

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS ON REFERRAL
BY THE MARIJUANA CONTROL BOARD**

In the Matter of)
)
JJH Holdings, LLC,)
)
 d/b/a Will’s World Extracts)
 Marijuana Concentrate Manufacturing Facility)
 License 12536)
)
 d/b/a Frontier Farmers,)
 Limited Marijuana Cultivation Facility)
 License 12550)
)
 d/b/a Alaskan Originals Cultivation) OAH No. 23-0305-MCB
 Limited Marijuana Cultivation Facility) Agency No. 23-300-MCB
 License 26876 (delegated);)
)
Alaskan Originals, LLC, d/b/a Alaskan Originals)
Retail Marijuana Store)
License 25442; and)
)
Joshua Hunter,)
Marijuana Handler Permit 15439,)
)
Respondents.)
_____)

DECISION

I. Introduction

Following a report that a marijuana concentrate manufacturing facility might be receiving illegal shipments of marijuana concentrate from out of state, the Alcohol and Marijuana Control Office (AMCO) seized concentrate from the licensed premises, placed an administrative hold on related products, and filed a disciplinary accusation asking the Board to revoke multiple licenses held by the licensee. The licensee, Joshua Hunter, requested a hearing to contest both the hold/seizure and the disciplinary accusation.

After a three-day hearing and briefing by the parties, this decision concludes that Mr. Hunter has operated his marijuana concentrate facility in a manner that is fundamentally incompatible with continued participation in Alaska’s regulated marijuana industry. Among other violations, he has allowed the comingling and dispersion of untracked, unregulated marijuana products, intentionally manipulated inventory tracking data to disguise the use of these

prohibited products, and intentionally deleted surveillance data requested by AMCO investigators.

After careful consideration of the nature and scope of these violations, Mr. Hunter's marijuana handlers' permit, and the four facility licenses he fully controls, are hereby revoked, and a civil fine of \$170,000 imposed.

II. Facts

A. Will's World and the other licenses at issue

Wasilla resident Joshua Hunter holds or controls multiple licenses issued by this Board. In addition to an individual marijuana handler's permit, Mr. Hunter is the sole owner of two LLCs that together hold two cultivation licenses, a manufacturing license, and a retail store license. JJH Holdings, LLC holds:

- Marijuana cultivation facility license 12550, operated as "Frontier Farmers,"
- Marijuana concentrate manufacturing facility license 12536, operated as "Will's World Extracts," and
- Marijuana cultivation facility license 26876, as "Alaskan Originals Cultivation," which at the time of the hearing had not yet begun operations.

Alaskan Originals, LLC operates marijuana retail store license 25442 as "Alaskan Originals." The incidents giving rise to this case relate directly to the Will's World Extracts marijuana concentrate manufacturing facility license.¹

1. Will's World overview²

Broadly speaking, marijuana concentrate manufacturing facilities use a range of processing methods to extract crude cannabis oil and other types of concentrate products from cannabis plant material, as well as producing further types of distillate products from the crude oil.³ Will's World manufactures a variety of marijuana concentrate products, including butane hash oil (BHO) as well as other products – "dabbables," hashes, shatter and other hard concentrates, and infused pre-rolls – derived from either raw plant material or BHO.

Of particular relevance to this case are the butane hash oil and its related distillate products. Will's World uses a hydrocarbon extraction process to produce its crude oil. The oil is

¹ While a Will's World cofounder operates a separate Will's World cultivation license, in this decision – unless otherwise indicated – "Will's World" is used to refer to Will's World Extracts, Lic. 12536.

² Unless otherwise indicated, this overview is based on Mr. Hunter's testimony and Ex. 18.

³ *See generally* 3 AAC 306.515.

extracted from marijuana plant material using a closed-loop “blasting” system in which pressurized butane is pushed through plant material to extract oil, and is then evaporated. After further distillation of that crude oil, the BHO is used to fill vape cartridges, sold in small containers for personal use or larger containers for wholesale transactions, used to make dabbables and other distillate products, and used as an additive in infused joints. Will’s World also uses different filtration processes to make various solid-form concentrates, such as waxes and hash, from raw plant material.

By Hunter’s account, Will’s World is the second largest marijuana manufacturing facility in the state, “moving” more than 10,000 distillate vape cartridges and more than 10,000 units of dabbables per month. Hunter also estimated that AMCO’s placement of an administrative hold on all Will’s World products, including those in other licensed establishments, implicated \$1.2 million in product, although no evidence was introduced to determine the accuracy of that assessment.

2. Day-to-day operations at Will’s World

Hunter (as JJH Holdings, LLC) purchased Will’s World from its founder, Will Little, who he describes as having been “like a second dad to me.”⁴ The Palmer-based business operates out of a space it shares with Will’s World Cultivation, which is owned and operated by Mr. Little’s widow. The Littles’ son, Jason Little, is Hunter’s closest friend, and features prominently in the events leading to this licensing action.

In the period at issue here, Jason Little – who describes himself as “probably one of the most educated in extracts, in extract forms, in Alaska, if not the United States”⁵ – was actively involved in running the day-to-day operations of Will’s World. Little and Hunter both testified that Little was the Chief Operating Officer, a position for which he had no written contract and was paid \$120,000 per year.⁶ Hunter says he delegated the day-to-day operations of the extract facility to Little because of Little’s superior knowledge of the technical aspects of concentrate production.⁷ Little describes those “day to day” operations in vague terms, including that he

⁴ Hunter testimony, Ex. 19, p. 5. Publicly-available Board records reflect that the transfer certification was signed by Hunter and the Littles in March 2021, and the Board took up the transfer application at its April 2022 meeting. April 13, 2022 meeting packet, Tab 31.

⁵ Little testimony.

⁶ Although he testified that he was the C.O.O., Little struggled to identify the words making up that acronym. Little test. (“I was C.O.O. – Chief – Operating – What’s that last one?”).

⁷ Hunter test. Hunter is more directly involved in Frontier Farmer, his cultivation facility, which sits about 25 minutes away from the manufacturing facility. Frontier Farmer grows cannabis that it sells wholesale to retailers and to manufacturing facilities, including Will’s World.

spent considerable portions of the day away from the facility tending to other unidentified business interests.

I come and go through the day. I make sure that my guys in the morning – I have a routine, I like to come in in the morning, I meet up with my first guy that get there – we usually have two shifts. Someone would come in around 7:30, open up shop, get things prepared for the day, get the chillers fired up. And then our packagers and our office people would roll in around 9:00 or 9:30. And then I would meet with them in the morning. I would take off from there and I would take care of my other responsibilities from my other consulting jobs out of the state. And then either mid-day or at the end of the day, I'd come check on them. But most of the time I did my morning routine, came through, checked on everybody, unless someone had an issue, and then I would come back in and address the issue, show 'em – you know, if they were having safety problems or if they were having machine problems – like, that's my job, I come in and make sure that everything's good.

Little testified he had daily discussions with Hunter “every afternoon” about “everything” in the operation of the business. By Little's account, his role in “running the day-to-day operations” did not extend to any involvement with Metrc, the system by which regulated marijuana products in Alaska are tracked “from seed-to-sale.” Little testified that he never accessed Metrc – except “maybe a long time ago” – as part of his duties.

Although Will's World employees identified both Little and Hunter as “the owners” when answering AMCO investigators' questions about who was in charge there, both Hunter and Little deny that Little has ever been an owner or had a financial interest in the business beyond his salary.

B. Drug task force package interdiction⁸

In fall of 2022, the Alaska State Troopers Statewide Drug Enforcement Unit's Anchorage Airport Interdiction Team (“task force”) became aware of a particular series of suspicious packages traveling through the Anchorage Airport post office. The task force ultimately intercepted seven packages which are relevant to the case currently before this Board.

These packages had several notable features that had raised the suspicions of task force investigators. The packages were each heavily sealed with extra layers of tape, particularly along the package seams, a common practice in the shipment of illegal narcotics. They all originated in Los Angeles County, California, and were shipped via next day air, with shipping

⁸ Unless otherwise indicated, the findings in this subsection are based on the testimony of Investigator Lowery, and Exhibits 1, 2, and 3.

charges of several hundred dollars per package.⁹ The packages listed the senders as generic-sounding businesses – “Aces Auto” and “Select Apparel” – with no discernible online presence, listed a UPS store address as the business address, and listed phone numbers that rang to disconnection when called by investigators.

Additionally, and creating the initial connection to Will’s World, six of the seven intercepted packages were sent to a pair of Wasilla addresses “associated with” Jason Little, Josh Hunter, or both. Specifically, four of the packages were shipped to 8262 E. Snowy Pass Circle, and two to 2201 N. Gwene Lane. In reviewing law enforcement and public records databases, task force investigators found that both addresses were linked to Jason Little. Both Little and the Gwene Lane address, in turn, were associated with Joshua Hunter.¹⁰

Between July 2022 and February 2023, the task force intercepted six narcotics shipments sent to these two addresses:

- On July 12, 2022, the task force intercepted a package addressed to “Mr. Lytle” at Jason Little’s address, 8262 E. Snowy Pass.¹¹ The package, purportedly from “Select Apparel,” but shipped from a Santa Clarita (California) UPS store, contained 49 pounds of Psilocybin Microdose Gummies – a “substantial seizure” for the task force.¹²
- Three more “Select Apparel” packages – two addressed to “Mr. Little” at 8262 E. Snowy Pass and a third addressed to an apparently fictitious Wasilla-based recipient – were intercepted on September 23, 2022. These were shipped from a UPS store ten miles from where the July 12 package was shipped, and listed the same fictitious sender’s Las Vegas-based phone number as had been provided with that package.¹³

The two packages to Mr. Little weighed 33 and 34 pounds; the combined \$853 shipping charges were paid in cash. The third parcel weighed 30 pounds and cost \$455 to ship, again paid in cash. The three packages contained a total of 12,995 grams of bottled marijuana concentrate, and 22 THC vape pens. Also noteworthy to inspectors was that, unlike typical intercepted narcotics shipments, the bottle labeling

⁹ While many law-abiding California residents send and receive mailed packages for entirely lawful purposes, packages intercepted by the task force and found to contain illegally trafficked narcotics have “overwhelmingly” originated in California. Likewise, while next day air is a legitimate means to ship certain items in certain circumstances, these packages were shipped under circumstances not typically associated with its legitimate use.

¹⁰ Specifically, public records databases (1) showed 8262 E. Snowy Pass Circle as Jason Little’s address of record, (2) linked 2201 N. Gwene Lane to Josh Hunter, and (3) also showed Mr. Little as “associated with” that address. Ex. 1, p. 7; Lowery testimony.

¹¹ *Id.* The reference to a “Snowy Owl” address in the search warrant affidavit appears to have been a typographical error.

¹² *Id.* Among other indicators that the sender is fictitious was the Las Vegas-area phone number listed.

¹³ Ex 1, p. 7.

included both net and tare weights, prompting suspicion that the shipments involved “a professional outfit.”¹⁴

- On January 24, 2023, the task force intercepted a 13-pound package shipped next day air from a Santa Clarita UPS store to “Mr. Little” at 2201 N. Gwene Lane. The package, which had been identified as suspicious because of excessive taping, incongruously expensive shipping, and use of a fictitious vendor with a nonworking phone number, contained between four and six bottles of marijuana concentrate.¹⁵
- The following day, January 25, the task force intercepted another next day air package sent to 8262 E. Snowy Pass from a Valencia-area UPS store.¹⁶ Addressed to “Mr. Marchione” (Little’s girlfriend’s last name¹⁷), the package contained 1,278 grams of THC oil in two glass jars.¹⁸
- On February 1, 2023, the task force intercepted a third heavily-taped “Aces Auto” package – this one addressed to “Travis Marchione” at 8262 E. Snowy Pass.¹⁹ The package held two motor oil canisters, a small tube of super glue, and a set of motocross handlebar grips. Upon inspection, however, one of the two motor oil canisters was actually filled with 1,070.5 grams of a viscous marijuana concentrate.²⁰

After intercepting the last trio of packages at the end of January, and because of the apparent connection between a marijuana licensee and those packages, Task Force Investigator Richard Lowery contacted the Alcohol and Marijuana Control Office (AMCO).

C. AMCO Inspection and Seizure Order

Investigator Lowery’s contact led AMCO to open its own investigation. Upon reviewing internal and law enforcement records related to the two addresses, AMCO Investigator Jeff Rukes found that Jason Little had listed 8262 E. Snowy Pass as his address on his marijuana handler permit application. In the subscription-based law enforcement database CLEAR, he found links tying both Little and Hunter to the 2201 North Gwene address.²¹

1. Inspection of manufacturing facility

Having conducted AMCO inspections statewide, including in most of the licensed marijuana manufacturing facilities, Investigator Rukes had never seen the distinctive, orange-

¹⁴ Ex. 1, pp. 7-8, Ex. 3, p. 10, Lowery test. A tare weight is a label notation indicating the weight of the package or vessel in which another item or substance is contained.

