



## Compliance Tip

May 24, 2021

### **Topic: Quarantining Contaminated or Potentially Contaminated Regulated Marijuana**

#### **Applicable Statutory Sections and/or Rules: [1 CCR 212-3](#) 3-805(G)(2) and 8-110(B)**

The Colorado Department of Revenue's Marijuana Enforcement Division (MED) is issuing this Compliance Tip to highlight certain regulations, offer information, and provide guidance to Licensees specific to requirements to quarantine Regulated Marijuana and Regulated Marijuana Product (marijuana inventory) placed on Administrative Hold by the MED.

#### **Notification to Quarantine Product**

##### **Rule 3-805 (G)(2) - System Notifications.**

A Regulated Marijuana Business must take appropriate action in response to informational notifications received through the [Inventory Tracking System \(Metrc\)](#), including but not limited to notifications related to enforcement alerts and other pertinent information.

Upon marijuana inventory being placed on Administrative Hold, Licensees will be notified through Metrc (as noted in the July 20, 2016 [Metrc Memo](#)) or by a MED investigator. The Licensee who is in possession of the marijuana inventory that is subject to an Administrative Hold is responsible for quarantining the inventory.

The MED may send an automated email to a Licensee's designated Metrc administrator email address to notify the Licensee of packages placed on Administrative Hold. **Licensees should verify the correct administrator email address is listed in Metrc to ensure accurate receipt of MED issued email notifications regarding marijuana inventory placed on hold.**

#### **Requirements & Guidance to Quarantine Product**

##### **Rule 8-110(B)(1) - Administrative Hold.**

The guidance below highlights a non-exhaustive list of requirements and best practices Licensees should consider when quarantining marijuana inventory.

##### **Administrative Hold Rule Requirements.**

To prevent destruction of evidence, diversion, or other threats to public safety, while permitting a Licensee to retain its inventory pending further investigation, a Division investigator may order an administrative hold of Regulated Marijuana pursuant to the following procedure:

- The Licensee shall completely and physically segregate the Regulated Marijuana subject to the administrative hold in a Limited Access Area of the Licensed Premises under investigation, where it shall be safeguarded by the Licensee. *Rule 8-110(B)(c)*.
- While the administrative hold is in effect, the Licensee is prohibited from, giving away, Transferring, transporting, or destroying the Regulated Marijuana subject to the administrative hold, except as otherwise authorized by these rules. *Rule 8-110(B)(d)*.
- While the administrative hold is in effect, the Licensee must safeguard the Regulated Marijuana subject to the administrative hold, must maintain the Licensed Premises in reasonable condition according to health, safety, and sanitary standards, and must fully comply with all security requirements including but not limited to surveillance, lock and

alarm requirements as set forth in the Marijuana Code and the rules of the State Licensing Authority. *Rule 8-110(B)(e)*.

**Administrative Hold Best Practices:**

- Licenses should segregate and safeguard marijuana inventory by placing it under video surveillance and away from other marijuana inventory.
- Licensee should notify all staff of the quarantined marijuana inventory to ensure such inventory is not readily accessible.
- Licensees should label any containers/receptacles holding marijuana inventory to indicate it is subject to an Administrative Hold.
- Licensees should create Standard Operating Procedures for the quarantining of marijuana inventory to help staff to follow rule requirements and ensure consistency in the handling of inventory subject to Administrative Hold.

**Guidance to Remove Products from Quarantine or Voluntarily Surrender**

When the MED lifts an Administrative Hold, the Licensee's Metrc account will be updated to show the Licensee's marijuana inventory is no longer subject to the Hold. Once an Administrative Hold is lifted in Metrc, the Licensee may Transfer or otherwise resume activities intended for the marijuana inventory.

If the Licensee voluntarily elects to destroy marijuana inventory subject to Administrative Hold, the Licensee must contact a MED investigator to initiate a voluntary surrender of the marijuana inventory. See Rule 8-110(B)-(C) for guidance regarding the surrender of marijuana inventory on Administrative Hold.

**Rule 8-110(B)(1)(f) - (h) - Administrative Hold.**

- Nothing herein shall prevent a Licensee from voluntarily surrendering Regulated Marijuana that is subject to an administrative hold, except that the Licensee must follow the procedures set forth in paragraph (C) for voluntary surrender of Regulated Marijuana. *Rule 8-110(B)(f)*.
- Nothing herein shall prevent a Licensee from the continued possession, cultivation or harvesting of the Regulated Marijuana subject to the administrative hold. All Regulated Marijuana subject to an administrative hold must be put into separate Harvest Batches. *Rule 8-110(B)(g)*.
- At any time after the initiation of the administrative hold, the Division may lift the administrative hold, order the continuation of the administrative hold pending the administrative process, or seek other appropriate relief. *Rule 8-110(B)(h)*.