



Washington State Liquor and Cannabis Board Meeting

Wednesday, April 24, 2024, 10:00 am

This meeting was held in a hybrid environment

Meeting Minutes

1. CALL TO ORDER

Chair Postman called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 am on Wednesday, April 24, 2024. Member Ollie Garrett and Member Jim Vollendroff were also present.

2. SOCIAL EQUITY PROJECT UPDATE

Aaron Washington, Program Manager, Social Equity in Cannabis; Nicola Reid, Compliance and Adjudication Manager; Linda Thompson, Cannabis Manager in Licensing; Kelly Hancock, Social Equity Program Specialist; Sarah Davis, Social Equity Case Manager

Nicola Reid: Okay. Good morning, Chair Postman, Board Member Garrett, and Vollendroff. A team of us will be here presenting information today specific to the Social Equity Program (PRESENTATION 1). We will share current outreach with applicants and how the process is going for the 40 that are processing for retail application. We will share where we're at with the social equity reimbursement plan, specific outreach that is being planned for future state Launch industries, and then Aaron will be going over the proposed changes of the rubric today. So first I would like to bring up Linda Thompson, who will be speaking about the applicants that are currently in processing for a license.

Linda Thompson: Good morning. So good morning, Chair Postman, Board Members Garrett, and Vollendroff. As Nicola mentioned today, I'll be providing -- oh, excuse me, I'm Linda Thompson, Cannabis Manager in the Licensing Division. Again, as Nicola mentioned today, I'll be providing an update on the status of the current social equity applicants and social equity title certificate holders and their progress. So next slide.

So of the 40 applications, we have issued two licenses thus far have been issued. Three have secured a location, and 35 are still going through the licensing process which will -- which I will share a little more shortly. So next slide.

So of the five social equity title certificate holders, one has been issued and licensed and one has secured a location and going through the licensing process as well. Next slide.

All right. So this next chart shows the social equity applicants who are currently going through the process. You'll notice the different -- so there was 40 of them, 33 have submitted documents. This was after the initial interview. Five of those have secured a location and completed that interview. Four of those submitted documentation for that location. For financing, four of those individuals also found secured financing and also submitted documentation. And again, two of those have been issued, so those numbers that reflect documents received for location, and then the documents received for financing also includes those two that were issued. Next slide.

So this last slide here speaks to the title certificate holders. So we have a total of five title certificate holders. Two have completed their interview, two have also secured a location and also financing, and two also submitted documentation, and this also includes the one that has been issued. And now that was a pretty brief update. It's pretty much been consistent with last time, but I will turn this over to Kelly.

Kelly Hancock: Okay. Good morning, Chair Postman, Members Vollendroff, and Garrett. My name is Kelly Hancock, and I am the Program Specialist with the Social Equity Program. We launched the Social Equity Plan Program in February of this year on February 1st, and today I want to provide you with an update on the work we've done so far. Since this program was launched, we have completed 76 one-time renewal fee reimbursements in collaboration with our customer service and accounting teams. We have returned 34 submissions to the licensees for correction. The reasons for correction vary, but the most common one we saw was when they submitted more than one plan per entity, which we are not allowed to reimburse.

Of the 34 that we returned for corrections, we then received 21 back, so resubmitted with those corrections, which makes up about 60% of the total return plans, and that does contribute to the total number reimbursed at 76. Next slide, please.

So we've seen a variety of different social equity plans submitted to us, but as you can see on the screen, the majority of them have been to hire individuals with prior cannabis incarcerations or convictions, 23% of the plans have had multiple elements. Most of those also are for hiring individuals with prior cannabis convictions or incarcerations, but they also include additional elements, most commonly are a variety of community projects, which we'll get into in a moment. The next largest chunk is food drives, so these are either through a different organization or look like donations for canned food, non-perishables that they will then donate to a local organization.

And then lastly, we have about 5% of these plans being community projects. So this is kind of a wide variety of different things. Although it's the smallest percentage, it sees the most variety. So these plans include things like community gardens, charity donations, art mural projects, and partnering with local and national organizations with a focus on social equity. So we're really excited by what we've seen so far, and we are looking forward to continuing to receive these

social equity plans from our licensees and see what we keep getting. With that, I will turn it over to Sarah.

Sarah Davis: Good morning. Slide please. Hello, Chair Postman and Board Members Vollendroff and Garrett. My name is Sarah Davis, and I'm a Social Equity Case Manager, and I'm here to provide you with a brief update about Launch Industries, the contractor that the Department of Commerce contracted with to implement their technical assistance, mentoring, and grant program. They are now in the process of launching their first two programs. The first round of grant applications is available for our first 45 applicants to apply for moving forward with the application process, and that window is happening now from April 1st to April 30th. And they have had several information sessions and contact with applicants to apply for that grant. Concurrently, they have opened up applications for their mentorship and consultants to provide technical assistance to that same applicant pool as well. That window is open right now from April 1st through 30th, 2024 for potential mentors or consultants.