¹⁵ Investigators could find no evidence of an “Aces Autoparts,” and found that the phone number provided “rings to disconnection.” Lowery test., Ex. 1, p. 6.

¹⁶ Ex. 1, p. 6; Lowery testimony.

¹⁷ Hunter testimony.

¹⁸ Ex. 1, p. 6.

¹⁹ Ex. 1, p. 5; Lowery testimony (including that affidavit reference to “2862 E. Snowy Pass” should read “8262 E. Snowy Pass”).

²⁰ Ex. 1, p. 5; Ex. 2; Lowery testimony.

²¹ Rukes testimony. Hunter testified that he does not live at either address, that the Gwene Lane address is where Little’s children live, and that a bill in his name goes to that address because he “set up the internet for them.”

lidded bottles seen in the task force photos of seized items shipped to 8262 E. Snowy Pass and 2201 N. Gwene. To determine if a link existed between “these unfamiliar bottles” and the licensed premises, AMCO investigators decided to conduct an inspection visit to Will’s World Extracts.

On February 7, 2023, AMCO Investigators Jeff Rukes and Joe Bankowski and Task Force Investigator Lowery visited Will’s World for what was ostensibly a routine inspection. During that visit, Investigators Rukes and Bankowski surveyed the inventory, looking for and scanning Metrc tags, to “physically compare what we see to what Metrc shows.” Because of his familiarity with the physical evidence in the task force seizures, Investigator Lowery, posing as an AMCO trainee, looked for items linking the facility to the seizures.²²

During that visit, investigators saw and photographed two shipping boxes bearing the “8262 E. Snowy Pass” address, and addressed to Christine Marchione.²³ They also saw and photographed dozens of orange-lidded jars identical to those intercepted by the task force, including both empty jars and 6-8 refrigerated jars of marijuana concentrate.²⁴ Most of the refrigerated jars of concentrate lacked Metrc tags, making it impossible to determine their source.²⁵ The investigators raised this concern with Will’s World representatives, including Mr. Hunter, during the visit, and received a vague explanation about the location of missing tags.²⁶ Both Investigators Rukes and Bankowski observed that Hunter’s demeanor changed when inspectors approached the laboratory refrigerator.²⁷

2. Testing of materials seized by task force

The presence at Will’s World of both (1) the same unique orange bottles as had been seized by the task force, and (2) packages addressed to the same off-site address where the majority of the interdicted packages had been addressed, led AMCO to determine that further investigation was warranted.²⁸ Accordingly, AMCO took possession of the concentrate seized

²² Rukes test., Lowery test.

²³ Rukes test.; Lowery test.; Ex. 4.

²⁴ Rukes testimony; Lowery test.; Ex. 4, pp. 4-5. Insp. Lowery also observed that Hunter’s demeanor changed noticeably when they began looking at the untagged jarred products in the refrigerator. Rukes test.

²⁵ Rukes testimony.

²⁶ Rukes testimony; Hunter testimony; Ex. 27.

²⁷ Rukes test. (“his demeanor changed dramatically from before we were looking in the refrigerator, to us looking in the refrigerator”); Ex. 15 (Bankowski report), p. 1 (“I also saw these same bottles full of THC oil inside of a large refrigerator. These bottles appeared to be the same as the bottles containing THC oil that were seized by the Anchorage Airport Interdiction Unit. I was speaking to Hunter when Investigator Rukes opened the refrigerator containing the bottles of THC oil. Hunter abruptly walked away from the conversation and towards Inv. Rukes who was looking at the oil in the fridge.”).

²⁸ Rukes testimony.

by the task force between September and February, and sent samples from four of the jars to Land & Seas Laboratory for analysis of their cannabinoid content.²⁹

Briefly, cannabis plants produce a wide range of cannabinoids, the most common of which are Delta-9-THC and cannabidiol (CBD). Laboratory analysis through high performance liquid chromatography (HPLC) – which extracts and then separates out the cannabinoids within a sample – enables identification of which cannabinoids and how much of each cannabinoid a tested sample contains.³⁰ For each sample tested, Land & Seas documented the results of its analysis in a Certificate of Analysis (COA) that includes detailed data about the sample’s THC content as well as its cannabinoid profile. In a section titled “Retail Labeling Values,” the COA reports required labelling values for the sample, including “Total THC,” “Total CBD,” “Total cannabinoids,” and “Total Terpenes.”³¹ A more detailed profile on the following page lists each cannabinoid and terpene for which testing was performed, the dosing, and a cannabinoid profile showing the amount of each cannabinoid present and their proportion to one another.³²

Cannabinoids are produced in the plant in acid form. Delta-9-THC, for example, originally occurs as “Delta-9-THC-A,” its acid form. Conversion of the cannabinoid’s acid form via some mixture of heat, acids, solvents, light, and time is decarboxylation, the process by which cannabis is made psychoactive. As carboxylic acid is lost, the result is a non-acid form of the cannabinoid, which now has a psychoactive effect. Thus, in the case of Delta-9, it is when the THC-A loses its acid that Delta-9 becomes Delta-9-THC, and becomes psychoactive to humans.

Each of the four samples seized by the task force tested positive for Delta-9-THC. Further, all four samples contained a very high amount of total Delta-9-THC (between 73% and 78%) and a cannabinoid profile that was almost exclusively Delta-9-THC (93-97%), as well as a complete absence of terpenes.³³ In other words, the glass bottles that had been shipped from California at great expense to addresses associated with Little and Hunter – and, by the presence of shipping boxes and bottles during the AMCO inspection, with Will’s World – contained highly refined marijuana distillate oils like those used to manufacture distillate and isolate products.

²⁹ Land & Seas is one of two in-state third-party labs licensed to conduct cannabinoid testing. Alexander test.

³⁰ Alexander testimony.

³¹ As discussed further below, the Land & Seas COAs at the time of the testing in this case only included Delta-9-THC and Delta-9-THC-A in reporting of “Total THC.” Alexander testimony, 3 AAC 306.990(a)(48).

³² Alexander testimony.

³³ *Id.*

3. AMCO Seizure Order

After the inspection in early February, the logical and physical linkages between the illegally shipped products and Will's World included:

- A constellation of overlapping commonalities – e.g., overlapping fictitious senders, locations of origin, packaging styles, shipping methods, recipient names and addresses – between the various illicit packages;
- The illicit packages being shipped to addresses associated with the licensee and the “chief operating officer,” and mostly in the name of or a name closely associated with the C.O.O.;
- The presence of distinctive, orange-lidded glass bottles of concentrate in both the seized packages and the licensed premises;
- The presence at the licensed premises of multiple boxes bearing the same address as many of the illicit packages; and
- The presence of untagged concentrate and other untagged products at the facility.

When the February 28, 2023 lab results showed that the interdicted packages contained highly processed marijuana concentrate, AMCO took enforcement action against Will's World Extracts. In an order dated March 2, 2023, Director Joan Wilson directed AMCO Enforcement Officers to seize all marijuana concentrate and infused joints from Will's World, and to place an administrative hold “on all [Will's World Extracts'] approved products and on any other marijuana product infused with marijuana concentrate allegedly produced on [the Will's World Extracts'] licensed premises.”³⁴

a. Service of seizure order

Chief of Enforcement James Hoelscher and four AMCO enforcement officers went to Will's World on March 2, 2023 to serve and carry out the Seizure Order and Administrative Hold. They were met at the door by extractor Brett Torres, who initially asked them to wait until “the owners” arrived; they declined, and entered the facility. The six employees present were asked to provide their handlers' cards and IDs, and told they could choose to stay or leave.

After telling Chief Hoelscher he was “calling the owners,” Torres handed Chief Hoelscher his phone. Jason Little was on the line, demanding to know why AMCO was onsite. Chief Hoelscher ultimately terminated the brief call due to Little's aggressive tone, telling Torres, “I'm not putting up with that,” and that, “if he calls back and wants to talk to me, he

³⁴ Ex 6, p. 1.

needs to take a different tone.”³⁵ Little apparently did call back, because Torres then relayed that Little wanted the AMCO officers to leave the facility and to call its lawyer. Noting that regulated marijuana facilities were bound by the Board’s regulations and that the officers were carrying out an order from the AMCO Director, Hoelscher declined.

The investigators began inspecting the facility and interviewing the other employees on site.³⁶ Of note, one employee – packager Jacob Spiczak – told investigators that concentrate was sometimes brought into the facility. Spiczak described orange-lidded jars of concentrate being brought into the facility in black and yellow plastic totes by “random people” who are not Will’s World employees. He said this concentrate was put in the fridge, and was “processed” onsite, but processed from what’s “already inside the jar.”³⁷

No other employee described bottles coming into the facility pre-filled. Extractor Jasmine Farley, who processes the BHO into distillates, told Chief Hoelscher that she was not aware of processing any concentrate that had not been produced on site. Ms. Farley is not involved in Will’s World’s production of crude BHO – she said that a different employee “does the crude” and provides that to her – but denied any recollection of seeing bottles of oil coming into the facility.³⁸ Ms. Farley also denied running any product without Metrc tags, despite the large quantity of untagged material observed at both AMCO visits. While Chief Hoelscher cautioned her that AMCO would be obtaining and reviewing the facility’s video surveillance footage, and encouraged her to be frank with him, Ms. Farley did not waiver from her denials.³⁹

As the inspection unfolded, investigators found bags of untagged plant material in two white chest freezers, as well as numerous bottles of untagged concentrate in the lab-area refrigerators.⁴⁰ Chief Hoelscher was surprised both by the presence of untagged material less

³⁵ Little spoke rapidly with a raised voice during the brief exchange. When asked to identify himself, he responded, “This is Jason Little. You are speaking to Jason. One hundred percent. I just said you are speaking to Jason!” Before Hoelscher could respond, he continued, in the same confrontational tone. “So I’m going to ask you why you’re in my facility and what’s going on, because you’re making my employees paranoid. They’re like, ‘why are these guys in here saying they’re gonna seize product?’ What are you there to seize?” As Hoelscher began to respond that Little should come to the facility and talk with him, Little began loudly yelling over him, saying, “No - no - no - no - no - no - no. You can call Jana, and you can –.” Hoelscher then terminated the call.

³⁶ The recorded interviews by Chief Hoelscher were admitted into evidence as part of Exhibit 27. Inv. Rukes’s recorder malfunctioned upon arrival, so the only contemporaneous record of his interviews is his written report, which he referenced occasionally during his testimony but which AMCO did not seek to introduce into evidence.

³⁷ Ex. 27.

³⁸ While Ms. Farley made a comment about some of the crude oil coming “from the wash buckets,” this statement in context appears to refer to byproducts of the manufacturing process for solid concentrates such as bubble hash.

³⁹ Ex. 27.

⁴⁰ Hoelscher test.; Ex. 22.

than a month after an AMCO inspection where the licensee was cautioned about that issue, and by the volume of untagged material. There also appeared to be less plant material than would be expected given the amount of concentrate in the refrigerators, a “concerning” disparity from Chief Hoelscher’s perspective.⁴¹

b. Hunter interview and statements

Josh Hunter arrived on site about thirty minutes into service of the seizure order. After expressing initial frustration about the investigators’ procedures – telling Chief Hoelscher, “it was a big shock not being let into the facility right away; I was under the impression that this was our place” – Hunter adopted a more cordial and businesslike tone as he and Chief Hoelscher discussed the facility video surveillance system, the presence of untagged materials and unlabeled jars, and Little’s role at Will’s World.

When Chief Hoelscher raised the issue of AMCO’s need for the facility’s video surveillance recordings, Hunter revealed that no one at Will’s World knew how to access the recording system following Will Little’s death a few months earlier. Hunter said he had already been in touch with the installer, Valkyrie Securities, to get access. Chief Hoelscher explained that Will’s World would need to provide “a copy of your entire hard drive from as far back as it goes to past when we leave,” and cautioned about the consequences “if there’s any evidence tampering of that video.”⁴² Chief Hoelscher did not seize the recorder while onsite, both because removing it would put the facility out of compliance with its ongoing monitoring obligations and because, as a practical matter, there was currently no way to access the recordings.⁴³

When Chief Hoelscher asked Hunter about Mr. Little’s role in operating the business, Hunter described having a relationship with Little in which, “everything we do in life we do together ... shar[ing] everything ... It doesn’t make sense to a lot of people. But we live together too. And everything, everything we do in life we do in one pot.” When asked why Little’s name was not “on the ownership,” Hunter responded, “because we didn’t need to,” and that “it’s just a name on a piece of paper.” Hunter added that, “we were getting ready to put him on the thing, but he had some legal issues to where I don’t think he can [indecipherable]. ... I think it was some ... five year [indecipherable].”

⁴¹ Hoelscher test.

⁴² Ex. 27, at 55:00.

⁴³ Hoelscher test.; Rukes test.; Ex. 26.

