



Missouri Department of Health and Senior Services

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Paula F. Nickelson
Director

Michael L. Parson
Governor

Supplemental Review Form

For any areas that are not applicable to the review, please put N/A.

Case Header

Case Number: FC23-0089

Staff Member: Heather Bilyeu, Compliance Officer

Licensee Name: Delta Extraction, LLC

Licensee #: MAN000022

License Type: Comprehensive Manufacturer

Address: 5281 Willow Ford Rd. Robertsville, MO 63072

Affiliated Facilities: N/A

Relative Information: Transfer Review Complete Letter to Licensee sent on 6/8/23, Email with completion of transfer sent on 7/10/23, Although the license was not officially transferred to Delta Extraction, LLC until 7/10/23, Delta Extraction/A Joint Operations (AJO) has been managing the facility since Heather Bilyeu became CO of this facility 2/1/2022.

Approved to Operate: 10/25/2021

Bureau: Heather Bilyeu Compliance

Evidence:

Supporting Documents:

- Extraction log
 - 06-16-23 DE Lab Sheets Log 1.0 2023-08-02 15.28.57
 - 06-16-23 DE Lab Sheets Log 1.0 2023-08-02 15.28.57
 - 06-23-23 DE Lab Sheets Log 1.0
 - 06-30-23 DE Lab Sheets Log 1.0 2023-08-02 15.28.57
 - 06-30-23 DE Lab Sheets Log 1.0
 - 07-07-23 DE Lab Sheets Log 1.1 2023-08-02 15.29.04
 - 07-07-23 DE Lab Sheets Log 1.1
 - 07-14-23 DE Lab Sheets Log 1.1
 - 07-14-23 DE Lab Sheets Log 1.1
 - 07-14-23 DE Lab Sheets Log 1.1
 - Extraction log
- SOPs
 - 710Shark Cartridge Filling Machine Standard Operating Procedures
 - automatic capping machine operation SOP.docx
 - Delta Extraction Gummy SOP
 - MAN SOP MAN000022.docx
 - MAN22 - SOPs - MIP Transportation

DHSS EXHIBIT
R-J

PROMOTING HEALTH AND SAFETY

The Missouri Department of Health and Senior Services' vision is optimal health and safety for all Missourians, in all communities, for life.

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- Solventless SOP
- SOP Automatic Filling Machine.docx
- WORKING _ MAN000022 HEMP SOP
- SOP_CEASING OPERATION (Received 8/2/23)
- Infused Preroll SOP (Received 8/3/23)
- COA
- Employee List (3)
- Access Log (Full history entry log-Delta Extraction)-*reviewed, missing all dates and times
 - Access list (shows employee access was removed)
- Visitor log (1)
- Waste log
- Inventory
 - Conex Inventory- Sheet1
 - distru-inventory-valuation-report-6b90f8bd-d1da-4e05-acc8-89870d0b8f1f
 - InventoryPointInTimeReport (1)
- Conte Agreements
 - Conte_Production Management and Services Agreement_Final_2022.02.28
 - Copy of Final_SND Conte EQUIPMENT LEASE AGREEMENT_2022.06.30 copy

Background & Scope:

On July 26, 2023, Compliance Officer Spring Williams received information from an anonymous source of information (SOI) regarding suspected inversion of cannabis from Oklahoma to Noah's Arc Foundation MAN15 LLC, MAN000015. During that investigation, it was determined that MAN000022, was possibly involved, due to MAN000022 also receiving distillate from the same source. Further investigation, revealed that MAN000022 was in a profit sharing agreement with Conte. MAN000022 was adding Conte distillate, which allegedly is made from hemp, to product, which resulted in increase of yield of marijuana product.

Possible provision of Article XIV or 19 CSR 100 Violations (if applicable):

19 CSR 100-1.030(3)(A)2. Licensee did not request or pass a commencement inspection prior to using a shipping container they had placed on the north side of the building. The shipping container is being used to store packaging and other non-regulated ingredients.

19 CSR 100-1.030(3)(A)4. Licensee did not request or pass a commencement inspection prior to changing the use of the main storage area. It was found that the licensee had begun extracting flower on the west side of the main storage room. The licensee was also storing flower in the corridor which was not designated for product storage.

