

Navigating Inequity: Advocating for True Social Equity in Washington State's Cannabis Industry

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- Offering recommendations for improving the cannabis social equity program and ensuring meaningful engagement with Black and Brown communities.

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Introduction:

In the subsequent sections of this booklet, we delve deeper into the intricacies of these challenges, examining the legal aspects, legislative disparities, and the broader impact on the Black and Brown communities. Through this exploration, we aim to provide a comprehensive understanding of the hurdles faced in achieving true Social Equity in Washington State's Cannabis industry and offer recommendations for a more effective and inclusive future.

In the years spanning 2010 to 2015, the cannabis industry became a beacon of empowerment and self-sufficiency for Black and Brown communities. It was a period characterized by a burgeoning sense of independence and pride, as these communities actively participated and demonstrated their ability to thrive in the cannabis landscape. The industry offered a platform for showcasing resilience, entrepreneurial spirit, and a determination to break free from historical constraints.

However, this positive trajectory took an unexpected turn when the Liquor and Cannabis Board (LCB) assumed control over Washington State's newly legalized recreational cannabis market. The once-promising landscape for Black and Brown communities shifted, and doors that had initially opened were seemingly closed for vague and unclear reasons. The abrupt shift in dynamics left these communities on the outskirts of an industry they had once embraced and contributed to.

Background on Cannabis Social Equity Program:

As pioneers in the original medical cannabis industry, our group witnessed firsthand the transformative impact that the LCB's policies had on our communities. The aftermath revealed a stark contrast in the landscape, with mega White-owned cannabis establishments now dominating our neighborhoods. Disturbingly, these establishments often sport images of Black and Brown individuals on their facades, creating an illusion of inclusion, which is far from the reality.



Shawn Kemp's cannabis 3% black owned



Uncle Ikes 0% black owned

The attempt to convey ownership diversity through external imagery is emblematic of a more profound issues and marginalization. Black and Brown communities, once actively engaged in the cannabis industry, are now confronted with a facade that seeks to mask the true ownership structures at play. The consequence is not merely a loss of economic opportunities but

a rupture in the self-sustaining ecosystem that had begun to emerge.

Emphasizing the Positive Impact of Black-Owned Businesses in the Sector for a brief time

When Black and Brown communities actively participated in the cannabis industry, reliance on government stipends diminished, and crime rates showed a decline. The sense of pride and independence that accompanied this economic participation fostered a tangible shift in community dynamics.

Now, with exclusionary policies in place, these positive impacts have waned, highlighting the urgent need to revisit and rectify the systemic barriers hindering the participation of Black and Brown entrepreneurs.

Black Excellence in Cannabis

In the subsequent sections of this chapter, we delve deeper into the challenges faced by Black Excellence in Cannabis, navigating the impact of regulatory decisions on the community's economic landscape, and advocating for policies that genuinely foster inclusion and diversity in the cannabis industry.

House Bill 2870 and Legislation intent

We applaud the Legislation process:

A Catalyst for Social Equity

The passage of House Bill 2870 was a catalyst for change, ushering in an era of social equity that aimed to create a level playing field within the cannabis sector. The legislation was crafted with a meticulous understanding of the challenges faced by marginalized communities, offering a roadmap for inclusivity and economic empowerment.

Empowering Black and Brown Communities

For the Black and Brown communities, House Bill 2870 represented more than just a legal milestone—it symbolized a renewed sense of hope and empowerment. The legislation acknowledged the positive contributions of these communities to the cannabis landscape, seeking to dismantle barriers that had hindered their participation and success.

Clarity in Purpose and Direction

The year 2020 served as a clarion call for the cannabis industry in Washington State. House Bill 2870 provided not only legal clarity but also a clear vision for addressing systemic issues and fostering an environment where all stakeholders, regardless of background, could thrive.

Looking Ahead with Optimism

As we reflect on the passage of House Bill 2870, we celebrate the foresight and commitment of the legislators who championed this cause. The legislation has set the stage for a more equitable and inclusive future, laying the groundwork for a cannabis industry that truly reflects the diversity and vibrancy of Washington State.

In conclusion, the year 2020 will be remembered as the year of clarity and vision in the cannabis sector. House Bill 2870 stands as a testament to the collective commitment to social equity, signaling a promising future for Black and Brown communities in Washington State's evolving cannabis landscape.

Overview of the Current State of the Cannabis Social Equity Program

House Bill 2870 represents a commendable effort to infuse equity into Washington State's cannabis industry, acknowledging the historical injustices faced by Black and Brown communities.

