

Notice of Violation (3 AAC 306.806(e))

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

Licensee:	Catalyst Retail, LLC	Date:	2/19/26
Doing Business As:	Catalyst Cannabis	License #:	23821
License Type:	Retail Marijuana Store	AMCO Case #:	AM250363
Mailing Address:	317 Muldoon Road Anchorage, AK 99504		

	Date	Violation of	Fine	Date	Violation of	Fine
Violation(s) of Statute/Regulation:	2/11/26	3 AAC 306.330	\$100x119			
	2/11/26	3 AAC 306.355	\$100x15			
	Date	Violation of	Fine	Date	Violation of	Fine
Prior 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.

Reissuance of AM25-0363

This NOV dated 2/19/26 amends and replaces any previous versions of AM25-0363.

AMCO received an anonymous complaint from a former employee alleging inventory shortages due to possible theft. AMCO reviewed a METRC Packages Adjustment Report from January 1, 2025, to December 31, 2025, for retail marijuana store license 23821.

During the report period, Catalyst Retail, LLC made 4,211 package adjustments. The licensee adjusted down -24,798g of Bud/Flower, Concentrate, Immature Bud, Leaf/Trim, and Sample Bud/Flower. -772 edibles and -87 non-edibles were adjusted out.

-7,326g were adjusted down for reasons of drying, spoilage, testing, or waste. -16,300g were adjusted down for entry errors and over/under pulled/sold, which encompassed 119 unique items.

A review of the METRC sales data for Catalyst Retail, LLC showed that between January 1, 2025 and December 31, 2025 there were 15 sales documents showing sales of more than 30g of usable marijuana being sold to any one person in a day.

Based on the METRC data and interviews conducted with store employees, AMCO alleges:

One hundred nineteen counts of violating 3 AAC 306.330 for failing to use a marijuana inventory tracking system as provided in 3 AAC 306.730 to ensure all marijuana and marijuana product in the retail marijuana store's possession is identified and tracked from the time the retail marijuana store receives, rejects, or revokes acceptance of any batch of marijuana or lot of marijuana product through the sale, transfer to another licensed marijuana establishment, or disposal of the batch of marijuana or lot of marijuana product.

Fifteen counts of violating 3 AAC 306.355(a)(1) for selling more than one ounce of usable marijuana to any one person in a day.

Please see attached documents for additional information.

Notice of Violation

Disciplinary Action

Total Fine Due:	\$11,150	Probation:	
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Total fine due for violation of 3 AAC 306.330 is capped at \$10,000 per the MCB fine schedule.
 Total fine due for violation of 3 AAC 306.355 is \$1,500.

You may contest this notice of violation or recommended disciplinary action by filing a written response not later than 10 days after 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. Any appeal to the board will be heard at the next regularly scheduled meeting of the Board, unless an extension is agreed upon. A request for an informal conference will be scheduled by the director not later than 10 days after receipt of the request.

If you do not contest this notice, please describe in writing the remedial measures you are taking to address the violation and remit the associated fine within 30 days after receipt of this notice.

Failure to respond may result in additional enforcement action by AMCO or the Marijuana Control Board.

Please direct your response to the address below and include your marijuana license number, DBA and AMCO case number in any correspondence. Payments may be made by check (ensure checks or money orders are made out to State of Alaska or AMCO and appropriately signed), by cash using the Department of Revenue's tax drop box (ensure to include a note with your payment clearly specifying what you are paying for), or credit card (please contact our office, we will send you an e-bill).

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

Issuing Investigator:	J. Rukes	Issued To:	
Signature:		Title:	
Delivered VIA	Via Email	Issued Date:	2/19/26

AMCO received the following complaint regarding Catalyst Cannabis on Muldoon Rd:

“I worked at Catalyst on Muldoon as a shift lead but quit due to serious concerns about product loss and contamination. The shop has been covering up missing inventory, and even worse, glass has been found in joints being sold to customers. There is a designated spot for broken glass in products, yet instead of being disposed of, it has been repurposed into joints for sale, posing a serious safety risk.

Additionally, ounces of product frequently go missing, and rather than addressing the issue, management covers it up by manipulating the system—misreporting stock and pushing the missing product onto other inventory. Despite repeatedly reporting these issues to both the owner and store managers, nothing has changed.

I refuse to work for a business that prioritizes profit over customer safety. The loss of product is a constant issue, with no accountability. For example, we received a pound of First Class Funk, and within a day, an ounce was unaccounted for and subsequently covered up. Employees are regularly instructed to check item weights before they leave the store, but products are consistently sold with weights exceeding what was ordered—for instance, a 3.5g order will often be 3.5+g, leading to further discrepancies.

This store needs to be investigated for both product loss and the dangerous practices endangering customers.”

I spoke to the complainant [REDACTED] on 4/7/25. He stated that within the last month an ounce of first class funk went missing from a delivery the store received. [REDACTED] said that “Andrew,” the manager, claimed that the losses are due to scale variances [REDACTED] also stated that there were 75g of both Super Citrus wax and Pineapple Haze wax missing. [REDACTED] stated that when one of the glass containers that contains marijuana breaks and there is glass shards in the product, they take the contents and move it to the south store to make it into joints. He stated that he was concerned about the safety of the people who consume those joints.

I performed a routine inspections on 4/8/25. I weighed out two items that were available for deli style sales. The first item, Grapes-N-Cush, Metrc 3992, showed 428g in the inventory and I found 437g physically in the store. The second item, Super Citrus Farmer Cat 4 showed 184g in Metrc and 167g were in the store.

I spoke to Jacob Davis on 4/9/25. Davis stated that he was employed from December of 24 through January of 25 in a capacity to reconcile the inventory. He stated that he did notice that the shortages on the packages was quite high. He stated that he did not suspect any particular individual to be stealing product. He stated that there were a lot of transfers out of the store and that may be where the shortages came from.

