



Washington State Liquor and Cannabis Board Meeting

Wednesday, April 13, 2022, 10:00 am

This meeting was convened via web conference only

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, April 13, 2022. Member Ollie Garrett was also present

2. APPROVAL OF MEETING MINUTES

Member Garrett made a motion to approve the March 30, 2022, Board Meeting minutes. Chair Postman seconded. The motion was approved.

3. CASHLESS PAYMENT SYSTEMS

Jim Morgan, Chief Financial Officer

Jim Morgan: Good morning. Thank you, Chair Postman, Board Member Garrett. So, I would like to provide an update on cashless payment systems.

First and foremost, they exist in the industry. They are out there. They are serving some licensees, but what we have discovered in the last several weeks is it's not universally known that they are available or that they are supported and compliant with our rules. I first became aware of cashless payment systems in 2017. There was a provider that wanted to do business with our retailers, and it was not clear by our rules that that was allowed. Certainly, even in 2017, we supported efforts to reduce cash in the system. And we were supportive of their efforts and developed a rule that was adopted by the Board in 2018 to set the guidelines for what is appropriate for cashless payment systems. Since then, a number of other providers have entered the industry, and they are out there.

We participated in a meeting last week that was convened by the Governor's Office that brought together a number of different stakeholders: Department of Financial Institutions, banks, credit unions, industry members, and a couple of these providers that do provide cashless payment

services. And from the very beginning of that meeting, it was clear that some people in the industry are just not aware that those systems are out there. There are other roadblocks, perceptions, largely about the cost of those systems. We have learned that the transactions fees for these cashless payment systems are fairly comparable to transaction fees for an event for credit card acceptance. So, the merchant fees for credit cards when cannabis is finally legalized federally and banks and payment card systems are able to participate in the industry more freely, will be a normal cost of business like any other retail operation has. So, we are working on this, our effort right now is going to be on education.

There were a number of other ideas that were floated, many of which are either not currently possible or would take a very long time to implement that could provide cashless payment processes. But the reality is they are already there. There are already vendors serving the market. I am aware of other vendors that are developing products to serve the market and looking to gain a foothold in the industry. So, our focus is going to be 1.) with our licensees making sure they are aware that these systems do exist today, 2.) that they are compliant with our rules and encourage them. We have not had any active engagement before in this because of the conflict of trying to promote private businesses. But with steering clear of singling out any particular provider, we do want to make sure that folks are aware that they are there, and that it is a service they can use to reduce the amount of cash in their business.

We have also verified that it fits within our rules for them to have signage. Even branded signage for the particular provider that they use to make it clear that a system and processes are in place to reduce the amount of cash in that business. And we envisioned putting a sign directly on the front door saying to the effect that "This business reduces the cash on hand by using a cashless payment system." Something to that effect, so our focus is on outreach.

And just to wrap up, that outreach also includes working with other agencies that are coordinating our messaging with the Department of Financial Institutions (DFI). They plan to put messaging on their website, making it clear that these systems are out there, and that they are compliant with their rules and regulations. And we are also partnering with Labor and Industries on messaging. Certainly, with workplace fatalities and risk, they have a role. And so, we are coordinating with them on messaging as well. So, that is our primary focus to make sure people are aware and taking steps to adopt.

And finally, one of the big challenges with a cash-based industry is that every time one of these robberies is reported in the news, it is emphasized that these are cash-based businesses. So, we also want to take steps to try to change that message in the media. There were two articles just this week pointing out one particular vendor with a cashless payment system and highlighting a licensee that had adopted their system recently in an effort to reduce cash. So that messaging will be important as well to change the perception that these are all-cash businesses and hopefully begin to turn the tide a little bit on this on this critical issue. That is all I have for that. Any questions?

Chair Postman: I have a couple. You, I think, sketched out the hurdles to some of the existing systems pretty well. One of the things seems to me that the biggest hurdle likely is it's just not as convenient as if you could walk in with a credit card or a debit card. There are some extra steps that in most cases the customer has to take, which is sort of a tough position for a retailer to try to move from cash. You need to convince customers to download an app or whatever else it is. And this is partly a DFI issue, I suppose, but you are talking to them. Is there any regulatory piece that is stopping those companies from doing that in any other way? Does that make sense? Is there a more streamlined system that is possible with any regulatory step on the State's part? Or does the next step get us into federal banking law?

Jim Morgan: I think you are right. The next step, the ways that it would be more convenient typically rely on using the National Payment Card System either for a debit or a credit card. And there have been some solutions that try to skirt the rules of that system and find ways to allow people to use their debit and credit cards. But those have been found to be problematic, as well. One of those options is known as a cashless ATM, where a kind of virtual ATM system is connected to the licensee's point of sale system, and it allows them to use a bank card right there. But also, there have been news reports that while that is not illegal, and we don't have a say in whether they could do that or not. Visa has come out and said that violates their terms of agreement with that retailer because it obscures the fact that they are actually using it to purchase marijuana.

Chair Postman: Oh, I see. Right.

Jim Morgan: It violates their Terms of Agreement. So, any of the systems that have allowed direct use of a debit or credit card have their own challenges. And you are absolutely right. The convenience of walking in and just being able to run your debit card in the ATM that they provide right there next to the cash register is very convenient, especially compared to some of the options where they are using pre-loaded cards. Well, it is certainly less convenient for somebody to have to take money out of their bank ahead of time to pre-load a card so they can use it in a cannabis retail shop.

Chair Postman: You can only use it in one specific shop in that case, right?

Jim Morgan: Or another shop that uses the same service provider.

Chair Postman: Well, that makes sense, okay.

Jim Morgan: But fairly limited.

