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NEW SECTION

WAC 314-55-502 Notice of correction.

Commented [HK(1)]: Consistent with ESSB 5318, Section 2

(1) The board may issue a notice of correction to a licensee during a non-technical assistance inspection or visit as described in WAC 314-55-XXX if the board becomes aware of conditions that are not in compliance with chapters 69.50 and 69.51A RCW, and this chapter.

(2) The notice of correction must include and clearly state:

(a) A detailed description of the noncompliant condition;

(b) The text of the specific section or subsection of the applicable rule;

(c) A statement of what is required to achieve compliance;

(d) The date by which the board requires compliance to be achieved;

(e) Notice of the means to contact any technical assistance services provided by the board or others;
and

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(f) Notice of when, where, and to whom a request to extend the time to achieve compliance for good cause may be filed with the board.

(3) A notice of correction is not a formal enforcement action, is not subject to appeal, and is a public record.

(4) If the licensee does not comply with the notice of correction, the board may issue an administrative violation notice consistent with WAC 314-55-505 for the violations identified in the notice of correction.

WAC 314-55-505 ~~What are the procedures for notifying a licensee of an alleged violation of a WSLCB statute or regulation?~~ Administrative violation notice. (1) The board may issue an administrative violation notice without issuing a notice of correction if: |

Commented [HK(2)]: Consistent with ESSB 5318, Sections 3 and 6.

(a) The licensee is not in compliance with chapters 69.50 and 69.51A RCW, this chapter, or both, and the noncompliance poses a direct or immediate threat to public health and safety;

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- (b) The licensee has previously been subject to an enforcement action or written notice for a violation of the same statute or rule within the same penalty category, the notice of correction for the violation has already been issued, the licensee failed to timely comply with the notice, and such notice is not subject to a pending request to the board to extend the time to achieve compliance; or
- (c) The licensee has failed to respond to prior administrative violation notices or has outstanding unpaid monetary penalties; and
- (d) The board can prove by a preponderance of the evidence:
- (i) Diversion of marijuana product out of the regulated market or sales across state lines;
 - (ii) Furnishing of marijuana product to persons under twenty one;
 - (iii) Diversion of revenue to criminal enterprises, gangs, cartels, or parties not qualified to

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hold a marijuana license based on criminal history requirements;

(iv) The commission of nonmarijuana-related crimes,

or

(v) Knowingly making a misrepresentation of fact to

the board, an officer of the board, or an

employee of the board related to conduct or

action that is, or is alleged to be, any of the

violations identified in WAC 314-55-505(e) (i)

through (v).

(2) ~~When an enforcement officer believes that a licensee has violated a WSLCB statute or regulation, the officer may~~The board will prepare an administrative violation notice ~~(AVN)~~ and mail or deliver the notice to the licensee, licensee's agent, or employee.

~~(3)~~ The AVN administrative violation notice will include:

(a) A ~~complete narrative detailed~~ description of the alleged violation(s) ~~the officer is charging;~~

(b) The date(s) of the violation(s);

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(c) ~~A copy of the law(s) and/or regulation(s) allegedly violated;~~The text of the specific section or subsection of rule;

(d) An outline of the licensee's resolution options as outlined in WAC 314-55-505510; and

(e) The recommended penalty as described in this chapter, and including a description of known mitigating and aggravating circumstances considered in the penalty determination.

~~_(i) If the recommended penalty is the standard penalty, see WAC 314-55-520 through 314-55-535 for licensees.~~

~~_(ii) For cases in which there are aggravating or mitigating circumstances, the penalty may be adjusted from the standard penalty.~~

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-505, filed 5/18/16, effective 6/18/16. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-505, filed 10/21/13, effective 11/21/13.]

NEW SECTION

WAC 314-55-5055 - Resolution options.

(1) A licensee must respond to an administrative

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violation notice within twenty calendar days from receipt of the notice. The response must be submitted on a form provided by the board. The licensee may:

- (a) Accept the recommended penalty identified in the administrative violation notice;
- (b) Request a settlement conference in writing;
- (c) Request an administrative hearing in writing.

(2) If a licensee does not respond to an administrative violation notice within twenty calendar days of receipt of the notice, recommended penalties, including but not limited to suspension, monetary penalties, and destruction of inventory may take effect on the twenty-first day.

- (a) If the recommended penalty is monetary and does not include a suspension, inventory destruction, or both, the licensee must pay a twenty-five percent late fee in addition to the recommended monetary penalty.

- (i) The board must receive payment of the monetary penalty and twenty-five percent late fee no later than thirty days after the administrative violation notice receipt date.

- (ii) Payments received more than thirty days after the administrative violation notice receipt date are subject to an additional twenty-five percent late fee.

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(b) Licensees who do not pay monetary penalties for two or more administrative violation notices in a two year period will not be eligible to renew their marijuana license.

(c) Licensees who do not respond to an administrative violation notice or have outstanding fines will not be eligible to renew their marijuana license.

(3) A licensee may request a settlement conference to discuss the board's issuance of an administrative violation notice issued under this chapter. The hearing officer or designee of the Board will arrange the date, time, and place of the settlement conference. A settlement agreement provides that the licensee accepts the allegations contained in the administrative violation notice.

(a) The purpose of the settlement conference is to:

(i) Discuss the circumstances associated with the alleged violation(s), including aggravating or mitigating factors;

(ii) Discuss the recommended penalties; and

(iii) Attempt to reach agreement on the appropriate penalty and corrective action plan for the administrative violation notice.

(b) During a settlement conference, a licensee issued an administrative violation notice may request deferral

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of an administrative violation notice if all of the following criteria are met:

- (i) The alleged violation is the first violation in a violation category; and
- (ii) The licensee has no other violation history in that penalty category within a two year window; and
- (iii) The licensee submits a plan to correct, remedy, or satisfy identified violations as described in the administrative violation notice, including but not limited to monetary penalties.

(c) If the licensee is not issued any administrative violation notices or any other notice of non-compliance during the year following approval of the deferral of administrative violation, the record of administrative violation notice will not be considered for licensing renewal or penalty escalation.

Commented [HK(3): New, proposed "deferral" option.

(d) If the licensee is issued an administrative violation notice or any other notice of non-compliance at any time during the year following approval of the deferral of administrative violation, the record of the administrative violation notice will remain on the licensee's licensing history, and the original sanction for the deferred violation will be implemented based on the frame established in the

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settlement agreement, or ten days from the date of default.