All of this information can be found on their website, which is launchmycannabis.com. It's really easy. They also have an e-mail, which is hello@launchmycannabis.com. They've also been very responsive by call or text for applicants and those interested that have had questions. So all of those applications are on their website, and that is they're receiving those until the 30th. The applicants are expected to receive the first grant by June 15th. So the first round of grant dissemination is scheduled for June 15th, and then after that, they'll be launching their second round of grants. And now I'm going to turn it over to Mr. Aaron Washington for an update on the rubric. Thank you so much.

Aaron Washington: Thank you, Sarah. A good Wednesday to you Chair Postman, Member Garrett, and Vollendroff. Our goal today is to share the proposed changes to the social equity scoring rubric and request consideration of approval to share these changes with the community to seek further input. The rubric was initially introduced as a scoring tool to prioritize those most impacted by the war on drugs. The rubric was used by the third-party reviewer for the first group of social equity applicants under HB 2870. From that experience, we gathered information that has assisted in the suggested revisions I'll be sharing with you today. Feedback was given by applicants with any concerns brought to our attention by e-mail correspondents and telephone contact. We also received information from applicants who participated in the Social Equity Application Experience Survey. There were only 73 of 494 applicants who participated for us to gather information for suggested improvements to the program. Please be aware that the proposed changes have not been finalized, and these are only thoughts for improvements to the rubric.

We would like to have additional feedback from the community from a period of 30 days. Community feedback could be sent to the licensing social equity inbox indicated on the last slide, which would then be shared with the policy and rules team. I want to thank the work group for their continued collaboration, which included the Licensing team, Rules team, the Director's office, and the social equity team. We will now begin our slides. These slides presented are a

comparison of the current rubric language and scoring utilized under House Bill 2870, highlighted in blue, and is followed by the columns of the proposed rubric and scoring for Senate Bill 5080, which is highlighted in orange. Our thoughts for consideration are from the following:

Category 1 and 1A to be combined as one question for an applicant to demonstrate they have lived in the disproportionately impacted area. A maximum of 40 points can be obtained for this proposed change. Category 2 and 2A to be combined as well as category 3 and 3A, each with the removal of the language cannabis from an applicant for an applicant or an applicant's family member to simply show having a drug charge documentation to distinguish a charge as being specific to cannabis was difficult, if not impossible to find documents for. Category 4 did not receive any proposed changes to the current language. However, the point allocation is proposed for change. The sentence types would not include home confinement to garner any points. Home confinement is not allowed for any drug charge. A maximum of 30 points can be obtained for this proposed change, which would be an increase from the current allocation. Category 5 and category six are proposed to be deleted. Applicants expressed documentation was either hard or that they could not get documentation at all to support the category.

As a general note, convictions or arrests can affect access to employment and housing. Allocation of those points are recognized if an applicant or an applicant's family member has a record of a conviction. Dustin, would you take us to the next slide? Thank you.

Category 7 did not receive any changes to the current language. However, the point allocation is proposed for change. Clarifying documentation by affidavit and W-2s were difficult to substantiate. A maximum of 15 points could be obtained for this category. Category 8 is proposed to base the criteria on applicants who owned a dispensary. This proposal would remove the language of "operated." We noted that more dispensaries were common in lower income areas, and we look forward to community input about this proposed change. Category 9 is being proposed to remove the language of "retailer" and "marijuana" from the current rubric to reflect a state cannabis license in general. SB5080 will allow for applicants to apply for retail as well as processor and producer licenses. A maximum of 15 points is proposed for this category, which would be an increase from the current points allocated.

And finally, an additional category is being proposed for applicants who applied under HB 2870. The category considers issuing 15 points to those who met the qualifications but did not score high enough to be prioritized as an approved applicant. Nicola, would you like to add anything to that?

Aaron Washington: No? Thank you very much for helping me out. Appreciate you. That concludes this presentation. We encourage the public to take note of the resources seen here on the last slide, and we look forward to the Board's approval for community input. I'd be happy to answer any questions.

Chair Postman: Thank you. Questions from the Board? Member Garrett?