Chair Postman: Yes.

Jim Morgan: So, they will always be fighting the convenience factor of somebody being able to run their debit card in the ATM inside the shop. There are ways that they can incentivize. It is within our rules for them to provide incentives and discounts for using these payment systems.

So, if they really wanted to make every effort to reduce cash in their store, they could actually sign up for one of these systems. They can promote it. They can provide incentives to customers to use it. So, it's not the best option for customers, and customer convenience will ultimately drive adoption.

Chair Postman: Right. Member Garrett has a question.

Member Garrett: I don't even know if what I am saying makes sense, and I'm just speaking without -- but when David mentioned the word "app", it made me think about Cash App. How could something like a Cash App work in this environment to where every store -- because their deposits are going into the legit account for the cannabis items. If they have a Cash App linked to that account, can something like that work?

Jim Morgan: Well, so something like that could certainly work, and I believe there are payment services that use a similar approach. But using something like Cash App or PayPal services that provide payment services already, those companies don't participate in the cannabis industry. So, using a widely available commercial application like that is not available. These other providers either have to try to mimic that process or come up with some of their own. And some of them are relatively straightforward, but they require the customer to download an app and create an account. One of the simplest methods is using the banking system, the Automated Clearing House (ACH) they call it. And that is just the ACH system that we are all probably familiar with without knowing it. That is the system that is used for direct deposit of paychecks. It's a system that moves money from one bank account to another bank account, and there are a few of these providers that use that sort of system.

So, a customer would download their app, create an account, put their bank account information in the annual procurement process, and then when they go into the retail shop and the transaction is finalized, it just moves the money from the customer's account directly into the retailer's bank account. And there are other systems that find ways to get around the problem, but they all require some sort of app on the customer's part, some sort of account that many people might find less convenient than just running your debit card in the ATM.

Chair Postman: Well, then there was the one that's at the counter. You buy Bitcoin, which then is transferred. I mean, none of it is simple because of what we have to do with the existing federal rules and the credit card company's not just reluctance but just inability to engage in this. So, they are all just kind of different forms, none of them are as easy. I am hoping they are all going to get better technology-wise. But you mentioned incentives for customers. So, a store could say if you are using a cashless system, it has got a discount over a cash price, which is the opposite of the way those things usually work, I guess. But we need a series of cascading incentives. I want to incentivize the financial services companies to come up with better ways. I want to incentivize the licensee to adopt this and then the customers. I mean, I'm sure we all agree we want a safer system that is not attractive to violent criminals, and a lot of good that can come of it. But it's not easy, and it's going to take -- I think we are going to have to keep doing what you have been doing, Jim, which is working with the Department of Financial Institutions

and others to see what is out there, to see what could be out there. And then we have to keep figuring out how we share that information with licensees. Again, we are not going to promote one business over another. We are not going to. Some suggestions have been made about could we do an RFP for a service? A couple of problems. One, I don't think that is a good place for the state to be. But also, it is still the same system that exists today, and then you would have less choice for people. So, I don't think that is an answer. But I do think -- and I know you are working on this -- there is a lane there for us to be communicating with licensees and those companies and the state regulators on the banking and financial services side to just basically do everything we possibly can to get this out there.

Jim Morgan: Right. And that is exactly our approach.

Chair Postman: Okay. Thank you. Appreciate your work on this throughout.

Jim Morgan: Thank you.

Chair Postman: And we will have you back for an update soon, I'm sure. Let's turn to the physical security crime prevention side of it. Chandra Brady, our Director of Enforcement and Education, held a meeting yesterday with law enforcement and some retailers, and licensees to talk about this and has been deeply engaged in these conversations. Good morning, Director Brady.

4. CANNABIS RETAIL SECURITY UPDATE

Chandra Brady, Director of Enforcement and Education

Chandra Brady: Good morning. Thank you, Board Chair Postman and Board Member Garrett. And good morning and welcome to folks in attendance. I just wanted to share with you in response to your questions, and our concern for the safety of our licensees and staff in the face of the retail robberies that are occurring. Enforcement and Education have been working with partners inside and outside the agency to provide support information education. One of the things we did, as you mentioned, was partner with our Finance and Communications teams as well as general law enforcement in the communities in jurisdictions in which these robberies are occurring to host a forum for retail cannabis licensees, and our staff also attended to talk about best practices and observations. And we had five other law enforcement agencies in attendance that shared some of their learned recommendations and best practices.

In addition, we have been providing staff training within the LCB. Also, we have been partnering with LCB Finance to look at options for supporting licensees in the way of training or possibly security assessments and recommendations. So those are just some of the things we are working on. We also met with L&I to talk about things we can do in the area of employee safety for those retail licensees and employees. And then, as always, as you know, our officers and compliance consultants are available for questions, thoughts, and support.

Chair Postman: All of this costs money. Or I would say most of these things that anybody has talked about cost money, and it's going to fall on the retailer, the licensee. We did hear, I thought, some interesting things from law enforcement, one detective in particular who was getting pretty detailed about the sort of cameras and camera placement and things like that. Are we still going to be able to work on that kind of level of engagement and help just bring that knowledge door to door if necessary?

Chandra Brady: Yeah. So, one of the things I mentioned was potentially offering a security assessment and recommendation. And so right now what we are trying to quickly determine is if we have the ability to contract for that, what the scope of that would be, and get that all put together to see if it's an appropriate place for it to come from us. And that is the path that Director Morgan and I are walking down right this minute. The other thing that I heard from many of the local law enforcement jurisdictions yesterday was that they are doing this for their licensees right now. They are getting phone calls, and their community ProAct teams are responding to those types of requests. I know that Tacoma Police Department is doing that. I thought I heard from King County and Seattle both that they are doing that.

