

1 **BEFORE THE CANNABIS COMPLIANCE BOARD**  
2 **STATE OF NEVADA**

3  
4 STATE OF NEVADA, CANNABIS  
COMPLIANCE BOARD,

Case No. 2020-010

5 Petitioner,

6 vs.

7 NV GREEN, INC,

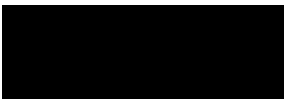
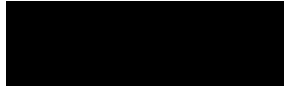
8 Respondent.  
9

10 **COMPLAINT FOR DISCIPLINARY ACTION**

11 The Cannabis Compliance Board of the State of Nevada (the "CCB"), by and through  
12 counsel, Aaron D. Ford, Attorney General of the State of Nevada, L. Kristopher Rath, Esq.,  
13 Senior Deputy Attorney General, and Ashley A. Balducci, Esq., Senior Deputy Attorney  
14 General, having a reasonable basis to believe that RESPONDENT NV GREEN, INC. ("NV  
15 Green" or "Respondent") has violated provisions of Chapters 453A and 453D of the Nevada  
16 Revised Statutes ("NRS"), and Chapters 453A and 453D of the Nevada Administrative  
17 Code ("NAC"), hereby issues its Complaint, stating the CCB's charges and allegations as  
18 follows:  
19

20 **JURISDICTION**

21 1. During all relevant times mentioned in this Complaint, NV Green held, and  
22 currently holds, the following certificates and licenses:

23 ID	License/Certificate	Last Issued / Renewed	Address
24 P004	Medical Production 51157511271279283787	7/1/2020	
25 C005	Medical Cultivation 33102338992967161675	7/1/2020	

26  
27 2. The Medical Production and Medical Cultivation facilities for NV Green are  
28 located as the same aforementioned address in Sparks, Nevada. The mailing address for

1 Nevada Green is via its point of contact, Ronald R. Cannon, at [REDACTED]

2 [REDACTED]  
3 3. During all relevant times mentioned in this Complaint, NV Green is and was  
4 registered as a domestic corporation in the State of Nevada. Ronald Cannon is the  
5 Secretary of, and Point of Contact for, NV Green. The President and Treasurer of NV Green  
6 is Shaawn Cannon. Eric Sjogren is listed as a Director of NV Green.

7 4. Laws 2019, c. 595, § 240, eff. July 1, 2020, states, in pertinent part, as follows:

8 1. The administrative regulations adopted by the Department of Taxation  
9 pursuant to chapters 453A and 453D of NRS governing the licensing and  
10 regulation of marijuana establishments and medical marijuana  
11 establishments remain in force and are hereby transferred to become the  
12 administrative regulations of the Cannabis Compliance Board on July 1, 2020.  
13 On and after July 1, 2020, these regulations must be interpreted in a manner  
14 so that all references to the Department of Taxation and its constituent parts  
15 are read and interpreted as being references to the Cannabis Compliance  
16 Board and its constituent parts, regardless of whether those references have  
17 been conformed pursuant to section 244 of this act at the time of  
18 interpretation...

19 3. Any action taken by the Department of Taxation or its constituent parts  
20 pursuant to chapter 453A and 453D of NRS governing the licensing and  
21 regulation of marijuana establishments and medical marijuana  
22 establishments before July 1, 2020, remains in effect as if taken by the  
23 Cannabis Compliance Board or its constituent parts on and after July 1, 2020.

24 5. Effective July 1, 2020 and pursuant to NRS 678A.350, the CCB superseded  
25 the Marijuana Enforcement Division of the Department of Taxation (the "Department") in  
26 enforcing Nevada's laws and regulations for the cannabis industry.

