


origins council public comment on 3/12/26 CAC agenda

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 1 attachment (2 MB)

Origins Council Comment for 3.12.26 CAC Meeting.pdf;

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Good afternoon, please see our comment on tomorrow's Cannabis Advisory Committee agenda attached.

Thank you,



Origins Council Public Comment for Cannabis Advisory Committee: DCC Disciplinary Process

Date: March 11, 2026

On behalf of Origins Council, we are writing today to comment on Item #5 on the Thursday, March 12, 2026 Cannabis Advisory Committee agenda, concerning a DCC presentation on the agency's disciplinary process.

We appreciate the DCC providing information, and an opportunity for public comment, on the agency's compliance approach. Over the past year, our members have reported a substantial increase in DCC compliance actions on licensees, including a significant increase in embargoes, citations, and fines. DCC budget proposal documents from January 2026 confirm a recent *"exponential rise in compliance actions such as recalls, citations, and revocations."*¹ At the same time, DCC personnel have communicated verbally that the agency has undertaken a change in approach: from "education" to "enforcement" on licensees.

We understand the necessity of DCC enforcement actions in response to licensee behaviors that threaten public health and safety. At the same time, compliance actions which are disproportionately punitive, lack adequate due process, or disproportionately affect small operators risk negatively impacting licensees and the viability of the licensed market. With the recent change in enforcement approach, we believe there is an opportunity for DCC to assess internal agency processes to determine whether current enforcement priorities and procedures reflect the best use of resources to support a safe and functional licensed market.

Below, we discuss several enforcement dynamics that we believe are important to inform DCC's disciplinary approach on licensees.

- 1. DCC enforcement actions often have significant and disproportionate impact on small, legacy and equity cannabis licensees.** Small operators, many of whom are already struggling to survive in dire market conditions, often can't afford thousands of dollars in fines or the required destruction of large amounts of product. Nearly all small operators lack resources for independent compliance staff, and may be more likely to

¹ https://bcp.dof.ca.gov/2627/FY2627_ORG1115_BCP8467.pdf

incur technical, non-severe violations based on the need to balance farming, business operations, and compliance tasks. Small operators also face unique challenges in securing financial resources and/or professional assistance to appeal enforcement decisions to an administrative law judge or the Cannabis Control Appeals Panel. While these factors do not excuse severe or bad-faith violations, we believe they should be considered by DCC in terms of enforcement priorities and consideration of proportionate disciplinary action.

2. Licensees have reported disproportionate penalties for alleged violations.

Examples of perceived disproportionate penalties include imposition of embargoes based on technical METRC or package tagging errors; significant fines for technical errors which could be addressed with a notice of violation; and significant fines for unintentional or technical violations which were present, but not identified, during prior DCC inspections.

Embargoes in particular can have major impacts on operators, including potentially holding tens of thousands of dollars of product in limbo and threatening the saleability of perishable product if not quickly adjudicated. The frequent imposition of embargoes as a result of METRC or tagging errors indicates that embargoes are being used as a tool in relation to suspected inversion or diversion, rather than suspected product adulteration - even when a technical tracking or tagging error constitutes the only reason for suspected inversion or diversion.

3. Some licensees are reporting significant challenges in communication and timely adjudication of enforcement action.

Licensees have reported a lack of clarity on the reason for an alleged violation or imposed embargo, including understanding the evidence for an alleged violation and clarity on which section of regulation is alleged to be violated. Licensees have also reported an inability to meet and confer with DCC compliance staff to understand the violation or present their perspective on why the violation was erroneous or overstated. While licensees may have access to administrative law proceedings to contest enforcement actions with a third party, most would prefer to address violations with DCC enforcement staff without engaging in a more formal appeals process. Additionally, licensees have reported receiving notifications of violation up to six months following an inspection, sometimes accompanied with requests for photographic proof of remediation which cannot be provided for a violation occurring many months ago.

