THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Commerce, Community, and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

MEMORANDUM

TO: Marijuana Control Board DATE: January 24, 2018

FROM: Erika McConnell, Director
Marijuana Control Board

RE: X-Tracted Laboratories #13249
Product Manufacturing Facility

An application for a marijuana product manufacturing facility in Talkeetna was brought before the Board for consideration at its November 15, 2017, meeting. At that time, the lease that was submitted with the application was percentage-based. The lease showed that the landlords, Samuel Benson and Christina Tersine, would receive 80 percent of the quarterly net income of Royal Mountain Extracts, LLC, the licensee, and 15 percent of the quarterly net income of To The Summit, Ltd, a business corporation of which 99 percent is owned by the same owners of Royal Mountain Extracts, LLC (and The High Expedition Company, Licensee #10901).

The staff, Board, and applicant discussed concerns about landlords who have large-percentage interest in a business being in a position to exert influence in the business in a manner that is intended to be limited to licensees. Ms. Tersine, Royal Mountain Extracts, LLC, and legal counsel stated that Ms. Tersine and Mr. Benson did not yet meet the regulatory definition of an Alaska resident, for purposes of obtaining a marijuana license; once residency qualifications were met, an application to transfer of 80% of the shares of the LLC to Ms. Tersine and Mr. Benson would be filed with AMCO. After a brief recess, the application was tabled at the request of the applicant, "in order to address the Board's concerns about licensee ownership".

On December 18, 2017, legal counsel for Royal Mountain Extracts, LLC requested AMCO staff to roll the application back to "New" status in order to add Ms. Tersine and Mr. Benson as licensees (members each holding 10% of the shares of the LLC). The public was provided notice of the new ownership, and additional objections to the application were received.

Ms. Tersine and Mr. Benson both stated that they will not be filing applications for PFDs, so they submitted copies of Form MJ-18. Additional documentation was requested of applicants, and at this time, the enforcement investigation into the residency status of at least one applicant is still ongoing.