Ollie Garrett: Hi. And this is more of a response than a question. Aaron and the social equity team, I just wanted to thank you all because being part of this and knowing the work, effort, the commitment, and seeing the dedication that went into being thoughtful, thinking about what we were hearing from the community, I asked what the challenges in the last round was and to try to come up with hearing their voice and creating something new. A lot of work went into that, and I really want to thank you all for that and looking forward to hearing now from the community of their input on what it is that we've come up with. I think, and I was saying yesterday on the survey, it was a little disappointing to hear that only 73 people out of over 400 responded to the survey. And this was us trying to hear from the folks their input to in working on doing this rubric that folk -- we wanted to hear their voices. So to have only 73 people respond to the survey out of over 400 was a little disappointing, so I'm hoping once we put this out now for the hear from the community that we will get a response from a broader group. But thank you all for all of the work and stuff that went into this.

Aaron Washington: Thank you, Member Garrett. I appreciate that. Thank you. The whole team appreciates it.

Chair Postman: Thank you, all. I do think the work on the rubric was really good. I mean, the survey helped some. It was limited, but also you all did some great number crunching to look at everything that people had submitted under the current plan and what was utilized and what wasn't and where the documents were submitted and where -- so I was really impressed by the level of detail you all put into it. It was really, really something. So I'm really glad that it's done in a way here that we're going to now turn it over to the community for their input, so I don't think the Board has to take formal action. I heard Member Garrett say she looks forward to public input. I'm assuming Jim Vollendroff is with us there, too, so go forth. That would be great. And we just really encourage the public to weigh in, either current applicants if they have insights or people who are looking at the next round, or people who have experience in the industry. Whatever it is, it could be helpful for us, and we'll keep reminding you for that sort of input. Member Garrett?

Ollie Garrett: Yeah. And I wanted to make sure that the community knows the input needs to come through the website and that we do hear when folks come to Board meetings with their concerns and recommendation. But it's easier to track and to -- the work -- with the work we're doing if it was put in the correct way on the website.

3. RULEMAKING TIMELINES – ALL INDUSTRIES

Cassidy West, Policy and Rules Manager

Cassidy West: All right. Good morning, Chair Postman, and Board Members Garrett, and Vollendroff. I gave a pretty detailed update yesterday, and so I'm just going to go through the

highlights for the next -- the coming up Board meetings and then any engagements we're going to have. All right, so before I pass it to Daniel, who's going to present the request Board approval today of the CR 102 for Medical Cannabis Endorsements as well as the CR 102 for prohibited conduct, and then a CR 101 for the medical cannabis excise tax, and that's HB 1453.

So before I do that, for the THC Bill, we had a workshop yesterday going over the packaging and labeling rules and then some other changes that we've made to serving limits and transactions based on workshop feedback that we've received so far. And then we'll have on Friday another workshop that will go over the testing changes and changes to cannabinoid additives, and then we will have a final workshop on May 2nd, where we'll go through all of the draft changes and all of the rule sections. We do welcome written comments still to our rules inbox. We'll accept those until May 15th, and then with that, we'll use all of that incorporated in the rules that we're planning on filing. We're requesting Board approval to file the CR 102 for that on June 18th. All right. So I'll move on to what else we have next week.

Okay. So next week, Jeff will be presenting a CR 105 to initiate expedited rulemaking to replace WSLCB with LCB. He will also be presenting a response to a petition regarding actually that same change, and then also requesting that Title 314 be updated to include gender neutral language. Also on May 8th, Daniel will be requesting Board approval of a CR 101 for the flexible payment terms for cannabis businesses. And that week as well we are planning to disseminate draft proposed rules for sampling. And I'll stop there to see if there are any questions.

Cassidy West: Okay. So then let's move on. Okay. So on May 22nd, Jeff will be bringing a CR 101 to the Board regarding the cannabis waste legislation. And then Daniel will be presenting his petition response for the ESOP petition that I mentioned yesterday. And now I'll just go through June really quick. So on June 5th, we'll be holding a public hearing for both the medical cannabis endorsement that Daniel will be presenting today as well as the public hearing for prohibited conduct. And you know what? I didn't talk about social equity and let me go ahead and do that. So we're planning on bringing the CR 102 on June 18th. So in the meantime, we'll be holding engagement sessions throughout the month of May. First, we're going to focus on getting feedback just on the rubric criteria as well as documents to demonstrate eligibility. We'll use that feedback to inform the -- to finalize our draft proposed rules, which we will then hold engagement sessions to gather feedback on those. And so that is, I think, it through the month of June. Um, any other questions on that?

