

Cannabis Compact

Between

The Hoh Indian Tribe

and

The State of Washington

Cannabis Compact – State of Washington/Hoh Indian Tribe

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I. INTRODUCTION

This compact is entered into pursuant to House Bill 2000, Chapter 207, Laws of 2015 (the “Compacting legislation”). This document will be cited as the “Cannabis Compact Between the Hoh Indian Tribe and the State of Washington, hereinafter referred to as the “Compact.”

II. PARTIES

The Parties to this Compact are the Hoh Indian Tribe (“Tribe”) and the State of Washington (“State”) (collectively, “Parties”).

The Tribe is located on the Hoh Indian Reservation, which is in the state of Washington, and the Tribe is a federally-recognized sovereign Indian tribal government.

The State of Washington is a state within the United States of America, possessed of the full powers of a state government. The Washington State Liquor and Cannabis Board (“Board”) is an executive department of the State government with statutory authority with respect to cannabis under chapters 69.50 and 69.51A RCW. The Compacting legislation allows the Governor to enter into an agreement with any federally recognized Indian tribe located within the geographical boundaries of the State regarding cannabis and to delegate the power to negotiate such agreement to the Board.

III. PURPOSE AND INTENT

Historically, the production, possession, delivery, distribution and sale of cannabis have been illegal across the United States and in Indian Country. In 2012, Washington voters passed Initiative 502 (“I-502”) which sets forth a tightly regulated, state-licensed system allowing for the production, processing, and retail sale of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products for recreational purposes within the State of Washington.

Through State law and the Board’s implementing rules, the State has legalized possession of limited amounts of cannabis and the production, processing, and sale of cannabis by licensed businesses and has set forth a civil regulatory system that keeps cannabis production, processing, and sale in the State regulated and safe for the public and accomplishes the following priorities: preventing the distribution of cannabis to minors; preventing revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels; preventing the diversion of cannabis from states where it is legal

under state law in some form to other states; preventing state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; preventing violence and the use of firearms in the cultivation and distribution of cannabis; preventing drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use; preventing the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and preventing cannabis possession or use on federal property.

After serious deliberation, the Tribe, as a sovereign nation, has also determined that present day circumstances make a complete ban of cannabis within Indian Country ineffective and unrealistic and has decriminalized its sale and possession in certain circumstances. At the same time, consistent with the priorities described above, the need still exists for strict regulation and control over the production, possession, delivery, distribution, sale, and use of cannabis in Indian Country.

The State and the Tribe have recognized the need for cooperation and collaboration with regard to cannabis in Indian Country. The State has authorized the entry of this Compact by the Compacting legislation, enacted by the 2015 Regular Session of the Legislature, Laws of 2015, Chapter 207. Through Section 2 of this legislation, codified at RCW 43.06.490, the State authorized the Governor to enter into Compacts concerning the regulation of cannabis and to delegate the authority to negotiate the Compacts to the Board.

The Parties share a strong interest in ensuring that cannabis production, processing, and sales in Indian Country are well-regulated to protect public safety and community interests. The Parties acknowledge that pursuant to federal law, 21 U.S.C. § 812, cannabis is a Schedule I controlled substance and that this Compact does not protect the sales or regulation of cannabis in Indian Country from federal law; however, the Parties have entered into this Compact in order to strengthen their ability to meet these mutual interests and to provide a framework for cooperation to ensure a robust tribal and state regulatory and enforcement system.

The Parties agree that it is in the best interests of the Tribe and the State that they further implement the government-to-government relationship between them, as recognized in the Centennial Accord of August 4, 1989, by entering into a compact to protect public health and safety, ensure a lawful and well-regulated cannabis market, encourage economic development in Indian Country, and provide fiscal benefits to both the Tribe and the State.

IV. DEFINITIONS

- A. "Auditor" means a certified public accountant licensed and in good standing in the State of Washington.
- B. "Board" means the Washington State Liquor and Cannabis Board and its staff.
- C. "Compact" means this Cannabis Compact Between the Hoh Indian Tribe and the State of Washington, as it may be amended.
- D. "Indian Country," as defined by 18 U.S.C. § 1151, means all lands within the Tribe's Reservation and all lands held in trust or restricted fee status by the United States for the Tribe or its Tribal Members. For purposes of illustration only, the Tribe will provide to the Board, and when appropriate, update an electronic map of Indian country in a form that is compatible with the Board's computer hardware and software.
- E. "Cannabis," "cannabis concentrates," "cannabis-infused products," and "useable cannabis" as used in this Compact shall have the same meanings as in RCW 69.50.101 or any amendments thereto. Together, these terms shall be referred to as "cannabis product" or "cannabis products."
- F. "Parties" means the Tribe and the State.
- G. "Hoh Development Inc." means the corporation chartered under Hoh Tribal law and wholly owned by the Tribe which is authorized to conduct businesses involving cannabis for the Hoh Tribe.
- H. "Processor" means any cannabis processor licensed to process, package, and label useable cannabis, cannabis concentrates, and cannabis-infused products for sale at wholesale to processors and retailers by the Board pursuant to RCW 69.50.325 and any cannabis processor in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a cannabis compact with the Board.
- I. "Producer" means any cannabis producer licensed to produce and sell cannabis at wholesale to processors and other producers by the Board pursuant to RCW 69.50.325 and any cannabis producer in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a cannabis compact with the Board.
- J. "Retailer" means any cannabis retailer licensed to sell useable cannabis, cannabis concentrates, and cannabis-infused products in a retail outlet by the Board pursuant to RCW 69.50.325 and any cannabis retailer in Indian Country licensed

or otherwise allowed by the Tribe or any other tribe with a cannabis compact with the Board.

- K. "State" means the State of Washington.
- L. "State Licensee" means any cannabis producer, cannabis processor, or cannabis retailer licensed by the Board pursuant to chapter 69.50 RCW, chapter 314-55 WAC, or any other regulations promulgated there under.
- M. "State Tax" means the cannabis excise tax as stated in RCW 69.50.535 and the State and local sales and use tax on sales of cannabis as stated in chapters 82.08 and 82.12 RCW, all as may be amended from time to time.
- N. "Tribal Code" means the Hoh Tribal Code.
- O. "Tribal Enterprise" means any tribal corporation or other business wholly or majority owned by the Tribe and authorized to sell, produce, process, research and test cannabis products under the laws of the Hoh Tribe.
- P. "Tribe" means the Hoh Indian Tribe.
- Q. Tribal Law Enforcement means the police department of the Hoh Indian Tribe
- R. "Tribal Member Business" means a business owned by an enrolled member of the Tribe.
- S. "Tribal Tax" means a tax imposed by the Tribe on cannabis activities.