I ran a METRC report that included package adjustments for the Muldoon retail store. The adjustments ranged from 1/1/25 to 5/6/25 and included package adjustments that were more than 50 grams. I provided the spreadsheet to Will Schneider in order for him to explain all the adjustments. Will replied:

“We have been able to take a more thorough review of the 2024 Metrc Adjustment Report and now have a more comprehensive understanding of why so many adjustments were made. In short, we had to do lots of inventory reconciliation because of human errors and insufficient inventory tracking practices. But while there were a lot of errors, we do not see any evidence of diversion or nefarious conduct. There are logical explanations for the volume of adjustments.

First, attached are drafts of more advanced Metrc compliance procedures and protocols that we are now implementing, including SOPs for finalizing sales in Metrc and completing audits in Metrc. These will be included in revised training program materials and updated employee reference documents. We are using this opportunity to ensure that current employees are up to date on the requirements for tracking products in Metrc and will emphasize Metrc compliance and training with new hires.

Regarding the inventory adjustments, we now have a much clearer understanding of why there were so many package adjustments. For the large adjustments of 100 grams or more, those appear to have been caused by manifests that were accepted multiple times, resulting in “phantom” entries in Metrc for products that did not exist. For example, there are several tags that were accepted on 1/24/24, and those

same tags were then accepted again on 2/14/24. Manifest number 002863340 is one of the sources of this problem, with the following tag numbers affected: 8086, 8084, 7809, 7810, 7867, 7841, 7840, 7886, 7834, 7857, 7846, 7812, 7880. There were 35 total packages on this manifest, and all 35 of these packages were accepted twice, which ultimately led to numerous large adjustments being made on each of these packages to remove the phantom products from Metrc.

The attached manifest and a printout of the history of the package ending with number 7812 for its Metrc tag can help illustrate how this plays out. This was originally a package of 228 grams that was received on 1/24/24. This package was then accepted for a second time on 2/14/24, adding an additional 228 grams to this Metrc, and indicating to employees that there were another 228 grams of product in the store that were not actually there—so-called “phantom” products. Once this error was discovered, these entries had to be adjusted down. So, for example, there is one adjustment down for 58 grams and one for 165 grams related to this package.

Tag 7846 is another good example of this issue: the same 150 grams of product was accepted twice on two different manifests, so there were large package adjustments needed to remove those phantom products. We believe this problem (the same manifest being accepted multiple times) accounts for all of the large package adjustments in the 100-gram range. We are not sure how this happened, but now that we are aware that it is a potential issue, we can be proactive about preventing it from happening again.

The other, much smaller, adjustments occurred for a variety of reasons:

- This store may have more adjustments in total than other retailers, but that is likely due to the store’s high volume of activity. To the extent there will always be some natural inventory tracking errors, we believe the Muldoon location does not deviate too far from what would be expected on a per capita basis, but probably has a high total number of adjustments just due to sheer volume (i.e., the more product that comes in and out of inventory, the more errors there will be).

- While some margin of product tracking error is inevitable in any retail environment (whether a grocery store, clothing store, or cannabis store) simply due to human error, we do expect that the Muldoon location had more errors than average. We believe there are logical explanations for why this location had more than its share of errors resulting in adjustments:

- Staff turnover: we have undergone quite a bit of staff turnover during the past year, and as new employees came on board, there was a learning curve, and mistakes happened. Among the turnover, in October of 2024, our retail general manager of three years was terminated. This position oversaw all our retail locations, but their primary focus was the Muldoon store. This manager was responsible for audits, reconciling and compliance, and at the time of their departure, we realized the inventory had not been reconciled in some time and that we likely had lots of "phantom" packages.

- Audit: Following the termination of the previous manager, we hired a Metrc auditor to review the inventory and then to make adjustments to ensure our POS, Metrc and physical inventories matched. From November 2024 to February 2024, numerous adjustments were made as part of this project.

- Multiple adjustments from one error: One employee's unintentional input or recordkeeping error would lead to multiple adjustments and have a compounding effect. For example, if an employee entered a product incorrectly when receiving in the point of sale and this cascades into several adjustments being made through the audit process later. We saw this happen where a cartridge of a particular strain was erroneously categorized as a concentrate, so there were multiple adjustments made on both the concentrate and cartridge side when an audit was performed. This can also happen if two employees who work different shifts both believe they are inputting information correctly, but one of them is in error, that could lead to many product adjustments as they both attempt to revise the other's perceived errors.

- Inconsistent weighing protocols: Employees had inconsistent tare practices when weighing product: some would set the tare value of a jar with the lid on, some with the lid off. This caused inconsistent and inaccurate weight totals. Some employees would also "weigh heavy" by fractional amounts to ensure that customers received

value and to account for future flower drying weight loss (e.g., 3.75g for an eighth), and those fractions eventually added up to significant deviations.

While the smaller adjustments are explained by operational errors, we acknowledge that there was a lack of training and management oversight when performing audits and adjusting inventory. Many of these adjustments could have been avoided with more thorough and timely internal review and training. Catalyst has worked to rectify these mistakes by conducting a thorough audit and review of our Metrc records, hiring a new retail general manager, and creating new SOPs for inventory, audits, and adjustments.

Finally, we investigated the iCandy strain that you mentioned. You explained that there was an allegation from a former employee that an ounce was missing. We were not provided with a Metrc number or any other identifying information to be able to investigate this specific package, so we had to review several packages of iCandy to see if an adjustment of an ounce was made or if there was a package that wasn't physically present that still was showing 28 grams in Metrc. Looking for both of these anomalies we were able to find Metrc tag ending in 0339 with an adjustment with -51 grams before anything was sold. We then looked for a corresponding adjustment up on another iCandy package. We found package ending in 0240 that was adjusted up by 56 grams. Most likely the 51 grams was sold out of the wrong package and both packages were then adjusted to compensate for this error. Based on this review, we do not think there was any wrongdoing with respect to the iCandy allegation.

Attached to this message are the following:

- excel file showing history of 7812
- excel file showing history of 7846
- excel file for manifest ending in 3340
- pdf of manifest ending in 3340

- Catalyst Cannabis Compliance Basics document
- Catalyst Cannabis Advanced Compliance document
- Metrc Audit SOP
- Metrc Audit SOP Investigations
- Metrc Audit SOP Adjustments
- Finalizing Sales SOP”

While reviewing the package adjustments for the packages I had sent to Schneider I noted the following:

Package 1A4020300001F41000009822 had 17 g missing at acceptance. This could be the “first class funk” package that the complainant had stated was missing an ounce at acceptance, assuming he had made a mistake on the weight and name of the product. This is the closest occurrence that I could find that matched the complainants claim.

