North Carolina Advisory Council on Cannabis
Public Safety Subcommittee
Co-Chairs:
Colonel Freddy Johnson, State Highway Patrol
Sheriff Keith Stone, Sheriffs' Association

Meeting Minutes
November 12, 2026, 1:00-3:00pm
Virtual via Teams

Attendees
Council Members Present – Colonel Freddy Johnson; Sheriff Keith Stone; Scottie Shoaf; Carrie Brown; David Hess; Mark Ezzell; Matt Scott; Sen. Kandie Smith

Council Members Absent – Brian Harris; Deonte Thomas; Kimberly McDonald

Staff Present – Kaycee Dean; Marybryan Wolak; Anne Doyle; Kindl Shinn Detar

Other Council Members Present – Dr. Larry Greenblatt; Pat Oglesby

Guest Speakers – Lt. Colonel Mitch Smith; Rosanna Smart

Agenda
1. Welcome, Roll Call, and Ethics Statement
2. Presentation: Reducing the Illicit Market in Oklahoma
   Lt. Colonel Mitch Smith, Director, Marijuana Enforcement Unit,
   Oklahoma Bureau of Narcotics and Dangerous Drugs
3. Presentation: Reducing the Illicit Market in North Carolina
   Rosanna Smart, Codirector, RAND Drug Policy Research Center
4. Other Business and Next Steps

Presentation 1: Oklahoma's Experience with the Illicit Marijuana Market (Lt. Colonel Mitch Smith)

Background and Legal Framework

- Medical marijuana came to Oklahoma in 2018 through a citizen-petition ballot question that contained no regulatory framework.
- In 2019–2020 the legislature built rules and regulations after the fact.
- The Oklahoma Medical Marijuana Authority (OMMA) was created as the licensing agency; it began under the Department of Health and became a standalone agency with its own director and budget in 2021.
- Oklahoma's state agencies are highly separated (OBN, Highway Patrol, State Bureau of

Investigation, and the alcohol enforcement agency are all distinct).
- Since 1975, anyone who possesses, distributes, or manufactures a controlled dangerous substance must hold an OBN registration, similar to DEA registration.
- Marijuana remains Schedule I under state law; trafficking, distribution, illegal cultivation, and manufacturing statutes remain in force. The medical program created only a narrow lawful lane.
- Businesses must obtain an OMMA license first, then an OBN registration.

How the Illicit Market Developed

- The law required 75% Oklahoma-resident ownership; bad actors paid local residents roughly $30,000–$50,000 to act as "straw owners" on paper.
- No cap existed on the number of commercial grows or on plants per grow; at the 2021 peak there were about 8,400 commercial grows.
- Overproduction has fed the black market; OBN has had cases in every Eastern Seaboard state involving Oklahoma-sourced marijuana.
- Illegal operators come from about 27 groups across 16–17 countries on three continents; the largest share are Chinese-national organizations, many directed from New York or California.
- Organizations follow a traditional drug-trafficking structure: grow site (source), couriers, stash houses/warehouses in Oklahoma City and Tulsa, and out-of-state transport.
- Entry barriers were minimal: age 21+, Oklahoma residency, no violent felony within two years or nonviolent felony within five years, and fees (initially $500 to OBN and $2,500 to OMMA; OBN's fee was later raised to $2,500).

Enforcement Response and Structure

- An enforcement initiative began in 2020–2021 under new agency leadership, after legislative pressure; the prior director had not pursued enforcement.
- Three Marijuana Enforcement Teams (MET) were created after 2021: Oklahoma City (western state), Tulsa (northeast), and Ada (southeast, where most commercial grows are).
- A Special Investigative Unit at headquarters focuses on money laundering, cryptocurrency, and bank accounts; it includes five agents, an in-house IRS agent, two retired IRS agents serving as financial analysts, and National Guard counter-drug analysts.
- A 12-person criminal interdiction team works state highways with the Highway Patrol to identify couriers.
- Of roughly 48–50 agents and analysts in the unit, only four (all supervisors) worked at OBN before 2021. Staff were also added in registration (civilian), legal (three attorneys and a paralegal).
- Hiring drew on experienced narcotics officers from police and sheriff's departments and recent college graduates; agents need diversion, traditional drug, and white-collar/financial skills. The most recent hires came on only three to four months ago.
- Overtime (funded by federal grants) is the main incentive for this demanding work.
- The agency works in three lanes: regulatory compliance, criminal investigation, and civil forfeiture. It shares intelligence and case reports with OMMA so licenses can be revoked.
- Partners include DEA, HSI, and ICE; over the past two years more than 200 foreign nationals

operating illegally in the industry have been referred to ICE for removal.
- Interstate cooperation is sought: if another state seizes Oklahoma-sourced marijuana, OBN wants to be notified to trace it back to the source.

