

It's high time: Medical marijuana businesses face compliance deadline

By: Steve Metzger The Journal Record July 26, 2019 0



A label on a jar of medical marijuana at The Peak dispensary in Edmond displays comprehensive product information, including where the cannabis was grown in Oklahoma and a QR code that when scanned would reveal a lab test report on the product. (Photo by Steve Metzger)

OKLAHOMA CITY – Corbin Wyatt holds up a small jar of medical marijuana and points out information on its label, including its “OG Gorilla” name, where the hybrid strain of cannabis was grown in Oklahoma, the name of the store where it will be sold, a QR code that a person might scan to see a lab test report on the product and a bar code that reveals even more.

More than 1,000 unique cannabis products are carried in inventory at The Peak marijuana dispensaries managed by Wyatt. All must be similarly, meticulously labeled before they can be placed on shelves across seven stores. Wyatt said it takes time and The Peak pays a California company a hefty monthly subscription fee for a computer program that records vital facts and stats, tracks sales, prints labels and otherwise helps to ensure that the dispensaries remain in compliance with existing state laws and new laws as they take effect.

The time is fast approaching when all businesses involved in Oklahoma’s medical marijuana industry will be required to participate in “seed-to-sale” tracking of products. Wyatt said many may not be ready. Growers, especially, may have some catching up to do before the law takes effect on Aug. 29. It’s even possible, he said, that some businesses may close as new laws tighten rules on operations, and that supplies of raw marijuana may be interrupted.

Wyatt estimated that as much as 90% of “raw product” received at dispensaries arrives with no bar-coded information. While there may be billing statements and other traceable inventory information, The Peak CEO said he doesn’t believe many suppliers have geared up to interface electronically with the state.

According to a statement provided by Tony Sellars, a spokesman for the Oklahoma Department of Health and Oklahoma Medical Marijuana Authority, the state anticipates selecting a seed-to-sale tracking vendor by early 2020. Until then, OMMA-licensed businesses must meet inventory tracking requirements as set forth

by current statutes and regulations. After the vendor is named, businesses will be allowed to use any inventory tracking system they choose, as long as it meets requirements and is capable of integrating with the state's seed-to-sale reporting system.

"To make this transition as smooth as possible, the state will require the seed-to-sale vendor chosen to be capable of integrating with a variety of different inventory tracking systems," the statement said.

Wyatt said his advice to OMMA-licensed business operators who haven't yet invested in electronic inventory management would be to take their time and choose a system wisely. At The Peak, another system was used for a few months before employees decided it had to go. It had problems with inaccurate reporting, inventory tracking, product traceability and bar coding.

"We had to work way harder than we should have just to comply with the bare minimum of laws that existed in Oklahoma," Wyatt said.

He said employees researched several other cannabis point-of-sale software products before deciding on one called Treez.

"We were not going to pick the wrong one again. Whenever you're relying on a single piece of software to keep you compliant, and it's not doing that, that's a big problem. (Treez) is absolutely worth it to us for the functionality it provides," Wyatt said.

Another high-quality cannabis retail software program is called Cova, he said. While both providers are geared to meet specific needs of retailers, seed-to-sale tracking providers like Metrc and BioTrackTHC should be able to help growers and processors identify inventory control programs to meet their unique needs.

Wyatt said concerns about how the new law will affect growers and raw material supplies played into decisions made by The Peak to expand "vertically" into other sectors of Oklahoma's medical marijuana industry. The company already buys in bulk and has a distribution center that sells to about 90 dispensaries.

"There's not enough good flower. That's the hard part right now," he said. "We're starting our own grows for that reason. We'll be growing our own and processing it as well. (The new law) was a huge reason."

Wyatt said there are many very responsible, innovative growers in Oklahoma, but others may be bringing marijuana in from outside the state, which is against the law, and the new seed-to-sale rules will likely put a stop to much of that.

"They've gone from having very little to no requirements, (and now) I think it will be a huge stickler for them. Seed-to-sale will radically change the way we operate," he said.

In addition to more precise inventory tracking and product labeling, new laws to take effect Aug. 29 address product testing requirements and waste management. Growers and processors will be required to use licensed labs to test their products for pesticides, THC and terpene potency as well as heavy metals before sale, transfer or processing. According to Sellars, testing samples will be selected from 10-pound batches according to sampling protocols being developed.

"The OMMA is in the process of securing a consultant to provide expertise, guidance and recommendations on lab licensing, standards, thresholds, protocols, methods and requirements. An oversight lab will also be secured to provide quality assurance and compliance monitoring of licensed testing laboratories," the OMMA statement said.

Edibles processors already are required to obtain a separate food license and to test products.

Regarding waste disposal, cannabis businesses will be required to contract services of a licensed facility to get rid of surplus, returned or out-of-date marijuana products or plant debris, with the exceptions of roots, stems, stalks and fan leaves.

Sarah Lee Gossett Parrish, an Oklahoma attorney with a specialty in cannabis law, said anticipated rising costs and commitments of time required to remain compliant with laws shouldn't be too much for businesses to bear. Nevertheless, she agreed that the new laws may precipitate a reduction in numbers of players in the industry.

"I don't think it will cost owners a lot more to become and to stay compliant, but it will take time. With all of the changes coming into effect, some may be left behind," she said. "I think most businesses are doing their level best, but it will be more difficult with all of the changes coming down."

Gossett Parrish said she has encouraged client businesses from the earliest days of Oklahoma's medical marijuana industry to adopt comprehensive inventory control practices.

"I'm sure there are still some out there who don't, and I would strongly encourage them to do that," she said. Those who don't or who may invest in systems without clearly understanding how they work or what the law requires may find their futures "fraught with peril."

Gossett Parrish added, however, that she believes the OMMA is willing to work with medical marijuana businesses.

"They really want to help our industry succeed and I believe they would help businesses to be compliant," she said.

She pointed out, too, that Oklahoma's medical marijuana industry has developed very quickly and smoothly as compared to industries in other states.

"We all should be very thankful we're in Oklahoma, without the massive regulatory systems like they have in Colorado and California," she said. "I'm very proud of our OMMA for their hard work in implementing the system we have as quickly as they have and of the Legislature for paying special attention to sensibly regulating the industry."



Chief Executive Officer Corbin Wyatt stands in front of plants for sale at The Peak. (Photo by Steve Metzger)