Hunter blamed the presence of various untagged products throughout the facility on “lackadaisical” practices “with the daily goings on.” Hunter attributed some missing tags to products being mid-production, wherein a portion of a tagged package of plant material was being used to make crude oil, and the actual RFID tag was with that part of the plant package, but for the time being the remainder was left without a tag. He acknowledged, when it was pointed out by Chief Hoelscher, that the individual Metrc package tags contain two tags, enabling a package to remain tagged even if being separated into two pieces.

Hunter denied any marijuana concentrate being brought into the facility from other sources, insisting, “no one brings in concentrate here; we blast concentrate here.... All of it.” As for the untagged products in the refrigerator, Hunter said that some of the bottles were long-shelved CBD-Delta-8.⁴⁴ He vaguely described that at some point in the past, and supposedly with Board approval, Will’s World “brought in” some undefined amount of CBD and hemp from which it unsuccessfully attempted to manufacture concentrate.⁴⁵ He did not explain why these products were sitting unlabeled in the Will’s World lab refrigerator, or why they had not been discarded.

c. Seizure, administrative hold, and advisory notice

The AMCO enforcement officers removed all untagged concentrate products from the Will’s World facility, and placed an administrative hold in Metrc on all tagged Will’s World concentrate products.⁴⁶ An Advisory Notice to “All Marijuana Establishment Licensees,” issued at the same time as the Director’s seizure order, informed licensees that a hold had been placed “on all marijuana concentrates in any form and infused joints manufactured by Will’s World Extracts.”⁴⁷

⁴⁴ His then-attorney can likewise be heard over speakerphone saying that, “when they test that stuff, they should test it for Delta-8, because that’s what it is.” Ex. 27, 44:30.

⁴⁵ Ex. 27, 57:30 (“The only stuff that we brought in was from a farm, which we have documentation of. It was CBD and hemp” which “came through the mail” to the Will’s World facility”).

⁴⁶ An administrative hold prevents a product in Metrc from being sold or transferred to another facility. *See Matter of Ester Horticulture and Research*, 17-0445-MCB, at p. 7 (Marijuana Control Board 2018), available online at <https://aws.state.ak.us/OAH/Decision/Display?rec=2095>.

⁴⁷ Accusation, Ex. A. Licensees were told to “physically separate the marijuana concentrates or marijuana products from the public and store them in a secured and restricted-access area of the establishment’s licensed premises,” and informed that AMCO would “supplement this notice with additional direction on whether the concentrates, infused joints, or other products may be released from administrative hold or are subject to waste or other return.” The record in this case is silent as to what further notices any licensees may have received in this regard.

D. Post-seizure investigative developments

1. Irregularities in Will's World Metrc data

Investigator Bankowski, meanwhile, analyzed Will's World's Metrc data. In brief, Metrc – formally, “Marijuana Enforcement Tracking Reporting & Compliance” – is a database for seed-to-sale tracking of all regulated marijuana products which tracks every plant through propagation, growth phases, harvest, transfer, production, and retail sale. Each product is assigned a “package number” and tagged with a corresponding radio frequency identification (RFID) tag, and information about the package – including its weight – is entered in Metrc each time its status changes. When a package changes hands – for example, when a cultivator sells a plant to a manufacturer – a rigorous system exists to document that transfer. Likewise, when a manufacturing facility uses raw plant material to create concentrate, this is documented in Metrc through the creation of a “production batch” reflecting the source packages that provided the inputs and the new production batch that resulted.⁴⁸

Individual licensees are responsible for managing their inventory in Metrc; in the case of concentrate manufacturers, this includes appropriately documenting the receipt of raw plant material, conversion of that raw plant material to concentrate, and sale or other use of that concentrate.⁴⁹ In analyzing Will's World's Metrc data, two items in particular caught Investigator Bankowski's attention: an unusually high number of “package adjustments” made under the Will's World license, and an unusually high yield of concentrate in production batches.

a. Package adjustments

As a package in Metrc is used up over time – for example, as a volume of concentrate oil is sold or used to manufacture some other product – each decrease in its quantity is recorded. When a package has been completely used up, the user manually zeroes it out in the system.

A “package adjustment” is a manual change to the quantity of a package in Metrc, separate from entries documenting the package's depletion over time. If a data entry error results in an inaccurate record – a package mistakenly entered as 100g when it was really 10g, for example – the user enters a package adjustment in Metrc to correct the error, with a text box allowing the user to identify the reason for that adjustment.⁵⁰ Because large volumes of marijuana concentrate appeared to have been shipped from out of state to someone with very

⁴⁸ Bankowski test.

⁴⁹ Bankowski test.

⁵⁰ Package adjustments also sometimes occur due to waste – where some portion of a product is damaged or unusable, and is then “wasted out,” with a Metrc entry noting the amount of product affected.

close ties to this license, Investigator Bankowski looked at Will’s World’s Metrc package adjustment data “to see if anything was added into their weights or measures or certain packages or products in the facility.” Reviewing data from the fourteen months leading up to the seizure order, Investigator Bankowski compared Will’s World package adjustments attributed to “entry error” with those of the other concentrate-only manufacturing facility licensees. Will’s World, he found, had “an unusually high number of package adjustments” attributed to supposed “entry errors.”⁵¹

Of the state’s nine other licensed concentrate-only manufacturers, the average number of “entry error” package adjustments during the fourteen-month time span was 40, and the second highest number of package adjustments (after Will’s World) was 88. Will’s World had 502 separate oil concentrate entry error package adjustments during the same time – adding a total of 1,047 grams of THC oil concentrate to its tracked inventory.⁵²

The abnormally high number of package adjustments was not limited to individual concentrate packages; a similar pattern was seen in Will’s World’s “production batches” – that is, where a package or group of packages is processed from one type of product to another and the resulting product is given a new Metrc “production batch” number. Of the 219 “production batches” Will’s World created during the fourteen month period reviewed by Investigator Bankowski, 91 were adjusted above 100% of their original weight.⁵³

In a written report and in his testimony, Investigator Bankowski walked through an example of his findings, using production batches created on October 17, 2022. Of the fourteen distillate production batches made, ten ultimately had “their total weights adjusted upwards beyond the original weight.”⁵⁴ As an example of what these adjustments looked like, Investigator Bankowski walked through a particular production batch in that group – production batch WWE137, an originally 1,001 gram distillate package which, by the end of its life in Metrc, had seen an extra 153 grams added to its weight through package adjustments. These adjustments include the package being manually finished and unfinished multiple times – first, being brought down to zero; reemerging, six days later, with 50 additional grams suddenly added and used to create a new package; then finished and zeroed out again; then adding another 100

⁵¹ Ex. 15, p. 1; Bankowski test.

⁵² Ex. 15, p. 1; Bankowski test. Of the 502 package adjustments within the concentrate category, 474 were made by a single employee – extractor Brett Torres. *Id.*

⁵³ Ex. 15, p. 1.

⁵⁴ Ex. 15, pp. 1-2, Bankowski test.

grams, which was immediately used to create additional packages which were sent to a retail store.⁵⁵ The pattern seen with this package, and reflected more broadly across the entirety of Will's Worlds' "unusually high number" of package adjustments, was not consistent with the usual life of a package in Metrc.⁵⁶

b. Volume of yield

The other item of note in the Metrc data was the question of yield – that is, the volume of concentrate reflected in production batches, given the size of the inputs. As noted above, AMCO investigators perceived a disconnect between the volume of plant material onsite at Will's World and the volume of concentrate it was reportedly producing.⁵⁷ Investigator Bankowski's Metrc review found that the yield reported in Will's World's production batches was inconsistent with the volume of inputs – particularly given the type of lower quality plant material being used.

Based on his training and experience, including the review of other manufacturers' Metrc data, Inv. Bankowski identifies an average yield percentage for concentrates created through distillation as ranging from 8% to 12% – that is, a concentrate will weigh 8-12% of the weight of its inputs – with upper end-ranges up to 15% when the highest-graded parts of the plant (bud and flower) are used.⁵⁸ His Metrc review showed that Will's World's Metrc data was reporting a yield considerably – and unrealistically, if not impossibly – higher.

For example, in Production Batch WWD022, created on January 14, 2023, Will's World documented the use of four packages of raw plant material – all "trim" – totaling 12,657 grams to create a distillate package.⁵⁹ Unlike normal yield rates of 8-12%, or even upper-end yield rates of 15%, and despite having used the part of the plant associated with the lowest yields, Will's World recorded in Metrc that it had created 5,216 grams of Delta-9 distillate from these 12,657 grams of cannabis trim – a yield of roughly 41%.⁶⁰ Investigator Bankowski's conclusion was that the unrealistic yields – in this example and in his analysis generally – were being used to disguise the inclusion of additional product.⁶¹

⁵⁵ Ex. 15, pp. 2-3, Bankowski test.

⁵⁶ Bankowski test.

⁵⁷ Hoelscher test.

⁵⁸ Bankowski test.

⁵⁹ Trim is the lowest graded type of taxed cannabis material, due to having lower concentrations of THC than found in the higher graded mature bud or even immature bud. Bankowski test.; Ex. 15, p. 4.

⁶⁰ Ex. 15, p. 4; Bankowski test. Mr. Torres was also the source of this Metrc entry.

⁶¹ Bankowski test.

2. Disappearance of video surveillance recordings

In the meantime, a separate issue arose about the video surveillance recordings of the concentrate manufacturing facility. Marijuana concentrate manufacturing facilities are required to conduct full round the clock video surveillance throughout the production, storage, and disposal areas, and to maintain at least 40 days of archived footage.⁶² Accordingly, Will's World's Operating Plan calls for it to conduct "full video surveillance at all times" on "(1) the area where concentrate is produced; (2) areas where marijuana or marijuana concentrate are stored; [and] (3) the area where marijuana or marijuana concentrate deemed to be waste is rendered unusable and stored for disposal."⁶³ Thus, if marijuana concentrate were brought into the facility illicitly and/or intermingled with product produced onsite, evidence of these activities would be expected to be found on the video surveillance footage.⁶⁴

The day after issuing the seizure order, AMCO Director Wilson issued an order to JJH Holdings and Mr. Hunter for the production of business records under the Board's regulations. As to the network video recorder, the Director set a March 20 deadline for the production of:

The network video recorder maintained by your third-party contractor Valkyrie to include all hard drives and recordings maintained under 3 AAC 306.720(f) with access to the administrative account created by Valkyrie.^[65] This request extends to all hard drives and recordings currently maintained, including those that exceed the minimum 40-day requirement set out in regulation.⁶⁶

Valkyrie President Larry Clark visited Will's World on March 14 to remove the network video recorder (NVR), add and reposition cameras, and install a new NVR.⁶⁷ At that time, he observed that the recorder being removed contained footage back to September 2022. After shutting off the NVR, Clark told Hunter that it was ready to be delivered to AMCO, and offered to do so himself. Hunter declined, saying "he'd handle it."⁶⁸

⁶² 3 AAC 306.720(f).

⁶³ Ex. 16, p. 4.

⁶⁴ Likewise, if no such activity were occurring, presumably the recordings would contain evidence of proper procedures being followed.

⁶⁵ The security system was initially maintained by Valkyrie Security, which at some point turned over maintenance to another monitoring company at the request of Will Little. Will Little also installed an ancillary system that no one else has acknowledged being able to access since his death. *See* Ex. 26.

⁶⁶ Accusation Ex. B. As noted above, Chief Hoelscher elected not to seize the facility's NVR while serving the seizure order to avoid leaving the facility out of compliance with the required ongoing video monitoring.

⁶⁷ Ex. 26. Clark told AMCO investigators that one of the rooms in the facility was added after Valkyrie's initial installation years earlier, and therefore had no cameras. He also said that there were other spaces in the facility with video "dead spots," including "where the refrigeration units were." *Id.*

⁶⁸ Clark test.; Ex. 26.

The next day, Hunter's then-counsel notified AMCO that Hunter had delivered the recorder to her office, and she arranged for a staff member to deliver it to AMCO offices.⁶⁹ When the NVR was delivered to AMCO, however, it was delivered without a power cord, which was not provided until days later.⁷⁰ Once the recorder and power cord were on site, AMCO investigators arranged with Valkyrie's Larry Clark to show them how to use the system and assist them in viewing the recording log.⁷¹

Clark visited AMCO for this purpose on March 21, 2023. Investigators had set up the NVR at a workstation in the AMCO office, but had not turned it on before Mr. Clark's arrival.⁷² When Clark arrived and powered up the system in the presence of Investigators Rukes and Hoelscher, all data on the NVR was gone. There were no recordings, and no activity log entries prior to the log entry created by Clark powering up the NVR at AMCO that day; it was otherwise completely empty.

