



Washington State Commission On

African American Affairs



Commissioner Paula Sardinias, NBPLA
PO Box 2941
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Assessment by Commissioner Paula Sardinias

Date:	Assessment Performed By:	Services Performed For:
April 29, 2020	Commissioner Sardinias	CAAA to recommend:

HB/2870: Creating Washington's Cannabis Social Equity in Retail Program

Qualifications to assess DEI for Social Equity:

Paula Sardinias serves as a Commissioner for the WA State CAAA

Lobbying and Advocacy: Designated Professional Lobbyist by FAPL (2011-Present)

Cannabis: 22 years

Public Policy & Advocacy: 25 years

Regulatory Compliance: 10 years

Financial Services: 28 years

DE&I: 20 years

WA State Legislation, Signed by Governor Inslee: 16 bills since 2016 (Including WA SB 5928 and HB 2870 | Federal: H.R. 1595 Safe Banking Act)

Qualifications of Commissioner Sardinias

AA, BBA, Columbia College, MO

DEI Certification, College of William and Mary, VA

Design Thinking (Social Good), Certified, University of Virginia

Diversity in the Workplace, Certified, ESSEC Business School

Data Scientist, Certified, John Hopkins University, MD

MBA, FIU (Florida International University), FL (Class of 21). In coordination with the WA

State Commission on African American Affairs, Paula Sardinias and FMSGs have prepared this assessment for the LCB Board and Agency to consider. It is understood, we are non-paid volunteers serving in an appointed capacity for the WA State CAAA. To bring the most resources, we often rely on the expertise obtained in our FTE and leadership roles.

My recommendations are intended to provide a non-bias approach, giving the CAAA, LCB Agency, LCB Board, the Legislature, and the Governor's Office some context to what we both observed and researched.



Key findings:

LCB Agency and Board

Interviews: 215 from December of 2019-March of 2020 ((3 participants identified as white on non-Black/African American). As of 11/27/2020 WA CAA has interviewed an additional 27 citizens who identify as black or African American. The 2 spoke highly of the LCB, 25 continued to identify areas of concern regarding disparate treatment from the Agency regarding licensing and enforcement.

Areas of Concern: *Director Garza and licensing as a Department. There is widespread mistrust between the larger community (licensees and non-license holders) and the LCB Agency. As a Commissioner, I could not substantiate or find evidence this mistrust extends to the full Board (Jane Rushford, Ollie Garrett, and EA Dustin Dickinson). Other than the letters written regarding Board Member Russ Hauge in 2019, we received no independent complaints about Mr. Hauge. Amended: 11.27.20 Fewer than 10 of the people we interviewed complained that Mr. Hauge.*

Areas of high praise: *Chris Thompson, Director of Legislative Affairs (genuinely trusted by both legislators, lobbyists, and the Black/African American Community).*

Amended 11.27.2020 - *The WA CAAA has had extremely positive engagement with Rebecca's Smith and the licensing division. There appears to be a willingness to take a more empathetic approach when dealing with licensees and applicants. We have relied on this approach to save the license of an African American producer processor.*

WA State Commission on African American Affairs:

Interviews 215: from December of 2019-March of 2020 (3 participants identified as white on non-Black/African American).

- *There is a broad base of trust between the CAAA and the Black/African American Community. ED Prince, EA Charlotte, and the nine Commissioners enjoy high trust amongst their constituents.*

Areas of Concern: *Would the CAAA act independently in lobbying for HB 2870 and investigating complaints against Director Garza (LCB Agency) and Mayor Durkin City of Seattle regarding the past treatment of Blacks/African Americans under i502? *CAAA Commissioners are appointed by Governor Inslee, many African Americans felt that would mean—would not act independently.*

Areas of high praise: *Community advocates, stakeholders, most legislators, lobbyists, and the media, were very satisfied with our work on HB 2870. Of note; increasing the appropriation from \$100k to \$1.1M; recurring; including language that acknowledges the harm of i502 caused and the disparate impact; increasing the program to 8 years, the inclusion of 48-certificate holders who had been seeking relief from the LCB for years.*



Recommendations: CAAA

Update the CAAA website to give more transparent information on WASEP

Acknowledge findings: Commissioner Sardinias after conducting 215 interviews and reviewing thousands of LCB adjudications did find the following:

- There was no proof of racism by the LCB as an Agency, that could be sustained under the Civil Rights Act of 1964.
- There is a fundamental lack of DEI understanding with the LCB. There permeates a culture that does not relate well to communities of color.
- Initially, licensing presented as rigid and inflexible, after providing feedback—I (Commissioner Sardinias) have found the licensing team to be professional and accommodating to both licensees and new applicants.
- The CAAA has high praise for the Director of Legislative Affairs. I found Mr. Thompson to be honest, fair, and extremely trustworthy.
- In my interactions with the Board, I have found them to be willing partners in creating an environment where education, compliance, and enforcement can be delivered in a fair and consistent manner.