Chair Postman: Bellevue is doing it. They have a small number of licensees in the city, but they have met with all of them.

Chandra Brady: Yeah. And so, there are a lot of agencies that are proactively doing that. But also, I know that because that is where my experience is before the LCB. I know that we tend to respond pretty positively to those requests when they come in. So that is another option for what somebody worried right now can do while we are working on a plan that will carry us through to being prepared for what is to come for our licensees.

Chair Postman: Yeah. And, again, because it costs money, we have had this question from licensees, and it came up in our roundtable a couple of weeks ago. Is there any way for a tax incentive for capital costs or anything of that sort? And we mentioned this in other meetings, but we will continue to. I think there is an openness and willingness on the part of people in the Governor's administration to look at that. I haven't heard anybody say, "heck no!" or "it's nuts!" I think we are getting a group of people to look at it. It can't be done without legislative action, so none of us have the authority to say, "Yes, you can do that." So, it's something that is a little further down the line if we can get there. But I think it is within the realm of the possible and is a reasonable thing to put on the table. Certainly, at least until we have federal action that loosens some of these other things. So, yeah.

Chandra Brady: There are some things that are outside of our control that is frustrating for our licensees, and we talked through some of those yesterday. Why aren't these people getting longer sentences? Why aren't they being prosecuted to the fullest? And it's obviously not something that we have a lot of influence over.

Chair Postman: I am not even sure that -- I mean, I don't know that that is the issue. Right? I mean, for some of the most high-profile crimes, we need arrests, we need trials. So, I am not sure where that data is coming from.

Chandra Brady: Yeah. Well, it is just things that people are expressing. Right now, we are all doing everything we can to provide support and figure out where and what we do have control over so that we can influence and impact.

Chair Postman: And these are issues that face a wide breadth of crime. Unfortunately, when people are victims of these crimes they are forcefully introduced to the criminal justice system. And there are a lot of frustrations built into that, and it can be slow-moving, and it doesn't always end up as one would like. So, I hear that both from licensees, and I hear that from law enforcement. So, I think we can agree on that. What I was going to ask because you do have Education and Enforcement people who are out there all the time, have you heard from your team on what are people from the licensee's perspective kind of what the temperature is right now, and what are their questions?

Chandra Brady: Yes. And actually, I just yesterday reviewed data from last month. And, as you know, I will be reporting to you on that later. But our cannabis team's education contacts went up 78% last month, so I can confirm that they are out there doing that work. And then we are answering all kinds of questions and providing all kinds of information. Just what are the rules? How does the law impact this decision? Can we do this? Can we change operations in this way? Are we allowed to post this? Lots of different questions that we are able to answer. So, as you have those questions and you are working through best practices, we are available as a resource for sure.

Chair Postman: Yeah. And as CFO Morgan mentioned, you have people who aren't even sure, are we allowed to do this sort of transaction or this sort of transaction? And so, there are a lot of unknowns or questions that haven't come up yet. So, we will continue to answer those.

Chandra Brady: Yeah. And one of the things I am really proud of is that our division and the staff in Enforcement and Education work really well with Licensing. So, when we get those questions, we know who to call in Licensing and Finance. So, when we get Finance questions, we know who to call in Finance. And the same is across the agency, so we are able to help make those connections, and we are doing a lot of that as we are out in the field, too.

Chair Postman: Okay. That's great. All right. I think that is it. And seeing no other questions. Thank you, Director, and we will see you this afternoon. All right. We will now move to Rulemaking. And we have one action item, but first, Kathy Hoffman, the Policy and Rules manager, will give us a general update on timelines. Good morning.

5. RULEMAKING TIMELINES

Kathy Hoffman, Policy and Rules Manager

Kathy Hoffman: Good morning, Chair Postman and Board Member Garrett. Here is a brief update on our rules in progress for this month, and I will begin with rules related to alcohol first. The project concerning axe throwing at liquor license premises is scheduled for hearing at the next regularly scheduled Board meeting, and that is April 27th. So far, we have received three comments in support of the proposal, and we anticipate bringing final rules to you for adoption on May 25th. Moving on to the project to implement 2022 legislation, and that is Senate Bill 5940, regarding an endorsement for certain liquor licensees to offer contract packaging services. Our project began this week with an initial project team meeting, and we anticipate bringing the CR 101 to you for review and approval also on April 27th.

And so, moving on to general rulemaking. A project to establish a new rules section that would allow the agency to serve and accept documents electronically is at the stakeholder feedback stage, and we released conceptual draft rules for public comment this Monday, so that was April 11th. Providing feedback through April 25th on the conceptual draft that was offered and those comments will be reviewed and considered. We plan on bringing the rule proposal to you for review and approval on May 11th. And under that timeline, we could bring rules for final adoption as soon as June 8th. So, before I move to cannabis, any questions on those projects? Okay, thank you. So, I will move on to cannabis.

Kathy Hoffman: The rule project is to make technical revisions and updates to align with the Pesticide Action Level rules, and that is WAC 314-55-108, but with the recent updates to cannabis quality control rules, this is scheduled for a hearing on May 11th. We received two comments on the proposal and several questions. So, following the hearing, we can bring the final rules to you for adoption as soon as June 8th, also.