4. CANNABIS RELATED RULEMAKING

Daniel Jacobs, Policy and Rules Coordinator

ACTION ITEM 4A – Board Approval of CR 101 Regarding Substitute House Bill 1453 – Medical Cannabis Tax Implementation

Daniel Jacobs: Good morning, Chair Postman, Members Garrett, and Vollendroff, and staff. My name is Daniel Jacobs, I'm a Policy and Rules Coordinator. Normally you see me on screen, but I'm here (IRL) in real life. I have three things to present, and this morning I'm going to start with requesting approval of a CR 101 for rulemaking to implement Substitute House Bill 1453, which has created a temporary exemption from the cannabis excise tax for medical cannabis patients purchasing under certain conditions (HANDOUT 4A). So, if approved today, there's going to be an informal comment period until May 29th, and we plan on holding two stakeholder engagement sessions the following week on June 3rd and June 5th. Following those stakeholder engagement sessions, we tentatively plan to file proposed rules by June 18th. Following the rule filing there is going to be a formal comment period until the public hearing again, tentatively to be held July 31st. Assuming that goes well, final rules would be filed August 14th, which would have these rules in effect September 14th. I'm going to be talking about medical cannabis endorsement proposed rules after this presentation, but I do just want to clarify that -- while both presentations relate to medical cannabis, these are two separate projects.

Substitute House Bill 1453, passed during the most recent legislative session, exempts qualifying medical patients issued a recognition card from the cannabis excise tax until June 2029 if they purchased cannabis under the following conditions: One, like I just said, the purchaser has to be either a qualified patient or their designated provider, and so they have to be issued a recognition card. They have to be purchasing from a retailer with a medical cannabis endorsement, which is part of what ties into my next presentation. And then additionally, they have to be purchasing cannabis that complies with Department of Health rules in Washington Administrative Code at 246-70. Additionally, there as part of the 101, we want to be able to address some minor technical changes that may already exist in some of these rules that we're going to be addressing to sort of make Chapter 314-55 consistent. We're not trying to turn this rulemaking into also a whole technical overview, but we want to have the flexibility where if we're looking at a section that we need to amend and it has some language that refers to a prior traceability system or just other things, we want to be able to have the flexibility to fix that, too, while we're at it rather than have to do a whole separate rule project. I'm just clarifying that here because that was something that wasn't mentioned yesterday, but I did just for transparency's sake, want to mention that.

This rulemaking will likely require coordination and collaboration with both the Department of Health and Department of Revenue. We've already had some meetings with those folks, and we'll continue to do so. We'll be sharing the proposed rule language with them because they're also going to be heavily involved in implementing this legislation. Based on this, I'm hereby requesting approval of the CR 101 to begin rulemaking on implementing Substitute House Bill 1453. And I'm happy to answer any questions.

Member Garrett made a motion to approve the CR 101 regarding Substitute House Bill 1453. Member Vollendroff seconded. The motion was approved.

ACTION ITEM 4B – Board Approval of CR 102 for Medical Cannabis Endorsements

Daniel Jacobs, Policy and Rules Coordinator

Daniel Jacobs: Good morning, again. Now I'm going to be talking about the CR 102 on the medical cannabis endorsement rulemaking (HANDOUT 4B). If approved today there will be a formal comment period until July 5th, where we'll have the public hearing. Up until that time -- so between now and -- sorry, not July 5th, June 5th. Up until June 5th, the public is encouraged to submit comments on this proposed rule language. They can do so to the Rules inbox, which is rules@lcb.wa.gov. And obviously, they can come to testify at the hearing itself on June 5th. After the public hearing, assuming everything goes well, the final rules are tentatively scheduled to be filed during the June 18th Board meeting and, again, assuming that goes well, the rule changes will be in effect by July 19th.

This rule project comes about after the Board accepted a petition submitted by John Kingsbury in March 2023 to address medical cannabis endorsements, and the CR 101 was filed in October. While the petition was asking to amend WAC 314-55-020 and 080, 020 is more of a general licensing regulation, and given the approach that we're taking to Enforcement and non-compliance overall, we don't think that 020 actually needs to be amended, and I'll explain why in just a second. The draft rule amendments are the results of collaboration with my great rules team circulated to our partners at Department of Health, Agriculture, and Ecology and especially close collaboration with Department of Health. We posted the draft rule language on the website towards the end of February, and we had two stakeholder engagement sessions on March 11th and 14th, during which we received mostly positive feedback, some occasional not as positive feedback, but mostly positive.

As identified in the memo in the CR 102 form there are sort of three main changes that we're doing to the proposed rule. The first one is to create an hour posting requirement. And so what this is proposing to do is to say that whenever a store or retailer has to post their store hours, they also have to post the cannabis consultant hours. Due to lots of discussions during the stakeholder sessions on the idea of consultants being available by appointment, there are some folks that were like can't you just say consultants available by appointment? But the problem with that is that the current situation that we've heard from stakeholders is that they don't know when consultants are available, so they have to call up the store and say is one of your consultants available? If you just say consultants are available by appointment, that's kind of the same thing, where they are going to have to call up to make an appointment. But on the other hand, we also heard concern that it was like, well, if we just say if you have consultants sort of reserved for a block of time, there's concern that they won't be able to do anything else during that time if they don't have an appointment.

