PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

Print Form

In accordance with RCW 34.05.330, the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at http://apps.leg.wa.gov/wac/default.aspx?cite=82-05.

CONTACT INFORMATION *(please type or print)*

Petitioner's Name: David Sanders

Name of Organization: Goliath Pines, LLC

Mailing Address: 8002 NE Hwy 99, Suite B

City: Vancouver State: WA Zip Code: 98665

Telephone: 253-290-3307 Email: david@thclawfirm.com

COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: http://www.leg.wa.gov/CodeReviser/Documents/RClist.htm.

INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: Washington State Liquor and Cannabis Board

☐ **1. NEW RULE - I am requesting the agency to adopt a new rule.**

☐ The subject (or purpose) of this rule is: _____

☐ The rule is needed because: _____

☐ The new rule would affect the following people or groups: _____

☒ **2. AMEND RULE - I am requesting the agency to change an existing rule.**

List rule number (WAC), if known: WAC 314-55-018

☐ I am requesting the following change: _____

☐ This change is needed because: _____

☐ The effect of this rule change will be: _____

Please see the attached document.

☒ The rule is not clearly or simply stated: _____

☐ **3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.**

List rule number (WAC), if known: _____

(Check one or more boxes)

☐ It does not do what it was intended to do.

☐ It is no longer needed because: _____

☐ It imposes unreasonable costs: _____

☐ The agency has no authority to make this rule: _____

☐ It is applied differently to public and private parties: _____

☐ It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: _____

☐ It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: _____

☐ Other (please explain): _____

From: David Sanders
To: LCB DL Rules
Subject: Petition for Rulemaking
Date: Monday, August 18, 2025 1:22:21 PM
Attachments: 8.18.25 Rule Petition.pdf
Attachment to Petition for Rulemaking.docx
Enforcement and Education Bulletin - Update Cannabis Money"s Worth.pdf

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External Email

Good afternoon,

Attached please find a completed rule petition, along with attached documents. Please let me know if you need anything else from me.

Thanks,
David

I am an owner of Goliath Pines, LLC, doing business as the Vancouver Weedery, and am filing this petition to ask that action be taken to prevent unfair and illegitimate business practices by certain chains of cannabis retailers, specifically Main Street Marijuana and The Herbery, that are in violation of the administrative rules of the Washington State Liquor and Cannabis Board ("WSLCB") as established in WAC 314-55-018.

Both Main Street Marijuana and The Herbery have locations in close proximity to the Vancouver Weedery in the Hazel Dell area of Clark County. They are also chains, giving them both sufficient market share to carry out this illegitimate scheme. The Herbery operates a total of five stores in the Vancouver area (the maximum allowed by law), and Main Street Marijuana has four.

Specifically, these retailers have been leveraging their larger market power to pressure processors into not doing business with the Vancouver Weedery in an effort to drive our store out of business. They have been pressuring cannabis processors to refuse to sell to us, and threatening to stop ordering any of those processors' products across their chains if they refuse to comply. All of the larger processors have acquiesced, and we therefore haven't been able to keep various well-known, popular brands in our store and have had to keep switching our product offerings. We have also been informed by multiple processors that Main Street Marijuana and The Herbery have been refusing to purchase their product if they do business with the Vancouver Weedery.

The Vancouver Weedery has attempted to work around this unfair practice by stocking the shelves with products from processors that do not already sell to Main Street Marijuana or The Herbery. However, ratcheting up their illegitimate scheme, Main Street Marijuana and The Herbery contacted the processors of our top-selling products and told them they could get into their chains of stores (a total of 9) if they stop selling their products to the Vancouver Weedery. As a result, nearly every single product that has once had any success being sold at the Vancouver Weedery has become unavailable to us (and therefore our customers) only a few weeks after the product first appeared on our shelves.

WAC 314-55-018(1) states as follows: "No industry member or licensee shall enter into any agreement which causes undue influence over another licensee or industry member." It further states: "No cannabis producer or processor shall advance and no cannabis licensee shall receive money or moneys' worth under an agreement written or unwritten[.]"

In this case, Main Street Marijuana and The Herbery are making agreements with multiple processors that create undue influence over those processors. In those agreements, Main Street Marijuana and The Herbery have required that processors do not sell any of their products to the Vancouver Weedery—a form of "moneys' worth" as contemplated by the rule.

The WSLCB has stated that "a retailer requiring the producer or processor to engage in prohibited practices as a condition of doing business" violates this rule, as does even the offer of "Volume

discounts" or "Discount of product to one retailer over another," to say nothing of wholesale refusal to do business with a given retailer as part and parcel of this illegitimate scheme. Please see the attached Bulletin No. 23-01, sent via email by the Enforcement and Education division of the WSLCB on April 28, 2023.

However, we have spoken with dozens of processors and other retailers throughout the State of Washington and have learned that this practice is very widespread and is also affecting many other cannabis licensees. Nearly every cannabis processor and nearly every cannabis retailer is either engaging in this practice or being victimized by the practice. Despite first bringing this issue to the attention of WSLCB enforcement agents around six months ago, and repeatedly since, these unfair and illegal practices by Main Street Marijuana and The Herbery have continued with no change.