Most of the immediate conversation that followed this discovery was recorded by Investigator Rukes.⁷³ At that time, immediately after the discovery that the recorder was empty, Mr. Clark related that he had viewed the NVR during his recent visit to Will's World, at which time it contained video recordings back to September 2022 and multiple terabytes of available disk space.⁷⁴ Clark told the AMCO investigators that even if an administrator had logged on and manually erased the recordings, the log would still be intact. The only way to erase the log along with the recordings would have been to do a hard reset by inserting a pen or paperclip into a recessed button on the back of the running machine. When asked whether Hunter knew how to do a hard reset of the NVR, Clark responded it was something a user could learn through a Google search.⁷⁵

Clark expressed discomfort about being "kind of caught in the middle" between AMCO's enforcement staff and the licensees who hire him, noting, "you know, he's a client, but I don't want to, you know, we don't want to be on bad terms on either side." He acknowledged that

⁶⁹ Ex. 11, p, 34-35.

⁷⁰ Ex. 11, pp. 25-31. The additional recorder installed by Will Little was also delivered to AMCO cordless at the same time; the text here focuses on the Valkyrie recorder, due to the disappearance of data from that recorder, and that AMCO and Valkyrie were never able to access the Little recorder.

⁷¹ Rukes test.

⁷² Rukes test.; Hoelscher test. AMCO investigators were also not initially able to obtain an administrative password for the NVR from either Valkyrie or Will's World.

⁷³ Ex. 26.

⁷⁴ The four-drive NVR had a total capacity of 24 T. Before the data disappeared, three drives were empty and the fourth was 2/3 full. Ex. 26.

⁷⁵ Ex. 26.

AMCO had asked for Valkyrie to deliver the NVR, and said he had not done so because of a conversation with Hunter and Will's World's then-counsel where he was told that Hunter would bring the NVR in. The impression left by the recording of Clark's frank discussion with Rukes and Hoelscher is that Clark believed the recordings had been intentionally erased.

In a letter dated March 23, 2023, AMCO Director Wilson notified Mr. Hunter that the video recorder he had provided was empty, and demanded that he "rectify and explain this situation."⁷⁶ Four days later, a new attorney for Will's World transmitted to AMCO a letter from Clark that conflicted with the account Clark had given investigators.⁷⁷ Clark's letter stated the Will's World NVR had been malfunctioning for some time and "without Mr. Hunter's knowledge" – causing difficulties logging on, and with unusual data storage patterns. This was not information shared or remotely implied during his meeting with AMCO a few days earlier.⁷⁸ The letter also represented that Clark had told the AMCO investigators that the complete data loss from the NVR was suggestive of "a system wide hard drive and firmware failure," and was unlikely to have been caused by intentional data deletion.

Whatever circumstances or considerations led Clark to make these statements in the March 27 letter, it inaccurately characterized his statements to Investigators Rukes and Hoelscher immediately after the drive was discovered to be empty.⁷⁹

3. Lab testing on items seized from Will's World

Meanwhile, on March 29, 2023, four random samples from the untagged concentrate seized from the lab refrigerator at Will's World were sent to Land & Seas for analysis.⁸⁰ While the samples were different in composition from the task force-seized concentrate, all four samples contained high levels of THC-9 and other intoxicating cannabinoids.

⁷⁶ Accusation Ex. C ("The network video recorder you provided to our office was completely empty. You have until 9 a.m. on March 28, 2023, to rectify and explain this situation. If the digital business record is not provided in full, I will be filing an accusation for summary suspension of License 12536. Destruction of evidence is also a crime that I will report immediately to the Office of Special Prosecutions for prosecution.").

⁷⁷ Ex. 14.

⁷⁸ Rukes test.; Ex. 27.

⁷⁹ Clark, who testified briefly at hearing, is obviously in an uncomfortable situation vis-à-vis his relationship with industry clients. Clark was not asked to and did not explain the seeming about-face between his statements to investigators when the NVR was first found to be empty and the statements in his letter, sent through Will's World's counsel, less than a week later. He testified, and the audio recording supports, that he was truthful with the AMCO investigators. His letter, and vague testimony about possible other causes of catastrophic data erasure, were less credible than his immediate, more candid reaction at the time of the initial discovery.

⁸⁰ Rukes test. Sample 1 was taken from an untagged, white-lidded jar labeled "CBD;" Sample 2 was taken from an untagged, unlabeled narrow-top jar with a blue lid; and Samples 3 and 4 were taken from the type of orange jar seen in the task force seizures.

The California samples were highly refined, highly processed marijuana isolates, with very high potential THC and “Total Cannabinoid” percentages. The samples from Will’s World had lower Total THC and Total Cannabinoid percentages, alongside cannabinoid profiles that were suggestive of heavily processed hemp isomers.⁸¹ As to the lower Total THC content reported on the COAs, the labeling requirements then in effect measured Total THC based only on *Delta-9-THC*. Thus, for samples with meaningful amounts of non-Delta-9-THC, like these, the Total THC listing does not fully capture the true total THC content.⁸² Instead, the retail labeling values must be read in the context of the more detailed cannabinoid profile.⁸³ That profile, as explained in the testimony of Land & Seas Director Jessica Alexander, is what indicates the likelihood that these samples are heavily processed hemp isomers.⁸⁴

Mr. Hunter contends that the jars seized from Will’s World were “old CBD” from a long-since-shelved experimental attempt to make Delta-08, ostensibly with Board approval, and that “some of that stuff was sitting in the fridge for six years.”⁸⁵ While the contents of these jars may well have been hemp-derived, they contained high levels of THC-9 and other intoxicating cannabinoids taking their contents well outside the definition of industrial hemp⁸⁶ (and raising questions about their being as old as Hunter contends).⁸⁷

For each sample, the cannabinoid profiles show indications of a possible hemp origin, but also strong indications of heavy processing in attempts to make a psychoactive product.

⁸¹ Ex. 5, Alexander testimony.

⁸² Alexander test. (“There are a number of THCs that are really almost identical except for just a small change in where a bond is located, where a double bond is located, sometimes just a little bit where there’s not a double bond, it’s all separated bonds... If you’re looking at the molecule as a key that unlocks a door, all of these keys unlock the door they just look a little tiny, tiny bit different. So they’re all isomers of THC, they do have psychoactive properties, maybe not all the same amount of psychoactive properties – some more, some less, mostly less. But they are all forms of THC. On the reports from Land & Seas as this time, there is only Delta-9 THC and THC-A as a precursor that are listed in the “Total THC,” because that’s how the regulation was originally written.”)

⁸³ Alexander test.

⁸⁴ While hemp and marijuana are both varieties of the plant *Cannabis sativa L.*, marijuana generally contains high amounts of Delta-9-THC and low amounts of CBD, while hemp contains high amounts of CBD, and low amounts of Delta-9-THC. Both state and federal law distinguish hemp from marijuana based on the presence of Delta-9 – specifically, linking the definition of hemp to total Delta-9-THC content that does not exceed 0.3 percent.

⁸⁵ He testified that Will’s World had unsuccessfully attempted to make usable Delta-08 (CBD) in 2017, but then “stopped doing anything with D-8” when the Board began treating CBD as marijuana as originally defined in Alaska law. The jars in the refrigerator, he says, were “old CBD ... sitting in the fridge for six years, just sitting there, doing its do.”

⁸⁶ The 2018 federal Farm Bill, which significantly changed the legal status of cannabis by legalizing hemp and its byproducts, differentiates hemp from marijuana vis-à-vis the presence of Delta-9-THC. Alaska law followed suit, defining industrial hemp as cannabis – including its seeds and all derivatives, extracts, cannabinoids and isomers – with a Delta-9-THC concentration no higher than 0.3 percent. AS 03.05.100(5).

⁸⁷ Hunter acknowledged in his testimony that the jars were not nitrogen-sealed, and did not explain how unsealed bottles of concentrate would have retained the very high THC content found in the samples.

- The COA for Sample 1 identifies it as containing 13% total THC, 6% total CBD, and 62% total cannabinoids. With a cannabinoid profile that is 67% Delta-8-THC and only 21% Delta-9-THC – its listed “total potential THC” of 13% is significantly understated. Because of the terpenes present, the “unusually high amount of CBD,” and “a whole lot of Delta-8,” Ms. Alexander concluded that Sample 1 was likely used “as a starting point to convert CBD [from hemp flower] into psychoactive THC isomers.”
- Sample 2 contained 25% total potential THC, 30% total potential CBD, and 62% total cannabinoids.⁸⁸ The sample was noticeably different from Sample 1, including a complete absence of terpenes – an indication it had undergone a much higher level of processing. Considering its very unusual cannabinoid profile – 39% Delta-9 and 6% Delta-8 THC, and 48% CBD – Alexander believes that Sample 2 is “an incomplete processing of a CBD isolate into THC isomers.”⁸⁹
- Sample 3 contained 41% total potential THC, 2% total potential CBD, and 69% total cannabinoids.⁹⁰ It lacked any terpenes whatsoever, reflecting a highly processed sample, and its cannabinoid profile was 59% Delta-9-THC, 17% Delta-8-THC, and 9% Cannabichromene (“CBC”).⁹¹ Alexander testified that Sample 3 appears to have “come from an isolate or be extremely highly processed,” and that the high amount of Delta 8, coupled with “the spike of CBC,” reflected an attempt to convert CBD “over to any of the THC isomers to make it psychoactive.”⁹²
- Lastly, Sample 4 contained 27% total potential THC, 1% total potential CBD, and 71% total cannabinoids, with a cannabinoid profile that was 37% Delta-9 and 46% Delta-8 THC (again, indicating that the “total THC” number of 27% understates the true total THC). Alexander found this sample, too, consistent with attempts to isomerize CBD through processing.

In summarizing her overall impressions of these four samples, including the terpenes present and the very high concentration of Delta-08, Alexander testified that all four had indications of attempts to process CBD “into a psychoactive THC isomer.” That is, they appeared to have been derived from either hemp flower or hemp isolate, and then modified with acids and heat to change them to psychoactive cannabinoids.⁹³ To derive significant amounts of Delta-08 *or* Delta-09 from a hemp plant – where those cannabinoids naturally exist in very low

⁸⁸ Ex. 20, pp. 3-4.

⁸⁹ Alexander also affirmed that the presence of Delta-9 in Sample 2 (24.63%) would preclude its classification as a hemp product.

⁹⁰ Ex. 20, p. 5.

⁹¹ Ex. 20, p. 6.

⁹² Alexander noted that, while further testing would be required to make a definitive determination, this could well indicate the presence of Delta-6 or Delta-10-THC, which are difficult to separate from CBD and sometimes appear as CBC without further separation in the testing process.

⁹³ Alexander testimony; Ex. 20.

amounts – requires a significant amount of processing.⁹⁴ The samples seized from Will’s World were “not commonplace samples,” and were concerning to Ms. Alexander in terms of “knowing what is used and how difficult it is to convert CBD or hemp flower to a THC product.”

E. Procedural history

The procedural history of this matter began one week after the execution of the seizure order, when the Board held a hearing on the administrative seizure at its March 9, 2023 meeting. Both parties were represented by counsel, and meeting minutes reflect that the hearing lasted for roughly three hours. The hearing was held in a closed session due to the ongoing nature of the investigation, but the parties and their counsel were present. Due to a failure of the recording system during the Zoom breakout session, the hearing was not successfully recorded. When the Board resumed its public session, it voted unanimously to uphold the seizure as justified.⁹⁵

The events relating to the disappearance of the video recordings, and the testing of the seized products, occurred after this initial Board hearing.

On April 17, 2023, three weeks after the lab testing on the untagged seized products, the Director issued an Accusation against Mr. Hunter, JJH Holdings, LLC, and Alaskan Originals, LLC. JJH Holdings filed a Notice of Defense and request for Hearing on behalf of all licensees, and the matter was referred to the Office of Administrative Hearings on May 1, 2023.

A case planning conference was held and the parties agreed to an evidentiary hearing to be held August 8-9, 2023. Shortly after that hearing began, it became apparent that the agency record produced in this matter was missing significant material from the investigative file. Accordingly, a decision was made to postpone the hearing. Unfortunately, due to counsels’ schedules, the hearing could not be rescheduled until late September. The remainder of the hearing was then held September 26-27, 2023.

The hearing was held in person at the OAH hearing room in Anchorage. Both parties were represented by counsel, and testimony was taken from Chief Hoelscher, Investigators Rukes and Bankowski, Mr. Hunter and Mr. Little, Mr. Clark (Valkyrie), and Ms. Alexander (Land & Seas).⁹⁶ AMCO submitted Exhibits 1-27; Exhibits 1-11 and 14-27 were admitted without objection; Exhibits 12 and 13 were withdrawn. The licensee respondents submitted no

⁹⁴ Alexander testimony. Like Delta-09, the natural amount of Delta-08 in hemp is very low.

⁹⁵ Meeting minutes, p. 15, available online at <https://www.commerce.alaska.gov/web/Portals/9/pub/MCB/Minutes/2023/8.23/Tab3.pdf>.