Statement of Work for CAAA to recommend April 29, 2020

- The lottery process was not adequate for issuing the licenses. We **do NOT** recommend this for the Social Equity Program.
- Many of the applicants—misunderstood the legislation and believed that “had a license and it was taken away; in most instances, **this was false.**”
- Some of the applicants provided false or misleading information to obtain a license.
- Many of the applicants did not have the expertise, training, and support—to adequately complete the i502 application process.
- The LCB did a poor job of explaining the process of going from a medical dispensary to an i502 license. This failure to educate; has created and fostered the narrative that the “Agency is racist towards Blacks/African Americans). **Amended 11.27.2020: Under the current RCW, the WA CAAA is not charged with**



investigating instances of racism; nor do we have the tools and investigative methods to properly assess whether racism occurred. In cases where Black/African Americans have alleged racism, we have referred those claimants to the NAACP Seattle or Tacoma, The EEOC, the Office of Human Rights, and the State Bar for legal counsel referrals. We did make two such referrals while investigating claims brought against the LCB.

- While we could not substantiate a finding of racism, we did find the LCB had a culture where its Agency employees were allowed to loosely interpret the rules depending on “who and what came before them.” Oftentimes, due to a lack of diversity within the agency, and a demonstrated understanding and appreciation for the black-lived experience, they operated in a way, one with DEI training could only conclude presented both a conscious and unconscious bias.
- That bias was particularly egregious when dealing with, making decisions, referrals, and performing adjudications of African Americans.
- The LCB Agency opted to behave like a policing agency-- assuming applicants and licensees were guilty of a crime; in lieu of a regulatory body-- educating on WAC's, RCW's, and helping to foster a culture of success and trust amongst the citizens they regulated.
- In our vast dealings with the LCB, we have found they provide contradictory, misleading, and yes sometimes false information. While I cannot ascribe malice, I do question the competence of those tasked with managing such a large Agency, responsible for carrying roles of public trust.
- To be clear-- the public has made it painfully obvious in more than 9 hours of community engagement, they have not to trust in current LCB.
- Below were the recommendations for building trust within the Black and other BIPOC communities for the LCB.

Recommendation for the LCB: 12-steps to building trust in Communities of Color

CAAA recommends the LCB engage a DEI/Cannabis consultant to do community outreach, community engagement, DEI, and Microaggression *training with LCB staff. This work should be congruent with the development and implementation of a social equity program, and the work of the WASEP task force.*

- 1. Continue to acknowledge the object failures of i502 and their systemic impact to Communities of Color.*
- 2. Hire a DEI Consultant that is independent of the LCB, Legislature, and Governor's Office to build community outreach and trust.*
- 3. Add a WA State DEI statement to the first page of the LCB website. Let consumers know you believe in “inclusion.”*
- 4. Examine diversity, equity, and inclusion across the agency.*



5. *Create a more inclusive culture when dealing with both internal and external customers.*
6. *LCB should undertake some “gender intersectionality training,” i.e. this would be helpful in creating a more effective dialogue with women and women of color.*
7. *Be open to 360-degree feedback (elected officials, commissioners, community stakeholders, and advocates).*
8. *More transparency between the LCB and the Commissions. We can be a strong partner and ally for the communities of color.*
9. *Create a statewide outreach program. Trust issues exist from Spokane to Bellingham.*
10. *Community Enforcement to model Community Policing: Create a safe space for enforcement officers to get to know the licensees.*
11. *Ensure community forums are advertised by WA State Commissions, Urban League, NAACP, Black Collective, Black Pastors, and other outreach groups of color.*
12. *Listen objectively to independent feedback.*

Statement of Work for CAAA to recommended on April 29, 2020

Data that help to inform our decisions:

Case: There exists between the LCB (the Agency) and the constituents they serve (licensees) and legislators a fundamental mistrust regarding enforcement, community relations, and the handling of Marijuana licenses under i502. It was important to examine factors; they are listed below. 10-year look-back.

