



Washington State Liquor and Cannabis Board Meeting

Wednesday, July 19, 2023, 10:00 am

This meeting was held in a hybrid environment

Meeting Minutes

1. CALL TO ORDER

Chair David Postman called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 am on Wednesday, July 19, 2023. Member Ollie Garrett and Member Jim Vollendroff were also present.

2. APPROVAL OF MEETING MINUTES

Member Garrett made a motion to approve the September 13 & 27, 2022 Caucus minutes. Chair Postman seconded. The motion was approved.

3. YEARS OF SERVICE RECOGNITION

Toni Hood, Deputy Director

Toni Hood: Good morning, Chair Postman and Members Garrett and Vollendroff. It's my pleasure to give Justin Nordhorn his 25-year service award for being a state employee for 25 years. Justin has been with the LCB since July of 1998, when he began as an LEO Officer in training. He quickly moved to an LEO 2. After four years, he became Lieutenant. He was quickly promoted to Captain, and then shortly thereafter promoted to Deputy Chief in 2010. After one year as Deputy Chief, he was promoted to the Chief of Enforcement in 2011. I hope I got all of that correct. He was the Chief of Enforcement for nine years, and he moved to his current role as the Director of Policy and External affairs in February of 2011. And he is extremely valuable to all of us here at LCB. He provides a great deal of knowledge and history and background and experience to all of us. He is a participant in CANNRA as well as other organizations that are key to our work here at LCB. I'm very excited that he has spent his tenure here serving the citizens of Washington and helping us at LCB. So thank you, and congratulations, and we really appreciate your 25 years of service.

4. PROJECT UPDATE – SOCIAL EQUITY PROGRAM

Becky Smith, Licensing and Regulation Director

Becky Smith: Well, good morning, Chair Postman, Members Garrett, and Vollendroff. I'm here today to provide an update on the Social Equity program and where we are now in that process. The third-party contractor, Ponder Diversity, is currently reviewing all applications. As a background, the social equity program was established through Legislature and in alignment with the Social Equity

Taskforce recommendations to use a third-party contractor to review and score the social equity applications. The taskforce recommended that LCB use a third-party contractor to avoid any appearance that the agency employees were influencing the process. Ponder's role is to review the applications and supporting documentation to determine which applications meet the criteria for the program. The LCB has a responsibility to carry out this process as recommended by the Legislature, the taskforce, the community members, and also, it aligns with our program rules.

I did want to share how we're handling concerns that have been shared at previous Board meetings and emails that we've received relating to the process of our third-party contractor. Just to begin with, if we receive a question or concern from an applicant regarding a specific application, we forward this information immediately to Ponder. During this review period, we do not have access to the application and are not able to know what has or has not been submitted by the applicant. Applicants need to contact Ponder if they have questions regarding their application. We know that applicants are anxious given the short time left for those to submit documentation. Ponder has informed us that their response time is 24 hours, if not sooner. We recently received a trend of concerns from applicants that the verifying documents requested by Ponder may be difficult to provide, specifically as it relates to affidavits for individuals that may have trouble supplying documentation.

In response, we have addressed these concerns with Ponder. Affidavits would be considered related to residency, household income, and people that have been denied jobs or housing opportunities. They have demonstrated a willingness to recognize and support a process that is equitable, consistent, and aligns with the information posted on our website in our program rules. Keep in mind we understand that this process is complicated. The community, applicant, and others will have an opportunity to provide feedback on the process as we implement 2023 Legislation, which, of course, expands the social equity program. We look forward to that time that we'll be able to hear from the public. We're planning for returning -- we're planning for the return of applications and how individuals will be notified. We will be sharing more of that as a time gets closer.

Moving forward, our website will be updated once we've received the applications back from Ponder, including updated FAQs, and we will also be reactivating our social equity email for those who may have questions. And with that, I'm done. I did want to introduce -- I had one last thing, and we probably have more staff here than folks from the community, and usually it's the other way around. But I did want to introduce our new Social Equity Manager, Aaron Washington, and he was going to stick around to answer questions or say hello and be introduced, but mostly folks here are staff, so, welcome, Aaron.