Registration and Compliance Process

- The application is about 25 pages with strict submission rules.
- Civilian registration staff screen applications first and flag suspicious items; flagged files go to an agent.
- Agents conduct face-to-face interviews and on-site administrative inspections to confirm true ownership.
- OBN's director can deny registrations, and an administrative court process can revoke them. Administrative rules had to be overhauled because the historical registrant base (doctors, pharmacists, veterinarians) was overwhelmingly legitimate; in the marijuana industry the opposite is true.
- All MET agents, analysts, seven registration staff, and the legal division share in the process.
- Current numbers (as of the October 31 renewal period): 1,079 commercial grows, 924 dispensaries, and 11 processing laboratories.
- OBN averages about 100–115 criminal search warrants a year on grows, dispensaries, and stash houses.

Budget and Funding

- OBN's annual budget is just over $40 million, with about 186 commissioned officers; only about $3 million comes from state appropriations. The rest comes from grants, registration fees, and other self-generated revenue.
- About $10 million a year goes to marijuana enforcement, including roughly $1.5 million in federal DEA grant funding for operational costs.
- OBN receives none of the cannabis tax revenue. As the number of grows falls, registration revenue falls too.
- Salaries, benefits, vehicles, office space, and equipment are absorbed by the agency.

Operations and Evidence

- Commercial grow warrants are large operations (e.g., 40 acres, 67 outbuildings, 35 non-English-speaking workers), often requiring all three teams plus support, travel, and hotel stays.
- In the week before the meeting, teams served three commercial-grow warrants and seized about 50,000 plants; on the meeting day, two teams were serving warrants on Oklahoma City stash houses.
- Leads come from social media, public tips, other law enforcement agencies in and out of state, out-of-state seizures, and pre-registration investigations that uncover straw ownership.
- By statute, seized plants are destroyed after sampling; county commissioners provide dump trucks and equipment to haul, burn, and bury product.
- Non-flower items (edibles, vapes) require storage; the agency bought a separate warehouse, added cages and storage, and uses a contracted clean-air burn facility. Removing lithium

batteries from vapes is costly.

Questions and Discussion

- *Advertising:* A member reported seeing a "free weed" billboard near a highway. The presenter said advertising, packaging, labeling, and patient cards are OMMA's responsibility, not OBN's.
- *Tribal nations:* To the presenter's knowledge, no tribal nations are in the commercial marijuana business. Under a 2020 U.S. Supreme Court ruling, the state has no criminal jurisdiction within the five largest tribal nations (about one-third of the state). Most bad actors are non-tribal out-of-state actors and foreign nationals.
- *OMMA's role:* OMMA has about 15 armed agents and about 60 civilian inspectors, with its own administrative process. The presenter described OMMA as historically industry-influenced, though improving. OBN and OMMA communicate but are not closely integrated.
- *Hemp:* Commercial hemp production is regulated by the Department of Agriculture. Hemp sold at convenience stores has no regulatory oversight; officers must make purchases and test whether THC exceeds the legal limit. OBN has only begun focusing on this in the last six to eight months and encourages local agencies to do the same.
- *Lab testing:* OMMA was supposed to create a state quality-control laboratory but still has none. Private contract labs are used, and results can be bought. OBN's oversight of the 11 processing labs covers only theft, diversion, and security.
- *Court system:* Courts struggle to find interpreters for Mandarin, Cantonese, Fujianese, Hmong, and other languages; jury instructions for these cases had to be created. OBN has only two Mandarin-speaking agents.
- *Comparison to traditional narcotics policing:* The police chief characterized Oklahoma as having returned to labor-intensive, high-risk narcotics investigations. The presenter agreed and added:
    - Involvement of Chinese nationals has raised counterintelligence concerns near military installations (e.g., Tinker AFB, Vance AFB, McAlester Army Ammunition Plant), including drones and phone-extraction and anti-surveillance equipment.
    - He described the potential for terrorism-related threats as "very high."
    - Abandoned grow sites (hoop houses, metal buildings, trash) are left behind, and the state may bear cleanup costs.
    - Water theft and banned Chinese pesticides have been found more than 50 times in the past year, raising PPE concerns for agents. Federal EPA and the state DEQ are developing soil and water testing; impacts on drinking water are unknown.
    - Violent crime is linked to grows, including robbery crews from other states, shootings, beatings, and homicides (including a quadruple homicide). Statewide statistics were not available.
- *Clarification:* Oklahoma is a medical-only state, not an adult-use state.
- *Limiting market entry:* Asked whether limiting the number of businesses would help, the presenter advised making the program as restrictive and clean as possible from the start. Oklahoma has spent five to six years "putting the worms back in the can."
- *Patient limits:* Patient-card possession limits are high (e.g., six mature plants, six seedlings, and large edible amounts).
- *Early rollout:* Staff recalled that the referendum took effect quickly with no regulation or

