



## Board Caucus Meeting

Tuesday, March 29, 2022, 10:00am  
This meeting was held via web conference

### Meeting Minutes

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#### CAUCUS ATTENDEES

Chair David Postman  
Member Ollie Garrett  
Dustin Dickson, Executive Assistant

#### GUESTS

Toni Hood, Deputy Director  
Jessica Dang, Policy and Performance Manager  
Kathy Hoffman, Policy and Rules Manager  
Audrey Vasek, Policy and Rules Coordinator  
Jeff Kildahl, Policy and Rules Coordinator  
Robert DeSpain, Policy and Rules Coordinator  
Mike Pellicciotti, Washington State Treasurer  
Senator Karen Keiser  
Senator T'wina Nobles  
Representative Kelly Chambers  
Sara Eltinge, CEO, The Herbery  
Alden Linn, Owner, World of Weed  
Jenna Rodriguez, Owner, Gypsy Greens  
Aaron Varney, Owner, Dockside Cannabis  
Michael Correia, National Cannabis Industry Association  
Rick Garza, LCB Executive Director  
Chandra Brady, LCB Director of Enforcement and Education  
Becky Smith, LCB Director of Licensing  
Barbara Serrano, Senior Policy Advisor, Office of the Governor

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#### APPROVAL OF MEETING MINUTES

- MOTION: Member Garrett moved to approve the March 15 and March 22, 2022, Board caucus minutes
- SECOND: Chair Postman seconded.
- ACTION: Chair Postman approved the motion.
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#### NEW EMPLOYEE INTRODUCTION – TONI HOOD INTRODUCING JESSICA DANG

Chair Postman: Next, we're going to meet a new employee, someone I've known for a long time. I will turn it over to Toni Hood, our Deputy Director for an introduction. Good morning.

Toni Hood: Good morning. Thank you Chair Postman and Member Garrett. It is my pleasure to introduce Jessica Dang, who is our new Policy and Performance Manager. She comes to us from Results Washington where she worked with the Governor's Office for many years.

I am very excited for LCB to have been able to hire Jessica. She has skills and experience in design thinking, strategic planning, performance measures, mapping, and of course writing policies, which will be a part of her job as well. And at this time, I'm just going to turn it over to her - I know you have a busy schedule - just so she can say good morning and hello. Thank you.

Jessica Dang: Thank you for the introduction. Good morning, Chair Postman and Member Garrett. As Toni mentioned, I'm Jessica Dang and my pronouns are she/her.

Just a few things about my role here. In my role as the Policy and Performance Manager, I'm really committed to helping the agency meet its strategic and operational goals. Additionally, I'll be working to update and refine the agency's performance management and continuous improvement strategies and approaches to help better identify and address areas of improvement. I'm really happy to be here. And I look forward to supporting the agency and the Board in this role.

Chair Postman: Great. Well, welcome. I was excited to hear they were able to hire you. I had great experience working with you at Results Washington through the Governor's Office. It's great to see you join the team.

Ms. Dang: Thank you. I appreciate it.

Member Garrett: Thank you and welcome.

Ms. Dang: Thank you.

Chair Postman: Thanks for the introduction, Toni.

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## **BOARD MEETING PREP AND RULES UPDATE**

Chair Postman: We're now going to turn to Board meeting prep and rules update. This gets us ready for our Board meeting tomorrow and is a check in on ongoing rulemaking. Kathy Hoffman, I'll turn it over to you. Good morning.

Kathy Hoffman: Good morning, Chair Postman and Board Member Garrett. I'm going to make this brief so we can get to the roundtable.

So, just very quickly, I wanted to speak to the draft policy statement that we circulated to our stakeholders a couple of weeks ago. We received some feedback on that. We're looking at some of the considerations around timelines in putting our policy statement out, but we do intend on filing it on Thursday with an effective date of April 2.

We also held our "listen and learn" session on conceptual draft rules concerning the social equity program last Wednesday, March 23. At peak I think we had about 120 people participating in that session, that was a collection of LCB staff and a large representation from the community. So, we were happy to host that session and look forward to the continued ability to engage in that way.

That's it for a brief rules update and I'll hand it over to Jeff Kildahl to brief you on the 102 that will be presented in the Board meeting tomorrow. Thank you.

Chair Postman: Great, thank you. Good morning, Mr. Kildahl.

Jeff Kildahl: Good morning Chair Postman and Member Garrett. At tomorrow's Board meeting we will present for your approval a CR 102 package proposing changes to current rules in WAC section 314-55-108 that concern cannabis pesticide testing action levels.

These proposed rules changes are needed to update technical chemical information for several other pesticides allowed for use in the production of cannabis. Other amendments to this rule are needed to ensure consistency with the recently adopted cannabis quality control testing rules including removing existing language about remediation of marijuana products that have failed quality control testing. And finally, the proposed rule amendments remove redundant language from the rule and also replace the term quality assurance testing with quality control testing, so it will be consistent with the quality control testing rules.

Tentative Timeline

March 30, 2022	Board is asked to approve filing proposed rules (CR 102). CR 102 filed with the Office of the Code Reviser. LCB webpage updated and notice circulated by rules distribution list. Formal comment period begins.
April 02, 2022	Notice published in the Washington State Register.
May 11, 2022	Public hearing held and formal comment period ends.
May 25, 2022	Board is asked to adopt rules if no substantive changes are made (CR 103). Concise Explanatory Statement provided to individuals offering written and oral comment at the public hearing, and during the formal comment period, consistent with RCW 34.05.325. CR103 and adopted rules are filed with the Office of the Code Reviser. LCB webpage updated and notice circulated to all WSLCB GovDelivery subscribers.
June 25, 2022	Rules are effective 31 days after filing (unless otherwise specified).

Mr. Kildahl: That concludes my description of the rulemaking tomorrow and I'd be happy to answer any questions you have.

Chair Postman: I see no questions today.

Mr. Kildahl: Thank you.

Chair Postman: We'll see you tomorrow. Thank you.

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## **CANNABIS RETAIL SAFETY FORUM**

Chair Postman: We're going to move into something that's a little bit different for us. I want to take a second to, one, explain some logistics. We're going to convene now in a roundtable discussion with the Board, a group of cannabis retailers from around the state, a state Senator and state Treasurer and others are going to join us to talk about what really is a massive public safety crisis that's roaring through the state. And I think everybody on this meeting now knows that crisis has left in its wake tragic deaths and business owners and their employees are fearful that they could be next, and struggling on how to protect employees, customers, the community, law enforcement, when they're being forced to do business in cash.

By some accountings, there's been 70-plus robberies of Washington cannabis stores in Washington State this year. And that was provided to me last week, which I think was on the 83rd day of 2022. So that was at least 70 robberies in 83 days, and it could be higher, some will tell you. We could be approaching one a day.

And before we go any further, we, I think, really all need to acknowledge we're here as the deep grieving still continues for 29 year-old Jordan Brown. He was the store employee who was killed in a recent Tacoma robbery. We'll hear from the owner of that store later. But on behalf of the entire agency, we want to send our condolences again to Jordan's family and friends. And from what I've read, there were a whole lot of friends and people that universally described him as just an incredibly nice and sweet, young man. And that's a tough situation.

Also, since we have the director of our law enforcement agency online, we also will acknowledge that law enforcement has lost two officers in the line of duty just in the last week, ten days. The second one killed just as the memorial for the first was finishing up. And so this is particularly hard time for law enforcement as well. And I appreciate the work that our folks do in that division every day and law enforcement's engagement with our licensees.

So let me tell you real quick who's going to join us today. These people will have a chance to say a little more when they have the chance but we'll hear later from state Treasurer Mike Pellicciotti, state Senator Karen Keiser, who's Chair of the Labor Commerce and Tribal Affairs Committee, Sara Eltinge, who's the CEO of the Herbery in Clark County, Alden Linn, the owner of World of Weed in Tacoma, Jenna Rodriguez, the owner of Gypsy Greens here in Olympia as well as Chehalis, Aaron Varney, the owner of Dockside Cannabis, Michael Correia, with the National Cannabis Industry Association. Michael, I'm going to have to ask you at some point how to properly pronounce your last name. From our staff we have Rick Garza, Chandra Brady and Becky Smith. Barbara Serrano, who's the Governor's Policy Advisor on law and justice is joining us as well. We're also joined by Representative Kelly Chambers. And I think I saw Senator T'wina Nobles has joined us and others may also. I will keep looking for those and introduce you when we have the chance. But thank you all so much for joining us.

You know, the banking question is a huge one, of course. And we will have time to get into that. But I wanted to start today by giving each of the retailers a chance to give us a little background on their operation and what their experiences have been with this crime spree that's happening. It has touched everybody in one fashion or another. And I think this morning, why don't we start here in Olympia with

Jenna Rodriguez, the owner of Gypsy Greens. And we're going to just do a quick opening from each of the four. But we'll go ahead and start with Jenna.

Jenna Rodriguez: Hi there. Can you guys hear me?

