

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

In the Matter of )  
 )  
ALASKA WILD COYOTE, INC. ) OAH No. 23-0579-MCB  
 ) Agency Nos. AMCO-12125 & 12471

**DECISION**

**I. Introduction**

This matter concerns applications submitted by Evanjelina Gonzalez on behalf of Alaska Wild Coyote, Inc., for a change in ownership of two marijuana establishment licenses. The applications show that Ms. Gonzalez would become the sole owner of the corporation, which would change her ownership interest from 65 to 100 percent.

After Armando Gonzalez, owner of a 35 percent interest in the business, objected to the applications, the Marijuana Control Board (Board) voted to deny the ownership change applications (Mr. Gonzalez claimed that Ms. Gonzalez had defrauded him out of his ownership interest). Ms. Gonzalez, on behalf of Alaska Wild Coyote, Inc., requested a hearing to contest the denial of the applications.

The only parties to this case are Alaska Wild Coyote, Inc. and the Alcohol and Marijuana Control Office (AMCO). Mr. Gonzalez is not a party. Following a stipulation of the parties and a request for a decision on the existing record, this decision concludes that 3 AAC 360.040(e) compels approval of the applications, because Ms. Gonzalez is not disqualified from holding an ownership interest, and she is an Alaska resident. Accordingly, the denial of the applications is reversed, and the applications are approved. This approval authorizes the ownership change to occur, but does not cause it to occur, nor does it affect any rights Mr. Gonzalez may have to contest ownership in another tribunal.

**II. Facts**

**A. Alaska Wild Coyote, Inc. and Board licenses**

Alaska Wild Coyote, Inc. was incorporated in January 2017.<sup>1</sup> According to the corporate records, Evanjelina Gonzalez has been the president of the corporation at all times since its inception.<sup>2</sup>

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<sup>1</sup> AMCO 000055.  
<sup>2</sup> The undersigned administrative law judge takes official notice of the contents of the records for Alaska Wild Coyote in the Alaska Corporations Database at <https://www.commerce.alaska.gov/cbp/main/search/entities>, including the Biennial Reports (the initial report for 2017, and the reports for 2019, 2021, and 2023), each of which shows Ms. Gonzalez as the president of the corporation. A party objecting to taking official notice of this information may do so in a proposal for action. See 2 AAC 64.300.

The corporation holds two marijuana establishment licenses issued by this Board: (1) standard marijuana cultivation facility license 12125, operated as “Alaska Marijuana Gardens”, and (2) marijuana concentrate manufacturing facility license 12471, operated as AMG Concentrates.<sup>3</sup>

Prior to May 2, 2022, the corporate records for Alaska Wild Coyote, Inc. identified Ms. Gonzalez as 36 percent owner of the corporation, Mr. Gonzalez as 35 percent owner, and Carmen Villamides as 29 percent owner.<sup>4</sup> On May 2022, the Department of Commerce, Community, and Economic Development, Division of Corporations, Business and Professional Licensing (Division) received a Notice of Change of Officials form from Ms. Gonzalez, seeking to remove Ms. Villamides from the corporate records, and identifying Ms. Gonzalez and Mr. Gonzalez as 65 and 35 percent owners, respectively.<sup>5</sup>

On August 8, 2022, the Division received a Notice of Change of Officials form from Ms. Gonzalez seeking to remove Mr. Gonzalez from the corporate records and reflect that she was now the sole (100 percent) owner of the corporation.<sup>6</sup>

On March 17, 2023, after Mr. Gonzalez had been removed from the corporate records, Ms. Gonzalez filed an MJ-17 form with AMCO for each of the two marijuana facility licenses (the licenses for Alaska Marijuana Gardens and AMG Concentrates).<sup>7</sup> This Board-approved form must be used to apply for a change in ownership of a marijuana establishment license in situations where the resulting change would not alter the “controlling interest” of the license.<sup>8</sup> Each of the forms Ms. Gonzalez submitted stated that she would become the sole owner of the corporation, which would change her ownership interest from 65 to 100 percent .

## **B. Procedural History**

The Board considered the license ownership change applications at its August 24, 2023 meeting.<sup>9</sup> Ownership change applications are typically considered by the AMCO Director, rather than the Board, but the Director requested that the Board consider the application in this instance because the ownership of the corporation had been controversial in recent years.<sup>10</sup> Ms. Gonzalez appeared at the meeting, but Mr. Gonzalez initially did not. Ms. Gonzalez represented

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<sup>3</sup> AMC 000001.