So to strike a balance, we're proposing that you can either post the hours, or you can say -- post sort of a window that appointment is available by. So the example I thought of was you can say consultants are available from 1 to 3, or you can say consultants are available by appointment

from 1 to 3. Alternatively, if the store says consultants are in on Fridays, or consultants are available by appointment on Fridays, so that way you have -- you strike the balance of having predictability for the consumer, and the patient doesn't necessarily need to call up. But on the other hand, you also have consultants available to do other stuff that the business needs, so we're striking that balance.

The second main sort of change we made is to the in-stock requirement. Currently, the in-stock requirement has language that talks about you have to have a certain amount in stock necessary to meet patient needs. A lot of folks have asked the question, what exactly that means, but you know how much this sort of created confusion about how much Department of Health compliance stock needs to be in in order to meet patient needs. There's also concerns raised because some folks -- you know, with the current market, there isn't a whole lot of DOH compliant product out there. Hopefully, that's going to change with 1453 implementation, but there are some concerns raised about stores on the other -- on the east side of the state that maybe had issues with supply getting over the pass, and so technically, if they don't have anything in stock, they're out of compliance, so we're proposing changing the language to say that you have to have it in stock or on order. And that's something that can be verified as simple as showing an order form saying I placed an order there. You know, my suppliers, you know, all out or backed up or something happens, and I do want to also say this was something that was suggested in part during the stakeholder engagement session. So I just wanted to sort of add that out there.

And then lastly, and this is sort of addressed to why we don't think we need to change 020 at this time. We're proposing adding in language about what we're calling it here, period, which is a period of time to address noncompliance before the endorsement is going to be subject to discontinuance. It sort of came up during the petition process. In theory, if an endorsement holder is non-compliant with the rules, then they are immediately ineligible for the endorsement, so they have to have a consultant on staff. They have to have a card reader machine. They have to have supply in stock. If their consultant quits or gets fired or whatever, technically, they're immediately out of compliance. If their card machine reader breaks. If they're out of stock. This is sort of saying -- or instead, what we want to do is we want to say we're going to identify a period of time on the notice to correct that says we came, you don't have anything in stock, you have a week to place an order or whatever it is, and the reason we want to have a -- we don't identify how long that cure period is because it's going to depend on the on the violation of the noncompliance.

It's going to take longer to hire a new cannabis consultant and get them certified than it is to place an order or to fix a machine. However, we also want to identify -- you know, we still need to have requirements, and if a retailer isn't able to comply with those requirements, then, you know, we still need to have a process where we say, like, you shouldn't have the endorsement. And so that was sort of the main thrust of Mr. Kingsbury's petition in the 1st place was identifying a clear structure and sort of step-by-step process laid out where retailers and

endorsement holders know what is expected of them but also know that if they get out of compliance, sort of, how much time they have to return to compliance.

We put in a range because currently based on current enforcement -- consultation with Enforcement, currently they're given five days. We had -- the initial sort of discussion was talking about giving them 30 days, but they're sort of back and forth to saying you don't really need 30 days just to place an order, but on the other hand, you do need more than five days to hire a consultant. And so the rule language says between five and 30 days, but it's the amount of time sort of identified on the notice to correct.

Daniel Jacobs: So then after that period if they are still out of compliance, then the endorsement would be discontinued. And to clarify, after that they can still get the endorsement back. This is more of one of the minor changes, which is if you lose the endorsement after getting one of these notices and not being able to fix the issue, and you're like, okay, well, I'm going to apply to get my endorsement back or get the endorsement again, in addition to submitting your regular endorsement materials, you're going to have to submit something extra to Licensing to say, like, have you fixed the issue that was the issue the last time? And again, we haven't specified what that's going to be because it's going to vary depending on what the issue was. If the issue was the card machine, submit some sort of proof that you fixed your card machine's issues. If the issue is the consultant, submit proof that you got the consultant.

So like I said, so the more sort of rehabilitative approach to noncompliance obviates the need to make amendments to 020, which is why those aren't in the proposed rule language because we're taking, you know, we're putting in the cure period language. We did get some draft rule language submitted to us by the Cannabis alliance, and I've attached that submission to the memo. We've got some comments from folks during the 101 period and following. I've also attached those to the memo. And as I identified in the 102 form there is going to be some cost to compliance for retailers because they're going to have to change their signs outside those stores. We estimate that to be about \$1000 generously, but during the small business economic impact statement process we calculated that threshold cost to be \$3300. So even if the cost to add to the sign was \$2000, it's still below the cost necessary for a small business economic impact statement. We think these rules strike a good balance between ensuring that retailers are better able to serve patients, patients are better able to plan and be served and anticipate when those services will be provided.

