



## MEMORANDUM

TO: Marijuana Control Board                      DATE: August 19, 2020  
FROM: Jane P. Sawyer, Regulations Specialist    RE: Regulations Project – Director  
of a Corporation

At the June 2020 meeting, the board opened this regulations project and sent out the recommended draft out for public comment. The draft was out for public comment for about 43 days closing on July 31, 2020. One comment was received and it's attached.

The changes would do the following:

- 3 AAC 306.015(b)(4). License conditions. Would add corporate officer, and director of a corporation to be required to be a resident of the state. – we already require this, we have from the beginning.
- 3 AAC 306.040. Ownership change. The section is being repealed and readopted as written for logical purposes, but the change in general would add corporate officer, and director of a corporation to be required to be a resident of the state. – we already require this, we have from the beginning.

Options for the board:

- Vote to adopt
- Amend draft and put out for public comment
- Send draft back to staff for revisions
- Close project without action

(Words in boldface and underlined indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted.)

3 AAC 306.015(b)(4) is amended to read:

(4) a corporation unless the corporation is incorporated or qualified to do business in the state and each **corporate officer, each director, and each** shareholder is a resident of the state.

(Eff. 2/21/2016, Register 217; add'l am 2/21/2016, Register 217; am 2/21/2019, Register 229; am 4/11/2019, Register 230; am \_\_\_\_/\_\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

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

3 AAC 306.040 is repealed and readopted to read:

**3 AAC 306.040. Ownership Change.** (a) An application for an ownership change shall be submitted on a form prescribed by the board.

(b) If any change required to be submitted under this section will result in a change in controlling interest of the marijuana establishment license, the marijuana establishment must file an application for transfer of license to another person under 3 AAC 306.045.

(c) An individual identified in this section shall submit the individual’s fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice

information. The director shall follow the procedure set out in 3 AAC 306.055(b) for submitting the fingerprints of any individual added under this section.

(d) An individual identified in this section shall be a resident of the state as required under 3 AAC 306.015(b)(4) and 3 AAC 306.015(e)(2).

(e) The director shall approve an ownership change application when any new owner

(1) is not disqualified under 3 AAC 306.010(d), 3 AAC 306.015(b), 3 AAC 306.300(b), 3 AAC 306.400(c), 3 AAC 306.500(c), or 3 AAC 306.605(c); and

(2) is a resident of the state.

(f) In this section, "ownership change" means

(1) if the licensee is a partnership, including a limited partnership, any change in the identity of the partners, or in the ownership percentages held by any partners;

(2) if the licensee is a limited liability company, any change in the identity of the members or managers, or in the ownership percentage held by any member; or

(3) if the licensee is a corporation, any change in its corporate officers, any sale of corporate stock to a person not currently an owner, any change of the percentage ownership of an existing shareholder, or any change in its directors. (Eff. 2/21/2016, Register 217; am 7/19/2017, Register 223; am 2/21/2019, Register 229; am \_\_\_\_/\_\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

- Authority:** AS 17.38.010      AS 17.38.150      AS 17.38.200
- AS 17.38.070      AS 17.38.190      AS 17.38.900
- AS 17.38.121

Current language of 3 AAC 306.040 which is being repealed and readopted.

**[3 AAC 306.040. Ownership change**

(a) AN APPLICATION FOR AN OWNERSHIP CHANGE SHALL BE SUBMITTED ON A FORM PRESCRIBED BY THE BOARD.

(b) IF ANY CHANGE REQUIRED TO BE SUBMITTED UNDER THIS SECTION WILL RESULT IN A CHANGE IN CONTROLLING INTEREST OF THE MARIJUANA ESTABLISHMENT LICENSE, THE MARIJUANA ESTABLISHMENT MUST FILE AN APPLICATION FOR TRANSFER OF LICENSE TO ANOTHER PERSON UNDER 3 AAC 306.045.

(c) AN INDIVIDUAL IDENTIFIED IN THIS SECTION SHALL SUBMIT THE INDIVIDUAL'S FINGERPRINTS AND THE FEES REQUIRED BY THE DEPARTMENT OF PUBLIC SAFETY UNDER AS 12.62.160 FOR CRIMINAL JUSTICE INFORMATION. THE DIRECTOR SHALL FOLLOW THE PROCEDURE SET OUT IN 3 AAC 306.055(b) FOR SUBMITTING THE FINGERPRINTS OF ANY INDIVIDUAL ADDED UNDER THIS SECTION.

(d) THE DIRECTOR SHALL APPROVE AN OWNERSHIP CHANGE APPLICATION WHEN ANY NEW OWNER IS NOT DISQUALIFIED UNDER 3 AAC 306.010(d), 3 AAC 306.015(b), 3 AAC 306.300(b), 3 AAC 306.400(c), 3 AAC 306.500(c), or 3 AAC 306.605(c).

(e) IN THIS SECTION, "OWNERSHIP CHANGE" MEANS

(1) IF THE LICENSEE IS A PARTNERSHIP, INCLUDING A LIMITED PARTNERSHIP, ANY CHANGE IN THE IDENTITY OF THE PARTNERS, OR IN THE OWNERSHIP PERCENTAGES HELD BY ANY PARTNERS;

(2) IF THE LICENSEE IS A LIMITED LIABILITY COMPANY, ANY CHANGE IN THE IDENTITY OF THE MEMBERS OR MANAGERS, OR IN THE OWNERSHIP PERCENTAGE HELD BY ANY MEMBER; OR

(3) IF THE LICENSEE IS A CORPORATION, ANY CHANGE IN ITS CORPORATE OFFICERS, ANY SALE OF CORPORATE STOCK TO A PERSON NOT

Register \_\_\_\_\_, \_\_\_\_\_20\_\_

COMMERCE, COMMUNITY, AND EC. DEV.