<sup>4</sup> Initial Biennial Report and Biennial Reports for 2019 and 2021.

<sup>5</sup> Notice of Change of Officials, May 2, 2022, at <https://www.commerce.alaska.gov/cbp/main/search/entities>.

<sup>6</sup> Notice of Change of Officials, Aug. 8, 2022, at <https://www.commerce.alaska.gov/cbp/main/search/entities>.  
<sup>7</sup> AMCO 000029-000031 and 000058-000060.

<sup>8</sup> 3 AAC 306.040(b).

<sup>9</sup> AMCO 000073-000074 and 000082.

<sup>10</sup> AMCO 0000001.

that Mr. Gonzalez had been voted out of the corporation after losing his handler permit and refusing to sign the license renewal forms for the past few years. The Board voted unanimously to approve the license ownership change applications.<sup>11</sup>

The Board revisited its initial vote, however, after Mr. Gonzalez later appeared at the meeting and objected to being removed from the licenses. He claimed that Ms. Gonzalez had fraudulently expelled him from the corporation and was now trying to fraudulently remove him from the licenses, and he intended to sue her.<sup>12</sup> Based on uncertainty regarding the ownership of the corporation and, relatedly, the licenses, the Board reconsidered its prior approval and voted unanimously to deny the ownership change application.<sup>13</sup>

On August 31, 2023, Ms. Gonzalez requested a hearing on the denial of the ownership change application on behalf of Alaska Wild Coyote, Inc., and an evidentiary hearing was scheduled for December 7, 2023.

On November 29, 2023, after the production of the agency record and exchange of the parties' exhibits, the parties (AMCO and Alaska Wild Coyote, Inc.) conferred and submitted a stipulation that the license ownership change applications at issue should have been approved. The parties agreed that 3 AAC 306.040 mandates approval of an ownership change application when the new owner (1) is not disqualified from owning an interest in the license under various specified regulations, and (2) is an Alaska resident.<sup>14</sup> They stipulated that Ms. Gonzalez "would be the 'new owner' of Mr. Gonzalez's 35 percent interest," and "as the existing owner of a 65 percent interest in the marijuana establishment licenses, she is not disqualified and is a resident."<sup>15</sup> They requested that the undersigned administrative law judge "issue a proposed decision that adopts this stipulation and recommends that the [Board] issue a final decision that approves the applications to change ownership to reflect that Evanjelina Gonzalez is the sole owner of Alaska Wild Coyote, Inc.," doing business under licenses 12125 and 12471.<sup>16</sup>

On December 1 and December 7, 2023, status conferences were held to discuss the stipulation and how to proceed. Mr. Gonzalez was invited to participate in the conferences, out of concern that the ownership change applications might impact his ownership interest in the licenses. He participated in the conferences, reiterating points he previously raised to the Board

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<sup>11</sup> AMCO 000073 and 000082.

<sup>12</sup> AMCO 000082.

<sup>13</sup> AMCO 000082.

<sup>14</sup> Stipulation, November 29, 2023, ¶10.

<sup>15</sup> *Id.* at ¶11.

<sup>16</sup> *Id.* at ¶16.

– that he had been locked out the corporation and defrauded of his ownership interest, and his name had been wrongly removed from the corporate records. He reported that he recently filed suit against Ms. Gonzalez in Alaska Superior Court, challenging her ownership of the business, although Ms. Gonzalez’s counsel indicated she had not yet been served with the lawsuit.<sup>17</sup>

### III. Discussion

The regulation at 3 AAC 306.040 applies to a license ownership change that will not result in the change in a controlling interest of a marijuana establishment license.<sup>18</sup> An “ownership change” includes any change in the percentage ownership of an existing shareholder<sup>19</sup>, and a “controlling interest” is defined as “ownership or control of 50 percent or more of the ownership interest or voting shares of a corporation.”<sup>20</sup>

The regulation requires an application for ownership change be approved where particular conditions are met. Under the regulation, the director “shall approve” an ownership change application where the new owner (1) is not disqualified under 3 AAC 306.010(d), 3 AAC 306.015(b), 3 AAC 306.300(b), 3 AAC 306.400(c), 3 AAC 306.500(c) or 3 AAC 306.605(c) – which apply when a person is a convicted felon or is otherwise prohibited from obtaining a marijuana establishment license for various reasons, and (2) is a resident of the state.<sup>21</sup> Because the application from Ms. Gonzalez submitted on behalf of Alaska Wild Coyote, Inc. seeks approval to change her ownership interest from 65 to 100 percent, and she already has a controlling interest (more than 50 percent), 3 AAC 306.040 applies in this case.

