

Cannabis Business Blog

## **Andy Aley Advises on Intricacies of Marijuana Businesses at University of Washington School of Law's Inaugural Marijuana Policy Conference**

Ada Danelo on 6.28.16 | Posted in Marijuana business owners, Marijuana processors, Marijuana producer, Marijuana retailers, Washington State

*Ada Danelo is a Summer Associate at GSB's Seattle office.*

The University of Washington School of Law's Cannabis Law and Policy Project hosted its first annual conference on Washington state marijuana policy on June 14, 2016.

Rick Garza, Director of the Washington State Liquor and Cannabis Board (LCB), and Seattle City Attorney Pete Holmes kicked off the Conference by discussing the following current policies and industry trends:

- **Use of pesticides on cannabis products.** Garza described the regulatory issues that the LCB faces, and noted that one of the LCB's new challenges is to ensure that cannabis products are safe and properly tested for pesticides. To address this, the LCB plans to work with the EPA and the Department of Agriculture.
- **Increasing market limits.** By the LCB's estimate, the market is sufficiently served by the 48 cannabis stores currently in Seattle, but Garza noted that the LCB plans to increase the market ban if they see demand. Holmes, on the other hand, commented that of the 48 stores allocated, only 31 are open, and that "we need substantially more," adding that legal delivery services may be another way to meet that demand. The City Attorney also wants to ensure that applicants who are "sitting on" a license either use or lose it, which Holmes wants to work with the LCB to enforce.
- **Increase in tourism benefits hospitality and tourism industry.** Holmes noted the significant increase in tourism to Seattle since legalization and how much it benefits hotels, restaurants, and the tourism industry generally. According to the City Attorney, the

## Andy Aley Advises on Intricacies of Marijuana Businesses at University of Washington School of Law's Inaugural Marijuana Policy Conference

---

increase in tourism has created a need for marijuana lounges, since state law prohibits public consumption of cannabis.

The afternoon sessions featured cannabis producers, processors and retailers explaining the intricacies of their compliance with both state and federal law. Ian Eisenberg, owner of Uncle Ike's Pot Shop, made a pitch for legalization, which he and the other retailers on the panel agreed limits underage access to cannabis – since legal stores turn away customers under 21.

Attorneys from various law firms also spoke about issues ranging from pesticide regulation and tax compliance to diversity in the marijuana industry. Andy Aley, Owner at GSB and Co-Chair of its [Cannabis Industry Group](#), discussed the impediments to sales and marketing for marijuana producers and processors, noting that “it takes about six weeks to get a bud tender to even sample product,” and that “we need smart policy changes that allow the industry to mature and become more akin to the craft beer industry.”

**Warning Regarding Federal Law:** The possession, distribution, and manufacturing of marijuana is illegal under federal law, regardless of state law which may, in some jurisdictions, decriminalize such activity under certain circumstances. Penalties for violating federal drug laws are very serious. For example, a conviction on a charge of conspiracy to sell drugs carries a mandatory minimum prison term of five years for a first offense and, depending on the quantity of marijuana involved, the fine for such a conviction could be as high as \$10 million. In addition, the federal government may seize, and seek the civil forfeiture of, the real or personal property used to facilitate the sale of marijuana as well as the money or other proceeds from the sale. Although the U.S. Department of Justice (DOJ) recently rescinded its guidance regarding prioritization of criminal prosecutions of individuals and entities operating in compliance with effective state regulatory systems, DOJ left in place long standing guidance to federal prosecutors regarding how to exercise this discretion. Individuals and companies are cautioned to consult with experienced attorneys regarding their exposure to potential criminal prosecution before establishing business operations in reliance upon the passage of state laws which may decriminalize such activity. Federal authority to prosecute violations of federal law as crimes or through seizures and forfeiture actions is not diminished by state law. Indeed, due to the federal government's jurisdiction over interstate commerce, when businesses provide services to marijuana producers, processors or distributors located in multiple states, they potentially face a higher level of scrutiny from federal authorities than do their customers with local operations.

**Tags:** Cannabis Law and Policy Project, cannabis processors, cannabis producers, cannabis products, cannabis retailers, cannabis stores, Department of Agriculture, EPA, LCB, legal delivery services, marijuana lounges, marijuana policy, marijuana processors, marijuana producers, pesticide regulation, pesticides, Pete Holmes, Rick Garza, tax compliance, University of Washington School of Law, Washington State Liquor and Cannabis Board