27 6. As set forth below, the events at issue in this CCB Complaint occurred prior  
28 to July 1, 2020, when NV Green was licensed pursuant to NRS Chapters 453A and 453D  
and NAC Chapters 453A and 453D. Therefore, NV Green is subject to the jurisdiction of  
the CCB and subject to discipline pursuant to NRS 678A through 678D and the relevant  
provisions of NRS Chapters 453A and 453D and NAC 453A and 453D. Violations are  
referenced herein to the statutes and regulations in effect at the time each said violation  
occurred.

1 7. Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director  
2 has transmitted the details of the suspected violations of NV Green to the Attorney General  
3 and the Attorney General has conducted an investigation of the suspected violations to  
4 determine whether they warrant proceedings for disciplinary action. The Attorney General  
5 has recommended to the Executive Director that further proceedings are warranted, as set  
6 forth in this CCB Complaint. The Executive Director has transmitted this recommendation  
7 and information to the CCB. Pursuant to NRS 678A.510(2)(b), the CCB has voted to  
8 proceed with appropriate disciplinary action under NRS 678A.520 through 678A.600, and  
9 has authorized service of this CCB Complaint upon Respondent pursuant to NRS  
10 678A.510(1).

### 11 **FACTUAL ALLEGATIONS**

12 8. CCB incorporates all prior Paragraphs as though fully set forth herein.

13 9. On June 4, 2020, pursuant to NRS 453D.292(7), Department staff conducted  
14 an inspection/investigation of the NV Green facility at [REDACTED]

15 [REDACTED]. Ashley Leano was the investigator and Stephen Rudy was the auditor.

16 10. During the course of the aforementioned inspection/investigation,  
17 Department staff found that NV Green was not properly disposing of cannabis waste. At  
18 the production facility, the waste tablets were not homogenized with non-marijuana  
19 material. Instead, NV Green staff destroyed cannabis waste by pouring hot water on it,  
20 stirring it until it dissolved, and then poured it down the drain. At the cultivation facility,  
21 Department staff found that the facility's destruction process did not grind and homogenize  
22 cannabis waste with the shredded paper they mixed into it.

23 11. During the June 4, 2020, investigation at the cultivation facility, Department  
24 staff also found two bins of cannabis product staged for trimming that did not have the  
25 associated METRC tags in close proximity to the cannabis product. Also, staff at the facility  
26 was often splitting lots into multiple one pound packages without making copies of the  
27 METRC package tags to attach to each package; rather, identification information was  
28 handwritten on each package.

1 12. CCB staff also requested video records both the production and cultivation  
2 facilities were required to keep. NV Green staff was unable to provide video records for  
3 certain areas of the building from the main security workstation.

#### 4 VIOLATIONS OF LAW

5 13. CCB incorporates all prior Paragraphs as though fully set forth herein.

6 14. As to certificate C005, Respondent NV Green violated NAC 453A.414(4)(d)(9),  
7 453D.426(5)(d)(9), NAC 453D.745(1)(b), NAC 453D.745(3), and NAC 453D.905(3)(d)(15) by  
8 failing to meet the requirements for disposal of marijuana waste. Specifically, the  
9 cultivation facility's waste destruction process did not grind and homogenize cannabis  
10 waste with the shredded paper that they mixed in. The facility was not following the  
11 required cannabis waste procedures under NAC 453D.745. This failure to properly dispose  
12 of cannabis waste constitutes a Category III violation, which carries a \$2,500 fine.

13 15. As to certificate C005, Respondent NV Green violated NAC 453A.414(4) and  
14 (5), NAC 453D.426(5) and (6) and 453D.905(3)(d)(4), (5) and (13) by failing to tag all plants  
15 as required and failing to properly use the seed to sale tracking system. Specifically, as set  
16 forth above, two bins of cannabis product staged for trimming at the cultivation facility did  
17 not have the associated METRC tags in close proximity to the cannabis product. Also, staff  
18 at the facility was often splitting lots into multiple one pound packages without making  
19 copies of the METRC package tags to attach to each package; rather, identification  
20 information was handwritten on each package. These actions constitute a second Category  
21 III violation, which requires a \$5,000 fine or a license suspension of not more than 10 days.