RULEMAKING TIMELINES – ALL INDUSTRIES

Cassidy West, Policy and Rules Manager

Cassidy West: Good morning, and thank you, Chair Postman, and Board Members Garrett, and Vollandroff, and members of the public. I'm actually going to start and just give a brief rule update and then pass it along to Daniel. So as I mentioned yesterday, all the Cannabis Rule Projects are on track, and by those, I mean the implementation of Engrossed Second Substitute Bill 5367 and the

sampling rules. So for 5367, we're accepting comments until 11:59 PM on August 7th, and we'll be holding stakeholder engagement sessions in September to review the conceptual draft rule language. We plan on filing the CR 102 in October or early November, with the public hearing to be held in early December, and we expect those rules to be effective in January 2024.

So the sampling survey did go out yesterday to licensees, and the survey is intended to inform that rulemaking. I'm working on putting it on the website, so that should be up today, and for that project, we're planning on bringing the CR 102 to the Board in September, with a public hearing to be held in November. In terms of Alcohol rulemaking, the hearing for private clubs' membership rulemaking will be held on August 16th, and the comment period is currently open for that. We are planning on bringing the CR 103 to the Board on August 30th, and the 2023 Legislative implementation rules are on track, and Daniel will be bringing the CR 102 to the Board for that in August, and then the public hearing is planned to be held in September. And with all of that, I'll pass it to Daniel unless anyone has any questions.

5. ALCOHOL RELATED RULEMAKING

ACTION ITEM 5A – Rules Petition Review and Consideration Requesting to Amend WAC 314-20-055(4) to Allow Microbrewery Warehouses to Share Space Daniel Jacobs, Policy and Rules Coordinator

Daniel Jacobs: I'm going to talk about the petition that I previewed last week (HANDOUT 5A). Just as a refresher, this is on Microbrewery Warehouses. Currently, our rules say that while statute says microbreweries, which are breweries that make less than 60,000 barrels a year, these breweries are allowed to have a warehouse where they keep their extra stock and distribute from. A lot of alcohol businesses have this. Wineries have this, distilleries have it also. But our rules say that microbreweries can't share warehouse space, they each need to have their own warehouse, and this petitioner is asking to change that. He requested and he said, "Hey, I'd like to change the rule. I think microbreweries should be allowed to share warehouse space as long as they comply with a few conditions. And just some of those are that they keep stock separate, so you know microbrewery A and B whose beer belongs to A, whose beer belongs to B. You keep it physically separate and also labeled so it doesn't get confused.

The important thing to know is that warehouses aren't just for storage, they're also for distribution, and I went into that a little bit last time when I talked. But essentially, it also gets into the difference between different types of warehouses. As we talked about already, there are these things called bonded liquor and bonded wine warehouses. These are warehouses that are run by separate entities and a whole bunch of wineries and a whole bunch of distilleries keep their supply there. They share warehouse space, and they also share distributors. They have one truck that will come in and grab five or six different products. And there are certain rules where they have to keep it separate. They have to comply with our regulations. And there's also federal regulation of it by the TTB. Those are licensed as separate entities from the distilleries and the wineries that they store for. This is unlike the microbrewery warehouses that we're talking about here, where each warehouse is just sort of as in bureaucratic terms, it is attached to the specific microbrewery. And this makes sense because it's one for one. Each microbrewery is only allowed to have one warehouse.

For your education there are currently 494 licensed microbreweries in Washington state, and 11 of them have warehouses. And those are the current -- those are the numbers that I got at the end of last week after Caucus, and so that just sort of helps paint the picture. The issue or sort of -- not the issue, but sort of what we'll have to tackle with -- what would need to be addressed if this petition were accepted is just that, is the sharing of the space and how it would go for distribution. The petitioner explicitly said the reason that they wanted this rule change was to make it so that microbreweries could pool their resources and more easily self-distribute. That seems to be sort of where there might be just some questions raised by namely probably the distributors that currently do that business. For reference, there are currently winery warehouses that are allowed to -- that aren't allowed to share space. Those aren't the bonded warehouses that I was talking about earlier where they're owned by a separate company. Wineries are allowed to have one warehouse per, to sort of just keep their product and distribute their own product from.

