

Notice of Violation

(3AAC 306.805)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: License #/Type:
Licensee: Address:
DBA: AMCO Case #:

This is a notice to you as licensee that an alleged violation has occurred. If the Marijuana Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

3 AAC 306.805 provides that upon receipt of a Notice of Violation, a licensee may request to appear before the board and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice of Violation. A licensee may respond, either orally or in writing to the Notice. 3 AAC 306.810 (2)(A)(B)(C) failed, within a reasonable time after receiving a notice of violation, to correct any defect that is the subject of the notice of violation of AS 17.8 or this chapter.

IT IS RECOMMENDED THAT YOU RESPOND IN WRITING TO DOCUMENT YOUR RESPONSE FOR THE MARIJUANA CONTROL BOARD.

***Please send your response to the address below and include your marijuana license number in your response.**

Alcohol & Marijuana Control Office
ATTN: Enforcement
550 W. 7th Ave, Suite 1600
Anchorage, Alaska 99501
amco.enforcement@alaska.gov

Issuing Investigator:

Received by:

SIGNATURE: *F.R. Hamilton*

SIGNATURE:

Delivered VIA:

Date:

1-7



WIND
0-2.2
MPH
From
South

Notice of Violation

(3AAC 306.805)

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Date: License #/Type:
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This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

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Received by:

SIGNATURE:



SIGNATURE:

Delivered VIA:

Date:



Baked Alaska | 5a-15800
2745 Hanson Road | Fairbanks, Alaska 99709 USA
(907) 388-3111
sales@getbakedak.com

September 13, 2023

Attn: AMCO Enforcement, Director Wilson and Member of the Marijuana Control Board
Sent via email

Re: Response to Notice of Violation

My name is Ryan Hallsten. I am a 50% owner of Baked Alaska, LLC.; and the designated licensee of license #15800. I am in receipt of NOV AM 231746. In response, I can confirm that, depending on the interpretation of the AMCO regulations, I may have committed a transportation violation while traveling with manifests on 09/05/2023 to The Mason Jar Sherwood, Glacier Valley Shoppe, The Mason Jar Willoughby, and The Fireweed Factory in Juneau, AK. But, before the transport, I did review the regulations and did not find a requirement that the products stay on my person during the entire transport. As discussed below, the regulations require that I, the transporter, be in the vehicle during the entire transport, a copy of the manifest be with the product at all times, and that the product be sealed and secure in a compartment during all times of transport. These elements were met.

In explanation of this particular situation, it is not my intention to conduct business in a way that puts the public or my fellow licensees at risk. My decision to check the totes under the plane was a result of a lack of industry support and the unclear implementation of the applicable regulations and statutes combined with the inconsistent (and often unfeasible) expectations pertaining to transportation, specifically those regarding transport on commercial airlines to communities that are off the Alaskan road system.

Baked Alaska is a small bakery. We currently employ 2 full-time employees and myself. Our goal is to provide high quality baked edibles (cookies and brownies) and topicals to retail stores and their customers throughout the state. We take our jobs very seriously. We have seen first-hand the relief our edibles and topicals provide to customers here in Alaska. We are extremely fortunate & honored to have grown a very loyal customer base in the southeast of Alaska. We are so happy to be able to continue to serve them. However, we are severely tasked with finding equitable and economic means of transporting said product to the southeast because it is not reachable by the road system.



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Due to the demand for our product in the southeast throughout the year, and due to the quantity of product that southeast stores must order to supply that demand, I am finding it impossible to logistically, physically, and under the interpretation of the regulation laid out in the NOV before you, legally transport our product any other way than by checking it under the plane. Using this trip as an example: Baked Alaska received \$8,000.00 in income from this trip to Juneau. It also spent \$2,000.00 on airline tickets just to reach its destination. There is no possible way any licensee could economically or physically transport the quantity ordered by carrying the items on the plane. In this particular instance, I would have to purchase *10 airline* tickets to Juneau, employ ten people to make the trip; or make 7-8 separate trips for separate stores, the flights for which average \$800.00 round trip per ticket. That's more than the revenue made (not even taking consideration for the cost to produce the product, so there would be a negative profit) and we haven't even set foot in the airport. This means rural communities and off-road communities are severely and disproportionately negatively impacted by the interpretation of the current transport regulations.