V. GENERAL MATTERS

- A. Sovereign Immunity. The Parties agree that, except for the limited purpose of resolving disputes in accordance with the Dispute Resolution Section below, the signing of this Compact by the Tribe does not imply a waiver of sovereign immunity by the Tribe or any of its subdivisions or enterprises and is not intended as a waiver of sovereign immunity and that any action by the State in regard to cannabis regulation by the Tribe shall be in accord with this Compact.
- B. Tribe Does Not Submit to State Jurisdiction. By entering into this Compact, the Tribe does not concede that the laws of the State apply to the Tribe, its businesses, agents, or members regarding activities and conduct within Indian Country or that the Tribe does not have immunity from the State's laws.

- C. State Does Not Concede Tribal Immunity. By entering into this Compact, the State does not concede that the Tribe has any immunity from the State's laws.
- D. This Compact Does Not Create any Third Party Beneficiaries. No third party shall have rights or obligations under or be considered a beneficiary of this Compact.
- E. Jurisdiction. This Compact does not increase or reduce the jurisdiction of either the Tribe or the State.
- F. No Limitation. The Parties agree that the signing of this Compact and the resultant benefits and obligations shall not be construed as limiting any otherwise lawful activity of the Tribe or its subdivisions or enterprises nor subject the Tribe or its subdivisions or enterprises to any State jurisdiction not agreed to in this Compact.
- G. Applicability. Consistent with RCW 43.06.490, this Compact applies to the production, processing, and sale of cannabis products in Indian Country where the Tribe or Tribal Enterprise (i) delivers or causes delivery to be made to or receives delivery of cannabis products from a State Licensee or (ii) physically transfers possession of cannabis products from the seller to the buyer within Indian Country. Except as otherwise provided herein, the production, processing, sale, and possession of cannabis products in Indian Country pursuant to the Tribal Code and in accordance with this Compact are not subject to the terms of chapter 69.50 RCW and chapter 314-55 WAC, or any other regulations promulgated under that RCW Chapter, and any such activities will not be a criminal or civil offense under Washington state law.

H. State Licensees.

1. The Tribe or Tribal Enterprise may purchase cannabis products from or sell cannabis products to State Licensees or any other entity operating under a valid Compact authorized by the Compacting legislation, including any amendments thereto, with or otherwise authorized by the State. All transactions between the Tribe or Tribal Enterprise and State Licensees must be executed through the State reporting system, and cannabis products purchased from or sold to State Licensees must be fully compliant with all State cannabis laws and rules, including packaging, testing, and labelling.
2. The State will not cite, fine, or otherwise take any other adverse licensing or other action against any State Licensee for the mere fact that it bought or sold cannabis products from or to the Tribe or a Tribal Enterprise in accordance with the terms of this Compact and the Tribal Code.
3. To the extent necessary, the State will work with the Tribe and with any State Licensees or otherwise authorized producers, processors, or retailers to assure

such entities that the Tribe and Tribal Enterprises are legally authorized to purchase and sell cannabis products pursuant to the terms of this Compact.

- I. Tribal Member Businesses. The current Tribal Code does not permit Tribal Member Businesses to conduct retail sales, producing, processing, research or testing of cannabis products in Indian Country. However, if the Tribal Code is revised to allow Tribal Member Business, the Tribal Member Business may not purchase from or sell to a State Licensee, or conduct research or testing for transactions with a State Licensee, until such time as state law is amended to allow this activity and this Compact is amended to allow it.
- J. Buffer Zone Requirements. To maintain community safety, tribal cannabis producer, processor, and retail businesses in Indian Country must follow buffer zone requirements outlined in RCW 69.50.331(8)(a), and any subsequent amendments thereto as may be modified by the Tribe consistent with subsections (b) through (d), and subject to interpretations of the grounds identified in subsection (a) that are within Indian Country all as codified in Tribal Code.
- K. References to Laws, Rules and Policies. References herein to Tribal ordinances, Tribal and State laws, and to Tribal, State, and Board rules and policies, include ordinances, laws, rules, and policies in existence as of the effective date of this Compact, together with any amendments that may be adopted during the term of the Compact. References herein to specific titles, chapters, or sections of the Tribal Code, the Revised Code of Washington, or the Washington Administrative Code, include the cited titles, chapters, and sections as they exist on the effective date of this Compact, together with any amendments or renumbering that may be adopted during the term of this Compact.
- L. Non-Tribal Partial Owners and Financiers. If the Tribe is not the sole owner of the tribal enterprise producing, processing, or selling cannabis products or receives financing from an organization outside of the Tribe, the non-tribal owner or financier is subject to a criminal history background check and financial investigation performed by both parties. The board will use the criteria in WAC 314-55-020; 314-55-040; and 314-55-045. "Owner" means a "true party of interest", as defined in WAC 314-55-035. For a non-tribal owner or financier to pass the criminal background check and financial investigation, both parties must agree. If the non-tribal owner or financier does not pass the criminal history background check and financial investigation, and the Tribe does not agree to seek a different partial owner, either party may invoke the Dispute Resolution Process of this Compact.

VI. RETAIL SALES

A. Retail Sales. The Tribe and/or its Tribal Enterprise may sell cannabis products in Indian Country pursuant to the Tribal Code and this Compact. This compact does not permit Tribal Member Businesses to conduct retail sales of cannabis products in Indian Country.

B. Retail Shops by the Tribe or a Tribal Enterprise. The Tribe shall notify the State at least 30 days prior to the opening of Retail shops owned by the Tribe or Tribal Enterprise. Such notifications shall include:

1. The identity of the entity which is operating the retail location;
2. Location of the premises; and
3. Certification that the premises is located in Indian Country.

D. Conditions on Retail Sales.

1. Retail sales of cannabis products by the Tribe and any Tribal Enterprise must be conducted in accordance with the Tribal Code and the internal policies and controls of the Tribe or Tribal Enterprise. The Hoh Tribe's Marijuana Ordinance, as it exists on the date of this Compact is attached as Exhibit A. Current copies of the Ordinance and any tribal policies and controls of the Tribe and any Tribal Enterprise implementing the Ordinance will be made available online or made available to the Board for review upon request. The Tribe agrees to notify the Board of any changes to the Tribe's Marijuana Ordinance that may affect cannabis products within ten days of adoption by the Tribe.
2. All cannabis products purchased by the Tribe or a Tribal Enterprise from a State-licensed producer or processor will be verified upon delivery in Indian Country, and confirmation of receipt will be made by executing the delivery invoice. The Tribe or Tribal Enterprise will input or cause to be input all delivered purchases into the State's reporting system within one week of receiving any such delivery provided that any changes or amendments to State or Board policies after the execution of this Compact which would permit additional time to make this input into the State reporting system will apply.
3. All cannabis products purchased by the Tribe or a Tribal Enterprise from the tribal government, Tribal Enterprise, or member of another federally recognized Indian Tribe with a reservation located within the state of Washington, or sold by the Tribe or a Tribal Enterprise to a tribal government, Tribal Enterprise, or member of another federally recognized Indian Tribe with a reservation located

within the state of Washington, will be recorded in either the Tribe's or the State's reporting system within one week of any such receipt or delivery provided that any changes or amendments to State or Board policies after the execution of this Compact which would permit additional time to make this input into the State tracking system will apply. The Tribe and any Tribal Enterprise will make such records available for review by the Board upon request.