1A402030000CB21000000553 was adjusted up 209.97 then down 238.2

1A402030000CB21000000556 was adjusted down 100 then up 100.5

1A402030000CB21000000552 was adjusted up 182.43 on 9/9/24

1A4020300001F41000007868 was accepted twice

1A4020300001F41000007870 was accepted twice

1A4020300001F41000010081 60.75 grams missing from 228. Seems to have just disappeared.

1A4020300001F41000010103 after 23 grams sold adjusted up 194g

1A4020300001F41000010371 101 sales, 106.76 g oversold, more than 1g oversold per sale

1A4020300001F41000010601 45 sales, oversold 104.7, more than 2g oversold per transaction

1A4020300001F41000010602 40 sales, oversold 71 g

1A4020300001F41000010862 46 sales, 62.7g oversold

1A4020300001F41000010865 64.67 oversold with 43 sales

1A4020300001F41000008085 accepted twice

1A4020300008279000003882 adjusted up same amount as originally accepted

1A402030000F03D000000339 adjusted upon accepting. Possible theft at acceptance

1A4020300001F41000011304 original package is 75 g then adjusted up 98 g. possible accepting from source outside of industry to avoid taxes.

Catalyst was issued a NOV for 3 AAC 306.330, METRC violation.



Package Adjustments by Quantity 1/1/2025-12/31/2025

Sum of Quantity Item Category	UOM		Grand Total
	ea	g	
Bud/Flower		-10730.556	-10730.556
Concentrate		-1146.52	-1146.52
Edible	-772		-772
Immature Bud		-8551.737	-8551.737
Leaf/Trim		-4145.39	-4145.39
Non-edible	-87		-87
Sample Bud/Flower		-223.77	-223.77
Sample Leaf/Trim		-0.5	-0.5
Grand Total	-859	-24798.473	-25657.473

Package Adjustment by Reason 1/1/2025-12/31/2025

Sum of Quantity Reason	UOM		Grand Total
	ea	g	
API Adjustment Error	35	283.25	318.25
API Conversion Error	-6	-43.1	-49.1
API Duplicate sales entry		-4.5	-4.5
Drying	7	-1966.07	-1959.07
During Transfer	-6	-177	-183
Entry Error	-366	-5348.24	-5714.24
In-House Quality Control	2		2
Over/Under Pulled	-6	41.15	35.15
Over/Under Sold	-153	-12223.21	-12376.21
Spoilage	-324	-4167.483	-4491.483
Testing	-1	-18.6	-19.6
Waste	-41	-1174.67	-1215.67
Grand Total	-859	-24798.473	-25657.473



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Department of Commerce, Community,
and Economic Development

ALCOHOL AND MARIJUANA CONTROL OFFICE

550 W 7TH AVENUE, STE 1600
Anchorage, AK 99501
Main: 907.269.0350

Adjustments by Month

Row Labels	Count of Package
Jan	531
Feb	136
Mar	497
Apr	186
May	484
Jun	469
Jul	443
Aug	327
Sep	210
Oct	305
Nov	378
Dec	245
Grand Total	4211



Top 25 Item Adjustments Upwards 1/1/2025-12/31/2025

Sum of Quantity Item	UOM		Grand Total
	ea	g	
Strawnana Rolex Prerolls		108	108
Peach Sangria Flower		101.91	101.91
Trim - White Label		82.5	82.5
Super Lemon Haze Flower		70.67	70.67
Wizard Spray .5g preroll		59	59
Candy Temple- Trim		52.5	52.5
Slurricane Prerolls		50.5	50.5
Juneau Juice-B		49.16	49.16
Juicy Jay immature		45	45
Devil Smack - I		41.4	41.4
GMO Prerolls		35	35
Colorado Chem Immature		32	32
Big Nose Kate Flower		31.86	31.86
Merlot Magic - TRIM		24	24
FE Fire Sauce - Colorado Chem 0.5g Cart		20	20
CCD-1994 Galactic Gas Half Gram Carts		20	20
CCD-1970 Galactic Gas Half Gram Carts		20	20
Frosted Cherry Cookies Immature		17.34	17.34
CCD-1952 Key Lime Pie One Gram Carts		17	17
Pineapple Ice 1g		17	17
Stoned Salmon Gummies - Blueberry - Indica - Sweet	15		15
#12 B Bud		15	15
FE Fire Sauce - Sun Shower 1g Cart		13	13
Wappa B Bud		12.83	12.83
CCD-2072 Jealousy Half Gram Carts		10	10
CCD-2029 Galactic Gas Half Gram Carts		10	10
CCD-2134 Orange Cookies Half Gram Carts		10	10
CCD-2058 Tangerine Dream HTE Half Gram Carts		10	10
CCD-2240 Black Cherry Fizz One Gram Carts		10	10
Tree Logic - Sweet Strawberry Kiwi - 10mg 10pk	10		10
Grand Total	25	985.67	1010.67



Bottom 25 Item Adjustments Downwards 1/1/2025-12/31/2025

Sum of Quantity Item	UOM		Grand Total
	ea	g	
CCC - Frankenshake		-3031.4	-3031.4
Rain Dance Flower		-1894.812	-1894.812
Citrus Farmer Flower		-861.2	-861.2
Big Smooth		-587.374	-587.374
Sun Shower Flower		-532.92	-532.92
Pineapple Haze Flower		-493.15	-493.15
Hitch Hiker OG Flower		-461.82	-461.82
Flower-Pineapple Express		-457.4	-457.4
Roadkill Skunk Flower		-456.387	-456.387
Agent Carter Flower		-384.783	-384.783
Lemon Ice Pucker Flower		-336.56	-336.56
Colorado Chem flower		-298.11	-298.11
Mac1 Flower		-285.16	-285.16
Dracarys 1g Preroll		-277.7	-277.7
Trim - Cheetah Zawtz		-258.15	-258.15
Trim - Biscotti Cakes		-241.7	-241.7
iCandy .		-237.03	-237.03
Citrus Farmer Immature		-232.75	-232.75
Orange Cheddar (23%) immature		-227	-227
First Class Funk .		-222.2	-222.2
Honey Bunny		-178.36	-178.36
Agent Carter		-165.07	-165.07
Juicy Jay Flower		-161.35	-161.35
Big Nose Kate iBud		-160.5	-160.5
Peach Sangria Trim		-146.5	-146.5
		-	-
Grand Total		12589.386	12589.386



