

DEPARTMENT OF CANNABIS CONTROL

DISCIPLINARY GUIDELINES FOR ALL
~~DISTRIBUTOR, RETAILER,~~
~~MICROBUSINESS, CANNABIS EVENT~~
~~ORGANIZER, CANNABIS EVENT, AND~~
~~TESTING LABORATORY~~ COMMERCIAL
CANNABIS LICENSES

AMENDED

~~JULY~~ SEPTEMBER 2021

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I. INTRODUCTION

Pursuant to Business and Professions Code section 26011.5, the protection of the public is of the highest priority for the Department of Cannabis Control (Department). In keeping with its mandate to protect the public, the Department has adopted these recommended uniform guidelines in order to promote consistency in disciplinary orders for similar offenses on a statewide basis. This document is intended for use by those involved in the administrative disciplinary process (e.g., Administrative Law Judges (ALJ), Deputy Attorneys General (DAG), Department licensees and their legal counsel, and other interested parties), and may be revised from time to time, and distributed to interested parties upon request.

The Department requests that the suggested disciplinary orders contained in these guidelines be levied consistently and appropriately, based on the nature and seriousness of the violation(s) confirmed in an administrative action. The Department recognizes that mitigating or aggravating circumstances, in addition to other factors, may necessitate departure from these recommended orders and terms of probation. If there are any deviations from the guidelines, the Department requests that the ALJ hearing the matter include an explanation in the Proposed Decision so that the circumstances can be better understood and evaluated by the Department before final action is taken.

Additionally, these guidelines only apply to formal administrative disciplinary processes. These guidelines do not apply to other alternatives available to the Department, such as administrative citations and fines, except in cases where an Accusation has been filed for failure to pay an assessed administrative fine and/or comply with an order of abatement issued by the Department.

II. FACTORS TO BE CONSIDERED IN DETERMINING PENALTIES

In determining whether revocation, suspension, probation, fine, or a combination is to be imposed in a given case, factors such as the following should be considered:

1. Nature and ~~gravity~~^{severity} of the act(s), violations, offenses, or crime(s) under consideration.
2. Actual or potential harm to the public.
3. Actual or potential harm to any consumer.
4. Prior disciplinary and/or administrative record.
5. Number and/or variety of current violations.
6. Mitigating evidence.
7. Rehabilitation evidence, including but not limited to, a statement of rehabilitation containing any evidence that demonstrates fitness for licensure, or a certificate of rehabilitation under Penal Code section 4852.01.
8. In case of a criminal conviction, compliance with conditions of sentence and/or court-ordered probation.
9. Overall criminal record.

10. Time passed since the act(s) or offense(s) occurred.
11. If applicable, evidence of dismissal expungement proceedings pursuant to under Penal Code Section sections 1203.4, 1203.4a, 1203.41, or 1203.42.
12. Whether the conviction is a felony conviction based on possession or use of cannabis or cannabis products goods that would not be a felony if the person was convicted during the time of licensure.

III. DISCIPLINARY GUIDELINES

The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) specifies the offenses for which the Department may take disciplinary action. Following are samples of the codes and regulation numbers, titles of the offenses and the associated Department determined disciplinary recommendations. When filing an accusation, the Department or Office of the Attorney General are not limited to the violations listed herein. They may also cite any and all additional related statutes and regulations violated not listed below. The following is **not** a comprehensive list of potential violations and in no way, should limit the Department or the Attorney General's Office from asserting any relevant and applicable violation. The Department suggests that for cases with multiple violations, suspensions or other disciplines run concurrently. All standard terms of probation as stated in these Disciplinary Guidelines shall be included for all probations.

As used in these Disciplinary Guidelines, statutes and regulations are referenced as follows:

1. Business and Professions Code: (B&P)
2. Title 4, California Code of Regulations: (CCR)
3. Penal Code: (PC)

A. Violations and Fine Formula for all Distributor, Retailer, Microbusiness, Cannabis Event Organizer, Cannabis Event, Manufacturer, and Testing Laboratory Licenses.

The following Tier 1 through Tier 3 violations are samples of the codes and regulation numbers, titles of the offenses and the associated Department determined disciplinary recommendations for all license types, excluding cultivation licenses.

California Code of Regulations Disciplinary Order Guidelines - Tier 1

Minimum Penalty: †Revocation stayed, 5 to 15-day suspension, a fine (as determined by the "Fine Formula" below), or a combination of a suspension and fine.

Maximum Penalty: †Revocation

Tier 1 discipline is recommended for:

- †Violations which are potentially harmful.

Violations of the following codes listed in the table below are representative of this category:

Violation Description	Authority
Failure to Pay Appropriate Fees	CCR § 15015
Failure to Cancel, Destroy, or Surrender License	B&P § 119(d) CCR § 15022
Failure to Comply with Business Modifications Requirements and Notice	CCR § 15023
Use of Cannabis Diffuser or Vaporizer on Licensed Premises	CCR § 15025
Unauthorized Modification of Licensed Premises	B&P § 26055(c) CCR § 15027
Prohibited Distribution or Sale of Cannabis Goods Designated “For Medical Use Only”	CCR § 15032 <u>15000.2</u>
Unauthorized Storage of Inventory	CCR § 15033 <u>15000.7</u>
Failure to Maintain Records	B&P § 26160 CCR §§ 15037, 15310, 15426, 15505-15507, 15739
Unauthorized Use of the Track and Trace System and Failure to Maintain Track and Trace System Requirements	CCR §§ 15048-15052
Failure to Properly Display and Post License	CCR § 15039
Failure to Comply with Advertising and Marketing Requirements	B&P §§ 26151-26152 CCR §§ 15040-15041
Failure to Maintain and Restrict Limited-Access and Other Restricted Areas	B&P § 26070 CCR § 15042
Failure of Licensee or Employee to Properly Display Licensee-issued Identification Badge	CCR § 15043
Failure to Comply with Security Requirements	CCR §§ 15044-15047 and 15403.1

