

**STATE OF MAINE  
DEPARTMENT OF MARINE RESOURCES**

**Charles Wallace**

**PINK PS2**

Lease Revocation PINK PS2

Pinkham Stream, Pinkham Bay, Steuben

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND DECISION**

**A. Factual Summary**

Charles Wallace holds a 2.13-acre standard lease, PINK PS2, located in Pinkham Stream, Pinkham Bay, Steuben, Washington County. Pinkham Stream is a tidal creek, which is separated from Pinkham Bay by a narrow bridge. The Department of Marine Resources (DMR) initially granted the lease on December 4, 2007, for the culture of American oysters (*Crassostrea virginica*) using suspended and bottom culture techniques. The standard lease incorporated and expanded upon an experimental lease held by Charles Wallace. The original term of the lease was 10 years. On December 18, 2018, the lease was renewed for a 10-year term ending December 3, 2027.

The lease is comprised of two tracts. Tract 1 is approximately 100 feet north of the bridge and is authorized for bottom planting only. Tract 2 is located further upstream and is authorized for floating gear. Tract 2 is authorized to cultivate seed oysters using either an upweller or floating trays. The standard lease operations plan states that seed oysters may be deployed each spring in the upweller, and in summer may be transferred to floating trays. In the fall, the oysters may be removed from the floating trays and deployed on the bottom of Tract 1. The oysters may then be harvested from Tract 1 within two to three years.

In accordance with 12 M.R.S.A. §6072(7-B), the Commissioner placed the following conditions on the original lease:

1. The lease sites shall be marked in accordance with the requirements of the U.S. Coast Guard and DMR Rule Chapter 2.80.
2. Fishing and boating shall be allowed in the open areas of the lease.
3. The lower tract, Tract 1, shall be used for bottom culture only and shall not contain any structures other than marking buoys as required under condition #1.
4. The lessee shall consult with the Maine Department of Inland Fisheries and Wildlife before using any form of predator control in the lease area.
5. The lessee shall maintain a 10-foot wide corridor of open, navigable water between the floating gear on the upper tract, Tract 1, and the eastern shore of the stream.

When the lease was renewed, the five conditions placed on the original lease were incorporated as part of the renewal decision. In addition, a sixth condition was added at the time of renewal.

6. Other public uses that are not inconsistent with the purposes of the lease are permitted within the lease boundaries.

The current lease term for PINK PS2 began on December 4, 2017, and is set to expire on December 3, 2027. After the Commissioner grants an aquaculture lease, and again each time a lease is renewed, the lease holder enters into a written lease agreement with DMR. Charles Wallace and DMR executed a lease agreement on December 29, 2020, which is the current lease agreement effective for PINK PS2 (the “Lease Agreement”, AR-3). In addition to the terms and conditions contained in the Lease Agreement, Mr. Wallace is required to comply with all laws and regulations pertaining to aquaculture including Chapter 2.75 of DMR’s regulations, which establishes minimum lease maintenance standards. PINK PS2 is also required to be marked in accordance with Chapter 2.80 of DMR’s regulations.

Pursuant to 12 M.R.S.A. §6072(11), leases are reviewed on an annual basis. In May 2025, DMR aquaculture inspection program staff reviewed PINK PS2. This review included a physical inspection of the lease site on May 29, 2025, as well as a review of DMR’s records related to PINK PS2.<sup>1</sup> DMR staff documented the results of their review in a preliminary Aquaculture Compliance Report (“Inspection Report”).<sup>2</sup> (AR-4). In the Inspection Report, DMR documented that Mr. Wallace was not in compliance with three requirements under the Lease Agreement and DMR’s regulations. First, when DMR staff physically inspected the lease site, they observed that it was not marked, which is both an express lease condition and required by Chapter 2.80 of DMR’s regulations. Second, DMR staff determined that Mr. Wallace owed two years of outstanding annual rent. The Lease Agreement requires rent of \$100 per acre per year to be paid on or before each October 1, and DMR’s records showed that Mr. Wallace had not paid rent since October 2023 (AR-9). Failure to pay rent in a timely manner is a violation of the Lease Agreement and of Chapter 2.75. Third, DMR staff determined that Mr. Wallace had failed to maintain a performance bond on the lease, and DMR’s records show that the last bond Mr. Wallace provided had been cancelled by his insurance company effective September 5, 2024 (AR-9). Failure to maintain a performance bond in the amount of \$5,000.00 is a violation of the Lease Agreement and of Chapter 2.75