We have furthermore been reliably informed that these stores are hoping to drive the Vancouver Weedery out of business entirely. However, even in the absence of proof of this intent, there can be no doubt that the *effect* of these stores' practices will be to put the Vancouver Weedery out of business. We are hopeful the WSLCB will not stand by and let this happen.

Unfortunately, these stores' desires to drive the Vancouver Weedery out of business are close to coming to fruition. The store has been struggling to garner a sufficient customer base since it opened in February 2025, an issue significantly attributable to its diminished product offerings (despite the best efforts of our purchasing manager, who has many years of experience making purchases for a successful cannabis retailer).

Therefore, further clarification of this rule is manifestly needed. The rule could be amended to more explicitly prohibit this non-compliant practice. The WSLCB should also send a notice to all licensees letting them know that WAC 314-55-018 makes agreements between licensees requiring one licensee to deny the sale of products to third parties, or to sell at a different price to third parties, a violation.

I would also ask that the WSLCB makes sure the clarification has some teeth—by threatening license revocation for those found to be violating the rules, and investigating and appropriately penalizing the retailers propagating this scheme. I have also submitted a report to the Enforcement and Education division formally notifying them of this widespread illegal practice, with suggestions as to how to uncover and combat it. However, given that to date Enforcement has been unwilling or unable to take action, it is incumbent on the Board to clarify this rule, and see to it that it is not broken in such widespread and flagrant fashion.

Gmail

David Sanders <david@thclawfirm.com>

Enforcement and Education Bulletin: Update Cannabis "Money's Worth"

Washington State Liquor and Cannabis Board <wslcb@public.govdelivery.com> Fri, Apr 28, 2023 at 11:56 AM
Reply-To: wslcb@public.govdelivery.com
To: david@thclawfirm.com

April 28, 2023

Enforcement and Education Division

Bulletin No 23-01

Date: April 28, 2023

To: Cannabis Industry Members (Cannabis Producers, Processors, and Retailers)

From: Washington State Liquor and Cannabis Board

Subject: Direct and In-Direct Money's Worth

This bulletin is to clarify what is allowable in financial agreements between cannabis producers, processors, and retailers. RCW 69.50.328 and WAC 314-55-018 prohibit cannabis producers or processors (non-retail licensees) from giving or lending money, or from giving or lending items or services of value to a cannabis retailer. Exceptions to that prohibition are outlined in RCW 69.50.585. These restrictions, referred to as "money's worth," are intended to prohibit actions which influence or attempt to influence the purchasing practices of the retailer with respect to cannabis product.

Direct Money's Worth
Direct money's worth involves a producer or processor giving tangible items such as money or gifts to a licensee or a retailer requiring the producer or processor to engage in prohibited practices as a condition of doing business. This would include loans of money, gifts, or services.

Examples of prohibited activities include, but are not limited to:

- Producer or processor lending or giving money to a retailer
- Gifts beyond nominal value
- Extension of credit

- Volume discounts
- Discount of product to one retailer over another

Providing Money's Worth by Indirect Means
In-direct money's worth is producer or processor activity that could influence the retailer. This includes providing goods or services above nominal value to others, such as the retailer's employees or other third parties, to influence a retailer. Any act of the processor or producer to entice customers into a retailer's store would be considered in-direct money's worth.

Examples of prohibited activities include, but are not limited to:

- Licensees creating a second company to give away items or sell items below true market value to a retailer
- Producer or processor having or sponsoring events for licensees or employees of a retailer
- Incentive programs (swag, prizes, or cash for selling a producer/processor's items)
- Negotiating any discount for customers of a producer/processor's product (rebates, split discounts, custom products, etc.)
- Retailers requiring bulk discounts, rebates, custom products, or services outside of what is allowed in RCW 69.50.369

What Can be Provided?

Producers and processors can provide some items and services to cannabis retail licensees, but they are limited to items of nominal value, and those items cannot be passed on to retail customers. Producers and processors may also participate in specific retail events, if they follow the parameters outlined in RCW 69.50.585.

Examples of what is allowed:

- Items of nominal value such as branded promotional items (lighters, pencils, apparel, and similar items valued $30 or less singularly or in the aggregate)
- Educational participation in "vendor day" type events at retail locations
- Listing the locations that carry product on the producer / processor licensee's website

Note: None of these types of allowed activities can be required by either licensee as a condition of business.

Relevant RCWs and WAC:

RCW 69.50.328

WAC 314-55-018

RCW 69.50.369

RCW 69.50.585

In Summary, a non-retail entity may not have an interest in, or undue influence over, a retailer. Also, a retailer cannot require non-retail licensees to engage in prohibited practices as a condition of doing business. Undue influence occurs when a non-retail

cannabis entity provides money or money's worth items to a retailer. Money's worth encompasses money, items of value, and services supplied either directly or indirectly to a retailer. The money's worth prohibitions are to prevent undue influence over other licensees and ultimately, on consumers.

Please contact your assigned Cannabis Compliance Consultant with any questions.