The question was raised last time about whether or not we could do rulemaking such that we allowed shared storage but not shared distribution. And the more I look into it, I don't really have a clear answer on that. I think we would need to be cognizant of that and sort of walking a fine line there, while also understanding that the petitioner was pretty open that this was why he asked for the rule change was to enable the self-distribution, or to enable folks to pool resources and distribute together. So if we are to engage in the rulemaking based on the premise that we're going to let them share space but not distribute together, that sort of goes contrary to what he said his own reason was.

Chair Postman: I thought the request was to share warehouse space but not change the distribution model.

Daniel Jacobs: No, sorry -- that is the request. The request is for them to share warehouse space. It doesn't get into distribution, but I guess what I was trying to say was that the petitioner in the section where it says, why did you request this? The petitioner talked about distribution as, sort of, their underlying motive for requesting this rule change. So what I'm saying is, if we were to accept the rule change but explicitly sort of go contrary to their stated motives, we might be in a situation where the petitioner comes back to us and is like, hey, that wasn't the point. That's not why. Like, you guys aren't listening to my complaint, and I was going to say with that being said, we don't need to decide to engage in rulemaking for the same reasons that someone else wants us to. We can look at it and we can say, you know what? Maybe this is a topic to explore but for different reasons. We had an example of that -- with my petition from a couple weeks ago on the biometric ID.

We accepted part of their petition and part of their request, not necessarily for the exact reasons they wanted us to do so, but we still accepted the request. And I guess what I was trying to say here was, we can look into the -- because the language of the rule change doesn't specifically talk about distribution. It says that you can distribute from those warehouses. And if you're then allowing two microbreweries to share a warehouse, it seems to sort of logically follow that they would be able to pool resources together to self-distribute, but not necessarily.

Chair Postman: Right, and that -- Yeah. Well, it changes a little bit for me. I mean, I think a question about shared distribution, essentially cutting out the distributors that exist today is a much bigger and

different question than as a sort of economic incentive, you can share warehouse space with other small businesses. I don't want us to spend time on rulemaking that isn't welcomed by the petitioner. If really the motivation is to do the distribution but -- Member Garrett?

Ollie Garrett: But is that the motivation, or is this an assumption?

Jim Vollendroff: That's the question I have because, again, from our earlier conversation, I was fairly certain that we were talking just about shared space exclusively and not necessarily distribution.

Ollie Garrett: Right. And then your conversation, Daniel, it sounds like I'm hearing a lot of assumptions what it was about. So my question is what is the petition about, shared space? And are we putting a lot of assumptions in there? Or is it stated that it has to do with distribution also for sure?

Daniel Jacobs: So this comes down to a technicality. This is just -- and I might be reading too much into this. This is just more about our petition for rulemaking form, and I put that as the first page of my petition response. The petition for rulemaking form has sections, a little box to say, "amend rule" and you list the rule, and then you say what change you're requesting. And then you say the change is needed because --and so the change that the person's requesting is that they're requesting Section 4, which prohibits microbrewery licensees from sharing a microbrewery warehouse space be changed to allow microbreweries to share such a space. So that's the change they're requesting. But when it says "the change is needed because", the petitioner says this change would make it more economically feasible and equitable for self-distributing microbrewery licensees to pool their financial resources in the operation of offsite warehouse space.

And then the effect of the rule change would be that this rule change would support the efforts of microbrewery licensees that choose to self-distribute their product within the sale without the need of paying a wholesaler to perform such logistical activities. So the exact rule language itself that they're asking to change is about sharing warehouses. And if you accept the petition, we can keep it that narrow.