*1. Cannabis Social Equity ACLU: Report: The War on Marijuana In Black and WHITE
<https://www.aclu.org/report/report-war-marijuana-black-and-white?redirect=criminal-law-reform/war-marijuana-black-and-white>*

2. Growth Projection: Legal Marijuana Market Size Worth \$73.6 Billion By 2027 | CAGR 18.1% <https://www.grandviewresearch.com/press-release/global-legal-marijuana-market>

*3. Why Are Only 4 Percent of Cannabis Businesses Owned by African Americans?
<https://www.greenentrepreneur.com/article/315528>*



4. *WA Social Equity: <https://www.marijuanamoment.net/washington-governor-signs-bill-to-diversify-states-marijuana-industry/>*

5. *Ten-Washington Bipartisan Lawmakers Claim Liquor and Cannabis Board has a Toxic Culture <https://www.thestranger.com/slog/2019/02/26/39305040/ten-washington-lawmakers-claim-liquor-and-cannabis-board-has-a-toxic-culture>*

6. *Culture Change Needed in Enforcement of LCB (The Report) <https://www.spokesman.com/stories/2020/jan/10/report-cultural-change-needed-in-enforcement-of-ma/><https://www.gleamlaw.com/washington-state-liquor-and-cannabis-board-to-increase-number-of-enforcement-officers-to-meet-growing-backlog-of-marijuana-related-complaints/>*

7. *Washington State Liquor Control Board to Lose Power Over Cannabis <https://dailyleafdeals.com/washington-state-liquor-control-board/>*

8. *Legal Marijuana Made Big Promises; Racial Equity Fell Short <https://www.nbcnews.com/news/nbcblk/legal-marijuana-made-big-promises-racial-equity-fell-short-n952376>*

9. *Can Washington Fix Its Broken Cannabis Lab Testing System <https://www.leafly.com/news/industry/can-washington-fix-its-broken-cannabis-lab-testing-system>*

10. *2018 Complaint <https://www.hempfest.org/wp-content/uploads/2019/06/Complaint-Seattle-Hempfest-VS-Washington-State-Liquor-and-Cannabis-Board.pdf> *LCB has several matters that require litigation—this also feeds into the narrative of mistrust. *Commissioner Sardinias also delivered to Director Garza a potential whistleblower complaint. Advised *Director Garza to have HR take a look at the complaint to ensure no policies had been violated. (2020)*

Life Before Legalization: WA State

Equity: Misdemeanor arrests decline in Seattle as racial disparities remain <https://crosscut.com/2018/10/misdemeanor-arrests-decline-seattle-racial-disparities-remain>

CAAA Community Engagement Example:

In 2019, Paula Sardinias hosted 3 of the 4 WA State CAAA meetings (Tacoma, Kennewick, and Vancouver, hosted in my capacity as an Executive and Community Advocate). This



allowed me to research certain issues and topics important to the Black/African American Community across Washington State. We used Facebook, LinkedIn, Instagram, Eventbrite, Black Pastors, Churches, and Legislators to help us craft these community meetings.

- *January 2019 (Tacoma, WA) Affordable childcare | **Result:** Legislation passed (Rep. Reeves, Rep. Senn, Rep. Entenman, Commissioner Sardinias)*
- *May 2019 (Kennewick, WA) Reverse Mortgages | **Results:** Working on Federal legislation, Commissioner Sardinias*
- *2019 (Vancouver) Policing: Community concerns, body cams, mistrust. **Results:** Work in progress, Chair Hausa, Commissioners: Smith, Kendrick*
- *December 2019- March 2020 Cannabis Social Equity | **Result:** Legislation passed (Commissioners Sardinias, Hausa, LCB, Governor, AG, Legislature, 21 stakeholders)*

WA State Commission on African American Affairs

Commissioner Will Hausa
Commissioner Sara-Franklin Phillips
Commissioner Andrea Caupain
Commissioner DeSean Quinn
Commissioner Dorian Waller

Commissioner Reverend Walter J. Kendricks
Commissioner Dr. James G. Smith
Commissioner Joyce Bruce
Commissioner Paula F. Sardinias
Executive Director Ed Prince, Jr.

Added 11.30.20

In closing—when we think of civil rights and injustice—we most frequently think of George Floyd and Breonna Taylor. That’s natural given the events of the past seven-months. Today, when I think of the case, we have presented to the WA State LCB (Agency), the Board, and now this committee—I tend to think of Associate Justice Ruth Bader Ginsberg.

During a time where African American women have made historic strides in WA State, and literally saved America from the most corrupt and immoral President in modern history—it’s quite befitting that a black woman, would now be advocating on behalf of these black men. But to quote Justice Ginsberg: “I ask no favor my sex (gender). All I ask of our brethren (at the LCB) is that they take their knee off our necks.”

At the time of this report, the WA CAAA had not concluded its investigation. Now we have, we recommend the LCB move forward swiftly with reconsideration and award Cloud Nine their licenses.

Commissioner Paula F. Sardinias, NBPLA