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<sup>1</sup> For clarification, administrative compliance is a term used by DMR to refer to requirements such as paying fees or rent, maintaining bonds, obtaining necessary licenses, responding to notices, etc. It is distinct from a physical site inspection, which is conducted to ensure the lease holder is operating the site in compliance with the lease decision and other associated laws and rules. PINK PS2 was physically inspected, and administrative compliance was checked.

<sup>2</sup> The Compliance Report refers to the Site Holder as Petit Manan Seafood because Charles Wallace does business as Petit Manan Seafood.

On June 28, 2025, Marine Patrol hand delivered a letter with a copy of the Inspection Report (AR-5) (“Compliance Letter”) to Mr. Wallace. Typically, DMR communicates with lease holders via email or mail. However, Mr. Wallace had not been responding to correspondence sent to his last known email and postal mail addresses, so DMR used hand delivery by Marine Patrol in lieu of postal mail or email.<sup>3</sup> The Compliance Letter stated the three ways in which Mr. Wallace was out of compliance with DMR’s regulations and the Lease Agreement and notified him of what he needed to do by July 25, 2025, to bring PINK PS2 back into compliance. Specifically, the Compliance Letter informed Mr. Wallace that if he wished to keep operating PINK PS2, he needed to submit proof of a current bond, pay all outstanding lease rent, mark the lease site in accordance with Chapter 2.80, and update his mailing address, telephone number, and email address with DMR. The Compliance Letter stated that if all the identified noncompliance items were not addressed by July 25, 2025, then DMR would initiate lease revocation proceedings. Mr. Wallace did not address any of the compliance issues or otherwise respond by July 25, 2025, and DMR initiated revocation proceedings accordingly.

## **2. Revocation Proceedings**

Lease revocation proceedings are governed by 12 M.R.S.A. §6072(11), which states that a lease revocation is an adjudicatory proceeding under 5 M.R.S.A. §§ 9051-9064, and requires DMR to hold a hearing with public notice before revoking a lease. A public hearing was noticed for 1:00 p.m. on October 7, 2025, at the DMR main office in Augusta with the option to participate in person or remotely. On August 26, 2025, Marine Patrol hand delivered notice of DMR’s initiation of a revocation proceeding for PINK PS2 and the public hearing to Mr. Wallace (“Revocation Notice”, AR-6). The Revocation Notice included instructions that stated Mr. Wallace could participate in the hearing either in person or remotely, and that if he did not attend the hearing, a final decision would be rendered accordingly. On August 28, 2025, notice of the revocation hearing was mailed to the Town of Steuben. Notice of the public hearing was published in the *Bangor Daily News* on September 4, 2025, and September 18, 2025, and sent to subscribers of DMR’s aquaculture email listserv.

The public notice for the hearing stated that the proceeding would be conducted in-person and remotely and directed interested people to register to provide testimony or ask questions during the proceeding. The registration deadline was September 22, 2025. The deadline for requesting intervenor status was September 22, 2025. One person registered to participate in the hearing. No applications for

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<sup>3</sup> Marine Patrol confirmed, via email to aquaculture inspection staff, that the letter was hand delivered to Mr. Wallace the morning of June 28, 2025.

intervenor status were received. On October 3, 2025, although Mr. Wallace had not been responding to emails, DMR emailed Wallace a copy of the Compliance Report and a reminder of the hearing date.<sup>4</sup>

The public hearing was held as noticed on October 7, 2025. The hearing was noticed to start at 1:00 p.m., but at that time Mr. Wallace had not joined the proceeding either remotely or in-person. DMR waited 15 minutes to give Mr. Wallace more time to appear and opened the record at 1:15 p.m. Mr. Wallace neither appeared in person nor attempted to login remotely.