The legislation's vision aimed to create a fair and inclusive framework for the cannabis market, fostering opportunities for those disproportionately affected by past policies.

However, the realization of these noble intentions faced challenges in the hands of the Liquor and Cannabis Board (LCB), marking a critical juncture where the quest for social equity encountered obstacles.

LCB's Engagement with Communities of Color Subject:

Critique of the LCB's Approach to Dialogue with Black and Brown Communities, the Liquor Control Board's (LCB) handling of dialogue with Black and Brown communities raises significant concerns, particularly in its failure to effectively communicate with social equity applicants.

Firstly, the LCB's outreach to social equity applicants was notably lacking. There was a conspicuous absence of communication explaining the grounds for denial based on their points. This lack of transparency not only undermines the principles of fairness but also hinders the affected individuals' ability to rectify any shortcomings in their applications. Without a clear understanding of the reasons behind denial, the LCB missed an opportunity to foster a sense of trust and credibility within these communities.

Furthermore, the media outreach conducted by the LCB appears to have been poorly executed. The information provided failed to address the concerns of Black and Brown communities adequately. The inadequacies in the outreach process have perpetuated a sense of ambiguity, leaving many individuals without the clarity they deserve. Effective communication is fundamental in building trust, and the LCB's failure to deliver on this front has contributed to a widening gap of

understanding.

Another critical issue is the absence of active community engagement in conversations that directly impact Black and Brown communities. The LCB's tendency to exclude these voices from crucial discussions is a disconcerting pattern. Unlike meetings held with White communities in 2015, where detailed explanations of processes were provided, the LCB directed Black and Brown communities to virtual portals, sidelining their input and concerns.

This disparity in engagement is not only unjust but also perpetuates systemic inequities. It is imperative that the LCB recognizes the importance of including Black and Brown voices in discussions that directly influence their communities. Failure to do so not only disregards the principles of democratic participation but also perpetuates a systemic exclusion that undermines the integrity of the entire process.

In conclusion, the LCB's approach to dialogue with Black and Brown communities is deeply flawed. The lack of transparency in communication with social equity applicants, coupled with inadequate media outreach and exclusion from active community engagement, raises serious questions about the commitment of the LCB to fostering equity and fairness in its processes.

It is crucial for the LCB to reassess its approach, actively engage with Black and Brown communities, and work towards building a more inclusive and transparent dialogue for the benefit of all potential stakeholders.

Ponder Diversity Group's Missteps:

The pursuit of social equity in the cannabis industry encountered a series of setbacks due to the inaccuracies plaguing the rubric scoring process. Ponder Diversity Group (PDG), was hired by the LCB and was tasked with implementing the rubric evaluation, demonstrated significant lapses in understanding and execution.

1. Misuse of DIA Map Numeric System:

- PDG's handling of the Disproportionately Impacted Area (DIA) map numeric system was fraught with errors. The numeric system, a critical component of evaluating the impact of historical cannabis convictions, was not applied

accurately. Discrepancies emerged in the interpretation of data, leading to an inconsistent and flawed assessment of affected communities.

2. Disregard for Legislative Intent (House Bill 2870):

- House Bill 2870 outlined specific intentions regarding the consideration of years in the rubric scoring process. Unfortunately, PDG deviated from these legislative guidelines. Inconsistent application of timeframes disrupted the fairness of the scoring, creating disparities among applicants based on arbitrary decisions rather than legislative intent.

3. Failure to Recognize Marijuana Distinction:

- A fundamental error in PDG's approach was the initial failure to recognize the distinction between marijuana and cannabis. This oversight significantly impacted the accurate evaluation of applicants, potentially leading to biased assessments and disadvantaging those whose contributions were primarily in the marijuana sector.

4. Inequitable Point Allocation in DIA Areas:

PDG's methodology for allocating points within DIA areas lacked uniformity. Some applicants were awarded points for a 10-year span, while others in the same DIA address did not receive the same consideration. This inconsistency further undermined the integrity of the scoring process, raising questions about fairness and impartiality.

The Consequences:

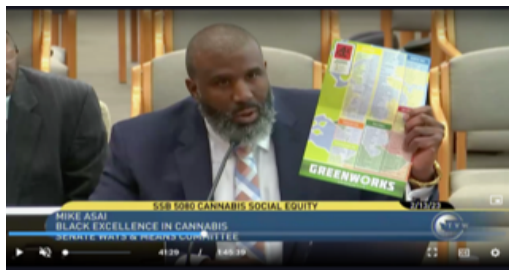
These inaccuracies in the rubric scoring process have far-reaching consequences for the Black and Brown communities seeking to participate in the cannabis industry.

