

**HEARING BEFORE A PANEL  
OF THE BOARD OF  
ALBERTA GAMING, LIQUOR AND CANNABIS COMMISSION**

**IN THE MATTER OF the *Gaming, Liquor and Cannabis Act*  
Revised Statutes of Alberta 2000, Chapter G-1, as amended  
and the Regulation**

and

**Freedom Cannabis Inc. (Registrant)  
o/a Freedom Cannabis  
9827 279 Street  
Acheson, AB T7X 6J4**

<b>DATE OF HEARING:</b>	<b>February 4, 2026</b>
<b>HEARING PANEL:</b>	<b>Patti Grier, Presiding Member Jack Fujino, Panel Member Wayne Drysdale, Panel Member</b>
<b>REGISTRANT / REPRESENTATIVE:</b>	<b>John Frank Potestio, CEO Tim Latimer, Shareholder</b>
<b>REGULATORY SERVICES DIVISION:</b>	<b>Toni Hazelwood, Hearing Officer</b>
<b>OBSERVER:</b>	<b>Larry Spagnolo, AGLC Board Chair</b>

## **DECISION OF THE HEARING PANEL**

The Panel finds that Freedom Cannabis Inc. (the Registrant), operating as Freedom Cannabis, contravened section 118(1) of the Gaming, Liquor and Cannabis Regulation (the Regulation).

In accordance with section 94(7)(b) of the *Gaming, Liquor and Cannabis Act* (the Act), the Panel replaces the original administrative sanction imposed by the Regulatory Services Division with a warning.

### **I. Jurisdiction and Preliminary Matters**

[1] By letter dated September 24, 2025, the Regulatory Services Division (Regulatory Services) of Alberta Gaming, Liquor and Cannabis Commission (AGLC) advised Freedom Cannabis Inc. (the Registrant), operating as Freedom Cannabis, that the Registrant contravened:

- Section 118(1) of the Regulation: No cannabis supplier or officer, director or employee of a cannabis supplier and no cannabis representative may directly or indirectly make or offer to make a loan or advance or give or offer to give money, a rebate, a concession or any thing of value to a cannabis store licensee, to an employee or agent of that licensee or to a cannabis representative.

[2] Regulatory Services imposed an administrative sanction of a fine of \$100,746.45.

[3] The Registrant subsequently applied for a hearing before a Panel of the Board of AGLC pursuant to section 94(1) of the Act.

[4] In accordance with section 11 of the Act, the Board Chair designated three members of the Board to sit as a Panel to conduct the hearing and make a decision – Patti Grier (Presiding Member), Wayne Drysdale and Jack Fujino.

[5] The parties and the Hearing Panel were provided with a record containing various documents pertaining to the issues before the panel.

[6] At the outset of the hearing, Presiding Member Grier asked the parties if they had any objections to Board Chair Spagnolo attending the hearing as an observer. The parties confirmed that they had no objections. Presiding Member Grier clarified that Mr. Spagnolo was attending the hearing strictly as an observer and would not be part of the decision-making process.

[7] The Registrant confirmed receipt of the Notice of Hearing dated November 28, 2025 and the attached hearing record. The following documents were entered into evidence:

- Exhibit 1 Hearing Record, including Tabs 1 to 4
- Exhibit 2 Additional document provided by Regulatory Services

## **II. Issues**

[8] Did the Registrant contravene section 118(1) of the Regulation? If so, should the administrative sanction of a \$100,746.45 fine imposed by Regulatory Services be confirmed, replaced, or cancelled?

## **III. Regulatory Services Submissions**

[9] Regulatory Services called one witness: AGLC Inspector Phil Bauer. Inspector Bauer has been an inspector with AGLC for 15 years, and he authored an Incident Report detailing an incident that occurred (Exhibit 1, Tab 2). Inspector Bauer clarified that the incident date in the Incident Report should state March 22, 2025 instead of March 22, 2024.

[10] The following is a summary of the evidence provided by Inspector Bauer.

[11] Inspector Bauer explained that the Independent Retail Cannabis Collective (the IRCC) is a third-party company in Alberta with a membership group that acts as a middleman to help facilitate data sales. They typically represent small, independent retail stores and sell the stores' data to cannabis representatives like Freedom Cannabis. The IRCC is not regulated by AGLC.

[12] Inspector Bauer advised that on March 22, 2025, he obtained an email that was sent by a Freedom Cannabis employee named \_\_\_\_\_ (Ms. G) to select retail cannabis stores offering a 50% off discount on Freedom Cannabis product (Exhibit 2). Inspector Bauer contacted Ms. G and spoke to her briefly, and she referred Inspector Bauer to a Freedom Cannabis employee named \_\_\_\_\_ (Mr. S) for more information on the discount.