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Department of Commerce, Community,
and Economic Development

ALCOHOL AND MARIJUANA CONTROL OFFICE

550 W 7TH AVENUE, STE 1600
Anchorage, AK 99501
Main: 907.269.0350

Receipt Number	Sum of Quantity Sold
Receipt 0041488149	51.5
10/17/2025 16:28	51.5
Devil Smack flower	17
Grape Cake Mintz prerolls	34.5
Receipt 0040644345	37.5
8/29/2025 12:51	37.5
Juicy Jay immature	18.75
Sun Shower Immature	18.75
Receipt 0041488597	35.7
10/17/2025 16:45	35.7
Bonah-Fide Blueberry Bud	19.4
Devil Smack flower	5.8
F49F DRACARYS 1/2G PREROLL	10.5
Receipt 0038297217	35
4/18/2025 13:19	35
Cement Shoes Flower	14
F49F DRACARYS 1/2G PREROLL	15.5
Trim - Oaksterdamn OG Supreme	5.5
Receipt 0041487234	33.09
10/17/2025 15:49	33.09
Critical Mass Flower	20.09
iCandy pre roll	13
Receipt 0042061496	33
11/22/2025 12:19	33
London Cheese.	33
Receipt 0038089626	32.75
4/5/2025 16:10	32.75
Critical Mass Immature	18.75
Sun Shower Flower	14
Receipt 0040821943	32
9/8/2025 13:38	32
OMFG Pre-Rolls	20
Rain Dance Immature	12
Receipt 0041487467	31.17
10/17/2025 16:00	31.17
Champagne Cookies-B	16



Grape Cake Mintz prerolls	4.5
Rain Dance Flower	10.67
Receipt 0041977164	31
11/17/2025 9:48	31
Guillotine .5g Pre-roll	3
Lemon Ice Pucker Flower	14
Punch Drunk Ape Flower	7
Wild OG Flower	7
Receipt 0041961648	30.5
11/15/2025 22:45	30.5
Red Pop - I	28
Sugar Candy Custom Kief Kissed Preroll Tin 2.5g total (5x.5g 1 pattern/4raw) HYBRID	2.5
Receipt 0042156599	30
11/28/2025 14:11	30
GMO "B" Bud	28
Grape Lyfe..	1
Guillotine 1g pre-roll	1
Receipt 0039412964	30
6/21/2025 22:31	30
#12 1gram Preroll	20
Red Runtz 1g Preroll	10
Receipt 0041132902	30
9/26/2025 15:14	30
Black Berreta...	15
Dream Factory TRIM	10
Trippin' Dots...	5
Receipt 0041680339	30
10/29/2025 16:30	30
HILLS HAVE EYES 1G PREROLL	10
OMFG 1g Preroll	10
Raspberry Hashplant 1g Preroll	10
Grand Total	503.21



Adjustments filtered by Entry Error, Over/Under
Pulled, Over/under Sold

Row Labels	Sum of Quantity	Count of Package
CCC - Frankenshake	-3166.4	5
Rain Dance Flower	-1499.65	72
Big Smooth	-563.04	18
Citrus Farmer Flower	-505.57	34
Sun Shower Flower	-484.26	37
Hitch Hiker OG Flower	-461.82	1
Flower-Pineapple Express	-457.4	2
Pineapple Haze Flower	-451.02	25
Agent Carter Flower	-308.69	13
Dracarys 1g Preroll	-275.7	7
Trim - Cheetah Zawtz	-256.65	5
Mac1 Flower	-251.59	10
Trim - Biscotti Cakes	-241.7	5
Orange Cheddar (23%) immature	-227	1
First Class Funk .	-222.2	8
Citrus Farmer Immature	-211	27
Lemon Ice Pucker Flower	-190.65	7
iCandy .	-168.53	20
Agent Carter	-165.07	8
Roadkill Skunk Flower	-161.16	13
Juicy Jay Flower	-149.7	3
Peach Sangria Trim	-146.5	1
Ninja OG Flower	-132.37	13
Lemon Ice Pucker #4 Buds	-129.2	3
Lost At Sea- Bud	-128.61	6
Pineapple Haze Immature	-119.75	24
Phantom Cookies	-117.6	1
Alien Citrus Farmer -Flower	-114	1
Colorado Chem flower	-111.9	19
Dutch Koffee - B-Bud	-110.09	2
Apple Fritter Flower	-108.25	4
Big Smooth Immature	-105.3	14
Trim - Sonic Zawtz	-100	1
GMO Punch Prerolls	-100	2