And lastly, we think that we've addressed really the bulk of Mr. Kingsbury's petition about identifying a clear process for endorsement holders and when those endorsements get discontinued and how you go about returning to compliance. The goal here isn't to not have medical cannabis endorsement holders, but our goal is to make sure that those who do have an endorsement actually meet their requirements. So therefore, after all of that, I'm requesting approval of the CR 102 on the medical cannabis endorsement rulemaking. And I'm happy to answer any questions.

Member Vollendroff made a motion to approve the CR 102 for Medical Cannabis Endorsements. Member Garrett seconded. The motion was approved.

5. GENERAL RULEMAKING

Daniel Jacobs, Policy and Rules Coordinator

ACTION ITEM 5A – Board Approval of CR 102 Regarding WAC 314-11-050 – Prohibited Conduct

Daniel Jacobs: So now we're going on to the prohibited conduct rulemaking (HANDOUT 5A). So I'm requesting approval of the CR 102 today. If approved, it's got the same timeline as the medical cannabis endorsement rulemaking I just talked about. So the public hearing will be June 5th. There will be a formal public comment period until June 5th. If the hearing goes well, I'll present the final rules on June 18th, and those would be effective July 19th. We are all familiar with the history of this, but I'll go over it again. We filed the 101 on February 14th, initially addressed that considering repealing or amending the prohibited conduct rule. Engrossed Substitute Senate Bill 6105 pointed us in the direction for us to make, saying that we should repeal the rule. And not only that, but we shouldn't put in any rule like it that we can't have or enforce a rule that restricts exposure of body parts or otherwise restricting sexually oriented conduct. When we initiated the CR 101 with the express goal of exploring whether to amend or repeal it, like I said, the legislature told us to go for a repeal.

As such, the rules that I'm proposing to file today do exactly what 6105 tells us to do. We're repealing 314-11-050, and while we're at it, we're also removing references to it because if we don't have that rule, there's no point having other rules that point to it. There are six other rules that reference it. Three of those are penalty tables, which are basically exactly what they sound like. For certain entities, if you violate a rule a certain number of times, they identify the penalty for it. So for several of these entities they say, what if you violate the prohibited conduct rule? Obviously, we're going to remove that row from the table. So I can just go through each of the rules. One of them is about what events require advance notice to the Board, events that have people that may be exposing, you know, violating the prohibited conduct rule. Again, no need to do that. The disorderly conduct rule at 314-11-015 sort of had a parenthetical in the last sentence saying, look at the prohibited conduct rule for more information.

If you don't need to do the MAST penalty table, again, someone who has a MAST permit, in theory, violated the prohibited conduct rule. Group 1 violations table, and then for sports venues. Also, the Group 5 violations table. These are all penalty tables, but again, it's the same basic thing. It doesn't matter whether people violate this rule anymore because it's not going to exist. And then there's also a rule in the advertising about signs talking about people wearing costumes, and it said, you know, people can wear costumes for signs, but the costumes can't violate this rule. Obviously, this rule doesn't exist. They can do what they want. Regarding cost, this rule change isn't going to cost anything because we're removing restrictions, not adding

them. Now in theory, licensees remain free to still enforce these rules if they want to. It's just that it would be a licensee policy instead, and they don't have to change their rules. So it's not as though it's like, oh, I have all these signs up that say you can't do this. I have to change those signs. I mean, you don't have to, but you can also take them down and it won't cost you anything.

And so the last thing is while we were planning on holding some sort of extensive stakeholder engagement, again, the legislators told us what to do on this, so we didn't do that prior to this rule language, but we have gotten a lot of stakeholder feedback regardless. We've gotten 22 separate comments into the rules inbox. We've had testimony at three public Board meetings. All but one have supported repeal, and I've also attached the public comment table to the memo here. If approved, like I said, there's going to be another formal public comment period. I anticipate we'll get more public comment during then. Based on that, I'm requesting approval of the CR 102 on prohibited conduct rulemaking. And I'm happy to answer any questions.

Chair Postman: All right. Questions or comments before we vote from the Board? No? Okay. With that then, is there a motion to approve the CR 102 regarding WAC 314-11-050, known as Prohibited Conduct?

Member Vollendroff made a motion approve the CR 102 regarding WAC 314-11-050, known as Prohibited Conduct. Member Garrett seconded. The motion was approved.