The potential for disparities in evaluating historical contributions, combined with the failure to recognize the nuances between marijuana and cannabis, compromises the very essence of social equity.

As we delve deeper into the repercussions of these scoring discrepancies, it becomes apparent that addressing these issues is not only crucial for individual applicants but is fundamental to restoring faith in the social equity program.

The next sections of this booklet will explore the aftermath of these inaccuracies and advocate for rectifying the systemic flaws in the rubric scoring process to ensure a fair and equitable evaluation for all.

Black Excellence in Cannabis, navigating the impact of regulatory decisions on the community's economic landscape, and advocating for policies that genuinely foster inclusion and diversity in the cannabis industry.



Mike Asai Vice President of Black Excellence in Cannabis



Damian Mims Treasures of Black Excellence in Cannabis

September 15, 2023:

Expressing Concerns Black Excellence in Cannabis took the initiative to voice concerns, sending a letter to the LCB on September 15, 2023.

1. The letter expressed reservations about the LCB's apparent intent to deny social equity applicants' direct access to their rubric scores, requiring an arduous record request instead.

2. September 17, 2023: Denial Letters and Appeal Option

- On September 17, 2023, the LCB sent out denial letters to applicants, introducing the possibility of an appeal. However, the conditions were clear: to see their scores, applicants would need to navigate the complex records request system.

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3. LCB's Response: A Disheartening "No"

- In response to this inquiry, the LCB issued a dry and generic denial on September 18, 2023, leaving Black Excellence in Cannabis without the desired transparency. The refusal to grant applicants straightforward access to their scores raised questions about the LCB's commitment to fostering an equitable and open process.

4. September 26, 2023: Legal Action Initiated, frustrated by the lack of transparency and accessibility, a member of Black Excellence in Cannabis took a significant step by filing a lawsuit against the LCB on September 26, 2023.

The lawsuit contested the LCB's refusal to allow applicants to view their scores directly, as well as the requirement for a records request violated their constitutional rights as well as their right for transparency in commerce.

This legal challenge underscores the vital importance of transparency in the social equity program. Denying applicants, the ability to access their rubric scores directly not only hampers their understanding of the evaluation process but also impedes their ability to address any discrepancies or contest unfavorable decisions.

As we delve into the legal intricacies and implications of this lawsuit, it becomes clear that the fight for transparency is central to ensuring a fair and equitable cannabis social equity program in Washington State. One would have to ask the question if the LCB was truly for social equity why would it be necessary to keep a crucial part of the process secrete? And furthermore, where was the governmental interest in the process they chose?

A Turning Point - LCB's Announcement on September 27, 2023:

In a pivotal development on September 27, 2023, the Liquor and Cannabis Board (LCB) made a significant announcement that marked a turning point in the ongoing saga surrounding the accessibility of rubric scores for social equity applicants.

Key Announcement:

September 27, 2023: Transparency prevails on this date, the LCB issued a crucial announcement, signaling a shift in their stance. In a welcome move, the LCB revealed that applicants were now granted the ability to directly access their rubric scores.

This announcement came in the wake of Black Excellence in Cannabis' legal challenge, highlighting the power and impact of advocacy in the pursuit of transparency and fairness. The newfound ability for applicants to view their rubric scores directly signifies a positive step toward fostering a more inclusive and equitable environment within the cannabis social equity program.

Implications and Reflection:

The LCB's decision to allow straightforward access to rubric scores suggests a recognition of the importance of transparency in the evaluation process. It acknowledges the concerns raised by Black Excellence in Cannabis and the broader community about the necessity for a fair and accessible system.

As we explore the aftermath of this announcement in the subsequent sections of this presentation, it is essential to assess the broader implications for social equity applicants and

consider how this change contributes to the overarching goal of creating a just and equitable landscape for Black and Brown entrepreneurs in the Washington State cannabis industry.

The Consequences:

These inaccuracies in the rubric scoring process have far-reaching consequences for the Black and Brown communities seeking to participate in the cannabis industry. The potential for disparities in evaluating historical contributions, combined with the failure to recognize the nuances between marijuana and cannabis, compromises the very essence of social equity.

As we delve deeper into the repercussions of these scoring discrepancies, it becomes apparent that addressing these issues is not only crucial for individual applicants but is fundamental to restoring faith in the social equity program as a whole.