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Mint Punch Flower	-91.8	1
Roadkill Skunk Immature	-88.5	10
Honey Bunny	-87.41	7
Mac1	-87.27	4
FE Terp Sugar - Denali Sunset 1g	-87	1
Banana Cream Cake Flower	-84.55	4
Rain Dance Immature	-80	67
Wedding Cake B Bud	-79.94	1
Onion Rings B Bud	-78.29	1
Funfetti Frosting-B-BUD	-77.36	1
Lemon Smoothie Immature	-76.5	14
Pancakes Flower	-72.87	4
Eleven Roses Flower	-70.5	2
Denali Sunset Immature	-69.75	1
Trim - Cherry Bliss	-68.59	6
Sweet Tart- BUD	-66.1	1
Bio-Jesus Flower	-65.93	5
Buds - Sour Apple Biscotti Sundae	-64.8	2
FE Fire Sauce - Rain Dance 0.5g Cart	-64.5	2
Ninja immature Bud	-63.8	4
Honey Bunny Immature	-62.1	10
FE Terp Sugar - Pineapple Haze 1g	-62	4
Vape Pen with Oil: "Unicorn Blood" FLAVORS	-62	7
Glitter Bomb Flower	-61.63	3
FE Terp Sugar - Agent Carter 1g	-61	3
iBud - THE MAC	-58.5	2
Commando 17 flower	-56.61	8
Immature/Seeded Sour Diesel	-56	1
Lemon Smoothie	-55.27	9
Gorilla Glue #4 Trim	-55	2
Juicee Jay	-54.3	3
Dutch Haze Immature Bud	-54.07	2
Bud- Mercy Fruit Haze	-53.3	3
Durban Poison Flower	-53.1	1
Apple Fritter A Bud	-53	1
Sun Shower Harvest	-52.5	1
Lemon Meringue Immature	-52.45	8
coffee cake 1g pre-roll	-51.5	1
Gelato 33 Flower	-51.32	1



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550 W 7TH AVENUE, STE 1600
Anchorage, AK 99501
Main: 907.269.0350

Island Sweet Skunk Bud	-51.3	1
Terpee Slurpee Immature Bud	-50.34	1
AlGr - Creapple Preroll 1G	-50	1
Rain Dance Harvest	-49.15	2
Lemon Meringue Dry Flower	-48.8	3
Red Pop flower	-48.2	1
GMO Cookies Bud	-48.2	1
LA Kush Cake-I	-48.1	2
Cherry Temple - Immature Flower	-48.09	1
Jack Herer- Flower/Bud	-47.62	1
Tag Along Flower	-42.67	1
Heat Wave Bud	-42	1
Flower - Jack Herer	-41.7	1
Forbidden Jelly Flower	-41.6	3
Hawaiian Tang 16.23% - Bud/Flower	-41	1
SuperGlue buds	-41	1
Oreo Cake Flower	-40.74	1
Permanent Cherries Flower	-40.32	1
Big Nose Kate iBud	-38.66	1
Flo White B Buds	-38	2
Sun Shower Immature	-38	17
CCD-1995 Jealousy One Gram Carts	-36	1
CCD-2007 Banana Zelato One Gram Carts	-36	1
CCD-1989 Pumpkin Spice Latte One Gram Carts	-36	1
CCD-1988 Banana Zelato One Gram Carts	-36	1
N-Butane: Bio-Jesus WAX	-35.8	1
CrÃ©me Rozay Immature	-35.47	1
Krishna Kush	-35.41	1
Rainbow Tangerine Punch B-Buds	-34.62	1
Candy Temple- Bud	-34	1
Candy Rain B Bud	-33.92	2
Lemon Meringue Flower	-33.6	1
Black Sugar popcorn	-33.52	1
RTP - I	-33.43	2
Platinum Kush Breath Remix #4 A Bud	-33.4	1
Black Cherry Gas B Bud	-33.3	1
Gastro Pop Flower	-32.53	2
GMO C Flower	-32	1
Colorado Chem Harvest	-31.6	1



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL AND MARIJUANA CONTROL OFFICE

550 W 7TH AVENUE, STE 1600
Anchorage, AK 99501
Main: 907.269.0350

Jelly Donuts Bud	-31.17	1
Apple sherbet	-31	1
Bonah-fide Blueberry imature flower	-30.95	2
Banana Mango Bud	-30.94	1
Bear Berry Popcorn	-30.8	1
Bonah-Fide Blueberry Bud	-30.35	1
CCD-1833 Watermelon Mojito Half Gram Carts	-30	1
Grand Total	-16300.78	693



Birch Horton Bittner & Cherot
a professional corporation

Jason Brandeis

Respond to Anchorage Office
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jbrandeis@bhb.com

April 8, 2026

VIA ELECTRONIC DELIVERY
amco.enforcement@alaska.gov

Alcohol & Marijuana Control Office
Attn: Marijuana Control Board
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501

RE: Response to Notice of Violation No. AM25-0363 (Reissued February 19, 2026)
Our File No.: 507867.3

Dear Marijuana Control Board:

This letter is submitted on behalf of Catalyst Retail, LLC dba Catalyst Cannabis Company (“Catalyst” or “the Licensee”), holder of Retail Marijuana Store License No. 23821, in response to the above-referenced Notice of Violation (“NOV”) issued by the Alaska Marijuana Control Office (“AMCO”). This NOV has a long history, which is relevant to how the Marijuana Control Board (“MCB”) should weigh both the alleged violations and the appropriate penalty. Catalyst submits this response to provide that context, address the merits of the inventory tracking allegations, describe remedial measures already taken, and request both additional regulatory guidance and a reduction of the assessed fine.

I. PROCEDURAL HISTORY

This matter originated in Spring 2025, when AMCO received an anonymous complaint from a former Catalyst employee alleging inventory shortages due to possible theft. At that point, Catalyst had engaged a contractor to review its inventory and reconcile discrepancies between Metrc and its inventory on hand—including discrepancies from prior years’ inventory. After correspondence with AMCO regarding the adjustments Catalyst had made to its inventory, AMCO issued an initial NOV in July 2025, alleging a violation of 3 AAC 306.330 based on package adjustments of over 50 grams during the period January 1 through May 6, 2025, and assessing a \$100 fine. That NOV was discussed at the September 2025 MCB meeting. At that meeting, the Licensee explained that most of the flagged adjustments had corresponding corrective adjustments that were not reflected in the NOV and described the remedial measures it had already implemented. The Board directed AMCO to rescind the NOV and reissue it with updated information accounting for the Licensee’s explanations.

AMCO reissued the NOV in November 2025, alleging sixty violations of 3 AAC 306.330 based on package adjustments of over 50 grams during the period January 1 through May 6, 2025. The Licensee responded by letter dated December 3, 2025, contesting the NOV and requesting an informal conference. In that response, the Licensee provided detailed explanations for the specific adjustments identified by AMCO, documented corresponding upward adjustments that offset many of the flagged downward adjustments, identified systemic causes for the discrepancies, and described the remedial measures that had been implemented. The Licensee also raised a substantive objection to the original enforcement theory: that drawing a line at

adjustments of 50 grams or more, without any contextual analysis, was arbitrary and did not by itself support a finding of regulatory violation.