(4) The hearing officer or designee will prepare a settlement agreement. The agreement must:

- (a) Include the terms of the agreement regarding an alleged violation or violations by the licensee of chapters 69.50 and 69.51A RCW, any part of chapter 314-55 WAC, and any related penalty or licensing restriction; and
- (b) Be in writing, and signed by the licensee or the licensee's designee and the hearing officer or designee.

(5) If a settlement agreement is entered between a licensee and a hearing officer or designee of the board at or after a settlement conference, the terms of the settlement agreement must be given substantial weight by the board.

(6) The hearing officer or designee will forward the settlement agreement to the board or designee for final approval. If the board, or designee approves the settlement agreement, a copy of the signed agreement will be sent to the licensee, and will become part of the licensing history, unless otherwise specified in this chapter.

(7) If the board, or designee, does not approve the settlement agreement, the licensee will be notified of the decision in writing. The licensee may:

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- (a) Renegotiate the settlement agreement with the hearing officer or designee; or
- (b) Accept the originally recommended penalty; or
- (c) Request a hearing on the administrative issues identified in the administrative violation notice.

(8) Monetary penalty collection. If monetary penalties are assessed as part of an administrative violation, settlement agreement, or both, licensees must submit payment to the board in a timeframe established by the board, consistent with WAC 314-55-5055(2) (a) and (b).

- (a) If a licensee does not timely submit payment of any monetary fine, the board will begin collection or other appropriate action.
- (b) The board will provide a notice of collection action to the licensee. The notice of collection action establishes the licensee as a debtor for purposes of debt collection.
- (c) If the licensee does not respond to the notice of collection within thirty days, the board may:
 - (i) Assess a twenty-five percent late fee consistent with subsection (2) (a) of this section; and
 - (ii) Assign the debt to a collection agency.
 - ~~(i)~~

WAC 314-55-506 ~~What is the process once the WSICB~~

~~summarily suspends a marijuana license?~~ Summary license

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suspension. (1) The ~~WSLCB board~~ may summarily suspend any license after the ~~WSLCB's board's~~ enforcement division has:

(a) ~~Ce~~ompleted a preliminary staff investigation of the violation; and

~~(a)~~ (b) Upon a determination that immediate cessation of the licensed activities is necessary for the protection or preservation of the public health, safety, or welfare.

(2) Suspension of any license under this ~~provision shall take effect~~ section is effective immediately upon personal service of the summary suspension order on the licensee or employee thereof. ~~of the summary suspension order unless otherwise provided in the order.~~

(3) When a license has been summarily suspended by the ~~WSLCB board~~, an adjudicative proceeding for revocation or other action must be promptly instituted before an administrative law judge assigned by the office of administrative hearings. If a request for an administrative hearing is timely filed by the licensee or permit holder, then a hearing ~~shall~~ will be held within ninety calendar days of the effective date of the summary

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suspension ordered by the WSLCB board. The ninety day period may be extended for good cause.

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-506, filed 5/18/16, effective 6/18/16. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-506, filed 10/21/13, effective 11/21/13.]

WAC 314-55-507 ~~How may a licensee challenge the summary suspension of his or her marijuana license?~~Petition for stay.

(1) ~~Upon summary suspension of a license by the WSLCB pursuant to~~ When the board summarily suspends a license under WAC 314-55-506, an affected licensee may petition the WSLCB board for a stay of suspension. ~~pursuant to RCW 34.05.467 and 34.05.550(1).~~ A petition for a stay of suspension must be received by the WSLCB board within ~~fifteen~~ ten calendar days of service of the summary suspension order on the licensee. The petition for stay ~~shall state must clearly describe~~ the basis ~~on which the stay is sought, for the stay.~~

(2) A hearing ~~shall~~ will be held before an administrative law judge within fourteen calendar days of receipt of a timely petition for stay. The hearing ~~shall be~~ is -limited to consideration of whether a stay should be granted, or whether

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the terms of the suspension ~~may~~will be modified to allow the conduct of limited activities under current licenses. ~~or~~
~~permits.~~

(3) ~~Any~~ hearing conducted ~~pursuant to~~under subsection (2) of this section ~~shall~~will be a brief adjudicative proceeding under RCW 34.05.485. The agency record for the hearing ~~shall~~must consist of the documentary information upon which the summary suspension was based. The licensee is permitted to supplement the record with additional documentation during the brief adjudicative proceeding. The licensee ~~or permit holder~~shall have the burden of demonstrating must demonstrate by clear and convincing evidence that:

(a) The licensee is likely to prevail upon the merits at hearing;

(b) Without relief, the licensee will suffer irreparable injury. For purposes of this section, ~~elimination of income in~~come alone from licensed activities ~~shall not be~~is not deemed irreparable injury;

(c) The grant of relief will not substantially harm other parties to the proceedings; and

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(d) The threat to the public health, safety, or welfare is not sufficiently serious to justify continuation of the suspension, or that modification of the terms of the suspension will adequately protect the public interest.

(4) The initial order on stay ~~shall be~~ is effective immediately upon service unless another date is specified in the order.

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-507, filed 5/18/16, effective 6/18/16. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-507, filed 10/21/13, effective 11/21/13.]

NEW SECTION

WAC 314-55-509 Penalty structure.

Commented [HK(4)]: Consistent with ESSB 5318, Section 6

(1) The board determines if a penalty will be imposed. Penalties are based on the severity of the violation in the following categories:

- (a) Category I: Violations of a severity that would make a license eligible for cancellation on a first offense;
- (b) Category II: Violations that create a direct or immediate threat to public health, safety, or both;
- (c) Category III: Violations that create a potential threat to public health, safety, or both;
- (d) Category IV: Significant regulatory violations;
- (e) Category V: Procedural and operational violations;

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(f) Category V: Statutory violations.

(2) For purposes of assessing penalties, only violations occurring in the two year time period immediately preceding the date of the violation will be considered unless otherwise provided in this chapter.

(3) The board may, at its discretion, deviate from the prescribed penalties herein. Such deviations will be determined on a case-by-case basis, considering mitigating and aggravating factors.

(a) Mitigating factors may result in a waiving or lowering of fines, civil penalties, imposition of a fine in lieu of suspension, or fewer days of suspension. Mitigating factors may include demonstrated business policies and practices that may reduce risk to public health and safety.

(b) Aggravating factors may result in increased days of suspension, increased monetary penalties, cancellation, or non-renewal of a marijuana license. Aggravating factors may include obstructing an investigation, business operations, behaviors, or both, that increase risk to public health and safety.

(4) For violations that occurred before the effective date of these rules, enforcement action will be based on the rules that were in effect on the date the violation occurred. Subsection 2 of this section shall apply to all enforcement actions regardless of the date the violation occurred.