Chair Postman: Yes, indeed. And let me just -- I forgot to tell everybody. The chat functions are disabled. People who are observing from the audience will not be able to raise their hand or anything of that sort. Those who are on the roundtable can raise their hand and will be given the ability to turn on their microphones, obviously. And I just ask everybody to turn off their cameras at this point until we get everybody introduced. And when we open it for the roundtable among the participants, I think it'd be great if we could all turn the cameras on. So with that, Jenna, I will turn it over to you. Good morning.

Ms. Rodriguez: Good morning. So thank you again for having me here. I am the co-owner of gypsy greens in Olympia and Chehalis. And we have been doing this since 2013 as medical, became recreational six years ago. And I have to say the last year, you know, has probably been the scariest. COVID was pretty rough. But then when these armed robberies started happening, and obviously everybody's extremely on edge, and it became not only like "if this could happen to us", it's like, "when is this going to happen to us?" And it finally did about a month ago.

And I don't really know how to say this, because it almost sounds ridiculous. I was extremely grateful for the way ours went because absolutely nobody got hurt. And that's sad. I mean, these other ones we're hearing about have been horrific. And so for me, I was just grateful they were in and out in four minutes. I mean, they got money, they got product. And of course, none of that matters because our employees were safe. And there was nobody, as far as customers go, in the store.

We had been going through processes, you know, it's hard, we have to talk about it every day, like "what do you do if this happens to you." And I had just tested our panic buttons the week before. They worked. But for us, it went pretty routinely, which again, it's hard to even say that an armed robbery is routine at this point. So I'm here today to just kind of brainstorm, hear what other people are doing and also figure out what we can do to keep our employees, our staff, our customers, our community safer. Because this seems to now just be part of our day to day life at this point.

Chair Postman: Great. Thank you. I know your employee lost his personal belongings, too.

Ms. Rodriguez: He did. Yes, he did. And the hardest thing was he had some art from his four-year old daughter that is obviously irreplaceable. But they did take his backpack and stuff on the way out and loaded it up with our products, which again, I was just glad that he was safe.

Chair Postman: True. True. Okay, great. Thank you. We'll come back to you in just a little bit.

We'll turn now to Alden Linn, who is the owner of World of Weed in Tacoma, who owns the store that had that terrible tragedy. Good morning, Alden. Thank you for joining us.

Alden Linn: Good morning. Thank you, LCB and legislators for joining us today. I'm just going to give a little bit of background to start.

Here at World of Weed, we pride ourselves on having a stellar record with the LCB as well as having a great safety record and operating procedures and everything in place to keep our employees safe. We've always been and gone above and beyond and so this was a total shock to us. We hadn't had a robbery.

Instead of one security officer, I always have two, with one patrolling the parking lot. (In our case) We were just overran by four individuals, two that took out the first guard and two that came into the store, fired a shot, and then ultimately murdered Jordan Brown.

He was a stellar employee, well respected and appreciated by the community, one of the stars of our whole team. And it's just a total shock for us after having such a false sense of security going above and beyond in our security protocols and measures that it's really a blow to the state, the community, the employees in the store. And, you know, what we'd like to ask is, everybody be safe out there.

There's obviously a lot to be talked about with federal banking regulations to allow us to get out of this cash and money system that we have. At the state level we could pass increased robbery legislation, something that increases the penalties for these robbers. We could also re-enable the funding of the police. I think they need more now than ever with everything that they have to do for us, chasing these guys down, going out and serving warrants and doing all this stuff. They're overwhelmed. And so I would say refund the police would be a top priority. I think also at the store level, we need to potentially allow armed guards to protect our employees and our customers, which would provide a decent amount of deterrent until some of these other measures could potentially take place. There's a handful of other things that we're going to enact inside the store and our operating procedures in addition to what we already do. But it's just a very sad and tragic event that nobody should have to go through. It's the toughest thing I've had to handle as a business owner. We're still closed and we're going to stay closed until we feel safe and are able to open with confidence that we can handle ourselves.

Chair Postman: Okay. Thank you for making it today. Appreciate it, Alden. We'll check back in with you in just a minute. Let's turn to Aaron Varney, who's a partner in Dockside Cannabis. Aaron?

Aaron Varney: Good morning. Thank you Chair Postman, Member Garrett and the audience gathered today.

First, I just want to pay respect to Jordan Brown and his family and Alden, to your team. Our hearts go out to you. This is a really challenging time. And it reminds me of what it felt like to be one of the first retailers to experience a shooting in our store and just the aftermath of that. So I want to surround you with a lot of thoughts and love and support as your team deals with that. We've been there and there is no easy answer for what's to come. But you're not alone. And please reach out if we can be of support.

Also want to just say a quick word and recognize all the frontline workers in cannabis retail today. We're on the heels of two years of being an essential business and the stress of that was palpable and challenging. And so to add what's been happening this year in 2022, to the mix of preexisting stress is just insult to injury. And so it's your care and commitment to the plant and the communities you serve that keep this industry open and funds flowing in. And so without you guys, you know, none of this really works. And so I just want to recognize your bravery and commitment to the communities that you serve in, especially through this difficult time.

You know, safety is just the foundation for everything we do. We don't get to move freely. We don't get to have businesses. We don't get to go to the park. It is the foundation and right now we, I think like you opened the meeting with, Chair Postman, we're in a public safety crisis at the moment. As a cannabis retailer, and I did want to make sure I'm one of three co-founders and owners of Dockside that started in 2011 as a medical dispensary and had a long run and reputation as a medical dispensary first. And so that kind of informs our approach to being in retail.

So I do want to say the inability to use financial tools available to other businesses puts us at a risk and makes the public less safe. Our inability to deduct the costs associated with running a safe retail operation makes us less safe and puts the public at risk. The LCB's mission, I know, is to promote public safety. And I think that's what brings us here today. And I appreciate the forum to share these ideas openly and to give voice to what the frontline is experiencing right now.

As a retailer, it was explained to me early when we got into this business that we're not in the cannabis industry, we're in the compliance industry. And in that light, we're in a concessionary relationship with the state. We exist because you've granted us the right to sell cannabis. And in that, I just want to point out that 47.1% of the funds in all cash registers in Washington State are Washington State's funds. This is the LCB and the State of Washington's money that people are protecting and are collecting and are following all the regulations as close as possible to be safe in doing that. So you know, I come today to ask for support in that protection. The folks that are able to afford armed guards are getting them. And the folks that are not are even bigger targets today than they were yesterday. And so, you know, this is a systematic problem that we need systematic solutions to. And, without knowing the intricacies of how this will get funded, some of that money that we hold on to, that is the state's, that 47.1%, could go a long way into meeting the cost of security.

There was an interview with one of the folks from Mary Mart just in Seattle Now on KUOW yesterday. And what I heard them say is "we had to lay off some of our budtenders to hire armed security". That is the distinction right now between "can we afford to be open" or "can we afford" -- you know, how do we figure that out?

So the short term solution, I believe, the only short term solution we have found is security and potentially armed security. That is not my first choice. I would rather not put more guns into an already risky situation. For capable trained professionals, the beginning cost is going to be \$70 and up an hour. And you do not want to bargain for when you have somebody with a gun on your premises. So, capable trained professionals is a must. There's a lot of issues that have come up because of this. And I'll wait until we get into the forum. But I think there's a lot that can be done on the short term with just making sure everybody has the financial wherewithal to do the things they need to do to secure the people. And, you know, the tax revenue, that really is the target. We're one of the few that have to deal with all this cash. So thank you for your time. I look forward to the conversation.

Chair Postman: Great. I'm looking forward to talking about those issues more as well. Now we'll hear from Sara Eltinge, who's the CEO of the Herbery in Clark County. Sara?

Sara Eltinge: Good morning. I'm with the Herbery. We have four retail locations within Clark County down here at the southern border of the state. I am one of the four retailers on here that have not yet had an armed robbery. We have four stores. And I say yet because that is almost the word.

In the last seven years -- we started in 2015, you know -- I've seen all the great things happen in this industry. It's an incredibly competitive industry and in a lot of ways, that's really good. And in a lot of ways, in a couple of ways it isn't.

Historically, our industry has been unwilling to share best practices with each other. Insights, knowledge, we haven't been willing to collaborate with each other. And I think if there was ever a time for everyone in the industry to start working together, share information, share solutions of what is working, and what is not working, this crisis is that time. Whether you are a large multi store company or a single shop, the goal needs to be where all of our employees are safe, not just make our own individual stores safe, at

which point, we're just shoving the bad people to the next shop down the road. If we can't all figure out a way for everyone to be safe, we're failing. I think our various associations within our industry need to start talking, regardless of their different agendas in some other areas. I think this area, they need to start talking and collaborating and figuring out and sharing what is working.

The safety of these employees -- we have 115 employees -- and the employees are on pins and needles, we're on pins and needles thinking of every possible thing that we can do. I know this forum, we are going to talk about some of the bigger ways to fix it, perhaps. But I think all of us need to start talking and communicating with each other across the retail stores when one has a problem. If they're not calling all the other ones in town -- we have 21 stores in this town. And once robbed, nobody knows. I think that mentality needs to change at the retail and lower level, I guess because I also think the LCB needs to start working with the LCBs of all the other states that have recreational, that have medical. If they can't start communicating with each other and gathering the data and finding out what is working in other states, or if any state actually has something work yet. So while we're going to talk about the bigger things, I just want to get out there how much, if we don't start talking to each other on the daily, we cannot solve the problem now. I'm looking forward to this today. Thank you.