22 16. As to license P004 and certificate C005, Respondent NV Green violated NAC  
23 453A.420(1)(c)(6), NAC 453D.434(1)(a)(3), and NAC 453D.905(3)(b)(14) by failing to  
24 maintain a required surveillance system and NAC 453D.905(3)(d)(4) by failing to keep  
25 required records. Specifically, NV Green did not keep security video recordings of certain  
26 parts of its building for the required time periods and was unable to produce these records  
27 to Department staff when requested. These acts and omissions constitute a Category II  
28 violation and a Category III violation. This third Category III violation for certificate C005

1 requires a fine of \$10,000 or a licensure suspension of up to 20 days. This first Category II  
2 violation for certificate C005 requires a fine of \$10,000 and a licensure suspension of up to  
3 20 days. For license P004, this first Category III violation carries a \$2,500 fine. For license  
4 P004, this first Category II violations carries a \$10,000 fine.

5 17. As to license P004, Respondent NV Green violated NAC 453A.414(4)(d)(9),  
6 453D.426(5)(d)(9), NAC 453D.745(1)(b) and (3), and NAC 453D.905(3)(d)(15) by failing to  
7 meet the requirements for disposal of marijuana waste. Specifically, the production  
8 facility's staff destroyed cannabis waste by pouring hot water on it, stirring it until it  
9 dissolved, and then pouring it down the drain. The facility was not following the required  
10 cannabis waste procedures under NAC 453D.745. This failure to properly dispose of  
11 cannabis waste constitutes a second Category III violation, which carries a \$5,000 fine for  
12 license P004.

### 13 **DISCIPLINE AUTHORIZED**

14 Pursuant to the provisions of NRS 678A.600, NAC 453A.332, NAC 453D.312, NAC  
15 453D.405, NAC 453D.900, and NAC 453D.905, the CCB has the discretion to impose the  
16 following disciplinary actions:

- 17 1. Suspend certificate C005 of NV Green;
- 18 2. Impose a civil penalty of not more than \$35,000 for each separate violation of  
19 Chapter 453D on the license and certificate of NV Green; and
- 20 3. Take such other disciplinary action as the CCB deems appropriate.

21 The CCB may order one or any combination of the discipline described above.

### 22 **RELIEF REQUESTED**

23 Based on the foregoing, counsel for the CCB respectfully requests the CCB impose  
24 civil penalties against NV Green for certificate C005 in the amount of \$27,500. Counsel for  
25 the CCB further requests the amount expended for CCB's time and effort, pursuant to NAC  
26 453A.352(4) and 453D.200(3), in the amount of \$333.00 in costs to date. In sum, counsel for  
27 the CCB respectfully requests the CCB order fines, penalties and costs in the total amount  
28 of \$27,833.00 for certificate C005. CCB reserves its rights to seek additional costs incurred

1 as this matter proceeds through hearing and rehearing, if applicable.

2 Based on the foregoing, counsel for the CCB respectfully requests the CCB impose  
3 civil penalties against NV Green for license P004 in the amount of \$17,500.

4 The total amount of penalties and costs sought for NV Green for certificate C005 and  
5 license P004 is \$45,333.00.

6 **NOTICE TO RESPONDENT**

7 **PLEASE TAKE NOTICE**, that Respondent has a right to request a hearing on the  
8 charges set forth herein, pursuant to NRS 678A.510 through 678A.590. **Failure to**  
9 **demand a hearing constitutes a waiver of the right to a hearing and to judicial**  
10 **review of any decision or order of the Board, but the Board may order a hearing**  
11 **even if the respondent so waives his or her right. NRS 678A.520(2)(e).**

12 **PLEASE TAKE NOTICE**, you, as the respondent, **must answer this Complaint**  
13 **within 20 days after service of this Complaint**, unless granted an extension. Pursuant  
14 to NRS 678A.520(2), in the answer Respondent:

15 (a) Must state in short and plain terms the defenses to each claim asserted.