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~~WAC 314-55-510 What options does a licensee have once he/she receives a notice of an administrative violation? (1) A licensee has twenty days from receipt of the notice to:~~

- ~~(a) Accept the recommended penalty, or~~
- ~~(b) Request a settlement conference in writing, or~~
- ~~(c) Request an administrative hearing in writing.~~

~~A response must be submitted on a form provided by the agency.~~

~~(2) What happens if a licensee does not respond to the administrative violation notice within twenty days?~~

~~(a) If a licensee does not respond to the administrative violation notice within twenty days, the recommended suspension or inventory destruction penalty will go into effect.~~

~~(b) If the penalty does not include a suspension or inventory destruction, the licensee must pay a twenty-five percent late fee in addition to the recommended penalty. The recommended penalty plus the late fee must be received within thirty days of the violation notice issue date.~~

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~~-(c) Failure to address monetary penalties for two or more administrative violations notices in a three year period will result in license cancellation.~~

~~-(d) Licensees failing to respond to an administrative violation notice or have outstanding fines, shall not be eligible to renew their marijuana license.~~

~~-(3) **What are the procedures when a licensee requests a settlement conference?**~~

~~-(a) If the licensee requests a settlement conference, the hearing examiner or designee will contact the licensee to discuss the violation.~~

~~-(b) Both the licensee and the hearing examiner or designee will discuss the circumstances surrounding the charge, the recommended penalty, and any aggravating or mitigating factors.~~

~~-(c) If a compromise is reached, the hearing examiner or designee will prepare a compromise settlement agreement. The hearing examiner or designee will forward the compromise settlement agreement, authorized by both parties, to the WSLCB, or designee, for approval.~~

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~~(i) If the WSLCB, or designee, approves the compromise, a copy of the signed settlement agreement will be sent to the licensee and will become part of the licensing history.~~

~~(ii) If the WSLCB, or designee, does not approve the compromise, the licensee will be notified of the decision. The licensee will be given the option to renegotiate with the hearings examiner or designee, of accepting the originally recommended penalty, or of requesting an administrative hearing on the charges.~~

~~(d) If the licensee and the hearing examiner or designee cannot reach agreement on a settlement proposal, the licensee may accept the originally recommended penalty, or the hearing examiner or designee will forward a request for an administrative hearing to the WSLCB's hearings coordinator.~~

~~(4) **What is the process for nonpayment of monetary penalty?**~~

~~(a) When a licensee fails to submit payment of monetary fine preceding provisions to collect shall take effect immediately or other action such as revocation will be instituted as deemed appropriate by the WSLCB.~~

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~~(b) An attempt to advise the debtor of the existence of the debt, and twenty-five percent late fee per subsection (2)(b) of this section will be made notifying that the debt may be assigned to a collection agency for collection if the debt is not paid, and at least thirty days have elapsed from the time notice was attempted.~~

~~[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-510, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-510, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-510, filed 10/21/13, effective 11/21/13.]~~

~~**WAC 314-55-515 What are the penalties if a marijuana license holder violates a marijuana law or rule?** (1) The purpose of WAC 314-55-515 through 314-55-540 is to outline what penalty a marijuana licensee can expect if a licensee or employee violates a WSLCB law or rule. (WAC rules listed in the categories provide reference areas, and may not be all inclusive. Any violation not listed in WAC 314-55-515 through 314-55-540 will be assessed following penalty progression of the license type group associated with the class of license.)~~

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~~(2) Penalties for violations by marijuana licensees or employees are broken down into four categories:~~

~~(a) Group One Public safety violations, WAC 314-55-520.~~

~~(b) Group Two Regulatory violations, WAC 314-55-525.~~

~~(c) Group Three License violations, WAC 314-55-530.~~

~~(d) Group Four Nonretail violations involving the manufacture, supply, processing, and/or distribution of marijuana by nonretail licensees and prohibited practices between nonretail licensees and retail licensees, WAC 314-55-535.~~

~~(e) Group Five Violations involving the transportation freight of marijuana, WAC 314-55-537.~~

~~(3) For the purposes of chapter 314-55 WAC, a three-year window for violations is measured from the date one violation occurred to the date a subsequent violation occurred.~~

~~(4) Penalties for violation committed by marijuana processor only licensees will be assessed following the penalty progression prescribed for tier 2 marijuana producers.~~

~~(5) The following schedules are meant to serve as guidelines. Based on mitigating or aggravating circumstances,~~

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~~the WSLCB may impose a different penalty than the standard penalties outlined in these schedules. Based on mitigating circumstances, the WSLCB may offer a monetary option in lieu of suspension, or alternate penalty, during a settlement conference as outlined in WAC 314-55-510(3).~~

| (a) Mitigating circumstances | (b) Aggravating circumstances |
|--|--|
| Mitigating circumstances that may result in fewer days of suspension and/or a lower monetary option may include demonstrated business policies and/or practices that reduce the risk of future violations. | Aggravating circumstances that may result in increased days of suspension, and/or increased monetary option, and/or cancellation of marijuana license may include business operations or behaviors that create an increased risk for a violation and/or intentional commission of a violation. |
| Examples include: | Examples include: |
| • Having a signed acknowledgment of the business' responsible handling and sales policies on file for each employee; | • Failing to call 911 for local law enforcement or medical assistance when requested by a customer, WSLCB officer, or when people have sustained injuries. |
| • Having an employee training plan that includes annual training on marijuana laws. | Engaging in criminal activities, including money laundering, organized crime, fraud, firearms, and diversion of marijuana. |

~~{Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-515, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-515, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-515, filed 10/21/13, effective 11/21/13.}~~

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WAC 314-55-520 ~~Group 1 violations against public~~

~~safety~~ Category I. Violations of a severity that would make a license eligible for cancellation on a first offense. The board may not cancel a license for a single violation, unless it can prove a Category I violation by a preponderance of the evidence.