4. Drive-through purchase facilities are prohibited under State law. The Tribe agrees not to sell cannabis products through a drive-through purchase facility where cannabis products are sold at retail and dispensed through a window or door to a purchaser who is either in or on a motor vehicle or otherwise located outside the retail premises at the time of sale.

VII. PRODUCING AND PROCESSING

A. Producing and Processing of Cannabis Products. The Tribe may allow the production and processing of cannabis products in Indian Country pursuant to the following terms:

I. Producing and/or Processing Location: The Producing and/or Processing location will be operated by the Hoh Development Corporation. Prior to opening, the Tribe will provide the notification required under A.2 to the State.

II. Production and/or Processing by the Tribe or a Tribal Enterprise. The Tribe shall notify the State at least 90 days prior to the start of operations of any Producer or Processor owned by the Tribe or a Tribal Enterprise.

Such notifications shall include:

- a. The identity of the entity which is operating the Producer or Processor location;
- b. Location of the premises;
- c. Certification that the premises are located in Indian Country; and
- d. If the notification is regarding production operations, the amount of cannabis intended to be grown by the Tribe for informational purposes in the co-management of the regulated cannabis market within Washington by the Tribe and the State of Washington.

III. Conditions on Producers and Processors.

- a. Production and processing of cannabis products by the Tribe and any Tribal Enterprise must be conducted in accordance with Tribal Code 7.000

and the internal policies and controls of the Tribe or Tribal Enterprise. Tribal Code Section 7.000 as it exists on the date of this Compact is attached as Exhibit A. Current copies of Tribal Code Section 7.000 and any internal cannabis policies and controls of the Tribe and any Tribal Enterprise will be made available online or made available for review by the Board upon request. The Tribe agrees to notify the Board of any changes to the Tribal Code that may affect cannabis products within ten days of the date of adoption by the Tribe.

- b. The State requires that cannabis products sold by Producers or Processors to State Licensees be packaged, tested, and labeled in compliance with State cannabis laws. With respect to “edibles” this must include State preapproval of the product, packaging, and labeling before sale to State Licensees; PROVIDED, that such preapproval shall not be unreasonably withheld and shall be timely provided. All transactions between the Tribe or Tribal Enterprises and State Licensees will be executed through the state reporting system following the same rules as State Licensees. All cannabis products sold to State Licensees will be fully traceable in the state’s reporting system. Cannabis products will trace back to the plant(s) they were derived from and include results for all required quality assurance testing. All required test results must be entered into the reporting system by a State-accredited testing laboratory.

VIII. RESEARCH

- A. The Tribe and/or its Tribal Enterprise may operate a Research Facility pursuant to the following terms:
 1. The Tribe shall notify the State at least 60 days prior to the start of operations of any Research Facility. Such notification shall include:
 - a. The identity of the entity which is operating the Research Facility;
 - b. Location of the premises; and
 - c. Certification that the premises are located in Indian Country.
 2. The Research Facility may produce, process, and possess cannabis for the following research purposes:

- a. Testing chemical potency and composition levels;
 - b. Conducting clinical investigations of cannabis-derived drug products;
 - c. Conducting research on the efficacy and safety of administering cannabis products as part of medical treatment;
 - d. Conducting genomic or agricultural research; and
 - e. Any other purpose allowed under State and tribal law.
3. The Tribe and/or its Tribal Enterprise may sell or give away cannabis grown as part of its research to any researcher who holds a state cannabis research license. The Tribe and/or its Tribal Enterprise may purchase or otherwise receive donated cannabis from any researcher who holds a state cannabis research license or by a producer or processor who holds a state license. This provision does not authorize State Licensees to engage in activities not permissible under state law and rule. Any such transfers between the Tribe and State Licensee shall be accounted for in the State reporting system.
- B. Notwithstanding the foregoing, any cannabis research conducted by the Tribe and/or a Tribal Enterprise that does not require the production, processing, or possession of cannabis products, is outside the scope of this Compact.
- C. The Tribe shall comply with any other permitting, regulatory, or legal requirements regulating the sale, production, research and testing of cannabis that may exist with state or federal government entities outside the statutes that the Board administers.

IX. TESTING LAB

- A. The Tribe and/or its Tribal Enterprise may operate a Testing Lab pursuant to the following terms:
1. The Tribe shall notify the State at least 60 days prior to the start of operations of any Testing Lab. Such notification shall include:
 - a. The identity of the entity which is operating the Testing Lab;

- b. Location of the premises; and
 - c. Certification that the premises are located in Indian Country.
- B. Accreditation. The Tribe will obtain and maintain accreditation consistent with state rules including any amendments thereto, from the state or the state's vendor before conducting testing for State Licensees, and will conduct no testing for State Licensees during any period in which the Testing Lab is not accredited. The Tribe must pay all vendor fees for accreditation, re-accreditation, and ongoing monitoring directly to the vendor. The Tribe agrees that the Tribe's Testing Lab will meet the State's accreditation criteria to be accredited as a lab that meets the standards in State law for conducting quality assurance testing consistent with state rules and will report all test results directly into the State's reporting system consistent with State law.
- C. Testing Standards. The Testing Lab will perform the tests described in the state rules when conducting testing for State Licensees.
- D. Standards. The Tribe will conduct operations of the Testing Lab in a manner consistent with Section III of this Compact.
- E. The Tribe's Testing Lab may conduct quality assurance testing on cannabis product(s) produced or processed by the Tribe or Tribal Enterprise, as provided for herein.
 - 1. In accordance with WAC 314-55-102(2), for cannabis products produced by the Tribe or Tribal Enterprise for sale to a State Licensee, the Tribe shall ensure that the products are tested by an accredited third-party testing lab in which the Tribe has no financial interest, and that the products comply with all legal and regulatory testing and product requirements. At its option, the Tribe's Testing Lab may also test such products, but no label or statement of testing results shall appear on a cannabis product that differs from the results determined by the accredited third-party testing lab in which the Tribe has no financial interest.
 - 2. The Tribe's Testing Lab may perform the tests described in state rules when conducting testing of cannabis products produced by the Tribe or Tribal Enterprise for sale by the Tribe or Tribal Enterprise at a retail location within Indian Country.