Another justification and plea to the MCB for checking the product, is that the bags we carry on become so full of product (thousands of packages) that they do not fit into the overhead space. This results in the flight attendants requiring us to gate check the luggage to the final destination anyway. . I cannot then tell the flight attendant that, per AMCO, I cannot check the bags because they contain marijuana edibles. It would result in my immediate removal from the flight and put the Airlines and the pilot's license in jeopardy because then the Airlines has actual knowledge of the Federally illegal substance it is transporting. I have seen this happen in real time to other licensees while going through security. The flight crew came through and saw the marijuana, they asked the TSA agents what it was, and then they removed the person off the flight list and they forfeited the cost of their ticket because they violated an Alaska Airlines baggage policy. After many attempts to follow the current interpretation of the transportation regulations, only to be forced by the airline to break the carry-on regulation, we decided, after review of the regulations, that a reasonable interpretation of the regulations could allow for secured transport by checking in the baggage at baggage claim.

It is my understanding that AMCO has an agreement with TSA and the State of Alaska, allowing licensees to transport products if they are manifested Per AMCO regulations. What the regulations do not say is that the marijuana has to be physically on the person or in the person's grab area the entire transport. The regulations provide for the following:



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- 3 AAC 306.750 (a) states that produce may only be transported to a licensed marijuana establishment by a licensee or agent of a licensee – this requirement was met;
- 3 AAC 306.750(b) states that a marijuana establishment from which a shipment of marijuana originates from is responsible for packaging, preparing and securing the marijuana during shipment, for recording the marijuana in metrc, and for preparing the transport marijuana. This section also requires that an individual transporting the marijuana be in compliance with the handler card permit requirements. All of these elements were met in the situation the NOV arose from.
- 3 AAC 306.750(c) this section requires that when the transport is made, all of the pertinent information is included on the manifest and in metrc (i.e. make and model of vehicle, weight of marijuana etc). This section also requires that a copy of the trip's manifest be kept with the marijuana product at all times. These requirements were met.
- 3 AAC 306.750(d) requires that during transport the product be in a sealed, secure, safe and locked storage compartment IN THE vehicle transporting the marijuana product. It does not say ON the person transporting OR within that person's grab area. This section also requires that the vehicle not make any unnecessary stops. All these requirements were met in the transport at issue.
- 3 AAC 306.750(e) requires that a marijuana establishment that receives the product enter it in to metrc or refuse the product if it is not accompanied by the transport manifest. This was met in the transport at issue.
- 3 AAC 306.750(f) is not at issue; section (g) is not at issue; and section (h) and (i) both are not at issue).

Related to safety, checking the products under the plane arguably keeps them safer, as they are stowed in the belly of the plane where humans are not allowed during flight, the products are locked, secured, and safe. They are not in the terminal next to a baby, smelling up the plan, or in the bathroom at the urinal, or in the airport lounge, or in an overhead bin 10 rows behind your assigned seat because you were last to board and the plane ran out of overhead space, and it's too big to go under the seat in front of you. The checked bags were examined by TSA on the conveyor belt as they traveled to the plane and were loaded on the plane by an employee of the airport under constant surveillance. Lastly and maybe most importantly, when a bag is checked it is given a bag tag, which essentially creates a second manifest document, that can then be used to locate it should it go missing. It's not foolproof, but it already works for every country in the world regardless of the contents of the luggage.



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I do not wish to sound as though I have all the answers. Obviously, I do not, otherwise I would not be receiving a violation. I am attempting to portray how the situation unfolds in real time so that the board can better understand how detrimental these regulations are on MJ businesses. I have exhausted ideas for making it work and they all lead me back to the ability to check the bins. I could stop selling products to the southeast and lose a large percentage of our revenue. I could pay exorbitant fees to have it flown privately, but this also breaks a law because pilots must follow federal aviation laws. The only way to do it then is to not tell the pilot what they're transporting, but that's also not legal because they must have a handler's card and be on the manifest to transport marijuana, or own the plane and business personally, and have a handler's card. I'm also fairly certain that the Alaska Airlines pilots (the true transporters as they are the ones actually doing the transporting,) are completely aware that they are transporting MJ products.