Moving on, the project to implement House Bill 1210. That goes into effect on June 9th, I believe, and replacing the word "marijuana" with "cannabis" throughout the Washington State statute is well underway. We are preparing to present the CR 105 to you on April 27th. The legislation authorizes the LCB to use an expedited rulemaking process, and that is described in the Administrative Procedures Act under RCW 34.05.353 if anyone is interested. It allows us to make this word revision and rule without a public hearing. So once the CR 105 is filed with the Code Reviser, there is a waiting period of 45 days after publication before we can bring you the CR 103 for final rule adoption. So, under that timeline, the earliest possible date we could bring final rules to you for adoption is July 6th. So, before I move into the presentation of the CR 102 for Social Equity in Cannabis, any questions on those projects?

6. CANNABIS RELATED RULEMAKING

ACTION ITEM 6A - Board Approval of CR 102 Regarding Social Equity in Cannabis Kathy Hoffman, Policy and Rules Manager

Kathy Hoffman: So, I would like to request your approval to file the CR 102 proposal that amends the current rule and establishes a new rule section to create the Social Equity in Cannabis Program (HANDOUT 6A). By way of background, Social Equity in Cannabis Task Force was established by statute and has met continuously since 2020. Several subgroups were created to address various topics and their work informed task force recommendations provided to the LCB on January 6th of this year. While the Social Equity Task Force completed that work, we began to review existing rules to see what we can do to reduce barriers to entry in the legal cannabis market and revise rules around background checks. Those rules became effective in early October of last year. The CR 101 for this project, or the pre-proposal statement of inquiry, was filed on October 27th of last year. No comments were received on that pre-proposal statement of inquiry.

Shortly after that and as we waited for our task force recommendations, we began to review existing rules related to licensure to see where we might revise language, better describe processes, and modernize to increase readability. These are offered as the amendment bill note in the rule package, but they do not change the substance or operation of those rules. As part of our outreach, we hosted an informational session on February 17th for anyone interested in participating in the rule development process. Once conceptual draft rules concerning proposed WAC 314-55-570 to establish the Social Equity in Cannabis Program were prepared, we hosted a Listen and Learn session on March 23rd. We provided attachments in the rule package concerning the extent of our messaging on this session, and it included legislators, the Social Equity Task Force, and over 32,000 GovDelivery recipients. We received a great deal of feedback during that session, and it's presented in table form as an attachment to the CR 102 memo. We listened to that feedback and incorporated it into the proposal before you today.

Along with the amendments to the existing rule, the new rule section provides definitions unique to the section and the program describes social equity applicant requirements, describes the social equity application process, and offers additional provisions such as license mobility within a county. It describes the application withdrawal process. A comparison table that aligns with the Social Equity Task Force recommendations, statutes, and the proposed rule can be found on Page 7 of the CR 102 memorandum. The only difference between the task force recommendations and the proposal is that the scoring rubric identifies race-neutral factors that we hope will achieve the social equity goals expressed in House Bill 2870, and that was the enabling legislation for this work. I would note that this approach is supported by the Governor's office, as noted in attachment G. So, if approved for filing today, notice will be published in The Washington State Register, and the public hearing will be held on May 25th. Under that timeline, we can bring final rules to you for adoption as soon as June 8. So, I would like to ask for your approval to file the CR 102 proposal today. Thank you.

Chair Postman: Member Garrett, any question or comment before we move to a vote?

Ollie Garrett: No, just thank you, Kathy. This was a lot of work. You did a lot of outreach to the community, and the Listen and Learn was very well attended. And I know that we took notes of a lot of the comments that were made and carefully reviewed everything to see out of those

comments what we could incorporate, and we did make some changes based on comments. So, thank you for that.

Kathy Hoffman: Thank you very much, Member Garrett.

Chair Postman: This work has been going on non-stop, and I think we have been talking about this since the day I started a little over a year ago, and I know you all started it before that. And the legislature had their efforts, too, to which this session didn't produce anything, but we never stopped working towards this. This is an important step. As I mentioned yesterday, it doesn't by any stretch mean we are done. We are just trying to get to the starting line here so we can actually make these things happen, which we can now see, and we now have this path ahead of us. So, thanks to you, thanks to the Licensing team, Becky Smith's leadership there, and her key staff who have been so involved, and Member Garrett, as well as so many other people in our agency from the Director on down. And our wise counsel from the AG's office and others who have helped us get to where we are and come up with a rubric that we think is the best path forward, I think, is what we can say. So, with that, I will entertain a motion to approve the CR 102 regarding Social Equity in Cannabis.

Member Garrett made a motion to approve the filing CR 102 Regarding Social Equity in Cannabis. Chair Postman seconded. The motion was approved.

7. GENERAL PUBLIC COMMENT

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

Christopher King: Oh, terrific. Thanks, guys. Listen. Just a couple of quick things here. You know, one of the things that I want to get around is that the LCB has a documented history of being arbitrary and capricious in its actions. Okay? And I'm not the only one who said that. I mean, that was stated in the Cornell School of Law of Public Policy research that was done with your favorite cannabis firm here, Miller Nash. Many of the things that are in that report I have already said in the lawsuit with John Novak. Okay? So when I get online and I see some of the Board Members and people throwing up their eyebrows at me and everything. No, I wish you wouldn't do that because the things that we are saying have been documented for a while. And I even interviewed William Clark, your Senior Licensing Specialist. Okay? And William Clark, your specialist, said that it's arbitrary, capricious, and racist. Okay? And so I'm just going with that.

And I'm also going to remind some of your staffers that given the number of civil rights cases that have been resolved. I've worked for Ted Mearns, who was a pre-eminent civil rights law professor. I've done a lot of things in this world relating to civil rights. I have probably forgotten more civil rights laws than any of you will ever know. And that's a fact. So we are going to get to the analysis now. We are going to talk about -- oh, one more thing about civil rights -- you can't really tell Sami not to mention Jewish or any other religion. It's a fact, most of my friends actually

are light-skinned Jews. But unless he's making hate speech, you can't really restrict what he says. He makes an observation, to say if you are white or Jewish, you get what you want with the LCB. I might not say it, but you can't stop him from saying it. Okay? Next point.

