

WSR 26-02-046  
NOTICE OF APPEAL  
OFFICE OF THE GOVERNOR  
[Filed January 4, 2026, 7:55 p.m.]

NOTICE OF APPEAL  
RCW 34.05.330(3)

Pursuant to RCW 34.05.330(3), you are hereby notified for publication in the Washington State Register that:

On November 5, 2025, the Governor's Office received an appeal from David Sanders, relating to the Liquor and Cannabis Board's denial of a petition to amend or repeal WAC 314-55-018 (*Prohibited practices—Money advances—Contracts—Gifts—Rebates, discounts, and exceptions, etc.*). The Governor denied the appeal on December 22, 2025.

DATE: December 22, 2025

Kristin Beneski  
Chief Legal Counsel  
to the Governor

December 22, 2025

David L. K. Sanders  
Manager  
Goliath Pines, LLC  
8002 NE Hwy 99, Suite B  
Vancouver, WA 98665  
Via email: david@thclawfirm.com

Re: APA Rule Appeal - Washington Administrative Code (WAC)  
314-55-018

Dear Mr. Sanders:

On November 5, 2025, the Governor's Office received the appeal you filed in response to the Washington State Liquor and Cannabis Board's decision to deny your petition to amend WAC 314-55-018. Under RCW 34.05.330(3), an agency's denial of a petition to repeal or amend a rule may be appealed to the Governor.

WAC 314-55-018 prohibits cannabis market manipulation practices, including entering into agreements that place undue influence over licensees and industry members, and prohibits cannabis producers or processors from giving or lending money, or items or services of value, to a cannabis retailer. Your petition to the Liquor and Cannabis Board states that you are "filing this petition to ask that action be taken to prevent unfair and illegitimate business practices by certain chains of cannabis retailers, specifically Main Street Marijuana and The Herbery, that are in violation of ... WAC 314-55-018." Petition Email. The petition alleges that these chain stores have deliberately attempted to drive your store out of business by threatening to stop doing business with several processors unless the processors refuse to sell to your business. Petition Email. Your petition alleges that Main Street Marijuana and The Herbery have violated WAC 314-55-018 because they are making agreements with processors that create undue influence over those processors and under the agreement the retailers are receiving "money's worth." Petition Email; WAC 314-55-018.

Your petition requests amending WAC 314-55-018, stating that "further clarification of this rule is manifestly needed." Petition

Email. Your petition suggests that the "rule could be amended to more explicitly prohibit this non-compliant practice" and asks that "the clarification has some teeth—by threatening license revocation for those found to be violating the rules." Petition Email. However, the petition does not identify what you believe is unclear in the rule and how it should specifically be amended. And penalties for violating WAC 314-55-018 are already provided for in WAC 314-55-509, wherein license cancellation is an available penalty. The petition does not identify a specific gap in the existing rule. Instead, it takes issue with the Board's alleged failure to enforce this rule in specific instances that concern your business. Petition Email. Concerns with discretion-ary enforcement decisions by the Board cannot be addressed by a rule amendment.

The Board denied your petition on October 8, 2025. The Board acknowledged your concerns and indicated that it is aware of retailers using management agreements or coordinated practices to manipulate markets, specifically when more than five retailers engage in the overall purchase. Denial at 3-4. The Board noted that ESSB 5403, passed by the Legislature and signed by the Governor, amends RCW 69.50.325, which addresses coordinated purchasing among more than five retailers. Board staff are currently engaged in rule making to implement ESSB 5403, and the Board stated that this rule making is expected to address your concerns. Denial at 4. The Board therefore denied your petition and suggested an alternate venue for the rule-making process to implement ESSB 5403.

The Governor's Office received your appeal of the Board's decision on November 5, 2025. Your appeal petition argues that the Board did not address your concerns because the businesses you allege are in violation of the existing rule do not have an interest in having more than five cannabis retailers. Appeal at 1-2. However, your appeal petition again seeks "enforcement" of the existing rule. Appeal at 2. Your appeal petition states that you "firmly believe" that the Board agrees that the current form of WAC 314-55-018 prohibits the practices you are concerned about. *Id.* The appeal petition does not contain any specific requests to change the rule or any proposed amended language. As with the initial rule petition, the main concerns of the appeal petition are the discretionary decisions by the Board regarding enforcement of the rule and communication with licensees regarding rule compliance. While I appreciate you raising these concerns and how they affect marketplace fairness, the rule amendment you seek, and this subsequent appeal, are not the appropriate forum to address them.

After careful consideration, I am not persuaded that the Board erred in denying your petition to amend WAC 314-55-018. Your appeal petition is denied.

Sincerely,

Bob Ferguson  
Governor of Washington