



## MEMORANDUM

TO: Mark Springer, Chair, and  
Members of the Board

DATE: December 20, 2018

FROM: Erika McConnell, Director  
Marijuana Control Board

RE: Regulations Project – Inspection  
Parameters

The board opened this project at the August 2018 meeting. Public comments were accepted for over 30 days and any received are attached.

The change clarifies that the board's authority to inspect a licensed facility covers all areas and locations of business operations, whether or not such areas are within the licensed premises.

Options for the board:

- Vote to adopt as written
- Amend; if amendment is significant, put out for public comment
- Send back to staff for revisions
- Close the project without action

3 AAC 306.725(a) is amended to read:

(a) A marijuana establishment or an applicant for a marijuana establishment license under this chapter shall, upon request, make the licensed premises or the proposed licensed premises[,] **and**[INCLUDING] any place for storage, **waste disposal, or other element of business operations**, available for inspection by the director, an employee or agent of the board, or an officer charged with the enforcement of this chapter. The board or the director may also request a local fire protection agency or any other state agency with health and safety responsibilities to inspect licensed premises or proposed licensed premises.

(Eff. 2/21/2016, Register 217; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

<b>Authority:</b>	AS 17.38.010	AS 17.38.131	AS 17.38.200
	AS 17.38.070	AS 17.38.150	AS 17.38.900
	AS 17.38.121	AS 17.38.190	

3 AAC 306.800 is amended to read:

**3 AAC 306.800. Inspection and investigation.** (a) The director, an enforcement agent, an employee of the board, or a peace officer acting in an official capacity, may

(1) Inspect the licensed premises of a marijuana establishment **and the location of other elements of business operations**, including any marijuana and marijuana product on the premises, equipment used in cultivating, processing, testing, or storing marijuana, the marijuana establishment's marijuana inventory tracking system, business records, **waste and waste disposal areas**, and computers, at any reasonable time and in a reasonable manner;

(2) issue a report or notice as provided in 3 AAC 306.805; and

(3) as authorized under AS 17.38.131, exercise peace officer powers and take any other action the director determines is necessary.

(b) A marijuana establishment, and any licensee, employee, or agent in charge shall cooperate with the director, an enforcement agent, an employee of the board, or a peace officer acting in an official capacity, to enforce the laws related to marijuana, including

(1) permitting entry upon and inspection of the licensed premises **and the location of other elements of business operations;** and

(2) providing access to business records at reasonable times when requested by the director, an enforcement agent, an employee of the board, or a peace officer. (Eff. 2/21/2016, Register 217; am \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_\_)

<b>Authority:</b>	AS 17.38.010	AS 17.38.131	AS 17.38.200
	AS 17.38.070	AS 17.38.150	AS 17.38.900
	AS 17.38.121	AS 17.38.190	

**From:** Vernon Smith  
**To:** [CED AMCO REGS \(CED sponsored\)](#)  
**Subject:** Comment  
**Date:** Tuesday, December 04, 2018 11:00:00 AM

---

I believe the current language in 3 AAC 306.725(a) and 3 AAC 306.800 is adequate at this time. And should not be changed

Vernon L Smith

**From:** dollynda Phelps  
**To:** [CED AMCO REGS \(CED sponsored\)](#)  
**Subject:** PUBLIC COMMENT RE: INSPECTION OF THE LOCATION OF OTHER ELEMENTS OF BUSINESS OPERATIONS  
**Date:** Friday, December 07, 2018 3:10:56 PM

---

In regards to making regulatory amendments allowing inspection of “the location of other elements of business operations” there are several elements of concern. This is massive over reach and invasion of privacy to any licensee.

I am going to reiterate a comment I made at the last meeting, and that is “Stop treating us like criminals and start treating us like business owners. Regulate to the 98% doing things right and not the 2% doing things wrong.” If an officer of the law shows up at my house and wants to inspect it, they must provide a warrant to do so. The notion that AMCO should have the right to inspect the location of other elements of business operations either on or off site, including where I store my cash, is absolutely unacceptable.

