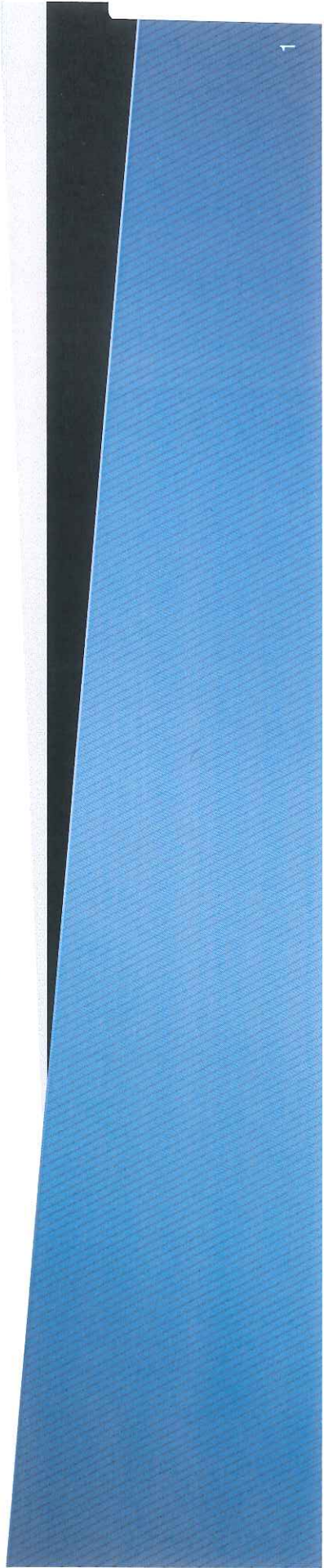




Marijuana Regulation: The Colorado Model

Colorado Department of Revenue

Barbara Brohl - Executive Director
Ron Kammerzell - Deputy Senior Director, Enforcement
Lewis Koski - Marijuana Enforcement Division Director



Amendment 20

- Allowed patients with debilitating medical conditions to possess two ounces of marijuana and six plants with physician recommendation ;
- Directed CDPHE to create a patient registry;
- Allowed for use of primary care-givers to facilitate access to product.