⁹⁶ Although subpoenas were available and issued, no Will’s World employees testified at the hearing. The attorneys for both parties indicated they had been unable to locate the employees to secure their participation.

exhibits. The parties submitted post-hearing briefing on October 4, 2023, and this decision now follows.

F. Witness credibility and other evidentiary issues

1. Hunter's testimony

Mr. Hunter's credibility was strained by two broad factors – (1) his recorded statements to investigators about Mr. Little's involvement in the business, and (2) his incredible attempts to explain various specific pieces of evidence.

Having told Chief Hoelscher that Little's name was going to be on the license but couldn't be because of legal troubles, Hunter testified at hearing that Little never had any interest in being an owner. Likewise, having told AMCO investigators that Little lived with him, Hunter testified he had only meant that Little had "stayed on [his] couch for a week or two" during brief periods of marital discord. While Hunter now says he was being combative with investigators because he was feeling protective of Mr. Little, neither the seizure order nor the investigators had mentioned Mr. Little beyond asking whether he could access the security footage, and why he had held himself out as an owner. It is difficult under these circumstance to accept Hunter's explanation for his description of Little's involvement, including his glib statement that Little's name not being on the license was immaterial because "it's just a piece of paper." The discrepancies between his candid statements to investigators and his testimony, in turn, made it more difficult to find his testimony credible.

On the second point, Mr. Hunter's testimony seemingly had an answer for everything – an explanation for all prior statements or factual incongruities. But, as described further below, those answers often strained credulity or ignored surrounding context.

Metrc discrepancies. When asked about the Metrc package adjustment issues, Mr. Hunter volunteered that he remembered the specific incident about which Investigator Bankowski had testified. Hunter testified that Brett Torres had erroneously entered various additions and subtractions, and that upon learning of the error, he and Mr. Little had insured Mr. Torres received remedial training to prevent further errors. But testimony and supporting written evidence about the Metrc issues established that the history of package adjustments to package WWE137 was offered only as an example of the *hundreds* of incidents in which Will's World Metrc concentrate packages underwent suspicious package adjustments. Inv. Bankowski wasn't testifying about WWE137 to show that it had been adjusted; he was using WWE137 as an exemplar of hundreds of package adjustments – adjustments that occurred at Will's World with

more than five times the frequency of other concentrate manufacturers. Mr. Hunter's claim of specifically remembering package WWE137 diminished his overall credibility.

Orange bottles. The presence of unique orange jars in both the task force packages and at Will's World was one factor that raised AMCO's suspicions about a link between the interdicted material and Will's World. In his testimony, Mr. Hunter claimed to have obtained the orange bottles in use at Will's World "at a smokin' price" from a "good buddy" named Jake, who had bought a storage unit "full of black market distillate equipment." While Hunter has apparently made this assertion before, no evidence whatsoever was offered to support it.⁹⁷ Without any supporting evidence, it is difficult to credit this orange-lidded bottle origin story over the more straightforward explanation that the bottles were shipped from California under the same circumstances as the identical interdicted ones.

Mail delivery. The Will's World Extracts facility is located at 12151 E. Palmer-Wasilla Highway. Mr. Hunter and Mr. Little both testified that at some point the extract facility had begun having all incoming packages shipped "to 8262" – Mr. Little's home, ten miles away from the extract facility – because of shipping companies having repeated difficulty finding the facility. This testimony was not convincing for multiple reasons. As a matter of common sense, it is difficult to accept that a business experiencing delivery challenges would resolve those by routing all deliveries to an employee's residential address ten miles away. No neutral witness or supporting documentation was offered to support this testimony, despite the obvious critical relevance of this issue. And during AMCO's services of the seizure order, Mr. Hunter is heard on audio talking about (in another context) items having been delivered to the facility; there was no mention at that time of any deliveries to Mr. Little's house in lieu of reliable mail service to the facility.

Mr. Hunter's alternative explanations for the illicit shipments. Mr. Hunter testified that he believed the illicit shipping of marijuana concentrate to Little's home was an attempt to attack his (Hunter's) business. He suggested that some unidentified competitor – either out of state or in state – had arranged the shipments, apparently in the hopes that they would be intercepted and

⁹⁷ The Director's March 3 Order to Produce Business Records had also required production of business records related to the purchase and receipt of the distinctive orange bottles. Accusation Ex. B. It appears that at the March 9 hearing Hunter had testified that the bottles had come from the purchase of a storage unit, as the Director issued a supplemental order for Hunter to produce records and information supporting this narrative. Accusation Ex. D ("All documents pertaining to the purchase or acquisition of the storage unit containing the 1000 ml bottles as referenced at the seizure hearing. Also identify the prior owner of the business that sold the storage unit to the licensee or its affiliates"). No such records were offered into evidence.

that this would then lead to negative consequences for the licensed business. This explanation has many logical shortcomings. Why would this mysterious stranger, looking to undermine Hunter and his business(es), ship the packages to someone not on the license? Why not ship them to the business itself, or at least directly to *Hunter's* address? And why not put Hunter's name on them, or the business name? Why would this individual use multiple layers of subterfuge – e.g., using multiple fake consignors, shipping locations, and consignees (Little, Lyttle, Marchione) at multiple addresses – if the goal was to create a visible trail to Mr. Hunter/his business(es)? This explanation also requires the nameless saboteur to be aware of Will's World's use of the orange-lidded bottles, the family structure of its non-owner management team, and its mail delivery problems. Further, Little testified that he never received mailed packages of concentrate that he had not ordered. That is – accepting Hunter's conspiracy theory also requires believing that *every* illegal package sent under this scheme was successfully interdicted by law enforcement.⁹⁸

2. *Mr. Little's testimony*

Mr. Little's testimony was made considerably less credible by his demeanor, his refusal to answer certain questions, and his obvious exaggerations. Mr. Little testified on direct examination that he "travels around the country" teaching and consulting about marijuana extracting. But on cross examination, he admitted that his last paid out of state consulting work was in 2021, and refused to provide details about any out of state consulting or teaching he claimed to have done. Similarly, Mr. Little described his daily routine as Will's World C.O.O. to include spending much of the day elsewhere, tending to other undefined responsibilities related to unidentified "consulting jobs out of state." But his revelation about having done no paid out of state consulting work since 2021 leaves unanswered questions about what exactly he was doing with his days, or for his \$120,000 salary while acting as "C.O.O." As a general matter, Little's obvious lack of candor as to issues surrounding his involvement in the marijuana industry made his overall testimony less than credible.

3. *Decarboxylation and the interdicted distillate oil*

Respondent's counsel focused much of his questioning on the limitations of distillate oil in concentrate manufacturing -- specifically, that once marijuana has been decarboxylated into a

⁹⁸ Little, meanwhile, testified he had no theories about why concentrate was being shipped to his address. This is frankly also impossible to believe. It is impossible that someone who lost a lucrative job over multiple mysterious shipments of illegal drugs to their home (and in their name) would have no theories whatsoever about how these events had unfolded.

distillate oil, that oil cannot be used to make certain kinds of products – such as hardened shatter – that require it to hold a solid form. To the extent this evidence was intended to show that Will’s World wasn’t introducing illicit oil into the stream of commerce, it was not persuasive. Will’s World, according to Mr. Hunter, is the state’s second-most prolific manufacturer of vape cartridges. Its Operating Plan also includes numerous products made from BHO. The fact that not all Will’s World products could be made using illegally sourced BHO is simply not relevant to whether other products could and likely were. To the extent the questions about the decarboxylation issue were instead intended to address a different matter – the scope of the seizure and hold – those concerns are addressed in the discussion of the seizure and hold, below.

4. *Chief Hoelscher’s statements*

At several points during the seizure audio, Chief Hoelscher is heard describing to another enforcement officer an interaction with a Will’s World employee in a manner that is not supported by the audio recording of that interaction. Two notable examples concerned misstatements specifically about Mr. Little’s role. First, shortly after his phone call with Little, he relayed to colleagues that Little had identified himself as “the designated licensee.” Later, after speaking with Hunter, Chief Hoelscher told colleagues that he had told him that he (Hunter) and Little were the owners of Will’s World. The audio recording does not support either statement. Although he referred to the business as “mine,” Mr. Little did not use the term “designated licensee.” And although Hunter said the license was “just a name on a piece of paper” and that he and Little “do everything together,” he did not say that Little was an owner of Will’s World; in fact, he expressly said Little was not an owner. Neither the circumstances surrounding these misstatements, nor the evidence as a whole, support a finding of malice or bad faith on Chief Hoelscher’s part. To the extent the circumstances support some caution in relying on Chief Hoelscher’s recollection as the sole basis for a finding, his testimony was all or nearly all based upon and supported by contemporaneous audio recordings of the events in question.

5. *Evidentiary completeness*

Absent from the exhibits and the agency record is a variety of information which either should have been included – e.g. the application(s) and/or renewal application(s) as to which AMCO is alleging false or inaccurate information was provided, whatever business records were produced in response to the Director’s demand for information, and records of complaints about the scope of the administrative hold – or would have been helpful – such as additional records

pertaining to the seizure,⁹⁹ the license history,¹⁰⁰ and the CBD/Delta-8 issue mentioned by multiple witnesses.¹⁰¹ Respondents' counsel did not request that the tribunal compel production of any of these records, nor raise concerns at hearing about their absence. While the absence of these materials does not create due process concerns, best practice would have included a more complete record, and the absence of such documents contributed to delays in this case.

Likewise missing from the evidence is either any evidence of the overall financial scope of Will's World's operations, or any quantification of the items covered by the hold. Mr. Hunter testified that Will's World itself had had roughly \$267,000 in product seized, and estimated that roughly "\$1.2 million in product" is currently subject to the administrative hold in the retail market. No documentary evidence was presented about the scope of the hold presently in place, a surprising omission given Respondents' stated intention to litigate the hold in this proceeding.

III. Discussion

A. Overview of applicable law

The Marijuana Control Board oversees "the cultivation, manufacture, and sale of marijuana in the state."¹⁰² The Board's regulations set out in detail the permitted and prohibited activities associated with the operation of, *inter alia*, a marijuana concentrate facility license.¹⁰³ Of relevance to this matter, a marijuana concentrate manufacturing facility is authorized to:

- (1) purchase marijuana from a marijuana cultivation facility or from another marijuana product manufacturing facility;
- (2) extract marijuana concentrate in compliance with 3 AAC 306.555; [and]
- (3) manufacture, refine, process, cook, package, label, and store marijuana products approved under 3 AAC 306.525, including (A) marijuana concentrate.¹⁰⁴

⁹⁹ Given the absence of contemporaneous audio from Inv. Rukes's interview, his report – which is in the agency record – would have been helpful to have in evidence. Additionally, Inv. Rukes testified about an "Ops Plan" for the seizure, which again, may well have filled in useful evidentiary gaps.

¹⁰⁰ Vague references were made to other complaints or concerns previously raised about the licensee, but no details were provided.

¹⁰¹ See Ex. 27 (Hunter statements about Delta-8 "approved by enforcement" but then "shelved"); 1:11:05 (Chief Hoelscher relaying that Will's World's attorney, "said that we're seizing stuff that's Delta-8, the stuff that they had self-reported."). It appears from the audio of the seizure event, and the hearing testimony, that a helpful paper trail likely exists on this "Delta-8" issue.

¹⁰² AS 17.38.121(a).

¹⁰³ The regulations applicable and cited here are those in effect at the time of the underlying events; it is undisputed that changes to the Board's regulations in fall 2023 do not apply here.

¹⁰⁴ 3 AAC 306.505(a).

A concentrate manufacturing facility “must obtain the board's approval for each product it will manufacture for sale or transfer to another licensed marijuana establishment.”¹⁰⁵ Specific regulations further govern the manufacturing process.¹⁰⁶ These include that a facility

[M]ay not accept any marijuana from a marijuana cultivation facility or another marijuana product manufacturing facility unless (1) all marijuana in the shipment is properly identified with a label generated in the marijuana inventory tracking system of the facility that provided the marijuana; and (2) a valid transport manifest showing the source and destination of the marijuana is attached to the shipment.¹⁰⁷

A marijuana concentrate manufacturing facility may not manufacture, cook, or store marijuana product other than marijuana concentrate,¹⁰⁸ and must identify and track “any marijuana or marijuana product” from initial receipt through either its use in manufacturing, its sale or its transfer.¹⁰⁹ All licensed establishments must also develop various standard operating procedures, maintain continuous video monitoring, operate in accordance with their board-approved operating plan, and cooperate with AMCO enforcement requests and investigations.¹¹⁰

The Board’s regulations identify bases upon which AMCO – which enforces the Board’s statutes and rules – may seize and/or place an administrative hold on marijuana or marijuana products from a licensed marijuana establishment, and the hearing rights that attach in that situation.¹¹¹ The Board’s regulations identify the bases upon which the Board may revoke or suspend a license or a marijuana handler’s permit.¹¹²

Hearings pertaining to Board licenses are governed by the administrative adjudication provisions of the Alaska Administrative Procedure Act.¹¹³ In hearings under the APA, the technical rules of evidence do not apply except as a guide. Relevant evidence is admitted “if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs,” regardless of whether the evidence would be admissible in a civil action.¹¹⁴ Worth noting, as we consider and apply the guiding principles of the rules of evidence to this

¹⁰⁵ 3 AAC 306.525(a).