Individuals who provided sworn testimony at the hearing are listed in Table 1:

**Table 1.** Individuals who provided sworn testimony at the hearing.

| Name          | Affiliation                                            |
|---------------|--------------------------------------------------------|
| Kohl Kanwit   | DMR, Director, Bureau of Public Health and Aquaculture |
| Chloe Kilborn | DMR, Senior Aquaculture Inspector                      |

Additional DMR staff and the person who registered to participate attended the hearing but did not provide testimony. The hearing was recorded by DMR. The Hearing Officer was Amanda Ellis. The record was closed at the end of the hearing at 1:15 p.m. on October 7, 2025. On October 14, 2025, Mr. Wallace called DMR stating that he missed the hearing, because he had recorded the date of the hearing in his personal calendar as October 17, 2025. Marine Patrol hand delivered notice of the public hearing to Mr. Wallace on August 26, 2025, and the notice clearly stated that the hearing would be held on October 7, 2025. (AR-6).

After the October 7, 2025 hearing, DMR reviewed all the evidence in the record and determined that there may be an additional ground for revocation that was not previously noticed. Pursuant to 12 M.R.S.A. § 6072(11), an aquaculture lease may be revoked “if no substantial aquaculture or research has been conducted over the course of the lease.” The record evidence indicated that Mr. Wallace had not been conducting substantial aquaculture or research. Specifically, according to DMR records, Mr. Wallace never held an aquaculture license, which pursuant to 12 M.R.S.A. § 6810-B is required to remove, possess, transport, or sell cultured shellfish from the lease area. During the annual site inspection on May 29, 2025, DMR did not observe any signs that aquaculture activities were occurring on the site. Additionally, PINK PS2 is currently in the restricted water quality classification and has been since April 23, 2023, which means harvest from the lease area is prohibited unless relay permits are obtained. DMR has no record of Mr. Wallace ever obtaining a relay permit. This information provided a basis for DMR to add, as a ground for revocation in this proceeding, that no substantial aquaculture or research has been conducted over the course of the lease.

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<sup>4</sup> The Compliance Report was prepared by DMR and summarized issues of non-compliance or potential non-compliance over the term of the lease from December 4, 2017, through October 3, 2025.

Accordingly, DMR scheduled a second revocation hearing for 1:00 p.m. on July 7, 2026, to take evidence and testimony on the additional ground for revocation that Mr. Wallace has conducted substantially no aquaculture or research over the course of the lease. On May 31, 2026, Marine Patrol hand delivered notice of DMR's initiation of a second revocation proceeding for PINK PS2 and the public hearing to Mr. Wallace (AR-9). The notice of the second proceeding informed Mr. Wallace of the grounds for revocation, including the lack of substantial aquaculture and included instructions that stated Mr. Wallace could participate in the hearing either in person or remotely. On May 27, 2026, notice of the second revocation hearing was mailed to the Town of Steuben. Notice of the public hearing was published in the *Bangor Daily News* on June 6, 2026, and June 19, 2026, and sent to subscribers of DMR's aquaculture email listserv.

The public notice for the hearing stated that the proceeding would be conducted in-person, at the Moore Community Center in Ellsworth, and remotely and directed interested people to register to provide testimony or ask questions during the proceeding. The registration deadline was June 22, 2026. The deadline for requesting intervenor status was June 22, 2026. No one registered to participate in the hearing and no applications for intervenor status were received. On July 7, 2026, approximately 45 minutes before the start of the public hearing, Mr. Wallace called DMR and said that, due to a family matter, he would be unable to attend the hearing. Given the circumstances, including Mr. Wallace's failure to appear at the October 7, 2025, hearing, the Hearing Officer decided to proceed with the hearing as scheduled and hold the record open to allow Mr. Wallace the opportunity to submit filings related to his use of PINK PS2.