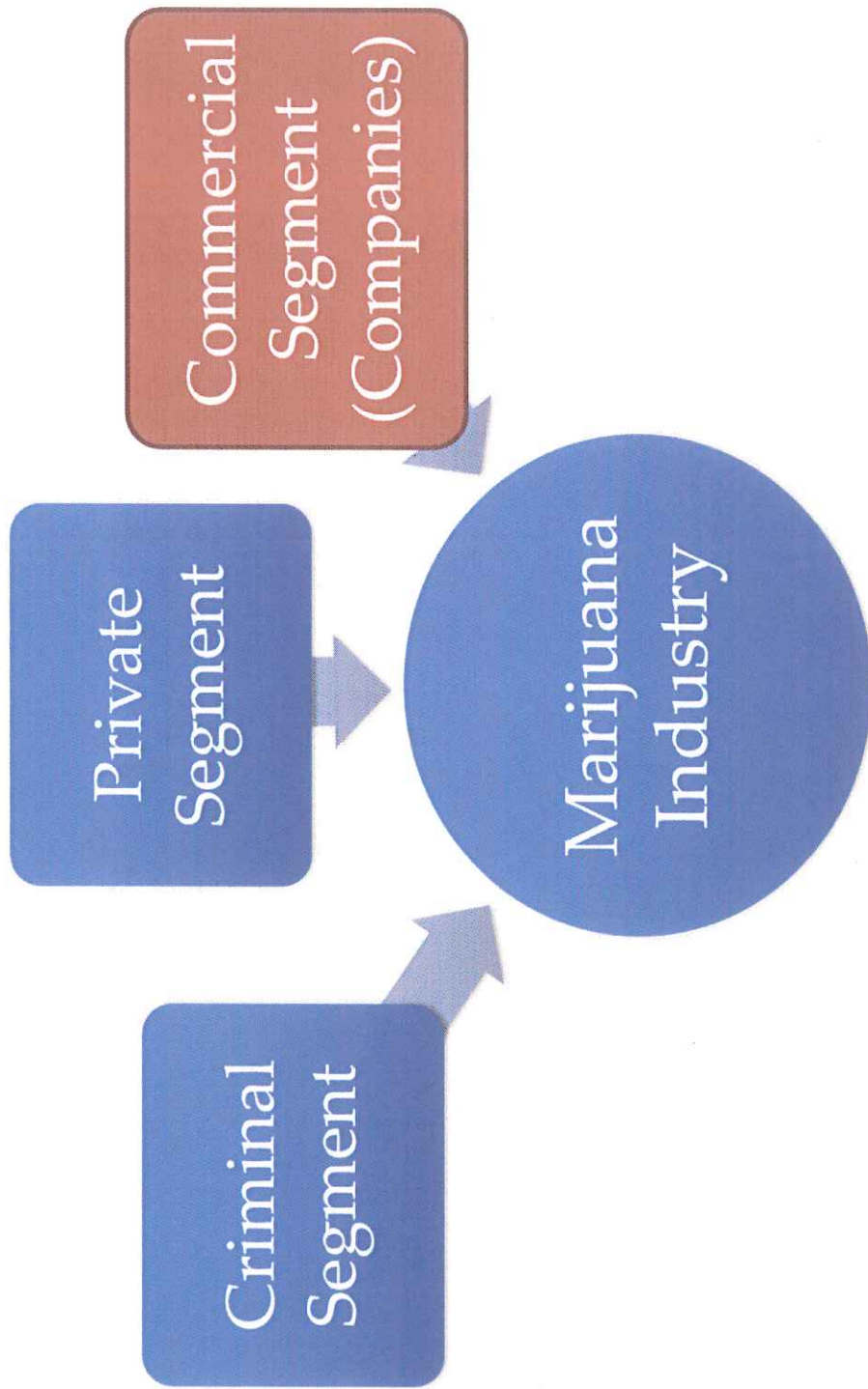


Amendment 64

- Regulate the growth, manufacture, and sale of marijuana and marijuana product in a system of licensed establishments overseen by state and local governments;
- Allowed individuals who are 21 years old or older to possess, use, display, purchase, transport, and transfer (without remuneration), to individuals who are 21 years old or older—one ounce or less of marijuana;
- Allowed individuals who are 21 years old or older to grow up to 6 plants for personal use.



Industry Segments



Commercial Market

- Two Industry Segments
 - Medical
 - Recreational
- Licensee Based
 - State Licensing
 - Local Licensing
 - Regulatory and/or Criminal
- Stores, Cultivations, Infused Manufacturers, Testing Facilities