Commented [HK(5)]: Consistent with ESSB 5318, Section 6, subsection (2) (b).

| Category I: Violations of a severity that would make a license eligible for cancellation on the first offense. | | |
|---|---|--|
| <u>Violation Type</u> | <u>1st Violation</u> | <u>2nd Violation in a two-year window</u> |
| <u>Marijuana purchased from an unlicensed entity.</u> WAC 314-55-083(4) | <u>License cancellation</u> | |
| <u>Marijuana sold to an unlicensed, non-retail source. Illegal sales out of the licensed market place.</u> WAC 314-55-083(4) | <u>License cancellation</u> | |
| <u>Condition of suspension violation: Failure to follow any suspension restriction while marijuana license is suspended.</u> WAC 314-55-540 | <u>Original penalty plus 10-day suspension with no monetary option.</u> | <u>License cancellation</u> |
| <u>Transportation or storage of marijuana to or from an unlicensed source, diversion of product, or both.</u> WAC 314-55-083(4) | <u>License cancellation</u> | |
| <u>Transportation of marijuana outside of Washington state boundaries.</u> RCW 69.50.342(1) (k) RCW 69.50.345(10) WAC 314-55-310(1) | <u>License cancellation</u> | |
| <u>True Party of Interest (TPI) Allowing a person to exercise ownership or control if the person would not have qualified based on affiliation with a criminal enterprise as described in Chapter 69.50 RCW.</u> WAC 314-55-035(1) | <u>License cancellation</u> | |
| <u>Financier Receiving money from a financier that was not disclosed to or approved by</u> | <u>License cancellation.</u> | |

Commented [HK(6)]: Will add specific statutory reference once WESSB 5318 is codified.

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| | | |
|---|--|--|
| <p><u>the board when the financier has a criminal history demonstrating an affiliation with criminal enterprises, gangs, or cartels; or the money provided by a financier originated from criminal enterprises, gangs, or cartels.</u></p> <p>WAC 314-55-035(4)</p> | | |
|---|--|--|

~~Group 1 violations are considered the most serious because they present a direct threat to public safety. Based on chapter 69.50 RCW, some violations have only a monetary option. Some violations beyond the first violation do not have a monetary option upon issuance of a violation notice. The WSLCB may offer a monetary option in lieu of suspension days based on mitigating circumstances as outlined in WAC 314-55-515(4). Group 1 penalties imposed on a producer and/or processor license will not include license suspension. Penalties for a producer and/or processor license will be restricted to monetary fines, destruction of inventory, and/or license cancellation only.~~

| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|---|--|--|--------------------------------------|--------------------------------------|
| <p>Furnishing to minor: Sale or otherwise provide marijuana and/or paraphernalia to a person under twenty one years of age. Chapter 314-55 WAC Chapter 69.50 RCW</p> | <p>Retailer/transporter: 10-day suspension or \$2,500 monetary option</p> <p>Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine</p> | <p>Retailer/transporter: 30-day suspension</p> <p>Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine</p> | <p>Cancellation of license</p> | |

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| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|---|---|--------------------------------------|--------------------------------------|
| Allowing a minor to frequent retail store. Chapter 69.50 RCW | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine |
| Allowing a minor to frequent a nonretail licensed premises or occupy a transport vehicle. Chapter 314-55 WAC | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine |
| Employee under legal age. Chapter 69.50 RCW | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine |
| Opening and/or consuming marijuana on a retail licensed premises. Chapter 69.50 RCW | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine |
| Conduct violations: Criminal conduct: Permitting or engaging in criminal conduct. Disorderly conduct by licensee or employee, or permitting on premises. Chapter 314-55 WAC Licensee and/or employee intoxicated on the licensed premises. Chapter 314-55 WAC | Retailer/transporter: 10-day suspension or \$2,500 monetary option Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Retailer/transporter: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license | |
| Refusal to allow an inspection and/or obstructing a law enforcement officer | Retailer/transporter: 10-day suspension or \$2,500 monetary option | Retailer/transporter: 30-day suspension Producer/processor: Tier 1: \$15,000 | Cancellation of license | |

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| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|---|---|---|---|
| from performing their official duties. Chapter 314-55 WAC | Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | | |
| Marijuana purchased from an unauthorized source. Chapter 69.50 RCW | Cancellation of license | | | |
| Marijuana sold to an unauthorized source. Chapter 69.50 RCW | Cancellation of license | | | |
| Operating an unapproved CO₂ or hydrocarbon extraction system. Chapter 314-55 WAC | Cancellation of license | | | |
| Condition of suspension violation: Failure to follow any suspension restriction while marijuana license is suspended (retailer). Chapter 314-55 WAC | Original penalty plus 10-day suspension with no monetary option | Cancellation of license | | |
| Sales in excess of transaction limitations. Chapter 69.50 RCW Chapter 314-55 WAC | 10-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license | |

~~{Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, S 314-55-520, filed 5/18/16, effective 6/18/16; WSR 15-11-107, S 314-55-520, filed 5/20/15, effective 6/20/15. Statutory~~

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Authority: ~~RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-520, filed 10/21/13, effective 11/21/13.~~

NEW SECTION

WAC 314-55-521 **Category II.** Violations that create a direct or immediate threat to public health, safety, or both.

| <u>Category II: Violations that create a direct or immediate threat to public health, safety, or both.</u> | | | | |
|--|---|---|---|---|
| <u>Violation Type</u> | <u>1st Violation</u> | <u>2nd Violation in a two-year window</u> | <u>3rd Violation in a two year window</u> | <u>4th Violation in a two year window</u> |
| <u>Furnishing to persons under twenty-one years of age, except as allowed in RCW 60.50.357.</u> RCW 69.50.354 WAC 314-55-079(1) | 5-day suspension or \$1,250 monetary option | 10-day suspension or \$7,500 monetary option | 30-day suspension | License Cancellation |
| <u>Conduct violations:</u> <u>Criminal conduct:</u> Permitting or engaging in criminal conduct, or both. <u>Disorderly conduct, or apparent intoxication of a licensee or employee, or permitting on premises.</u> Title 9 RCW Title 9A RCW WAC 314-55-110(4) (b) | 5-day suspension or \$1,250 monetary option | 10-day suspension or \$7,500 monetary option | 30-day suspension | License Cancellation |
| <u>Operating an unapproved CO2 or hydrocarbon extraction system.</u> WAC 314-55-104 | \$10,000 monetary fine | License Cancellation | | |
| <u>Intentional use of unauthorized pesticides, soil amendments, fertilizers, other crop production aids.</u> RCW 69.50.342 WAC 314-55-084 | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine and destruction of affected marijuana | Tier 1: \$7,500 Tier 2: \$15,000 Tier 3: \$22,500 monetary fine and destruction of affected marijuana | License Cancellation | |

Commented [HK(7)]: Note this statute and this WAC only apply to retail licenses.

