

Wholesale Technical Subcommittee

July 16, 2015 Meeting Summary and Recommendations

Committee Attendees: Noah Stokes, Jamin Giersbach, Matt Gompers, Tyler Anthony, William Bates, Stan Teets, Diana Beard, Matt Maletis, Beau Whitney, Helen Ying

Absences: Stan Teets

Other Attendees: Chris Lyons (RAC Chairperson)

OLCC Staff Representatives: Bryant Haley and Amanda Borup

The wholesale technical subcommittee met on July 16, 2015 to discuss procurement, tracking, reporting and security. The following is a summary of that meeting and the subcommittee's rule recommendations on those topics. For purposes of this and future summaries and recommendations, these phrases are defined as follows:

- **“Believes” or “agrees”:** no member of the committee voiced a conflicting opinion or approach.
- **“Generally agrees”:** some members of the committee voiced a differing sentiment than this prevailing opinion or approach.

Review Minutes

The committee began the discussion by reviewing several issues from the June 29th meeting. Those included:

- Testing
 - The group reiterated their stance on testing once before the consumer receives the product or when the product changes form or function.
- Transportation
 - The group discussed insurance for transportation. One group member related that his insurance company only allows him to transport up to one hundred and twenty thousand dollars in product value at a time. Anything above that limit requires a special binder to be obtained from the insurance company which comes at an added cost. The committee openly wondered if the insurance market would end up setting the limits on transport amounts. Some committee members expressed displeasure with the idea of a limit on how much maybe transported at one time. This led the committee to engage in a discussion around whether or not a licensee will actually receive a payout from an insurance company after an incident. The members discussed how Lloyds of London pulled out the cannabis insurance market and that there simply is a gap in the insurance market.
- Age
 - The committee revisited the issue of what is the proper age for a person to be working in a wholesale business. The group was split on the issue. Some argued that it would be inappropriate for persons under 21 to be around the product. Others felt that warehouse jobs are great entry level positions that could provide 18 years old an opportunity to gain experience.

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Tracking

The committee discussed what unit of measurement should be used in wholesale. One committee member suggested we continue to follow the medical systems lead of using the metric system. It was at this point that the question of “the seed to sale” program was brought up. The facilitators reminded the committee that the program was still being finalized and that the committee was being asked for input on what makes sense for wholesalers.

The committee then delved into discussing the specifics of transporting product from intake to wholesale then to another license holder. Committee members from Washington discussed the electronic manifests they are currently using and how they secure the product. This included tamper proof locks and RFID tags for products.

The committee then engaged in a discussion on product loss. The committee members discussed what would be average losses and how to track those losses. One member discussed their experience with water loss and how that could affect weights. Another member said that in their experience, water loss was a constant 20% during curing. Further, another member informed the committee he does not like the idea of shorting his customers’ orders which makes him slightly off exact weights.

The committee members held two different views measuring leakage; some thought a tipping point of licensees hitting a pattern of missing product vs others who thought a hard and fast percentage (i.e. 2%) was necessary. Members discussed that leakage measurements should be the same across other licensees while some thought that was impossible if a licensee engaged in repacking products. One member brought up that camera footage could be required to review any product loss.

With leakage on the table, committee members engaged in a discussion about inventory adjustments. There was agreement that inventory adjustments should be timely and reported at the time of discovery. Some members asked that the OLCC establish timely reporting guidelines for missing product(s). The committee came to an agreement that a sanction schedule should be developed to progressively fine licensees whom have repeated losses of product. This could include progressive license restrictions and possibly more audits of the licensee.

Audits then led to discussions of record retention. Committee members wanted to know how long and what they should store. Members had various views of video security and how much to store. The committee did discuss the Washington standard of 45 days while others thought 30 would be more reasonable.

Security

The committee began a discussion wholesale facility plans and what should be document in the plan. The committee members agreed that areas should be designated for where product is stored and where product will be processed. The committee discussed how these areas would need to be distinguishable from the other areas and have controlled access.

The committee then embarked on a discussion of cameras. The main issue was whether or not licensees should use motion sensing cameras or 24/7 surveillance. Some on the committee made the point that if cameras were not on 24/7 then they wouldn’t pickup everything that could be going on in the facility. While others argued that cannabis products are small and they would rather use high definition cameras on a motion sensitive setting to avoid recording useless data. The committee continued to discuss possible login requirements so OLCC inspectors could remotely view the licensees operations any time of day. This concerned some members as they thought that requiring expensive systems or high definition requirements might price some people out of the market, as both equipment and maintenance come at a cost.

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The committee then turned its focus to alarm systems. Members agreed a system should monitor doors, windows, and skylights. Further, members supported a system of access control for wholesale facilities. Members discussed a base line requirement of a daily log that captured any individuals name and their time-in/time-out of the licensed facility. Some discussed access control badge system and how if those are to be used that they meet PCI requirements. A member volunteered to share those requirements with the committee.

Next, the committee turned to discussing physical storing of products. The members did not see any advantage to having cages or vaults. They saw external security as more important while some still found cameras to be of higher importance.

Lastly, the committee discussed transportation and wholesalers. The committee did not like the Washington requirement of submitting a route plan. A member from Washington cited that Dispatchers are the only personnel to know the route ahead of time and the entire route is monitored via GPS. The Washington member went on to explain the great detail that plans must contain. Members did not find that such plans would increase safety, but may in fact create more risk.