Violation Description	Authority
Improper Acceptance or Rejection of Cannabis <u>or Cannabis Products</u> Goods Shipment	CCR § 15052.1 <u>15049.2</u>
Failure to Comply with Proper Cannabis Destruction and Waste Management	CCR §§ 15054, 15405(c), 15410(e), and 15727(ed), and 17223
Unauthorized Storage of Cannabis <u>or Cannabis Products</u> Goods and Storage-only Services	CCR §§ 15033 <u>15000.7</u> and 153010- 15302
Failure to Comply with Packaging and Labeling Requirements	B&P §§ 26120-26124 <u>2</u> CCR §§ 15303, 15408(a)(3), and 15412, <u>17398-17412</u>
Failure to Comply with Insurance Requirements	CCR § 15308
Failure to Account for Inventory, or to Complete Inventory Reconciliation as Required	CCR §§ 15051, 15309 and 15423-15424
Unauthorized Return of Cannabis Goods	CCR §§ 15053 and 15410
Failure to Comply with Transportation Requirements of Cannabis <u>or Cannabis Products</u> Goods	B&P § 26070 CCR §§ 15311-15312
Failure to Comply with Transport Personnel Requirements	CCR § 15313
Unauthorized Use of Distributor Transport Only License	CCR § 15315
Failure to Maintain Proper Chain of Custody of Testing Sample	CCR § 15706
Failure to Timely Submit a Certificate of Analysis and Results	CCR § 15726
Failure to Supply Requested Data to the Department in a Timely Manner	CCR § 15732
Failure to Comply with Shipping Manifest Requirements	B&P §§ 26067 and 26070 CCR § 15314

Violation Description	Authority
Failure to Confirm Age of Customers	B&P § 26140 CCR §§ 15400 and 15402
Unauthorized Hours of Operation	CCR §§ 15403 and 15422(b)
Failure to Properly Display Cannabis Goods	CCR § 15405
Unauthorized Sale of Cannabis Plants and Seeds	CCR § 15408(a)-(b)
Use of Pesticide on Live Plants	CCR § 15408(e <u>b</u>)
Give Away or Furnishing of Free Cannabis Goods or Accessories	B&P § 26153 CCR § 15411
Failure to Comply with Exit Packaging Requirements	B&P § 26070.1 CCR § 15413
Failure to Comply with Delivery Requirements	CCR §§ 15415-15418 and 15421
Failure to Provide Delivery Request Receipts	B&P § 26090 CCR § 15420
Receipt of Inventory That Does Not Meet Requirements	CCR § 15422
Improper Retailer Premises Transfer	CCR § 15427
Failure to Comply with Requirements for Temporary Cannabis Event License	CCR § 15600- 15604 et seq.
Non-Permitted Use of License	B&P § 119(b)-(f)
Failure to Comply with Local Ordinance Regulating Commercial Cannabis Activity	B&P § 26030(f)
Failure to Comply with Operating Procedures	B&P § 26030(j)
Allowing for the Sale of Alcohol or Tobacco Products, or Storage or Consumption of Alcoholic Beverages, on Licensed Premises	B&P § 26054(a) CCR §§ 15025(e <u>b</u>) <u>and 15602(f)</u>

Violation Description	Authority
False or Misleading Health-Related Statements	B&P § 26154 <u>CCR § 17408(c)</u>
Failure to Record Commercial Cannabis Activity on Sales Invoice or Receipt	B&P § 26161
Failure to Exercise Care for Safety of Self or Others Due to Being Under the Influence of an Intoxicating Substance	PC § 647(f)

California Code of Regulations Disciplinary Order Guidelines - Tier 2

Minimum Penalty: ~~r~~Revocation stayed, 15 to 30-day suspension, a fine (as determined by the “Fine Formula” below), or a combination of a suspension and fine.

Maximum Penalty: ~~r~~Revocation

Tier 2 discipline is recommended for:

- Violations with a serious potential for harm
- Violations which involve greater risk and disregard of public safety

Violations of the following codes listed in the table below are representative of this category:

Violation Description	Authority
Exceeding License Privileges for Commercial Cannabis Activity	B&P §§ 26050 and 26053
Holding an Interest in a Licensed Testing Laboratory and Other Commercial Cannabis License	B&P § 26053(b)
Unauthorized Use and Operation of Designated Licensed Premises	CCR § 15025
Sale or Delivery of Cannabis Goods to a Motor Vehicle	CCR § 15025(ea)
Subletting of Premises	CCR § 45028 <u>15000.4</u>
Failure to Comply with Track and Trace Reporting and System Reconciliation Requirements	CCR §§ 15049-15051

Violation Description	Authority
<u>Unauthorized Use of the Track and Trace System and Failure to Maintain Track and Trace System Requirements</u>	<u>CCR §§ 15048-15051</u>
<u>Failure to Account for Inventory, or to Complete Inventory Reconciliation as Required</u>	<u>CCR §§ 15051, 15309, 15423-15424, and 17218</u>
Failure to Comply with Video Surveillance System Requirements	CCR § 15044
Failure to Comply with Security Personnel Requirements	CCR § 15045
Failure to Comply with Age Restrictions for Employees and Other Persons Retained by Licensee	B&P § 26140 CCR § 15034 <u>15000.6</u>
Sale or Furnish of Adult-use Cannabis Goods to Minors	B&P §§ 26030(g) and 26140 CCR § 15404(a)
Unauthorized Consumption of Cannabis <u>or Cannabis Products</u> Goods on Licensed Premises	B&P § 26200
Unauthorized Sale of Non-Cannabis Goods on Premises	CCR § 15407
Exceeding Daily Limits of Cannabis Goods Sales	CCR § 15409
Unauthorized Storefront Activities with Non-Storefront Retail License	CCR § 15414
Consumption of Cannabis Goods During Delivery	CCR § 15419
Failure to Ensure Laboratory Testing Arrangements, Proper Sampling and Quality Assurance	CCR §§ 15304-15305, and 15307
Failure to Present the Cannabis <u>or Cannabis Products</u> Goods Batch with Accurate Information, <u>and</u> in its Entirety, and Final Form	CCR §§ 15304 and 15305

