**Section 1000.240 Failure to Open or Operate**

a) A cultivation center permit shall be surrendered to the Department upon written notice and demand if the cultivation center fails to begin production within six months after the permit has been issued. The cultivation center may submit a written request to the Department for an extension of time setting forth its justification for being unable to begin production within six months after the permit was issued. The Department may grant an extension, at its discretion, for good cause shown. Good cause may include unforeseen events, acts of nature and other events that prevent a good faith effort. Good cause shall not include cost overruns, insufficient financing and other factors evidencing a lack of good faith effort.

b) A cultivation center that fails to maintain production for any reason for more than 90 consecutive days after it has begun production shall be notified in writing and given 30 days from the date of notification from the Department to submit a written explanation why it so failed and, if it plans on continuing to operate as a cultivation center, a description of how it will correct the problem and prevent it from occurring again.

1) If no response is received from the cultivation center or if a response is received after the 30 day period, the permit shall be revoked and surrendered to the Department.

2) If a response is received within the 30 day period, the Department shall review the response and either approve it and require the cultivation center to come into compliance or reject it and revoke the permit requiring the cultivation center to surrender its permit to the Department. If the Department allows the cultivation center to come into compliance, the Department may, after a hearing, levy a fine for failure to provide an uninterrupted supply to patients.

c) Upon surrender of its cultivation center permit, the cultivation center shall forfeit the balance of its escrow account or surety bond required by Section 1000.40(g).

d) A cultivation center that has failed to continue to operate the cultivation center in a manner that provides an uninterrupted supply of medical cannabis to licensed dispensaries as provided for in Section 1000.40(g) shall be notified in writing and given 30 days from the date of notification from the Department to submit a written explanation why it was unable to provide the supply and how it will correct the situation in the future.

1) If no response is received from the cultivation center or if a response is received after the 30 day period, the permit shall be revoked and surrendered and the escrow account or surety bond required by Section 1000.40(g) shall be forfeited to the Department.

2) If a response is received within the 30 day period, the Department shall review the response and either accept it and require the cultivation center to come into compliance or reject and revoke it requiring the cultivation center to surrender its permit to the Department and forfeit its escrow account or surety bond. If the Department allows the cultivation center to come into compliance, the Department may, after a hearing, levy a fine for failure to provide an uninterrupted supply to patients.