Does this mean my paper towels, soil, nutrients, money, scissors, and other trivial items cannot be stored in a shed that is on or off the property without invasion from AMCO? What is the difference if the paper towels, soil, nutrients and scissors are stored at the store? Is AMCO going to go to Wal Mart to inspect bottles of alcohol? Should I have to resort to purchasing one bag of soil at a time and use it immediately to prevent invasion of my personal space? If I buy 5 bags at a time and store them in a shed to save on travel expenses, does this mean I lose my right to privacy? WRONG.

This amendment should in no way be considered for adoption. If AMCO runs into issues with a specific licensee, then that specific licensee should be addressed, not the entire industry. It is appalling that AMCO feels they should have the right to inspect personal storage areas not included in the licensed premises for fear of diversion or whatever their concern is. My personal property in my shed is just that. What problem are you trying to solve? A CPA is going to identify possible diversion far more efficiently than an invasion of personal space. It is unfortunate that enforcement feels that all licensees are at some point going to attempt to divert marijuana from a licensed facility. This is the only reason to request inspection of private storage space. Again, STOP TREATING US LIKE CRIMINALS. There is no other business that has been treated this way, enough is enough.

Dollynda Phelps

907-252-8026

**From:** Barret Goodale  
**To:** [CED AMCO REGS \(CED sponsored\)](#)  
**Subject:** Public comment on proposed changes to 3 AAC 306.725(a) and 3 AAC 306.800  
**Date:** Sunday, December 09, 2018 11:43:14 AM

---

Marijuana Control Board Members,

The proposed regulatory changes concerning inspections of marijuana establishment inspections are too broad and vague in their wording.

The proposed changes to 3 AAC 306.725(a), 3 AAC 306.800 both include the phrase, "location of other elements of business operations". This phrase is dangerous.

"Other elements of business operations" could be interpreted as anything from a business meeting, a vehicle used to buy office supplies, or placing an order over the phone.

This should not give investigators the right to inspect the place where any of these activities occur. These events could take place at a private residence or another business. There is no reason that investigators should be granted unrestricted access to these locations in order to adequately conduct their duties.

The regulations should be sharply defined in order to combat the infringement of right to privacy. These broad and poorly defined regulations can lead to overreach by the agencies that have been given the authority to interpret the regulations.

Thank you for considering my comment and reflecting on the impact that your decisions will make on the residents of Alaska.

**C. Barret Goodale**  
**GOOD Cultivation Manager**  
907-699-9478

Follow GOOD on [Instagram](#), [Twitter](#), and [Facebook](#)  
Alaska Marijuana Industry Association member

---

Public comment on proposed changes AAC306.725 and AAC306.800

I own a marijuana retail store. I am focusing on the additional wording “elements of business operation”. By adding this wording, it will allow immediate access to all elements of running my business. It is not only dangerous but also absurd.

My family and I am already in complete danger for the amount of cash that is assumed to be in my home. Now, AMCO wants me to allow enforcement staff, the board, the board director, local police and fire inspector to be given the knowledge and access to all my hidden cash that I must retain in order to run my business day to day.

As for supplies, AMCO can request at any time to see my financial records. If AMCO would actually hire enforcers who can read a “Detailed Financial Balance sheet” instead of ex-police, they would recognize that they already have all this information at their fingertips. My accounting records allow AMCO enforcement to see everything I have bought for my store. All they have to do is ask for it, on site and they will see everything I have bought for the last 6 months. With a three-day notice, they have access to my financials records since I was licensed in 2016.

Many supplies are shipped from out of state, which means we buy in bulk. These items are essential for running my business but are inconsequential to regulating and enforcing marijuana, such as packaging supplies. I store some unimportant items in my home, therefore, this new regulation would give AMCO enforcement, the director, the AMCO board, local police and fire inspector access to my home, family and grandchildren without my authority or control.

These new regulations are a waste of time, which in turn, is a waste of money. Please encourage AMCO to hire enforcers with business backgrounds. This would allow enforcement to regulate effectually without asking for new regulations merely because they lack education. Licensed marijuana businesses need to be treated like a business not drug dealers.