An informal conference followed. The current NOV (a second reissuance, dated February 19, 2026) is the product of that process. AMCO now shifts from the original 50-gram threshold theory and applies a new enforcement methodology: 119 counts based on a full-year review of adjustments and identifying improper adjustments as all downward adjustments classified as “entry errors and over/under pulled/sold.” This reissued NOV also lists 15 counts of over-limit sales. The current fine is a combined \$11,500 for both categories of offenses.

Catalyst notes several aspects of this history that bear on the appropriate penalty. First, the Licensee’s prior objection to the arbitrary 50-gram threshold theory appears to have been well-taken: AMCO did not carry that theory forward into the current NOV. The Licensee engaged constructively throughout this process, and that engagement produced a materially different enforcement analysis and an increased penalty assessment. Second, like the first reissued NOV in November, the current NOV does not expressly address or acknowledge any of the explanations the Licensee previously provided for the flagged adjustments. Rather, the current NOV applies a different counting methodology and treats every “unique item” (presumably a product SKU) with any downward adjustment in the flagged categories as a violation without reference to the explanations provided, corresponding upward adjustments, or the context for the adjustment. Catalyst does not believe that outcome produces a clear rationale for alleging 119 counts, nor does it establish a workable precedent to guide Catalyst or other licensees going forward. Third, the Licensee appreciates AMCO’s recognition of the imprecisions inherent in managing high-volume retail operations, AMCO’s willingness to engage with Licensees to develop a workable protocol for identifying and responding to improper inventory adjustments, and the discretion the agency has in interpreting its regulations.

The current NOV alleges: (1) one hundred nineteen counts of violating 3 AAC 306.330 for failing to use a marijuana inventory tracking system as required by 3 AAC 306.730; and (2) fifteen counts of violating 3 AAC 306.355(a)(1) for selling more than one ounce of usable marijuana to any one person in a day. Each allegation is addressed in turn below.

II. ALLEGED VIOLATIONS OF 3 AAC 306.330 - INVENTORY TRACKING (119 COUNTS)

A. The Alleged Violations and What the Data Actually Shows

The theory underlying the NOV appears to be that because Catalyst made a significant number of METRC package adjustments during 2025, it failed to properly use the inventory tracking system required by 3 AAC 306.330. Through a process that is not entirely clear from the workbook provided, AMCO identified -16,300g of downward adjustments classified as “entry errors” and “over/under pulled/sold” as the problematic subset of that activity and characterized those adjustments as encompassing 119 unique items (hence the 119 charged counts).

The full METRC data tells a more complete story. During calendar year 2025, Catalyst identified inventory tracking errors from that year and prior years and engaged in a comprehensive reconciliation of its inventory—beginning before the original complaint was received and continuing after NOV’s were issued. In total, according to AMCO, Catalyst made 4,211 total package adjustments in 2025, which constituted just 1.75% of the approximately 240,000 total transactions it processed that year. Of those, -7,326g were adjusted down for reasons of drying,

spoilage, testing, or waste—categories AMCO does not allege to be violations. The -16,300g at issue in the NOV represents the subset classified as entry errors and over/under adjustments. Notably, the 119 “counts” in the NOV represent 119 unique product SKUs, not 119 individual adjustment transactions. The underlying METRC data reflected in AMCO’s workbook shows that those 119 items generated 693 individual adjustment entries across the flagged categories. AMCO’s decision to count by unique item rather than by individual transaction is not disputed (and the Licensee recognizes that it may benefit from this approach—which also may be the most reasonable method to employ), but it is worth understanding that under this theory, a licensee with 693 discrete adjustment entries receives the same number of violation counts as one with far fewer, simply because the same products appear more than once.

The 693 flagged entries represent approximately 16% of all 4,211 package adjustments made during the year. The remaining 84% (encompassing drying, spoilage, testing, waste, API corrections, in-house quality control, and other recognized categories) appear to have been made appropriately, as they are not alleged to be violations. That 84% compliance rate on adjustment activity indicates that Catalyst’s staff understood and applied the Metrc tracking requirements in most instances. What AMCO has identified is not a wholesale failure to use the inventory tracking system, but an identifiable category of record-keeping error, and Catalyst acknowledges that errors occurred. But what is less clear—and what Catalyst respectfully asks AMCO or the Board to address through guidance—is when an error rises to the level of a violation and to articulate the standard licensees are required to meet.

Catalyst also notes that prior to this response, the Licensee provided AMCO with detailed explanations for many of the specific adjustments identified in the earlier versions of this NOV, including examples of product sold under incorrect METRC tags, manifests accepted in error, and corresponding upward adjustments that offset flagged downward adjustments. The current NOV does not account for any of those explanations; instead, it counts every unique item with any downward adjustment in the flagged categories as a violation, treating an item for which an explanation was provided and documented the same as one for which no explanation was available.

B. The Regulation as Applied May Create an Unintended Result

Catalyst respectfully raises a concern about how 3 AAC 306.330 may be applied to routine inventory correction entries. The regulation requires licensees to use the state inventory tracking system to ensure marijuana is identified and tracked from receipt through sale, transfer, or disposal. Read in isolation, and applied as a strict liability standard, under 3 AAC 306.330(a), any discrepancy between physical inventory and Metrc records—and any adjustment entry made to correct such a discrepancy—could be characterized as a violation.

But the regulations themselves contemplate that adjustments will occur: 3 AAC 306.330(c) requires inventory reconciliation, which presupposes that there will be discrepancies to reconcile; and 3 AAC 306.330(d) requires accounting for any variance. These provisions do not prohibit adjustment entries—rather they require them. A reading of the regulation that treats every corrective adjustment as an independent violation is in tension with the overall regulatory scheme, because it penalizes the very conduct the regulations mandate.

The contradictory result of a strict-liability approach is straightforward: a licensee that diligently reconciles its inventory and corrects discrepancies in real time will, by definition, accumulate more adjustment entries—and therefore more potential violations—than a licensee that simply allows discrepancies to accumulate uncorrected. Catalyst does not believe that is what AMCO intends and respectfully requests that AMCO clarify its enforcement position on this point.

