1	IN THE IOWA DISTRICT COURT FOR POLK COUNTY
2	CARL OLSEN, * Case No. CVCV045505
3	Petitioner, * *
5	vs. * TRANSCRIPT OF * PROCEEDINGS
6	IOWA BOARD OF PHARMACY, * * * * * * * * * * * * * * * * * * *
7	Respondent. * January 3, 2014
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9	The above-entitled matter came on for a motion hearing and oral arguments before the Honorable Scott D.
10 11	Rosenberg, commencing at 9:02 a.m., Friday, January 3, 2014, at the Polk County Courthouse, 500 Mulberry Street, Room 405, Des Moines, Iowa.
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13	<u>APPEARANCES</u>
14	For Petitioner: COLIN C. MURPHY 107 South Fourth Street
15	Clear Lake, IA 50428
16 17	For Respondent: MEGHAN L. GAVIN Office of the Attorney General
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23	Julie A. Moon, CSR, RPR
24 25	Official Court Reporter Polk County Courthouse, Room 415 515-286-3653
1)	313 200 3000

PROCEEDINGS

(The hearing commenced at 9:02 a.m. on the 3rd day of January, 2014, with the Court and parties present.)

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THE COURT: The matter before the Court is CV No. 45505; Carl Olsen, petitioner, versus Iowa Board of Pharmacy, respondent.

Is the petitioner present?

MR. MURPHY: Yes, Your Honor.

THE COURT: Is the respondent present?

MS. GAVIN: Yes, Your Honor.

THE COURT: Very well. This is the time and date set for argument in this matter. There's also been a motion for leave to amend the petition for judicial review. The Court will take up that matter first.

Mr. Murphy.

MR. MURPHY: Thank you, Your Honor. In the course of putting together the brief that the Court had ordered, I argued substantial evidence and other grounds for the Court to consider in reversing the -- or the recommendation that the Board has made in challenging that recommendation.

And as the attorney general's office pointed out, the original petition did not claim that substantial evidence was a ground on which judicial

review is being sought, or the irrational, illogical, wholly unjustifiable ground. That was also not included in the original petition. I will note that the petition was filed pro se by Mr. Olsen before I entered an appearance. And in reviewing that I think that the arguments that petitioner wishes to make are grounded in substantial evidence, arbitrary and capricious action, irrational, illogical and wholly unjustifiable action. And so for those reasons, I think to make the record more complete, I'd ask the Court to amend the original petition to set forth those grounds.

I would note that in the Board's brief, they acknowledge these arguments in the alternative. I think that they point out correctly that they were not originally brought forth in the petition for judicial review, but they are arguing, even if the Court considered them, they are not sufficient grounds for reversal; and so I just ask the Court to allow him to amend that petition. I think the leave to amend would be freely given when justice requires, and under the circumstances I think it would be appropriate. Thank you.

THE COURT: Very well. Ms. Gavin.

MS. GAVIN: Thank you, Your Honor. Well, I

25 guess I have a twofold argument in this respect. As to

the illogical or irrational and unjustifiable interpretation of law, I would agree that the Board has argued in the alternative in its brief; and, therefore, I can see no ground on which the Board would be hurt or in any way taxed by allowing the petition to be amended on that ground.

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The problem, however, Your Honor, lies with the substantial evidence ground, and I don't believe the Board actually argued in the alternative on that point for the simple reason that it could not. No agency record has ever been agreed upon in this case, nor has an agency record been submitted to Your Honor for review. The parties have a disagreement about what the agency record consists of; and despite my attempts to stipulate to a record, we don't have one. Without a record I believe that is both legally and factually impossible for this Court to conduct the substantial evidence review.

THE COURT: Mr. Murphy.