Violation Description	Authority
Reporting Results when Laboratory Quality Control (LQC) Data is Outside of Acceptance Criteria and/or Not Analyzing Required LQC Samples	CCR § 15730
Failure to Follow Good Laboratory Practices	CCR §§ 15729 and 15730
Unauthorized Remediation of Failed Sample Batches	CCR § 15306
Failure to Comply with Microbusiness Requirements	CCR § 15500 et seq.
Failure to Comply with Laboratory Testing Requirements	CCR § 15700- <u>15728</u> et seq.
Failure to Obtain a Representative Sample	CCR §§ 15707 and 15708
Unauthorized Re-sampling and/or Re-testing of a Cannabis Goods Batch	CCR § 15305.1
False or Misleading Declaration of Correction in a Notice to Comply	CCR § 15804 <u>17801</u>
Prohibited Attire and Conduct	CCR § 15806 <u>17806</u>
Prohibited Entertainers and Conduct	CCR § 15807 <u>17807</u>
Allowing for the Copy or Display of a Fictitious License or a License that is Canceled, Revoked, or Altered	B&P § 119
Misdemeanor Offenses by Licensees	B&P § 125
Discipline by Another Agency	B&P <u>CCR § 141 15035</u>
Failure to Provide Safe Conditions for Inspection	B&P § 26030(i)
Engaging in any Prohibited Restraint of Trade, or Other Prohibited Act to Create a Monopoly or Injure Competitors	B&P § 26052
Violation of Building Standards or Regulations Relating to Hazardous Materials	B&P § 26056

Violation Description	Authority
<u>Failure to Comply with Manufacturing Standards and Good Manufacturing Practices</u>	B&P §§ 26130- 26131 CCR §§ 17208-17218
<u>Failure to Comply with Manufacturer Requirements for Extraction Processes and Solvent Use</u>	B&P § 26132 CCR §§ 17202.1-17206
<u>Failure to Comply with Manufactured Cannabis Product Standards</u>	B&P § 26130 CCR §§ 17208-17218
<u>Failure to Comply with Mandatory Recall Requirements</u>	B&P § 26039.1 CCR § 17227
<u>Failure to Investigate Cannabis Product Complaints</u>	CCR § 17225
<u>Failure to Comply with Failed Batch Requirements</u>	CCR § 17305
<u>Manufacturing Cannabis Products at an Unauthorized Location or Manufacturing Products Other than Cannabis Products at the Licensed Premises</u>	CCR § 17117
<u>Misbranding Violations</u>	B&P § 26039.5
<u>Adulteration Violations</u>	B&P § 26039.6

California Code of Regulations Disciplinary Order Guidelines - Tier 3

Minimum Penalty: ~~Revocation~~ stayed, 45-day suspension, a fine (as determined by the “Fine Formula” below), or a combination of a suspension and fine.

Maximum Penalty: ~~Revocation~~

Tier 3 discipline is recommended for:

- Knowing or willfully violating laws or regulations pertaining to commercial cannabis activity.
- Fraudulent acts relating to the licensee’s commercial cannabis business.

Violations of the following codes listed in the table below are representative of this category:

Violation Description	Authority
Engaging in Business Modification Practices without Department Approval	CCR § 15023
Failure to Notify the Department of a Change in Ownership	CCR §§ 15023(c) and 15024
Obtaining a License for Premises in Restricted Location	B&P § 26054 CCR §§ 45026 <u>15000.3</u> and <u>17202.1(b)</u>
Conducting Commercial Cannabis Activity with Non-Licensees	<u>B&P § 26053</u> CCR § 45032(a) <u>15000.1</u>
Failure to Notify the Department of Criminal Acts, Civil Judgments, Labor Standards Violations, and Revocation of a Local Authorization after Licensure	CCR § 15035
Failure to Notify the Department of Significant Discrepancy, Theft, Loss, and Criminal Activity	B&P § 26070(k) CCR § 15036
Restricting or Hindering the Examination of Books, Records, or Equipment	B&P §§ 26160-26161 CCR §§ 15037(c)-(e) and 45800 <u>17800</u>
False Reporting of a Disaster	CCR § 15038
Retail Sale of Untested Cannabis Goods, or Cannabis Goods Not Received from a Licensed Distributor or Licensed Microbusiness	CCR § 15406
Sale of Customer-Returned Cannabis Goods	CCR § 15410(c)
Unauthorized Release of a Cannabis Goods Batch for Retail Sale, Including Dry-labbing and/or False Reporting of Results	CCR §§ 15707-15708, 15710, 15715 , 15717 et seq. <u>15727</u> , 15730
Unauthorized Release of a Cannabis Goods Batch for Retail Sale or Distribution Transfers	CCR §§ 15304, 15305, 15306, 15307, 15307.1, and 15307.2

Violation Description	Authority
Failure to Complete all Required Analyses at One Licensed Laboratory Premises, Including Subcontracting or Transferring Samples Between Laboratories	CCR § 15705
<u>Unauthorized Amending or Change to</u> a Regulatory Compliance COA after Issuance	CCR § 15726
Obstruction of Inspections, Investigations, or Audits	<u>B&P § 26160(e)</u> CCR § 45800 <u>17800</u>
Failure to Provide Access to Premises for Any Inspection, Audit, Review, or Investigation	CCR § 45800 <u>17800</u>
Delivery or Transport of Cannabis <u>or Cannabis Products</u> Goods Outside of California or to a Publicly Owned or Leased Location	B&P § 26080 CCR § 15416(b)-(c)
Failure to Correct Any Objectionable Conditions on Premises	CCR § 45808(a)-(b) <u>17808(b)-(c)</u>
Illegal Sale of Dangerous Drugs, or Other Controlled Substances	CCR § 45808(e) <u>17808(e)</u>
Failure to Pay Fine	B&P § 425.9(b)(5) <u>26031.5(f)</u> CCR § 45802 <u>17802</u>
Engage in Conduct that is Grounds for Denial of Licensure	B&P § 480(a)
False Statement or Omission in Application	B&P § 480(d)
Conviction of a Crime Substantially Related to Qualifications, Functions, or Duties of Licensure	B&P § 490(a)
Securing License by Fraud, Deceit, or Misrepresentation.	B&P § 498
Failure to Pay Taxes	B&P § 26030(d)
Unauthorized Release of Patient Information	B&P § 26162.5

Violation Description	Authority
<u>Failure to Obtain License at Each Location Engaging in Commercial Cannabis Activity</u>	<u>B&P §§ 26037.5 and 26053</u>
<u>Violation of an Embargo</u>	<u>B&P § 26039.3</u> <u>CCR § 17801.5</u>
<u>Volatile Solvent Extraction, Post-Extraction Processing Operations, or Other Closed Loop-System Operations in an Area Zoned as Residential</u>	<u>CCR § 17202.1(b)</u>

Fine Formula

In instances where the ~~Bureau~~ Department allows a fine to be paid, the following method will be used to calculate the fine.