Ms. Gonzalez had the authority, as the corporation’s president, to submit the license ownership change application on behalf of the corporation. As the application shows, she sought

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<sup>17</sup> There was also discussion at the status conferences about an Alaska Superior Court lawsuit by Mr. Gonzalez against Abraham Gallo, whom he described as a “silent partner” in the business. According to John Crone, counsel for Alaska Wild Coyote, Inc., the lawsuit was recently resolved in Mr. Gallo’s favor. Mr. Gonzalez said he now realizes that he sued the wrong party; he should have sued Ms. Gonzalez instead of Mr. Gallo, which is why he has now brought suit against her.

<sup>18</sup> If a change would result in a change in controlling interest, “the marijuana establishment must file an application for transfer of license to another person under 3 AAC 306.045.” 3 AAC 306.040(b).

<sup>19</sup> 3 AAC 306.040(f)(3).

<sup>20</sup> 3 AAC 360.990(b)(14).

<sup>21</sup> 3 AAC 306.010(d) prohibits a person from receiving a marijuana establishment license because of a conviction for a felony; 3 AAC 306.015(b) prohibits a license transfer under certain circumstances; 3 AAC 306.300(b) prohibits a licensee, employee, or agent of a retail marijuana store from having an ownership or financial interest in a marijuana testing facility; 3 AAC 306.400(c) prohibits a licensee, employee, or agent of a marijuana cultivation facility from having an ownership or financial interest in a marijuana testing facility; 3 AAC 306.500(c) prohibits a licensee, employee, or agent of a marijuana product manufacturing facility from having an ownership or financial interest in a marijuana testing facility; and 3 AAC 306.605(c) prohibits a licensee, employee, or agent of a marijuana testing facility from having an ownership or financial interest in a another licensed marijuana establishment.

approval to become the “new owner” of Mr. Gonzalez’s 35 percent interest. As an existing owner (65 percent) in the licenses, she is not disqualified from having an ownership interest under the provisions specified in 3 AAC 306.040(e), and she is an Alaska resident – facts to which the parties have stipulated.<sup>22</sup> Thus, 3 AAC 306.040(e) requires that the license ownership change application submitted by Ms. Gonzalez on behalf of the corporation be approved, irrespective of the parties’ ongoing business dispute subject to the litigation in Alaska Superior Court.

It should be noted, however, that approval of the license ownership change application does not actually cause a change in the ownership of the licenses. It merely authorizes a proposed ownership change to occur by screening out potential new owners who are either disqualified from holding an ownership interest in the license, are not Alaska residents, or both. This is supported by bolded language on the MF-17 form, which states that “the form must be completed and submitted to AMCO’s main office. . . **before** an ownership change that does not affect the controlling interest of an entity has occurred,” and that “**the ownership may not be changed until the approved form is returned to you.**” Although this language is not contained in the regulation itself, and thus, is not a legal requirement, it reflects the intent of the regulation that approving an application to authorize a license ownership change to occur, and the actual change in ownership itself, are separate and distinct events.<sup>23</sup> Accordingly, although the ownership change applications submitted by Ms. Gonzalez must be approved, a notation should be made in the Board’s and AMCO’s records to reflect that Ms. Gonzalez’s purported 100 percent ownership in the corporation and the related marijuana establishment licenses is disputed by Mr. Gonzalez.

#### **IV. Conclusion**

The procedural history of the license ownership change applications at issue is unusual, and has been complicated by the parties’ business dispute. Nevertheless, Ms. Gonzalez is not disqualified from seeking to obtain an additional 35 percent ownership interest in the corporation and the related licenses, and she is an Alaska resident. Thus, the Board’s initial determination

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<sup>22</sup> To obtain any ownership interest in the corporation (and thus, the licenses) at all, Ms. Gonzalez must already have been deemed to be not disqualified under the regulations specified in 3 AAC 306.040(e) and to be an Alaska resident.

<sup>23</sup> The actual ownership change is governed by the shareholders’ rights and responsibilities, which are commonly set forth in a shareholder agreement. To the extent a shareholder agreement exists for the corporation, it was not a part of the agency record in this case.

denying the license ownership change application is reversed, and the Board approves an ownership change of the licenses. Actual ownership of the corporation's shares must be accomplished by other valid corporate or court action, and is not accomplished by the approval of this application.

DATED: January 16, 2024.

By: *Signed* \_\_\_\_\_  
Lisa M. Toussaint  
Administrative Law Judge

## 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 7<sup>th</sup> 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.]