MR. MURPHY: Your Honor, Ms. Gavin and I did have conversations about the record. I didn't realize that at the time we were discussing the record to put before you. This came up in the context of, I think the Board communicating with Mr. Olsen that the entire record from the 2010 proceedings where the Board made a

decision to recommend reclassification, that that record, which includes volumes of testimony, hundreds, if not thousands, of pages of exhibits that were considered. The concern was that those records were going to be destroyed; and so the conversation I recall having with Ms. Gavin was, Can we make a way to preserve that? Let me know what we need to do, if we need to come pick up that record, because if it needs to be presented at a later date, we want the ability to have that because there's no way to re-create it.

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I also realized that, under the circumstances, because this is not a contested case, the agency is not forwarding a copy of the record for the Court's consideration. This is another agency action where I don't think that they forward it, and so -- However, there is a petition that Mr. Olsen filed. He attached to that new studies that were not in existence at the time that the Board made the recommendation in 2010 for its review, and he also incorporated that prior record by reference.

And so to the extent that we need to -- if the Court needs that, you know, I'll certainly stipulate to that record with Ms. Gavin, but I didn't -- I don't want the Court to think that petitioner is sitting back trying to avoid getting a record to the Court. I

just -- I didn't realize that that was the conversation,
the context that we were having.

THE COURT: Anything further?

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MS. GAVIN: I would just note that this is part of our disagreement about what the record consists of. I certainly agree that any record would most certainly include Mr. Olsen's 2012 petition to the Board and any documents he attached thereto, as well as the Board's decision. What I disagree with is that this automatically includes all the 2010 materials or any material that the Board has ever received on the issue of medical marijuana. This is a discrete agency action. The petition and the accompanying documents were what was before the Board at the time the petition was considered.

THE COURT: Anything further?

MR. MURPHY: No, Your Honor. Thank you.

THE COURT: The motion for leave to amend the petition for judicial review is granted. I'll do an order granting the motion.

The Court also believes that the State is correct in that the record before the Court will be whatever has been filed in this matter. There are no other records for the Court to have, and the Court cannot sua sponte conduct its own investigation or

review, so, therefore, I will consider that which has been filed. That's going to be the record.

Do you wish to present your argument now?

MR. MURPHY: Yes, Your Honor. Thank you.

THE COURT: Go ahead.

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MR. MURPHY: And I realize that some of this background information was predicated on what happened in 2010, but if I can briefly describe for the Court what happened then in order to bring us forward to Mr. Olsen's petition in 2012.

In 2010, Mr. Olsen petitioned the Board of Pharmacy to reclassify marijuana out of state Schedule I and into another schedule. I believe that the petition may have requested Schedule II at the time -- or it did not request a specific schedule. But the Board ultimately took it upon itself to schedule hearings across the state -- I believe there were four hearings in four different communities -- received testimony, received exhibits in the form of studies and other documents, received information about state statutes for, I believe at the time maybe 15 or so states that had reclassified -- or rescheduled marijuana out of their state Schedule I into state Schedule II or some other schedule so that it could be recommended by a physician for use to alleviate a number of medical

conditions. And so that was the evidence that was presented to the Board in 2010.

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Ultimately, the Board of Pharmacy agreed that it -- marijuana lacked -- or, I'm sorry, that it had accepted medical use and treatment in the United States. And for that reason, under Iowa Code Section 124.203 subpart (1)(b), finding that it had accepted medical use and treatment in the United States, the Board then acted under 124.203 subpart (2), which then triggered a recommendation to the Iowa legislature to reschedule marijuana out of I and into II.

Presently, and at the time of that recommendation, marijuana in Iowa is unique in the sense that it is found in both Schedule I and state

Schedule II. The classification state Schedule II, however, is when marijuana is used under the rules that the Board would promulgate, and there are no rules at the time; and there were rules in the past, but those rules were rescinded by a sunset provision and are no longer effective. And so even though it appears in two schedules, for all intents and purposes, it is still properly classified before these agency actions were undertaken as in state Schedule I.

And so in 2010, the Board makes the recommendation to reschedule. There was legislation

that was put forward to the legislature that was considered by the House and the Senate. My understanding is the House did not vote on the recommendation by the Board or rejected the recommendation by the Board, but the Senate, however, I believe that that action is still pending in a Senate subcommittee.