[13] On March 27, 2025, Inspector Bauer contacted Mr. S who advised that Freedom Cannabis:

- sent the email to cannabis retailers as part of their plan to sell off an overstock of product stored in the AGLC warehouse;
- offered the discount to quickly move the product to avoid it being returned to Freedom Cannabis;
- had been in contact with the BDU and made them aware of their plan;
- used the IRCC to facilitate and pay the discounts; and
- should not have sent out the discount offer.

[14] Inspector Bauer reached out to Steve Lautischer, Executive Vice President, Business Development; and Leanne Balanik, Vice President, Liquor & Cannabis of the AGLC Business Development Unit (the BDU) to ask if anyone was aware of Freedom Cannabis' plan or had put Freedom Cannabis' product on discount. The BDU said that they only had conversations with Freedom Cannabis regarding the deadlines to sell and move the product out of the AGLC warehouse, and they did not receive any documentation.

[15] Inspector Bauer asked Mr. S to provide copies of the plan that he shared with the BDU, correspondence showing what Freedom Cannabis had sent to the BDU, and the IRCC sell sheet showing all the sales of the Freedom Cannabis products that were offered on discount during March 2025 (the Sell Sheet). Inspector Bauer said that he never received any correspondence showing what Freedom Cannabis had sent to the BDU.

[16] Inspector Bauer said that no one from AGLC would advise using a rebate program to sell off overstocked product.

[17] On March 31, 2025, Inspector Bauer received a document from Freedom Cannabis titled "AGLC Sell-Through Game Plan" (Exhibit 1, Tab 1, Attachment 1) (the Game Plan). The inspector read aloud a section of the Game Plan titled "IRCC Program – Aggressive Rebate Strategy," which details the implementation of SKU-specific rebate programs. Inspector Bauer told Mr. S that this was likely a violation of section 118(1) of the Regulation.

[18] Inspector Bauer noted that the other strategies listed in the Game Plan were also likely violations of section 118(1) of the Regulation.

[19] On May 13, 2025, Inspector Bauer received the Sell Sheet (Exhibit 1, Tab 1, Attachment 2). The inspector noted that the total value with taxes for the total fee listed on the Sell Sheet is \$100,746.45. This amount was to be paid by Freedom Cannabis to the IRCC, and they would in turn pay the approximately 70 retailers who purchased the discounted product during March 2025. The inspector

clarified that the select retailers who were sent the offer were able to purchase Freedom Cannabis' product at a cheaper cost than other retailers in Alberta.

[20] Inspector Bauer advised that he only requested documentation for March 2025, so the offer could have been going on longer than one month.

[21] Inspector Bauer advised that AGLC:

- sent out a bulletin on December 6, 2023 on the process for selling data in Alberta, which explained that cannabis representatives can buy data from retailers for an agreed upon amount but there can be no other consideration for the data;
- held a training seminar on data sales and inducements on November 20, 2024, and several Freedom Cannabis employees attended; and
- conducted operating procedures with Freedom Cannabis when they were initially licensed, and inducements were discussed.

[22] On May 27, 2025, Inspector Bauer met with Mr. S, Mr. Latimer and Mr. Potestio. Mr. S advised that Freedom Cannabis had a large overstock of their product in the AGLC warehouse because they had entered into an agreement with a retailer (Retailer X). As part of the agreement, Retailer X would purchase approximately 550 cases of Freedom Cannabis' products valued at approximately \$149,000, and Freedom Cannabis would purchase data from Retailer X. This agreement was not fully set out in writing.

[23] Inspector Bauer contacted Retailer X, and they denied entering into an agreement with Freedom Cannabis for the sale of data and purchase of Freedom Cannabis' products. The inspector advised that Regulatory Services investigated the matter, found another violation of section 118(1) of the Regulation and issued the Registrant a caution for the violation. Had Regulatory Services issued a fine for this violation, it would have been approximately \$149,000.

[24] On September 4, 2025, Inspector Bauer contacted Mr. Latimer, informed him of the results of the investigation and advised that an incident report would be submitted. Mr. Latimer told Inspector Bauer that Freedom Cannabis needed to sell products quickly at that time to avoid further financial hardship.

[25] When the Registrant asked Inspector Bauer if he reviewed the agreement between Freedom Cannabis and the IRCC, the inspector said that Mr. S sent it to him, and it was a standard contract.

[26] When the Registrant asked Inspector Bauer to clarify if he read a clause in the contract stating that there was a \$100,000 fee to be paid to the IRCC, the inspector said that the amount would not have been outlined in the agreement.

[27] The Registrant stated that there were three or four AGLC category managers who were involved in Freedom Cannabis' plan to sell their overstocked product, and the managers asked Freedom Cannabis to provide a weekly report on how they planned to decrease the overstocked inventory. When the Registrant asked Inspector Bauer if he spoke with any of the category managers, the inspector said that he spoke with the BDU and no one was aware of Freedom Cannabis' plan.