CURRENTLY AN OWNER, OR ANY CHANGE OF THE PERCENTAGE OWNERSHIP OF  
AN EXISTING SHAREHOLDER.]

**From:** Tina Smith  
**To:** [CED AMCO REGS \(CED sponsored\)](#)  
**Subject:** MCB comment on changes on Director of Corporation.  
**Date:** Thursday, July 30, 2020 1:48:34 PM  
**Attachments:** [MCB comment on outside ownership permit courses, Aug 2020-2.pdf](#)

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Marijuana Control Board Members

I Find myself compelled to finally address a regulation change that could possibly affect myself and my own business for once.

I would just like to take a moment to recall the intent when creating Alaska marijuana regulations, the intent was always spoken of as to keep Alaska cannabis business. owned and operated by Alaskans, and for Alaskans with some tourist consumers thrown in for good measure. With the adoption of the proposed Regulation change to 3AAC. 306.015 you will have completely closed the gap that allowed for any outside ownership of any licensed marijuana Establishment in Alaska. GREAT!

However, there is a still a very large gaping hole the absolutely allows outside ownership of Alaska cannabis businesses with zero protection against outside involvement at all, and that would be the education licenses.

Currently there are 12 education licenses listed on the AMCO website, and I'm not sure if you are aware but currently, I own the only one listed as In-Person courses, and I am unable to hold in person classes due to the whole Covid-19 situation. So, that means as of July 28th when I wrote this, there are now only 4 active links to entirely Alaskan run companies teaching the handlers course. Between broken links and some that have corporation members that are located in Washington and Colorado, we have more outside companies teaching the handlers courses then those based here in Alaska. I see that as a relatively large problem.

Now I would like to address the information that I found with the other courses that are listed on your state-run site.

The first course that is listed on the AMCO website has a link that is declared unsafe, and will not even load without bypassing basic security measures on any Mac book. I was able to eventually access those and it took me to the Medical Marijuana 411 site, based out of Redmond Washington

The second is Cannabishandler.com that claims to be the lowest priced course at \$39.99 with a 100% pass guarantee with listing of prices of other mostly Alaskan based courses. I was under the impression that these handler permits were to assure the industry that the holder of the permit was well versed in the regulations and the parameters in which they were absolutely held within. Also, I would like to point out that they are not based in Alaska.

The third listing takes you to the Rsserving website that is based out of S. Dakota

The fourth is Green Culture, out of Denver

The fifth is 360 training, based out of Texas

The sixth is Alaska Green Resources, based out of Kenai

The 7th is Marijuana handlers which is owned by Coleman Inc. now while it appears as if the course director is indeed in Alaska, the vice president and listed management of the company are in Washington and Colorado if their social media (LinkedIn & Facebook) is to be used as evidence, which I know has been used by the enforcement on more than once occasion.

The 8th is AK marijuana Institute, and I can't find ANYTHING on them except for the working webpage and an address in anchorage.

The 9<sup>th</sup> is Cannabis handler and Marijuana Professional Certification Course, by Serious Circus LLC and is a broken link.

The 10<sup>th</sup>, 11<sup>th</sup>, are Alaska based, and the 12<sup>th</sup> is mine.

I see so many issues with this as it stands, not only are you allowing outside companies that have many other courses that from Many other states, they are all listed BEFORE actual Alaskan companies.

These companies appear to be the Walmart of handlers permits with their extremely low prices, and lack of actual in-depth instruction that go hand in hand with those creating courses here in the state, that KNOW the importance of the regulation and how it reflects on the owners and their very licenses. Some of the other states are not as strict with their regulations as we are, and do not hold the owner's licenses accountable in the actions of employees as we do here in Alaska.

With the availability of these "discount courses" it makes it nearly impossible for the Alaskan companies to compete, especially when they are found at the very bottom of the list of approved courses.

What is the incentive for Alaskans to put together comprehensive and in-depth courses for students, pay the fees, go through licensing just be outdone by outside investment? As it is, I'm questioning if it is worth the effort & cost, and I can tell you that with the competition that is currently out there I cannot afford to continue, when I will be forced to transfer my courses to an online platform to continue. Currently that scenario is not cost affective at all. Before long



you will have nothing but discount courses teaching our permit holders the regulations, and then you will be wondering why the crazy amount of NOV's keep being brought to your attention.

We are the smallest demographic in this industry, and contrary to what some establishment owners and even maybe this board believes, we are absolutely part of this industry, need I remind you that without us, there would be no licensees, or establishments at all.

IN closing I propose the change in regulation to reflect the common wish that Alaskans alone are involved and benefit from the Alaskan cannabis industry. this can be accomplished simply by taking the word "establishment" out of 3 AAC 306.015 to reflect that all cannabis license types, including education be owned and operated by and for Alaskans.

Sincerely,

Tina Smith,

Director of AKCannaEd

CEO Midnight Greenery

907-727-2000