X. NOTICE TO LOCAL JURISDICTIONS

The Parties agree that it is in the best interests of both Parties that notice be provided to neighboring jurisdictions prior to the commencement of operations of a Producer, Processor, Retailer, Research Facility or Testing Lab.

- A. When the Tribe or any other Tribal enterprise proposes to open a new Producer, Processor, Retailer, Research Facility or Testing Lab, the Tribe will provide, at least 30 days prior to the commencement of operations, written notice to the county or to the incorporated cities in which the activity will occur. The Parties agree that the purpose of the notice is to facilitate an exchange of information that may be helpful to all parties concerned in addressing unanticipated impacts with the understanding that such notice related to Indian country is a matter of intergovernmental courtesy and not required by state law.
- B. In accordance with the direction of the Legislature in RCW 43.06.490(3)(c) and RCW 69.50.331 to address problems arising out of cross-border commerce, when any business that is not a Tribal business applies to the Board for a Producer, Processor, Retailer, Research Facility or Testing Lab license for a location in Indian Country, the Board agrees that such license will not be granted without the person or business first obtaining express written consent of the Tribe. The Tribe agrees to respond to the express written consent request within 20 days of notification from the Board. The express written consent request shall be delivered to each of the Tribe's contacts consistent with section XIV.C Notice. If the Tribe does not respond within 30 days, the Board will assume non-consent.

XI. TAXATION AND RECORD-KEEPING

The Parties recognize that RCW 43.06.490(2)(a) provides that "Each cannabis agreement adopted under this section must provide for a tribal cannabis tax that is at least one hundred percent of the state cannabis excise tax imposed under RCW 69.50.535 and state and local sales and use taxes on sales of cannabis." The Parties further recognize that Sections 3, 4, and 5 of the Compacting legislation, codified at RCW 69.50.555, 82.08.9997, and 82.12.9997, provide exemptions from certain state taxes under the circumstances described in those sections.

- A. State Tax. Pursuant to RCW 69.50.555, no State tax, fee, assessment or other charge imposed by RCW 69.50 may be assessed against or collected from the Tribe, Tribal Enterprise, or retail customer purchasing from the Tribe or Tribal enterprises if covered under the provisions of this Compact.

- B. Tribal Tax on Sales of cannabis products. The Tribe shall impose and maintain a Tribal Tax that is equal to at least 100 percent of the State Tax on all sales of cannabis products in Indian country, except that, consistent with RCW 43.06.490(2), the tribe may allow an exemption from tax for sales to the Tribe, Tribal Enterprise, Tribal Member Business, or an enrolled member of the Tribe; on cannabis grown, produced, or processed within Indian Country; or for transactions otherwise exempt from state cannabis taxation under state or federal law. Medical cannabis products used in the course of medical treatment by a clinic, hospital, or similar facility owned and operated by the Tribe within Indian Country are exempted from tax. The Tribe may choose to levy a Tribal Tax on any transaction that may otherwise be exempt.
- C. Audit. At the State's request, the Tribe will retain, at its own expense, an Independent Auditor to test the Tribe's compliance with this Taxation and Record-Keeping Section of the Compact. The Auditor will review a sample of records to verify the requirements of this section and will provide the State with a report detailing the results of the testing procedures, to include identification of any instances of noncompliance with the terms of this section.

XII. SAFETY AND ENFORCEMENT

- A. The Tribe shall address safety and enforcement issues in accordance with the Tribal Code, this Compact, and internal policies and controls of the Tribe or Tribal Enterprise.
1. Premises Checks
- a. Premise Checks by the Tribe. Tribal Law Enforcement or other authorized Tribal agency may conduct its own premises checks in Indian Country to observe compliance with Tribal Code and this Compact and to provide support and education to Tribal Enterprises and staff. To the extent it is informed of the results of such premises checks, the Tribe will share the results of the premises checks with the Board.
- b. Premise Checks by the Board. The Board, through its staff, may also conduct premises checks on operations in Indian Country. Prior to conducting any such check, the Board will contact the Tribal Law Enforcement to provide reasonable notice of such premises check. Except as provided in the Cooperation Section below, Tribal Law Enforcement

may observe and participate in all premises checks. The Board will share the results of such premises checks with the Tribe.

2. Compliance Checks - Minors

a. Compliance Checks by the Tribe. The Tribe may conduct its own compliance checks in Indian Country using minors ages 18, 19, or 20 through Tribal Law Enforcement or other authorized Tribal agency in accordance with Tribal regulations and policies. To the extent it is informed of the results of such checks, the Tribe will provide the results of the checks to the Board. No criminal action may be taken against any minor who purchases cannabis as part of such a compliance check.

b. Compliance Checks by the Board. Board staff may also conduct compliance checks. Prior to conducting any such check, the Board will contact Tribal Law Enforcement to provide reasonable notice of such compliance check. Except as provided in the Cooperation Section below, Tribal Law Enforcement may observe and participate in all compliance checks. The Board will share the results of such compliance checks with the Tribe.

3. Cooperation. Both Parties will cooperate in good faith to undertake all Board requested premises and compliance checks jointly. Tribal Law Enforcement will make reasonable efforts to arrange and conduct all Board requested premises and compliance checks within 24 hours of being provided notice of such request by the Board. All such notices shall be given, via email, to the Chief of Police, and if requested by the Tribe, the Chairman of the Tribe. The Tribe will provide the relevant email addresses to the board. If the relevant email addresses change, the Tribe will provide the new email addresses to the board. If Tribal Law Enforcement is unable or unwilling to arrange and conduct a requested premises or compliance check 48 hours after receiving the original notice, the Board may then perform the premises or compliance check on its own without Tribal Law Enforcement. The locations to be checked will not be notified in advance of the check by either Party. Should either Party have any concerns arising out of a premises or compliance check or the results thereof, the Parties will meet in good faith to discuss any suggested changes to protocols for the premises and compliance checks themselves or for cannabis sales by the Tribe or Tribal Enterprise that were checked.

4. Transportation Outside Indian Country. Transportation of cannabis products outside the boundaries of Indian Country shall be conducted in compliance with state law and Board rules.

XIII. DISPUTE RESOLUTION

A. Informal Dispute Resolution.

The Parties wish to prevent disagreements regarding, and violations of, this Compact whenever possible, and to quickly and effectively resolve any such disagreements and/or violations whenever they may occur. Accordingly, the Parties agree that, to the extent possible, informal dispute resolution methods, pursued in good faith, shall be used before engaging in the formal processes provided by this Article.