[28] When the Registrant asked Inspector Bauer what the fine was based on, the inspector said that he has conducted prior investigations with the IRCC, their spreadsheets always look like the Sell Sheet, and the fine was based on the amount in the Sell Sheet.

[29] When the Registrant asked Inspector Bauer if Freedom Cannabis provided the email that started the investigation, the inspector clarified that Ms. G's email was obtained from an industry inquiry, and a complaint gave rise to the investigation.

[30] When the Registrant asked Inspector Bauer if he has investigated the IRCC's programs before, he replied yes.

[31] When the Registrant asked how much of the Alberta market the IRCC services, Inspector Bauer said that he did not know.

[32] When the Registrant asked Inspector Bauer if the IRCC are industry experts and understand the regulations, he said that:

- he could not comment on the IRCC's expertise; and
- the IRCC is more aware of regulations than they were two years ago.

[33] When the Registrant asked Inspector Bauer if AGLC regularly speaks with the IRCC, the inspector said that AGLC only contacts the IRCC if they need to.

[34] When the Registrant asked Inspector Bauer if AGLC receives a lot of complaints about the IRCC, the inspector said that AGLC had more interaction with them a few years ago.

[35] When the Registrant asked Inspector Bauer if Freedom Cannabis was cooperative throughout the investigation, the inspector stated that Freedom Cannabis was cooperative, which is the expectation for all registrants and licensees.

[36] When the Registrant asked Inspector Bauer if the IRCC program was launched, the inspector said yes and referred to the amounts in the Sell Sheet that were paid out.

[37] When the Registrant asked Inspector Bauer if he knows when the IRCC program was retracted, the inspector advised that the program was likely retracted sometime after he spoke with Mr. S.

[38] When the Registrant asked Inspector Bauer if he has evidence of any real numbers, the inspector said that the Sell Sheet is evidence of the exact amounts of product purchased by each retailer.

[39] The Registrant stated the \$100,746.45 was not paid out and asked Inspector Bauer if he has any evidence that the sales were completed. Inspector Bauer responded that he knows the sales went through because the Sell Sheet shows what each retailer purchased based on Freedom Cannabis' offer.

[40] When the Registrant asked Inspector Bauer if he reviewed AGLC's data to determine how many of the sales listed in the Sell Sheet were completed, the inspector said that:

- he did not review any internal data;

- the policy is based on the offer; and
- if the retailers did not receive their discount, they would have been upset and complained.

[41] The Registrant stated that the discount offer was retracted and asked Inspector Bauer if he checked with the retailers to see if they were paid the inducement. Inspector Bauer stated that the retailers he contacted indicated that they received money from the IRCC, retailers receive a cheque from the IRCC from one or more data sales, and the cheque does not show the breakdown of where the funds come from.

[42] When the Registrant asked Inspector Bauer how quickly Freedom Cannabis changed the inducement after the inspector made them aware of it, Inspector Bauer said that Mr. S took steps to stop the program shortly after.

[43] When the Registrant asked Inspector Bauer if he is aware of what Freedom Cannabis did after the program ceased, Inspector Bauer said that he did not know.

[44] When the Registrant asked Inspector Bauer to confirm who initially complained about the data deal involving Retailer X, the inspector said that Freedom Cannabis made the complaint May 2025.

[45] When the Registrant asked Inspector Bauer if he spoke with the BDU regarding the data deal between Freedom Cannabis and Retailer X, the inspector advised that he did not contact any other divisions or units within AGLC during the investigation.

[46] When the Registrant asked if there was any whistleblower protection for Freedom Cannabis regarding their complaint about Retailer X, Inspector Bauer said that he could not give the Registrant immunity, protection or any sort of deal.

[47] When the Registrant asked Inspector Bauer whether he knew of the BDU's request for Freedom Cannabis to launch a complaint against Retailer X without any protection, the inspector said that he did not know anything about the conversations Freedom Cannabis had with the BDU.

[48] When the Registrant asked Inspector Bauer whether everyone at Freedom Cannabis was cooperative during the data deal investigation involving Retailer X, the inspector said that Freedom Cannabis was initially cooperative but stopped cooperating towards the end of the investigation once they realized the investigation was not going well for them.

[49] When the Registrant asked Inspector Bauer if he was able to prove that Retailer X offered an inducement, the inspector said that he found that Freedom Cannabis had offered an inducement.

[50] When the Registrant asked Inspector Bauer if he determined how much of the cannabis listed in the Sell Sheet was delivered from the AGLC cannabis warehouse to the retailers, the inspector said that:

- he did not need to check with the warehouse since Freedom Cannabis provided the Sell Sheet, which documents the amount sold and the dollar value;
- the warehouse's data is not set out in the same manner; and

- the data available from the warehouse would show what Freedom Cannabis sold and to whom it was sold.

[51] When the Registrant asked if the fine was based on the volume of product listed in the Sell Sheet, Inspector Bauer confirmed that was correct. He further explained that Regulatory Services is only concerned with the amount of the offer, not the actual delivery of the product.

