

Preventing Diversion & Inversion & Preventing Sales to Minors

Cannabis is still listed federally as a Schedule 1 drug. Many states have voted to pass medicinal and/or adult-use cannabis laws, effectively ending prohibition in those respective states.

There is a lot of responsibility that goes along with operating in the cannabis industry. Have best practices in place to:

1. **Prevent diversion and inversion**
2. **Prevent sales to (non-patient) minors**
3. **Prevent theft and loss**

Part 1: Best Practices for Diversion Prevention

Diversion means the unauthorized or intentional removal of Marijuana or Marijuana Products from the Cannabis Control Commission's regulated market.

Examples of diversion includes, but are not limited to:

- Selling to minors
- A co-worker taking cannabis product home directly from the cultivation or manufacturing facility
- Taking cannabis across state lines
- An adult giving cannabis to a minor
- A consumer buying cannabis and giving it to someone who may not legally shop
- A patient giving or selling their medicinal cannabis
- An adult re-selling cannabis (adults may gift cannabis to another adult for no remuneration)
- Transport or Delivery vehicles crossing state lines

Diversion Prevention Best Practices

1. Coach consumers about state laws regarding the possession and transportation of cannabis
2. Never permit “looping” or buying more than the allowed limit
3. Restrict access to the Establishment and ensure security protocols are monitored
4. Watch for red flags at the counter: multiple visits in one day, buying on behalf of others, or unusually large or frequent purchases
5. Never bring personal cannabis into a licensed facility, and never share access badges, keys or alarm codes
6. Keep all inventory tagged and tracked in Metrc, and complete regular inventory counts and reconciliations
7. Transport and delivery: carry a valid manifest, make no unscheduled stops, and never cross state lines

Part 2: Preventing Inversion

Inversion means the unauthorized insertion of Marijuana or Marijuana Products cultivated or produced by an individual or entity not licensed by the Cannabis Control Commission into the regulated market.

Examples of inversion includes, but are not limited to:

- Bringing cannabis (not including returns) into licensed facilities outside of the seed-to-sale tracking system
- Using trim or flower from an un-licensed grow to make and sell concentrates or infused products
- Purchasing edibles from a licensed manufacturer in another state to resell to consumers in MA

Inversion Prevention Best Practices

1. Before purchasing any form of cannabis for your business, verify that the selling party possesses a current CCC-issued license
2. Only allow cannabis to enter your licensed premises if the inventory was compliantly transferred within Metrc and there is a valid manifest

Part 3: Best Practices for Preventing Sales to Minors

Selling, serving or giving cannabis to anyone under 21 (other than a registered medical-use patient by their caregiver) is diversion. We all share the responsibility for keeping cannabis out of the hands of minors.

Check every ID, every time

- Check ID at the entrance and again at the point of sale.
- Accept only valid, unexpired, government-issued photo ID, and confirm the customer is 21 or older (or a registered medical-use patient with a valid registration card).
- Check every customer, including regulars and customers who look older.

*Patients 18+ may enter a dispensary. Everyone must be 21+ to enter a social consumption establishment.

Be aware of fraudulent IDs

- **Compare the photo to the person.** Look at facial features, not just hair or glasses.
- **Check the dates.** Confirm the customer is 21 or older and the ID isn't expired.
- **Feel and look for tampering.** Watch for peeling edges, bumps, uneven lamination, or blurry printing.
- **Check the security features.** Look for holograms, raised text, microprinting, and UV features.
- **Ask questions.** Ask for the ZIP code, birth year, or middle name; hesitation is a red flag.
- **Use your ID scanner** if your store has one, but don't rely on it alone.

Refusing a sale and confiscating a fraudulent ID

- Stay calm and polite. Refuse the sale without arguing or accusing.
- Alert a manager right away.
- Document it in the incident log: date, time, ID details, a description of the person, and what happened.
- Notify the Cannabis Control Commission (CCC).
- Turn the ID over to CCC inspectors or local police within 3 days.
- Follow house SOPs for storing the ID securely and completing any other required steps.

Watch for third-party purchases

- Watch and listen for “shoulder tapping” or “hey mister, mister.” This is a tactic a minor may use; they will approach people to make a purchase for them.
- Pay attention to the entrance and parking lot, and refuse the sale if you suspect a customer is buying for someone under 21.

Delivery and social consumption

- Delivery: check the ID of the person at the door and confirm it matches the order before handing over any product. No valid ID, no delivery; return the product to your home base per SOPs.
- Social consumption: check ID at entry, and watch for product being passed to anyone underage or not checked in.

Remember: when in doubt, don't sell/serve.

Part 4: Responding to Suspected Diversion, Inversion, Sale to Minor, Theft or Loss

1. If you suspect diversion, inversion, theft or loss, inform your manager asap & follow Company SOPs
2. Secure inventory
 - If you are off premises, (transporting or delivery,) return to your home base
3. Fill out an incident report
 - Pay attention to all details & add clear concise information
 - Log refused sales and confiscated IDs in the incident log, too
4. Involve your security team as needed
5. Review security camera recordings
6. Call local Law Enforcement for support when applicable
7. Report all diversion, theft or loss to CCC immediately or within 24-hours
 - Assist in any/all investigations
 - Your compliance director will submit a full written report to the CCC within 10-days
8. Re-evaluate and assess operating procedures and emergency policies to ensure the safety of people, the premises and inventory. Determine whether additional safeguards are necessary.