



Washington State Liquor and Cannabis Board

Marijuana Producers, Processors and Retailers
Bulletin No 15-02

Date: January 8, 2016
To: Industry Members
From: Jennifer Dzubay, Commander
Subject: Direct and In-Direct Money's Worth

We have discovered several issues involving financial agreements in regards to money and money's worth issues between a marijuana producer or processor and a marijuana retailer. This bulletin is to clarify that under no circumstance shall a producer or processor (non-retailer) give or lend money, items or services to a retailer. This act may be perceived as undue influence or obtaining preferential treatment over another producer or processor. The restriction of money's worth is intended to prohibit actions which influence or attempt to influence the purchasing practices of the retailer with respect to marijuana product.

Direct Money's Worth

Direct money's worth involves a producer or processor giving tangible items such as money or gifts to a licensee. This would include loans of money or gifts or services.

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

- Producer or processor lending or giving money to a retailer
- Gifts of any kind
- Extension of credit
- Producer or processor doing any activity on the retailer's premises that the retailer would normally pay for

Providing Money's Worth by Indirect Means

In-direct money's worth is a producer or processor activity that could influence the retailer. This includes using others, whether it is the retailer's employees or other third parties, to influence the retailer. Any act of the processor or producer to entice customers into a retailer's store would be considered in-direct money's worth.

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

- Producer or processor creating a second company to give away items or sell items below true market value to a retailer
- Producer or processor having or sponsoring events (e.g., parties for licensees or employees of a retailer)
- Incentive programs (prizes or cash for selling processor's items)
- Processors promoting their product on the premises of a retailer
- Negotiating any discount for customers of processor's product

RCW 69.50.328

Marijuana producers, processors—No direct or indirect financial interest in licensed marijuana retailers.

Neither a licensed marijuana producer nor a licensed marijuana processor shall have a direct or indirect financial interest in a licensed marijuana retailer.

WAC 314-55-018

Prohibited practices—Money advances—Contracts—Gifts—Rebates, etc.

(1) No industry member or marijuana retailer shall enter into any agreement which causes undue influence over another retailer or industry member. This rule shall not be construed as prohibiting the placing and accepting of orders for the purchase and delivery of marijuana that are made in accordance with usual and common business practice and that are otherwise in compliance with the rules.

(2) No marijuana producer or processor shall advance and no marijuana retailer shall receive money or moneys' worth under an agreement written or unwritten or by means of any other business practice or arrangement such as:

- (a) Gifts;
- (b) Discounts;
- (c) Loans of money;
- (d) Premiums;
- (e) Rebates;
- (f) Free product of any kind except as allowed by WAC [314-55-083](#); or
- (g) Treats or services of any nature whatsoever except such services as are authorized in this rule.

(3) "Industry member" means a licensed marijuana producer, marijuana processor, marijuana retailer, their authorized representatives, and any affiliates, subsidiaries, officers, partners, financiers, agents, employees, and representatives of any industry member.

(4) No industry member or employee thereof shall sell to any retail licensee or solicit from any such licensee any order for any marijuana tied in with, or contingent upon, the retailer's purchase of some other marijuana, or any other merchandise, paraphernalia, property, or service.

(5) If the board finds in any instance that any licensee has violated this regulation, then all licensees involved shall be held equally responsible for such violation.

In Summary, a non-retail entity can have no interest in or undue influence over a retailer. Money's worth encompasses both money, items of value or services. The prohibitions are created to prevent undue influence on retailers and ultimately, on consumers. Money's worth can be considered an indirect route to the retailer via the producer or processor, and they are restricted from advancing money or money's worth to a licensed retailer through any means whatsoever.