[52] The Registrant stated that Freedom Cannabis promptly cancelled the agreement with the IRCC after the discussion with Inspector Bauer. When the Registrant asked Inspector Bauer if he had information on the distribution of Freedom Cannabis' product to the retailers, the inspector said that Freedom Cannabis had already made the offer.

[53] When the Registrant asked Inspector Bauer if he could confirm that the discount offer was retracted within a day of the complaint being submitted, the inspector said that Mr. S told him that it was too late to cancel the discount offer in March.

[54] When the Registrant asked Inspector Bauer if he had the invoice from the IRCC, he said that he does not have the invoice, but he has the amount that Freedom Cannabis offered to the retailers.

[55] When the Registrant asked Inspector Bauer what day the discount offer started, the inspector said that the offer he investigated was for March, and the discount may have started earlier.

[56] When the Registrant asked Inspector Bauer if he knows the terms and conditions of the agreements between the IRCC and their membership group, the inspector said that the agreements are for data, and the way retailers purchase product through AGLC does not change.

[57] When the Registrant asked Inspector Bauer if his understanding of the payment policy is that payment is made to the membership group once they show the IRCC that they have purchased product from AGLC, the inspector responded yes.

[58] When the Registrant asked Inspector Bauer if he knows the delivery dates of the product sold to the retailers, he responded no.

[59] When the Registrant asked if Freedom Cannabis withheld any of the information requested during the investigation, Inspector Bauer responded yes.

[60] When the Registrant asked Inspector Bauer to explain what he requested from Freedom Cannabis at the beginning of December 2025, the inspector said that he was looking for the SKUs in connection with the investigation involving Retailer X.

[61] When the Registrant suggested that Inspector Bauer issued a caution to Freedom Cannabis without any information, the inspector said that Regulatory Services felt that they had all the information they needed in order to determine that there was a violation of section 118(1) of the Regulation and issue a caution.

[62] When the Registrant asked Inspector Bauer if he saw any cancellation documents after the March discount offer was retracted, the inspector confirmed that he did not see any cancellation documents and said that the most important thing he saw was the offer.

[63] When the Registrant asked Inspector Bauer if Mr. S shared the Game Plan with an attitude of “criminal offence” or a partner sharing their strategy, the inspector said that he requested the document, and Mr. S provided it.

[64] When the Registrant asked Inspector Bauer if Mr. Potestio and Mr. Latimer had a criminal attitude or acted like they were a partner sharing their strategy, the inspector said that AGLC tries to work with their partners, and he felt that Freedom Cannabis and AGLC were working together.

[65] When the Registrant asked Inspector Bauer if he warned Mr. S that anything he said could be used against Freedom Cannabis, the inspector responded no and further stated that he only requested evidence and did not know if there was a violation at the time.

[66] When the Registrant asked Inspector Bauer if he feels that fining a partner \$100,000 for trying to solve an inventory problem serves AGLC’s interest, the inspector declined to answer the question.

[67] When the Panel asked Inspector Bauer if there is a record of what was shipped from the AGLC warehouse to the retailers, the inspector responded yes and said that Regulatory Services was only concerned with the offer that was provided to the retailers.

[68] When the Panel asked Inspector Bauer what bearing the December 6, 2023 bulletin had on the inducement, the inspector explained that:

- the bulletin specifically referred to scenarios like the one between the IRCC and Freedom Cannabis;
- by offering a 50% off discount on their product, Freedom Cannabis tried to induce retailers to purchase their product;
- products can be discounted through AGLC, but Freedom Cannabis said that they did not have time to do that; and
- offering the discount was a violation of section 118(1) of the Regulation.

#### **IV. Freedom Cannabis Submission**

[69] The Representatives for the Registrant, John Frank Potestio and Tim Latimer, gave evidence on behalf of Freedom Cannabis.

[70] The following is a summary of the evidence provided by Mr. Potestio and Mr. Latimer.

[71] Mr. Potestio explained that the Sell Sheet has a list of retailers that were going to purchase Freedom Cannabis’ product from AGLC, and the IRCC said that the stores committed to purchasing the product. Freedom Cannabis cancelled the agreement with the IRCC because they did not want to be offside, but the IRCC advised that they had already sold \$19,000 worth of product.

[72] Mr. Potestio admitted that Freedom Cannabis contravened section 118(1) of the Regulation.

[73] Mr. Potestio said that he told Inspector Bauer that only \$19,000 worth of product was sold. Inspector Bauer advised that he did not verify how much product left the warehouse and the fine was based on the amount of the offer. Mr. Potestio stated that he told Inspector Bauer that:

- basing the fine on the offer amount did not make sense because Freedom Cannabis did not benefit from the offer by \$100,000, and Inspector Bauer said that Freedom Cannabis could apply for a hearing; and
- he could determine how much product was shipped from the AGLC warehouse, and the inspector said that he did not have to do that.

