Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
amco.enforcement@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

Alaska Marijuana Control Board – AMCO Enforcement

Notice of Violation (3 AAC 306.805)

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

Licensee:	Catalyst Retail, LLC	**Date:**	4/1/25
Doing Business As:	Catalyst Cannabis	**License #:**	23821
License Type:	Retail Marijuana Store	**AMCO Case #:**	AM250363
Mailing Address:			

	Date	Violation of	Fine	Date	Violation of	Fine
Violation(s) of Statute/Regulation:	4/1/25	3 AAC 306.330	$100			

	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.

An anonymous complaint from a previous employee alleged inventory shortages due to possible theft. Looking at package adjustments over 50g for approximately the first five months of 2025 I found the following adjustments that could possibly be theft or diversion/inversion:

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.
1A402030000CB21000000552 was adjusted up 182.43
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
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.

I weighed out two items that were available for deli style sales on 4/8/25 during an inspection. 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.

Notice of Violation

Disciplinary Action

Civil Fine:	$100	**Probation:**	

You may choose to contest or not contest the violation or recommended disciplinary action. If you do not contest, please describe in writing the remedial measures you are taking to address the violation and remit the requested fine, if applicable You may contest the violation or recommended disciplinary action by filing a written response not later than 10 days after your 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. if your informal conference with the director is not to your satisfaction, you may still elect to appeal this notice to the board by filing written notice of the same with AMCO. Any appeal to the board will be heard at the next regularly scheduled meeting of the Board, unless both AMCO and you agree to an extension. You may appeal any final decision by the board to the superior court under AS 44.62.560, excluding a request that the director prepare an accusation for suspension or revocation of a license.

Please send your response, including any potential fine, your request for an informal conference, or appeal to the board to the address below and include your marijuana license number in your response.

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

Issuing Investigator:	J. Rukes	**Issued To:**	
Signature:	Jeff Rukes	**Title:**	
Delivered VIA		**Issued Date:**	

Catalyst Cannabis #23821 AM250363

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 ultimate 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 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. $100 civil fine imposed.

This transmittal may be a confidential attorney-client communication or may otherwise be privileged or confidential. If you are not the intended recipient, you have received this transmittal in error. Any review, dissemination, distribution or copying of this transmittal is strictly prohibited. If you have received this communication in error, please notify us immediately by reply or by telephone (907) 276-1550 and immediately delete this message and all attachments.

Dear AMCO Enforcement:

I am writing on behalf of Catalyst Retail LLC dba Catalyst Cannabis Company (Lic. #23821) in response to the NOV issued for AMCO Case #AM250363.

As detailed in the Licensee's previous correspondence and cooperation with AMCO during the investigation, the Licensee acknowledged discrepancies between the store's retail inventory and what was reported in Metrc. The Licensee was able to provide possible explanations for a number of the inconsistencies and implemented remedial measures to ensure more consistent inventory tracking, including devoting employee time to reconciling Metrc inventory records, implementing stricter protocols and procedures for inventory tracking, additional training on preventing diversion, and making staff changes.

The Licensee also disputes that the adjustments listed indicate theft, diversion, or inversion at this facility. The Licensee believes that the package adjustments and examples of "oversold" product identified in the NOV may be the result of other factors that lead to inventory misreporting, and some may have corresponding adjustments in the opposite direction that are not identified in the NOV (e.g., a package adjusted down by 50 grams may correspond with another package adjusted upwards by 50 grams). This sometimes happens when flower is initially incorrectly entered in inventory under the wrong strain name, or when concentrate is initially incorrectly added as flower. Additional time is needed to further review the specific examples cited by AMCO, and the Licensee will provide more information on these package adjustments as soon as possible.

The Licensee also disputes that there has been any acceptance of product from sources outside of the industry to avoid taxes. It is not clear how adding product from outside the regulated industry to the Licensee's retail inventory could aid the Licensee in avoiding tax payments. The Licensee is a retail store and therefore does not pay state excise taxes.

Thank you,
Jason Brandeis

Birch Horton Bittner & Cherot
a professional corporation

Jason Brandeis
Partner
Birch Horton Bittner & Cherot
510 L Street, Suite 700 | Anchorage AK 99501
Tel. 907.263.7243
jbrandeis@BHB.com | www.birchhorton.com | Bio