19 CSR 100-1.100(4)(J) The licensee did not have established SOP's in the event the facility was suspended or ordered to cease operations.

19 CSR 100-1.70(2)(A) Contracted employees from Conte entering the facility and involved in the manufacturing process did not have an agent ID.

19 CSR 100-1.090(1)(C)3.G. The licensee had product awaiting testing stored on a wire shelf in the office area that was not under 2 camera angles.

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19 CSR 100-1.130(1)(E)2. Licensee had packaged marijuana product that was not tagged with traceability information. Gummies found on drying racks that did not contain traceability tag. A few jars with unknown liquid and bud flower dispersed around the facility with no tractability information.

19 CSR 100-1.130(1)(F) Flower was found stored in the hallway, however in Metrc the location was vault.

19 CSR 100-1.170(2)(E) Licensee was using hemp derived THC-A to manufacture products.

Timeline of Events:

8/2/23 9:17 am Heather Bilyeu and Adam Whearty arrived at 5281 Willow Ford Rd. Robertsville, MO 63072.

8/2/23 1:30 pm Heather Bilyeu and Adam Whearty left 5281 Willow Ford Rd. Robertsville, MO 63072.

8/4/23 Heather Bilyeu and Paige Welschmeyer attempted to retrieve stored video footage, however the licensee was unsuccessful at saving the stored footage onto an external hard drive.

Significant Parties and Credentials:

Rachael Dunn- Chief Development Officer

Jackson Maritz AGT004698- Lab Manager

Jourdan Heneisen AGT004323

Mark Daniel Dahl AGT009643

Cole David Young AGT014428

Brandon W. Arnold AGT009279

Jason Mathew Braud AGT006020

Charles Franklin Kistner AGT004701

Gabriel Jackson Dean AGT016148

Document review:

Security Footage Review:

I briefly checked stored camera footage for 7/29/23 and a large group of people can be seen entering the facility and commencing work on a long table in the hallway. Looking at 7/28/23 you can also see where the table is being set up for the next day by who I believe is Tania Conte.

Database Review (METRC/COMPLIA):

N/A

Inspections/Site Visits:

8/2/2023 9:17 Adam Whearty and Heather Bilyeu arrived at MAN000022 and saw a shipping container located on the north side of the building that had not been approved by the department. When Heather and Adam entered the facility and informed the facility manager Jackson Maritz that the licensee was receiving a notice of suspension. Jackson was asked if anything was currently in production as they would have a moment to get those things paused and cleaned up. Jackson stated they did not really have anything in production at the moment due to the power currently being out. Adam and Heather asked Jackson to bring all employees into the office area so their identities and agent IDs could be recorded. Heather took pictures of all employee's agent IDs while Adam gave Jackson a brief synopsis of what we were going to be doing there. While reviewing Agent IDs it was noted that Cole David Young and Gabriel Jackson Dean did not have their physical agent IDs on their person. They produced a photo of their agent IDs on their phones. While Heather was verifying agent IDs with all employees in the office area, Adam escorted Jackson around the facility to ensure there were no other

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individuals in the building. Upon their return Jackson notified his staff that they would all be going home early. Adam explained again to Jackson that now was their opportunity to clean up and shut any equipment/in process items down as the department wanted to ensure nothing would be ruined during this process. The staff had some personal items in other rooms so Adam escorted them around to gather their belongings. Jackson notified his staff that he would be in touch and all staff exited the building.

Jackson explained to Heather that they had some cameras malfunctioning at the moment and they had a technician coming out that afternoon to fix the issue. A malfunction notification was sent to Heather on 8/1/23 at 9:33 am. Heather then had Jackson pull up archived video footage and found that he had 60 days of video footage stored 6/2/23 9:31 am. Jackson was unable to print a still photo as the power was out in that moment and the printer was not hooked up to the back-up generator. Jackson was unable to preserve the 60 days of stored video footage and was instructed to contact his security provider to get assistance in saving the footage. He attempted to call, however the representative from Burns Citadel had to get him in touch with a service technician who was out on another work order and Jackson was told the technician would contact him. During this time Adam walked through the facility to take photos of all the rooms. Heather sent a box.com link to Jackson to gather all digital logs. Paper logs were digitally scanned using the genius scan app on Heather's state issued phone.