16 (b) Must admit or deny the facts alleged in the complaint.

17 (c) Must state which allegations the respondent is without knowledge or information  
18 form a belief as to their truth. Such allegations shall be deemed denied.

19 (d) Must affirmatively set forth any matter which constitutes an avoidance or  
20 affirmative defense.

21 (e) May demand a hearing. **Failure to demand a hearing constitutes a waiver**  
22 **of the right to a hearing and to judicial review of any decision or order of**  
23 **the Board**, but the Board may order a hearing even if the respondent so waives his  
24 or her right.

25 **Failure to answer or to appear at the hearing constitutes an admission by**  
26 **the respondent of all facts alleged in the Complaint. The Board may take action**  
27 **based on such an admission and on other evidence without further notice to the**  
28 **respondent. NRS 678A.520(3).**

1 The Board shall determine the time and place of the hearing as soon as is reasonably  
2 practical after receiving the respondent's answer. The Board shall deliver or send by  
3 registered or certified mail a notice of hearing to all parties at least 10 days before the  
4 hearing. The hearing must be held within 45 days after receiving the respondent's answer  
5 unless an expedited hearing is determined to be appropriate by the Board, in which event  
6 the hearing must be held as soon as practicable. NRS 678A.520(4).

7 Respondent's answer and Request for Hearing must be either: mailed via registered  
8 mail, return receipt; or delivered in person; or emailed to:

9 Tyler Klimas, Executive Director  
10 Cannabis Compliance Board  
11 555 E. Washington Avenue, Suite 4100  
12 Las Vegas, Nevada 89101  
13 [tklimas@ccb.nv.gov](mailto:tklimas@ccb.nv.gov)

14 If served by email, Respondent must ensure that it receives an acknowledgement of receipt  
15 email from CCB as proof of service.

16 As the respondent, you are specifically informed that you have the right to appear  
17 and be heard in your defense, either personally or through your counsel of choice at your  
18 own expense. At the hearing, the CCB has the burden of proving the allegations in the  
19 Complaint. The CCB will call witnesses and present evidence against you. You have the  
20 right to respond and to present relevant evidence and argument on all issues involved. You  
21 have the right to call and examine witnesses, introduce exhibits, and cross-examine  
22 opposing witnesses on any matter relevant to the issues involved.

23 You have the right to request that the CCB issue subpoenas to compel witnesses to  
24 testify and/or evidence to be offered on your behalf. In making this request, you may be  
25 required to demonstrate the relevance of the witness's testimony and/or evidence.


26 If the respondent does not wish to dispute the charges and allegations set forth  
27 herein, within 30 days of the service of this Complaint, Respondent may pay the civil  
28 penalties and costs set forth above in the total amount of \$45,333.00 to:

29 Tyler Klimas, Executive Director  
30 Cannabis Compliance Board  
31 555 E. Washington Avenue, Suite 4100  
32 Las Vegas, Nevada 89101

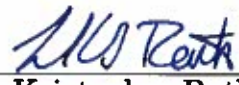
1 YOU ARE HEREBY ORDERED to immediately cease the activity described above  
2 which is a violation of Nevada law.

3 DATED: August 21, 2020.

4 STATE OF NEVADA, CANNABIS COMPLIANCE  
5 BOARD

6 By:   
7 Tyler Klimas, Executive Director  
8 555 E. Washington Avenue, Suite 4100  
9 Las Vegas, Nevada 89101  
10 (702) 486-2300

11 AARON D. FORD  
12 Attorney General

13 By:   
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15 Senior Deputy Attorney General  
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17 Senior Deputy Attorney General  
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21 Attorneys for the Cannabis Compliance Board  
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