

Angela, Jesse, Shannon, and Team:

Set forth below is a list of recommended rules that touch on at least some of the main topic areas of this week's listening sessions. I may say something at today's meeting, but if I don't, I trust that this email will work. FYI, most of the below suggestions are intended to give licensed businesses the flexibility to minimize the adverse effects of Internal Revenue Code Section 280E. As our firm discussed at one of our recent webinars (slideshow attached), 280E could have a potentially disastrous effect on M109 service centers and facilitators. Much more so than cannabis, which is bad enough. To me, it seems like there will be two potential outcomes: (1) VERY BAD, meaning way worse than cannabis; and (2) NOT BAD AT ALL, meaning much better than cannabis. There's almost no middle ground, as I see it. And I think that the outcome may significantly depend on the OHA's rules. But the general idea is to give businesses a chance to take reasonable positions on their tax returns, backed up with valid (or at least plausible) legal positions. Finally, I think that the below recommendations are extremely technical in nature, and I wouldn't think that they would have anything to do with public safety or anything like that. Basically, I'm hoping that nobody would come up with any reason to oppose these. Thanks in advance, and I'm certainly happy to answer questions.

1. Allow two or more entities to be co-licensees on a single license – The OLCC already allows this for cannabis companies, and I don't think it's a big ask. Both licensees and all of their applicants can be jointly and severally liable for any violations. The point is not for anyone to avoid liability. The point is that different entities can bifurcate different aspects of their businesses and their various products and services.
2. Allow two or more separate individual facilitators to provide psilocybin services to a client at various stages of the services – Allow for the possibility of there being:
  - *Different facilitators for different sessions* – Example: With respect to Client X: (i) Facilitator A can supervise Client X's preparation session; (ii) Facilitator B could supervise Client X's administration session; and (iii) Facilitator C could supervise Client X's integration session. Or any combination of the foregoing.
  - *Different facilitators for different stages within a single administration session* – Example: With respect to Client X's administration session: (i) Facilitator A could supervise the "purchase and consumption stage" of the administration session where Client X purchases and consumes the psilocybin product; and (ii) Facilitator B could supervise the "post-consumption stage" of the administration session, where Client X experiences the effects of the psilocybin product. Client X would never be without a facilitator at any stage of the process.

NOTE: As part of a 280E strategy, a service center may want to take the position that only the "purchase and consumption stage" of an administration session constitutes "trafficking" for purposes of 280E, and that the post-consumption stage of the administration session does not constitute trafficking (because the trafficking has already occurred and is over and done with). Having different facilitators (and perhaps different entities who are co-licensees) bifurcate these stages would be helpful.
3. Do not require facilitators to be employees of service centers – Naturally, a facilitator could be an employee of a service center. However, make it expressly clear that a facilitator could also be a freelance independent contractor who is able to contract with one or more different service centers. Conversely, a service center should be able to "subcontract out" the provision of psilocybin services to one or more licensed facilitators (or to an entity that is owned by one or more facilitators). NOTE: By statute, the service center must sell the psilocybin product to the

client. However, there is no statutory requirement that the service center itself must provide the services to the client. The services need only be provided at a service center by a facilitator. Consequently, freelance independent contractors should not be prohibited.

4. Allow service centers to use non-storage portions of the licensed premises for other non-psylocybin purposes during periods of time when no administration sessions are in process

a. A certain portion of the licensed premises that stores the psylocybin products must certainly be off-limits at all times to clients and everyone else. However, other portions of a licensed premises should be able to be used for other purposes by anyone during periods of time when no administration sessions are taking place. Service centers are not going to be like marijuana dispensaries that have store hours where any customer can walk in at any time. There may be certain hours of a day when administration sessions are not taking place or even entire days when no administration sessions are occurring. If a service center could use the non-storage portion of the licensed premises for other purposes, this could help service centers from a 280E perspective because the service center could operate one or more separate “lines of businesses” on the premises that would not constitute trafficking. Just as an example, there will always be a non-storage area of a licensed premises where administration sessions actually take place. However, at times or on days when no administration sessions are taking place, the service center could use the non-storage area of the licensed premises for non-psylocybin yoga classes or other purposes. Consider having defined terms in the rules for:

- \* “Storage area”
- \* “Non-storage area”
- \* “Administration session in progress”
- \* “No administration session in progress”
- \* “Non-psylocybin purposes”

b. Related to 4(a) above, allow flexible arrangements on the lease/space use requirements for any portion of a licensed premises that could be used for non-psylocybin purposes. For example, a service center tenant should be able to allow a separate company (whether through a space use agreement or other legal contract) to have legal access to the non-storage portion of a licensed premises during those periods of time when no administration sessions are in process.

c. Related to both 3 and 4(a) above, allow flexible arrangements on the space use requirements for any non-storage portion of the licensed premises during an administration session. For example, if a service center is subcontracting its post-consumption psylocybin services to a third-party facilitator individual or company, then the service center should be able to have a space use agreement or other legal contract with that third-party facilitator or company for the post-consumption stage of the administration session.

NOTE: Again, at all points in time during an administration session, there will always be a licensed facilitator supervising the session at the applicable service center’s licensed premises. All of the above recommendations are only entity organization / employment / real property arrangements that allow for flexibility to deal with 280E.

Thanks.

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