The hearing was held as scheduled at 1:00 p.m. on July 7, 2026. The hearing was recorded by DMR. The Hearing Officer was Amanda Ellis. Members of DMR staff and public attended the hearing but did not participate in the proceeding. DMR entered the May 20, 2026, inspection report and case file into the record as exhibits. The hearing concluded at 1:06 p.m. on July 7, 2026, but DMR held the record open so that Mr. Wallace could submit filings related to his use of PINK PS2. On July 8, 2026, DMR notified Mr. Wallace via certified mail and email that DMR was holding the record open until 5:00 p.m. on August 9, 2026 to provide him with the opportunity to submit any filings related to the aquaculture or research activities conducted over the term of the lease. According to U.S. Postal Service tracking, Mr. Wallace signed for the letter on July 17, 2026 (AR-9). Mr. Wallace did not submit any filings by the deadline.

The evidentiary record before DMR regarding this lease application includes the record of testimony at the hearing. The evidence from these sources is summarized below.

**Table 2. List of Exhibits**

| Description | Date | Citation |
|-------------|------|----------|
|-------------|------|----------|

|                                      |                   |      |
|--------------------------------------|-------------------|------|
| PINK PS2 lease decision              | December 4, 2007  | AR-1 |
| PINK PS2 renewal decision            | December 18, 2018 | AR-2 |
| PINK PS2 Lease Agreement             | December 29, 2020 | AR-3 |
| 2025 DMR Inspection Report           | May 29, 2025      | AR-4 |
| Compliance Letter to Charles Wallace | June 25, 2025     | AR-5 |
| Revocation Letter to Charles Wallace | August 22, 2025   | AR-6 |
| PINK PS2 Compliance Report           | October 3, 2025   | AR-7 |
| 2026 DMR Inspection Report           | May 20, 2026      | AR-8 |
| PINK PS2 Case File                   | Various           | AR-9 |

### **3. Statutory Criteria and Findings of Fact**

The revocation of a standard lease is governed by 12 M.R.S.A. § 6072(11). The statute provides that the Commissioner may initiate revocation proceedings and revoke the lease if aquaculture has been conducted in a manner substantially injurious to marine organisms or public health, if no substantial aquaculture or research has been conducted over the course of the lease, or if any condition of the lease or any minimum lease maintenance standard, adopted pursuant to 12 M.R.S.A. § 6072(13)(A), has been violated. Minimum lease maintenance standards have been adopted pursuant to § 6072(13)(A) and are located in Chapter 2.75 of DMR's regulations. Additionally, the Lease Agreement provides that revocation proceedings may be initiated if the lease holder defaults on the agreement (AR-3).

#### **A. Violations of Minimum Lease Maintenance Standards**

##### **1. Performance Bond**

Pursuant to Chapter 2.75(8), Chapter 2.40(2)(A), the original lease decision, and the Lease Agreement, Mr. Wallace was required to open an escrow account or secure a performance bond in the amount of \$5,000 as part of the lease execution process. Mr. Wallace elected to secure a performance bond. On August 1, 2024, DMR received notice from Mr. Wallace's insurance company that the bond he had provided would be cancelled effective September 5, 2024 (AR-7, AR-9). DMR did not receive proof of an updated bond from Mr. Wallace. On October 1, 2024, DMR requested in writing that Mr. Wallace submit an updated bond by October 31, 2024 (AR-9). No updated bond was received by that deadline. On June 25, 2025, DMR notified Mr. Wallace in the Compliance Letter that he had until July 25, 2025, to provide the required bond; however, DMR did not receive an updated bond by that deadline or by the time the

Compliance Report was finalized on October 3, 2025. (AR-7). On October 7, 2025, the same date as the revocation hearing, DMR received, via U.S. mail, a copy of a bond in the amount of \$5,000 from Mr. Wallace, with an effective date of September 22, 2025.