If the board could please help advise me and the industry on how we should proceed moving forward, it would be greatly appreciated. The work that we do in this industry is very special and wonderfully enriching. We have made so many great friends and partners and have shared countless memories with other MJ licensees. I would be very sad to lose the opportunity I have to participate in this industry. We truly are a unique and vibrant community. Our industry has created jobs, it has generated tax dollars to provide important social services, it provides people with relief and peace in their lives, it helps real people manage the difficult times, their sickness and ailments. That is why we do what we do. I myself am a two-time cancer survivor. I know many people who live happier and subsequently healthier lives because they have access to marijuana and its healing properties. I believe in our industry, and I want so desperately to provide a quality and affordable product for those people. Those are my personal goals and the goals of my business. It is not my goal to be dishonest with the board or with other licensees and their establishments, nor is it my goal to divert marijuana products illegally. I believe that it is important to expeditiously reform regulations that allow licensees to more easily do business. I think the best way to do that well is to be honest about your experience. I hope my voice may be added to the conversation surrounding transportation.

Thank you for your time and consideration in this matter.

Respectfully,

Ryan Hallsten



Alaska Marijuana Control Board – AMCO Enforcement

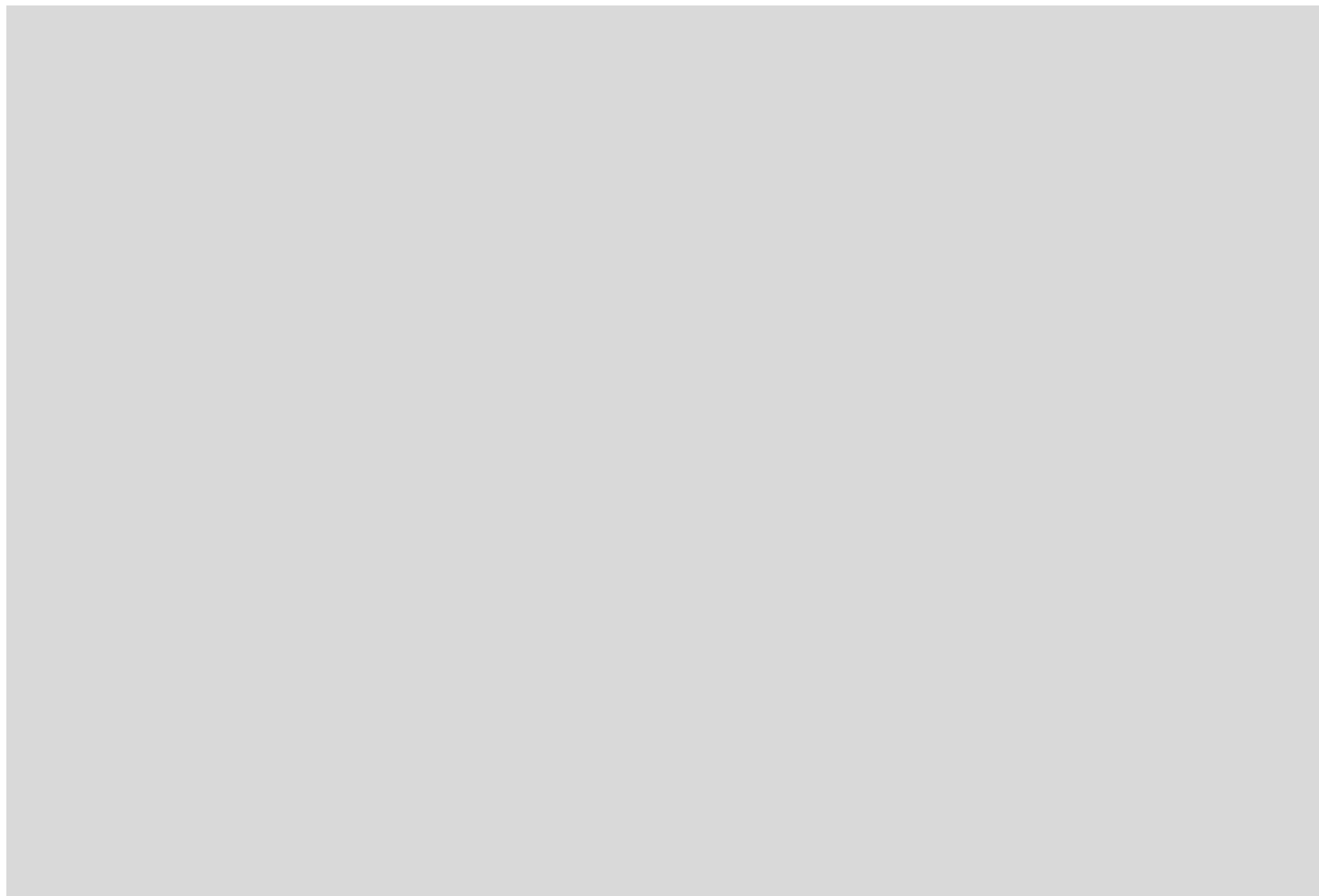
Notice of Violation

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Date:		AMCO Case #:	
Licensee:		License #:	
Doing Business As:		Type:	
Mailing Address:			
Violation of Statute/Regulation:		Date of Violation:	
Prior Violation(s)		Date of past violation(s)	