Chair Postman: Great, thank you. Alright, we appreciate that overview from the retailers.

At this point I was going to call on senator Keiser. I was just looking for Senator Keiser, are you with us? I don't think so. So, I think what we're going to do, which would help us with some scheduling things, I'm going to just move on. If Senator Keiser joins us, we can come back to her. I know we also have some other legislators who we could ask to join us as well to maybe say a few words. But, let's move to the banking issue now. And as we've already heard from retailers about it. I think we all know how important it is.

I will say, you know, the way I view this, and it's a little bit odd, but we have to both demand that Congress acts on the SAFE Banking Act and work as if we assume they're not going to do that. So you know, it's a little bit of a split approach but we really need to do that. I can tell you that the US House has passed the SAFE Banking Act several times. The Senate never has. It's a bit frustrating.

What little development today I want to share is that the Governor has asked his staff and cabinet and elected officials to join and work on things they can do in the absence of the SAFE Banking Act. And so Department of Financial Institutions (DFI), the LCB, and others, including licensees are going to be part of that. But we're lucky to have somebody in state government today who is a great ally in this fight and has taken it on as an issue, and that's state Treasurer, Mike Pellicciotti, who's joining us here today. He is a former Deputy Attorney General and he was a state Representative before winning election as Treasurer. And I can tell you when this crisis grew and got to that point where we all saw it every day, the Treasurer was out front and has been to DC already and raised this issue. I also know, Treasurer, that you have a hard stop at 11am, so I want to respect that. I'll turn it over to you for a few minutes to tell us a little bit about what you're hearing from DC in particular about the likelihood of action, sir.

Treasurer Pellicciotti: Well, thank you, Mr. Chair and Member Garrett. It's good to see you again, as well and thank you for the opportunity to join you today.

Look, I was just listening to a lot of the presentations that were just being made and I think obviously this issue has been brought to the forefront of the public's attention in recent weeks because of the horrific natures of the robberies that have occurred recently. But it's just a reminder that every robbery that occurs is a traumatic situation for those who are involved in it. And obviously the focus that I've had in



engaging in this issue is the fact that it is beyond any measure of anything that makes sense is that the cannabis businesses and retailers in our state and around the country are unable to bank and have to rely on cash. And while it might not be the full fix for the situation, we all recognize it is a major contributing factor for a lot of the violence that we're seeing. And I want to do everything that I can do as state Treasurer to really engage in this issue. And since Washington State was such a leader in creating the legalized and regulated market for cannabis, I feel it's Washington State's role to be stepping forward and doing everything we can to really go to Congress and say, "enough congressional differing on this issue. It's time to finally pass this."

I think so many of the folks who are on this call know that they've been hearing -- frankly had their hopes put up time and time again for the last six times that the House has passed the SAFE Banking Act. And it's just finally time for the Senate to act. And so one of the things I did, I guess it's been about two weeks ago, three weeks ago now -- where at the end of legislative session, I went to DC for two purposes. One was to meet with my fellow state treasurers around the country, so the state treasurer for each of the states. And I met with all of them to highlight this issue - I serve on the banking committee at the National Association of State Treasurers - and highlighted this issue as the primary issue that the banking committee at the National Association of State Treasurers needed to address. And I am excited and encouraged about the fact that state treasurers around the country are getting behind this issue and recognizing how important this is.

As all of you know, about three out of four states now have some form of legalized cannabis. And so it's obviously important for so many of those states. But it's important even now and I think it's realized by those state treasurers who still do not have legalized cannabis in any form. And so I'm excited that they are engaging with their elected representatives, especially in the Senate where there's been a holdup for so many years around this issue and that we're doing so in a united way and a bipartisan way around the country, given how important this issue is.

Obviously, I had additional meetings. I met first with Representative Perlmutter's team in DC to kind of talk about the lay of the land. And really my focus was, as Chair Postman was saying, as a former legislator, it takes more than just showing up and saying, "this is important." It was really more saying, "what are the pressure points? What is holding this up. If something's not moving, there's a reason for it." I see Senator Keiser just joined us. She certainly knows the legislative process in that same way. And as many of you know, obviously, there has been differing views on how to bring reform in this industry. And there are those -- leadership in the US Senate who have indicated that they essentially want major reforms in addition to just the SAFE Banking Act. Obviously, I personally support those reforms and those would be good but those votes need to be there. We have a narrow window. My understanding is those votes are not there for the larger reforms.

Like I said, you know, a decade of congressional dithering is enough. We are at a point where Congress needs to pass what it needs to pass related to the SAFE Banking Act. The meetings I had with our members of the Washington state delegation were encouraging, including with Senator Cantwell and Senator Murray. I think they both realized, and this was before the recent deaths that occurred, they both realized the importance of this issue. Senator Murray in particular, who is a part of leadership, was very much engaging on this issue right after our meeting. I am hopeful that in the months ahead that there might be some progress to give a very specific path in which I can see things moving forward.

There are essentially two vehicles in the United States Senate that are likely to move this year, and by vehicles I mean pieces of legislation that other pieces of legislation can kind of tack onto. One is called USICA (United States Innovation and Competition Act), which is essentially the America

COMPETES Act, which is a kind of competitive piece of legislation to take on with Canada and other issues like that. I view that as the most appropriate opportunity for this to move forward. Senator Cantwell who chairs the Commerce Committee in the US Senate. Senator Cantwell's Congress Committee Chair would be involved in negotiating USICA, this America COMPETES Act. And I talked to her specifically about, you know, a path of trying to see if, as a part of that negotiation, the SAFE Banking Act can be included in that. There was also the conversation I had with Senator Murray. You know, they are about 14 different ways this could still go wrong, for political reasons and other reasons, but I view that that is at least a viable path for the first time in a long time. I know Senator Schumer has put forward additional legislation now, which folks have been waiting for. My hope is he can introduce that legislation. And he can see whether or not there is support, but that we move forward in a significant way with this America COMPETES Act and make sure that in the US Senate, the SAFE Banking Act is included in that. It's going to take some major timing issues, but with the right priority, I feel like there's a path. And it's going to take, in my view, kind of pedal to the metal. Right now there's a narrow window. We just need to really push right now on that. That's why I went to DC to identify those issues, kind of put that forward and now trying to coalesce some larger efforts nationally around that. But I'm happy to answer any questions that you or others have too, Chair Postman.

Chair Postman: That's great. Thank you, Treasurer. If you can hold for just a little bit, let's hear from Senator Keiser. And then we'll hear from Michael from a national perspective, then we'll open it up to questions from the retailers and others around the table. So, Senator Keiser, good morning.

Senator Keiser: Good morning. Thank you, Chair Postman and Member Garrett. I want to thank Treasurer Pellicciotti also for your actions and advocacy in DC. But Mike, I have to be skeptical that Congress is going to pass this this year. I really am not holding my breath. They got Daylight Savings Time passed out of the Senate. But that's about it. Anyway, that's not my problem.

My problem is in this state, I think we are at an impasse and we need to move forward as immediately as possible. This is a public safety issue. It is also a dangerous workplace issue. And I am asking the Liquor and Cannabis Board to work with the Labor and Industries' staff people on what they think we should do to protect workers in these retail stores. This is an immediate need and I would think we could do this on some basis, maybe an emergency basis.

One thing we could do very easily is have a two door entry. This is done all over the world for banks and other businesses that have high risk robberies. And if we had a two door entry, it could be mitigated -- the entry of the person could be verified before they're allowed into the actual store where the workers are. We need to have standardized training for these retail workers. We don't have any standards of training either for workplace protection or consumer protection by these workers and many of them are being paid virtually minimum wage with tips, depending on those tips for their workplace income. So those are two things that we could do in an administrative way, on an emergency basis way in my opinion.

As you know, and I want to really compliment Sara Eltinge for her comments about collaboration, because the hyper competition that's going on in cannabis world in our state is counterproductive to both public safety and to worker safety in my opinion.

Two years ago, I introduced Senate Bill 6033. It was passed out of our committee on a bipartisan basis. It would have required that there be a report of all the robberies to the LCB because we don't have accurate data on how many robberies there and if they're organized crime, because it's beginning to appear to me that it is quite organized. And that was not something WASPC (Washington Association of Sheriffs and Police Chiefs) wanted to hear, the Sheriffs and Police Association. They had all kinds of detailed issues

about that. But they could be worked out. We can thread that needle. And it wasn't something that the industry association for retail stores at the time wanted to hear about because they were concerned it would imply that it wasn't a safe industry, that the workplaces and the retail stores were dangerous. Well, two years later, we know damn well it's dangerous. And I'm really unhappy. I'm very unhappy.