Chair Postman: Again, in a vacuum without the petition, I don't think we would have put this on your guys' work list of let's share warehouse space if that's not something that's useful. And the other language that's in there that I think reinforces this is more than just an assumption on the part of the reader. He makes the argument that there's no indication in the RCW the Legislature intended to restrict the ability of microbrewers to share warehouse space. In fact, this subsection that he talked about, subsection 4 of the Statute, suggests quite the opposite, namely that the Legislature intended to support the efforts of Washington microbreweries to self-distribute their products across the state. So as I read it now in this light, it does seem like the motivation is to get what they believe is the interpretation of that statute, which is self-distribute, and that's a different question, I think, than what we've been thinking about, and I think goes a lot further.

Ollie Garrett: So should we, in this case, because of the conversation and for clarity, if we don't accept it, can we do it for them to maybe redo it and be more specific or something like that?

Jim Vollendroff: Or could we accept it and knowing that there are certain elements that we could accept or not accept, so we could still explore the shared distribution space and our warehouse space and not allow for distribution. I mean, it seems like we could still go forward. I don't know how much extra effort that is.

Chair Postman: Yeah. I think some of it is just a workload question. Does it rise to that level? You know, I think, if we deny the petition, we certainly can inform the petitioner to the details of why we did that. They can always re-petition. I think the question was the Legislature's intent was about self-distribution is just a much harder question for us and likely could be something the Legislature would have to determine, that we wouldn't want to change that part of our system through a petition. I don't know.

Ollie Garrett: So do we know outside of the petitioner, is there a value to allowing the shared space? And have we had that brought up from others that would like to have the ability to do shared space? And I don't know. I mean, as Board members, we wouldn't have heard that. But I don't know if that's been a conversation and that could be answered right now. Would that be of value to them to be able to have shared space? And has that portion itself been brought up to the agency?

Daniel Jacobs: I was just going to say, I could answer it so far as is part of our petition process. I get -- I reach out to different parts of the agency, and the folks who I talked to from the different divisions, no one had said something like, "Oh, yeah, we've heard about this. This has come up every few years." Just for reference, this part of the rule that prohibited the sharing of warehouse space, it was added to the rule in 2017. So if this was something that was an issue, I hadn't -- no one has mentioned it to me thus far. No one's been like, "Oh, yeah. I've heard about this before."

Chair Postman: I'm inclined to decline the petition and to make sure the petitioner knows why that is and have further discussion because when you read the petition in the light of the self-distribution part, it seems that is the motivation. And that's just a much bigger question that I'm not sure we would embrace as much as we would an economic incentive for shared warehouse space. But that doesn't seem to be the ultimate goal of this petitioner.

Jim Vollendroff: And I would agree with that, I think, and we give the petitioner the opportunity to clarify if, in fact, there is a difference of clarity that's needed.

Chair Postman: Yeah. Then we can, if it comes out, we can take the time to look at whether we think this is something we would do by rule or whether it would take a statute change because it does live in that statute. I believe that's what they're referencing is the RCW. Member Garrett, what do you think?

Ollie Garrett: Yeah, I'm fine with that and to just say we need more clarity. And also if we can see, like I said, has that been a subject of needing shared warehouse space?

Chair Postman: Okay. And so then I think the question is as long as we can find a way to communicate to the petitioner some of the discussion and what the concerns were, we can have either informal talks you can with this person, or they can refile.

Daniel Jacobs: Certainly. So yes, our standard procedure is to follow up with the petitioner, regardless of how it turned out, and I can certainly tell the petitioner when I inform him the Board was interested in the topic. I'll send him a link to this video and be like, I encourage you to watch it because the petitioner will be able to see this whole discussion that's been had, and I'll let him know there's nothing stopping him from refiling the petition. I don't typically say that to petitioners when we deny petitions just because we don't necessarily want to encourage it, but in this case, we have talked about it, and you're, like, listen, it's not necessarily the substance of the petition. It just seems to be sort of the next steps in what's the intent behind it, so I can certainly inform him of that.