The system is broken:

The system appears to be broken, revealing a stark disparity between expectations and reality in the execution of House Bill 2870 (HB 2870).

Initially, there was an understanding that the Liquor and Cannabis Board (LCB) and the Department of Commerce would have funds readily available upon the release of approval letters pertaining to HB 2870.

However, this assumption has proven to be incorrect, creating a pressing dilemma within our communities. Black and Brown applicants who have received preliminary approval letters from the LCB are finding themselves in a precarious situation as they lack the necessary funds to move forward.

In this void, affluent white cannabis retail owners are exploiting this vulnerability by offering predatory deals to these applicants.

This financial shortfall is reminiscent of redlining practices, as it obstructs our communities' access to funding, forcing them into the clutches of predatory lenders and inhibiting their economic growth. Furthermore, the encroachment of out-of-state money raises concerns, with white retailers seeking to bring in external funds, potentially exploiting local restrictions in Washington State.

This scenario could lead newly licensed businesses to accept out-of-state funding, further jeopardizing their autonomy and contributing to their potential demise.

According to WAC Rule 314-55-570 subsection (e), a "Preliminary letter of approval" is issued to a social equity program applicant for the purpose of securing a grant from the Department of Commerce and obtaining a location and other necessities to complete the licensing process.

However, the current disconnect between the issuance of preliminary approval letters and the availability of funds underscores a critical flaw in the implementation of the social equity program.

As Black Excellence in Cannabis delves into the intricacies of this issue, the aim is to shed light on these systemic challenges, advocate for the necessary reforms, and ensure that the promises of social equity are not undermined by financial barriers and predatory practices.

Challenges Identified by Black Excellence in Cannabis

In a dialogue between Black Excellence in Cannabis and the LCB, three pivotal issues emerged, shedding light on the complexities within the implementation of the social equity program:

1. Rubric Score Transparency:

- A fundamental concern raised by Black Excellence in Cannabis was the LCB's directive to Ponder Diversity Group (PDG) not to disclose rubric scores to applicants. Transparency in scoring is a cornerstone of fairness, enabling applicants to understand the evaluation process and identify areas for improvement.

2. Marijuana vs. Cannabis Recognition:

- Another obstacle revealed in the interaction was PDG's failure to recognize marijuana and cannabis as synonymous. This discrepancy in terminology introduced ambiguity and potential bias, impacting the accurate assessment of applicants and their contributions to the industry.

3. Disproportionately Impacted Area Map Usage:

- The application of the Disproportionately Impacted Area map, a crucial tool for identifying communities in need, became a point of contention. PDG's inconsistent use of time increments in equating the map led to confusion and, in some cases, disadvantaged certain applicants unfairly.

Communication Challenges and Appeals Process:

Black Excellence In Cannabis took proactive steps to address these issues, reaching out to both

PDG and the LCB. However, the response received was non-sequential, introducing further challenges. Presently, a staggering one hundred and fifty individuals are actively pursuing appeals based on PDG's handling of the rubric scoring. This underscores the critical need for a

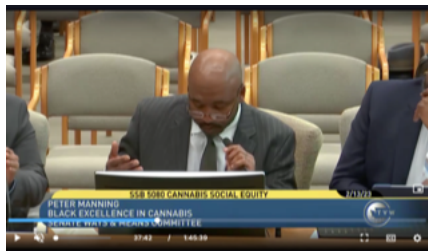
transparent and responsive process that aligns with the spirit of equity that HB 2870 intended to instill.

Conclusion and Recommendations:

Summarizing the key points raised in the booklet Peter Manning Black excellence in cannabis president first raised the concerns in 2014 that the way in which the LCB was intending to hand out the licenses for marijuana retail was going to hurt the black and brown community. Message ignored.

In 2016 Black Excellence In Cannabis made it known that the LCB was awarding licenses to White applicants but denying Black applicants with the (identical) same paperwork. Black and Brown applicants were told there was no rush to apply; on the other hand Whites were told to get their paperwork in as soon as possible.

In 2019 Peter Manning filed a Federal Lawsuit alleging racial discrimination against the LCB which was settled in 2021.



Our recommendation is to remove the LCB from Cannabis in Washington State and place it in the hands of agriculture. The LCB has been a problem for the communities of color even in the time of when they regulated liquor in Washington State.

They marginalized these communities and kept them from building generational wealth within the liquor industry. The LCB has all ways held conversation about us without us.