We've had two initiatives in the legislature to address this issue. We had an enhanced sentence for armed robbery just like you have for pharmacies. If somebody goes into a pharmacy to get OxyContin from a pharmacist and uses a gun, there's an enhanced sentence. We could do that also for retail. And that's just another element of Senate Bill 6033. I'm willing to negotiate on this. I don't have absolute detailed, hard lines on this. But I am absolutely sure we have to take action. We cannot dither around any further and wait for Congress to act or wait for there to be collaboration in the industry because it hasn't happened yet. And people are dying and people are being terrified. People who are subject to armed robbery have PTSD and other issues. We have to address this. We have to have standardized training and protection steps throughout the retail cannabis industry, in my opinion. And I have been told by producer processors that they would like to be included as well, because they feel also at risk. So I want to open that door as well. I do intend to reintroduce legislation but I hope that action is taken before the next session.

Chair Postman: Thank you, Senator. You've also mentioned to me in the past the issue around the transport of product is another place that we should be sure to look at. So thank you for that.

And I see we're joined now by Michael Correia.

Michael Correia: I wanted to thank the LCB for the opportunity to give a few comments. And just listening in, you know, you can hear the emotion from Senator Keiser and her frustration. You know, I feel that and I just wanted to say something Sara had mentioned earlier of working together. You think in-fighting's tough in Washington State, try DC. You can only imagine. I had to sort of comment, can we all legalize cannabis first and then fight later on. It's just one of those things. So I want to thank the LCB, especially I want to thank Rick Garza.

Sara had mentioned working together and educating people. I've worked with Rick for a few years now. We did our national conference and we had CANNRA (Cannabis Regulators Association) do a policy discussion. We're doing everything we can to educate policymakers. Rick's part of it. You know, education is part of it. Lobbying is part of it. And I just want to say I appreciate this opportunity.

So quickly, a little background on me, I'm Director of Government Relations for the National Cannabis Industry Association (NCIA). We've been around, probably we're on our 12th year now. Were the oldest, largest, and most diverse trade association out there. There are other groups out there. I started, believe it or not, nine years ago, before there were legal sales in Washington State and Colorado. And the world was a little different in 2013 than it is now. And I thought this would be an eight to ten-year process. And boy was I off. Here we are in year nine and I'm still talking about some of the issues that I thought would have been addressed by now. And you know, from a strategic standpoint, my strategy was having Congress focus on issues that were incremental, like safe baking, like the 280E issue, address that so your businesses could function legally and operate without having to worry about some of the issues they have to worry about. And then we spent the next few years dealing with the intricacies of comprehensive reform and cannabis legalization. And here we are now still having those same discussions. And so Senator, I feel your frustration. I've been working in Congress and dealing with Congress for 30 years and you can understand my frustration.

I always knew cannabis banking was the safety issue. But you know, Dockside Cannabis is one of our members. And when they're calling us saying a member of their employees is shot, it really touches, it hits me. It just really hits home about this. We always knew it was there but you just see this rash of crime. And so I wanted to give you guys a big picture of what's sort of going on in DC.

And Treasurer, I agree. I agree with many of the things you said. And I appreciate you getting out there and representing Washington State and talking with your elected officials. You know, I've been trying to build momentum around incremental reform and comprehensive reform. And I hate to say it, there's a narrative that is going on in DC right now between advocates and industry and national groups that incremental and comprehensive reform are mutually exclusive. They're not one and then the other. It's one or the other. And it's very frustrating, because I know any politician on this and anyone that deals with reality knows that reform is incremental, it takes time and you build and support it. It takes many years to get something over the finish line.

But there are our friends in advocacy, the Drug Policy Alliance is one, Cory Booker is one, Senator Schumer is one that feels like something like SAFE Banking is only going to get their fat cat Wall Street bankers rich and that only comprehensive cannabis reform will address the issues. And NCIA supports comprehensive cannabis reform. We are supportive of that. We've been pushing for that for a decade now and we're going to continue to be pushing for that. I deal with reality and reality are the votes. SAFE Banking has been there. It has passed the House of Representatives on six different occasions. It has overwhelming support. It's gotten 300-plus votes. It has 100 Republican co-sponsors. SAFE Banking in the Senate has 42 co-sponsors, nine are Republicans. And anyone that knows DC knows Republicans and Democrats never agree on anything and this is one thing there is support agreeing on.

The problem is it's not cannabis prohibitionists that are stopping SAFE from moving, it's our cannabis champions and our cannabis friends. And Senator Schumer, you know, Treasurer you mentioned the America COMPETES Act. This week, Senator Schumer has an amendment to that. He's already stripped that out. He's already stripped SAFE Banking out. He does not want SAFE Banking in. It's very frustrating. Just this week is an example. In December, SAFE Banking was attached to a must-pass defense bill. That was stripped out by Schumer and leadership because they didn't want it in. You want to use a sports analogy -- you couldn't have gotten an easier layup than having a must-pass defense bill that has overwhelming support when SAFE was already attached to it. The fact that they took it out said they want to take it out and they want to take it out because there are people in advocacy that don't like SAFE, that don't think SAFE is the answer and only comprehensive is the answer. And so it's very frustrating when it's not the prohibition stopping it. It's our friends. But it's getting Senator Booker and Senator Schumer in a better place where they understand this is not about fat cat Wall Street bankers making money. This is about lowering the cost of capital. This is about helping small businesses. This is about helping minority businesses. This is about safety.

And you know, I'm not going to be up here and pontificate and say federal officials have blood on their hands. But this has been around -- I've been working on this issue for almost a decade. Your own senator, Senator Cantwell is not a co-sponsor of this bill. You're all constituents. Does she have an issue with it? It's just a co-sponsorship. Getting clarity on that would get us up to 43 and builds momentum. Senator Murray and others are good at fighting and representing Washington State. But sometimes you need your name on something and getting Senator Cantwell on SAFE would be helpful.

And I mentioned Senator Schumer. He's majority leader. His position is corralling Democrats. He wants to get something done. He has his own political views on this, which I disagree with. But when senators like Senator Murray and Senator Cantwell and others call him and say, "Senator Schumer, you need to do

SAFE”, it makes it easier for him to do it. So you guys at the state need to be pushing your elected officials so they are better advocates for him for this issue at leadership.

You mentioned Ed Perlmutter. He's the House member from Colorado who is fighting and will do anything to get this over the finish line. He is very frustrated and he does not want to bring legislation to a halt just to prove a point on this. And he's doing the smart thing. He didn't stop the defense bill because he thought it was good for America to go forward. But he's getting very frustrated. And they want to go sooner rather than later. And so I would not at all be surprised.

You mentioned Chuck Schumer's legislation. We've been waiting on that for 15 months. And the thought is he may introduce this in April. Maybe they'll have hearings on it, maybe they'll discuss it. But we need the reality. The votes aren't there. I've been there long enough. I know the votes aren't there. The votes are there for SAFE. There's probably 62 to 65 votes for safe, which gets it past the 60 vote margin to do it. The support's there. Let's get this over the finish line and then the moment that's done, let's move on to comprehensive reform, which will take a lot longer.

But one, I appreciate the opportunity. I'm ready for questions. I'm here to help you guys. I just really appreciate everything you guys are doing. And one last thing. We as the industry, you talk about infighting, we NCIA try to do phone calls with other industry groups around the country. And one of the things we want to do is message and publicize around SAFE and the need for SAFE and educating the public and policymakers to build this momentum. We are this close. I'm not giving up hope. I'm very frustrated. I share the Senator's frustration. I think we can do this. But you guys have got to keep your foot on Cantwell and build a good case for that. I thank you for the time.

Chair Postman: Thank you, Michael. Appreciate that. I want to give our licensees a chance to come back and join us. You can turn on your cameras if you'd like now and ask questions or give comments. And as you're rejoining us, I know the Treasurer is going to have to run but I just wanted to give you another minute there, Treasurer, if you heard anything there that you'd like to respond to or add to before you have to run.

Treasurer Pellicciotti: Well, no, but I appreciate that. I can stay for maybe another minute or two if there's a question. But I do want to point out everything Michael's mentioning is everything that I think I've heard in DC. But I do view that there is a window here if we do pedal to the metal to really push things forward. And I feel like there's -- I do feel like there's a path this year. But it's going to take a concerted focus effort on the issue of SAFE Banking.

Chair Postman: Yeah, I'm not sure what anybody gains, who is a champion of the industry, to have this kind of public safety crisis continue. It's going to be harder and harder to get people to support national legalization, I believe, if we see this continuing.

Aaron, you've got your hand up? Go ahead.

Mr. Varney: Just quickly, either for Michael or for you, Mr. Pellicciotti. Does SAFE translate into Visa/MasterCard access? Is that a guarantee? Or is that a “maybe it will” depending on other things? So, I'm unclear whether we get that or not.

Mr. Correia: So from my perspective -- I'm not one of those businesses -- as long as cannabis is still a Schedule I drug and under the Controlled Substances Act, DOJ has a reason to get involved. And that could slow up credit card processors from wanting to get involved, because there's still that fear that DOJ

could get involved. I don't think it guarantees anything. I think SAFE Banking gives a little more certainty. It allows the states, it allows industry, it allows bankers, it allows regulators, to have just a little more certainty of what the federal government's doing. You want to dip your toes and you want to get involved. That could allow costs to lower. But I'm not like there's a guarantee that that is a proposition I want to take. But it doesn't guarantee it. It just gives them more certainty where I think if they want to do -- and I would love it if someone has a different perspective or a little more clarity on that.