¹⁰⁶ See 3 AAC 306.505, .510, .525, .540, and .555

¹⁰⁷ 3 AAC 306.510(b).

¹⁰⁸ 3 AAC 306.505(1).

¹⁰⁹ 3 AAC 306.540(a).

¹¹⁰ 3 AAC 306.555(a), 3 AAC 306.703, 3 AAC 306.715(b)(3), 3 AAC 306.800(b).

¹¹¹ 3 AAC 306.830(a); see AS 17.38.140, AS 17.38.150.

¹¹² 3 AAC 306.810, 812.

¹¹³ 3 AAC 306.820.

¹¹⁴ AS 44.62.460(d). Hearsay is admissible, but its use is restricted by whether or not it is corroborated by other evidence. “Hearsay may be used to supplement or explain direct evidence but is not sufficient by itself to support a finding unless it would be admissible over objection in a civil action.” *Id.*

case, is the “long-standing tenet of Alaska law that there is no legal distinction between direct evidence and circumstantial evidence.”¹¹⁵ While the vast majority of evidence in this case is indeed circumstantial, it is well settled that agencies may permissibly base their factual findings on circumstantial evidence.¹¹⁶

Even in situations where the hearing concerns a matter already acted on by the Board, such as with the seizure and administrative hold, the hearing is conducted *de novo* – that is, with all evidence being considered anew as if for the first time – and the Board makes the final decision based on this evidence.

The decision at the end of the second round will be a more rigorously tested version of the first decision. If it differs from the first, the difference may not stem from any ‘errors’ in the initial round. Instead, it is simply a new decision made with a different and more complete body of evidence. The task is to make the best decision possible at the executive branch level.¹¹⁷

As the final decisionmaker, the Board *may* defer to judgments made by agency staff, but is not required to do so.¹¹⁸ AMCO has acknowledged that it bears the burden of proof by a preponderance of the evidence both as to the counts in the disciplinary accusation, and to prove that the seizure and administrative hold are justified.¹¹⁹

B. Disciplinary violations

1. Will’s World more likely than not acquired and introduced non-regulated marijuana concentrate

The overarching structure of Alaska’s regulation of the marijuana industry relies heavily upon the tracking of all marijuana from seed to sale, and the absolute prohibition against using any marijuana product that originates from outside this tracking system. Adherence to this process is perhaps licensees’ most fundamental obligation under the Board’s statutes and regulations. In this case, the evidence supports the conclusion that Will’s World was more likely than not engaged in the manipulation of its regulated products through the introduction of unregulated and illegal material. The support for this conclusion is as follows:

¹¹⁵ *Kangas v. State*, 463 P.3d 189, 193 (Alaska Ct. App. 2020).

¹¹⁶ *Com. Fisheries Entry Comm’n, State of Alaska v. Baxter*, 806 P.2d 1373, 1375 (Alaska 1991) (“It is well settled that substantial evidence to support an administrative agency’s finding of fact may take the form of circumstantial evidence or indirect proof. [citations]”).

¹¹⁷ *In re Palmer*, OAH No. 09-0133-INS (Director of Insurance 2009), at pp. 6-7 (describing this decisionmaking paradigm in the context of professional licensing cases), quoted with approval in *Matter of Alaska Cannabis Exchange et al.*, OAH No. 17-0291/0292/0294-MCB, p. 9 (Marijuana Control Board 2018).

¹¹⁸ *Matter of Alaska Cannabis Exchange et al.*, at p. 9.

¹¹⁹ AMCO Supplemental Pre-Hearing Brief, pp. 3-4, citing *Id.* and AS 44.62.460(e)(1).

Multiple shipments of large volumes of marijuana concentrate were illegally shipped to Little, the Will's World C.O.O. They were shipped to addresses associated with Little. They contained more-than-recreational amounts of concentrate, and the circumstances of their shipment – the fake senders, next day air, suspicious taping, altered recipient names, tare weight marked bottles – were consistent with a coordinated attempt to surreptitiously move significant volumes of concentrate.

Investigators then found two similar shipping boxes – bearing Little's address and the same last name also used on some of the interdicted packages – on shelves at Will's World.¹²⁰ Investigators further found similar distinctive orange bottles at both, and at least one employee reported seeing filled bottles of concentrate brought into the facility in plastic totes by non-employees. In the meantime, Will's World's Metrc account data reflected a suspiciously high number of "package adjustments" and a vastly inflated production yield – both of which likely reflect the intermingling of the contraband product with Will's World's own production.

Additionally, AMCO visits in February and March documented the presence of large quantities of untagged material. Lab testing of untagged concentrate revealed that every jar tested contained Delta-9-THC well above the threshold for industrial hemp, rendering these untagged, untracked products "marijuana" under the Board's statute.¹²¹

In short, the totality of the evidence in this case establishes that Will's World more likely than not acquired and/or accepted marijuana products from sources outside of the seed-to-sale regulated process governing the Alaska marijuana industry, and in violation of 3 AAC 306.505(a) and 3 AAC 306.510(b).

In addition to Counts 2 and 4, acquisition and acceptance of marijuana from unlicensed, out of state, and/or otherwise illegal sources, the Accusation in this case uses this factual premise as the basis for a number of other counts. As to Count 5, for example, alleging the facility was operated out of compliance with its board-approved operating plan, AMCO's pre-hearing brief identifies as the basis for that count: "the board-approved plans do not include the importation of marijuana concentrate from an unknown, out-of-state manufacturer for incorporation into

¹²⁰ The explanation that Will's World had at some point began routing all of its mail to Jason Little's house was not credible for reasons including the distance between the house and the business, the boxes at Will's World having Little's girlfriend's name on them, only two boxes to that address being found onsite, the implausibility of the story, and the lack of any corroboration from a source other than Little and Hunter. Given the known significance of the shipments to this case, the failure to produce any witness or any documentation corroborating this claim makes it unbelievable.

¹²¹ AS 17.38.900(10).

products to be manufactured and sold by Will’s World Extracts.” Count 6 likewise alleges that Will’s World failed to get board approval for all marijuana products sold or transferred – again, because the Board did not approve intermingling concentrate from unknown out of state suppliers into products manufactured and sold by a regulated entity. AMCO is correct that the conduct proven in this case does not comply with the operating plan, and necessarily proves that at least some products sold or transferred were materially different from the Board approval.¹²² The violation of overarching significance, of course, is the comingling of untracked, untagged, unregulated marijuana concentrate into Will’s World products – and, by logical extension, the insertion of those products into Alaska’s regulated marijuana industry.

2. *Will’s World more likely than not manipulated its Metrc data to disguise misconduct*

Because licensees may only grow, manufacture, or sell marijuana from within the universe of seed-to-sale tracked products, accurate and honest tracking of products through Metrc is critical to the integrity of Alaska’s marijuana industry as a whole. Here, the evidence strongly supports the conclusion that Will’s World manipulated Metrc data to disguise the overall misconduct described in the foregoing section.

In the context of the other evidence in this case, the significantly greater number of package adjustments than any other concentrate producer – more than ten times more than the industry average, and more than six times as many as the producer with the second highest amount – is strong evidence that Will’s World used Metrc package adjustments to disguise inputs of untracked material. Investigator Bankowski testified credibly that no legitimate reason exists for a licensee to zero out a package and resurrect it with added weight days later, as was seen in the example provided. The most likely explanation by far is that package adjustments have been used to account for volume added by the intermingling of additional, unregulated products.

Likewise, the unrealistic yield data far more likely than not represents manipulation of the Metrc tracking system to disguise the addition of unregulated product. Further support for this conclusion finding is found in investigators’ observation of a disparity between the volume

¹²² Count 14 alleges a violation of 3 AAC 306.735(b)(10), which requires marijuana establishments “take all reasonable measures and precautions to ensure that . . . adequate sanitation principles are used in receiving, inspecting, transporting, and storing marijuana or a marijuana product.” No evidence or argument was presented on “sanitation principles,” and AMCO again appears to allege a violation based on the lack of information about the source and safety of the illicitly-obtained products. As safety concerns with the conduct in this case are adequately addressed in the other counts, it not necessary to reach this count.

of plant material and the volume of concentrate on site, and the presence of jars of untagged concentrate in the lab refrigerator.

It is significantly more likely than not that Will's World engaged in a sustained campaign of manipulating Metrc data entries to disguise the use of untracked, unregulated product in its manufacturing process, a violation of 3 AAC 306.540(a)(1).¹²³

3. *Will's World more likely than not tampered with video surveillance equipment to disguise misconduct*

A third critical violation in this case concerns the video surveillance recordings. The specific requirements around maintaining a video surveillance system are set out in regulation, as are broader obligations to diligently preserve and maintain records generally,¹²⁴ and to cooperate with AMCO investigations. Six counts of the Accusation relate to the maintenance of business records, and the production of such records to AMCO during its investigation – including most notably the disappearance of the video surveillance evidence after the seizure. The most significant of these, and the one as to which the evidence is most fully developed, concerns the disappearance of the video recordings.

AMCO alleges, and this decision agrees, that Will's World surveillance erased videos when it knew or should have known it was under investigation. AMCO enforcement officers informed Hunter and others at Will's World that AMCO would be reviewing the Will's World surveillance footage as part of the investigation into whether concentrate was being brought into the facility from elsewhere. Those at Will's World with knowledge of or involvement in bringing in illicit concentrate had motivation to prevent AMCO from viewing that footage. The video surveillance footage and logs were viewable on the NVR at the time of Clark's visit to Will's World. Clark powered down the NVR at that visit, and there is no credible reason to believe that doing so would have caused a reset of the entire system. A far more likely explanation is the one Clark offered to investigators upon discovery that the drive was empty – that the data had been erased through a "hard reset" of the NVR sometime between Clark's departure and the delivery of the drive to AMCO. The totality of the circumstances support the conclusion that Will's World is responsible for the intentional deletion of the video surveillance data.¹²⁵

¹²³ Accusation Count 8.

¹²⁴ 3 AAC 306.755(c) (obligation of marijuana establishments to "exercise due diligence in preserving and maintaining all required records.")

¹²⁵ Accusation, Count 12. The same evidence supports a finding under Count 13 that Will's World violated 3 AAC 306.800(b)(2) by failing to "make business and financial records available" to AMCO for inspection upon

The evidence also established that Will's World failed to maintain continuous video monitoring of the premises, both because not all areas were covered by the cameras, and because at least part of the recording system – the auxiliary recorder – was not accessible to anyone at Will's World after Will Little's death.¹²⁶ While this violation is established by the evidence, they are dwarfed by the significance of the deleted video.¹²⁷

Likewise, the evidence established a violation of 3 AAC 306.720 – the requirement to preserve surveillance videos for a minimum of 40 days – regardless of how the NVR's surveillance video was erased.¹²⁸ The Board's regulations expressly provide that “loss of records and data, including electronically maintained records, does not excuse a violation of this section.”¹²⁹ Thus, a violation would exist regardless of the circumstances of the data's disappearance. But the circumstances of the data's disappearance – specifically, the likely intentional deletion of data – implicate both a separate violation (deleting data while under investigation) and intentional misconduct that is relevant to the determination of an appropriate sanction or enforcement action.

In addition to the specific Accusation counts addressing the production of business records, the circumstances of the data's disappearance also permit the Board to make an adverse inference about the recordings. Alaska law recognizes a fact finder's authority to draw a detrimental conclusion “from a party's failure to produce evidence that is within the party's control”¹³⁰ The logic of making such an inference is far stronger where the failure to produce occurs, in the context of the complete destruction of evidence, particularly under circumstances strongly indicative of intentional destruction. Because this decision concludes that Hunter intentionally deleted the NVR data, we may infer from this fact the additional fact that the

request, although this finding is limited to the failure to produce the video surveillance. No evidence or argument was provided as to an alleged failure to provide financial records or other business records beyond the video recordings.

¹²⁶ Clark testimony and Ex. 26.

¹²⁷ Accusation Count 10, 3 AAC 306.715(b)(3) (Requirement to have “continuous video monitoring as provided in 3 AAC 306.720); 3 AAC 306.720 (requirement to “maintain a video surveillance and camera recording system”). The inability to access the auxiliary recording system also potentially implicates Count 15, which alleges a failure to exercise diligence in preserving and maintaining business records and data. Outside of video recordings, however, there was no evidence presented about the preservation or maintenance of other business records.

¹²⁸ Accusation Count 11.

¹²⁹ 3 AAC 306.755(c). The same regulations also permit a determination that “a failure to retain records required under this section” is “a license violation affecting public safety.”

