

WAC 314-55-137 Receiverships. (1) Service and notice.

(a) Any person who files any receivership or trustee action involving any marijuana licensee must serve WSLCB with original notice of the action. Service is accomplished by delivery of the original notice of action to WSLCB at: 3000 Pacific Avenue S.E., Olympia, WA 98501, or mailed to the WSLCB. Mailed notice must be addressed to: WSLCB, ATTN: Licensing - Receiverships, P.O. Box 43076, Olympia, WA 98504-3076 or, for certified mail, WSLCB, ATTN: Licensing - Receiverships, 3000 Pacific Avenue S.E., Olympia, WA 98501.

(b) Only if WSLCB receives original notice of the action and the receiver is selected in accordance with WSLCB's requirements will WSLCB treat the licensee as compliant with this section.

(2) The role of a receiver when a licensee is placed in receivership. If a marijuana licensee is placed under receivership, the receiver:

(a) Upon compliance with the requirements set forth below, the receiver may operate the licensee's business during the receivership period;

(b) The receiver assumes all licensee reporting responsibilities under this chapter including, but not limited to, full responsibility for maintaining records and entries into the traceability system maintained by the WSLCB; and

(c) The receiver is required to comply with all applicable laws under chapter 69.50 RCW and rules in this chapter including, but not limited to, the responsibilities of marijuana licensees set forth in WAC 314-55-110.

(d) Failure to abide by the requirements set forth in chapter 69.50 RCW and this chapter as specified in this subsection may result in enforcement action against the license under chapter 69.50 RCW and rules under this chapter and may result in the receiver being disqualified to act as a receiver by the WSLCB.

(3) Who may serve as a receiver. Any person who meets the requirements of chapter 7.60 RCW and the following additional requirements may serve as a receiver:

(a) Is currently in active status on the preapproved receiver list maintained by the WSLCB; or

(b) Is approved by the WSLCB under the requirements in subsection (5) of this section to serve as a receiver of a marijuana licensee.

(4) Qualifying for the WSLCB's preapproved receiver list.

(a) The following requirements must be met to qualify for the WSLCB's preapproved receiver list:

(i) Submit a complete receiver application with the WSLCB;

(ii) Be a Washington state resident for at least six months prior to the application for preapproval as a receiver and maintain residency throughout the term of the receivership;

(iii) Submit to and pass a criminal background check;

(iv) Provide any financial disclosures requested by the WSLCB; and

(v) Disclose any interests the person has in any marijuana licensee(s).

(b) Review and qualification requirements in this subsection only apply to persons or entities actively participating in the management of the receivership and do not apply to spouses of those persons or persons involved in a business entity or fellow members of a business entity that are not actively involved in the management of the receivership.

(c) A receiver placed on the preapproved receiver list maintained by the WSLCB must annually update all information and disclosures required under this subsection to remain eligible to act as a receiver and be on the preapproved receiver list. Annual updates must be made one calendar year after the date the receiver is approved.

(5) Appointing a receiver who is not preapproved by the WSLCB.

(a) Within two days of filing of any action to appoint a receiver, a proposed receiver must:

(i) Submit a complete application with the WSLCB to serve as receiver for the licensee;

(ii) Be a Washington resident for six months prior to appointment as a receiver and maintain residency throughout the term of the receivership;

(iii) Submit to and pass a criminal background check;

(iv) Provide any financial disclosures requested by the WSLCB; and

(v) Disclose any interest the proposed receiver has in any marijuana licensee(s).

(b) Review and qualification requirements in this subsection only apply to persons or entities actively participating in the management of the receivership and do not apply to spouses of those persons or persons involved in a business entity or fellow members of a business entity that are not actively involved in the management of the receivership.

(c) If the proposed receiver is denied approval by WSLCB at any time, a substitute receiver may be proposed for WSLCB approval. The substitute receiver must provide all information required by this subsection.

(d) If the proposed receiver is not approved by WSLCB at the time the receiver is appointed by the court, the receiver will not be considered compliant with this section, and may be subject to penalty under chapter 69.50 RCW, or as provided in this chapter and may result in the receiver being disqualified to act as a receiver by the WSLCB.

(6) Limitations on a person's ability to serve as a receiver.

(a) As operators and controllers of licensed marijuana establishments, receivers are subject to the same limits as licensees or any other person. Those limits include, but are not limited to:

(i) No person serving as a receiver of a licensed marijuana producer or licensed marijuana processor shall have a financial interest in, or simultaneously serve as a receiver for, a licensed marijuana retailer; and

(ii) No person shall serve as a receiver for, or be a true party of interest in, more than five marijuana retail licensees or more than three marijuana producer, processor, or producer/processor licensees at the same time.

(b) If the WSLCB determines that a receiver is violating or has violated the restrictions in this subsection, the receiver may be disqualified to act as a receiver by the WSLCB.

[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-137, filed 10/31/18, effective 12/1/18.]