Chair Postman: I think the reverse is true, right? Without it, we're going to have hardly any chance to get credit card companies to allow to do this. So at least it is a step toward that, I believe, from what our team has told us.

Representative Chambers has had her hand up. Why don't you go ahead, Representative Chambers -- who was the House Co-Sponsor of the Bill this last session on retail cannabis store safety.

Representative Chambers: Thank you so much, Board Member Postman. We -- Representative Eric Robertson from the 31st sponsored House Bill 2029. I co-sponsored that. Unfortunately, it did not even get a hearing this year, but we had sort of seen this coming, that there was a need to address the retail theft issues. So, as mentioned before, that piece put the penalties in with the statute and law that where you fine penalties for pharmacies, so that retail theft of cannabis stores would have similar penalties. Really quickly for Mr. Correia, do you have a one-pager that summarizes the SAFE Act that you could send to us so we can understand what some of the details are in that?

And Mr. Linn, I just want to express my sympathies for the loss of your employee. I grew up in that neighborhood. I grew up on Portland Avenue, so I'm very familiar with the neighborhood. And so I was aware of what happened, and then, I think Sunday night, I was driving home and passed the Emerald Queen Casino and saw a lot of police activity there on Portland Avenue. There was a fatality car accident there that made me think, is everything okay, or is there something else going on in that neighborhood? So I just wanted to say that I understand your need to want to operate your businesses safely. I, myself, am a franchise owner and a business owner, and that is something that we take very seriously, is that we always want to protect our employees and that your employees shouldn't have to go to work every day in fear.

So, I would just encourage the associations and your members -- and maybe LCB could help facilitate this -- is start having those conversations about safety protocols and training and what some of those best practices are. As a business owner, you don't want to give up your secret sauce and your business model on how you operate in such a competitive market, but maybe that safety piece could be taken out, and some of those licensees can start sharing best practices so that you're not having to recreate the wheel and figure out the best safe practices to keep your staff safe on a day-to-day basis. I think that could put some of the competitive issues aside that you deal with on a regular basis, and talk about some of those safety issues. And then please communicate with us as lawmakers on what we can do to help facilitate that, as well.

Chair Postman: Absolutely. Great. Thank you. --Jenna, you had your hand up.

Mr. Correia: For Representative Chambers, have I got one-pagers. I'll send you everything we got.

Chair Postman: That would be great. And if you would send it to our staff, too, Michael, we'll make sure everybody gets it.

Mr. Correia: Perfect!

Chair Postman: Sorry, Jenna. Go ahead. And then Senator Keiser.

Ms. Rodriguez: That is exactly what I was going to ask because with the SAFE Banking I'm just confused also. Like Aaron, credit cards would be huge. I know that they are federally backed, so I don't really know how that's going to happen.

Also, something we have run into is our employees who bank with Bank of America, if we say deposit a check, which is way easier than depositing and safer than depositing cash, we've actually had their bank accounts canceled because they are federally backed, as well. And so our employees can't even receive checks. They have to receive cash if they bank with someone like that, and that is also a very frustrating, scary thing to be carrying around a paycheck in cash, as well. So I, again, was just going to ask for what that would entail and if things like that would be covered or even asked for as well as like we bank with OB, which they're great, but the fees are outrageous.

And the suggestion that has been given to me a lot is, "well, just take your money to the bank more often so it's not sitting in your safe". But every time we deposit, we not only have to leave the store with an outrageous amount of cash -- I have also been suggested, "well, maybe you guys could like alternate vehicles, so nobody follows you". But again, in a two-family home, most people only have two vehicles, you know? And then when you get to the bank, every time you deposit you have these outrageous fees. And so I'm just hoping some of that stuff is included in the SAFE Banking Act.

Chair Postman: Great. Okay. Senator Keiser and then Barbara Serrano from the Governor's Office. Senator.

Senator Keiser: Thank you. Well, I want to echo what Representative Chambers said and agree totally. And second, I would mention that when we first started retail cannabis, we had the state use armored cars to pick up the tax receipts from the stores and deliver the cash to the Treasurer's office. And perhaps that should be looked at again as a possibility for other options. So it's an ongoing issue, but I did not want to again step back from the urgency of action we need to take. The banking reforms would be wonderful, but I can't imagine that could be done in a year or two period, and we have to act before that.

Chair Postman: And I know there is work going within the state. There are a few options for cashless transactions. Perhaps that could be expanded. I know there are conversations going on with DFI, the Treasurer's office, the Governor's Office is convening, and others. And I actually heard from a licensee with some ideas around this, who is now engaged with the Department of Financial Institutions, to talk about those ideas a little bit.

Barbara, did you have a question or something to add?

Barbara Serrano: Yes. I just wanted to speak to the comments that have been made regarding the public safety aspect of this with respect to the legislation, in particular, Senator Honeyford's bill and Representative Chamber's bill. I guess it's a note of caution because I worry that people would try to put too much faith in new legislation that simply enhances existing penalties for armed robbery. I just want to remind everyone that armed robbery 1 carries a license already. Okay? The reality is first-time offender usually gets between 30 and 40 months of time. The proposal in 5927 was to add 12 months. I have got to say, I don't know that adding 12 months is going to make much of a difference or be a deterrent. These guys are not thinking about that on their way to the store. Okay?

And I need to also mention this because the Governor is not a fan of new crimes and, in particular, sentencing enhancements, which tend to disproportionately affect people of color. I mean that's just the truth. And we are trying to roll back sentencing enhancements, not add more.

But I also want to express support for Senator Keiser's comments regarding the two-door entry point and trying to establish more of those. That's something that I was thinking about, as well. I think that would be good. I realize also after hearing the testimony from others that is a very high expense. You know, \$70 an hour for these armed security guards. And, one thought I had, I was trying to do some research because I always wonder what's going on in other states, but I believe that California is offering some sort of tax credit, some sort of incentive to acknowledge the fact that these businesses are incurring a much higher operating expense, right? And I just want to put that on the table, particularly for legislators. That may be something to be looking at next year is some sort of tax incentive or tax break for these businesses specifically tied to their security expenses.

And I also wanted to comment on Senator Keiser's -- I was not aware of this previous bill that she had, 6033, about having the robberies reported to WASPC. Again, I'm going to caution to not think of WASPC because there are so many things this legislature is asking WASPC to take on right now.

Senator Keiser: It wasn't to WASPC, it was to the LCB.

Ms. Serrano: Oh, okay, to the LCB. Okay.

Chair Postman: Yes. I was looking at the bill this morning, Senator, and it seemed pretty practical. There were a couple of different versions I know, and it didn't happen. I think, Barbara, part of the impetus behind some of the sentencing enhancements is out of a frustration of "what else? Nothing can pass." How can we get something? How do you draw attention to this and get that debate and get people in front of members to talk about what's happening out there? But I think this, the approach in Senator Keiser's bill today seems so beyond practical.

Ms. Serrano: Yes, yes. It should be done.

Chair Postman: But we couldn't get it there. Yeah.

Ms. Serrano: That, I would support that.

Chair Postman: Great.

Ms. Serrano: Thanks.

Chair Postman: Thank you. Aaron had another question or comment.

Mr. Varney: Thank you, Chair Postman. I really applaud Senator Keiser. Your fire to get some action done now is really appreciated. And I know that everybody on the frontlines like I am, in between you and them, and I feel that urgency every day. There are folks who have not come back to work because of the stress. There is a big need for mental health services for folks who have gone through this. And I think most of you have seen this list (of robberies) that the folks over at Uncle Ike's have brought together. Every single one of those shops needs wraparound services to make sure those people are being helped.



I can't imagine -- we're still in the midst of making sure people are getting the help they need, and it is challenging because retail is a business that doesn't take days off. It's pretty close to 365 days a year. And to be able to just shut everything down and make sure everybody is okay and remodel the store and do all of these things that are being suggested is a pretty challenging reality, to then take these suggestions and to go put them in.

I do think the information sharing, the understanding of these robberies -- how many of these had armed guards out front, and how many did not? That is critical to understanding something like a tax credit or a credit on your monthly LCB tax submission. Can we deduct the cost to get armed guards? Because most of what is going to happen -- and this is what I really fear -- is what's going to happen is those who can afford it are already doing it. And I'll tell you, we're doing it right now, and we don't know that we can afford it. We are just doing it because you have to do it -- for the rest of the year or until there is some change.

What would make sense in my head is for there to be some state support until the ability to get cash out of the stores is a reality. At the moment, there is nobody in their right mind that is going to say, "nope, we prefer to stay with all cash." We'll go cashless as soon as we have the ability.

I wonder who banks the LCB's excise funds? You know? That bank, you have a lot of pull. There is over a half a billion dollars of revenue going to that bank every year at the moment. Could they provide some kind of cashless program or services? There are some that are available today. They are fee laden \$3 minimum per transaction for most of them or a percentage of the transaction. Plus, if your bank charges you a fee for any consumer, you are probably looking at \$5 in extra fees just to do that. And many are willing to do that because they support the safety, and they understand the public safety risk. But that's kind of an open question of who does the state bank with? And is there some leverage there to get some extra services?