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Mr. Olsen files a petition for agency action requesting that the Board make an annual recommendation under Section 124.201. And that section reads, "The board shall administer the regulatory provisions of this chapter." And the important language for petitioner's position is, "Annually, within thirty days after the convening of each regular session of the general assembly, the board shall recommend to the general assembly any deletions from, or revisions in the schedules of substances, enumerated in" -- for our purposes -- "section 124.204, which it deems necessary or advisable."

And so Mr. Olsen, I think, correctly says to the Board, You've already made the recommendation to reschedule marijuana from Schedule I into Schedule II, and so now the law requires you to make that recommendation annually. So he files the petition, and

the Board ultimately considers it. And I believe that that was an exhibit, the Board's ruling to the petition. And what the Board essentially says is that supporting documentation did not contain sufficient new scientific information to warrant recommending the reclassification of marijuana this year.

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And I think that that reasoning is what we're challenging today for a few reasons. One is that I think that the Board is acknowledging that it has an annual duty to make recommendations by referencing this year. The Board, however, says that no new scientific information was presented. In the petition, the attachments to the petition, Mr. Olsen had presented maybe ten, probably fewer than a dozen, studies that had been medical studies, some peer-reviewed, since 2010 that continue to show the medical efficacy of marijuana, continue to show that it had accepted medical use and treatment in the United States.

In addition to that, he also provided to the Board the three or four, I think at the time, additional states that, when considering this issue, had also made a decision to reschedule out of their state Schedule I into another schedule that would allow physicians to make recommendations.

MR. OLSEN: The AMA and the Iowa Medical

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MR. MURPHY: And that there were other recommendations from the American Medical Association and the Iowa Medical Society that also approved of the rescheduling -- approved of the, essentially the medicinal use of marijuana. And so that would be additional information that he provided to the Board in the 2012 petition.

And so when we look at the reason for the Board saying that no new additional information was provided that would warrant reclassification at this time, the Board's position up to this point had been reclassification. And so this is where I think that the wholly unjustifiable, illogical or irrational ground for challenging the agency action comes in, because how is the Board in a position to say, We previously recommended rescheduling of marijuana; we've made no other recommendation to reverse that, so it's -- 2012, it's still the Board's position that it should be rescheduled. And yet, in denying his petition, the Board says, no additional information was presented that would warrant reclassification this year.

We think that under 124.201, once the finding is made -- and clearly, the Board made the finding in 2010 -- that annually it has to continue to

make that recommendation, because otherwise, what is the Board saying? That it no longer believes that marijuana should be rescheduled? They have not said that publicly, and it hasn't been part of any order. So petitioner takes the position that the Board still -- the official position of the Board up until the 2012 petition was to recommend rescheduling.

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And so the reason stated by the Board that no new additional information was presented to warrant rescheduling at this time, I don't think it makes sense. I think it's irrational. I think it's unjustifiable because the Board doesn't say, marijuana now belongs in state Schedule I; the Board's not saying anything, but we don't have additional information.

And I think that the reason that it's irrational and unjustifiable is because there's no other information that the Board considered as part of the petition that said that marijuana somehow lacked accepted medical use and treatment in the United States at the time; and so once it made that finding in 2010 that marijuana has accepted medical use, it takes it out of state Schedule I. It's no longer properly classified. And so in 2012, when Mr. Olsen makes the request to petition, I think that the Board is required. 124.201 uses the word "shall" make that recommendation.

MR. OLSEN: 203.

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rescheduling.