The minimum lease maintenance standards require lease holders to maintain a current performance bond. Ch. 2.75(8). PINK PS2 went more than a year, from September 5, 2024, to September 22, 2025, without a bond in place. During this period, DMR issued multiple reminders with deadlines to the lease holder, which Mr. Wallace failed to respond to or meet. Long past the final deadline he was given to supply an updated bond, Mr. Wallace mailed an updated bond to DMR's office, where it was received on October 7, 2025, the same date as the revocation hearing. Thus, the updated bond was received too late and was not made part of the hearing record. The record thus supports a finding that Mr. Wallace violated minimum lease maintenance standards in Ch. 2.75(8) by failing to maintain a performance bond. Even if DMR were to excuse the bond's late submission (which it is not required to do), the remaining grounds for revocation discussed below independently justify revocation of the lease.

**Therefore**, DMR finds that Charles Wallace violated Chapter 2.75(8) of DMR's minimum lease maintenance standards by failing to maintain a performance bond.

## **2. Rent**

Annual lease rent is due each year on October 1 and is assessed at a rate of \$100 per acre. Mr. Wallace is therefore required to pay \$213.00 annually by October 1 each year. On December 27, 2018, Mr. Wallace had not paid outstanding lease rent, and DMR suspended his ability to renew other DMR-issued licenses until the PINK PS2 lease rent fees were paid (AR-9). The hold was removed on January 11, 2019, after lease rent fees were paid (AR-9). On March 2, 2023, DMR notified Mr. Wallace that he had failed to pay rent in 2022. Mr. Wallace did not pay the outstanding balance until April 11, 2023, nearly seven months late. Mr. Wallace again failed to pay rent on October 1, 2023, resulting in DMR issuing a written notice on January 24, 2024. Mr. Wallace again missed his rent payment due October 1, 2024. In the Compliance Letter dated June 25, 2025, DMR notified Mr. Wallace that the rent for 2023 and 2024 remained outstanding and required full payment by July 25, 2025. DMR received no response, and the balance was not paid by the July 25, 2025 deadline. Mr. Wallace finally paid the outstanding account balance on July 29, 2025.<sup>5</sup>

Mr. Wallace has repeatedly failed to pay rent in a timely manner over the course of the lease. His failure to do so resulted in DMR suspending Mr. Wallace's ability to renew other licenses and issuing multiple letters to which DMR received no response from Mr. Wallace. Most recently, as of July 25, 2025,

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<sup>5</sup> The October 3, 2025 Compliance Report does not contain all of these details because it was based on a review of Aquaculture Division files, and payment of lease fees is managed by a separate state entity. The facts stated herein have since been confirmed by verifying payment records with the Natural Resources Service Center.

the rent due on September 30, 2023, was nearly two years overdue. Despite reminders and multiple opportunities to settle these balances, Mr. Wallace failed to make payments by the October 1 deadlines each year or by the extended deadlines issued by DMR. Where Mr. Wallace has let his rent balance repeatedly go overdue for an extended length of time, he has not complied with the minimum lease maintenance standard in Chapter 2.75(8) that requires him to pay rental fees “in a timely manner.”

**Therefore,** DMR finds that Charles Wallace has violated Chapter 2.75(8) of DMR’s minimum lease maintenance standards by failing to pay rental fees in a timely manner.

#### **B. Violation of the Lease Condition and Chapter 2.80**

The Lease Agreement includes a condition requiring that the site be marked in accordance with Chapter 2.80 of DMR’s regulations (AR-3). During the site inspection on May 29, 2025, DMR staff documented that PINK PS2 was not marked. In the Compliance Letter dated June 25, 2025, DMR notified Mr. Wallace of the inspection findings, including that the site was not properly marked (AR-5). DMR gave Mr. Wallace until July 25, 2025, to mark the site and submit photographs demonstrating that the lease site was marked (AR-5). Mr. Wallace did not respond, or submit photographs by the July 25, 2025, deadline or at any time thereafter.