Gross Revenue divided by **Number of Days Open During the Preceding 12 Months** = **Average Daily Sale Amount**

50% of the Average Daily Sale Amount multiplied by **Number of Days of the Suspension** = **Potential Fine Amount**

The books and records of the licensee shall be kept in such a manner that the gross revenue, average daily sale amount, and/or the loss of profits from commercial cannabis activity that the licensee would have suffered from a suspension can be determined with reasonable accuracy, and such books, records, and information shall be accessible to the Department to make an accurate and complete determination of any fine amount. The fine formula is a guide for calculating a fine amount and is not determinative of any assessed or final fine amount. The Department may in its sole discretion adjust the fine amount against any licensee to any amount within the minimum and maximum fine amounts, or to any amount exceeding the maximum fine amount for each license type. The factors the Department will consider in determining a fine amount include those factors under Section II of the Disciplinary Guidelines.

Minimum and Maximum Fine Amounts

The minimum and maximum fine amount is based on the tier the licensee falls into on the annual license fee schedule listed in 4 CCR § 15014. These fine amounts do not limit or supersede any fine amounts prescribed by statute, if the statutory fines exceed those amounts listed here. For instance, Business and Professions Code section 26160, subsection (f), provides that a licensee shall be subject to a citation and fine of up to thirty thousand dollars per individual violation, for a failure to maintain or provide records as required pursuant to that section. The minimum fine amount for any disciplinary action shall not be less than \$1,000.

Minimum and Maximum Fine Amounts for Testing Laboratory

Gross Revenue (\$ Max. Per License)	Minimum Fine to Maximum Fine
Less or equal to \$160,000	\$1,500 to \$6,000
More than \$160,000 and less or equal to \$320,000	\$3,000 to \$12,000
More than \$320,000 and less or equal to \$480,000	\$4,000 to \$16,000
More than \$480,000 and less or equal to \$800,000	\$6,500 to \$26,000
More than \$800,000 and less or equal to \$1.2 million	\$10,000 to \$40,000
More than \$1.2 million and less or equal to \$2.0 million	\$16,000 to \$64,000
More than \$2.0 million and less or equal to \$2.8 million	\$24,000 to \$96,000
More than \$2.8 million and less or equal to \$4.4 million	\$36,000 to \$144,000
More than \$4.4 million	\$56,000 to \$224,000

Minimum and Maximum Fine Amounts for Distributor

Gross Revenue (\$ Max. Per License)	Minimum Fine to Maximum Fine
Less or equal to \$1.0 million	\$1,000 to \$3,000
More than \$1.0 million and less or equal to \$2.5 million	\$3,000 to \$12,000
More than \$2.5 million and less or equal to \$5.0 million	\$5,625 to \$22,500
More than \$5.0 million and less or equal to \$10.0 million	\$11,250 to \$45,000
More than \$10.0 million and less or equal to \$20.0 million	\$22,500 to \$90,000
More than \$20.0 million and less or equal to \$30.0 million	\$37,500 to \$150,000
More than \$30.0 million and less or equal to \$50.0 million	\$60,000 to \$240,000
More than \$50.0 million and less or equal to \$70.0 million	\$90,000 to \$360,000
More than \$70.0 million	\$120,000 to \$480,000

Minimum and Maximum Fine Amounts for Distributor Transport Only (Self Distribution)

Gross Revenue (\$ Max. Per License)	Minimum Fine to Maximum Fine
Less or equal to \$1,000	\$1,000 to \$2,000
More than \$1,000 and less or equal to \$3,000	\$1,000 to \$4,000
<u>More than \$3,000</u>	<u>\$1,000 to \$6,000</u>

Minimum and Maximum Fine Amounts for Retailer

Gross Revenue (\$ Max. Per License)	Minimum Fine to Maximum Fine
Less or equal to \$500,000	\$1,250 to \$5,000
More than \$500,000 and less or equal to \$750,000	\$2,750 to \$11,000
More than \$750,000 and less or equal to \$1.0 million	\$3,750 to \$15,000
More than \$1.0 million and less or equal to \$1.5 million	\$5,500 to \$22,000
More than \$1.5 million and less or equal to \$2.0 million	\$7,250 to \$29,000
More than \$2.0 million and less or equal to \$3.0 million	\$11,250 to \$45,000
More than \$3.0 million and less or equal to \$4.0 million	\$15,250 to \$61,000
More than \$4.0 million and less or equal to \$5.0 million	\$19,250 to \$77,000
More than \$5.0 million and less or equal to \$6.0 million	\$23,250 to \$93,000
More than \$6.0 million and less or equal to \$7.5 million	\$28,500 to \$114,000
More than \$7.5 million	\$48,000 to \$192,000

Minimum and Maximum Fine Amounts for Microbusiness

Gross Revenue (\$ Max. Per License)	Minimum Fine to Maximum Fine
Less or equal to \$1.0 million	\$2,500 to \$10,00
More than \$1.0 and less or equal to \$2.0 million	\$6,000 to \$24,000
More than \$2.0 and less or equal to \$3.0 million	\$10,000 to \$40,000
More than \$3.0 and less or equal to \$4.0 million	\$16,000 to \$64,000
More than \$4.0 and less or equal to \$6.0 million	\$22,500 to \$90,000
More than \$6.0 and less or equal to \$7.0 million	\$30,000 to \$120,000
More than \$7.0 and less or equal to \$10.0 million	\$40,000 to \$160,000
More than \$10.0 and less or equal to \$20.0 million	\$50,000 to \$200,000

More than \$20.0 and less or equal to \$30.0 million	\$60,000 to \$240,000
More than \$30.0 and less or equal to \$40.0 million	\$70,000 to \$280,000
More than \$40.0 and less or equal to \$50.0 million	\$80,000 to \$320,000
More than \$50.0 and less or equal to \$60.0 million	\$90,000 to \$360,000
More than \$60.0 and less than or equal to \$80.0 million	\$110,000 to \$440,000
More than \$80 million	\$150,000 to \$600,000

