BUREAU OF MEDICAL CANNABIS REGULATION

PRE-REGULATORY MEETING

DISTRIBUTOR REQUIREMENTS—MEETING SUMMARY

OAKLAND

September 26, 2016

Topic 1: Ensuring Quality of Product

BMCR Thoughts: Require all distributors to abide by the following storage conditions for all medical cannabis and medical cannabis products:

1. **Dried Flower: Humidity 60-65%, dark area out of direct sunlight;**
2. **Concentrates and infused products: Refrigerated less than or equal to 4 degrees Celsius, dark area out of direct sunlight, well-ventilated area;**
3. **Edibles: Refrigerated at 4 degrees Celsius; and**
4. **All products: Sealed bags, dark containers, locked up.**

COMMENTS:

- You don't need regulations on storage conditions. Leave it to contracts. [Multiple commenters]
- Put storage requirements in regulation because it will be hard for cash-strapped businesses to challenge large distribution companies in court over things like ruining product because of poor storage conditions. [Multiple commenters]
- Require the distributor to turn over the product during a certain time period so the product doesn't go bad.
- Distributor has no incentive to move product; put time distributor must move product in regulation.
- Have different licenses for service and wholesale distributors.
- Allow distributor to give out untested samples for retail purposes (to get business).
- Can arbitrate contract disputes.
- There need to be regulations about transporters and nurseries and keeping plants safe during transportation.
- Make the surety bonds reasonable (the amount). Small distributors may have a hard time paying.

QUESTIONS:

- Do clones, seeds, etc., meant for sale in a dispensary have to go through a distributor?
- Is consignment to a distributor allowed? (That is, can you sell to a distributor and get money back when the distributor sells your product to dispensaries?)

MAIN THEMES:

- Storage conditions should/shouldn't be in regulation.

Topic 2: Repurposing of Medical Cannabis

BMCR Thoughts: Allow processing of medical cannabis flower if contamination levels are below limits set by BMCR. Limits will be set using scientific studies and will ensure safety of any medical cannabis product for human use. Any product found with contamination levels higher than those limits set by BMCR will require destruction.

COMMENTS: • Bureau should allow for this. [Multiple commenters] • If the problem is mold, allow for repurposing. The Bureau will have to set the levels where repurposing is okay. • Ethanol concentrates get rid of mold. • Nevada has pre-approval for repurposing that is process specific. • Allow sampling for retail purposes. • For failed flower, give flower back to cultivator for them to send to manufacturer. • There should be a new license for "destroyers."
QUESTIONS: • Do labs re-test after a failed result? May people re-test at another lab? • Can you remediate? How? [Multiple commenters] • Does failed flower stay with distributor to be sent to manufacturer, or may it go back to the cultivator? • Will the first failed batch test certificate of analysis on flower follow the newly-manufactured product?
MAIN THEMES: • Allow for retesting, repurposing and remediation.

Topic 3: Labeling

BMCR Thoughts: Allow for labeling to occur as follows:

1. **At cultivator's or manufacturer's premises prior to medical cannabis and medical cannabis products being sent to distributor;**
2. **By distributor at the distributor's premises; or**
3. **By a third party at the distributor's premises.**

COMMENTS: • Should allow dispensaries to label themselves (buy flower in bulk). • Allow cultivators to re-take possession and package and label themselves.
QUESTIONS: • Can dispensaries buy flower in bulk and package and label themselves?
MAIN THEMES: • Allow retailers to buy flower in bulk and label themselves with each sale.

Topic 4: Sample Collection for Testing Purposes

BMCR Thoughts: All sample collection for testing purposes shall be done by an agent of a licensed testing laboratory, under the surveillance of a distributor; sample collection shall be performed under video surveillance. All sample collection shall occur under one of the following conditions:

1. **A testing lab agent comes to the distributor's licensed premises to select a random sample for laboratory testing; or**
2. **The distributor transports all medical cannabis and medical cannabis products from one testing batch to the laboratory and a testing lab agent selects a random sample.**

COMMENTS: • Create new license so lab agent can transfer/transport themselves. • Threshold amount for transporters should allow lab agent to transport sample themselves. [Conflicts with other parts of statute] • Allow a distributor to sample the product themselves. (can they consume it?)
QUESTIONS: • What is a distributor's role with nurseries?
MAIN THEMES: • Lab agent should be able to transport it. [Contrary to most of statute]