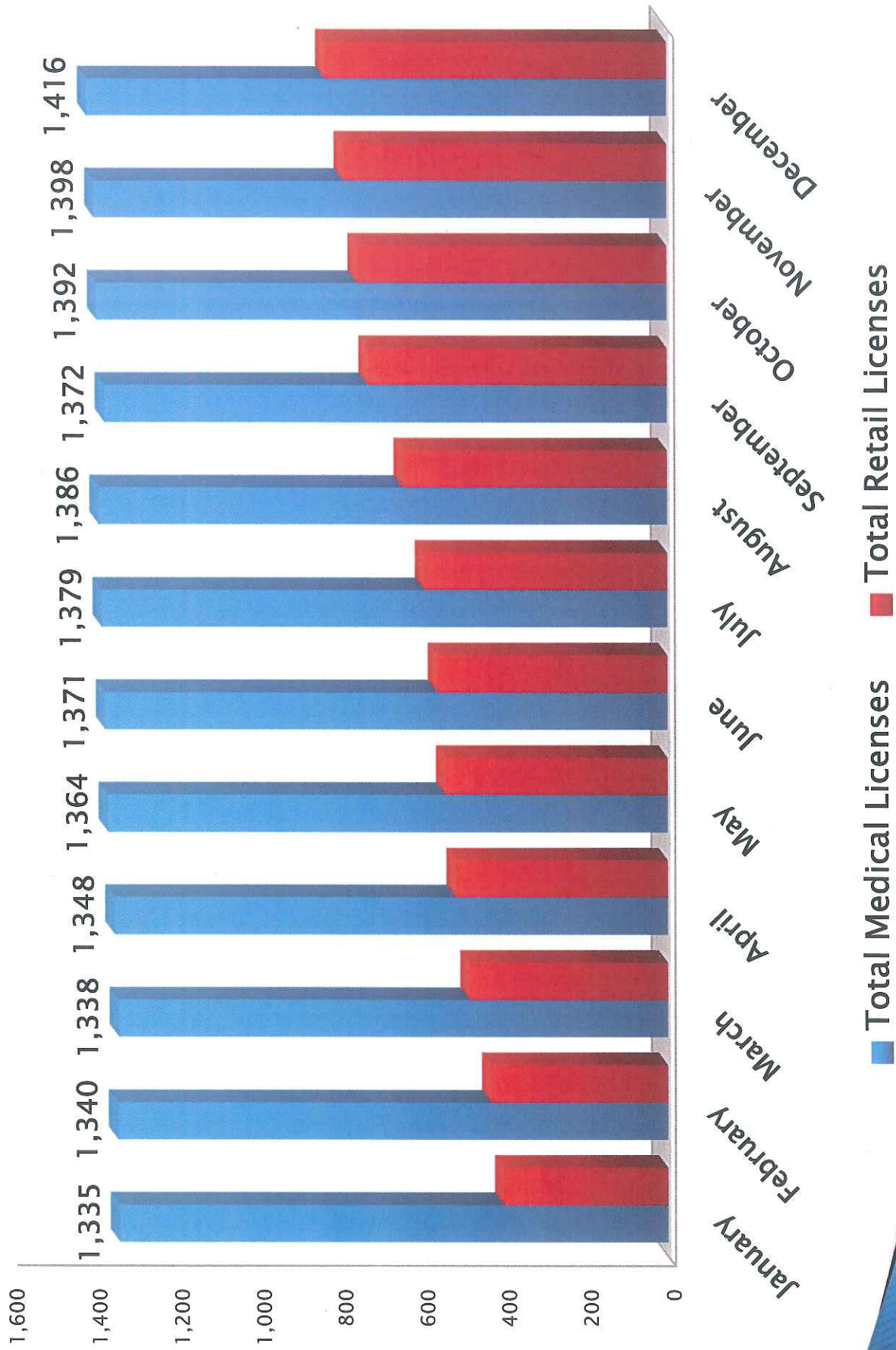
Colorado Department of Revenue

- **State Licensing Authority**
 - Executive Director of DOR (Statutorily Defined)
 - Grants and refuses licenses
 - Adopts rules consistent with lawful authority
 - Reviews and approves administrative actions culminating in recommendations for Denials, Order to Show Cause or Summary Suspensions
 - Deliberate on contested denials and complaints through hearing officers

Colorado Department of Revenue

- **Marijuana Enforcement Division**
- Led by Senior Director of Enforcement and Division Director (Statutorily Defined)
- Monitoring and enforcement of Statutes and Regulations
- Conducts regulatory and criminal cases of licensee activity
- Develops recommendations for rules
- Makes licensing recommendations
- Submit regulatory complaints with enforcement recommendations





Regulations Protecting Minors

- Advertising
- Labeling
- Packaging
- Waste removal
- Underage Compliance Checks



Limiting Criminal Element

- Licensing
 - Background investigations
 - Yearly Renewals
- Monitoring-Risk Based
 - Inspections
 - Complaint Response
 - Video Surveillance/ Alarms
 - Inventory Accountability and Traceability



Limiting Diversion to Bordering States

- Production Management
- Restrictions on Purchase Amounts
- Restrictions on Hours of Operation
- Restrictions on Where One Can Consume
- Collaboration with Other Law Enforcement Agencies



Inventory Tracking

- **METRC**
- Track and record a chain of custody from “Seed” to “Sale” utilizing RFID Tracking
- Licensee accountability of inventory
- Monitor inventory Remotely
- Confirm reporting on licensed premises
- Transportation manifesting

Retail Testing Program

- Potency Testing-Fully implemented
 - No more than 100mg active THC per edible
 - Homogeneity
- Contaminants-Partially Implemented
 - Microbials
 - Residual Solvents
- Future Potency Requirements
 - New testing for edibles with less than 10 mg of active THC
 - Process validate batches
 - Potency levels
 - Homogeneity

Guiding Principles

- **Transparent**
 - Rules clearly articulate expectations of Licensees
 - Licensee operations open for inspection/monitoring
- **Systematic**
 - Rules leverage technology
 - Planned, methodical, repeatable
- **Operable**
 - Ability to integrate into current business processes
 - Ability to be monitored and enforced by MED
- **Defensible**
 - Rules grounded in law and can be defended at hearing
 - Licensees reasonably assured they are compliance if rules are followed



Thank you



Marijuana Legal References

- Medical Marijuana
 - Amendment 20
 - Medical Marijuana Code 12-43.3-101, et seq., C.R.S.
 - Medical Marijuana Regulations 1 CCR 212-1
- Retail Marijuana
 - Amendment 64
 - Retail Marijuana Code 12-43.4-101, et seq., C.R.S.
 - Retail Marijuana Regulations 1 CCR 212-2