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| <p><u>Adulterated usable marijuana with organic or nonorganic chemical or other compound.</u></p> <p>WAC 314-55-077 (5) (b) WAC 314-55-101</p> | <p>Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine and destruction of affected marijuana</p> | <p>Tier 1: \$7,500 Tier 2: \$15,000 Tier 3: \$22,500 monetary fine and destruction of affected marijuana</p> | <p><u>License</u> <u>Cancellation</u></p> | |
| <p><u>Transportation of marijuana without a manifest.</u></p> <p>WAC 314-55-085 (3) WAC 314-55-096 (1) and (2) WAC 314-55-105 (2) WAC 314-55-310 (3)</p> | <p>Retail/transporter: \$1,250 monetary fine</p> <p>Producer/processor: Tier 1: \$1,250 Tier 2: \$2,500 Tier 3: \$5,000 monetary fine</p> | <p>Retail/transporter: 5-day suspension or \$2,500 monetary option</p> <p>Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$10,000 monetary fine</p> | <p><u>License</u> <u>Cancellation</u></p> | |
| <p><u>Obstruction: Misrepresentation of fact; not permitting physical presence.</u></p> <p>WAC 314-55-185</p> | <p>10-day suspension or \$7,500 monetary option</p> | <p>30-day suspension</p> | <p><u>License</u> <u>Cancellation</u></p> | |
| <p><u>Failure to use and maintain traceability, or both: Including but not limited to failure to maintain records for flowering plant, finished product, any post-harvest product, any plant not on approved floor-plan, or not tagged, reusing identifier.</u></p> <p>WAC 314-55-083 (4)</p> | <p>\$1,250 monetary fine</p> | <p>5-day suspension or \$2,500 monetary fine</p> | <p>10-day suspension or \$5,000 monetary fine</p> | <p><u>License</u> <u>Cancellation</u></p> |
| <p><u>Pickup, unload, or delivery at an unauthorized location.</u></p> <p>WAC 314-55-085 (5) (f) WAC 314-55-310</p> | <p>Retail/transportation: 30-day suspension</p> <p>Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine</p> | <p>Retail/transporter: 60-day suspension</p> <p>Producer/processor: Tier 1: \$20,000 Tier 2: \$40,000 Tier 3: \$60,000 monetary fine</p> | <p><u>License</u> <u>Cancellation</u></p> | |

NEW SECTION

WAC 314-55-522 **Category III:** Violations that create a potential threat to public health, safety, or both.

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| Category III: Violations that create a potential threat to public health, safety, or both. | | | | |
|---|---|---|---|---|
| Violation Type | 1st Violation | 2nd Violation in a two-year window | 3rd Violation in a two year window | 4th Violation in a two year window |
| <u>Driver transporting without a valid driver's license.</u> WAC 314-55-310(5) (a) | 5-day suspension or \$1,250 monetary option | 10-day suspension | 30-day suspension | License Cancellation |
| <u>Exceeding maximum serving requirements for marijuana infused products.</u> WAC 314-55-095 (1) (a) and (b) <u>Exceeding transaction limits</u> WAC 314-55-095(2) (c) | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | License Cancellation |
| <u>Failure to follow and maintain food processing facility requirements.</u> RCW 69.50.342 (1) (a) (c) WAC 314-55-077 (4) (b) WAC 246-70-070 (1) (2) | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| <u>Failure to maintain required surveillance system</u> WAC 314-55-083 (3) | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$7,500 monetary option | 30-day suspension or \$15,000 monetary option |
| <u>Retail sales: Unauthorized marijuana-infused products</u> WAC 314-55-077(9) (a) and (b) | \$500 monetary fine | 5-day suspension or \$1,250 monetary option | 10-day suspension or \$2,500 option | 30-day suspension |
| <u>True Party of Interest:</u> Allowing a person to exercise ownership or control who has not been disclosed to the board, and would have failed for any reason. WAC 314-55-035 | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | Retail/transporter: 30-day suspension Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine | Retail/transporter: 60-day suspension Producer/processor: Tier 1: \$20,000 Tier 2: \$40,000 Tier 3: \$60,000 monetary fine |

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| <u>Financier</u> Receiving money from a financier that was not disclosed to or approved by the board when the financier or the source of funds would not have qualified for any a reason. WAC 314-55-035 | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | Retail/transporter: 30-day suspension Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine | Retail/transporter: 60-day suspension Producer/processor: Tier 1: \$20,000 Tier 2: \$40,000 Tier 3: \$60,000 monetary fine |
| <u>Obstruction: failure to furnish records</u> WAC 314-55-185(1) (c) | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | 30-day suspension | 60-day suspension |
| <u>Failure to use traceability, maintain traceability, or both for quality assurance testing, including pesticide testing, potency testing, or both.</u> WAC 314-55-083(4) (k) | \$1,250 monetary fine | \$2,500 monetary fine | 10-day suspension or \$7,500 monetary option | 30-day suspension or \$15,000 monetary option |
| <u>Noncompliance with marijuana processor extraction requirements</u> WAC 314-55-104 | \$1,250 monetary fine | \$2,500 monetary fine | \$7,500 monetary fine | \$15,000 monetary fine |
| <u>Sales in excess of transaction limits.</u> WAC 314-55-095(2) (c) | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$7,500 monetary option | 30-day suspension or \$15,000 monetary option |

NEW SECTION

WAC 314-55-523 Category IV: Violations that are significant

regulatory violations.

| Violation Type | Category IV: Significant regulatory violations. | | | |
|--|---|--|--|--|
| | 1 st Violation | 2 nd Violation in a two-year window | 3 rd Violation in a two year window | 4 th Violation in a two year window |
| <u>Noncompliance with record keeping requirements.</u> | \$500 monetary fine | 5-day suspension or \$1,250 monetary fine | 10-day suspension or \$2,500 monetary option | 30-day suspension or \$7,500 monetary option |