Adam asked Jackson to walk him through the process of how they receive their distillate. Jackson stated their THC-A is brought to them from their partner, Jason Conte, Conte. Jackson was asked if they had any THC-A remaining in the building and he stated they did not as they wouldn't be able to use it due to the rules changing. Any THC-A they had was already mixed into their final distillate. Jackson produced a COA for the THC-A distillate but stated he did not have any invoices as they did not technically purchase the THC-A. Jackson said "so, we have basically a profit share deal with them where they are in charge of procuring their own flower and they brought the machines in to run distillate uh and they have machines that fill pens that we rent from them uh and then they make their distillate and fill it up here and we do a profit share off of the products that they make and being able to use the facility." Adam asked if any of the people on site that morning were from conte and Jackson replied, no that they have their own people. Jackson said "They have one guy who is an extractor um who uh is on our metrc who has the tags and everything" Heather then asked what the extractor's name was, Jackson replied "Aiden, uh Hill". Jackson stated Aiden has an agent ID and when they have pens to fill they bring in other contractors to fill those pens but those contractors do not have agent IDs. Jackson stated that someone with an agent ID is always accompanying the conte contractors, such as Tania Conte. Adam then asks about how they procure the flower. Jackson stated all the flower is from Missouri but the THC-A distillate is not extracted in Missouri, it comes in already extracted. It comes in large vats or in mason jars. Jackson stated the last time they had the THC-A distillate brought in was Saturday 7/29/23. Heather then asked if the COAs Jackson provided were from the batch brought in on Saturday. Jackson stated it was, however it was the same COA Jackson provided on 7/26/23 when asked about a questionable tag tied to a product M22 was requesting remediation for, so it doesn't seem likely that it was the COA for the product they received 7/29/23.

While Jackson was working on uploading requested documents he made the comment about having the hemp SOP that the department approved. Heather said "so we don't approve SOPs" "We do have a copy of your SOP". Jackson was asked if he had an SOP for ceasing operations and he stated he didn't think so. Heather then asked if Jackson had any conte SOPs. He stated he did, and uploaded SOPs related to filling and capping vape pens. Jackson stated he had an employee list with access information, however after reviewing the documents uploaded, it appeared to have been missed and did not get uploaded. I have pulled the list from Metrc. EDIT
*Licensee provided this document on 8/4/23.

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In the malfunction notification received from Jackson on 8/1/23 9:33 am he stated they had some cameras malfunctioning. While Heather and Adam were at the facility Jackson stated he had a tech coming out to fix the malfunctioning cameras. Heather went over the schematics with camera placement to ensure the department had a good understanding of where cameras were added and what the camera names were. The updated schematic completed by Heather has been saved in the schematic folder. Licensee was asked what products they currently produce and they stated they had begun producing infused pre-rolls. The licensee was told they would need to provide the department with the SOP for infused pre-rolls. Jackson was asked what products use the THC-A mixed distillate. Jackson stated they use the THC-A mixed distillate for conte carts, conte gummies and it was used in a white label they did for Star Buds dispensary called Chimnea. Jackson stated a large part of their business is selling distillate to other manufactures. The distillate they sell is the THC-A mixed distillate. When asked about production formulation logs Jackson said, "when conte buys flower we basically use all that just for distillate" Adam asks "So conte is buying flower here in Missouri?" Jackson replied "Uh we buy it and then we charge them for it". Jackson went on to say that conte and them both make deals with the cultivators to purchase the flower but it all gets funneled through M22 accounts. Heather then asked how they make the THC-A distillate. Jackson stated the THC-A and concentrate from Missouri flower get mixed together in a 150 gallon reactor stainless steel pot. Jackson was asked if the pot was heated and he stated he didn't know if it had a heating element. Jackson also stated that conte took the pot with them as they would not be able to make the THC-A distillate after the weekend. Jackson stated to his knowledge the THC-A was not being converted. The conte gummies are made by infusing sugar with the THC-A distillate. Jackson was asked how many times per month Conte is coming to M22. Jackson thought Conte was coming to the facility about twice per month and when they come they bring some equipment and the THC-A distillate.