On the constitutional point, even worse than that we have it on information and believe from very respected sources that if you are allied with me, you won't get a license. Okay? That is a constitutional violation, too. You got the first amendment right of association with me. You've got the right to petition the government for redress, which is being impinged on if you condition that. Okay? And you've got government actors. This is a government program that is being enforced or set out through some private actors. All you could be liable under 42 U.S. Code § 1985. All right? Watch it! I expect my people to get fair respect when they go for their licenses in this new program. Okay?

Next, let's define what that program is. Okay? Under the Civil Rights Rubric or framework of analysis, you need to have a compelling -- well, there is a rational basis. That is like when you put a street sign up, that is nothing. But we are dealing with strict scrutiny here. You got to have a compelling governmental interest. Let's define what that is, first. The compelling governmental interest as it started out in equity was to help the blacks predominantly who started this industry, okay, and took the risk, not just the blacks who were selling weed in the 50s and 60s. Okay? I have people in my family who work with mafia people. I know all about that. All right? I'm talking about the people who stuck their neck out to go public to register with these agencies that we are still busy discriminating against them. And they defined the market for legal cannabis out here. And then you got those folks, and then Libby Haines, the only black woman I know -- the only black person we know of and black woman to pass through the gauntlet, and then they took it from her after she passed through the lottery. Meanwhile, they're working out deals with people like Kaleafa, who your attorneys identified as basically crooks with \$4.5 million in judgments against them. So there's a compelling governmental interest, and it's narrowly tailored. You take those 39 licenses, and let's say there are 15 or 20 blacks that can show they were around back then, will you give those the first licenses? Then you filter out the rest to other people who were in medical at the time, and the Johnny-come-latelys come last. Okay? That is the last consideration in that constitutional analysis. Okay? So respect the elders. They started this. They deserve the first set of licenses. And I'm gonna leave you with that. And I am a hearing officer. I'm not a federal judge. Okay, I know. I'm just gonna briefly conclude as you allow everybody else to do. So like I say, I'm going to briefly conclude now because, yeah, I do know the law. That constitutional analysis is very valid. You can ask all your lawyers, and that is where we need to start. Thank you for your time.

Sami Saad: Thank you. Okay. Yeah, you can hear me well. Hi, everyone. My name is Sami Abdullah Saad. I am mixed with a little Jewish, a little Arab, African. I don't discriminate against Jewish. But that's true [indistinct]. The first medical weed shop just came recently after 2014. He's a white Jewish. He's downtown in Linder. Everybody can see that, 4th and Linder. You can see Uncle Ike's. He's a white Jewish. I'm more. I'm more. The one right next to me in 323 North 105th Street. So if it's three -- if it's two people, they say your ear is not there, you should touch it. I'm not against Jewish. I love them, but we started first. We're being disrespected. So we

should get first. The other thing is for Ms. Ollie Garrett. Ms. Ollie Garrett, your staff never call me. That's a lie. The second thing is, I call you, and I was so happy because I have the people publicly to hear you from my community. You disappointed me because I have you on the speakerphone. You said, "Do not call me again." Unfortunately, later I find out Emerald Haze -- she know what Emerald Haze. Emerald Haze is her ex-boyfriend weed shop and it's being legalized and is being given them license. His name is Jim Buchanan, he used to date Ollie Garrett. And this is not an accusation. Everybody know that. Christopher know that. Kevin know that. All of us know that. Why had only her ex-boyfriend get his weed shop reinstated, not us? That's a no-no. She came in 2016 to the LCB to reinstate her ex-boyfriend license. That's not acceptable.

Chair Postman: So, you can give us your opinions and your thoughts. Don't make accusations.

Sami Saad: Shalom, Mr. David. Please let me to speak. Shalom. Shalom. You -- I don't disrespect you. And you believe -- you are from a Jewish community. I have much respect for you. I'm mixed with you. So why only your people get -- be reinstated? Why not us? Second thing is, Black Excellence, they are a partner with them -- with her ex-boyfriend. They get their weed shop, and they cannot speak publicly because you guys told them that because you got settled with them when they filed a lawsuit. I have a lawsuit, too, me and Kevin. We help in a community. We been before everyone. I am African Arabic speaker. None of us are Muslim. None of -- there is no Muslim in this field. We are being disrespected. I represent the Muslim community, too. We should be there. Kevin. His name is Kevin. But he's Muslim, too. We should be there, me and him. You guys never want to settle with us. Even you say, hey, two people we can give a license. You guys don't want to do nothing. This is not equality.

Second thing is, we have meeting with my community and the social equity groups. A lot of people from our community that Kevin [indistinct] they been assigned with a social equity group. Sheri from the City of Seattle came. All her social equity group came. My community they said it, an all Rainier community. They said we need Sami to get his license back, and if this is not acceptable and is not of fairness, and we feel being disrespected. We represent a black community in Rainier as well as those black people being disrespected a lot like Kevin and all of us. This is not respectful for us. If you guys want to give a license, you should give the people who have been lost, like Christopher said, or this is not gonna be for us. This is for all the people. And this is you guys. You aren't interested. The second thing is, if you guys taking people opinion, you guys should listen to the community because this guy -- you guys damaging the community. A second thing about the robbery, let me tell you. I told you. I warned you before the robbery a long time ago. It's a big protest by Uncle Ike's. They kill multiple time. They said, if you guys do not give those black people their license -- the one that start the medical, they're gonna rob those stores. They're gonna make violence. This became like Mexico [indistinct] been happened. We are the [indistinct] people, but that's what happened [cross-talk]. We do not like what's happening, but you guys caused this, and you caused damages. And I want the FBI to be involved, the general attorney to be involved, to be investigated, to those to be educated. You guys mess it up. I really like to support you guys. You, Ms. Ollie Garrett, and all of you guys, but this is not acceptable, Ms. Ollie Garrett. Only her ex-boyfriend get a license.