B. Notification of Violation.

If either Party believes a violation of the Compact has occurred, it shall notify the other Party in writing, unless the Parties agree to notice by electronic means pursuant to Article XIII section J, below. The notice shall state the nature of the alleged violation and any proposed corrective action or remedy. The Parties agree to meet within fourteen (14) days of receipt of such notice, unless a different date is agreed upon by the Parties. The purpose of the meeting will be to attempt to resolve, between themselves, the issues raised by the notice of possible violation, and provide an opportunity to agree upon corrective action.

C. Mediation.

(1) If the Parties are unable to resolve disputed issue(s) related to the administration of this Compact through joint, good faith discussions under Article XIII section A, above, either party may request mediation by tendering a written mediation demand to the other party. Mediation shall be a condition precedent to dispute resolution by arbitration. The Parties shall first attempt to agree on a neutral mediator. However, if the Parties cannot agree on a mediator within thirty (30) days of the written mediation demand, a three-person mediation panel shall be selected as follows: Each Party shall select a mediator and the two mediators selected by the Parties shall jointly select a third mediator. Issues related to the administration of this Compact are (limited to) those involving the Parties' compliance with the respective rights, duties, and obligations created by, and arising under, this Compact.

(2) Each party shall be responsible for its own costs of mediation, including legal fees. All other costs of mediation, including, but not limited to, the fees and charges of the mediator(s), if any, shall be shared equally by the Parties.

D. Arbitration.

(1) If mediation does not resolve the disputed issue(s) within ninety (90) days of the mediation demand, either Party may request that any unresolved issues related to the administration of this Compact be submitted to binding arbitration by submitting to the other party a written arbitration demand. Upon receipt of such an arbitration demand, the Parties shall select an arbitrator(s) by the same method in which mediators are selected. The arbitrator, or the three-arbitrator panel, as the case may be, shall establish a timeline to ensure an arbitration decision is reached no later than four months from the date of the arbitration demand, or such longer time period upon which the Parties may agree. Any corrective action ordered by the arbitrator(s) must be taken no later than ninety (90) days after issuance of the arbitration decision, unless a different time for compliance is specified in the arbitration decision.

(2) Each party shall be responsible for its own costs of arbitration, including legal fees. All other costs of arbitration, including, but not limited to, the fees and charges of the arbitrator(s), if any, shall be shared equally by the Parties.

(3) Absent an interim order from the Arbitrator(s) specifying otherwise, the Parties shall continue to fulfil their obligations under this Agreement in good faith during the course of the proceeding.

E. Questions of Law.

The Parties acknowledge and agree that determinations of, or disputes arising under, state, federal, and/or tribal law may not be mediated or arbitrated under this Compact.

F. Remedies.

Whenever an issue is submitted to mediation or arbitration under this Article, the mediators may recommend, or the arbitrators may direct, corrective action to remedy any violation that has occurred. In no case, however, shall a mediator or arbitrator render an independent recommendation or decision on any issue on which the Parties reach agreement. Remedies shall not include an award of monetary damages or costs, or injunctive or other equitable relief, of any kind.

G. Termination of Compact.

If, after nine (9) months from the initial Notice of Violation, or ninety (90) days from the date of the arbitration decision, whichever is later, the Parties are unable to resolve a disagreement regarding an alleged violation, and/or the appropriate corrective action using the dispute resolution methods authorized in this section, or if a Party continues to violate a Compact term after the completion of the arbitration process authorized in this section, this Compact may be terminated

pursuant to Article XIII section H, below. The Parties may, after no less than six (6) months following any such termination, enter into a new Compact.

H. Notification of For Cause Termination.

(1) Upon forty-five (45) days written notice, either Party may terminate the Compact for cause. For the purposes of this section, "for cause" shall mean only the following violations, as described above:

(a) Failure to submit to mediation or arbitration;

(b) Failure to take action as required by an arbitrator's decision reached in compliance with this Article XI.

(2) In the event a disagreement exists regarding whether a Party has failed to submit to mediation or arbitration, or to take action as required by an arbitrator's decision, as required under this Article XIII, the Party seeking the termination for cause shall notify the other Party and, together, the Parties shall select a mediator pursuant to Article XIII section C, above, to review the facts upon which the for cause termination notice is based. The Party bringing the allegation must provide a written recitation of the facts supporting the allegation with the notice of termination. The responding Party has ten (10) days to provide a written response and facts to the mediator. If the mediator determines that termination for cause is warranted, the mediator, or mediation panel, may terminate the Compact. Alternatively, the Party making the allegation may choose to go through the regular dispute resolution process, as delineated in this Article XIII, with respect to the issue of termination for cause.

(3) The Parties shall use their best efforts to resolve the dispute within the 45-day notice period. If the Parties reach agreement, or the for cause violation is corrected, or otherwise satisfactorily addressed, during the notice period, the Compact shall not be terminated.

I. Effect of Termination.

Winding Up. Upon termination of this Compact, or upon expiration of the Compact, the Parties shall jointly be responsible for winding up all affairs that are the subject of this Compact. The Parties' obligations under this subsection shall survive the term of this Compact.

J. Notice Requirements.

For the purposes of Article XIII, notice shall be by certified mail, return receipt requested, unless both Parties agree in writing to accept notice electronically or by facsimile. Notice shall be deemed to be given on the date of delivery. Notice shall be given as provided in Article XIV below.

XIV. COMMUNICATION AND NOTICE

A. Designated Contacts. The Parties agree to maintain regular and open communication regarding the administration and implementation of this Compact. The Parties agree that the following individuals will be designated primary contacts regarding administration of this Compact:

For the State: Agency Director
 Liquor and Cannabis Board
 1025 Union Avenue SE
 PO Box 43080
 Olympia WA 98504 3080
 360-664-1650

For the Tribe: Tribal Chairperson
 Hoh Indian Tribe
 PO Box 2196
 Forks, WA 98331
 360-374-6582

B. The Parties agree that if either Party believes that the goals and objectives of this Compact are not being met, that they will meet promptly to discuss any issues and concerns.