Thank you,  
Patricia Patterson, Owner High Bush Buds #10831

A list of 'elements' for running my marijuana retail store. Highlighted in yellow are items stored off premise	
<ol style="list-style-type: none"> <li>1. Supplies for financials and money.                             <ol style="list-style-type: none"> <li>a. Supplies such as:                                     <ol style="list-style-type: none"> <li>i. cash</li> <li>ii. Accounting programs</li> <li>iii. Accounting records since 2016</li> <li>iv. Accounting records last 6 months</li> <li>v. Office supplies</li> </ol> </li> <li>b. Equipment such as:                                     <ol style="list-style-type: none"> <li>i. Vaults.</li> <li>ii. Computer and printer</li> <li>iii. 10-key</li> </ol> </li> </ol> </li> <li>2. Products: marijuana for Resale                             <ol style="list-style-type: none"> <li>a. Items such as:                                     <ol style="list-style-type: none"> <li>i. Bud</li> <li>ii. Concentrate</li> <li>iii. Edibles</li> <li>iv. Non-edible</li> </ol> </li> </ol> </li> <li>3. Products: non-marijuana for Resale                             <ol style="list-style-type: none"> <li>a. Items Such as                                     <ol style="list-style-type: none"> <li>i. smoking and vape accessories</li> <li>ii. storage accessories</li> <li>iii. clothing</li> <li>iv. novelty items</li> </ol> </li> </ol> </li> <li>4. Supplies for required regulation                             <ol style="list-style-type: none"> <li>a. Such as:                                     <ol style="list-style-type: none"> <li>i. receipt paper</li> <li>ii. storage containers and bags</li> <li>iii. exit packaging</li> <li>iv. blank stickers</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>5. Equipment for required regulations                             <ol style="list-style-type: none"> <li>a. Such as:                                     <ol style="list-style-type: none"> <li>i. heat sealers</li> <li>ii. cash registers</li> <li>iii. Laptop</li> <li>iv. Scales</li> <li>v. Cameras</li> <li>vi. Printers</li> </ol> </li> </ol> </li> <li>6. Supplies for general day to day business                             <ol style="list-style-type: none"> <li>a. Such as:                                     <ol style="list-style-type: none"> <li>i. Office supplies</li> <li>ii. Décor and Art supplies</li> <li>iii. Cleaning supplies</li> <li>iv. Store display supplies</li> <li>v. Paper cones</li> <li>vi. Security supplies</li> <li>vii. any extra items like coffee, snacks and kitchen ware.</li> </ol> </li> </ol> </li> <li>7. Equipment for general day to day business                             <ol style="list-style-type: none"> <li>a. Such as:                                     <ol style="list-style-type: none"> <li>i. Coffee pot</li> <li>ii. Tool Box</li> <li>iii. Humidifier</li> <li>iv. Air conditioner</li> <li>v. Joint Making Box</li> <li>vi. Phone</li> </ol> </li> </ol> </li> </ol>





**John E. Redden**  
General Counsel  
645 G Street, Suite 100-907  
Anchorage, Alaska 99501  
Ph: (816) 830-6978  
Em: JRedden@GreatNorthernCannabis.com

December 12, 2018

Marijuana Control Board

Mark Springer, Chair

Jeff Ankerfelt

Loren Jones

Brandon Emmett

Nicholas Miller

Alcohol & Marijuana Control Office  
550 West Seventh Avenue, Suite 1600  
Anchorage, Alaska 99501

RE: Proposed amendments to 3 AAC 306.725(a) and 3 AAC 306.800

Dear Sirs:

Great Northern Cannabis, Incorporated (GNC) is an Alaska corporation with approximately 80 full- and part-time employees, and roughly two dozen Alaskan shareholders from a wide variety of backgrounds. We currently own and operate a cultivation facility and two retail stores. We thank you for the opportunity to comment on the proposed regulations regarding the proposed changes on marijuana establishment inspections.

We believe this proposal is a common sense and equitable solution to ensuring inspection and investigative access previously believed to be within the jurisdiction of the director, an employee or agent of the board, or an officer charged with the enforcement of the chapter.

Thank you again for the opportunity to comment. We would be happy to participate in any future rule-making processes.

Sincerely,

A handwritten signature in blue ink that reads "John E. Redden".

John E. Redden

*GreatNorthernCannabis.com*

907.929.9333 • 645 G Street, Suite 100-907 • Anchorage, Alaska 99501