



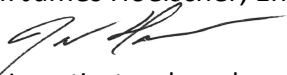
MEMORANDUM

TO: Marijuana Control Board

DATE: January 23, 2017

FROM: James Hoelscher, Enforcement Supervisor

RE: Enforcement Report, Marijuana


AMCO Investigators have been extremely busy with the renewal inspections for alcohol premises and the new inspections for marijuana premises.

We have continued to contact licensees, agents, employees and members of the public to hear any concerns or listen to positive feedback. The concerns are addressed quickly and feedback is shared.

The Enforcement Team and I have conducted numerous walk-throughs, inspections and investigations. The investigations range from simple violations, sale without a license and fraud. We have also been contacted by numerous states that are now in the beginning stages of creating regulations for recreational marijuana.

The Enforcement staff has been assisting Interim Director Chambers in her transition with regard to enforcement issues. Often times AMCO Investigators are traveling to various locations across our state to conduct inspections.

The licensees as a whole seem to have been extremely happy to have us available to answer questions and provide feedback. The majority of the licensees are willing to remedy any issues quickly. We also have been answering numerous questions and listening to comments and responding to complaints.

Statistics for 2016 are as follows:

Alcohol:

647 Inspections of licensed premises
622 Walk-throughs
85 Notices of Violations
82 Advisory Notices
397 Permits Reviewed (Since June 20th, 2016)



Marijuana:

567 marijuana handler cards issued
19 Background Investigations
1 Concentrate Manufacturing Facilities – inspected & operating
13 Limited Cultivation Facilities/10 inspected & operating
33 Standard Cultivation Facilities/26 Inspected (Waiting on Licensee)
17 Retail Stores/14 inspected & operating
2 Product Manufacturing Facilities – 1 inspected & operating
3 Testing Facility/2 inspected & operating

*Any active license that has not been inspected is either scheduled for inspection or has yet to contact AMCO to schedule inspection.

Combined:

138 Investigations
1216 Calls/Request for Service (Since June 20th, 2016)

Alcohol & Marijuana Stats 2017 (as of 1-20-17)

Investigations - 11
Alcohol Walk-throughs - 32
Alcohol Inspections – 18
Alcohol NOV's -4
Alcohol Advisory Notices - 5
Alcohol Permits reviewed - 26
Marijuana Walk-throughs - 5
Marijuana Inspections - 7
Marijuana NOV's - 2
Marijuana Advisory Notices - 1
Marijuana Background Conducted (MJ-18) - 1
Marijuana Handler Cards Issued - 171
Enforcement Calls/Requests - 180

We are starting to see licensed marijuana activity pick up and this has spurred numerous requests for clarification from licensees and investigators.

Items that need clarification from the board:

- Transportation—3 AAC 306.750-In definitions, “transport” and “transfer” are used interchangeably and given the same definition.
 - Should a licensee be allowed to pick up product directly from a cultivator? For example, can an Anchorage Retail licensee drive to Kenai and pick up product from a cultivator?



- Can a retail licensee accept a product delivery for another retail licensee? Or can that licensee directly pick up product from the cultivator to transport? This has occurred on transports to testing, resulting NOV's.
 - Responsibility should fall on licensee doing transport.
 - Can create issues with manifest.
- Security regulations—3 AAC 306.715 – Does the board wish to define “security system”
 - Is an audible alarm system sufficient or should a licensee be required to use an alarm system that notifies a security company or law enforcement?
- Samples—3 AAC 306.460- Does the definition of “in house testing” under 3 AAC 306.460(b) need to be broadened to allow cultivators to do monitor “quality control” of their own product?
 - Currently under 3 AAC 306.460 (b) (2) a cultivation facility licensee may provide a free sample of up to one ounce to a retail licensee for the purpose of negotiating a sale.
- Testing regulations clearly state bud and flower is to be tested, not shake or trim, and a failed sample for the flower means a failed sample for the entire plant and harvest.
 - Testing facilities need to be reminded that only one sample from each harvest may be tested. If that sample fails, the facility may not test another sample from the harvest.
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- Does adding terpenes back into a concentrate make it a marijuana product?
- Kief - Refers to the resinous trichomes of cannabis that may accumulate in containers or be sifted from loose, dry cannabis flower with a mesh screen or sieve.
 - Can a cultivator or retail store sell isolated kief as a natural byproduct of processing pre-rolls, etc.?
 - By definition kief may fall under a concentrate but the existence of the kief in these instances was not the intended product and no further processing or refinement would be needed to sell it in the market. It would not seem to make sense for a cultivator or retailer to have to sell kief to a product manufacturing facility just to legitimize it.

Proposed regulations projects:

- Testing—3 AAC 306.465 on random sampling should include the word “marijuana.”
- Waste Disposal—3 AAC 306.660 & 3 AAC 306.740-
 - Notify the Director in writing if more than 1oz
 - Expand definition of Marijuana waste to include Marijuana, concentrate, and product
 - 3 AAC 306.660(b) & (c) should allow for Board or Director to approve, on form prescribed by the board
 - 3 AAC 306.660 should be aligned with 3 AAC 306.740
- Marijuana handler permit (3 AAC 306.700) – allow for revocation