MR. MURPHY: Or 203. I'm sorry. And the language is very similar in 124.201 and 124.203. They use different words about -- Like, for example, 124.201 talks about things that are "necessary or advisable." 124.203 uses words like "as appropriate." I think that the -- in the context, though, what the Board says is, as long as we make a finding that it has no accepted medical use, then we have to recommend it rescheduled, so they make that finding. Then annually, it triggers their duty to make that recommendation to the legislature. And the legislature chose to use the word "shall" in determining when that duty must be followed. And so because the statute uses "annually" and makes the recommendation mandatory, that's what Mr. Olsen asked for in -- that is what Mr. Olsen is asking for in 2012. And so I think as far as it being irrational action, that's the explanation for irrational. The same would hold true for arbitrary and capricious action. Wе tried -- When Mr. Olsen and I review the language that the Board uses in the ruling, I think that there is no explanation other than they just don't want to recommend

MR. OLSEN: They never talk about 203 here.

MR. MURPHY: And part of Mr. Olsen's

argument is that the ruling that the Board issued, the order, only references Iowa Code Section 124.201. It never mentions Iowa Code 124.203, which discusses accepted medical use and treatment. So as far as we know, the Board is still taking the position that marijuana has accepted medical use and treatment in the United States. If that is still the finding of the Board, I think that the law requires them to make that recommendation annually. And I think that that's the gist of the argument that petitioner is making.

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Now, the Board, in its brief, has made a couple of claims that are somewhat different than the rationale that the Board uses in the ruling. They're stating that the Board does not have to take action if it thinks that the legislature is not going to act on it, and in the alternative that the Board doesn't have to take any action for any reason at all if it doesn't want to; and I think that that is contradicted by the language in the statute itself. They have to take action. The legislature says it shall make the recommendations.

And so I think under those circumstances the action taken by the Board in the ruling is arbitrary and capricious, and for that reason we're asking the Court to either enter an order that would require the Board to

make the recommendation to the legislature. And that probably still could be done this year because the statute requires it be done within 30 days of the beginning of the legislative session. Or, if the Court believes that additional explanation is required from the Board in order to rule on this case, perhaps the case could be remanded to the Board for a more thorough explanation as to why the additional information that was provided as part of the petition in 2012 was not sufficient to compel the Board to continue to make its recommendation. Thank you, Your Honor.

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THE COURT: Thank you. Ms. Gavin.

MS. GAVIN: Thank you, Your Honor. The D.C. Court of Appeals looked at a very similar case when a number of petitioners, including Mr. Olsen, sought to compel the DEA to initiate proceedings to reschedule marijuana at the federal level. And as the district court -- the D.C. Circuit wrote in its opinion, the question before the Court is not whether marijuana could have some medicinal benefits, not whether it believed that to be true or whether petitioners believed that to be true, but whether the DEA's decision declining to initiate those proceedings was arbitrary and capricious, and I believe that we are in the same position here today.

Turning to what is in the record before the Court: The only piece of the record before the Court is the single-page agency decision that was attached to the petition for judicial review. I believe it's Exhibit 1 on the original petition. And that is an agency order from January 16th of last year.

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The Board certainly agrees that under

Chapter 124 it has an annual duty to make

recommendations to the legislature. That's a mandatory

duty. We're not here to dispute that fact. The

question I believe is under the statute how much

discretion the Board is entitled to when it makes those

recommendations.

You'll notice, and the petitioner is correct, there are two statutory subsections which are most relevant here, and that is 124.201(1) and 124.203, I believe. Now, both of those subsections refer to the Board's duty to make annual recommendations, but they also include peculiar language. In 201 it's, the Board shall make recommendation which it deems necessary and advisable. In 203 it's recommendations -- I'm getting confused on the language, Your Honor -- as appropriate. Both of -- The inclusion of that language in both of those subsections, the Board believes, gives it some discretion, limited, of course, by 17A, of what types of

recommendations it can choose to make to the legislature and does not have to make all recommendations to the legislature every year. The Board has some discretion in this area, and I believe the Board exercised that last year.

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As everyone in the room is well aware, this is a hotly-contested political issue. Bills are pending before the Iowa Legislature currently. People are on record that they intend to introduce legislation in the upcoming session. This is a political decision that is emerging in Iowa and is likely to emerge around the nation and continue to do so in the upcoming years.