Chair Postman: And we have to act on this by Friday, I believe, so it's not like we can put it off and get more information, so we just have to do what we've got so far.

Daniel Jacobs: Yes. The petition was submitted May 22nd, so by statute we have to act by July 22nd.

Chair Postman: Okay. Well, I say we act now. Is there a motion to deny the petition to amend WAC 314-20-055?

Member Garrett made a motion to deny the petition. Member Vollendroff seconded. The motion was approved unanimously.

**ACTION ITEM 5B – Board Withdrawal of CR 101 for MAST 13 Permit Privilege Review
Daniel Jacobs, Policy and Rules Coordinator**

Daniel Jacobs: I'm here this morning presenting the CR 101 on Substitute Senate Bill 5448, which I'm just going to call 5448, and the MAST 13 Project. And I'm here this morning requesting that the Board approve the filing of the withdrawal of the prior 101 on the MAST 13 Project as well as approval for granting the filing of the combined 5448 MAST 13 Projects (HANDOUT 5B).

First off, I'll just start with the withdrawal. So this MAST -- this project was initiated based on a petition that was accepted by the Board back in January, and this project involved addressing the MAST 13 rules related to alcohol servers, and the project was underway during Legislative Session, and by the time that we got to rule language development, the language for 5448 had already come out, and those are also going to be affecting the mandatory alcohol server training rules. And because those are going to also need to be adjusted, for conservation of resources and for efficient rulemaking process, we decided to combine the MAST 13 Project with the 5448 project, which is what I'm going to talk about in a minute. But before we do that, we technically have to withdraw the 101 on the MAST 13 Project. And just so we have those separate, I'm actually just going to request that the Board approve the withdrawal of the CR 101 regarding the MAST 13 Project review.

Member Garrett made a motion to withdraw the CR 101 for MAST 13 Permit Privilege Review. Member Vollendroff seconded. The motion was approved unanimously.

ACTION ITEM 5C – Board Approval of CR 101 for Substitute Senate Bill 5448 Standard Rules Implementation and MAST 13 Permit Privileges

Daniel Jacobs: Thank you so much. I can send the e-mail to the Code Reviser now, and now I'm just getting to the second part of my presentation, which is the CR 101 itself (HANDOUT 5C). So 5448, we've talked a lot about it. It extended certain alcohol privileges that the Legislature extended back during the COVID pandemic. A lot of them relate to alcohol delivery, but some of them also relate to other parts, namely food service during alcohol delivery and just other parts of it. The privileges that were supposed to expire back on July 1st were extended for two years, and Dr. Hoffman already shepherded some exception rulemaking to extend those deadlines, so that part was done during the exception rulemaking process. However, 5448 also did other things, as I mentioned. For example, they provided a new statutory definition for the term delivery, and they added requirements for MAST training. For example, those who undergo the mandatory alcohol server training have to be trained on good delivery practices. This is part of why I just had you withdraw the MAST 13 Project so that we can just do it all at once here.

Some other examples of some regulations that we have on the books that are going to need to be amended -- and these are again because before we didn't have a definition for the word delivery in RCW and in the statutes. But now that we do have that statutory definition, we need to go through our regulations for instances where we talk about delivery and don't define the term specifically just to make sure that -- where appropriate, we say, yes. This type of delivery we are talking about, and the definition of delivery is in 5448, but some other things may use the word delivery and it's actually not the same thing. There are certain delivery licenses. There are certain just other parts of other regulations that use the word delivery and don't mean it in this statutory definition sense. Some of these regulations just in case anyone's curious, include 314-03-035, 314-20-060, and 314-28-100. And again, these are just instances where they talk about delivery, and so we may need to adjust it, and that's not an exhaustive list. It's just some examples.