[74] Mr. Potestio said that Freedom Cannabis advised AGLC that they needed to move the overstocked product out of the warehouse.

[75] Mr. Potestio contended that Inspector Bauer should have based the fine on AGLC's internal information, and it was not right for the fine to be based on the Sell Sheet.

[76] Mr. Latimer said this situation is unfortunate because Freedom Cannabis had been completely cooperative and prides themselves on working hard with the AGLC by using their core values of transparency and kindness. He further stated Freedom Cannabis calls themselves "social impact capitalism" and subject matter experts on cannabis at the operational level.

[77] Mr. Latimer said that he felt that Inspector Bauer misled Freedom Cannabis by acting nice, and he also felt that the inspector was not forthright during his testimony.

[78] Mr. Latimer advised that Mr. Lautischer and Ms. Balanik told Freedom Cannabis that there are numerous issues in the cannabis sector that are beyond their care and control, and one of their concerns was with bad actors in the industry. Mr. Latimer explained that Retailer X is a public company based in Calgary that asks cannabis producers to buy data in exchange for purchasing large quantities of the producers' cannabis.

[79] Mr. Latimer said that Freedom Cannabis has had to let employees go because their margins are so low and excise tax is so high.

[80] Mr. Latimer advised that Freedom Cannabis's product was selling well in independent retail stores, they could not get their product into large corporate stores, and the only way Retailer X would have a conversation with Freedom Cannabis is if they agreed to purchase data from Retailer X.

[81] Mr. Latimer said that Freedom Cannabis did calculations regarding their deal with Retailer X and then convinced AGLC to purchase \$1.2 million worth of their cannabis. Freedom Cannabis continued to purchase data from Retailer X, but Retailer X did not order Freedom Cannabis' product. Mr. Latimer contacted Retailer X to ask why, and Retailer X advised that Freedom Cannabis must "weave" themselves into the stores.

[82] Mr. Latimer said that Freedom Cannabis did not have a contract with Retailer X, and he escalated the matter to Retailer X's legal counsel, CEO and board of directors.

[83] Mr. Latimer stated that by early 2025, it was clear that Retailer X was not going to order Freedom Cannabis' product. Freedom Cannabis stopped buying data from Retailer X, and Retailer X threatened to sue Freedom Cannabis.

[84] Mr. Latimer advised that there concerns that \$1.2 million of product would be returned to Freedom Cannabis when the business was already struggling. Freedom Cannabis came up with several programs, contacted the IRCC and had many meetings with category managers about decreasing the inventory before going through the return to vendor (RTV) process. Mr. Latimer said that the category managers knew Freedom Cannabis had a program in place and gave them extra time to decrease their inventory.

[85] Mr. Latimer said that Freedom Cannabis believed the Game Plan was legal; once someone complained about the program, Freedom Cannabis immediately ceased the discount offer. The sales in the Sell Sheet were projected sales, and Freedom Cannabis did not benefit.

[86] Mr. Latimer advised that Freedom Cannabis worked with the "operational arm" to decrease the inventory, which took six months.

[87] Mr. Latimer stated that he advised Mr. Lautischer and Ms. Balanik that he felt that Retailer X was using unfair business practices, and they advised Mr. Latimer that AGLC is a complaint-driven business. Mr. Latimer said that he also told the minister and premier that something needs to be done about the black market in the cannabis space.

[88] Mr. Latimer said that he was told to submit a complaint so that an investigation could be launched. He asked Mr. Lautischer and Ms. Balanik if there was whistleblower legislation applicable to Freedom Cannabis, and they advised that there was no whistleblower legislation but pleaded with Freedom Cannabis to submit a complaint.

[89] Freedom Cannabis submitted a complaint and instructed their staff to cooperate with AGLC. Mr. Latimer said that his staff asked if he was sure that he wanted to proceed with the investigation, and Mr. Latimer advised them that he wanted to proceed because AGLC and Freedom Cannabis are partners.

[90] Mr. Latimer said that it was naïve of him to think that Freedom Cannabis was doing the right thing. He further stated that the "operational management arm" of AGLC is completely isolated from the "sanction and investigation arm" of AGLC, and the latter is full of ex-cops who are looking for criminals.

[91] Mr. Latimer stated that he was completely shocked when Inspector Bauer said that he was going to investigate Freedom Cannabis. Mr. Latimer questioned Inspector Bauer about Retailer X, and the inspector said that he did not have enough information because they were not cooperating. Mr. Latimer said that Inspector Bauer subsequently told Freedom Cannabis that there would be further investigations because he believed there were additional contraventions.

[92] Mr. Potestio advised that Ms. G and Mr. S were told that they could be fined personally, which caused them to become defensive.

[93] Mr. Latimer said that the Sell Sheet is not actual evidence.