Okay. Please let me to say this one, the name of the shop. And Christopher can tell you the name of the shop. Kevin, he will tell you the name of the shop. Emerald Haze. That's [indistinct] or whatever his last name is.

Libby Haines-Marchel: My name is Libby Haines-Marchel, and I'm a little -- I'm trying to -- right now, I'm trying to figure all this stuff out because I am the -- I'm a black woman, as you can see. But I actually was a part of the industry back starting in 2012, actually, when they first introduced the I-502. And I'm a little emotional right now because I'm a regular mom, just a regular person. I didn't come into this industry with a whole lot of money. I just wanted to provide for my kids, that American-type dream. Right? This was a way for me coming from my community because I've watched so many black people go to jail over marijuana. So, I found the opportunity to send my kids to college using marijuana. Right? I have all sons, all black sons, five of them. This was an opportunity for me. I worked my behind off. I went broke, busted. Listen. I'm telling you. Credit, in debt, everything. I didn't have a whole lot of money. I worked hard. I went to all the meetings, all the trainings, everything. I did everything I thought was right.

I entered into the lottery. First, they had people enter, then they said, okay, we're going to start all over. Start all over. They had to redo it. They created a lottery. To the point where I monitored the whole system every day, like I'm on top of it. I had emails requesting to make sure that I did everything right. And the reason why I entered is because I qualified. Right? I have a criminal history. It's old. It's 30 years old. But I met the requirements. I did everything that I needed to do to be in this industry. The only thing I didn't have was a whole bunch of money, and I definitely didn't have -- this is the difference in now, and it's blowing me back because it's like they're saying, "we want to help black people get into the industry." I didn't have that support at my time at all. I did not have any of that support. I had to reach out to people. And a lot of the people that I reached out to, especially the people of my color, couldn't even believe it because they are so used to getting done wrong or being mistreated that they didn't even think that it was possible.

And here's the thing, I entered the lottery. This is the crazy part. I monitored the system so much that the day they had sent the lottery, I would check, and I didn't see my name in my lottery system -- well, my lottery pool that I was in. I end up trying to email and call, and they said, "we're not doing anything." I had to drive to Olympia with my application packet in order to make sure that I was in the right lottery. These are the efforts that I put in. Then only come to find out that they deny me my license, not because of anything I've done or anything that was wrong with me or anything because the person I was married to had a criminal history. I did everything. I tried to -- I basically begged the Liquor Control Board. Listen, we will do anything you say. Whatever you want us to do to monitor us to make sure my husband wasn't going to get a dime. If I had passed away, he wouldn't get one red cent from this industry, to only find out in the middle of a pandemic 2020. This is when all this started. I got a 90-year-old mom that had COVID. I can show you her. I got all the records that during the midst of this pandemic, all these changes are being made. The same reason why they denied me my license, they are now -- that rule doesn't exist. They have worked with people. I got emails. I got proof that they have worked with people that weren't quite qualified to help them, but they never -- no one ever tried

to help me. And I deserve a license [indistinct] my kids deserve. I got a son. I struggle and I worked my behind off. I deserve to get a license. Somebody needs -- you guys need to do the right thing. I deserve a license. I really, really do. This is not -- I'm glad that you guys are trying to work with the blacks, but somebody should have reached out to me the minute they changed this rule. Somebody should have come to me and said, "Listen, this was wrong. You were right. You were right, Ms. Haines-Marchel. You were right." I fought. I went all the way to the Supreme Court. I did what I needed to do. I didn't send no -- I didn't cuss you guys out. I didn't do any of that. I tried to work with you. I can see why these guys are hurt. I have been damaged from this. You guys need to give me a license. I should be first on the list, number one. Okay. I should be number one. I and my kids deserve this. My kids have all been damaged. They couldn't believe it. They were excited to see their mom that worked so hard, and then to see me be -- it's almost like I got weak. I was -- I felt so -- I didn't trust the system anymore because I was like, I did everything. I did everything. You guys are the Board. Let's do the right thing. Let's not pretend like we are trying to help folks. Let's really help the people. Especially those that were damaged. Let's do the right thing.

Chair Postman: I was not here back in the day. I don't know all the deal, but I will tell you what we just approved is the next step in creating the system that you say you want that we do it. Now, I know you think you should be at the top of that list. It's not the way this new system is going to work, but it is a different system. And Member Garrett and others are more experts on this than I. And I'm happy to get some people to talk to you about how that system is going to work. Before this year is out, we will have applications available that as you point out, you don't have the hurdles that you had but, in fact, it is designed to try -- when we have this scoring list of applicants, it addresses many of the things you just talked about. I know it's not everything that you want, and it's certainly not what was in place when you came to this business originally. But I don't think that it means that it will never happen. We have a new system that is about to launch.

Libby Haines-Marchel: But how about righting the wrongs. How about -- No. Listen. That's the reason why I'm so emotional because this is not the first situation I have been in where I have been discriminated against. Nobody. And I have proof. I have proof that the Liquor Control Board worked with folks and helped them get licenses. Listen. Back then, back then. And here is the thing, I have already put in the work. I literally put in the work. I put in the work. It's only right. We got to do the -- listen to this. I know about the system and the rules, but sometimes we need to -- a matter of fact, we need to do the right thing.