If approved for filing today, there's going to be public comment open until August 21. We're aiming to tentatively have draft rules in the 102 filed by September 13th, which would put a public hearing at the end of October and assuming that everything goes as planned, we would have rules in effect by December 8th. And based on this schedule, I'm asking for your approval to file the CR 101 today, and I'm also happy to answer any questions.

Chair Postman: Any questions about the approval from the Board? No. And then is there a motion to approve the CR 101 for Substitute Senate Bill 5448, Standard Rules Implementation and MAST 13 Permit Privileges?

Member Vollendroff made a motion to approve the CR 101 for Substitute Senate Bill 5448, Standard Rules Implementation and MAST 13 Permit Privileges. Member Garrett seconded. The motion was approved unanimously.

6. GENERAL PUBLIC COMMENT

Chair Postman invited citizens to address the Board regarding any issues related to LCB business. The Board heard from the following people:

David Busby: Awesome. Thank you. Good morning to you all as well. Thank you for having me. I just joined to say, one, good morning to Will, the new Director, Welcome to Washington. I hope this is

going to be a good time for you. And then the second thing I would like to talk about is technology related, which I know you won't believe. [laughter] The RFI that just came out sort of implies that there's going to be a bunch of other changes that are coming on things like that. And I think I have complained before that the integrators don't get information soon enough. And so I would like to encourage you to put information out earlier rather than later, even if -- I think that for the integrator side, they'd be happy with something that even if the margin of error was, like, 80%. You know, we're looking at early 2024. Okay, fine. It could be later. I mean, if it was plus or minus 50% that would be -- you know, with that here is our estimate plus or minus 50, be happy because we have a lot of planning to do. That's it. Thanks for your time.

Chair Postman: quick question. So what you're asking for, though, is the opportunity to provide input into that process in the early stages? Is that what you're saying, David?

David Busby: No. That's already out there. That says August 5th.

Chair Postman: Right.

David Busby: But after that RFI is done, the LCB is going to learn some stuff, and there's an opportunity to tell integrators some things about what you've learned and what your plans are going for. I'm assuming the next step is an RFP gets released, and then people respond to that bid, and there's a whole process which could take many, many months. And then eventually we get to the implementation thing, just something about what those steps are happening so we can plan because like the CCRS was sort of -- we only had a few weeks to get on that stuff, and if we could move it into having many, many months of [audio cuts out] [video freezes] --

Chair Postman: Oh, you just froze.

David Busby: I wonder if you guys [audio cuts out]--

Chair Postman: Yeah, you froze there for a second, but I remember what you said up until the point of saying the last time we did this, there wasn't much time for input. I can assure you it will be different. It's a priority for the Board to have a new traceability system. I know there is commitment internally. The RFI, I think, came out sooner than some people thought it would, but we will make sure that those sorts of things don't happen as the process goes on. We really want to be able to be sharing information as it comes out, as you say, even if it's not 100%. So we want people to be part of the conversation of the thinking of the next iteration of this.

David Busby: Appreciate it. Thank you.

Sami Saad: Hi. Please, good morning. I wish to, you know, open a new page for all of us and in no disrespect. This is about equity and equality. And please hear me really well. I've been disrespected many times there, and it been like my luggage or whatever having [indistinct] like I have luggage to be researched. Last time, the HB say about those pioneers. I am one of those pioneers. My name is Sami Saad. I'm the first gentleman, black person from Sudan having a cannabis shop in Washington, and it was at that time they called it marijuana, so it's medical. And I have a partner, but I don't want to put him with me because he been one to present, and he don't want to be there

because...before I don't want my lawsuit to be misspelled because the system, you know guys. So I'm being victimized multiple times. My partner as well is victim. He cannot even put his name with me on my license because he don't want to mess me up, and he was helping me when I was working in Alaska.