Minimum and Maximum Fine Amounts for Manufacturers

<u>Gross Revenue (\$ Max. Per License)</u>	<u>Minimum Fine to Maximum Fine</u>
<u>Less or equal to \$100,000</u>	<u>\$1,000 to \$4,000</u>
<u>More than \$100,000 and less or equal to \$500,000</u>	<u>\$3,750 to \$15,000</u>
<u>More than \$500,000 and less or equal to \$1.5 million</u>	<u>\$7,500 to \$30,000</u>
<u>More than \$1.5 million and less or equal to \$3.0 million</u>	<u>\$12,500 to \$50,000</u>
<u>More than \$3.0 million and less or equal to \$5.0 million</u>	<u>\$17,500 to \$70,000</u>
<u>More than \$5.0 million and less or equal to \$10.0 million</u>	<u>\$25,000 to \$100,000</u>
<u>More than \$10.0 million</u>	<u>\$37,500 to \$150,000</u>

B. Violations and Fine Amounts for all Cultivation Licenses

The following violations in Table A and Table B below are samples of the codes and regulation numbers, titles of the offenses and the associated Department determined disciplinary recommendations for all cultivation licenses. Violations are designated as “Minor,” “Moderate,” and “Serious.”

“Serious.” Violations that preclude or significantly interfere with enforcement of any state law, or those violations that cause significant false, misleading, or deceptive business practices, potential for significant level of public or environmental harm, or for any violation that is a repeat of a Moderate violation that occurred within a two-year period and that resulted in an administrative civil penalty. All Serious violations are subject to license suspension or revocation. For Table A violations, the proposed fine range is \$1,001 - \$5,000, and for Table B violations, the proposed fine range is \$10,001 - \$30,000.

“Moderate.” Violations that undermine enforcement of any state law, are likely to cause public or environmental harm, or are a repeat of a Minor violation that occurred within a two-year period and resulted in an administrative civil penalty. For Table A violations, the proposed fine range is \$501 - \$1,000, and for Table B violations, the proposed fine range is \$1,001 - \$10,000.

“Minor.” Violations that are not likely to have an adverse effect on public safety or environmental health. For Table A violations, the proposed fine range is \$100 - \$500, and

for Table B violations, the proposed fine range is \$100 - \$1,000.

Repeat violations may result in an escalation of violation class.

Table A and Table B shall be used to establish the initial level of severity of the referenced violations and the corresponding penalty range for “Serious,” “Moderate,” and “Minor” violation classes. For violations of other state laws, including state labor laws and related regulations, the Department shall utilize the definitions of “Serious,” “Moderate,” and “Minor” violations included above.