Chair Postman: But we are going to have to do it by the rules. We have new rules coming. What I would ask is that you at least -- I'm not asking anything, really. What I will tell you is that what we can do is to make sure that, again, you know what these next steps are, that we have somebody who can work with you to go through what those steps are going to be. When that day comes when the applications are going to be accepted, what that scoring sheet looks like, what you can do for that, I think that's our best option right now. It's not everything, but it's not nothing. And when you talk about righting wrongs, you know they are based on an individual basis. And I understand. I feel what you're saying. But we have a system. We have to work

within these rules. We can't just say you don't think this one is right or wrong. The legislature would yank our authority back in a second. And we are already ahead of them. As I was saying when we were talking with Kathy Hoffman, we have been out front on this.

We are doing rulemaking. We're not waiting for legislation. That was one of the things that people in the community came and demanded. And they are right. Don't wait. So we didn't wait. So we are working on it. And all I can keep saying is it's not perfect, it's not as timely, it's not going to answer all of these questions, but it's not nothing. It is a possibility. And we don't know. I certainly have no idea who will get one of those dozens of licenses that could be toward the end of the year, but without this work, there wouldn't be any until the legislature's [indistinct]. Right?

Libby Haines-Marchel: Here's the thing, the difference between me and all these other people right now -- because right now, you're inviting them to the party. I wasn't invited but I came, and I put in the work. This is the difference. I put in the work almost 10 years ago. I put in the work. That was the difference. I put in the work. And here's the thing, not only did you guys deny me. No one tried to work with me. They said, "No, no, no, no." Even going through my appeal process with the Court of Appeals, my attorney reached out and said, "Listen, whatever you guys need for Ms. Haines-Marchel to do in order to -- you guys can oversee her. Just police her. Do whatever you need to do. Give this woman this opportunity that -- listen, I took a chance. I took a chance. I took a chance. Listen. And I made it through. You got to understand. There are a lot of people that weren't black that didn't make it through. I made it through. I won an actual lottery, and it wasn't easy doing it. Trust me. The application process wasn't easy. None of that wasn't easy. None of that. It wasn't easy. I put the work in. I deserve -- right now, you're telling me the very reasons why I was denied are being black. Right? My husband's criminality. None of those things exist? You got to understand. Just think about how that would make you feel. Like, honestly. We got to be humanitarians. Right? All the policies were set up for me to fail from the gate. We got to do the right thing, you guys. We got to do the right thing. Listen. I'm a black mother. Listen at this. I got five sons. Listen. And I'm trying to teach them. It's already likely that they'll end up in jail and prison, and I'm teaching them to go after marijuana with the thing that got most black men in trouble in the first place. To teach them, hey, listen. Mommy's going to do it the right way. Mommy is going to teach you guys to do it the right way. Listen.

Chair Postman: We're going to have to move on. I'm sorry. I'm happy to talk to you more about this. All I'd say again is there is a way. There is a path. I can't predict. I won't even attempt to give odds on what the outcome is. But there is something that exists, and we all should work together to try to make that work as well as it humanly can. That's all we can do right now. And let's not miss this opportunity, and let's test it. And I just don't know what else to do at this point. We can't just keep waiting for action from elsewhere. We have to abide by certain rules and laws. It's the only option in front of us, I believe, and I think it's a good one. I think our team has worked to craft a scoring system that addresses these issues that invites that. And it's the things you said didn't exist at the time, which is support and official acknowledgment of the

disproportionate impact of the war on drugs -- the failed war on drugs -- we are there. So let's test it, and you let me know what we can do.

But we have people who can help anybody get through this process, and we got more to do. These rules won't be official -- like I just saw the date -- I think it's June. And they will be able to start doing it. But we're never stopping work on this. And if you want some time to sit down with people who are writing those rules and writing that process, let's do that. Let's just do it. Let's try it. I think that's all I can offer you at this point. It really is. Other than tell you I hear you. I absolutely do. So feel free to reach out.

Libby Haines-Marchel: Thank you. Thank you for hearing me. Thank you for listening.

Chair Postman: Okay. And we will reach out if you do want to try to have that conversation in more depth. So, thank you, Ms. Haines-Marchel. I appreciate your time and your willingness to engage with me in that conversation. I really do. It means a lot to me. So, thanks. Okay, we're going to go back to our list. We're going to check back in with Kevin Shelton, who we were waiting to see. Mr. Shelton, were you able to unmute?

Peter Manning: Anyway, this is -- you know, I read over the potential -- first of all, let me just give some clarification to a statement I made a couple of weeks ago. I did not want everybody to take that I was saying that it was just like the New Orleans robberies. That was not the message I was sending. The message I was sending was that there is a frustration in my community because it has come to realization in our community that these stores are predominantly owned by white people in their neighborhoods. So this is causing more frustration. This is something that I could go back and look. I even spoke in the past that this was going to be a problem in the future with our people. But it was interesting because I understand how this all evolved and where we are at now, but I'm looking at everything, and I met with James Paribello, who was a liaison at that time for the LCB. And I met with him in 2016. And I was just going through the paperwork, and it says -- this is a meeting that I attended with him. He says, "the meeting was a real eye-opener for me. I realize that based on institutional racism and socioeconomic factors, which I disagree with -- well beyond the scope of the LCB's jurisdiction -- I disagree with that as well -- the African American operators had trouble finding capitalization partners and legal representation to overcome the bureaucratic barriers to apply under 5052." And so he went on to say that he had met with Rick Garza, the Director. What my point here is, in 2015, I made it very clear that there wasn't enough black participation in this cannabis industry, nor was there a pathway for us to move forward. And I even predicted that it was going to wind up with these white stores in our black neighborhoods. That came to pass because I was able to see the footprint of the socioeconomic racism or the systemic racism that was in play. And it's the same entity that you now, Mr. Postman, are head of. Those elements still exist there. What guarantee do we have that the same thing is not going to happen again?