[94] Mr. Latimer stated that he had a conference call with Mr. Potestio and Inspector Bauer in the beginning of December 2025. During the call, Mr. Latimer said that Inspector Bauer advised that he would be conducting another investigation and asked if Freedom Cannabis would cooperate. Mr. Latimer declined to cooperate since they received a fine after cooperating during the previous investigation.

[95] Mr. Latimer advised that he had a meeting with Darcy Strang, Director, Compliance, who attempted to settle the matter before the hearing. Mr. Latimer said that the reduced fine that was offered to Freedom Cannabis would still cause them to let go of employees, and it was offensive that Freedom Cannabis' file would be marked for three years, which could prevent them from doing business in other provinces.

[96] Mr. Latimer contended that Freedom Cannabis did not call Mr. Lautischer and Ms. Balanik as witnesses because it would have made them uncomfortable, and Regulatory Services did not call them as witnesses because they would have testified to the cooperation between AGLC and Freedom Cannabis. Mr. Potestio stated that Mr. Lautischer and Ms. Balanik are fully aware that the companies listed on the Sell Sheet never received Freedom Cannabis' product.

[97] Mr. Latimer asserted that Freedom Cannabis should not receive a fine.

[98] Regulatory Services read aloud section 118(1) of the Regulation and asked the Registrant what their understanding of this section was. Mr. Potestio said that they fully understand the legislation.

[99] When Regulatory Services asked the Registrant if they understand that "make or offer to make" does not consider the movement of inventory, the Registrant responded yes.

[100] When Regulatory Services asked the Registrant if they understand that it does not matter if the retailers took Freedom Cannabis up on their discount offer because it is the offer that is the violation, the Registrant responded yes.

[101] When Regulatory Services asked the Registrant what part of the Incident Report was misleading, the Registrant said that the amount of the fine was misleading because it was based on the amount in the Sell Sheet instead of the amount of the product that was sold.

[102] When Regulatory Services asked the Registrant if they are contesting the amount of the fine or whether there was an inducement, the Registrant explained that Freedom Cannabis:

- is contesting the inducement because they communicated to AGLC how they were moving their overstocked product on a weekly basis;
- engaged with the IRCC and believed that AGLC was aware of this and understood what Freedom Cannabis was trying to do;
- launched a complaint at AGLC's request and communicated and cooperated with AGLC;
- were found to be in contravention of the legislation after they acted as a whistleblower;
- verified with AGLC that a small amount of the overstocked product was sold, and the amount listed in the Sell Sheet only reflects what was offered; and

- believed they were doing a good deed by launching a complaint against Retailer X.

[103] When Regulatory Services asked the Registrant if anyone at AGLC offered Freedom Cannabis an exemption of section 118(1) of the Regulation, the Registrant said they were told that if they launch a complaint, AGLC would investigate the matter. The Registrant further stated that they decided to become a whistleblower after numerous meetings with the minister and AGLC, and they retracted their offer once they were made aware that the offer through the IRCC was wrong.

[104] When Regulatory Services asked the Registrant if anyone from the BDU advised Freedom Cannabis that a rebate program was an acceptable way to sell excess inventory, the Registrant stated that:

- the BDU expressed concerns about financial losses resulting from unsold cannabis; and
- Mr. Latimer and Mr. Potestio told the category managers that they would sign a personal guarantee to offer assurance that they would not “walk away” from the product.

[105] When Regulatory Services asked the Registrant if they told the BDU that they offered a rebate program to sell their excess inventory, the Registrant said that the BDU was aware of the whole thing, and Freedom Cannabis stopped the program when they were made aware that it was not allowed.

[106] Regulatory Services stated that Inspector Bauer testified that no one in the BDU received the Game Plan. When Regulatory Services asked the Registrant if that was inaccurate, Mr. Potestio said that he was not sure, and Mr. Latimer said that Freedom Cannabis had been working with the category managers for 60 days and everyone knew about the Game Plan. Mr. Latimer further stated that Inspector Bauer did not have any conversations with the BDU so that he could understand what Freedom Cannabis was doing.

[107] When Regulatory Services asked the Registrant if their understanding was that the BDU expected Freedom Cannabis to offer an inducement to get rid of the excess inventory, the Registrant stated that they did not say that. There was a real risk of an RTV, and Freedom Cannabis worked with the BDU weekly to devise a way to sell the excess inventory.

[108] The Registrant questioned why the amount of the fine was based on the Sell Sheet. Presiding Member Grier allowed Regulatory Services to respond to the question. Regulatory Services explained that administrative sanctions for inducements are dollar for dollar, and they are based on the offer, not inventory movement nor acceptance of the offer.

[109] When Regulatory Services asked the Registrant if anyone at AGLC instructed Freedom Cannabis on their rebate program and say it was acceptable, the Registrant responded no.