Table A

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>B&P § 26037.5</u>	<u>Engagement in commercial cannabis activity without a state license</u>	<u>Serious</u>	<u>\$1,001 – \$5,000</u>
<u>B&P § 26053(a)</u>	<u>Engagement in commercial cannabis activity with an unlicensed person</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>B&P § 26055(b)</u>	<u>Continued operation after revocation of a state license</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>B&P § 26060.1(a)</u>	<u>Licensee used a water source that was not identified on the licensee’s cultivation application</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>B&P § 26060</u> <u>CCR § 15006(i)(5)(B)</u>	<u>Licensee shared area(s) outside the canopy where only immature plants shall be maintained with another cultivation license held by the licensee</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>B&P § 26060</u> <u>CCR § 15006(i)(5)(D)</u>	<u>Licensee shared processing area(s) with another cultivation license held by the licensee</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>B&P § 26060</u> <u>CCR § 15006(i)(5)(E)</u>	<u>Licensee shared packaging area(s) with another cultivation license held by the licensee</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>B&P § 26060</u> <u>CCR § 15006(i)(5)(I)</u>	<u>Licensee shared area(s) for physically segregating cannabis or nonmanufactured cannabis products subject to an administrative hold with another cultivation license held by the licensee</u>	<u>Minor</u>	<u>\$100 - \$500</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 17223(b)</u>	<u>Failure to dispose of cannabis waste as specified in the licensee's written cannabis waste management plan</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17223(b)(3)</u>	<u>Failure to deposit cannabis waste at a manned, fully permitted solid waste landfill or transformation facility; manned, fully permitted composting facility or manned composting operation; manned, fully permitted in-vessel digestion facility or manned in-vessel digestion operation; manned, fully permitted transfer/processing facility or manned transfer/processing operation; manned, fully permitted chip and grind operation or facility; or recycling center as defined in title 14, CCR, section 17402.5 that meets the Department's requirements</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15000.1(a)</u>	<u>Failure to obtain a separate license for each premises at which commercial cannabis activity is conducted</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15000.1(e)</u>	<u>Licensee transferred or assigned their license to another person or premises</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15000.1(d)</u>	<u>Licensee transferred cannabis or cannabis product without using a licensed distributor</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15039(a)</u>	<u>Failure to prominently display the license on the licensed premises where it can be viewed by state and local agencies</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15000.4</u>	<u>Licensee sublet a portion of the licensed premises</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 16202(b)</u>	<u>Licensee used light deprivation at a licensed outdoor cultivation site</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15023</u>	<u>Failure to provide timely notice of business modifications</u>	<u>Minor</u>	<u>\$100 - \$500</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 15023</u>	<u>Licensee engaged in business modification without Department approval</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15035(a)-(b)</u>	<u>Failure to notify the Department in writing of a criminal conviction, civil penalty, or judgment rendered against the licensee or any owner within 48 hours of the conviction or within 48 hours of delivery of the verdict or entry of judgement</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15035(c)</u>	<u>Failure to notify the Department in writing of an administrative order or civil judgement for violations of labor standards against the licensee or any owner within 48 hours of delivery of the order</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15035(d)</u>	<u>Failure to notify the Department in writing of a revocation of a local license, permit, or other authorization within 48 hours of receiving notice of the revocation</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15027(a)</u>	<u>Licensee made a physical change, alteration, or modification to the licensed premises that materially or substantially altered the licensed premises or the use of the licensed premises from the premises diagram originally filed with the license application without receiving prior written approval from the Department</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15027(e)</u>	<u>Licensed cultivator failed to file a request for approval of a physical change, alteration, or modification of the licensed premises through the online licensing system</u>	<u>Minor</u>	<u>\$100 - \$500</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 15027(f)</u>	<u>Licensee failed to provide additional documentation requested by the Department to evaluate the request to modify the licensed premises</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15024(a)</u>	<u>Failure of an owner or owner's successor in interest to notify the Department in writing within 14 calendar days of the death, incapacity, receivership, assignment for the benefit of creditors, or other event rendering one or more owners incapable of performing the duties associated with the license</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15038(h)(1)</u>	<u>Failure to move cannabis or cannabis products to a secure location where access to the cannabis or cannabis products can be restricted to the licensee, its employees, and contractors</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15038(h)(2)</u>	<u>Failure to notify the Department in writing within 24 hours of moving cannabis or cannabis products in response to a disaster</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15038(h)(3)</u>	<u>Failure to provide the Department access to the location where the cannabis or cannabis products were moved in response to a disaster</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15038(h)(4)</u>	<u>Failure to submit a request for temporary disaster relief to the Department within 14 calendar days of moving the cannabis or cannabis products</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15048</u>	<u>Failure to request a change to the licensee's track and trace system account manager</u>	<u>Minor</u>	<u>\$501 - \$1,000</u>
<u>CCR § 17398(b)</u>	<u>Failure to comply with packaging requirements for bulk cannabis or cannabis products</u>	<u>Minor</u>	<u>\$100 - \$500</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 17398(c)</u>	<u>Failure to comply with labeling requirements for bulk cannabis or cannabis products</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17399(b)</u>	<u>Failure to comply with labeling requirements for immature plants</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17400</u>	<u>Failure to comply with labeling requirements for seeds</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17402</u>	<u>Failure to comply with general labeling requirements</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17403</u>	<u>Failure to comply with primary panel labeling requirements for nonmanufactured cannabis goods</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17407</u>	<u>Failure to comply with cannabinoid content labeling requirements</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17408</u>	<u>Failure to comply with labeling restrictions</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17410</u>	<u>Failure to comply with universal symbol requirements</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17411</u>	<u>Failure to comply with packaging requirements</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17412</u>	<u>Failure to comply with child-resistant packaging requirements</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17221(a)</u>	<u>Failure to use weighing devices approved, tested, and sealed in accordance with the requirements in Business and Professions Code, division 5, chapter 5 (commencing with section 12500) and its implementing regulations, and registered with the county sealer consistent with Business and Professions Code, division 5, chapter 2 (commencing with section 12240) and its implementing regulations</u>	<u>Minor</u>	<u>\$100 - \$500</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 17221(b)</u>	<u>Licensee failed to have a licensed weighmaster determine the weight, measure, or count of cannabis or cannabis products</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17221(c)</u>	<u>Failure to obtain a weighmaster certificate</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 16300(a)</u>	<u>Failure to prohibit cannabis plants maintained outside the designated canopy area(s) from flowering</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16300(a)</u>	<u>Failure to move flowering cannabis plants located outside the designated canopy area(s) to the designated canopy area(s) and report the movement in the track and trace system without delay</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16300(b)</u>	<u>Failure to properly apply UIDs to cannabis plants used for seed production</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 16300(c)</u>	<u>Licensee propagated immature plants for distribution or seed for distribution without obtaining a nurse license</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16300(d)</u>	<u>Licensee processed cannabis in an area(s) not designated for processing as identified in the cultivation plan</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 16301</u>	<u>Failure to properly apply UIDs to mature cannabis plants used for seed production</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16301</u>	<u>Licensee allowed cannabis products other than seed, derived from mature plants, to enter the commercial distribution chain</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16302</u>	<u>Licensee conducted research and development in areas that were not identified in the cultivation plan</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16302</u>	<u>Failure to properly tag mature plants pursuant to section 15048.4</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 16302</u>	<u>Licensee allowed cannabis and cannabis products from the research and development area to enter the commercial distribution chain or to be transferred