I believe that the Board was clear in its decision that it made the recommendation in 2010. The legislature didn't act upon it. The Board did not see a reason, based on the documentation that Mr. Olsen presented, to make that recommendation again in 2012 -- or it would have been 2013, the legislative session.

THE COURT: In fact, it made no opposite recommendation; is that correct?

MS. GAVIN: That's correct, Your Honor. The Board has not taken any public position since this 2010 recommendation.

And I would note, one of the concerns about the petitioner's argument, Your Honor, is that the Board

is static, and once it makes a recommendation, the Board is obligated to make the affirmative recommendation every year thereafter.

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The 2014 version of the Iowa Board of
Pharmacy is different than the 2010 Iowa Board of
Pharmacy. We have different members. They have
different backgrounds. Perhaps they have different
viewpoints on medicinal marijuana. I don't believe that
that's clear from the record in either respect, but it
is composed of a different group of personnel. And I
don't think anything in Chapter 124 or 17A prevents new
members of the Board of Pharmacy from having a different
opinion than the old board. I think that boards freely
change their mind on different positions and are
expected to do so, especially on issues that, frankly,
are controversial and the medical evidence and political
evidence is quite diffuse.

The discretion argument, Your Honor, really goes to whether or not the Board's interpretation of its obligations under Chapter 124 are illogical, irrational or unjustifiable. And the Board submits it is not, it does retain that discretion, and it exercised it appropriately.

Turning to the next question is whether or not the Board's action was arbitrary, capricious or an

abuse of discretion. You know, a number of the grounds under 17A.19(10) bleed into each other, and generally, something is not arbitrary, capricious or an abuse of discretion if reasonable minds can differ on a subject.

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As was noted by Mr. Olsen in his petition, medical marijuana is lawful or has been codified into state law in, I believe, 19 jurisdictions. It might be 21 now. I'm not sure how good my math is on that since it's ever-changing. So, clearly, it is an almost -- we are almost in equipoise here in the United States, but it is right now a substantial minority of states do have some lawful jurisdiction. A majority of states -- it might be a bare majority -- do not. I don't know if there's a clearer demonstration that reasonable minds differ on this subject. Some people are in favor of it for recreational purposes. Some are not. Some are in favor for religious purposes. Some are not. Some for medical. Some for not. And it's clear throughout the United States in these different avenues and the different legalization that people have different views on this subject. And the Board's view may or may not be different from Mr. Olsen, but its decision not to recommend the rescheduling of marijuana is not unreasonable under these circumstances.

I would also note, something is irrational,

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    arbitrary if it's not supported by substantial evidence.
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    And as I discussed when we were talking about the motion
    to amend, since we don't have a record, it's quite
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    difficult to make a substantial evidence challenge.
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    do believe that cuts against Mr. Olsen and that under
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    the Supreme Court's precedence cited in the Board's
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    brief, this Court can only overturn the Board's decision
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    on that ground if, on its face, the Board's ruling is
    wholly unreasonable, and I don't believe that that is
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    the case, Your Honor.
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                If the Court is curious, the citation for
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    the D.C. Circuit case is 706 F.3d, 438.
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    was rendered in January of last year.
                THE COURT: Thank you.
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                MS. GAVIN: Just one further point,
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    Your Honor. I would note that I agree if remand -- if
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    this Board -- or if this Court -- sorry, Your Honor --
    was to overturn the Board's decision, I think remand is
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    the only appropriate remedy in this case to allow the
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    Board to offer a more substantive analysis of its
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    decision to recommend or not recommend under
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    Chapter 124. Thank you.
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                THE COURT: Mr. Murphy, you have the final
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    word.
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                MR. MURPHY:
                              Thank you, Your Honor.
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after hearing the argument that the Board is making that this is a different Board than the one that decided the issue in 2010, the Board could put that in the ruling, that, you know, we've got several new members, you know, the majority from 2010 is no longer on the Board.

That's not the decision that they placed in the ruling.

The decision is that, We're not going to recommend rescheduling because no new additional information was presented to warrant rescheduling this year.