[110] When Regulatory Services asked the Registrant if anyone from the BDU offered Freedom Cannabis an exemption or immunity, Mr. Potestio responded no, and Mr. Latimer responded yes. Mr. Latimer further stated that it was an unwritten and unspoken understanding.

[111] When the Panel asked the Registrant why they did not call Mr. Lautischer and/or Ms. Balanik to provide testimony on behalf of Freedom Cannabis, the Registrant said they asked Mr. Lautischer and

Ms. Balanik to attend the hearing as witnesses but they did not want to be involved because they are afraid of the process and the culture inside of AGLC.

[112] When the Panel asked the Registrant if they admit that their discount offer was wrong and in violation of the legislation, the Registrant responded yes.

[113] When the Panel asked the Registrant how much of the overstocked product was actually sold, the Registrant stated that the category managers said that their department and Regulatory Services can readily access that information, and the Registrant believes they sold approximately 20 boxes of product and paid the IRCC approximately \$19,000 for the product.

[114] When the Panel asked the Registrant if they entered into a verbal contract with the IRCC, the Registrant said that:

- they had a written contract with the IRCC, which was provided to AGLC;
- as part of the contract, the IRCC sent the offer to purchase Freedom Cannabis' discounted product to their membership group;
- Freedom Cannabis sent the written agreement to the category managers who said that it was great; and
- Freedom Cannabis relied on the IRCC.

[115] When the Panel asked the Registrant if they previously sold product through the IRCC, the Registrant responded no.

[116] When the Panel asked the Registrant how they know that they only sold \$19,000 of the overstocked product, the Registrant said that was the amount IRCC invoiced Freedom Cannabis, but they did not bring evidence of this to the hearing. The Registrant further stated that they did not make any profit on their sales.

[117] When the Panel asked the Registrant if they have a written document showing that they sold \$19,000 of product, the Registrant said that they made a payment to the IRCC but did not receive a document. The Registrant further stated that they could produce a document.

[118] When the Panel asked the Registrant what their sales were for 2025, the Registrant said that Freedom Cannabis had between \$16 million and \$18 million in sales, and they lost \$5 million.

## **V. Summation**

### **Regulatory Services**

[119] Regulatory Services submits that the matter before the Panel is a contravention of section 118(1) of the Regulation.

[120] Regulatory Services takes the position that the evidence provided by Inspector Bauer is clear. Freedom Cannabis, in an attempt to unload excess product that was stocked to facilitate a retailer chain's inducement arrangement, offered rebates to over 70 cannabis retailers. The rebate program was a direct contravention of section 118(1) of the Regulation.

[121] Inspector Bauer's investigation covered the inducement offer made to over 70 retailers and the movement of funds to supply the rebate to participating retailers via the IRCC.

[122] The Registrant's assertion that this was done for the benefit of AGLC has no bearing on the facts reviewed in evidence. Regulatory Services further submits that this was not an approved program; no one at AGLC approved or offered any sort of exemption for Freedom Cannabis to circumvent the inducement legislation. AGLC did not instruct Freedom Cannabis to offer an inducement to blow out the excess stock, nor did AGLC approve, acknowledge or receive the details of the debate program until the investigation was underway.

[123] Regulatory Services contends that the Registrant did not present anything to suggest that the offer was never made; they presented that the program was executed as described. Providing information that some retailers did not accept an inducement does not negate the fact that Freedom Cannabis offered retailers an inducement.

[124] This investigation uncovered that the Registrant's actions started as an inducement for a different cannabis chain. Freedom Cannabis could have ceased their actions at any point, and they indicated that they did once they realized they were in the wrong. However, the offer had already been made at that point.

[125] The Registrant could have discounted their stock with AGLC through the BDU, which would have given all retailers the opportunity to purchase the discounted product. Regulatory Services takes the position that going through the proper channels was not in the Registrant's purview. Further, Regulatory Services has already afforded the Registrant some clemency given that two separate investigations were conducted and only one incident report was submitted. The investigation into the retail chain that caused the overstock was lowered to an inducement that saved the Registrant a potential sanction of \$149,000.

[126] Regulatory Services implores the Panel to consider the implication of allowing an inducement with no amount attached for sanction and how this could impact the industry and affect AGLC's mandate to provide a level playing field to all stakeholders.

[127] The Registrant indicated that there was financial motivation here. Regulatory Services submits that the Registrant might have considered this to be the cost of doing business and are seeking a bargain on that cost. If this is the case, there is no deterrent and the industry will be encouraged to continue to violate the legislation.

[128] Regulatory Services contends that the Registrant did not present anything to demonstrate that they exercised any due diligence, other than when they were found to be offering an inducement and then cancelled the program. At that point, the offer had already been made.

[129] The inducement, as detailed in the discount offer sheet provided by the Registrant (Exhibit 1, Tab 2, Attachment 2), is what Regulatory Services based their administrative sanction on. Regulatory Services submits that there is a chance that there are retailers who were offered the inducement and elected not to take it.