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| WAC 314-55-087 Marijuana illegally given away, including being sold below the cost of acquisition, true value, or both. | \$500 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$7,500 monetary option | 30-day suspension or \$15,000 monetary option |
| WAC 314-55-017(3) WAC 314-55-018 (2) (f) WAC 314-55-018 (5) WAC 314-55-077 (11) (b) | | | | |
| Retail sales: Use of an unauthorized money transmitter. | \$500 monetary fine | 5-day suspension or \$1,250 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension or \$7,500 monetary option |
| WAC 314-55-115(5) | | | | |
| Misuse or unauthorized use of marijuana license (operating outside of license class). | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | 30-day suspension or \$10,000 monetary option | 60-day suspension or \$20,000 monetary option |
| RCW 69.50.325 | | | | |
| Selling or purchasing marijuana on credit. | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | 30-day suspension or \$10,000 monetary option | 60-day suspension or \$20,000 monetary option |
| WAC 314-55-018 WAC 314-55-115 | | | | |
| Engaging in nonretail conditional sales, prohibited practices, or both. | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$7,500 monetary option | 30-day suspension or \$15,000 monetary option |
| WAC 314-55-017(1) WAC 314-55-018 | | | | |
| Operating/floor plan: Violations of a WSLCB approved operating plan. | \$500 monetary fine | 5-day suspension or \$1,250 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension or \$7,500 monetary option |
| WAC 314-55-020(11) (a) | | | | |
| Failure to maintain required insurance. | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$7,500 monetary option | 30-day suspension or \$15,000 monetary option |
| WAC 314-55-082 WAC 314-55-310 | | | | |
| Unauthorized sale to a retail licensee (processor). | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$10,000 monetary fine | Tier 1: \$7,500 Tier 2: \$15,000 Tier 3: \$30,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine |
| RCW 69.50.360 RCW 69.50.363 RCW 69.50.355 WAC 314-55-077 WAC 314-55-083(4) | | | | |
| PACKAGING AND LABELING | HOLD WHILE WE WORK ON THESE RULE REVISIONS | | | |
| WAC 314-55-105 | | | | |
| Unauthorized or unapproved product storage or delivery (processor/producer). | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| WAC 314-55-085 (5) | | | | |

Commented [HK(8)]: Subsection number may change with packaging and labeling rule revisions currently in progress.

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| <u>Unauthorized or unapproved product storage or delivery (transporter).</u> WAC 314-55-310 (5)(d) | \$1,250 monetary fine | \$2,500 monetary fine | \$5,000 monetary fine | \$10,000 monetary fine |
| <u>Failure to meet marijuana waste disposal requirements.</u> WAC 314-55-097 | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| <u>Sampling violations (processors/producers: (vendor, educational, and internal quality control samples)</u> WAC 314-55-096 | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| <u>Sampling violations (retail)</u> WAC 314-55-096(5) WAC 314-55-096(6) | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| <u>Failure to maintain required security alarm.</u> WAC 314-55-083(2) | \$1,250 monetary fine | \$2,500 monetary fine | \$5,000 monetary fine | \$10,000 monetary fine |

NEW SECTION

WAC 314-55-524 Category V: Violations that are rocedural

and operational.

Category IV: Procedural and operation violations.

| | | | | |
|---|-----------------------|---|--|---|
| <u>Hours of Service: Sales of marijuana between 8:00 AM and 12:00AM.</u> WAC 314-55-147 | \$500 monetary fine | 5-day suspension or \$1,250 monetary fine | 10-day suspension or \$2,500 monetary option | 30-day suspension |
| <u>General advertising violations</u> RCW 69.50.369 WAC 314-55-155 | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | 30-day suspension or \$10,000 monetary option |
| <u>Engaging in conditional sales.</u> WAC 314-55-017(2) retail WAC 314-55-017(1) (producer/processor) | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | 30-day suspension or \$10,000 monetary option |
| <u>Licensee, employee, or both failing to display identification badge.</u> | \$250 monetary fine | 5-day suspension or \$500 monetary option | 10-day suspension or \$1,250 monetary option | 30-day suspension or \$2,500 monetary option |

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| WAC 314-44-083(1) Failure to post required signs. | \$250 monetary fine | 5-day suspension or \$500 monetary option | 10-day suspension or \$1,250 monetary option | 30-day suspension or \$2,500 monetary option |
| WAC 314-55-086 | | | | |
| Unauthorized change of business name. | \$500 monetary fine | 5-day suspension or \$1,250 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension or \$5,000 monetary option |
| WAC 314-55-130 | | | | |
| Transporting marijuana in an unauthorized vehicle. | \$1,250 monetary fine | Retail/transporter: 5-day suspension or \$2,500 monetary option Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Retail/transporter: 10-day suspension Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Retail/transporter: 30-day suspension Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| WAC 314-55-085(5) WAC 314-55-310 | | | | |
| Exceeding maximum delivery timeframe. | \$1,250 monetary fine | Retail/transporter: 5-day suspension or \$2,500 monetary option Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Retailer/Transporter 10-day suspension Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Retail/transporter: 30-day suspension Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| WAC 314-55-085 WAC 314-55-083(4)(d) | | | | |
| Failure to maintain standardized scale requirements (producer/processor). | \$1,250 monetary fine | Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| WAC 314-55-099 | | | | |
| Unauthorized driver or passenger. | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension | 30-day suspension |
| WAC 314-55-310(5)(a) | | | | |
| Transportation of marijuana without an accurate manifest. | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension | 30 day suspension |
| WAC 314-55-085(3) WAC 314-55-310(3) | | | | |
| Load exceeding maximum delivery amount. | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | 10-day suspension | 30 day suspension |
| RCW 69.50.385(3) WAC 314-55-083(4)(d) WAC 314-55-085(1) | | | | |
| Retail sales: accepting returns. | \$500 monetary fine | 5-day suspension or \$1,250 monetary option | 10-day suspension or \$2,500 monetary option | 30 day suspension |
| WAC 314-55-079(12) | | | | |
| Failure to use traceability, maintain traceability, or both. (e.g. failure to comply with traceability requirements for clones, seeds; illegal or folded | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$5,000 monetary option | Retail/transporter: 30-day suspension Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine | Retail/transporter: 60 day suspension Producer/processor: Tier 1: \$20,000 Tier 2: \$40,000 Tier 3: \$60,000 monetary fine |

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| tags; movement within a location) WAC 314-55-083(4) | | | | |
| True Party of Interest (TPI): Allowing a person not disclosed to the board who would have qualified to exercise ownership or control, or allowing a TPI previously approved by the board to provide funds without disclosure. | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | Retail/transporter: 10-day suspension or \$5,000 monetary option Producer/Processor tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$20,000 monetary fine | Retail/transporter: 30-day suspension Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| WAC 314-55-035 (XX) | | | | |
| Financier Receiving money from a financier previously approved by the board that was not timely disclosed to the board or that was timely disclosed to the board but the source could not be verified. | \$1,250 monetary fine | 5-day suspension or \$2,500 monetary option | Retail/transporter: 10-day suspension or \$5,000 monetary option Producer/Processor tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$20,000 monetary fine | Retail/transporter: 30-day suspension Producer/processor: Tier 1: \$10,000 Tier 2: \$20,000 Tier 3: \$30,000 monetary fine |
| WAC 314-55-035 (XX) | | | | |

WAC 314-55-525 Category VI: Statutory penalty violations.