In 2014 and 2013 -- and all of that, then my shop is open here because I don't believe by feeding my family from cannabis, but I was helping in the community. And I have a large community. We are more than 65,000 Washingtonians, Sudanese-American. We have our own place, and you can even Google it on the internet, and it shows and it say Sudanese-American Unity Association. We love the United States. We don't hate anyone. I'm Muslim, but I'm mixed with Israelites. I love everyone. But unfortunately, we are being discriminated. Ms. Ollie Garrett, she promised me she will help me. She would never give help. They said, "we will help you on HB 2070. This is for the black pioneer." I was working for that, but I met Peter. He is in Black Excellence. It was him and Aaron Barfield, they said they would -- they said they would -- they said don't believe [audio cuts out] this, [indistinct] do not support this bill. And I didn't support it at the end, and they asked me on the Senate floor why you don't want it. Mr. Pettigrew want it.

I said those guys, they told me this bill is not for us, and those people, they are using us, and the LCB is not being trusted. And after that, they told me outside, they say he told me, Peter, he said Pettigrew had been promised by the LCB or the Legislature to get a job with some kind of football or something like that. I don't know what it is because I'm not familiar with football, but you guys can Google that. I don't feel Ollie Garrett doing the right thing or David Postman because if it is -- Last time, Mike Asai, he asked those pioneers to be acknowledged. She denied that. So, Ms. Garrett, I want to ask you, do you represent black people, really? Black people, they don't know you. I want to respect you, but I hate the fact you have two gentlemen that used to date you. They have license in Emerald Haze. It can go publicly. Everybody will ask. One of them, his name is Jim Buchanan, and that's the one his name is Raphael or whatever his name is, but Mr. Christopher King can speak about that.

Last meeting I signed up to speak. Nobody called me. A lot of -- many, many, many times you guys do not want me to speak. I came in person there. I was not welcome. I've been searched multiple times. I have video. Now my video has more than 10,000 views in the internet. And even I went to Jay Inslee office multiple times to have a meeting to address this issue. My people, we are more than 25,000. Please respect my wishes. We need our shop back. I was pioneering. Do you acknowledge us in this? We are blind. We [audio cuts out] everything -- little thing, and I wish to see us -- I am an owner of 12th Green, LLC. It was the first cannabis shop. I don't have nobody that look like me represent me in the LCB. I wish you guys to be fair with us so we can build a bridge instead of you guys to break every bridge. This is about equity and equality.

Christopher King: Good morning. Yeah. I just wanted to go over a couple things that I've been -- I'm going to return to the same line of questioning regarding the new Director, William Lukela. And you know, I don't want to be -- or I'm not going to be pigeonholed into saying that I'm attacking somebody when I'm not and when I'm just asking questions that journalists ask and citizens ask, that's what we do. And so I don't want to get things twisted around as you guys like to do sometimes. I'm not going to tolerate that. So what I'm going to say is I've been doing some more research into the events in Colorado. I see now that there is -- that they've launched a program for cannabis -- a loan program

for cannabis social equity businesses that looks promising. I don't know if William Lukela had a hand in that in the genesis of that project or not, but if he did, I'd like to commend him for it. And if he didn't, that's -- I don't know. Maybe we'll find out. But that looks good.

And, well, let me just backtrack for a second because the last time I asked you, I want to look for concrete things that again legitimated his ascension to this post. And, you know, I was told that he interviewed well. Well, I interview pretty well, too. I could convince you I'm better than Clarence Darrow if I wanted to, you know? I could probably convince you that I'm a professional tennis player if I wanted to. Right? But I'm none of those things. I'm a happily suspended attorney working in wireless. Okay? I keep it real. All right? So here's the deal. I go back now, but I'm still a journalist, never been suspended from that. So here's the thing, social equity in Colorado's marijuana industry is a story from CPR News that just came out. They're saying that it's real talk and it's a reputable news organization, saying that the efforts are meant to reverse the effects of marijuana criminalization that have disproportionately affected people of color in marginalized communities. But for those enrolled, there's still a feeling that their equal footing isn't very stable, so it's an ongoing issue.