I read that rubric that the LCB is proposing to put out. It's completely flawed, in my opinion. There are a lot of loose ends, loopholes. There are a lot of what-ifs and maybes. And I think it needs to be more pinpointed so the people that were affected by the war on drugs, it needs to

not only highlight those people that were displaced by the LC members, or they weren't given help. It even came to light here just recently that we were doing our research on some of these predominantly white-owned stores. They weren't even transparent in their application process to even qualify for the stores that they have now. They were not held to the scrutiny of that of black people and brown people. And this is like -- I don't know what it is like. It's like it's when black people or brown people were done wrong, is this super long study session when it comes to making those rights wrong. It just makes no sense to me, Mr. Postman. And I think that we need to have a better -- we need to set aside a meeting for the LCB to meet with the black community. We need to do that. And give clarification, I have no affiliation with Jim Buchanan, Emerald Haze. Black Excellence in Cannabis does not have any type of connection with anything other than pushing for social equity. We actually created the social equity. We helped write HB 2870. So I don't know where these speculations are coming from. We've worked on this since 2014. There was no one speaking for social equity in 2014 other than myself and Aaron Barfield. And Paul joined us in 2017. So, just to make it clear, we support Ollie Garrett, not because of anything other than Ollie Garrett has been really supportive of the black community. She cannot go in there and correct all the wrongs that were done. She is just one black woman, but she is standing her ground, and she's doing a good job. And I am not saying that because I'm looking for favoritism. I know that we have some type of communication or personal stuff. It's none of that. It's the woman is doing her job. Why don't you so-called black people attack the people that were there prior to Ollie Garrett, like I did, in 2016? Why do you just -- this woman is helping us. Why are you guys going after her? How is that showing black support? You are fighting and tearing a black woman up before white folks. I don't get that. You guys need to get some correction.

Chair Postman: Thanks, Mr. Manning. Appreciate your comments. Appreciate your clarification on your comments the other day, and I appreciate your kind comments about my colleague. Everyone should know that Ollie Garrett has done more than any single person to move the ball on this issue and holds every one of us internally accountable and legislators and others. And a few quick comments. Mr. Manning asked, how can we guarantee it will be different? I can't guarantee anything. There could be litigation around this. I don't know. And you said there was no path. I think there is a path. We are in a better place than we were when this system started. We didn't, this didn't exist. And whether people don't like the rubric or not, we have what we think is the best legally-sustainable system out there. And again, it doesn't mean that it's over. It doesn't mean that it's fixed. It's going to evolve. I bet it does get challenged from one side or the other or both. I don't know.

And as much as we hear from the people we have heard from today about the need to do more, more, more, I think we all know there are people who don't want us to do more. We weren't able to move legislation this last session. This is not the black cannabis industry versus the Liquor Board. This is a much bigger dynamic than this. We are not standing in the way. What we are trying to do is get that progress here and to get a path forward. But again, I can't guarantee anything. I don't know who is going to win, you know? There is going to be a limited number of licenses available this year, but we are doing everything we can to get those out. Our Licensing department is working for day one here, so when they can start, they're going to start.

Everybody in this agency wants to see this succeed, and we've built in some of the things that weren't there before that. People today talked about where is the support? Where is the coaching or mentoring or whatever? How do we help? How do we get there? We are trying all that.

So I'm just going to really plead with people to try to give this system a chance. It's a new path. That's all I can say. It's different. It's something we didn't have before. And it's what we do have, and it's what we have here at the LCB authority to do. So I think it behooves all of us to go, okay, this is what we believe. Let's go all-in and see if it works. Let's do it. And it's not the last word. The legislature is still going to keep working on this. We know that there are going to be advances. I'm confident of that. But we shouldn't have to wait for that. The LCB changed those criminal background rules on our own because we felt we saw it. We saw the impact. We know the importance. So we are doing these things. And it doesn't create the world that we all would like to see on day one. It does not. I will give you that. And no piece of legislation or ruleset will. I think what we can hope for is a path to show that we can do this in an equitable and legally defensible way and create some success. So I do appreciate those who engaged with us in the conversation. I still think it's unfortunate that people make a lot of allegations. It is just not a good use of any of our time. Still, people are allowed to say what they want to say. It's lost on me what being Jewish has to do with any of this. And I wish we could move beyond that and have a conversation that is a little more real. I'm sorry, Member Garrett. I should have checked. Anything you'd like to add?

Ollie Garrett: You have covered pretty much most of it, other than I just want to make clear to everyone that as far as I'm concerned, I've been very transparent with both the Governor's office and the Agency. And anytime there is a need for me to recuse myself from any conversation based on anything to do with my personal life, those recusals have taken place.

Chair Postman: That's right. Yeah. Absolutely. Yeah. It's a red herring. It's unfortunate. So with that, we will adjourn the Liquor and Cannabis Board meeting for April 13, 2022. We do have an Executive Management Team meeting this afternoon where agency directors will report out to the Board. There is not the opportunity there for public comment in that meeting, but we invite you all to join for more updates from agency divisions. With that, we are adjourned.

8. ADJOURN

Chair Postman adjourned the meeting at 11:15 am.

Minutes approved this 5th day of November 2025



Jim Vollendroff
Board Chair



Ollie Garrett
Board Member

Not Present

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.
