clear images of any individuals and activity in any limited access area, any consumer sales area, and within 15 feet of all entries and exits to the premises. A limited access area includes the surveillance area and any area where cannabis items are or will be present, even temporarily relocation when being moved. This means there should be no area of a licensed premises where cannabis items are present that are not captured on cameras; there should be no "blind spots" between covered areas. Specifically an individual moving between limited access areas should appear on one camera prior to disappearing on another.

Video Retention

Licensees are required to store camera footage on site within the designated surveillance area. These records must be kept for 90 days and must be easily accessible and retrievable. In addition, camera coverage of the surveillance area itself must be stored on-site AND backed up to an off-site location in real time. This off-site backup must be maintained for a period of 30 days. Inspectors will be checking to ensure licensees can access and recover this information.

General Security

The security of cannabis items on a licensed premises is critically important. During any hours when the licensee is not actively engaged in licensed operations, cannabis items must be secured.

For a Retailer licensee, all cannabis items - including seeds and immature plants, must be stored in safes or vaults. These secured locations must be in areas designated at initial licensure. Leaving cannabis items in display cases during non-operating hours is not allowed.

Additionally, during operating hours, Retailers must store cannabis items in such a way that customers cannot access those items until a sale is completed. This means items should not be displayed on an open counter space in easy reach of a customer in the sales area.

For licensees other than Retailers, all cannabis items, except for seeds and living plants, must be stored within designated and secure areas safeguarded with a steel door in a steel frame equipped with a non-residential commercial-grade lock approved during licensure.

Worker Permit Requirements

Anyone working at a licensed premises is required to have a Marijuana Worker Permit. Inspectors will request from any employee verification of a valid worker permit. Although individual permittees will be responsible for having permits available for inspection licensees share the responsibility of ensuring their employees can meet this requirement. Licensees are required to verify the worker permit status of individuals and failure to do so can result in a violation.

Any employee or representative of a licensee that performs the following duties must have an active and issued worker permit and be able to produce an original or copy of the issued permit upon request:

- The possession, production, processing, securing, or selling of marijuana items at the premises;
- The recording of any of the above actions for primary recordkeeping or the entry of data into CTS;
- Inspecting identification for the purposes of verifying whether a person is over the age of 21;
- The direct supervision of any other person required to have a worker permit.

A licensee is responsible for ensuring this requirement is met for any employee. A licensee must keep in the CTS a roster of all active employees, who work within the licensed premise, even if the employees don't use the CTS. Refer to OLCC Compliance [Bulletin CE2017-06](#) for information on how to enter employee Marijuana Worker Permit numbers into the CTS. A licensee must also indicate that contractors or subcontractors performing work on a premises are properly documented in the licensee's visitor log.

Alterations to a Premises and Business Structure Changes

Licensees are required to receive approval from the Commission before making any physical alterations to a premises that could affect security. This is in part to ensure the licensee is still meeting security requirements after an alteration. If a premises is found to be substantially altered from what is currently approved for the license, the licensee may be found in violation and could face sanctions up to and including license cancellation.

Adding partners or owners to a licensed business must first be approved by the Commission. Licenses are not transferable. While the Commission does not have to approve the sale of businesses' assets, the Commission does have to approve issuing a new license to new owners of an existing licensed marijuana business. Operating a licensed business with an unapproved financial interest can result in cancellation and the denial of future license applications.

Licensees can find the forms and instructions to file for a change at http://www.oregon.gov/olcc/marijuana/Pages/Forms_Publications.aspx under the section header "Notification/Change Forms".

Packaging and Labeling

All products that are packaged and labeled for ultimate sale to a consumer must be compliant with the packaging and labeling rules.

All items being sold to a consumer or patient must leave the store in the proper type of child-resistant package. If a Retailer is unsure, what type of child-resistant package is required, this link will provide a guide: http://www.oregon.gov/olcc/marijuana/Documents/Packaging_Labeling/PackageInfo.pdf

All items must be properly labeled with the information required by rule. Licensees should read the labeling rules and the Packaging and Labeling Guide for more information about the labeling rules, a label checklist, and examples of how information should be displayed on a label: http://www.oregon.gov/olcc/marijuana/Documents/Packaging_Labeling/PackagingandLabelingGuide.pdf

Licensees must make sure that all packages and labels have been approved by the OLCC prior to sale or transfer, unless the package has been preapproved or the licensee is using a generic label. This guide can help licensees navigate the package and label application system: http://www.oregon.gov/olcc/marijuana/Documents/Packaging_Labeling/PreApprovalProcess_PackageandLabelGuide.pdf