Jackson was asked if he could produce an invoice or receipts for all for the ingredients they purchase. Jackson stated most of the invoices/receipts are paid through quickbooks and that the accountant probably had a copy of all of the invoices and receipts.

Heather and Adam began walking through the facility and found a rack of gummies that did not contain any tractability information. Adam questioned Jackson, what their plans were after they were unable to use THC-A in their product. Jackson said "it was just to extract. So We were supposed to get in another like 1000 pounds here this week and extract this weekend. We were going to do a split with them so they get back a certain percentage of all the flower they got, gave us in distillate we basically get a cut of it just for running it. They had a couple relationships lined up to do that".

Jackson then began to talk about some new distillation equipment that was placed in the main storage area. The distillation equipment and the change of use of the area was not approved by the department. Heather observed there was some flower in some undetermined liquid in a jar on a table without traceability information on it. When asked about it, Jackson stated it was a jar test and that he was sure Brandon knew where it came from.

Heather and Adam went into the vault to look at some finished product. Heather questioned Jackson about some conte carts that allegedly were made with THC-A distillate, however the test results shown on the packaging was 0% THC-A. Jackson stated the product was mixed together and then stated "I'm sure it was heated".

When Jackson brought up the shipping container, Heather and Adam informed Jackson that he would need to request a commencement inspection for their shipping container that was installed and being used without department approval.

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At approximately 11:30 am the licensee's camera technician came by to fix cameras that were not operating since the licensee had to reset their internet. It was discovered on 7/28/23, the department lost remote access capabilities while the technician was on site he was able to fix the cameras and restore remote access.

A pyrex dish containing jars of concentrate was spotted on a wire rack in the office area. Jackson was questioned about the jars as they did not have a metrc tag with them. Jackson stated they were R&D test samples awaiting pick up by the testing facility. He was able to produce a stack of tags that was sitting on his desk. He said he was getting ready to place the tags on the jars but it was just as Adam and Heather had knocked on the door. The office area only has one camera angle, therefore the product sitting on the shelf was not under 2 camera angles.

When all was said and done, Jackson was able to provide the security malfunction log, waste logs, visitor logs, inventory logs (metrc and Distru), nonregulated inventory log, extractor log, SOPs (Hemp, automatic filling machine, solventless, transportation, MAN sop, Delta Extraction Gummy and Automatic capping machine operation), employee list, fleet list (listed in transportation SOP), COA for THC-A distillate from Conte, Conte contractor agreements, updated access list.

Ownership Reporting Tool:

Other:

-Upon review of Metrc, when Jackson was talking about conte having one guy who is an extractor, I believe Jackson was refereeing to Aiden Green. Aiden Green does have an agent ID AGT009338. Review of Complia shows Aiden Green received his employment offer letter from M22 however Tania Conte was cc'd on the email and she is a known employee of Conte. Aiden also has an Oklahoma address and driver's license.

-Looking at the visitor logs, I am seeing a pattern that I believe show dates of when Conte has come to manufacture products. 5/6/23, 5/21/23, 5/27/23, 7/8/23, 7/22/23, 7/29/23. I briefly checked stored camera footage for 7/29/23 and a large group of people can be seen entering the facility and commencing work on a long table in the hallway. Looking at 7/28/23 you can also see where the table is being set up for the next day by who I believe is Tania Conte.

Daily Log:

8/2/23- Visit to facility to issue the order of suspension and gather documents

8/3/23- Record information into SRF

8/4/23- Visit to facility to obtain video footage

8/7/23- Record additional information into SRF

Summary:

Licensee was very cooperative during all site visits and provided all information the department requested.

Enforcement Actions:

N/A

Staff Conclusion/Recommendations:

I, Heather Bilyeu, recommend we dive deeper into video footage of what exactly Conte is doing at the licensed facility. Based on some of Jack's comments, it would appear that Conte is attempting to work with other licensees in Missouri.

Supervisor/Manager Review:

Bureau Manager Review:

Comments