C. Notice. Any notice that may be or is required to be sent under this Compact shall be sent as follows:

If to the State: Office of the Governor
 PO Box 40002
 Olympia WA 98504 0002

With a copy to: Agency Director
Liquor and Cannabis Board
1025 Union Avenue SE
PO Box 43080
Olympia WA 98504 3080
360-664-1650

If to the Tribe: Tribal Council Chairperson
Hoh Indian Tribe
PO Box 2196
Forks, WA 98331
360-374-6582

With a copy to Executive Director
Hoh Indian Tribe
PO Box 2196
Forks, WA 98331
360-374-6582

XV. EFFECT, DURATION, AND AMENDMENT

- A. Term. This Compact shall remain in effect for a term of ten years unless the Parties mutually agree in writing that the Compact should be vacated or terminated and superseded by a new compact between the Parties within that time frame, or unless the Compact is terminated pursuant to the Dispute Resolution Article XIII above or the Change in Classification section below. The Compact shall be automatically renewed for successive periods of ten years, unless a Party provides written notice to the other, no later than 120 days before the expiration of the then current ten-year period, that it wishes to modify the terms of the Compact, or notice that declines to renew the Compact.
- B. Amendment. No amendment or alteration of this Compact shall arise by implication or course of conduct. This Compact may be altered only by a subsequent written document, approved by the Parties, expressly stating the Parties' intention to amend this Compact.
- C. Severability. If any provision of this Compact or its application to any person or circumstance is held invalid, the remainder of the Compact shall not be affected.
- D. Change in Classification. If the classification of cannabis as a Schedule I drug is altered in any way or federal cannabis enforcement policy changes, the Parties

agree to meet and discuss the need to modify this Compact. If such modifications cannot be agreed upon, then either Party may terminate this Compact upon 60 days written notice.

E. Renegotiation. The Parties may renegotiate the nature and/or scope of this Compact upon the written notice and request by either Party if and when:

1. Laws in the State governing cannabis are enacted allowing activities which are now prohibited, or prohibiting activities that are now allowed; or
2. The Tribe wishes to engage in forms of cannabis -related businesses other than those authorized in this Compact; or
3. Federal laws or policies governing cannabis change.

F. Most Favored Nation Provision In Another Compact. If, at any time after the effective date of this Compact, the State enters into an agreement, compact, or consent decree with any other federally recognized Indian tribe or governmental agency thereof, relating to the regulation of cannabis in Indian country which includes a "most favored nation" provision, then, upon the Tribe's written request, this Compact will be amended to include such provision. A "most favored nation" provision is defined as language by which the State agrees to accord a tribe or tribal government agency the same favorable terms that are offered in later agreements with any other tribe or tribal government agency. This will not be construed to require that the State offer the Tribe the option to receive the same terms offered to every tribe or tribal government agency, in the absence of a most favored nation provision in the Compact. Notwithstanding the foregoing, the parties agree that this "most favored nation" provision does not apply to Article XI. Section A of this Compact.

This Compact is hereby made this _____ day of _____, _____.

STATE OF WASHINGTON

HOH INDIAN TRIBE

Jay Inslee, Governor



Maria S. Lopez, Acting Chairwoman

WASHINGTON STATE LIQUOR
AND
CANNABIS BOARD

David Postman, Board Chair

Ollie Garrett, Board
Member

Jim Vollendroff, Board Member

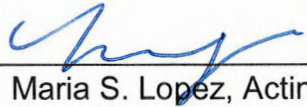
Rick Garza, Agency Director

This Compact is hereby made this ____ day of _____, _____.

STATE OF WASHINGTON

HOH INDIAN TRIBE

Jay Inslee, Governor



Maria S. Lopez, Acting Chairwoman

WASHINGTON STATE LIQUOR
AND
CANNABIS BOARD

David Postman, Board Chair

Ollie Garrett, Board
Member

Jim Vollendroff, Board Member

Rick Garza, Agency Director

This Compact is hereby made this ____ day of _____, _____.

STATE OF WASHINGTON

HOH INDIAN TRIBE

Jay Inslee, Governor



Maria S. Lopez, Acting Chairwoman

WASHINGTON STATE LIQUOR
AND
CANNABIS BOARD

David Postman, Board Chair

Ollie Garrett, Board
Member

Jim Vollendroff, Board Member

Rick Garza, Agency Director



HOH INDIAN TRIBE

P.O. Box 2196
Forks WA 98331
PHO: (360) 374-6582 • FAX: (360) 374-5426

Dawn Gomez – Chairwoman
Maria Lopez – Vice Chairman
Tahnee Hudson – Secretary
Josie Ward – Treasurer
Bernard Afterbuffalo Jr– Member
Mariana Gomez.– Member
Walter Ward-Bos V-- Member

Bob Smith – Executive Director

Hoh Indian Tribe

Tribal Business Committee Resolution No. 02-23-2022- 05

WHEREAS, the Hoh Tribe is a federally recognized American Indian Tribe organized under its governing Constitution.

WHEREAS, the Hoh Tribe Business Committee is the duly elected governing body of the Hoh Tribe by the authority of the Tribe's Constitution.

WHEREAS, the Constitution of the Hoh Tribe, Article IV, Section 1(F), empowers the Hoh Tribe Business Committee to enact ordinances for the general welfare of the Tribe; and

WHEREAS, the Hoh Tribe adopted a Marijuana Ordinance which regulates all cannabis business on the Hoh Reservation and tribal lands;

WHEREAS, the Tribal Attorney proposed amending a provision to the Marijuana Ordinance granting the Hoh Tribal Police to enforce the provisions of the ordinance; and

WHEREAS, the Business Committee reviewed and approved the proposed amendments to the Marijuana Ordinance and directed it to be posted for public comments from February 1 -12, 2022; and

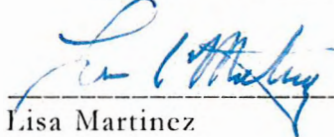
WHEREAS, no public comments were submitted on the proposed amendments to the Marijuana Ordinance.

NOW, THEREFORE, BE IT RESOLVED that the Hoh Tribal Business Committee hereby adopt the Tribe's Marijuana Ordinance Title 7 of the Tribal Code, as amended. The amended Ordinance is attached to this Resolution.,

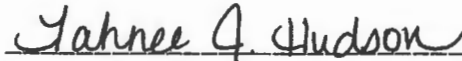
Certification

The above Resolution was adopted at a regular meeting of the Hoh Business Committee on February 23, 2022 on the Hoh Indian reservation, at which time a quorum was present and voting

6 For, 0 Against, and 0 Abstention.



Lisa Martinez
Chairwoman



Tahnee Hudson
Secretary

Date Adopted: June 20, 2020; Resolution No. 06-20-2020-01; Amended 10-20-2021; Resolution No. 10-20 -2020-01; Amended 02 -23-2022; Resolution No 02 -23-2022- Subject: Marijuana

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§7.000 **TITLE.**

This chapter shall be known as the “Hoh Commercial Marijuana Activity Ordinance.”

§ 7.001 **DEFINITIONS.**

As used in this chapter, the following words and phrases shall each have the designated meaning unless a different meaning is expressly provided or context clearly indicated.