During the site inspection on May 20, 2026, DMR documented that PINK PS2 was not marked (AR-8). On June 15, 2026, DMR notified Mr. Wallace of the inspection findings, including that the site was not properly marked (AR-8). DMR gave Mr. Wallace until July 15, 2026, to resolve the issue (AR-8). Mr. Wallace did not respond to or send confirmation that the issue had been addressed by the deadline of July 15, 2026, or any time thereafter.

**Therefore,** DMR finds that Charles Wallace has violated the lease condition, which requires the site to be marked in accordance with Chapter 2.80 of DMR’s regulations, and has violated Chapter 2.80 itself.

#### **C. No Substantial Aquaculture**

Title 12 M.R.S.A. § 6072 (11) provides that the Commissioner may initiate revocation proceedings and revoke the lease if no substantial aquaculture or research has been conducted over the course of the lease.

Molluscan shellfish, such as oysters, are filter feeders, so the quality of the water in which they are cultivated is a critical factor in determining their safety for human consumption. To help ensure shellfish are safe for human consumption, DMR’s Water Quality Program evaluates all shellfish growing areas in

the state of Maine to determine their suitability for harvest. The evaluations follow standards specified by the National Shellfish Sanitation Program Model Ordinance (NSSP MO).<sup>6</sup>

The classification of a growing area is determined by conducting a sanitary survey, which involves the following:

- Shoreline surveys, which identify pollution sources that may impact water quality. This includes sewage treatment plants, onsite sewage systems, farms with livestock, drainage ways, and wildlife;
- Marine water sampling to determine fecal coliform bacterial levels in marine water; and
- An analysis of how weather conditions, tides, currents, and other factors may affect the distribution of pollutants in the area.

Based on the results of a sanitary survey, a growing area may be classified as approved, conditionally approved, restricted, conditionally restricted, or prohibited. Once classified, all shellfish growing areas are regularly monitored and marine water samples are collected throughout the year. Growing Area classifications may be modified if testing demonstrates that water quality has changed. For example, an area classified as approved may be downgraded to conditionally approved or restricted.

PINK PS2 was most recently renewed for a 10-year term that began on December 4, 2017. PINK PS2 is in growing area EK, section R2 (AR-7, 3). The growing area where PINK PS2 is located was in the restricted classification at the start of the lease term, December 4, 2017, through April 29, 2021, when it was upgraded to Approved (AR-7, 3). The classification was downgraded to restricted, again, on April 23, 2023, and has remained in that classification ever since (AR-7, 3). In accordance with 12 M.R.S.A. § 6172, the restricted classification means that it is unlawful to dig, take, or possess any oysters from the waters where PINK PS2 is located (AR-7). An exception to the prohibition is provided for aquaculture leases, but the lease holder must obtain a relay permit from DMR prior to any of those activities occurring. The relay permit allows product to be moved to another aquaculture site, in an approved classification, for purging at least 60 days before any product is harvested for consumption (AR-7). DMR has no record of Mr. Wallace requesting or receiving a relay permit over the term of the lease. Because PINK PS2 is in an area that has been in the restricted classification for approximately six out of the ten years of the lease term, and Mr. Wallace has never been issued a relay permit, he has been prohibited to take or possess product from the site for more than half of the 10-year lease term.

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<sup>6</sup> The NSSP is a federal and state compact, recognized by the U.S. Food and Drug Administration and the Interstate Shellfish Sanitation Conference which governs the sanitary control of shellfish produced and sold for human consumption. The NSSP is focused on protecting public health and improving the sanitation of bivalve shellfish in interstate commerce. It creates uniformity amongst state shellfish programs. DMR has adopted the NSSP MO through rulemaking (see Chapter 94-Sanitary Control of Molluscan Shellfish).