| <u>Category IV: Statutory penalty violations.</u> | |
|--|-----------------------|
| <u>Allowing a minor to frequent a retail store.</u> RCW 69.50.357(2) | \$1,000 monetary fine |
| <u>Allowing persons under twenty-one years of age to frequent a retail licensed premise.</u> RCW 69.50.357 | \$1,000 monetary fine |
| <u>Employee under legal age.</u> RCW 69.50.357(2) | \$1,000 monetary fine |
| <u>Opening or consuming marijuana on a licensed retail premises, or both.</u> RCW 69.50.357(4) | \$1,000 monetary fine |
| <u>Retail outlet selling unauthorized products.</u> RCW 69.50.357(1) (a) | \$1,000 monetary fine |

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~~Group 2 violations are violations involving general regulation and administration of retail or nonretail licenses. Group 2 penalties imposed on a producer and/or processor license will not include license suspension. Penalties for a producer and/or processor license will be restricted to monetary fines, destruction of inventory, and/or license cancellation only.~~

| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|--|---|---|---|
| Hours of service: Sales of marijuana between 12:00 a.m. and 8:00 a.m. Chapter 314-55 WAC | 5-day suspension or \$1,000 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license |
| General advertising: Violations Chapter 314-55 WAC | Retailer/transporter: 5-day suspension or \$1,000 monetary option Producer/processor: \$1,000 monetary fine | Retailer/transporter: 10-day suspension or \$2,500 monetary option Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Retailer/transporter: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Engaging in conditional retail sales. Chapter 314-55 WAC Chapter 69.50 RCW | 5-day suspension or \$1,000 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license |
| Licensee/employee failing to display required security badge. Chapter 314-55 WAC | Retailer/transporter: 5-day suspension or \$500 monetary option Producer/processor: \$500 monetary fine | Retailer/transporter: 10-day suspension or \$1,500 monetary option Producer/processor: All tiers: \$1,500 monetary fine | Retailer/transporter: 30-day suspension Producer/processor: All tiers: \$5,000 monetary fine | Cancellation of license |
| Failure to maintain required security alarm and | Retailer/transporter: 5-day suspension or \$2,500 monetary option | Retailer/transporter: 10-day suspension or \$5,000 monetary fine | Retailer/transporter: 30-day suspension Producer/processor: | Cancellation of license |

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| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|--|---|---|---|
| surveillance systems: Chapter 314-55 WAC | Producer/processor: \$2,500 monetary fine | Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | |
| Records: Improper recordkeeping: Chapter 314-55 WAC | Retailer/transporter: 5-day suspension or \$1,000 monetary option Producer/processor: \$1,000 monetary fine | Retailer/transporter: 10-day suspension or \$2,500 monetary option Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Retailer/transporter: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Failure to submit monthly tax payments: Chapter 69.50 RCW Chapter 314-55 WAC | Retailer: 5-day suspension or \$1,000 monetary option | Retailer: 10-day suspension or \$2,500 monetary option | Retailer: 30-day suspension | Cancellation of license |
| Signs: Failure to post required signs: Chapter 69.50 RCW Chapter 314-55 WAC | Retailer/transporter: 5-day suspension or \$500 monetary option Producer/processor: \$500 monetary fine | Retailer/transporter: 10-day suspension or \$1,500 monetary option Producer/processor: All tiers: \$1,500 monetary fine | Retailer/transporter: 15-day suspension or \$5,000 monetary option Producer/processor: All tiers: \$5,000 monetary fine | Cancellation of license |
| Failure to utilize and/or maintain traceability: Chapter 314-55 WAC | 5-day suspension or \$2,500 monetary option Producer/processor: \$2,500 monetary fine | Retailer: 10-day suspension or \$5,000 monetary fine Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Retailer: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Violation of transportation requirements: Chapter 314-55 WAC | Retailer: 5-day suspension or \$2,500 monetary option Producer/processor: \$2,500 monetary fine | Retailer: 10-day suspension or \$5,000 monetary fine Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Retailer: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |

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| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|--|---|---|--------------------------------------|
| Marijuana sold below cost of acquisition, true value, or illegally given away. | Retailer: 5-day suspension or \$1,000 monetary option Producer/processor: \$2,500 monetary fine | Retailer: 10-day suspension or \$5,000 monetary option Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Retailer: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Retail sales: Use of an unauthorized money transmitter. Chapter 314-55 WAC | 5-day suspension or \$1,000 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license |
| Retail outlet selling unauthorized products. Chapter 69.50 RCW | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine |
| Retailer displaying products in a manner visible to the general public from a public right of way. Chapter 69.50 RCW | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine | \$1,000 monetary fine |
| Retail sales: Unauthorized marijuana-infused products, internet sales, and accepting returns. Chapter 314-55 WAC | 5-day suspension or \$1,000 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license |

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~~{Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-525, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-525, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-525, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331,~~

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~~69.50.342, 69.50.345. WSR 13-21-104, § 314-55-525, filed 10/21/13, effective 11/21/13.]~~

~~**WAC 314-55-530 Group 3 license violations.** Group 3 violations are violations involving licensing requirements, license classification, and special restrictions. Group 3 penalties imposed on a producer and/or processor license will not include license suspension. Penalties for a producer and/or processor license will be restricted to monetary fines, destruction of inventory, and/or license cancellation only.~~

| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|---|---|---|---|---|
| True party of interest/financier violation. Chapter 314-55 WAC | Cancellation of license | | | |
| Failure to furnish required documents. Chapter 314-55 WAC | Cancellation of license | | | |
| Misuse or unauthorized use of marijuana license (operating outside of license class). Chapter 69.50 RCW Chapter 314-55 WAC | Retailer/transporter: 10-day suspension or \$5,000 monetary fine Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Cancellation of license | | |
| Misrepresentation of fact. Chapter 314-55 WAC | Cancellation of license | | | |

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| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|--|---|---|---|
| Unauthorized change of business name. Chapter 314-55 WAC | 5-day suspension or \$1,000 monetary option Producer/processor: All tiers: \$500 monetary penalty | 10-day suspension or \$1,500 monetary option Producer/processor: All tiers: \$1,500 monetary fine | 30-day suspension or \$5,000 monetary option Producer/processor: All tiers: \$5,000 monetary fine | Cancellation of license |
| Operating/floor plan: Violations of a WSLCB approved operating plan. Chapter 314-55 WAC | 5-day suspension or \$1,000 monetary option Producer/processor: All tiers: \$1,000 monetary fine | Retailer/transporter: 10-day suspension or \$2,500 monetary option Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Retailer/transporter: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Failure to respond to administrative violation notice and/or failure to pay fines and penalties. Chapter 314-55 WAC | \$1,000 monetary penalty | Cancellation of license | | |
| Failure to maintain required insurance. Chapter 314-55 WAC | Retailer/transporter: 5-day suspension or \$2,500 monetary fine Producer/processor: Tier 1: \$2,500 Tier 2: \$5,000 Tier 3: \$7,500 monetary fine | Retailer/transporter: 30-day suspension or \$15,000 monetary option Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license | |