off the licensed premises</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16303(a)(1)</u>	<u>Failure to adhere to track and trace requirements for aggregation of cannabis product</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 16303(a)(3)</u>	<u>Processor licensee cultivated cannabis plants on their licensed premises</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16304</u>	<u>Failure to comply with specified environmental protection measures</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16305</u>	<u>Failure to comply with specified renewable energy requirements</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16306</u>	<u>Failure to comply with specified generator requirements</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 16307</u>	<u>Failure to comply with specified pesticide use requirements</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 17223(c)</u>	<u>Failure to dispose of cannabis waste in a secured waste receptacle or secured area on the licensed premises</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 17223(d)</u>	<u>Failure to obtain required documentation from the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17223(e)(3)</u>	<u>Failure to obtain a copy of a certified weight ticket or receipt for each delivery of cannabis waste</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 17223(f)</u>	<u>Failure to comply with disposal requirements for a batch of cannabis or cannabis products</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 15047.2</u>	<u>Failure to accurately enter data and information into the track and trace system</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048(a)</u>	<u>Failure to identify an owner of the commercial cannabis business as the track and trace system account manager</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048(b)</u>	<u>Failure of the licensee's designated track and trace system account manager to complete track and trace system training</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048(c)</u>	<u>Failure to utilize a unique track and trace system login for the account manager and each user entering information into the track and trace system</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15048(c)</u>	<u>Account manager or user shared their login, username, or password with another person</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15048.1(a)</u>	<u>Failure to properly train all track and trace system users before the users were permitted to access the track and trace system</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.1(a)(2)</u>	<u>Failure to maintain an accurate and complete list of all track and trace system users and update the list immediately when changes occurred</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.1(a)(3)</u>	<u>Failure to remove a user from the licensee's track and trace system account</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.1(a)(4)</u>	<u>Failure to correct data entry errors in the track and trace system within three (3) calendar days of discovery of the error</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.1(a)(7)</u>	<u>Failure to notify the Department of any loss of access to the track and trace system that exceeds 72 hours</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15050(a)</u>	<u>Failure to prepare and maintain comprehensive records detailing all</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
	<u>commercial cannabis activities that were conducted during a loss of access to the track and trace system</u>		
<u>CCR § 15050(b)</u>	<u>Licensee transferred cannabis or cannabis products without having access to the track and trace system</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15050(c)(1)</u>	<u>Failure to enter all commercial cannabis activities that occurred during a loss of access to the track and trace system within 3 calendar days of the loss of access</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15050(c)(2)</u>	<u>Failure to document the dates and times when licensee lost access to the track and trace system, the cause of the loss of access, and when access was restored</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.3(a)</u>	<u>Failure of the licensee's account manager to order plant or package tags within ten (10) calendar days of initial credentialing into the track and trace system</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.2(a)</u>	<u>Failure to use plant or package tags provided and distributed by the Department or the Department's designee</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.2(c)</u>	<u>Failure to maintain a sufficient supply of tags to support tagging requirements</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.3(a)(2)</u>	<u>Failure to document receipt of plant or package tags in the track and trace system within three (3) calendar days of receipt or notify the Department that the ordered tags were not received</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(a)(1)</u>	<u>Failure to properly assign a plant tag to each lot of immature plants</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 15048.4(a)(1)</u>	<u>Licensee had more than 100 individual immature plants in a lot</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(a)(1)(A)</u>	<u>Failure to place immature plants contiguous to one another to facilitate identification by the Department.</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(a)(1)(A)</u>	<u>Failure to label each immature plant in a lot with the UID number</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(a)(1)(B)</u>	<u>Failure to fully separate a lot from other immature or mature plants with a physical barrier</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(a)(2)</u>	<u>Licensee failed to label immature plants transported from a licensed nursery for retail sale with the UID number of the immature lot. Licensee failed to remove the licensed nursery's package tag and assign a plant or package tag belonging to the receiving licensee within 3 calendar days of receiving the immature plants.</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(a)(2)</u>	<u>Licensee applied a UID to an individual plant that was not associated with the UID for the lot of immature plants from which it was derived</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(a)(3)</u>	<u>Failure to apply a plant tag to each individual plant at the time the plant was moved to the designated canopy area or when the plant began flowering</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(b)(1)</u>	<u>Licensee failed to properly attach and maintain the plant tags on each mature plant</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.4(b)(2)</u>	<u>Licensee removed the plant tag from the mature plant to which it was attached and assigned prior to the plant being harvested, destroyed, or disposed of</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.5(a)</u>	<u>Failure to assign a unique harvest batch name for all harvested plants that are</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
	<u>hanging, drying, and curing or failure to place the harvest batch name within clear view of an individual standing next to the batch</u>		
<u>CCR § 15048.5(b)</u>	<u>Failure to assign a package tag to each harvest batch or manufactured cannabis batch</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15048.5(b)</u>	<u>Failure to affix or label batches held in containers with the package tag or UID number or failure to place all containers associated with the same UID contiguous to one another to facilitate identification by the Department</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15047.2(d)</u>	<u>Intentional misrepresentation or falsification of information entered into the track and trace system</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 15048.1(a)(6)</u>	<u>Failure to monitor all track and trace system notifications and/or resolve issues identified in the notification</u>	<u>Minor</u>	<u>\$100 - \$500</u>
<u>CCR § 15049.2(a)</u>	<u>Failure to prepare a shipping manifest through the track and trace system prior to transferring cannabis or cannabis products off of a licensed premises</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15049.2</u>	<u>Failure to report receipt or rejection of cannabis or cannabis products in the track and trace system</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15049.1</u>	<u>Failure to report information related to the disposition of cannabis and cannabis products on the licensed premises in the track and trace system within three (3) calendar days of the change in disposition or to indicate that the harvest batch is finished</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15049.2</u>	<u>Licensee failed to record all required information on the shipping manifest</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Class</u>	<u>Fine Range</u>
<u>CCR § 15051(a)(1)</u>	<u>Failure to reconcile all on-hand inventory of cannabis and cannabis products</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15049.1(c)</u>	<u>Failure to indicate in the track and trace system that the harvest is finished after the entire harvest batch has completed drying, trimming, and curing, and has been packaged</u>	<u>Moderate</u>	<u>\$501 - \$1,000</u>
<u>CCR § 15036(a)</u>	<u>Failure to notify the Department and law enforcement authorities within 24 hours of discovery of any diversion, theft, loss, or any other criminal activity related to the licensee's cannabis or cannabis products</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 17800</u>	<u>Denial of Department access to the licensed premises</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>B&P § 26039.3</u> <u>CCR § 17801.5</u>	<u>Violation of an embargo</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 17815(e)(1)</u>	<u>Failure to physically segregate all designated cannabis goods subject to hold within twenty-four (24) hours after receipt of notice of the administrative hold</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 17815(e)(2)</u>	<u>Licensee sold, donated, transferred, transported, gifted, or destroyed cannabis goods subject to an administrative hold</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 17815(e)(3)</u>	<u>Failure to place all harvested cannabis on administrative hold into separate batches</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>
<u>CCR § 17815(e)(4)</u>	<u>Failure to identify cannabis goods being voluntarily surrendered in response to an administrative hold in the track and trace system</u>	<u>Serious</u>	<u>\$1,001 - \$5,000</u>

