Re: Appeal of, and concerns regarding, NOV AM 230632 issued to Pakalolo Supply Company License No. 10131 dated April 18th, 2023.

Date: April 20, 2023

Dear Director Wilson,

I hope this finds you well and enjoying the slow transition to Spring.

I am sorry to be in contact to register a complaint, and to appeal the issuance of NOV AM 230632. Per regulation 3 AAC.805(d), we hereby request the opportunity to be heard by the MCB, or alternatively, provided you agree our right to be heard by the Board still is preserved, to have an informal conference with yourself to discuss this NOV, and consider our request to withdraw it and remove it from our record. I received the attached NOV on April 19th, 2023, although it is dated April 18, 2023. While it would be easy to just let it slide, make changes to appease Enforcement, and move on, I cannot do this due to the pettiness of issuing this NOV, and the consequences and implications longer term for the industry. The interpretation of 3 AAC 306.770(k) is so broad and sweeping if this NOV were to stand it would have the impact of validating the erroneous interpretation by Enforcement that ANY event held by a licensee outside of their premises is illegal. That is not the law, and is not correct. While the strictest reading of 3 AAC 306.770(k)(4) could be considered to ban the use of the word "specials" in an ad promoting an event OUTSIDE of the licensed premises, in this particular situation, that is nonsensical. We did not even specify what our specials were in regards to – there is absolutely no mention of general or specific cannabis products. We could, and are, having specials on our apparel, and the house plants that we grow ourselves to sell to our community members. Moreover, the "corrective" action requested by Enforcement went FAR beyond the bounds of being narrowly tailored to the removal of the term "special", which could easily been requested by a courtesy phone call from our regulatory partners. In fact, Enforcement asked us, without

any regulatory authority, to STOP advertising the event for the biggest industry holiday of the year categorically. This is inappropriate and an overreach.

The facts and basis for the NOV are incorrect, and the issuance of the NOV petty and targeted. We, like nearly every licensed retail establishment in the state of Alaska, are holding a 4-20 celebration and offering specials throughout our store. However, the NOV has been issued, one day before the holiday, for our social media post on Facebook for the event tied to this cannabis holiday. It claims we are in violation of the regulation against promoting the sale of Marijuana or a Marijuana product by holding promotional activities outside of the licensed premises. Please review the attached social media posts from both our company and one of the vendors we are sponsoring in our parking lot for the event. There is not one word promoting or encouraging the sale of cannabis. We say 'check out the specials inside Pakalolo Supply Co.' As mentioned above, we are having storewide specials including houseplants, apparel, and cannabis products, as we frequently do, but not one mention of cannabis in our posting.

We have been doing this longer than any other licensed cannabis business in Alaska. We have never received an NOV for any activity related to our retail sales of cannabis at either of our locations, or for our promoting our family-owned business. My son, Keenan, is our Vice-President of Marketing and Public Relations. He works diligently to adhere strictly to our compliance with all cannabis regulations, and has set the standard for all companies to follow in promoting our business. He was very careful not to use any wording that promoted the sale of cannabis, only to come see the "Specials" inside our store while getting a look at our soon to open Tasting Room (OCE facility). The NOV makes a point of adding a mention of one of our sponsored vendors, Goldies AK, catering an event serving alcohol outside our licensed premises. Not surprisingly, that is not an actual part of the violation, and Goldies already received AMCO authorization and license for this special event. This event is not a violation for either company, nor should it have been mentioned in the NOV other than it may indicate the possible motive for actually issuing this NOV.

We are certain this action was the result of a complaint to AMCO, or else it would be a serious waste of AMCO resources to have Enforcement personnel spend so much time monitoring social media only to find and act on such a trivial matter where we regularly see more serious infractions, not even to mention the black market sellers who openly advertise on social media groups without consequence or action by Enforcement. We are also confident this decision to issue the NOV came out of the Anchorage AMCO office, even if issued by Fairbanks Investigator Moses. For the record, we have removed the work 'Specials' from our posting as it could be the only possible basis for issuing the NOV. Our attorney, Jana Weltzin,

agreed the only plausible basis for why the NOV was issued was the use of the word 'specials', but as we explained above, there was no mention of cannabis specials, it was purposefully left generalized for compliance purposes. She too agrees that this was an erroneous and broad interpretation of regulation 306.770(k)(4).

With license renewals coming up, I would rather not have to have each of us answer 'Yes' that we have received an NOV since our last renewal. We would have to send in an explanation, and it would delay the processing and issuance of our renewal license. Additionally, as many licenses have explained before, NOVs have other consequences on licensees than AMCO and Enforcement seem to understand. If we want to engage in any cannabis banking program, we have to disclose NOVs and NOVS can be a basis for disqualifying the licensee from the banking program. Another example is insurance, we must disclose NOVs for most insurance policy considerations, and NOVs can be used as a basis to increase premiums or deny coverage.

Thank you for your thoughtful consideration of our request. As stated above, we look forward to either an informal conference with yourself to review and consider our request to rescind and void this NOV, or for us directly addressing this issue with the MCB.

Respectfully,

Cole Hollister

President/CEO
Pakalolo Supply Company, Inc.
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Fairbanks, AK 99709