A. “Chalaat Development ” means the Hoh Tribe’s economic development. corporation established under Hoh tribal law to conduct the economic development activities of the Tribe.

B. “Commercial Marijuana Activity” means all planting, growing, producing, cultivating, processing, and selling marijuana, marijuana concentrates, marijuana-infused products, and useable marijuana in Indian Country in accordance with Hoh Tribal laws that govern medical and recreational marijuana.

C. “Compact” means an agreement between the Tribe and the State or the LCB regarding marijuana.

D. “Designated Provider” shall have the same meaning as in RCW 69.51A.010.

E. “Essential Government Services” means services provided by the Tribe including, but not limited to, administration, public facilities, fire, police, health, education, elder care,

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social services, sewer, water, environmental and land use, transportation, utility services, community development, and economic development.

F. “Hoh Council” means the Hoh Indian Tribe Business Committee.

G. “Indian Country” means the lands of the Hoh Indian Nation as defined by 18 U.S.C. § 1151 and interpreted by federal and tribal courts, including all lands held in trust or restricted fee status by the United States for the Tribe or its Tribal Members.

H. “LCB” means the Washington State Liquor and Cannabis Board.

I. “Marijuana,” “marijuana concentrates,” “marijuana-infused products,” and “useable marijuana” shall have the same meanings as in RCW 69.50.101 or any amendments thereto. Together, such terms shall be known as “Marijuana Products.”

J. “Medical Marijuana Authorization Database” shall have the same meaning as in RCW 69.51A.010.

K. “Qualifying Patient” shall have the same meaning as in RCW 69.51A.010.

L. “Recognition Card” shall have the same meaning as in RCW 69.51A.010.

M. “State” means the State of Washington.

N. “State Licensee” means any entity licensed by the LCB pursuant to RCW 69.50 or WAC 314-55, as amended.

O. “State Tax” means the marijuana excise tax as stated in RCW 69.50.535 and the State and local sales and use tax on sales of marijuana as stated in RCW 82.08 and RCW 82.12, all as may be amended from time to time.

P. “HTC” means the Hoh Tribal Code.

Q. “Tribal Member” means an enrolled member of the Tribe.

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R. “Tribal Police” means the Hoh Indian Nation’s Tribal Law Enforcement.

S. “Tribe” means the Hoh Indian Tribe.

§ 7.002. **FINDINGS.**

A. Historically, the production, possession, delivery, distribution, and sale of marijuana have been illegal across the United States and in Indian Country. In 2012, the voters of Washington State passed Initiative 502 (“I-502”) which sets forth a system allowing for the production, processing, and retail sale of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products for recreational purposes within the State. This Initiative technically has no legal impact on the Tribe, which is not subject to state laws.

B. While the federal Controlled Substances Act continues to designate marijuana as a Schedule I substance, on August 29, 2013, the United States Department of Justice issued a memorandum to all United States Attorneys setting forth guidance regarding marijuana enforcement. In that memo, James M. Cole, Deputy Attorney General, set forth eight enforcement priorities of particular importance to the federal government, including: preventing the distribution of marijuana to minors; preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; preventing the diversion of marijuana from states where it is legal under state law in some form to other states; preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; preventing violence and the use of firearms in the cultivation and distribution of marijuana; preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana

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production on public lands; and preventing marijuana possession or use on federal property. The memo goes on to indicate that the focus of federal law enforcement resources and efforts will be on those persons whose conduct interferes with the stated priorities and that state and local governments should provide sufficiently robust regulatory and enforcement systems to protect against these harms.

C. On October 28, 2014, the United States Department of Justice issued another memorandum to all United States Attorneys providing a policy statement regarding marijuana issues in Indian Country. In that memo, Monty Wilkinson, Director, acknowledged that “[t]he eight priorities in the Cole Memorandum will guide United States Attorneys’ marijuana enforcement efforts in Indian Country, including in the event that sovereign Indian Nations seek to legalize the cultivation or use of marijuana in Indian Country.” That memo effectively treats tribal governments the same as state governments in the decision to legalize marijuana.

D. After serious deliberation, the Tribe has determined that present day circumstances—including the State’s legalization of marijuana—make a complete ban of marijuana within Indian Country ineffective and unrealistic. The Tribe expresses its policy support for the limited decriminalization of marijuana in some circumstances.

E. The Tribe also finds that, particularly considering the commercial marijuana activity occurring throughout the State, raising funds through the sale of marijuana in Indian Country is a useful economic development tool for the Tribe.

F. The Tribe therefore enacts this chapter to strictly regulate and control the production, distribution, sale, and use of marijuana in Indian Country, consistent with the

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Department of Justice's eight priorities and to protect the health, safety, and general welfare of the Tribe and visitors to Indian Country.

§7.003 **ESTABLISHMENT AND DELEGATION.**

The Tribal Council does hereby delegate the sole authority to locate, manage, and operate all Commercial Marijuana Activity on behalf of the Tribe to Hoh Economic Development Authority aka Chalaat Development ("Chalaat"), subject to oversight by the Tribal Council as stated herein and in the charter for Chalaat.

§ 7.004 **NEGOTIATIONS WITH THE STATE.**

The Hoh Council, through a designated negotiation team, negotiated a Compact with the State for all Commercial Marijuana Activity within Indian Country.

§ 7.005 **TRIBAL MARIJUANA TAX.**

A. There shall be a Tribal marijuana tax equal to 100 percent of the State Tax then in effect levied on all Commercial Marijuana Activity. The Tribal marijuana tax shall be adjusted on a yearly basis to match any adjustments that may have been made to the State tax in the previous calendar year.

B. The Tribal marijuana tax shall be remitted by Chalaat to the Tribe on a quarterly basis.

C. The Tribe will use the proceeds of such tax for Essential Government Services.

D. No other tax besides the Tribal marijuana tax may be imposed on Commercial Marijuana Activity.

E. The Tribe may allow an exemption from the Tribal marijuana tax in the

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following circumstances:

- (i) for sales to Tribal members on marijuana grown, produced, or processed within Indian Country;
- (ii) for sales to the Tribe, Chalaat or Tribal members that occur in Indian Country;
- (iii) for activities that would otherwise be exempt under state or federal law; and
- (iv) for medical marijuana products used in the course of medical treatments by a clinic, hospital, or similar facility owned and operated by the Tribe within its Indian Country.