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:

Christopher King: Good morning, guys. Just I want to talk about a couple of things here. First of all, I want to point out to you this is a nickel. Independently, it's not worth much, and most of us won't treat it as if it's worth much. But when you put two nickels together and you keep adding those nickels, those nickels can have power. All right? Such as with Peter Manning and me because you know you treat us like nickels. Case and point just the other day, just a few minutes ago. You know, look at the LGBTQ community, all right, of which I am adjacent to, given that my partner is a member of that community, and I'm good with that. We have pride flags at this house. But when they have a problem, things get addressed promptly. All right? Nickels have been waiting for years. And as to this rubric bit that you were just talking about, it's ridiculous. Don't act surprised now. I've got emails to Jim Buchanan back in the day when I said, "Jim," -- this was January 25th, 2022, "I'm talking with Kevin Shelton." and I said, "Look, these were business licenses that were still wrongfully taken."

You know, these are, of course, multiple stories. I'm talking about a distinct, identifiable class of people here. All right? And that was way back then, so you don't need to hear this information

on the portal as Ollie was saying. That's ridiculous. I've been telling it to you for years over a number of people. Peter, everybody's been telling you that. All right? And now all of a sudden it comes up out of the blue, 12, what, 11 years later? Please. You know, I want to congratulate the LCB on being exactly what this country exemplified when George Washington, our founding fathers, started this sham. All right? Do you realize 6% of the population voted when George Washington became president? Yes. So you embody all of that, you know, all of that oppression, that corruption, that racism, that hegemony, that's what you do. All right? And the analogy is clear. The 6% rule thing, same with your cronies here. All right? I was telling it the other day at Hempfest. And I'll go right back to Kaleafa, one of your besties. All right? This is a letter from your attorney, Tim O'Neill, an AAG, just like I was. All right?

He says the other thing you need to know is that [indistinct] and I met with two FBI agents who are carrying on a yearlong investigation of Mr. Widmer and the various financial transactions he's been involved in, would turn your hair white. He's involved in bank fraud that has cost the depositors millions in losses. He's involved in laundering money for drug transactions, and the agents say they're somewhere between 6 and 12 months away for federal charges that will put him away for a while. Now, but that never happened, but my nickel, Kevin Shelton, got kicked out, and Brionne Corbray, my other nickel over here, had Jenny Durkin barking up his behind, threatening him, and making him take a plea bargain because he's a nickel and worthless to you. And you have proved that empirically. Okay? I'm going to tell it. Listen.

You also, just now you were talking about this 2870 money. You don't want to talk about what the commerce is doing. You all lied about that money, too. All right? That's crazy. I know Peter and those guys had to force commerce and you guys admit that there was more money out there. All right? That's ridiculous. And then you come back to the Dennis Turner narrative. You keep trotting him out. I see another story with Ollie and Dennis Turner in the news on 4/20 also and that's ridiculous. Okay? And meanwhile, you got all these guys out there having turf wars. All right? I'm telling you, these little break ins and these vandalisms, it's just turf wars, and then yet, it's ironic because for all these years it's nickels who were doing hard time for the little marijuana turf wars, and now you're turning to holding upside down on his head. IT's insane. You keep your nickels. Goodbye.

Peter Manning: So good morning, Chair Postman, and Board Member Ollie Garrett, and Board Member Vollendroff. My name is Peter Manning, President of Black Excellence in Cannabis. I'm glad to see things are moving forward. I will say that I have some things to mention. Launch, apparently whatever website Launch has set up for the bids for the social equity applicants to put their bids in, that information is being shared online. Like if you were a social equity applicant, and you had a bid you were putting in, everyone is allowed to see that. I don't think that's fair because of privacy issues. Your competition in this industry is very -- for the newcomers coming in, there's a lot of predatory people out there that currently own the industry. I think that should probably be corrected.

My second thing is I was looking at the rubric you guys are proposing. Once again, if you take a person that was affected on a greater scale and he meets all the requirements of being affected by the rubric, and then you take a group that takes say ten of those people to meet the same requirements, how is that equality, and how is that fair to that one person who suffered the most, to be moved to the side because nine people met the qualification. It's like the person that is greatly affected by those policies should be rewarded above them. That's my second one. And as far as the "By Us, For Us" program. That actually was launched back in February. The social equity applicants didn't get wind of that until last month in March. I would like to know why that was. And then there's problems with that soc -- with the for us, by us or by us, for us. The people that it's designed for are putting in their application, and that department is not getting back to them. Some people are filtered out. There's no transparency there. I'm not sure what that's about, and I'm going to get more information on that, but I think that needs to be corrected.