This is a notice to you as a licensee that you are being issued a notice of violation for the purposes described in 3 AAC 306.806(e). A description of the violation is as follows,

NOTE: This is not an accusation or criminal complaint.

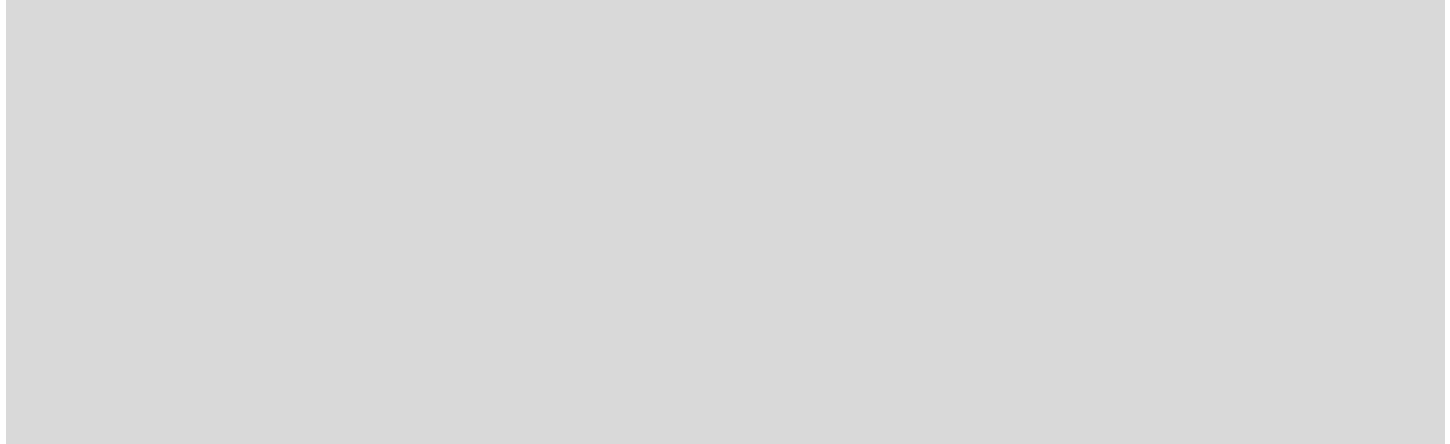




Notice of Violation

Disciplinary Action

Civil Fine:		Probation:	
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You may choose to contest or not contest the violation or recommended disciplinary action. If you do not contest, please describe in writing the remedial measures you are taking to address the violation and remit the requested fine, if applicable. You may contest the violation or recommended disciplinary action by filing a written response not later than 10 days after your receipt of this notice. You may elect to appeal this notice directly to the Marijuana Control Board under 3 AAC 306.845 or request an informal conference with the director under 3 AAC 306.844. If your informal conference with the director is not to your satisfaction, you may still elect to appeal this notice to the board by filing written notice of the same with AMCO. Any appeal to the board will be heard at the next regularly scheduled meeting of the Board, unless both AMCO and you agree to an extension. You may appeal any final decision by the board to the superior court under AS 44.62.560, excluding a request that the director prepare an accusation for suspension or revocation of a license.

Please send your response, including any potential fine, your request for an informal conference, or appeal to the board to the address below and include your marijuana license number in your response.

Marijuana Control Office
 Attn: AMCO Enforcement
 550 W. 7th Avenue Suite 1600
 Anchorage, AK 99501
 amco.enforcement@alaska.gov

Issuing Investigator:		Issued To:	
Signature:	<i>F. R. Hamilton</i>	Title:	
Delivered VIA		Issued Date:	