Since May 1, 2018, an aquaculture lease holder may not remove, possess, transport, or sell cultured shellfish the holder has removed from his lease site unless he has an aquaculture license. 12 M.R.S.A. § 6810-B. DMR has no record of Mr. Wallace ever obtaining such a license. Therefore, Mr. Wallace has been prohibited from removing, possessing, transporting, or selling cultured shellfish from PINK PS2 since May 1, 2018, which is more than half of the 10-year lease term.

Additionally, during the site inspection, on May 29, 2025, DMR did not observe any signs that aquaculture activities were occurring, and the site was not marked. Leases are required to be marked year-round and there are no exceptions to that requirement for periods of non-use or other considerations. In addition, based on the equipment that was approved in the lease decision, DMR would expect Tract 2 to contain either an upweller or floating trays deployed. During the site inspection, on May 29, 2025, no such equipment was observed. Instead, there were no signs that aquaculture was occurring or that the area was leased for aquaculture.

PINK PS2 was issued on December 4, 2007, and the purpose of the lease was to expand operations previously authorized under an experimental lease held by Mr. Wallace. At the time PINK PS2 was originally issued, the site was also in the restricted classification and during the public hearing, Mr. Wallace testified that he understood the harvesting restrictions and the requirement to relay product to another location for purging before harvest (AR-1, 2). The original lease decision also states that Mr. Wallace intended to apply for an additional aquaculture site, in either Pinkham Bay or Dyer Bay, for the purposes of product relay (AR-1). However, Mr. Wallace did not apply for and does not hold any other aquaculture sites, so there is no location for him to relay product to before harvesting.<sup>7</sup> PINK PS2 was renewed on December 18, 2018, and the decision determined that based on annual reports filed by the lease holder and the renewal application, aquaculture had been conducted on the site over the course of the initial lease term, which was from December 4, 2007, through December 3, 2017 (AR-2, 2). During the course of that initial term, Mr. Wallace was not required to hold a license to remove, possess, transport, or sell cultured shellfish that he harvested from his site because that requirement did not go into effect until May 1, 2018.

During the site inspection, on May 20, 2026, DMR did not observe any signs that aquaculture activities were occurring, and the site was not marked. Leases are required to be marked year-round and there are no exceptions to that requirement for periods of non-use or other considerations. In addition, based on the equipment that was approved in the lease decision, DMR would expect Tract 2 to contain either an upweller or floating trays deployed. During the site inspection, on May 20, 2026, DMR did not observe any of this equipment. Instead, there were no signs that aquaculture was occurring or that the area

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<sup>7</sup> Lease holders are permitted to relay product to aquaculture sites that they do not hold provided those sites are in the approved classification. However, the lease holder still needs to receive relay permits first. Therefore, even if Mr. Wallace wanted to move his product to an aquaculture site he does not hold, which there is no evidence that this is the case, he would still need relay permits which he has never obtained.

was leased for aquaculture. For the reasons specified in section 2 of this decision, Mr. Wallace was given until August 9, 2026, to file materials related to his use of the aquaculture site. Mr. Wallace did not submit any materials. However, DMR reviewed its records and on August 6, 2026, Mr. Wallace was issued the required license to remove, possess, transport, and sell product cultivated on PINK PS2. However, is still prohibited from conducting those activities because he does not have either a relay permit or an aquaculture site to move product to. Mr. Wallace has never been issued relay permits, nor has he obtained aquaculture sites or indicated which site(s) he would move product to if relay permits were obtained.