enforcement in place. The presenter confirmed no enforcement occurred in 2018–2019; straw ownership was a new problem for an agency used to dealing with doctors.
- *Offer:* The presenter invited North Carolina officials to visit Oklahoma to tour grows, see the registration process, and review statute changes.

Presentation 2: Research Considerations for Reducing the Illegal Cannabis Market (Rosanna Smart)

Introduction

- RAND is a nonprofit, nonpartisan research organization; its Drug Policy Research Center was founded in 1989 and has focused heavily on cannabis markets and regulation over the past 15 years.
- RAND takes no official position on cannabis policy; the goal is to give decision-makers the best available evidence.
- The presenter stressed she was offering points for discussion, not directives.
- A recent RAND report for Indiana is especially relevant: like Indiana, North Carolina would be legalizing adult use with no existing medical program and with a widely available, largely unregulated intoxicating hemp market.
- Evidence discussed is mainly from U.S. states using a for-profit commercial model; other models exist internationally.

Key Takeaways

- Legalization can put a serious dent in the illegal market, but only with deliberate effort and resources.
- Enforcement planning deserves as much attention as licensing and regulatory design; taxes and market structure determine how competitive the legal market is.
- Spending more on enforcement in the first few years after legalization can be viewed as an investment that protects tax revenue.
- Choices that best shrink the illegal market differ from those that best minimize problem use or reduce criminal-justice involvement; trade-offs must be balanced.
- Evidence from other states may not transfer well to North Carolina because of its lack of a medical program and its large hemp market.

Effects of Legalization on Enforcement and the Illicit Market

- Cannabis arrests among adults fall roughly 60–80% after legalization (up to about 90% in some studies), mostly for possession; sales and manufacturing arrests fall about 50%.
- Seizures, drug-related prison admissions, and racial disparities in arrests also decline.
- Caveats:
    - Fewer arrests may reflect changed police priorities rather than less illegal activity; arrests were often falling before legalization.
    - Declines apply to adults; youth arrests can rise (e.g., Oregon).
    - Offenses do not disappear: Washington still recorded about 1,200 cannabis-related

offenses a decade after legalizing.

- Ongoing enforcement needs include illegal supply, underage sales and possession, over-limit possession, impaired driving, and public consumption.
- People choose illegal sources mainly because of price and convenience. The legal market must compete on price, and enforcement should limit access to illegal sources.
- Some consumers will pay more for legal products they trust to be high quality and accurately lab-tested.
- Estimated legal-market share of consumption in mature markets: California about 29–54%; Washington up to about 75% of THC consumed; Canada about 80% of spending; Colorado possibly up to 90%; Nevada similar to Washington.
- Illegal production for export can persist. California's illegal production is estimated to be about the same before and after legalization, mostly for export, and there have been high-profile cases of California cannabis trafficked into North Carolina.

Considerations for Enforcement Strategy

- Establish baseline metrics now, regardless of policy direction:
    - Total quantity consumed and total spending, separating hemp-derived from marijuana-derived products
    - Main sources of supply and distribution and their characteristics
    - Current spending on cannabis enforcement
    - Projected cost of monitoring compliance in a legal industry
- Define and communicate what enforcement is meant to achieve, to build public legitimacy. Example framings: residents want cannabis legal, regulated, and tested, so the state must act against major illegal suppliers; illegal suppliers take tax dollars away from regulation, treatment, and other programs.
- Make the enforcement plan and penalties clear, and follow through so warnings are credible.
- Research on deterrence shows certainty of punishment matters more than severity; modest, swift, reliable penalties work better than harsh, rare ones. Civil tools such as property or cash seizure can raise the cost of illegal operation without criminal charges.
- Regulatory Compliance For Licensees:
    - Fund oversight from the start; regulators in many states are under-resourced, and price-based taxes may not keep pace as prices fall.
    - Spell out enforcement authority (e.g., whether inspectors can close stores, suspend licenses, or seize product) and how regulators coordinate with local, state, and federal law enforcement.
    - Calibrate sanctions using a tiered violation structure based on intent and public-health risk (as in Colorado), possibly more supportive early and stricter as the market matures.
- Other Considerations:
    - Licensing rules can either exclude people with drug records or prioritize those with past cannabis convictions, which affects whether illegal operators move into the legal market.
    - Automatic expungement of cannabis records can open legal-industry and other employment options.
    - North Carolina must decide how to handle existing intoxicating hemp retailers (integrate

