



Oregon

Kate Brown, Governor

Liquor Control Commission

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A Message from Steve Marks, Executive Director, OLCC

February 9, 2017

To our OLCC Licensees,

Congratulations, you are one of more than 900 recreational marijuana licensees approved by the OLCC. Retail business sales now exceed \$3 million per week and as we add retailers, average weekly sales per retailer remain steady at \$17,000.

Every day additional products are being added to store shelves which is in part the result of testing changes that have expedited the ability to get products to market. There is no doubt that more work is needed to improve and streamline the testing process. Despite its imperfection, the market is growing every day. This is good news.

Now for the disappointing news. In spite of prolific communication about the Cannabis Tracking System (CTS), hands-on work with licensees, and extensive training opportunities provided by Metrc, about 20 percent of licensees, mostly growers, are failing to keep current the most basic CTS records. **If you are one of these licensees, know that this is a compliance risk and will result in fines and/or cancellation of your license.**

System Integrity Issues Require Immediate Fix

To the industry's credit, we are seeing vast improvements in recording sales properly; however, licensees are still making unacceptable data entry errors. Most egregious are the following non-compliance examples which are serious rule violations, and under OLCC rules require significant penalties:

Outdoor plants that are still recorded in the system as "flowering" even though it is well past harvest season.

Cannabis Tracking System packages that are not being created after harvest within the allowed 45 days.

I recognize that 80% of licensees have learned to use the Cannabis Tracking System and are properly recording data and I commend you for your diligent work to learn to use CTS and properly record data. Most of you are devoting the necessary attention to this essential responsibility. This data is essential to ensuring our system's integrity and to the OLCC's ability to assure the public that the system is accountable to Oregon law and federal guidance.

Using the Cannabis Tracking System is Not Voluntary

Using the Cannabis Tracking System is not voluntary. As a condition of licensure, managers and other designated personnel were required to take and pass training on the Cannabis Tracking System.

To those of you that are failing to properly record data in CTS, an essential licensee responsibility, I have directed OLCC personnel to flag all licensees not meeting data tracking requirements and to inform them of non-compliance issues.

If in response to this message, licensees make efforts to proactively comply with CTS data entry requirements, then OLCC staff may consider these circumstances in evaluating options to address past non-compliance; including settlement of violations.

Achieving a Vision for a “Best in Nation” System

Although I am disappointed about data entry violations that are occurring, I still firmly believe that the overall industry is as committed as we are at OLCC to demonstrating and taking pride in a “best in the nation” marijuana regulatory system - a system that is accountable, user friendly, and profitable for well-run businesses and the state. Clearly, it is still very early in this journey and with our commitment and your understanding we can correct our course and move forward together.

This message to you will be followed by a technical bulletin to all licensees through CTS and GovDelivery addressing compliance matters specific to the Cannabis Tracking System as well as other potential compliance issues concerning labeling and packaging, sales to minors, and sales of medical grade product to non OMMP cardholders.

So, the first year grade for OLCC and our licensees is “Good but Needs Improvement.” That said, with the help of licensees, the Governor and legislators, the OLCC has confidence that the industry can rapidly move to a status of “High Achievement.”

Sincerely,



Steven Marks
Executive Director, OLCC