§ 7.006 **PRODUCING AND PROCESSING OF MARIJUANA PRODUCTS.**

- A. **Buffers.** No producing or processing of Marijuana Products may occur within 1,000 feet of a school or playground.
- B. **Minors.** No persons under 21 years of age may enter or be employed at a producing or processing facility.
- C. **Producing.** Production facilities may be located indoors or outdoors, provided they are fully secure, have physical barriers, and meet safety and security protocols as outlined more specifically by policy.
- D. **Processing.** All processing facilities must meet the standards as would be required for food handling under Indian Health Services requirements.

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E. Testing. Before sale to any retailer, Marijuana Products must be tested by a Tribally or State-licensed lab that follows quality assurance testing protocols at least as restrictive as state law.

F. Packaging and labeling. All Marijuana Products must be packaged and labeled in accordance with Chalaat policy. Packaging and labeling designed to be especially appealing to children are prohibited. All marijuana-infused products meant to be eaten, swallowed, or inhaled must be packaged in child proof packaging.

G. Sales to State Licensees. All Marijuana Products sold by Chalaat to a State Licensee must meet the testing, packaging, and labeling requirements otherwise required under state law. Such sales shall be input into the State's traceability system.

H. Conditions of sale. Chalaat shall develop policies and procedures governing records to be maintained, security requirements, maximum quantities on premises, transport and delivery, and other matters related to the production and processing of Marijuana Products. Chalaat shall provide such policies and procedures to Tribal Council upon request and at least annually.

§ 7.007 **PURCHASE AND SALE OF MARIJUANA PRODUCTS.**

A. Chalaat may purchase Marijuana Products only from (1) other tribes with sufficiently robust regulatory schemes sufficient to meet the Department of Justice's eight priorities or (2) State Licensees.

B. All Marijuana Products purchased from State Licensees will be inputted into the State's tracking system within 24 hours of delivery.

§ 7.008 **Retail Sales of Marijuana Products.**

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- A. Buffers. No retail locations may be located within 1,000 feet of a school or playground.
- B. Minors. No persons under 21 years of age may enter or be employed at a retail facility.
- (i) Acceptable identification for proof of age includes: Driver's license, ID card, or Instruction Permit issued by the United States or any U.S. state or Canadian province; Washington temporary driver's license; Tribal enrollment card; passport from any nation; U.S. Military ID; or Merchant Marine card issued by U.S. Coast Guard.
 - (ii) The Tribe may conduct its own compliance checks in Indian Country using minors ages 18, 19, or 20 through the Tribal Police or other agency authorized by the Tribe in accordance with Tribal regulations and policies. No criminal action may be taken against any minor who purchases marijuana as part of such a compliance check.
- C. Advertising. Any advertising located outside of Indian Country must comply with RCW 69.50 and WAC 314-55.
- D. Maximum sales.
- (i) No retail location may sell more than one ounce of useable marijuana, 16 ounces of marijuana-infused product in solid form, 72 ounces of marijuana-infused product in liquid form, or seven grams of marijuana concentrate in a single transaction.

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- (ii) No retail location may sell more than three ounces of useable marijuana, 48 ounces of marijuana-infused product in solid form, 216 ounces of marijuana-infused product in liquid form, or 21 grams of marijuana concentrate to a Qualifying Patient or Designated Provider who has been entered into the Medical Marijuana Authorization Database and has been provided a Recognition Card pursuant to and in compliance with state law, and who is twenty-one years of age or older.

E. Conditions of sale. Chalaat shall develop policies and procedures governing records to be maintained, security requirements, advertising, maximum quantities on premises, transport and delivery, and other matters related to retail sales. Chalaat shall provide such policies and procedures to Hoh Council upon request and at least annually.

§7.009 Licensing , Security, & Background Investigations.

A. The Hoh Council may revoke Chalaat’s authority to conduct commercial activity under this Ordinance if it fails to meet its obligations under this chapter or under any Compact.

B. Tribal Member Businesses. No such licenses for any purpose will be issued at this time.

C. Employees of Chalaat. Only the manager, as that term is defined in the charter, who will “exercise control” over Chalaat, will be required to undergo a background investigation before he or she is employed by Chalaat. The board of directors of Chalaat will be responsible for ensuring that a background investigation on the manager’s suitability is done. No such manager may have been convicted of, or entered a plea of guilty or no contest to, any of the following criminal offenses:

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- (i) Any felony in the proceeding 10 years; and,
- (ii) Any crime involving dishonesty within the preceding ten (10) years, including, not exclusively: fraud; forgery; possession of a forgery device; theft; counterfeiting; embezzlement; making a false representation; obstruction of justice;
- (iii) intent to defraud; bribery; mail fraud; perjury; willful tax evasion; attempt, aiding and abetting, being an accessory, and/or conspiracy.

D. All entities operated by Chalaat must employ reasonable and effective security procedures and systems which safeguard the marijuana from theft and diversion. On an annual basis or in the event, an entity relocates during the year, the security plan must be submitted to the Tribal Police for review.

§ 7.010 **ENFORCEMENT**

A. The Tribal Police is authorized to conduct compliance checks of entities licensed under this Ordinance and may issue citations to entities found to be in violation of this Ordinance.

- (i) The fines for a citation under this provision are as follows:
 - a. First citation: \$750 fine
 - b. Second citation: \$1,000 fine
- (ii) Any entity cited by the Tribal Police more than 2 times within one year period may have its license revoked by the Hoh Business Committee.
 - a. Prior to revocation, the Tribal Police will submit a written request to revoke the license the Hoh Business Committee which explains the

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reasons why the license should be revoked and the citation history of the entity. A copy of the request must be sent to the entity at least 10 days prior to the Council meeting at which the revocation will be considered.

- b. The entity subject to the request to revoke will be afforded an opportunity to respond to the request and appear at the Business Committee meeting at which said request is being considered. Any written response by the entity must be submitted to the Business Committee at least 4 business days prior to the meeting.

B. The Tribal Police are authorized to issue criminal charges pursuant to the provisions of the Hoh Tribe's Law and Order Code as well as refer cases to other jurisdictions as appropriate.

§ 7.011 **INDEMNITY.**

A. The Tribe shall indemnify any Hoh Council member, board member, manager, or employee of the Tribe, or Chalaat made party to a proceeding because of their role in Commercial Marijuana Activity against personal liability incurred in a proceeding if:

- (i) The individual acted in his or her official capacity;
- (ii) The individual acted in good faith;
- (iii) The individual believed his or her conduct was in the best interests of the Tribe; and
- (iv) The individual acted in accordance with the laws, regulations, and policies of the Tribe.

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B. “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal related to the production, processing, or sale of marijuana.

C. “Liability” means the obligation to pay a judgment, settlement, penalty, or fine, or reasonable expenses incurred with respect to a proceeding.

§ 7.012 MEDICAL MARIJUANA. [Reserved.]