Table B

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Type</u>	<u>Fine Range</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)</u>	<u>Failure to keep and maintain records in connection with the licensed commercial cannabis business</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)</u>	<u>Failure to keep and maintain records for at least seven years from the date the record was created unless a shorter time is specified</u>	<u>Moderate</u>	<u>\$1,001 - \$10,000</u>
<u>B&P § 26160</u>	<u>Failure to provide or deliver required records to the Department upon request</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>
<u>B&P § 26160</u>	<u>Failure to provide the Department with access to examine licensee records</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)(1)</u>	<u>Failure to keep and maintain on the licensed premises all financial records in connection with the licensed commercial cannabis business, including but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration (formerly Board of Equalization) under title 18, California Code of Regulations, sections 1698 and 4901</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)(2)</u>	<u>Failure to keep and maintain on the licensed premises personnel records, including each employee's full name, Social Security number or individual taxpayer identification number, date employment began, and date of termination of employment, if applicable</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)(3)</u>	<u>Failure to keep and maintain on the licensed premises training records including, but not limited to, the content of the training provided and the names of the employees who received the training</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>

<u>Authority</u>	<u>Description of Violation</u>	<u>Violation Type</u>	<u>Fine Range</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)(4)</u>	<u>Failure to keep and maintain on the licensed premises all contracts regarding commercial cannabis activity</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)(5)</u>	<u>Failure to keep and maintain on the licensed premises the permits, licenses, or other local authorizations to conduct commercial cannabis activity</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>
<u>B&P § 26160</u> <u>CCR § 15037(a)(6)</u>	<u>Failure to keep and maintain on the licenses premises all other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business</u>	<u>Minor</u>	<u>\$100-\$1,000</u>
<u>B&P § 26161</u>	<u>Failure to prepare a sales invoice or receipt for every sale or transport of cannabis or cannabis products</u>	<u>Minor</u>	<u>\$100 - \$1,000</u>

IV. STANDARD CONDITIONS OF PROBATION

The protection of the public is the highest priority of the Department. In disciplinary matters where probation has been imposed, the Department believes the conditions of probation will help ensure public protection and allow the probationer the opportunity to demonstrate rehabilitation. The following conditions of probation provide for consumer protection and establish a mechanism to monitor the rehabilitation progress of a probationer. Generally, the Department recommends a minimum of three (3) years' probation.

Introductory Language and Conditions 1-9 are required as follows:

1. OBEY LAWS

Respondent shall obey all state and local laws. A full and detailed account of any and all violations of law shall be reported by the respondent to the Department in writing within seventy-two (72) hours of occurrence. To permit monitoring of compliance with this condition, respondent shall submit completed fingerprint forms and fingerprint fees within 45 days of the effective date of the decision, unless previously submitted as part of the licensure application process.

CRIMINAL COURT ORDERS: If respondent, or an owner of the respondent, is under criminal court orders, including probation or parole, and the order is violated, this shall be deemed a violation of these probation conditions, and may result in the filing of an accusation and/or petition to revoke probation.

2. SUBMIT WRITTEN REPORTS

Respondent, during the period of probation, shall submit or cause to be submitted such written reports/declarations and verification of actions under penalty of perjury, as required by the Department, but no more frequently than once each calendar quarter. These reports/declarations shall contain statements relative to respondent's compliance with all the conditions of the Department's Probation Program.

Respondent shall immediately execute all release of information forms as may be required by the Department or its representatives.

3. REPORT IN PERSON

Respondent, during the period of probation, through its designated owner or owners, shall appear in person at interviews/meetings as directed by the Department or its representatives.

4. COMPLY WITH CONDITIONS OF PROBATION

Respondent shall fully comply with the conditions of probation established by the Department and cooperate with representatives of the Department in its monitoring and investigation of the respondent's compliance with the Department's Probation Program. Respondent shall inform the Department in writing within no more than ~~45~~ 14 calendar days of any address change. Upon successful completion of probation, respondent's license shall be fully restored.

5. POSTING OF SIGN

During the period of suspension, Respondent shall prominently post a sign or signs, provided by the Department, indicating the beginning and ending dates of the suspension and indicating the reason for the suspension. The sign or signs shall be conspicuously displayed in a location or locations open to and frequented by customers. The location(s) of the sign(s) shall be approved by the Department and shall remain posted during the entire period of actual suspension.

Additionally, the Respondent shall circulate a notice of the conditions of probation to all employees and post the notice in a conspicuous place where notices to employees are posted or available to employees. New employees shall also be provided a copy of the notice of the conditions of probation.

6. MAINTAIN VALID LICENSE

Respondent shall, at all times while on probation, maintain a current and valid license with the Department, including any period during which suspension or probation is tolled.

7. COST RECOVERY

Respondent shall pay to the Department costs associated with its investigation and enforcement pursuant to Business and Professions Code Section 26031 in the amount of \$_____ . Respondent shall be permitted to pay these costs in a

payment plan approved by the Department, with payments to be completed no later than three months prior to the end of the probation term.

If respondent has not complied with this condition during the probationary term, and respondent has presented sufficient documentation of good faith efforts to comply with this condition, and if no other conditions have been violated, the Department, in its discretion, may grant an extension of the respondent's probation period up to one year without further hearing in order to comply with this condition. During the one year extension, all original conditions of probation will apply.

8. LICENSE SURRENDER

During respondent's term of probation, if it ceases business or is otherwise unable to satisfy the conditions of probation, respondent may surrender its license to the Department. The Department reserves the right to evaluate respondent's request and to exercise its discretion whether to grant the request, or to take any other action deemed appropriate and reasonable under the circumstances, without further hearing. Upon formal acceptance of the tendered license, respondent will no longer be subject to the conditions of probation. Surrender of respondent's license shall be considered a disciplinary action and shall become a part of respondent's license history with the Department.

9. VIOLATION OF PROBATION

If a respondent violates the conditions of probation, the Department, after giving the respondent notice and an opportunity to be heard, may set aside the stay order and impose the stayed discipline (revocation/suspension) of the respondent's license. If during the period of probation, an accusation or petition to revoke probation is filed against respondent's license, or the Department has served the respondent a notice of intent to set aside the stay, the Department shall have continuing jurisdiction, and the probationary period shall automatically be extended and shall not expire until final resolution of the matter.

V. INTRODUCTORY LANGUAGE AND OPTIONAL TERMS AND CONDITIONS OF PROBATION

The following introductory language and all standard probation conditions are to be included in probationary decisions/orders. For applicants, cost recovery conditions do not apply. For licensees, all standard probation conditions apply. Optional terms and conditions may be included in orders of probation based upon violations.

INTRODUCTORY LANGUAGE FOR ALL ORDERS

IT IS HEREBY ORDERED that License Number _____ issued to Rrespondent is [revoked/suspended/fined] [for/in the amount of] [days/amount], [however, the revocation is stayed] and respondent is placed on probation for _____ years on the following conditions.

SEVERABILITY CLAUSE – Each condition of probation contained herein is a separate and distinct condition. If any condition of this Order, or any application thereof, is declared unenforceable in whole, in part, or to any extent, the remainder of this Order, and all other applications thereof, shall not be affected. Each condition of this Order shall separately be valid and enforceable to the fullest extent permitted by law.