But, I emphatically back you up, Senator Keiser, and I welcome the urgency of now because we are heading into the summer, and the summer is generally a time where there are more problems than not. And I fear that we will be reactive instead of proactive. And the tragic headlines that came last week. Imagine if that's a customer. Imagine if that is the public.

Chair Postman: Yes, you're right.

Mr. Varney: You know, I think the people who sign up (to work) at cannabis shops right now are just brave as hell. They are risking their safety to go out there and do something they believe in deeply. A lot of them are coming from other industries where they could make more money, and they are showing up in cannabis because they believe in it. They have had their own personal history with it. That makes it a compelling thing to do regardless of a lot of the challenges that are in their way. I don't know if there was a question baked in there, but I wanted to --

Chair Postman: It's okay. Thank you. Let's go to Jenna and then back to Michael. Jenna.

Ms. Rodriguez: I actually got my question answered, so I'm good. Thank you.

Chair Postman: Oh, okay, great. Michael.

Mr. Correia: This is mostly to the policymakers in Washington State. Because this federal banking is such a federal issue, there are so many things that are out of your guys' control. But there are many things that

you guys can do from a State level. The whole goal -- I mean, my goal -- the whole goal of legalization is to get rid of the illicit market, lower it down, and then allow the tax and regulated market so states can benefit from it. The illicit market has an 80-year head start on something like this, and as long as costs are too high -- as Aaron mentioned -- these are businesses trying to just make ends meet and pay bills. And if they can't compete, you are going to see the illicit market come in and fill that need.

And there are certain things I think -- you know, you mentioned the armored car. I think there are certain things the state can do to mitigate some of these issues in the short term, the temporary term, until the Feds finally get together and then they can be eased up. But there, I just wanted to throw it out there because we all want the same thing, but we need to from a policy level. Sometimes policy leaders need to get in. It's not just the free market. You guys have to do something at that level, but your hands are sort of tied until the Feds can really act. But I just wanted to throw that out there.

Chair Postman: Great, thank you. On the armored car, Michael, we used them to pick up our cash tax payments but not to pick up -- we never used them for cash from the retailer. We used it for our end of it which, of course, would all change if there was cashless.

But yes, I think we all agree we can't just wait for Congress. Even if the best case happens, it's too far in the future for us to tell people to just sit on their hands and wait, and so we do need to look at everything.

And I think on that list, on a priority list, Senator Keiser had some suggestions for potential emergency actions. I have no idea whether we can, but we have got to ask those questions. So we start with the most urgency on what we can do. Is there rulemaking? Is there legislation that we bring you all come January? Whatever it is, we got to keep trying to do it.

I think the information sharing, even though it's been a frustration, I can hear that in the industry itself, but we're already doing better. I know just in some of the conversations we have had getting us to this point today, licensees have been able to talk to each other, send the spreadsheet of the robberies and see it and start to talk to each other in ways. And the LCB absolutely wants to be a part of continuing that conversation. One thing -- well, let me just pause there again.

Mr. Varney: I did just want to ask quickly. When we talk about immediate action, potentially LCB enforcement, I know you have officers, and that is a tall task to have officers offer support. I mean, there is training. There is L&I that get involved. There is going to be a lot of reactive costs coming out of future incidents, and so just thinking if there is some kind of stopgap. And maybe there is legislation that could get a tax credit for next year, or there would be something that allows us to take action, like, we all are doing what we need to do right now with an uncertain financial impact. And if there was some kind of mechanism where we could do that and not hesitate because what I fear is people are making the choice between viability for their business and safety for their employees, and it's an impossible situation to be in.

Chair Postman: Yes, and I think we heard Barbara from the Governor's office say she was at least intrigued by the proposition of some sort of tax credit. So, we'll ask people to look at that right away and see what the likelihood is.

Sara, I wanted to just call on you for a second. When we were talking yesterday, you were talking frankly about how little communication there was among the stores, even in your county when there was a robbery, but it does seem to be getting better. And you talked about the role of your LCB Enforcement

Officer. Do you have ideas to improve that? Or what's your sense today of that kind of communication channel you have there?

Ms. Eltinge: Well, to be quite frank, we have a new LCB officer. He's been great so far. There are not enough LCB officers for this current crisis. Our officer has a massive territory. It's huge. So yes, when there was a robbery in town here recently, the phone calls were made to the stores. Especially, we have two really close in proximity to the one that was robbed. So, we got phone calls and got a little support, and he came around and gave a couple of suggestions as far as put up a sign that says "no access to money". Okay. He also offered training services as far as -- so we're reaching out for that.

But to be quite frank, that one person -- I have four stores, and they're fairly close, 115 people. I mean, we'll be able to work something out, right? But there are 21 stores here, right? There are not enough officers to go around, even with an officer and then the consultant that -- we have a consultant being trained around -- it's just not enough. Just logistically when you look at it. If every store in the state could have a little training -- I know Dockside recently did active shooter training. Either help from the LCB and actually doing it, or help in resource for us to make that happen.

We are lucky because we have a fairly large corporate staff, so we have the ability. We have a lot of resources. These smaller shops, though, where they are one shop, 15 people, they don't have the manpower to even start looking into these things. So they don't have a procedure guide of where to even start. They don't have a playbook. We are now creating a playbook for this topic, but I don't have a background in it. I don't have anyone on staff, but like I said, I've got a bigger situation. We have so many retailers that are one or two stores that don't have that. Where are they even going to start, I guess? So communication in that area for me for helping the retailers even know where to begin. Because, honestly, until you have a robbery or a major event, it's hard to put it at the forefront of when you're drowning already in responsibilities of just trying to survive.

Chair Postman: Yeah.

Ms. Eltinge: So, I think that happening -- I know our community. I'm just going to have to take it upon myself to start reaching out and seeing if I can at least in this area get us communicating together, and I'm just going to take it upon myself. And that's usually not my style, but it's not fair for me to call other people out if I'm not helping solve the problem, so.

Chair Postman: Well, then we can help with that Sara, too, and would love to be a part of it and could maybe add some of that expertise that you're asking about. Maybe that's the way to do it, is if we can convene a group of people by county or whatever it is and...

Ms. Eltinge: And how to train them.

Chair Postman: ...try to connect those people. Yes.

Ms. Eltinge: Remember when it used to be the LCB did their security -- the training. You had to go through it to even check IDs at the door. That used to be where they physically went and did that back in the day, the employees did that. Obviously, that's long gone. They now watch it on the TV. But if we could have a training by community where the LCB comes in and we can all send half of our employees at once. Because a lot of these communities have a lot of stores. You have got Seattle, Tacoma, Vancouver. I mean, we're kind of clustered. Maybe that's an option.

Chair Postman: Right.

Ms. Eltinge: Let's put on some training, even if it's not in the exact building.

Chair Postman: Sure.

Ms. Eltinge: The best practices need to be the same regardless of what each individual store has.

Chair Postman: And most police departments of any size have people who are experts in that, and we need to engage them in these conversations with us, as well. And I think we can help play a convening role with that in reaching out to the people who can come and give those trainings and have that discussion. So yeah. That's a good idea.

And I think was Senator Keiser again talking about L&I. L&I is charged with safety of workers in Washington State. Safety of workers in cannabis stores right now is a major concern, so we will talk with them, too, very quickly. And I'm sure there are those conversations, but not between LCB and L&I, so we will do that.

Representative Chambers, you raised your hand.

Representative Chambers: Thank you, Mr. Postman. I was just going to say, I have a constituent in the 25th that had a military career and actually has a business doing safety and is -- not just on a local level but on a national level -- on the National Board of Safety Organization. So essentially, I would just encourage bringing in subject matter experts that can teach businesses how to do a threat assessment of your physical space and how to analyze what some of your weak spots are. They are not just law enforcement but actually security experts that can look at your physical space and identify ways that you can help protect employees with layout and that sort of thing. That's what they are experts at, and they are out there, and I think they would be a huge help to bring into the conversation when you are looking at the state agencies, but also the licensees and bring in the subject matter experts would be helpful.

Chair Postman: That's great. Sara.

Ms. Eltinge: I guess my comment to that is, again, the individual stores don't have the resources to go get an expert on --

Representative Chambers: Yeah, that's why do it as an association, or LCB do it on behalf of all of the licensees. So, do it on a broader scale so that you as one licensee isn't having to front that cost, but there are still some best practices that you can share there.

Ms. Eltinge: Okay.

Chair Postman: Yes. Chandra Brady, the LCB's Director of Education Enforcement, has her hand up. Director.

Chandra Brady: Good morning. I'm Chandra. Thanks for allowing me to be here with you today. I just wanted to share that we are looking at ways that we can work with our licensees to support them during this time and support the interest of public safety and that we're potentially looking at other industries who have experienced this type of thing and do have some infrastructure set up around safety and security and getting licensees together for some lessons learned, so that we can all work towards being safer.

Chair Postman: Great, thank you. And I think it's an area right for those kinds of gatherings and sharing, and we'll have to all agree to -- cash is the biggest problem we are all going to face. That's what any expert that you come into a store would say, "Why do you have so much cash?" And they will say, "Well, Congress won't let us bank, so we're going to have to deal with that."