¹³⁰ *Todeschi v. Sumitomo Metal Mining Pogo, LLC*, 394 P.3d 562, 577 (Alaska 2017) (*quoting* Inference, *Black's Law Dictionary* (10th ed. 2014)).

recordings, if they had been produced, would contain information adverse to the respondents. The totality of circumstances in this case support such an inference.

4. *Unproven counts*

AMCO did not meet its burden as to all counts in the Accusation – particularly, those concerning Mr. Little having an undisclosed financial interest in the business.¹³¹ As to Count 1, alleging that Mr. Little has an undeclared financial interest in the license, the most compelling evidence in support of Count I is Mr. Hunter’s statements to AMCO investigators on the day of the seizure. At that time, he told investigators that he and Mr. Little were operating the business together, that the only reason Mr. Little’s name was not on the license was that the license is “just a piece of paper,” and that Mr. Little had not been added to the license because of “a legal issue” that precluded him from being a named licensee.

At hearing, Mr. Hunter disavowed these statements. But his explanation for doing so bordered on nonsensical. He said that he made the statements to investigators because he was feeling defensive of his friend, which made him combative. The reason he cited for feeling defensive of his friend was that he had “seen a piece of paper” with Little’s address on it. It is unclear what piece of paper he is referring to, however, because the Notice distributed at the time of the seizure did not include the details of the illicit shipments to Mr. Little’s address. This inconsistency makes it difficult to credit Mr. Hunter’s testimony. At the same time, however, no concrete evidence was offered to support the specific contention that Little had an undisclosed financial interest in the license, as opposed to being an involved management-level employee.¹³²

Count 17, which asserts that Hunter misrepresented a material fact on an application, is premised on AMCO’s allegation “that Jason Little also had a financial interest in every company that Mr. Hunter represented himself as the sole owner of.”¹³³ As a threshold matter, no application from Mr. Hunter was introduced into evidence or even included in the agency record produced by AMCO in this case. Because proving misrepresentation on an application requires proof of what the application said, a lack of any evidence of the actual application process is a

¹³¹ 3 AAC 306.015(a) (“A person other than a licensee may not have a direct or indirect financial interest in the business for which a marijuana establishment license is issued”).

¹³² As noted above, shortly after his brief call with Little, Chief Hoelscher told other AMCO officers that Little had said that he was “the designated licensee.” Little did not actually say this; he referred to “my facility” and “my employees,” but did not claim the license. Only Chief Hoelscher used the phrase “the designated licensee” in that conversation, and Little – for all of his other questionable behavior in that short call – did not identify himself as so designated. Likewise, while Chief Hoelscher told other AMCO officers that Hunter had said he and Little were “both owners,” the recording does not support that account. *See Ex. 26.*

¹³³ AMCO Pre-hearing brief, p. 14.

bar to AMCO's required burden of proof on this claim.¹³⁴ Moreover, as noted above, the evidence at hearing did not demonstrate that Mr. Little did, in fact, have a financial interest in the business beyond his role as an executive-level employee. Insufficient evidence exists, therefore, to find in AMCO's favor on either count related to Little's alleged financial interest in the business.

C. Claims pertaining to the seizure and hold

Separate from the disciplinary accusation in this case are questions regarding the seizure and administrative hold. 3 AAC 306.830(a) provides six grounds upon which AMCO may seize or place an administrative hold on marijuana or any marijuana product from a licensed marijuana establishment. Of relevance here, a seizure or hold is authorized:

- (1) if the marijuana establishment has any marijuana or marijuana product not properly logged into the marijuana establishment's marijuana inventory tracking system;
- (3) if the marijuana establishment has any marijuana or marijuana product that is not properly packaged and labeled as provided in [AMCO's regulations¹³⁵].
- (5) upon the development of reasonable grounds to believe that any marijuana or marijuana product (A) constitutes evidence of a violation of a state statute or regulation; or (B) poses an immediate threat to worker or public health, safety, or welfare.”
- (6) if the marijuana establishment has engaged or attempted to engage in (A) the diversion of marijuana or a marijuana product; or (B) a crime on the establishment's licensed premises.¹³⁶

Following an initial seizure or hold, the licensee is entitled to a formal hearing before the Board within fifteen days.¹³⁷ Thereafter, if the seizure or administrative hold are “upheld as justified,” “the marijuana establishment at or from which the marijuana or marijuana product was placed on administrative hold or seized may request” a hearing before the Office of Administrative Hearings under the Administrative Procedure Act.¹³⁸

¹³⁴ Likewise unsuccessful is Count 9, which alleges that Will's World's production of concentrate “using unlawfully imported marijuana concentrate” violated 3 AAC 306.555(a). That regulation requires that, “[b]efore producing marijuana concentrate for sale, a marijuana product manufacturing facility shall develop standard operating procedures, good manufacturing practices, a safety plan, and a training plan for each individual employed in an extraction process.” As no evidence was presented about Will's World's “standard operating procedures, good manufacturing practices, [s]afety plan, [or] training plan,” AMCO did not meet its burden of proof on this count.

¹³⁵ Specifically, in “(A) 3 AAC 306.470 and 3 AAC 306.475; or (B) 3 AAC 306.565 and 3 AAC 306.570.”

¹³⁶ “Crime” is defined in this subparagraph as having the meaning given in AS 11.81.900(b).

¹³⁷ 3 AAC 306.830(e).

¹³⁸ 3 AAC 306.830(j).

The parties agreed at the initial case planning conference that the issues in this case encompass not only AMCO's Accusation but also Will's World's request for hearing regarding the seizure and administrative hold. Will's World's briefing argues that the seizure and hold were not "logically related" to the illegal shipments (which Will's World denies involvement in) and had no basis in health or safety concerns; it also noted that "Will's World has never failed a test" and has no history of notices of violation (NOVs).¹³⁹

A history of NOVs is not a requirement for a seizure or hold under the Board's regulations. As to the testing issue, respondents' counsel raised this argument with multiple AMCO witnesses at hearing, arguing that products that had already been tested should not now be subjected to a hold. Given the strong evidence of intentional misconduct – specifically, steps having been taken to circumvent monitoring safeguards – the fact of positive test results on samples provided by Will's World is not reassuring. As Chief Hoelscher observed, a manufacturer who has added illegally sourced oil into some of its products cannot reasonably be relied upon to follow broader regulatory requirements, such as a sample testing, on any of its products.

As to the "health and wellness" argument, Respondents' argue that a broad-scale seizure or hold is not appropriate in the absence of specific evidence, such as test results showing pesticides or heavy metal contamination, of an immediate threat to public health and safety. It is undisputed that, because Alaska's third-party labs were not conducting such testing at the time, these samples were not tested for pesticides or heavy metals. The fact that this testing was not being conducted is of course not evidence of an absence of risk.¹⁴⁰ It is also not the case that "immediate threat to public health, safety, or welfare" can only derive from heavy metals or pesticides. The introduction of entirely untracked, unregulated products into the legal marijuana industry implicates an array of public health and safety concerns that the regulated marketplace was created to avoid.

More fundamentally, the strong evidence that Will's World has inserted illicit marijuana from outside of the seed-to-sale tracking system is sufficient grounds to seize products that could

¹³⁹ Respondents' pre-hearing brief, p. 2; Post-hearing brief. When the hearing was postponed in August, parties were given the opportunity to provide supplemental pre-hearing briefing, and were specifically encouraged to address the seizure and hold. Will's World did not file a supplemental pre-hearing brief.

¹⁴⁰ Investigator Rukes testified that California's marijuana industry, the source of the interdicted packages, has had well-documented issues with these contaminants, leading to a sizable percentage of marijuana products there failing third-party testing. He noted that a logical place to offload products incapable of passing testing in California would be a market like Alaska's, where presence of those contaminants was not (at the time) being tested.

have been affected by these acts. Such a seizure is plainly justified under 3 AAC 306.830(a)(1) – “if the marijuana establishment has any marijuana or marijuana product not properly logged into [Metrc]” – and .830(a)(6)(A) – “if the marijuana establishment has engaged or attempted to engage in [] the diversion of marijuana or a marijuana product,” if not other provisions. It is not necessary to decide whether .830(a)(3)’s “immediate threat to public health, safety or welfare” standard is met here, given the multiple other regulatory justifications for the seizure and hold.

As to the breadth of the hold and seizure, Respondents argue that the order was overbroad (1) because it includes product that could not have been made with the illegally-sourced oil, and (2) because some plant material had been put in hold status in Metrc. As to the hold extending to products that could have been made with the oil interdicted by the task force, the seizure and hold had multiple bases, including improper or missing tagging of products, and misconduct around Metrc, that logically extended to products manufactured by Will’s World.¹⁴¹ More broadly, the scope of the misconduct around the concentrate production implicates broad-based concerns about Will’s World’s operations. To the extent that the evidence supports a finding that illegally sourced BHO was used in the production of Will’s World’s concentrates, and that Will’s World manipulated Metrc data to disguise the inclusion of illegal, unregulated products, that evidence represents a complete breakdown of the seed-to-sale regulation of marijuana products. It is simply not possible to parse out some smaller subset of concentrate products to exempt from a hold or seizure.

Lastly, Will’s World’s post-hearing brief argues that the hold improperly “includes flower and trim that doesn’t have anything to do with the oil.” At the hearing in this matter, Mr. Hunter testified that he told Investigator Bankowski during the seizure hearing that some leaf and trim had also been placed in hold status in Will’s World’s Metrc account, and that Investigator Bankowski had responded that no leaf or trim should be affected by the hold.¹⁴² Neither Mr. Hunter nor his counsel apparently took any further steps to follow up with AMCO on what appears to be, at best, a clerical issue. The administrative hold order does not include raw plant material.¹⁴³ Will’s World offered no exhibits at the hearing, and therefore no documentation about the actual scope of the hold in place, nor, specifically, any documentary evidence to show that raw plant material is currently under a hold. As the administrative hold order plainly does

¹⁴¹ Hoelscher test.

¹⁴² Respondents’ counsel did not ask Investigator Bankowski about this issue – or anything else about the scope of the administrative hold – when he testified the day before Mr. Hunter.

¹⁴³ Ex. 6.

not encompass leaf and trim, and AMCO conveyed that to Mr. Hunter nearly a year ago, Mr. Hunter did not demonstrate that the hold is overbroad based on an alleged and undefined clerical problem as to which no confirming documentary evidence has been produced.¹⁴⁴

D. What sanction(s) or enforcement action(s) are appropriate?

Having found the foregoing violations of the Board’s regulations, the Board must now determine what sanctions and/or enforcement actions are appropriate. AMCO asks the board to revoke all licenses held by Mr. Hunter or the two LLCs he controls, to impose civil fines, and to order the destruction of the oils seized from Will’s World. Hunter (denying any wrongdoing or knowledge of wrongdoing) argues that revocation would be an improperly extreme outcome in this case, particularly as it extends to Hunter’s “multiple licenses that have nothing to do with Will’s World.”

1. Revocation

AMCO seeks revocation of the Will’s World license, Mr. Hunter’s handler’s permit, and the remainder of the licenses held by Mr. Hunter’s LLCs. While this is indeed a drastic outcome, it is strongly supported by the facts of this case – specifically, the intentional subversion of bedrock principles of marijuana regulation in Alaska.¹⁴⁵

As this case appears to be the first time that an Accusation seeking license revocation has come before this Board after a full contested hearing, the Board has not previously revoked a license for misconduct after a full contested hearing. It has however accepted stipulated surrenders of licenses and individual handler permits from other establishments in which AMCO’s investigation similarly raised broad-based concerns of practices and procedures contrary to the public interest. Marijuana regulatory boards in other states, when faced with factual scenarios similar to this one, have likewise imposed revocation.¹⁴⁶

¹⁴⁴ AMCO staff should ensure that the parameters of the hold are properly entered into Metrc.

¹⁴⁵ See, e.g., *In re: Frozen Budz #10012/#1006*, OAH Case No. 17-1307-MCB/18-0125-MCB, Order Adopting Stipulated Agreement (Marijuana Control Board June 2018) (allegations included regular/repeated failure to test and track products, manufacturing unapproved products, sale of products with impermissible dosage and/or contamination, and failure to provide records to AMCO).