I'm not saying he caused it. I'm not saying he was ineffectual. I don't know. I'm looking for something tangible. Like if you want to ask me -- if I'm in an interview, no, I can't convince you I was Clarence Darrow, but I got proof. I got like 30 of these from me in courtroom being professional winning cases. So my naysayers want to say what they want to say. I don't really care because I got the proof right here in these videos. All right? I can show you awards I've won in wireless. I can do those things. I can show you tangible things that I've accomplished, okay? Whether or not you like me or not, I don't give a -- I don't care, but the fact is I can show you that. All right? So I'm just asking for you to show me something that Will Lukela has done. So there's a story here in Politico that just came out, too. Inside Denver's struggles to diversify its \$700 million marijuana market -- and there's discussion in there.

And you know there are issues in there, too that they're saying there are no channels there. You know? Yeah. So "this isn't a profit channel for us," says Denise De Nardi, Chief Sales Officer of Native Roots, who tried to launch deliveries in Denver this fall. That's the driving Miss Daisy program I talked about that you guys also championed for a minute. So anyway, I'm just saying, you know, these are the things. So is there any -- can you share with me anything more concrete?

Gregory Foster: Good morning, Chair, Board members, everybody in the room and online. Gregory Foster with Cannabis Observer. I wanted to come talk to you today about traceability and the RFI. So I actually have a lot of history with the agency with regards to traceability, and I just wanted to provide some of that context as well because a lot of us are new here. From January 2017 to August 2019, the agency hosted a Traceability Advisory Committee kind of in the Bio Track era moving into the MJ freeway era and then started up a Traceability 2.0 workgroup in September 2019, after we were well into the MJ Freeway era and realized that we were working with a bunch of grifters for the most part and terrible software developers. And just to confirm that this last April [indistinct] sold all of its cannabis software businesses for \$5 million and is now moving into the cryptocurrency mining space. So glad we got off them. Right?

So at the end of that Traceability 2.0 workgroup, we were talking quite a bit about what is next. What does the agency need? What has been the problem with traceability over time? How it's been difficult for the industry, how it's been difficult for the agency. And so, please go back and look at the discussions during that time. That was folks engaged in good faith in that process. That was prior to the current Deputy Director coming on Board, prior to the current CIO coming on Board, so there's a lot of useful information from that time. And so, kind of at the end of that, the agency sort of telegraphed that it was probably going to move to a CCRS-like solution, like David said, announced pretty late, and also helped stand up the Cannabis Integrators Association, which helped define the standard for transfers between licensees after the agency kind of got out of the middle of that process of the business doing its operations.

The RFI itself. There are a few different issues I'm not going to have time to get to today, but we'll talk about it over time. I'm happy to talk in person about any of these things and provide context. The centralization issue was a big one, where these platforms become a single point of failure that brings down the entire industry if they go down. Right? Can't do business if these platforms go down. And that was a problem from a simple of a thing as getting a unique identifier that is associated with everything. Like every single product has a unique ID. And if the central system can't provision it, you can't even do stuff offline. Right? And so the Traceability 2.0 Committee stood up a separate subcommittee to provide a recommendation for a decentralized approach to generating those identifiers. You can go back and look at that for a reference. So even if it does go down, not everything completely halts. It definitely looks like the LCB does want to sort of be in the middle of business transactions between vendors. The RFI says the agency wants to be able to quarantine products to stop sales of products, block transfers related to recalls. The RFID tags issue is going to be an issue, though, I do see it's not required, just that the system has to allow the use, which is good. We're going to have to talk more about all this over time but definitely please leverage the information that we've been gathering through The Observer. You can go see a lot of stuff there. Thank you.

7. ADJOURN

Meeting adjourned at 10:54 am.

Minutes approved this 3rd day of June 2025



Jim Vollendroff
Board Chair



Ollie Garrett
Board Member



Peter Holmes
Board Member

Minutes Prepared by: Deborah Soper, Administrative Assistant to the Board

LCB Mission - Promote public safety, public health, and trust through fair administration, education, and enforcement of liquor, cannabis, tobacco, and vapor laws.
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