or regulate separately) before legalization. Los Angeles shows consumers may not know whether a store is licensed.
    - Seed-to-sale traceability data can detect diversion if regulators are staffed to use it; monitoring is easier with fewer licensees.

Questions on Enforcement

- *Civil seizure:* The police chief asked whether property and cash seizure would apply to businesses. The presenter clarified she meant financial sanctions on non-compliant businesses or growers, not individual citizens, and not necessarily for purely administrative violations.
- *Centralized vs. dispersed oversight:* A director asked whether studies compare outcomes under a single agency versus Oklahoma's dispersed model. The presenter knew of no rigorous comparison but saw benefits in one lead agency with primary oversight. Most states use a traceability system (often Metrc), but compliance is weak on the cultivation side and stronger at retail through point-of-sale integration.
- *Traceability vendors:* ALE asked about the trade-offs between Metrc and another system. The presenter has worked only with Metrc and offered to look into it; she cautioned that switching systems later causes major problems, so the choice deserves careful upfront thought.

Evidence on Broader Outcomes of Legalization

- Caveats: most studies measure only whether a state legalized, not regulatory details; they assume immediate effects over short time windows; and most compare adult use to an existing medical market rather than to prohibition or an unregulated hemp market. Store density varies widely across states.
- *Use:* Adult past-month use rises about 30% (e.g., from about 9% to 12% of adults), more after stores open. Youth effects are mixed and small. There is little evidence on frequency, quantity, or THC consumed.
- *Cannabis use disorder:* A Veterans Administration study found a small increase after stores opened, driven by patients with psychiatric disorders, suggesting where prevention resources might be targeted.
- *Potency:* Markets shift toward higher-THC products (vapes, infused pre-rolls, concentrates). California's labeled THC rose for years, with recent declines possibly due to stricter lab testing and less label inflation.
- *Crime:* Causal studies generally find no substantive effect on violent crime (some show small decreases) and mixed effects on property crime, with any increases localized near retail outlets (largely from Colorado's early experience with cannabis tourism).
- *Traffic:* No credible evidence that legalization improves traffic safety; findings are imprecise. A few studies find higher fatalities after stores open, mostly in early states (Washington, Colorado). Canadian evidence shows no clear effect.

Discussion on Traffic and Crime Evidence

- The police chief challenged the traffic findings, citing NHTSA data previously shared with the subcommittee showing a significant increase in fatal crashes in adult-use states (reports citing a

44% increase), plus Canadian research showing more cannabis-impaired driving.

- The presenter explained her findings reflect studies of all traffic fatalities, not cannabis-involved crashes specifically (e.g., a rise in cannabis-involved crashes could be offset by a decline in alcohol-involved crashes). She offered to review the NHTSA reports.
- The police chief also noted that earlier subject-matter experts reported significant increases in violent crime after legalization. The presenter said her figures come from two systematic reviews of studies that isolate the causal effect of legalization by comparing states, rather than before-and-after trends.
- The two agreed that descriptive before-and-after studies and causal studies are different bodies of evidence.
- *Chat question on hemp:* There is no research on legalization in states with a large unregulated intoxicating hemp market, a significant gap; most evidence comes from early-adopting states.

North Carolina-Specific Considerations

- North Carolina differs from prior legalizing states: widely available unregulated hemp and no regulated medical market.
- Neighboring markets matter, including retail stores expected to open in Virginia next year and the potential for North Carolina to become an exporter to neighboring states.
- North Carolina could choose a non-commercial approach (state stores, nonprofit model, or online-only sales), though evidence on these is limited.
- RAND is launching a Cannabis Policy Insights Lab, with a website expected within about a week and "office hours" for policymakers. The presenter agreed to share the link once live.

Next Steps / Action Items

- Staff will send the next round of draft recommendations on Monday, with changes marked, for review before the full council meeting.
- Prepare for final Council meeting on November 17, 2026 from 1:30-5:00pm

Adjournment

Meeting concluded at 3:00 pm.