I did read the article with Ollie Garrett and Dennis Turner in it. I'm very proud of the brother up there in the north. Ollie Garrett did say that the program is a failure from her eyes, from what I read and my perception of what I read. This is where I'm at with this whole thing. We got to take -- listen to the community more about how we move forward with 5080. This is my -- that's just my personal take. That rubric I've just seen, that's not going to do it. Now what we're going to do is -- we're going to mobilize our communities. We're going to start working together to combat these issues, and hopefully, we can work with you guys to combat these issues. Keep in mind that in 2015 black people and brown people, even though they were qualified, were cut out. Whereas white people that didn't have any of the qualifications were given those stores. And now, listen to what we created. We've created a bunch of white retailers that are currently doing turf wars, burning each other signs, placing bombs out in front of the locations, having other kids ran in stores to cut back on the competitor's business, having various places raided and robbed of their product. This is all -- this is surprising that we have that level of corruption, and maybe it's because we were started this program with corruption. Maybe we should be looking at what's going on with this industry. That's just my take on it. Thank you for your time.

Chair Postman: Mr. Manning, I will just point out what I was talking about at the beginning of the comment, for Department of Commerce in the future, talk to them about that. We're just trying to keep these conversations here focused on what LCB can do. Those are not our projects, not our program. So again, just a reminder for everyone, we're really going to try to streamline in a way the public comment period so we're only talking about things that LCB has anything to do with. We have one person who signed up in the room for comment, Pauline Merwin.

Pauline Merwin: Hey. I don't know everybody's names. First name here. My name is Pauline Merwin. I am a very proud owner of Rocks Bar and Grill in Woodland. I submitted a statement with documentation of the things that I am talking about today. I'm going to really try hard not to read this, you guys. I have a separate outline, so I'm just going to do it the best I can. I have worked in restaurants and bars for a total of 32 years. I never once had a violation. I chose to move to Woodland six years -- no, five years ago, and I was able to open up a bar. That has

always been my dream. I've been a full-time bartender my whole life working for other people in the City of Portland. So I've always dreamed of opening my own place, maybe saving for retirement as bartending. There is no career.

We all left Portland, my adult children in their 30s, my granddaughter, my youngest, who was 14, we all made a decision as a family to move up here to Washington and create a different lifestyle for us, as we're used to the city, and we just wanted more of a down to earth type of thing. So when I -- to tell you a little bit about my bar, it's a very small business. I opened three days before COVID. Very unfortunate. It's been a struggle since day one. When I opened the bar, I introduced myself to police, health inspectors, and the LCB. I introduced myself in person as I wanted everybody to know who I am. I've never had any issues. I had a great relationship with LCB prior to my current officer, Rory Ryan. Somebody filed an anonymous complaint against my restaurant. I can't talk about the details, as we're in the process of settling the matter. The reason I am here is that my staff and I feel like we are being harassed when all we are trying to do is stay compliant. I always believed the Liquor Commission was here to educate, and I'm not finding that to be the case.

Another restaurant received a complaint like mine in the same general time period. The owner was drinking all day on duty, over-serving every day. The enforcement officer, one of the same who responded to the complaint regarding my business, called and set up an appointment with the owner. At 4:00 PM before dinner rush, he had a conversation with that officer, called it cordial and forthcoming, and the officer recommended they be completely closed as unsubstantiated. The LCB never went and checked that restaurant again, rather at night or during the day. The anonymous complaint, the owner was drinking all day on duty and serving minors, I did not receive a phone call. Nobody asked me for a meter. Instead, the LCB, including the officer that chatted with the other restaurant, set up a sting at 10 PM at night with an underage purchaser and sent them in to order a beer in the middle of an incident, where a patron was thrown out of the bar.

Chair Postman: Can I just ask you try not to talk about the actual case.

Pauline Merwin: Okay. Okay. So after that, the LCB came in, banged their badges on the window at 2 AM. It freaked my staff out. I'm not sure that I want them opening the door that time of night, as I know, and this is the second time that it's happened. They don't go to the other restaurant ever, but they visit us at midnight and even past 2 AM. I have had multiple visits from the LCB after two sting operations in my bar, some with very extenuating circumstances. I don't feel like being handled with grace. I feel that I am being harassed. I have a lot more to say. Obviously, I don't have time. But I just wonder what you guys do when these anonymous complaints are coming in if you compare the verbiage or whatever. I am not a drinker. I run a very responsible bar. I just -- I need help. I just need to be treated fairly.

Chair Postman: We'll make sure that Enforcement sees that as well, so we'll follow-up.

Pauline Merwin: Okay, thank you very much.

Chair Postman: Thank you, appreciate your time today. That is our last item today, and so we will adjourn the Board meeting today. We'll be back next week for Caucus.

6. ADJOURN

Chair Postman adjourned the meeting at 11:02 am.

Minutes approved this 26th day of August 2025



Jim Vollendroff
Board Chair



Ollie Garrett
Board Member



Peter Holmes
Board Member

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

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