A couple of people with their hands raised. Let's go to Jenna, and then Rick Garza, and then Aaron.

Ms. Rodriguez: I just wanted to piggyback off of what Sara was saying because for me, I am that small business she's talking about. We have 40 employees as compared to, she said 115. And so the day after our robbery, I walk in and everybody is looking at me like, "okay, what are we doing here?" And then I have to become this expert. And I'm trying my hardest, but like what everyone has said, we just need some common practices and resources to make sure we're all getting the same information and giving the same information to our employees and our staff and have a training that's effective -- not just me on Google trying to figure out what everyone is doing. And so I guess that's my comment just so that for someone that is in these shoes to say, she is absolutely right, we need help on this.

Chair Postman: Okay. Great. Rick Garza, LCB Director, you have your hand up.

Rick Garza: Good morning, everyone. I was texting with Chandra while the discussion was occurring about how we can work with our licensees. And that is frankly something that we can do and something that we really can't talk about because this is a public meeting, but just to be assured with our licensees.

Sara, it was good to hear your comments with respect to the lack of communication between the trade associations, which I wasn't fully aware of, but that's a commitment, and then I think looking at the resources that we might have to be able to assist you. But certainly, all the pieces that I'm hearing, we will begin those discussions through Enforcement and the other parts of our agency with licensees immediately to begin to look at that.

I also want to share -- and I think the Chairman shared this information -- that the Governor's Office, DFI and the Treasurer's office is putting meetings together with some of our licensees to look at the whole banking issue, and we just don't have enough time, but remember, we lost our National Bank, the LCB did, when we started. We now use Timberland State Bank. And so there was a lot of discussion around banking, recognizing that those fees are killing the industry, but unlike many of the states, we allow banking services through our State-Chartered Banks and State Banks that most industries in most of the states don't have, and that comes at a high cost. And some of our employees of the stores use some of the State Credit Unions and State Banks for their banking because you were talking about how some of the National Banks will throw some of our employees out, employees of our stores. So there is a lot of good that has come over the years.

But it all comes down to -- and Michael you heard -- because it's the question we have had the last month, which is "what about credit and debit cards?" That is how you get cash out of these stores. And so I heard that loud and clear. We have been asking the same questions. Does that Banking Act provide that? Because that is what we need. And so whether it is as Senator Keiser stated, "waiting for the Feds to act" -- I think the whole discussion today, I think the Board putting this meeting together was to brainstorm among ourselves. What can we do? What administrative action could we take? What emergency rules could we use to assist our licensees, just as we did through the pandemic?

Now we have another issue in front of us, which is more tragic when you think about the loss of life. So I won't go any further but just wanted to share we have every intention of the agency working with our Board to do everything we can to address these issues with our licensees. Thanks.

Chair Postman: Thanks, Rick. And I will just say on the question of security consultants and help like that, I just got a note from our CFO, Jim Morgan, who is listening, and we do have the resources to help with that. And I will just go out on a little bit of a limb and say we will do that. I think that's a great idea. I think it's an area that is made for us. We have got some resources we can use. We do have the ability to communicate with all licensees. Director Brady is in support of that, as well. So we are going to put that at the top of the list. I think that's both urgent and frankly probably the quickest thing we can do. And so as soon as we're done here, we'll start to discuss that internally. They probably already are thinking about how we go about doing that, how we find the right person, how we convene people, whether it's by region or county or whatever. I think that's a great idea, and it's something that we can do.

Aaron and then Board Member Garrett.

Mr. Varney: I know Michael Correia would remind us all, and I just want to make the point that the only clear deduction we get at the end of the year from our federal tax income is the cost of the product. Not the cost of security, not the cost of a specialist training us, not the cost of any of these other things. The only clear deduction is the cost of the product. And so we are often trying to figure this out with both hands tied behind our back in terms of "can we afford to do the things that we need to do?"

And the sentiment of emergency action is greatly appreciated. I really appreciate that we're putting urgency behind this. The ability to do it, honestly, is the number one thing. And I'm very alarmed at the details, all of them. You had security. You had eyeballs on the outside looking out for threats and for risks, and that wasn't enough. And so the thing that we did immediately after the initial robbery we experienced in January was to get guards -- not armed at the moment. But that is the very first thing you do after you get robbed is, you get guards. It's a knee-jerk reaction, and you figure out what it's going to look like afterward. The second thing you do is you remind everybody -- and this is to all frontline that do an amazing job every day serving our communities -- there is not one thing in the shop -- not one thing in the shop that is worth your safety, your life.

Please, the de-escalation training, again, that's another thing that we are not able to deduct as an expense. It's life-saving training. We had a robbery about two weeks ago, where we had employed security outside in the evenings because the evenings felt like it was the most vulnerable time. We have curtailed our hours. We are no longer open as long as we used to. We decided it was too risky to be open until late, and we listened to staff saying we don't feel safe after 9:00. And so our hours have been curtailed. Tax revenue has been curtailed. But then two weeks ago, we had an armed robbery at 9:45 in the morning. And so we realized, okay, it's not the evening that is risky, it is any hour of the day that we are open. In between the two robberies, one in January and one a couple of weeks ago, there were two break-in attempts after hours, so we have had four attempts in the last three months. And this is just one party talking here. I know other folks have had break-in attempts. And we don't count those in the armed robberies. Why do people want to break in? Because there is cash there. And so I just want to reiterate to all frontline, you are our priority, and we need to protect you. And we're here today because people's lives are in danger. I could care less about all the cannabis and the cash in there, as long as everybody gets to go home. If this is not an industry where there is a sustainable business, I will go find something else to do, but I don't want to lose anybody else to unnecessary violence because we're fighting this with two hands tied behind our back. And so the financial cost is an immediate concern. I know that is why a lot of folks are not getting armed guards.

I think Senator Keiser spoke to many folks who are starting at minimum wage plus tips. The cost of a trained professional armed guard is \$70 and up, and that's probably the equivalent of three to four staff members. So you're talking about laying people off in order to be safe. There is less training. Every time there is more turnover. Like right now, it is a crisis because every time somebody new comes in, they also need to be trained on how to de-escalate, how to look out for threats. And so the costs are rising, the revenue is decreasing, and we are just facing a moment where the first thing that we would do -- the first thing that I did and that our team did was get guards and people outside. People do not feel safe without that. There are people that are quitting their jobs in retail cannabis because they don't feel safe to come to work. It is a constant thing in the hands of every single person in this industry. Every single frontline person is unsure about going to work, about their safety.

And, I just appreciate the forum to voice that and everybody's thoughts and sentiments in the same direction. Mr. Garza, Senator Keiser, Representative Chambers, thank you for listening. And I hope we are able to make good on this. And Chair Postman, I really appreciate it. Like Senator Keiser said, I think anybody who has experienced an armed robbery has PTSD from that experience. I was not there personally. I don't stop thinking about it until I know that we're closed, and everybody is safely out of the building. That's true of everybody on our team right now. We are banding together, but our hearts are heavy, and our spirits are strong. But our hearts are heavy with the amount of just holding on to all the stress that is being experienced right now. We have a public that is supportive and a community that is supportive, but we appreciate your support. I appreciate the time to voice that. Thank you.

Chair Postman: Thank you, and I appreciate you joining us but also the message for employees to take care of themselves number one and not risk that was really important.

Member Garrett?

Member Garrett: I just want to echo David, what you stated last and Rick. And just in hearing and especially hearing firsthand today from the retailers that have gone through this, I just -- there is a lot of ideas shared today, and I think it has given us things to where we have a lot to go back internally and discuss things that we can do now to help. And I hear loud and clear, being a small business owner myself, that we are saying LCB, State Agencies, we need help, we need your support, but we do not need to have costs added to us in order to do this. We need your help expertise without putting costs back on a small business that is barely making it regard anyway. So I just think these conversations today were great. Staff is listening in, and I just think that there is a lot of opportunity in what we're hearing here today to take back internally and have discussions on things that the LCB can do without legislation from this call today.

I think, David, something like -- because we can only get together in same meetings under certain settings that this could maybe just be a topic for the next EMT when we have all of the departments there to say come prepared on what you heard today, and let's talk about what it is the agency can do right away without putting the costs back on the retailers.

Chair Postman: That's a great idea. In fact, so, Rick, I know you're listening, and I think that is a great suggestion, and at EMT we should really start to split those duties up and figure out how we get them done and report back.

Representative Chambers and then Senator Nobles.

Representative Chambers: Thank you, Chair Postman. Quick question. Is there a set of data analyzing the thefts that have happened this year and the last year? I thought you mentioned something about a spreadsheet.

Chair Postman: The spreadsheet is tracking the robberies themselves.

Representative Chambers: Is it any more detailed than that? You know, the time of day, number of people, part of town, that sort of thing?