[130] Regulatory Services asserts that the original administrative sanction of a \$100,746.45 fine is accurate and reasonable given the circumstances.

### **Freedom Cannabis**

[131] The Registrant provided AGLC with the document outlining their offer to retail cannabis stores that were part of the IRCC. There was no verification on what they received, and Regulatory Services based the monetary value of the fine on this document. Not all stores received the products that they were looking at ordering, and the Registrant confirmed with Inspector Bauer and AGLC that only 20 boxes were distributed. The fine was only based on this document, and AGLC did not verify what monetary value the Registrant received. The Registrant knows that retail cannabis stores did not receive their product because the Registrant only received 20 boxes of sales and then cancelled the offer. The Registrant contends that they did not receive \$100,000; the amount on the discount offer sheet was just an offer sent out to retail cannabis stores, and the Registrant never supplied their stores with that amount of product.

[132] The Registrant submits that they started this investigation and were completely open to discussing this matter with AGLC. The Registrant brought this matter forward because they were acting in good faith with AGLC; if they had not brought it forward, there would not have been a hearing.

[133] The Registrant questions how the market and the playing field can be improved for all Alberta cannabis businesses because they are currently struggling to succeed. The Registrant contends that they need support from Regulatory Services when they identify bad actors.

[134] The Registrant asserts that they are not doing any inducements; they are only trying to survive. They have been cooperative with AGLC and exchanged hundreds of emails and attended numerous meetings with the BDU and Regulatory Services. The Registrant does not believe that they have been treated fairly.

[135] The Registrant admits that they contravened section 118(1) of the Regulation, but they immediately cancelled the offer when they were advised that what they were doing was wrong.

[136] The Registrant is of the opinion that depending on the outcome of the hearing, the message to the industry could be to remain silent and hide mistakes. The Registrant submits that they still have a good working relationship with AGLC and intend for that to continue.

[137] The Registrant asks the Panel to be fair and requests that they replace the sanction with a warning. A sanction could prevent Freedom Cannabis from selling their product in other provinces. The Registrant contends that there are 55 families working at Freedom Cannabis, and they are trying to keep their doors open.

## **VI. Analysis**

[138] The Panel carefully considered the oral and documentary evidence submitted by Regulatory Services and the oral evidence provided by the Registrant in making its finding of fact.

[139] Inspector Bauer provided testimony that Regulatory Services received a complaint that Freedom Cannabis was offering discounted product, and he investigated the matter. The inspector found that

Freedom Cannabis offered discounts on their products to select cannabis retailers. Based on the Sell Sheet, Inspector Bauer submitted that an inducement totaling \$100,746.45 was paid to cannabis retailers in Alberta.

[140] The Registrant admitted that Freedom Cannabis violated section 118(1) of the Regulation.

[141] As such, the Panel finds that the Registrant violated section 118(1) of the Regulation.

[142] Although the Panel finds that the Registrant contravened section 118(1) of the Regulation, the Panel finds that the documentary evidence provided by Regulatory Services was unclear and inadequate with respect to the total amount of the inducement. Regulatory Services' interpretation of the Regulation led them to base their calculation of the fine on the Sell Sheet; however, the Panel was not presented with any policies or evidence to support Regulatory Services' interpretation. Regulatory Services did not present any internal data from the AGLC warehouse to confirm Freedom Cannabis' sales, and Freedom Cannabis did not provide any invoices or payments to substantiate how much product they sold. Since no documentary evidence was provided by either party confirming or contradicting the number of actual sales, the Panel was left with only verbal evidence to make a decision.

[143] The Panel finds that the testimonies provided by Inspector Bauer, Mr. Potestio and Mr. Latimer were confusing and contradictory. Mr. Potestio and Mr. Latimer testified that AGLC was aware of Freedom Cannabis' Game Plan. Inspector Bauer testified that he contacted the BDU, and they advised that they only had conversations with Freedom Cannabis regarding the deadlines to sell and move the product out of the AGLC warehouse. Neither party called anyone from the BDU nor any category managers as witnesses to support their alleged discussions. After careful consideration of the conflicting accounts and in the absence of testimony and/or documentary evidence from the BDU that could have resolved the inconsistencies, the Panel finds that none of the testimonies were sufficiently reliable to outweigh the other.

[144] As such, the Panel finds that due to the insufficient and unclear evidence presented, a fine cannot be determined.

## **VII. Finding**

[145] For the reasons stated above, the Panel finds that the Registrant, operating as Freedom Cannabis, contravened section 118(1) of the Regulation.

[146] In accordance with section 94(7)(b) of the Act, the Panel replaces the original administrative sanction imposed by Regulatory Services with a warning.

Signed at Calgary, this 24<sup>th</sup> day of February, 2026



Patti Grier, Presiding Member, Hearing Panel