C. Additional Concerns About the Enforcement Approach

1. The Counting Methodology Treats Fundamentally Different Conduct Identically

Catalyst does not raise the following point to increase its exposure. Rather, it is raised because the counting methodology AMCO has applied is arbitrary in a way that matters to the penalty analysis. Under AMCO’s approach, a unique item/product SKU with a single downward adjustment entry is treated as one violation. A product SKU with 72 downward adjustment entries is also treated as one violation. The NOV thus equates a one-time, isolated record-keeping error with a recurring pattern of adjustment activity on the same product, assigning them the same violation count and, presumably, the same per-count penalty exposure.

That equivalence does not reflect the actual differences in the underlying conduct. A framework that does not distinguish between a single adjustment and dozens of adjustments on the same item may not be accurately measuring compliance. Catalyst raises this not to argue for more counts, but to underscore that the 119-count framing overstates the uniformity of the conduct.

2. Downward Adjustments Cannot Be Adequately Assessed in Isolation from Corresponding Upward Adjustments

The NOV focuses exclusively on downward package adjustments — instances where the quantity recorded in METRC was reduced to bring the system record closer to the actual physical inventory. But the METRC data also reflects upward adjustments made during the same period— where quantities were increased for similar reconciliation reasons in the opposite direction: the quantity recorded in METRC was increased to bring the system records closer to the actual physical inventory. AMCO’s workbook shows the top 25 upward adjustments totaling more than +1,010g across 25 product items during the review period.

A complete picture of Catalyst’s inventory reconciliation activity requires examining both directions of adjustment. If a product was adjusted down by a given amount and adjusted up by a corresponding amount at a different point in the same period, those entries may reflect a single underlying discrepancy being corrected in stages, not two independent compliance failures. Though this weighs in favor of AMCO’s approach to allege violations based on each unique item, assessing only the downward adjustments as violations without considering the offsetting upward adjustments produces a one-sided view of the record-keeping activity and overstates the inventory errors.

D. AMCO's Approach Reflects Reasonable Discretion, But Licensees Would Benefit from Additional Guidance

Catalyst notes, and appreciates, that AMCO's review of the 4,211 total package adjustments was not conducted on a zero-tolerance basis. AMCO affirmatively excluded from the violation counts adjustments made for drying, spoilage, testing, waste, API errors, in-house quality control, and other categories, instead focusing its enforcement action on adjustments classified as entry errors, over/under pulled, and over/under sold. That category-based approach reflects a reasonable and considered exercise of enforcement discretion, reflects practical realities, and while Catalyst does not question a category-based approach, it does have concerns about attaching violations to entry errors lacking any intent of wrongdoing.

Catalyst therefore requests that AMCO memorialize its approach and prepare guidance available to all licensees. To Catalyst's knowledge, AMCO has not issued written guidance specifying: what volume or frequency of adjustment entries is acceptable in the ordinary course of retail operations; which categories of adjustment reasons are considered presumptively compliant versus presumptively problematic; what patterns of adjustment activity would give rise to enforcement action; or how licensees should document their adjustment entries to demonstrate good-faith reconciliation rather than concealment. The distinction AMCO has drawn in this proceeding—between adjustment categories that reflect ordinary operational activity or error correction and those that warrant enforcement attention—is a useful and important one, but without such guidance, licensees have no meaningful way to know which side of that line they are on or how to distinguish compliant record-keeping from conduct that will be treated as a violation.

E. Remedial Measures and Current Compliance Status

Catalyst has not waited for the resolution of this NOV to address its record-keeping practices. The following steps have been taken:

- Conducted an internal review of METRC adjustment procedures and identified the workflow gaps that contributed to the error-correction entries at issue.
- Implemented updated internal policies and procedures governing when and how METRC adjustment entries may be made, including required supervisory review for adjustments exceeding certain thresholds.
- Provided staff training on proper METRC entry protocols and the importance of accurate and contemporaneous recordkeeping.
- Corrected the majority of the underlying discrepancies identified during the review period.

As a result of these changes, the number of adjustment entries has declined, reflecting that the new procedures are having their intended effect. For reference, during the first quarter of 2026, this facility had about half as many package adjustments as it made during the same period in 2025.

Catalyst is not asking AMCO to overlook its past recordkeeping issues. Errors were made, and they are reflected in the METRC data. Catalyst has acknowledged that, worked cooperatively

with AMCO throughout this process, and has taken steps to prevent recurrence. Catalyst asks the Board to weigh its remedial measures and compliance efforts accordingly when considering the proposed fine.

F. Request for Fine Reduction

For the reasons set forth above, Catalyst respectfully requests that the Board reduce the fine assessed for the inventory tracking counts to an amount below the maximum penalty of \$100 per count. In support of that request, Catalyst identifies the following factors:

- No evidence of theft, diversion, or intentional misconduct was found. The investigation that produced this NOV was triggered by an allegation that inventory shortages were the result of possible theft. That allegation has not been sustained. After much review, the current NOV contains no allegation of theft, diversion, unauthorized transfer, or any other intentional misconduct.
- The adjustments at issue represent a subset of a much larger universe of compliant METRC activity; 84% of all adjustment entries were not alleged to be violations.
- The 119-count violation structure equates single-entry items with items having multiple adjustment entries—a counting methodology that does not reflect differences in the underlying conduct and does not provide a consistent basis for penalty calibration.
- The NOV assesses violations based solely on downward adjustments, without accounting for offsetting upward adjustments during the same period that partially or fully cancel the net inventory variance attributed to error.
- AMCO’s category-based enforcement approach reflects a practical approach and reasonable discretion; it does not employ an unworkable strict compliance/zero tolerance policy. But it is concerning to hold licensees to a standard they had no notice of, especially when that standard includes violations attributable to human entry errors.
- The Licensee previously provided detailed explanations for many of the specific adjustments flagged in earlier versions of this NOV, but the current NOV does not address or account for those explanations and instead counts every unique item with any downward adjustment in the flagged categories as a violation regardless of the explanations provided.
- Catalyst cooperated with AMCO throughout the extended review process, including participation in the informal conference.
- Catalyst has implemented remedial measures, and the number of adjustment entries has measurably declined as a result.
- Catalyst intends to tender payment of the proposed fine promptly following this response, as an acknowledgment that errors occurred, not as an admission that

the regulatory standard as applied is clearly defined or appropriately calibrated to the conduct at issue.