Chair Postman: I don't think it -- well, we have cities. We can share it with you. We'll send you that link. It's done by Ike's. They've been tracking it, and I have a link to it. I think it's a Google Doc that we can share with you, then you will be able to see whatever there is. I haven't see -- partly because it is all over the state but mostly in Puget Sound but various law enforcement agencies -- but I haven't seen any sort of official vetting of that or something, and it would be worth somebody's time in law enforcement, I believe, to take a look at that and put some hard data behind it, and then we can really look at it more of those trends and things of that sort. The numbers alone will shock you.

Representative Chambers: That would probably be worth digging deeper into and analyzing each of those thefts. So, thanks.

Chair Postman: Yes. Absolutely. Thank you.

Senator Nobles, thank you for joining us.

Senator Nobles: Of course, thank you. I won't be on video. but I just want to add voice to the conversation and thank all of the many stakeholders in this industry for speaking up and being vocal. And I know over the past couple of years I have been in a relationship with different folks, whether it's processors or producers or retailers, and when we have this conversation while we are talking to lots of business owners and entrepreneurs, what I have been able to learn from being on the ground and visiting farms and visiting stores is that we're talking about community members, family members, folks who have invested so much in this industry, folks who care about community who take parts of their revenue -- whatever is left after that 47.1% and all the other costs for compliance, they still give back to community. I mean, they have partnered with me in my day job to help to put on workshops to show other folks how to get into the industry.

So I see and hear individuals who care about community, and just want to make sure that I took a moment to say that I'm listening. I have a couple of pages of notes from this conversation but have been taking notes to learn about the industry since before I was even elected because it's an important industry to community, and it impacts lots of people that I know and people that I have met over the past couple of years. But I will continue to be a champion and someone who is learning about the issue and being a voice for what the industry needs. And so, I just want to thank you all again.

And I agree with thanking the workers because when I have visited any store, any farm, and I see so many amazing young people who love the work that they do, who have found something that they are good at, and whether it's coming up with names or making sure that products make it to the lab appropriately and that they are meeting compliance, it is just such a beautiful community of real people, real families, real community members, entrepreneurs, and frontline workers, who we do want to make sure as a state legislature and atate agency that we are caring for and listening to.



So, I just want to say thank you all for what you do, and I'll continue to listen and learn and take action on your behalf.

Chair Postman: Thank you, Senator. And thanks for those comments about the people in the business who you have met. I find the same as I have been able to get out there and visit retailer processors, producers, and you walk out of this business, boy, they are having fun. And we're going to get that. That's the spirit there, and we need to protect that and do it. So really appreciate your participation.

And I will just say for the legislators who are on with us today, keep those notes. Let us know what other ideas you have. I think we should also try to continue to convene as a group with the policymakers to make sure you know where we are going with interim action as well as what we might need out of the legislature next year. We're just about out of time, and I want to take a minute and revisit with our licensees and see if you have any closing thoughts or requests or pleas for us or the community at large. Aaron?

Mr. Varney: Yeah, and I would just add appreciation for the support that does rally around the emergencies and the tragedies, the folks that are donating money to those that have to Jordan Brown's family. He has a GoFundMe, and I know those funds are much appreciated. If you go to GoFundMe, you can search for his name and you will see that there. Likewise, with all the folks that rallied around.

And I just wanted to echo Senator Nobles' comments. These are all families. These are all your friends and your sons and your daughters and your brothers and sisters. And just to humanize this, the beautiful thing about getting to do this experiment and bringing cannabis from out of the shadows and into the light is all the folks that were so committed to cannabis as something that made their life better get a place to be. And now that it has been threatened, I appreciate the forum to bring safety -- how important safety is.

Having started this in late 2010 and having opened our door in 2011, the amount of support and just community, I guess, capital, or just kind of human connection that happened through these was through the medical cannabis community and into the recreational world is how we get to know ourselves. It's the people that we do our business with and the people that we work with and the people that we end up just loving. It's a loving community, and it's really challenging to see so much pain shooting through it right now. And so my heart goes out to all those that are feeling that stress. Please, please seek help. There are lots of resources as an owner. We try to put as many resources in front of them and bring together things that are helpful and be responsive and listen to the frontline. In a lot of ways, they have come up with ideas that make us safer than any consultant could. And so, tuning into them and just reiterating that there is nothing more sacred than your safety, and please remember that if you are ever in a situation. It's not worth it. One of the folks that were in our SODO store did let me know that he had an opportunity to intervene, and because of the training, he did not. And probably because of the training, everybody got to go home that day. If you bring a gun into a place, you are probably willing to use it, and it's just a scary prospect. So my heart goes out to everybody dealing with this. I'm in there with you. And I appreciate the audience here today that has joined forces with that to take care of one another. So thank you for the time today.

Chair Postman: Thank you, Aaron. Jenna.

Ms. Rodriguez: So, Aaron said it a lot better than I was going to say it, but I just want to say today feels awesome because it seems like we have humanized the people, as he said and, hopefully, this will help get some attention and some momentum moving forward.

And I spoke to you, David, about how I was just looking for a sense of community, because it is so competitive, and today felt like the first step. If we can continue to do these sorts of things, it would be greatly appreciated as well as be able to work together and collaborate on some best practices. So I just wanted to thank you for this.

I'm going to take this back to my team, everything we talked about, and I know it will make them feel immensely better to know that not only are we working for their safety, but there are people out there rallying for their safety. So we appreciate it.

Chair Postman: Great. Thank you. Appreciate that, Jenna, a lot. I think the first follow up you'll see from us is we will try to compile a list of some of the things we talked about, get at what we're trying to do. I think very high in that list and #1 is this idea of the safety training and what can we do. So you will all be hearing from us soon about that. We will staff it. We will be working on it. We will make sure we keep in the loop legislature as well on that.

Ms. Eltinge: On top of all of the thank-yous, I just want to put to the LCB that as you come up with thoughts and solutions, can we not wait until it is perfect? Bureaucracy runs really slow, and the crisis is now. My people are afraid now. And I get the need for, in theory, perfection in something. But we can't wait for that.

Chair Postman: I agree.

Ms. Eltinge: We need the information as -- if you figure out a piece of it, get us that piece --

Chair Postman: Right.

Ms. Eltinge: -- and don't wait until you have the whole pie solidly built.

Chair Postman: You got my word on that. I agree with you completely. Not just in this instance, but in general. I am all for the iterative process, and it goes back to what Michael was talking to us about -- incremental change. And we can do it. We have some sort of currency here of our own and authority, and we're going to use it in working with you all as the community that Jenna was just talking about. That is something we can do without anybody's approval. Right? We can just keep doing this and talking and sharing and picking off what we can. And you have got our commitment that we are going to do that. So, thank you, Sara.

We're going to have to wrap it up. I just want to say in closing, thank you all for taking the time to do this, both to meet all four of the retailers who took time out and the legislators, and Michael sharing that national perspective is really helpful to us. And we will continue to keep you in the loop with what we are doing. You gave us some suggestions, too, but we might be able to do to help back there, and we'll talk about that, as well. And staff who have been on the phone really appreciate that. And the State Treasurer was able to join us and really has been a champion, and I think is a friend of the industry and this agency.

You know, I would just say, I mentioned to you that Gypsy Greens is my neighborhood cannabis store, and I go by there probably every single day. And it's a little tiny shopping center. And if I recall, on one side is a health food store, I think on the other side is a little brewpub, and then there is an auto parts store. Every one of those stores is subject to robberies and all those sorts of things. The difference, of course, is they also allow to use credit cards and debit cards. They are not on a controlled substance list that causes all these problems. In our state, even the legislature that is designing this for the LCB, but the

voters are the ones who gave us 502 and said, "let's do this." It's a harm reduction measure. It's a way to pull back from the failed war on drugs. So we work every day with a voter mandate to do this, and we're running up against a wall from Congress that says, "no, you can't do it all. We are not going to let you do that. Even though your voters want to do that". We are going to have to keep hitting on that really hard, I believe, and at the same time figure out what we do without them because the cannabis store should be no different than the health food store or the brewpub, other than it's more like the brewpub. Right? You got to be 21. So we use that as an example, but what's the difference? And if I can use my credit card in one, why can't I in the other? And if I can't, what else can we do? So that's our commitment.

I think we are going to see more of each other. I look forward to reconvening when we can. And we will start to make some email lists here to make sure that folks are kept in the loop and at our Board Meetings, Executive Management Team Meetings, and our Caucuses, which happen every Tuesday morning at 10:00. We will be giving updates on the progress of all of that.

And then the last thing I want to say is just for everybody who is online, thank you for joining us today. We welcome written comments from anybody if people have more ideas or insights. I want to take just a quick second and thank Christy Stanley, who is a licensee who reached out to the Board asking for a meeting, we changed the event a little bit because of the recent tragic events and wanted to have some representation, but Christy has raised some really good questions about cashless systems and is working with state regulators now on that. So we will hear more on that at some point, as well.

With that, I thank you all. Stay safe. Keep your folks safe. And let me know personally if there is anything I can do. Thank you. Have a great day.

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## TAKEWAYS

- Review and assign takeaways before/at the next Executive Management Team meeting

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Meeting adjourned at 11:59am.

Minutes approved this 12<sup>th</sup> day of April, 2022.



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David Postman  
Board Chair



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Ollie Garrett  
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant to the Board