



March 9, 2023

INDUSTRY BULLETIN: 23-01

RE: Contracts Between Regulated Marijuana Business Are Enforceable In Colorado

Dear Stakeholders:

The Marijuana Enforcement Division (MED) is issuing this Industry Bulletin in response to a series of reports regarding licensees not paying invoices for Regulated Marijuana ordered and received from other Regulated Marijuana Businesses.

Colorado recognizes the enforceability of contracts involving marijuana, including those between Regulated Marijuana Businesses. Contracts between Regulated Marijuana Business Licensees involving the purchase and sale of Regulated Marijuana and Regulated Marijuana Products are enforceable under Section 13-22-601, C.R.S., which provides:

Contracts pertaining to marijuana enforceable. It is the public policy of the state of Colorado that a contract is not void or voidable as against public policy if it pertains to lawful activities authorized by section 16 of article XVIII of the state constitution and article 10 of title 44.

Licensees should consider utilizing any available commercial contract provisions and civil court processes to enforce contracts or recover unpaid amounts. These remedies are similar to those available to businesses that operate outside the Regulated Marijuana industry.

The Division does not engage in contract disputes between licensees. However, if a transaction or failure to make payment leads to indications of non-compliance with Colorado Marijuana laws or Marijuana Rules, the matter will be investigated by MED staff, and alleged violations may be pursued in an administrative action (e.g. failure to pay a landlord which results in the loss of the Licensed Premise, or failure to pay taxes in connection with the operation of a Regulated Marijuana Business). As part of an investigation, the MED may also consider whether a licensee's failure to make payment is an aggravating factor in relation to a violation.

Reports of compliance concerns can be submitted using the [MED Reporting Form](#).