III. ALLEGED VIOLATIONS OF 3 AAC 306.355(A)(1) - EXCESSIVE SALES (15 COUNTS)

A. Background and Context

The NOV also alleges 15 counts of violating 3 AAC 306.355(a)(1) for selling more than one ounce of usable marijuana in a single transaction. The METRC sales data reflects 15 transactions during the review period in which the quantity sold exceeded 30 grams. Catalyst does not dispute the underlying sales data but respectfully requests that AMCO not enforce the \$1,150 assessed fine for these counts and pause further action on this portion of the NOV pending receipt of additional information from the third-party point-of-sale (“POS”) software provider’s engineering team, for the reasons set forth below.

B. The Dutchie POS System Was Configured to Enforce Purchase Limits and Should Have Blocked These Transactions

All Catalyst Cannabis Company locations use Dutchie as their POS system. It is required operating procedure at all Catalyst locations to enable the “Enforce Purchase Limits” option in the Dutchie system configuration. When enabled, Dutchie enforces Alaska’s state purchase limits automatically. Dutchie describes this functionality in its software settings:

This location has the 'Alaska Purchase Limits' METRC setting enabled - as such purchase limits are set by default and cannot be configured at the location level. As required by AK rules (July 15, 2022); purchase limits for AK are as follows:

A retail marijuana store may not sell to any one person per transaction:

- more than one ounce of usable marijuana;
- more than seven grams of marijuana concentrate for inhalation; or
- more than 5,600 milligrams of THC in combined sales of marijuana and marijuana products.

When functioning properly, the Dutchie system displays a pop-up window identifying a non-compliant sale and prohibiting the transaction from being completed. The 15 transactions at issue should never have been processed: a properly functioning system should have flagged each one and blocked completion at the point of sale.

Following receipt of this NOV, Catalyst store managers reviewed the POS configuration settings at all Catalyst locations and believe that the “Enforce Purchase Limits” feature was enabled at every store and is currently enabled. There is no record of the setting being disabled or overridden. The cause of the system’s failure to block the 15 transactions at issue is presently unknown. The store manager for this location has reviewed the transactions with Dutchie, and Dutchie has been unable to determine a cause. The matter has been escalated to Dutchie’s engineering team and remains under active review.

C. Employee Responsibility and Remedial Measures

Catalyst recognizes that software is not infallible and that budtenders bear independent responsibility to be aware of applicable purchase limits and to identify non-compliant transactions without relying solely on POS system alerts. The Dutchie system failure does not fully excuse the conduct at issue, and Catalyst accepts that its employees should have independently confirmed that these transactions complied with the daily per-gram limits. Catalyst has taken the following steps in response:

- Alerted all employees across Catalyst locations at in-person meetings and via internal group messaging programs that POS software may malfunction and that per-day and per-transaction purchase limits must be independently confirmed by budtenders at the point of sale, regardless of whether the system generates an alert.
- Confirmed that the “Enforce Purchase Limits” feature is enabled in Dutchie at all Catalyst locations and verified current system configuration settings.
- Actively working with Dutchie’s engineering team to identify the cause of the system failure that allowed these transactions to be processed and will implement any technical fixes or additional safeguards identified through that review.

D. Request to Hold Fine and Pause Further Action Pending Dutchie Engineering Review

Catalyst respectfully requests that AMCO pause further action on this portion of the NOV, including not implementing a fine, until Dutchie’s engineering team completes its review and provides its findings.

Catalyst believes this is a reasonable approach because these transactions occurred despite a POS system that was properly configured to prevent them. Catalyst did what it was required to do from a system configuration standpoint: the “Enforce Purchase Limits” feature was enabled, the Alaska-specific METRC purchase limit settings were active, and there is no record of any override or disablement. The system simply failed to perform as designed. The root cause of that failure is not yet known (Dutchie’s engineering team is still investigating) and it would be premature to assess a final penalty before that investigation is complete. The outcome of the engineering review may provide important context for understanding whether and to what extent Catalyst bears responsibility for the system’s failure to block these transactions.

Catalyst commits to providing AMCO with Dutchie’s findings promptly upon receipt, and to supplementing this response with any additional information that bears on AMCO’s consideration of the over-sale counts. Catalyst is not asking AMCO to overlook the fact that over-limit sales occurred, but only to defer final action until the full picture is available. Catalyst acknowledges that these transactions exceeded the per-sale limit but believes this is likely they result of over-reliance on the POS software, not intentional disregard of the daily sales limit regulations.

IV. CONCLUSION

Catalyst will tender payment of the fine assessed for the inventory tracking counts promptly following with this response. It does so as an acknowledgment that record-keeping errors occurred—not as an admission that the regulatory standard as applied is clearly defined, that 119 counts is the appropriate measure of the conduct at issue, or that the fine as assessed is proportionate to the errors that occurred. With respect to the over-sales limit counts, Catalyst believes that further action on those counts, including imposition of any fine, should be paused pending the outcome of Dutchie’s engineering review.

Specifically, Catalyst respectfully requests: (1) that AMCO reduce the fine for the inventory tracking counts in light of the mitigating factors described above; (2) that AMCO defer further action on the over-sale counts pending Dutchie’s engineering findings; and (3) that AMCO develop and provide written guidance clarifying what adjustment activity is expected in the ordinary course of retail operations, what thresholds or patterns are expected to give rise to enforcement action, and how licensees should best document their reconciliation practices to demonstrate compliance. Catalyst is committed to working constructively with AMCO toward all of those goals and remains available to provide any additional information that may be helpful.

Sincerely,

BIRCH HORTON BITTNER & CHEROT



Jason Brandeis

JMB:ajl