4. Some licensees are reporting challenges with professionalism by DCC inspectors.

Licensees have increasingly reported instances of perceived unprofessionalism by DCC inspectors, and have raised concerns that some inspectors are embodying a law enforcement-style approach more commonly associated with police or sheriff's deputies. Licensees have reported DCC inspectors making anti-cannabis comments, communicating their excitement to take heavy-handed enforcement actions, or

presuming licensees are engaged in criminal activity. At times, complaints have clustered around specific inspectors based on similar complaints from multiple licensees.

5. **Increased DCC enforcement highlights regulations which place disproportionate burden on small operators.** Small businesses have faced longstanding challenges with some sections of DCC regulation that are particularly difficult for owner-operators to comply with. Increases in DCC enforcement have highlighted these existing challenges. Examples include:

- **No-notice inspections** - owner-operators often cannot reasonably remain on-site at all times in anticipation of a no-notice inspection given seasonal or part-time operations, second jobs, weather events, or personal or family commitments. Recent increases in DCC no-notice inspections have created an expectation that operators are on-site at all times which, for many owner-operators, cannot plausibly be met. For cultivators, §15011(a)(1) provides an opportunity to specify “hours of operation,” including seasonal closures - this allowance is helpful, but still cannot account for many reasons an owner-operator might leave a working farm for a period of time. Additionally, this section is only applicable to cultivators, providing no flexibility for other small, owner-operated license types to operate in a part-time or intermittent capacity.
- **Plant tagging violations** - we understand that DCC is well aware of the challenges with physically tagging every cannabis plant on a licensed cultivation premises. Despite the passage of SB 622 in 2023 and AB 8 in 2025, rulemaking to move to a “batch tagging” system has yet to be initiated; and in the interim, licensees continue to face punitive enforcement actions while awaiting regulatory changes.
- **METRC data entry** - the detailed nature of METRC data entry can easily result in good-faith technical errors or delays, especially by owner-operated licensees without separate compliance staff. While systematic METRC errors may be indicative of intentional or negligent violations, the existence of METRC errors in themselves are not necessarily an indication of diversion or bad faith action.

Recommendations for DCC Disciplinary Process

Based on these dynamics, we would offer the following recommendations for DCC regarding the agency’s disciplinary process:

1. **Review and assess the proportionality of imposed penalties** - assess if imposed penalties are proportionate to the scale of an alleged violation to public health and safety. Consistent with BPC 26031.5, consider (1) the gravity of the violation, (2) the good faith of the licensee or person, and (3) the history of previous violations in assessing penalties.

2. **Limit use of embargoes to genuine threats to public health and safety** - avoid the use of embargoes for technical METRC or plant tagging violations which do not pose a threat to public health or safety.
3. **Improve communication regarding alleged violations** - at the time an alleged violation is noticed, provide the licensee a clear explanation of the alleged violation, the section of statute or regulation alleged to be violated, and evidence supporting the allegation. Provide an opportunity for a licensee to meet and confer with knowledgeable DCC compliance staff to discuss the alleged violation and provide an opportunity for resolution without entering the administrative law process.
4. **Work towards timely notice and resolution of alleged violations** - work to provide notices of violation in a timely manner following inspections. For embargoes, work to make timely decisions regarding condemnation proceedings and provide a timely opportunity for a licensee to move a conversation to an administrative law proceeding, if desired.
5. **Establish processes to ensure professionalism and impartiality among inspectors** - establish internal processes for professional expectations among inspectors (if not already established) and consider making a version of these expectations public. Consider establishing a process or clear point of contact within the agency for licensees to report instances of perceived unprofessionalism by inspectors.
6. **Amend DCC regulations and/or consider changes to DCC practices which impose disproportionate burdens on small operators** - reassess no-notice inspection practices, plant tagging regulations, and punitive enforcement of technical METRC errors in light of disproportionate impacts on small operators.
7. **Consider enforcement priorities holistically in relation to the licensed and unlicensed market** - all licensed operators are in competition with a large-scale unregulated market which does not follow any DCC regulation. In this context, operators who have chosen to become licensed and are seeking to comply with DCC regulations in good faith should not be subject to highly punitive action simply as a result of a technical violation or error.

Thank you for your consideration,



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