Revocation proceedings are based upon issues that have arisen over the course of the current lease term, which is from December 4, 2017, through December 3, 2027. It is clear from the record that Mr. Wallace holds PINK PS2 for the purpose of the intended culture and sale of American oysters. However, after May 1, 2018 when the requirement to obtain a license to remove, possess, transport, or sell product went into effect, Mr. Wallace never applied for such a license until August 5, 2026—after he had received notice of this revocation proceeding. Additionally, given the restricted classification and the fact that Mr. Wallace has neither applied for nor received a relay permit, and the fact that Mr. Wallace does not hold any other aquaculture sites or proposed to use someone else's aquaculture site to which he could relay product, PINK PS2 could not have been legally operated for the culture and sale of oysters for at least six years of the ten-year term. Given this extended period of prohibition of aquaculture activities, and the observed absence of any gear on the lease site in 2026, the record demonstrates that the lease has not been substantially utilized for the culture and sale of American oysters.

**Therefore,** DMR finds that no substantial aquaculture or research has been conducted over the course of the lease term beginning December 4, 2017.

#### **4. Default on Lease Agreement**

Section 9 of the Lease Agreement provides that if the Lessee defaults on the agreement, DMR may revoke the lease after holding a public hearing with public notice (AR-3). Per the Lease Agreement (AR-3), the events that shall be deemed a default include:

- a. If Lessee fails to pay when due any rent payable hereunder;
- b. If Lessee does not comply with any other provision of this Lease and does not cure such noncompliance within 30 days after notice thereof to Lessee, or where such noncompliance cannot be cured within 30 days, if Lessee fails to promptly and diligently undertake to cure such noncompliance and cause the same to be cured as soon as reasonably possible;

...

f. If substantially no aquaculture has been conducted on the leased premises within the preceding year, or if Lessee has conducted aquaculture activities in a manner substantially injurious to marine organisms; or

g. If Lessee fails to comply with all applicable Department of Marine Resources statutes, rules and regulations.

DMR held public hearings with public notice on October 7, 2025, and July 7, 2026, in accordance with the Maine Administrative Procedure Act. For the reasons discussed in this decision, the Lessee has defaulted on the Lease Agreement: (1) by failing to pay rent when due; (2) because substantially no aquaculture activities have been conducted on the lease premises within the preceding year; and (3) by failing to maintain the lease in accordance with all applicable DMR statutes, rules and regulations, including minimum maintenance standards under Chapter 2.75. DMR gave notice of noncompliance to Mr. Wallace on June 25, 2025, and he did not cure the noncompliance within 30 days after notice thereof.<sup>8</sup> DMR also gave notice of noncompliance to Mr. Wallace on June 15, 2026, and he did not cure the noncompliance within 30 days after notice thereof.

**Therefore,** DMR finds that the lease holder has defaulted on the Lease Agreement.

#### **4. CONCLUSIONS OF LAW**

Based on the above findings, DMR concludes that:

- a. The lease holder has violated the minimum lease maintenance standards.
- b. The lease holder has violated the lease conditions.
- c. No substantial aquaculture or research has been conducted over the course of the lease.
- d. The lease holder has defaulted on the lease agreement.

Accordingly, the evidence in the record supports the conclusion that PINK PS2 may be revoked in accordance with 12 M.R.S.A. § 6072(11) and the lease agreement.

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<sup>8</sup> DMR was not required to give Wallace 30 days to cure his failure to pay rent when due. Under the terms of the Lease Agreement, the 30-day opportunity to cure applies only “If Lessee does not comply with any other provision of this Lease,” meaning *other than* the failure to pay rent when due. Nevertheless, DMR gave Wallace repeated opportunities to cure his failure to pay rent on time. DMR gave its final opportunity to cure this failure in its Compliance Letter dated June 25, 2025, which was served on Wallace on June 28, 2025 (AR-6) [as noted earlier, Marine Patrol provided proof of service]. Mr. Wallace paid the outstanding account balance on July 29, 2025—31 days after receiving DMR’s final notice. Therefore, even if the 30-day opportunity to cure applied to Mr. Wallace’s failure to pay rent when due, he did not cure it within 30 days of receiving notice.

**5. DECISION**

Based on the foregoing, the Commissioner revokes PINK PS2.

Dated: 8.21.2026

  
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Carl J. Wilson, Commissioner  
Department of Marine Resources