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And, again, the only information that the Board had was kind of the history of the petition that brought us to 2012 and the ruling that marijuana would be rescheduled from state Schedule I into state Schedule II and the additional information that Mr. Olsen presented, which were studies that continue to promote the efficacy of marijuana.

And so the actual ruling that the Board gave I think is not rational because they have not taken the position that marijuana no longer has accepted medical use and treatment. If it's still the position that marijuana has accepted medical use and treatment in the United States, then the Board has not said otherwise. If it's still -- that's the position, then Mr. Olsen believes their recommendation has to follow annually.

And so if there is remand, I think that the

Board will have to justify -- and maybe they say that we no longer believe that marijuana should be rescheduled into state Schedule II. I think they're leaving the door open that this is a year-to-year issue that needs to be raised with the Board because of the language, didn't contain sufficient new scientific information to warrant recommending the reclassification of marijuana this year.

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And so if people in Mr. Olsen's position need to petition the Board annually and ask for hearings and re-present the same information that was considered in 2010, perhaps that's what it takes, but that's not what the Board has said. The Board has said that the additional information provided didn't warrant rescheduling. They didn't consider any other information. There were no additional public hearings where people could come out and state their position that marijuana should not be rescheduled. It was all pro rescheduling for lack of a better word. And so, you know, under those circumstances I think that it's an odd way to say that the Board has changed their mind when they haven't taken the opposite position.

And in terms of the citation to the federal case that dealt with rescheduling under federal law, I would just note that that is a completely different

issue than what is before the Board based on the differences in the language in the federal statutes regarding rescheduling. That involves medical information that has to be provided by, I believe, Health and Human Services. It is a petition that goes to the Drug Enforcement Agency where there is input from the attorney general's office. And the standard under which rescheduling takes place on the federal level is much different. And that has been an issue that has been pending since 1970.

MR. OLSEN: '72.

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MR. MURPHY: 1972, ongoing for decades. So what is different between what's happened on the federal level and what's happened in the state of Iowa is the state of Iowa actually -- or the Board, who is given the discretion and given the authority, essentially, to make these scheduling recommendations to the legislature, our Board of Pharmacy has actually gone through that process and found that it has accepted medical use; and so I don't know how relevant the action on the federal level would be, but --

MR. OLSEN: The record in that case was from 2002.

MR. MURPHY: And, as Mr. Olsen has pointed out -- And I know this isn't before the Court, but if

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you do read that case, that petition had been pending
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    for a very long time, and the record before the DEA that
    was considered was from 2002; very different landscape
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    than we have today where there are, as the Board has
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    correctly pointed out, perhaps 20 states or 21 in the
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    District of Columbia, that have said that marijuana
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    deserves rescheduling.
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                So that's all I wanted to add, Your Honor.
    Thank you.
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                THE COURT: Anything else before the record
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    is closed?
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                MS. GAVIN: No, Your Honor.
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                THE COURT: Very well. Mr. Murphy and
    Ms. Gavin, thank you very much for your presentations.
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    Well done. The matter is now submitted. I will try to
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    get a ruling out as soon as I can. Thank you.
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                MS. GAVIN:
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                MR. MURPHY:
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                 (Hearing concluded at 9:37 a.m., on the 3rd
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    day of January, 2014.)
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CERTIFICATE OF REPORTER

I, Julie A. Moon, Certified Shorthand Reporter and Official Court Reporter for the Fifth Judicial District of Iowa, do hereby certify that I was present during the foregoing proceedings and took down in shorthand the testimony and other proceedings held, that said shorthand notes were transcribed by me by way of computer-aided transcription, and that the foregoing pages of transcript contain a true, complete, and correct transcript of said shorthand notes so taken.

DATED this 18th day of March, 2014.

/s/ Julie A. Moon
Julie A. Moon
Certified Shorthand Reporter

Transcript ordered: 2-26-14

17 | Transcript completed: 3-18-14

Ordered by: Carl Olsen