~~[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, S 314-55-530, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, S 314-55-530, filed 5/18/16, effective 6/18/16; WSR 15-11-107, S 314-55-530, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, S 314-55-530, filed 10/21/13, effective 11/21/13.]~~

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~~WAC 314-55-535 Group 4 marijuana producer and/or processor violations. Group 4 violations are violations involving the manufacture, supply, processing, and/or distribution of marijuana by marijuana producer and/or processor licensees and prohibited practices between a marijuana producer, processor, and transportation licensees and a marijuana retailer licensee.~~

| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|---|--|---|---|---|
| Unauthorized sale to a retail licensee. Chapter 69.50 RCW Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$20,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Packaging and/or labeling violations. Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$7,500 Tier 3: \$10,000 monetary fine | Tier 1: \$10,000 Tier 2: \$15,000 Tier 3: \$20,000 monetary fine | Cancellation of license |
| Unauthorized product/unapproved storage or delivery. Chapter 69.50 RCW | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Failure to meet marijuana waste disposal requirements. Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Sampling violations. Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Failure to follow and maintain food processing facility requirements. Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Unauthorized pesticides, soil amendments, fertilizers, other crop production aids. | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine and destruction of affected marijuana | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine and destruction of affected marijuana | Cancellation of license | |

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| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|--|---|--|---|
| Chapter 314-55 WAC | | | | |
| Adulterate usable marijuana with organic or inorganic chemical or other compound. Chapter 314-55 WAC | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine and destruction of affected marijuana | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine and destruction of affected marijuana | Cancellation of license | |
| Exceeding maximum serving requirements for marijuana-infused products. Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | \$15,000 monetary fine | Cancellation of license |
| Failure to maintain standardized scale requirements. Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$7,500 Tier 3: \$10,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Marijuana processor extraction requirements. Chapter 314-55 WAC | \$2,500 monetary fine | Tier 1: \$5,000 Tier 2: \$7,500 Tier 3: \$10,000 monetary fine | Tier 1: \$15,000 Tier 2: \$30,500 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Selling or purchasing marijuana on credit. Chapter 314-55 WAC | Retailer: 5-day suspension or \$2,500 monetary option Producer/processor: \$2,500 monetary fine | Retailer: 10-day suspension or \$5,000 monetary option Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$15,000 monetary fine | Retailer: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |
| Payment with NSF check. Chapter 314-55 WAC | Retailer: 5-day suspension or \$500 monetary option Producer/processor: \$500 monetary fine | Retailer: 5-day suspension or \$5,000 monetary option Producer/processor: All tiers: \$5,000 monetary fine | Retailer: 10-day suspension Producer/processor: All tiers: \$5,000 monetary fine | Cancellation of license |
| Engaging in nonretail conditional sales or prohibited practices. Chapter 314-55 WAC | Retailer/transporter: 5-day suspension or \$2,500 monetary option Producer/processor: \$2,500 monetary fine | Retailer/transporter: 10-day suspension and \$5,000 monetary option Producer/processor: Tier 1: \$5,000 Tier 2: \$10,000 Tier 3: \$20,000 monetary fine | Retailer/transporter: 30-day suspension Producer/processor: Tier 1: \$15,000 Tier 2: \$30,000 Tier 3: \$60,000 monetary fine | Cancellation of license |

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~~{Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-535, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-535, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-535, filed 10/21/13, effective 11/21/13.}~~

~~**WAC 314-55-537 Group 5 license violations.** Group 5 violations are violations involving marijuana transportation licensees.~~

| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|---|---|---|---|---|
| Transportation of marijuana in an unauthorized vehicle. Chapter 314-55 WAC | 5-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license | |
| Exceeding maximum delivery time frame. Chapter 314-55 WAC | 5-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license | |
| Transportation or storage of marijuana from an unlicensed source and/or diversion of product. Chapter 69.50 RCW | Cancellation of license | | | |
| Pickup, unload, or delivery at an unauthorized location. Chapter 314-55 WAC | 30-day suspension | Cancellation of license | | |
| Transportation of marijuana outside of Washington state boundaries. Chapter 314-55 WAC | Cancellation of license | | | |

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| Violation Type | 1st Violation | 2nd Violation in a three-year window | 3rd Violation in a three-year window | 4th Violation in a three-year window |
|--|--|--|--------------------------------------|--------------------------------------|
| Load exceeding maximum delivery amount. Chapter 314-55 WAC | 5-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license | |
| Transportation of marijuana without a valid manifest. Chapter 314-55 WAC | 5-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license | |
| Driver transporting without a valid driver's license. Chapter 314-55 WAC | 5-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license | |
| Unauthorized driver or passenger. Chapter 314-55 WAC | 5-day suspension or \$2,500 monetary option | 10-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license |
| Criminal violation of motor vehicle laws. Title 46 RCW Chapter 314-55 WAC | 10-day suspension or \$2,500 monetary option | 30-day suspension | Cancellation of license | |

~~{Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-537, filed 5/18/16, effective 6/18/16.}~~

WAC 314-55-540 ~~Information about m~~arijuana license

suspensions. (1) On the effective date of a marijuana license suspension ~~goes into effect~~, a WSLCB board enforcement officer will post a suspension notice in a conspicuous place on or about the licensed premises. This notice will state that the license has been suspended by order of the WSLCB dueboard ~~to~~ based on a violation of a WSLCB-applicable law or rule.

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(2) During the period of marijuana license suspension, the licensee and employees:

(a) Are required to ~~maintain compliance~~comply with all applicable ~~marijuana~~ laws and rules;

(b) May not remove, alter, or cover the posted suspension notice, and may not permit another person to do so;

(c) May not place or permit the placement of any statement on the licensed premises indicating that the premises have been closed for any reason other than as stated in the suspension notice;

(d) May not advertise by any means that the licensed premises is closed for any reason other than as stated in the ~~WSLCB's board's~~ suspension notice.

(3) During the period of marijuana license suspension a marijuana licensee:

(a) ~~A marijuana licensee~~ may not operate ~~their~~his/her business.

(b) ~~There is no sale~~May not sell, delivery, service, ~~destruction~~destroy, remove~~al~~, or receive~~ceipt~~of marijuana.

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[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-540, filed 5/18/16, effective 6/18/16. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-540, filed 10/21/13, effective 11/21/13.]

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