¹⁴⁶ See, e.g., *Matter of C.M.F. Productions, LLC*, Case No. 2023-005, New Mexico Cannabis Control Div. 2023 (circumstantial evidence that respondent was sourcing cannabis from out of state, improperly inputting tracking data, and improperly labelling products; evidence included “a large number of jars or distillate oil” as well as untagged plant matter; license revoked); *Matter of Golden Roots*, Case No. 2023-002, New Mexico Cannabis Control Div. 2023 (circumstantial evidence established that respondent moved illegally obtained plants through seed-to-sale tracking system; license revocation and fine of \$287,972.05, constituting “the total revenue generated by the licensee from the date of the issued license to the date of the division’s inspection that gave rise to this action”); *Matter of Native American Agricultural Development Co.*, Case No. 2023-015, New Mexico Cannabis Control Div. 2023 (multiple violations centering around licensee growing four times the plants for which he was permitted, and associated tracking violations to disguise this fact; license revocation and fine of \$1,000,000 --

a. Will's World's Concentrate Manufacturing License

As to Will's World's license, the Board may revoke the license of a marijuana establishment if it finds the licensee

[I]s following any practice or procedure that is contrary to the best interests of the public, including (A) using any process not approved by the board for extracting or manufacturing marijuana concentrate or products; or (B) selling or distributing any marijuana concentrate or product that has not been approved by the board.¹⁴⁷

The evidence here strongly supports the conclusion that Will's World is following practices and procedures contrary to the best interests of the public; the central feature of which is intermingling untracked, unregulated marijuana products into its marijuana concentrate production; and which it has carried out and disguised through manipulation of Metrc tracking data.

This misconduct implicates both subsections of .810(2)(A), in that the circumvention of Board-approved processes in turn led to the creation, sale, and distribution of products that were materially different from those approved by the Board. This intentional subversion of the tracking and monitoring requirements represents a complete rejection of the expectations and obligations of the legal industry, and supports revocation of the license.¹⁴⁸

Revocation is also supported by 3 AAC 306.810(4), which allows the Board to revoke a license if it finds that the licensee "knowingly allowed an employee or agent to violate" the Board's statutes or regulations. The Board may find that the licensee "knowingly allowed" an act either if the licensee either was physically present, knew or should have known of the violation, and failed to take action, or if the licensee failed to adequately supervise the employee or agent.¹⁴⁹ Here, evidence of who was physically present at what times was destroyed by the destruction of the data on the network video recorder. Because this decision concludes that Mr. Hunter is responsible for the distribution of that data, an evidentiary presumption therefore exists that the evidence on the drive would have been unfavorable to Mr. Hunter.

\$5,000 for each untracked cannabis plant). *See also*, "Cannabis Regulatory Agency Revokes Multiple Marijuana Operating Licenses of Corunna Processor and Grower," June 15, 2023 (available online at <https://www.michigan.gov/lara/news-releases/2023/06/15/cannabis-regulatory-agency-revokes-multiple-marijuana-operating-licenses>) (last accessed Jan. 10, 2024) (licenses summarily and suspended and then revoked due to a pattern of violations that included presence of untagged marijuana crude and distillate and "malfunctioning" video surveillance).

¹⁴⁷ 3 AAC 306.810(2)

¹⁴⁸ Accusation, Count 18. Another subsection of 3 AAC 306.810, subparagraph (5), allows the Board to revoke a license if the licensee "failed to comply with any applicable public health regulation." Count 20 alleges that Mr. Hunter failed to comply with public health regulations governing industrial hemp products. While significant questions and concerns exist about the ostensibly hemp-related products found at Will's World, the evidence is insufficiently clear to make a finding specifically about public health regulations governing industrial hemp products. Nor has AMCO briefed this issue.

¹⁴⁹ 3 AAC 306.811.

But even without such a presumption, and to the extent that Mr. Hunter was not the architect of the acts described above, the evidence is clear that, at a minimum, he “failed to adequately supervise” Mr. Little and others involved in the scheme. Either Mr. Hunter was personally involved to a sufficient depth as to be responsible for what happened at Will’s World, or he was so incredibly, negligently uninvolved as to be culpable based on his inadequate supervision. That is, given its breadth, this scheme could not have taken place under competent management unless that management itself was involved.

In passing 2014 Ballot Measure 2, the people of the state of Alaska found it to be “in the interest of the health and public safety of our citizenry” to regulate the production and sale of marijuana so that “marijuana sold by regulated businesses will be labeled and subject to additional regulations to ensure that consumers are informed and protected.”¹⁵⁰ The stringent tracking and testing requirements enforced by the Board and AMCO flow directly from the charge to protect the public health and safety. With the conduct at issue in this case so clearly at odds with those requirements and the values behind them, revocation is plainly warranted.¹⁵¹

b. Mr. Hunter’s marijuana handler permit

As to Mr. Hunter’s individual marijuana handler’s permit, the Board may suspend or revoke” a marijuana handler permit if it finds that the handler “acted in violation of a statute, regulation, or municipal ordinance.”¹⁵² Here, Mr. Hunter has participated in Will’s World’s violation of multiple Board regulations pertaining to the operation of licensed facilities. Whether he was an intentional actor or so inexcusably neglectful as to somehow be unaware of the widespread scheme at Will’s World to undermine the regulations, these circumstances warrant revocation of his handler’s permit.¹⁵³

c. The remaining three licenses

Will’s World’s direct, central participation in this scheme warrants revocation of its marijuana concentrate facility license. As to the other three remaining licenses, the appropriate outcome is informed by the nature of the violations in this case, as well as by the ownership of the other licenses. All three licenses are also owned and operated by LLCs that are owned and operated solely by Mr. Hunter, who has proven himself to be an unreliable, untrustworthy operator.

¹⁵⁰ AS 17.38.010(b)(3).

¹⁵¹ Accusation, Count 19.

¹⁵² 3 AAC 306.812(a).

¹⁵³ This decision finds it highly unlikely that Mr. Hunter had no knowledge of these events.

The violations at Will's World were not just technical violations but a widespread pattern of intentional deception aimed at subverting regulators. Further, there is no credible reason to accept that Mr. Hunter was unaware of this widespread scheme. It is far more likely that he and Mr. Little, who "do everything in life together," were both active participants.

AMCO's post-hearing brief persuasively argues that the relationship between the licenses at issue -- two cultivation facilities, a concentrate manufacturing facility, and a retail store -- further support revocation.

This vertical integration allows Mr. Hunter to transfer products to himself across licenses. This means that he can sell himself the products that he has manufactured in violation of Alaska's adult-use marijuana regulations and then sell them to unwitting consumers. Given the criminal nature of his violations and the sheer volume of marijuana product that was intercepted, to say nothing of the product that made it through without detection, it is not overreach to seek revocation of all of Mr. Hunter's licenses in addition to revoking his marijuana handler's permit[.]¹⁵⁴

Under these circumstances, there is no justifiable basis on which to conclude that Mr. Hunter's other solely-owned LLCs should be permitted to continue operating within the legal marijuana industry.

2. *Civil Fine*

While the Accusation requests that the Board "impose civil fines in accordance with 3 AAC 306.840," it has provided no indication of the fine it believes the Board should impose, and neither party has addressed the question of a civil fine. The Board has discretion to impose a fine on the same grounds that it may suspend or revoke a license. In proceedings under 3 AAC 306.810-3 AAC 306.830 -- that is, for suspension, summary suspension, revocation, and/or seizures and administrative holds -- and where "applicable because of the seriousness of the conduct and the related facts," the Board's regulations permit imposition of civil fines in the amount of \$10,000 for the first violation, \$30,000 for the second violation, or \$50,000 for the third or subsequent violation.¹⁵⁵

Plainly, the conduct and related facts here are extremely serious, striking at the center of the standards and practices intended to keep the industry safe. The evidence established and this

¹⁵⁴ AMCO's Post-hearing brief, p. 4.

¹⁵⁵ 3 AAC 306.840(b)(3). Alternatively, in such proceedings, the regulations permit the Board to impose a civil fine in the amount of "three times the monetary gain realized by the marijuana establishment, licensee, or person as a result of the violation." 3 AAC 306.840(b)(2). No evidence was provided about the monetary gain associated with the violations here, however.

decision has found violations of seventeen Board regulations as set out in the accusation.¹⁵⁶

Treating these as seventeen individual “first violations” would support a fine up to \$170,000.

This calculation, however, does not address the multiple separate violations within some of the counts above, such as the presence in the Will’s World facility of multiple jars of untagged concentrate, each constituting a violation of the licensee’s 3 AAC 306.540(a) tagging and tracking obligations. The Metrc violations were likewise multiple and serial in nature. Will’s World had 502 “entry error” package adjustments, while the next-highest manufacturer had 80 – an amount that itself must have been significantly higher than their peers, given the group average of just 40. Given the totality of the evidence, we can fairly infer that the 422 adjustments beyond that of any other manufacturer more likely than not represent individual violations of 3 AAC 306.540(a). Even if a fine of just \$500 per violation were imposed – a small fraction of the allowable maximum – and without considering the other Metrc-associated violations, such as the obfuscation of illicit inputs through inaccurately reported yields, the fine associated with the Metrc deceptions would be \$211,000.

Neither party having specifically addressed the fine, however, and balancing the scope and seriousness of the violations with the considerable other penalties imposed here, this decision imposes a fine of \$170,000. This amount represents the maximum available \$10,000 per “first violation” for each of the proven Counts in the Accusation, without addressing whether the serial nature of some of those counts warrants multiple separate fines as to some categories of violations.

¹⁵⁶ These are: 3 AAC 306.505(a) (acquiring marijuana from unlicensed and out-of-state sources, Count 2); 3 AAC 306.510(a)(2) (selling marijuana concentrate or a marijuana product that was not manufactured, packaged, and labeled in accordance with the Board’s regulation, Count 3/Count 7); 3 AAC 306.510(b) (accepting marijuana from an unlicensed, out-of-state, and illegal marijuana product manufacturing facility, Count 4); 3 AAC 306.703 (operating its facility out of compliance with its board-approved operating plan, Count 5); 3 AAC 306.525 (failing to obtain the board’s approval for each product it manufactured for sale or transferred, Count 6); 3 AAC 306.540(a) (failing to ensure that it identified and tracked any marijuana or marijuana product from seed to sale, Count 8); 3 AAC 306.715(b) (failing to maintain continuous video monitoring, Count 10); 3 AAC 306.720(f) (failing to preserve and produce a minimum of 40 days of surveillance in a manner that can be easily accessed for viewing, Count 11); 3 AAC 306.720(f) (erasing video recordings that were more than 40 days old when the licensee knew or should have known it was under pending criminal, civil, or administrative investigation, Count 12); 3 AAC 306.725 (failing to make business records (the video surveillance footage) available for inspection, Count 13); 3 AAC 306.735(b) (failing to take reasonable measures to ensure the safety of the concentrate inverted into the legal market from out-of-state producers, Count 14); 3 AAC 306.755(c) (failing to exercise due diligence in preserving and maintaining all required records and data, including electronically maintained records, Count 15); 3 AAC 306.800(b) (failing to cooperate with AMCO enforcement by failing to provide access to business records when requested, Count 16); 3 AAC 306.810(b)(2) (following practices or procedure contrary to the best interests of the public, Count 18); and 3 AAC 306.810(b)(4) (knowingly allowing an employee or agent to violate AS 17.38, or 3 AAC 306, Count 19).

3. *AMCO's request for authority to destroy the seized products*

AMCO lastly asks the board to order destruction of (1) “all oils, in any form, seized from [Will’s World Extracts] on March 2, 2023,” and (2) all oils seized by the Task Force and in AMCO’s possession.¹⁵⁷ These requests are granted. The oils seized from Will’s World cannot be returned to the stream of commerce because of the irremediable uncertainty about their origins. The nature of the misconduct in this case is that there is no way to determine whether some of the oils that were seized were properly manufactured from properly tracked products. It is impossible to guarantee public health and safety with regard to this product. Destruction of the oils is therefore the appropriate course of action. As to the oils seized by the Task Force, Will’s World – claiming a lack of knowledge of their origin – has not opposed their destruction. AMCO has asked for authority to destroy them upon approval by the Task Force. Presuming such approval is received, there is no reason to deny this request.

IV. Conclusion

The facts of this case are deeply troubling. The evidence strongly supports the conclusion that Hunter and Little used Will’s World as a hub of violations of the entire regulatory structure under which it was authorized to operate. In the face of such evidence, license revocation is the appropriate result. Accordingly,

(1) As to Mr. Hunter, Marijuana Handler Permit No. 15439 is hereby revoked.

(2) As to JJH Holdings, LLC, Marijuana Concentrate Manufacturing Facility License No. 12536 (Will’s World Extracts) and Limited Marijuana Cultivation Facility License Nos. 12550 (Frontier Farmers), and 26876 (Alaskan Originals Cultivation) are hereby revoked, and a civil fine in the amount of \$170,000 is hereby imposed.

(3) As to Alaskan Originals, LLC, Retail Marijuana Store License No. 25442 (Alaskan Originals) is hereby revoked.

DATED: January 10, 2024.

Signed

Cheryl Mandala

Administrative Law Judge

¹⁵⁷ Accusation, p. 15.

Adoption

The MARIJUANA CONTROL BOARD adopts this decision as final under the authority of AS 44.64.060(e)(1). Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with AS 44.62.560 and Alaska R. App. P. 602(a)(2) within 30 days after the date of distribution of this decision.

DATED this 7th day of February, 2024.

By: Signed _____
Nick Miller
MCB Chair

[This document has been modified to conform to the technical standards for publication. Names may have been changed to protect privacy.]