

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

3 STATE OF NEVADA, CANNABIS
4 COMPLIANCE BOARD,

Case No. 2020-018

5 Petitioner,

6 vs.

7 TRYKE COMPANIES RENO, LLC,



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 TRYKE COMPANIES
15 RENO, LLC. (“Tryke” or “Respondent”) has violated provisions of Chapters 678A through
16 678D of the Nevada Revised Statutes (“NRS”), and Chapters 453A and 453D of the Nevada
17 Administrative Code (“NAC”), hereby issues its Complaint, stating the CCB’s charges and
18 allegations as follows:

19 **JURISDICTION**

20 1. During all relevant times mentioned in this Complaint, Tryke held, and
21 currently holds, the following license and certificate:

22 ID	22 License/Certificate	22 Last Issued / Renewed	22 Address
23 D026	23 Medical Dispensary 24 48846213406320567884	23 7/1/2020	
25 RD026	25 Adult-use Dispensary 26 31882641465304506399	25 7/1/2020	

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1 2. During all relevant times mentioned in this Complaint, Tryke is and was
2 registered as a domestic limited liability company in the State of Nevada. The Nevada
3 Secretary of State lists the Manager of Tryke as Seacoast Investment Fund II, LLC. Mr.
4 Brett Scolari is listed as the Point of Contact for Tryke with the CCB.

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

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

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

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

22 5. As set forth below, the events at issue in this CCB Complaint occurred and/or
23 were discovered after July 1, 2020, but prior to the effective date of the Nevada Cannabis
24 Compliance Board's Regulations ("NCCR") on August 5, 2020. As a result, Tryke is subject
25 to NRS Title 56 and NAC Chapters 453A and 453D for the violations asserted herein.
26 Therefore, Tryke is subject to the jurisdiction of the CCB and subject to discipline pursuant
27 to NRS 678A through 678D and the relevant provisions of NAC 453A and 453D. Violations
28

1 are referenced herein to the statutes and regulations in effect at the time each said violation
2 occurred and/or was discovered.

3 6. Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director
4 has transmitted the details of the suspected violations of Tryke to the Attorney General
5 and the Attorney General has conducted an investigation of the suspected violations to
6 determine whether they warrant proceedings for disciplinary action. The Attorney General
7 has recommended to the Executive Director that further proceedings are warranted, as set
8 forth in this CCB Complaint. The Executive Director has transmitted this recommendation
9 and information to the CCB. Pursuant to NRS 678A.510(2)(b), the CCB has voted to
10 proceed with appropriate disciplinary action under NRS 678A.520 through 678A.600, and
11 has authorized service of this CCB Complaint upon Respondent pursuant to NRS
12 678A.510(1).

13 **FACTUAL ALLEGATIONS**

14 7. CCB incorporates all prior Paragraphs as though fully set forth herein.

15 8. On July 7, 2020, as part of a routine audit pursuant to NRS 678A.480(1), CCB
16 staff conducted an investigation of the Tryke medical and adult-use dispensary facility at
17 [REDACTED]. The Board agents for this investigation were
18 Ashley Leano and Stephen Rudy.

19 9. During the course of the aforementioned investigation, CCB staff found that
20 Tryke was not properly utilizing the State required seed to sale tracking system, METRC.
21 Specifically, METRC inventory records for both medical and adult use were not reconciled
22 to the physical inventory. METRC showed 423 packages of cannabis product with negative
23 quantities. Also, 7 products showed inventory in METRC, but there was no product in the
24 dispensary's physical inventory. For 6 other products, the actual, physical inventory could
25 not be reconciled with the total inventory recorded in METRC.

26 10. CCB agents also learned that Tryke had failed to notify CCB or the
27 Department of the waste destruction of 130 product types on June 25, 2020. This
28 information was not entered into METRC until June 29, 2020.

1 11. CCB agents also found that the Tryke dispensary was not providing the
2 required product labels on most of its individual products manufactured by its integrated
3 cultivation and production facilities when the dispensary sold these products to its
4 customers.

5 12. CCB inspectors also found that Tryke was not able to provide a Camera
6 Malfunction Log for its security camera system when requested, as mandated by
7 regulations.

8 VIOLATIONS OF LAW

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

10 14. As to certificate D026 and license RD026, Respondent Tryke violated NRS
11 678C.430, NAC 453A.414(4), NAC 453D.426(6)(a), and NAC 453D.905(3)(d)(4).
12 Specifically, Tryke failed to meet seed to sale tracking requirements because it could not
13 reconcile its physical inventory of cannabis products with entries in METRC, as detailed in
14 Paragraph 9, above. This is a Category III violation, which carries a fine of \$2,500.

15 15. As to certificate D026 and license RD026, Respondent Tryke violated NAC
16 453D.745(4) and NAC 453D.905(3)(d)(15) by failing to meet the requirements for disposal
17 of marijuana waste. Specifically, Tryke failed to report its destruction of cannabis product
18 to the Department or CCB prior to the actual destruction of the cannabis product on June
19 25, 2020. Tryke did not report this destruction in METRC until June 29, 2020. This is a
20 second Category III violation and carries a \$5,000 fine or a license suspension of up to 10
21 days.

22 16. As to certificate D026 and license RD026, Respondent Tryke violated NAC
23 453A.512, 453D.828, and NAC 453D.905(3)(d)(13) by violating packaging and labeling
24 requirements. Specifically, Tryke's dispensary did not provide the required labeling on
25 products sold to its customers. This is a third Category III violation and carries a fine of
26 \$10,000 or a license suspension of up to 20 days.

27 17. As to certificate D026 and license RD026, Respondent Tryke violated NAC
28 453A.420, NAC 453D.434(5) and NAC 453D.905(3)(d)(4) and (6). Specifically, Tryke was

1 unable to produce a Camera Malfunction Log for its security camera system when CCB
2 staff requested this. This is fourth Category III violation, requiring license suspension of
3 up to 30 days.

4 DISCIPLINE AUTHORIZED

5 Pursuant to the provisions of NRS 678A.600, NAC 453A.332, NAC 453D.312,, NAC
6 453D.900, and NAC 453D.905, the CCB has the discretion to impose the following
7 disciplinary actions:

- 8 1. Suspend the certificate and license of Tryke;
- 9 2. Impose a civil penalty of not more than \$35,000 for each separate violation of
10 NRS Title 56 and NAC Chapters 453A and 453D on the certificate and license of Tryke;
11 and,
- 12 3. Take such other disciplinary action as the CCB deems appropriate.

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

14 RELIEF REQUESTED

15 Based on the foregoing, counsel for the CCB respectfully requests the CCB impose
16 the penalty of a 30 day suspension against the certificate and license of Tryke, D110 and
17 RD110.

18 In addition, counsel for CCB requests the CCB impose civil penalties against Tryke
19 in the amount of \$17,500. Counsel for the CCB further requests the amount expended for
20 CCB's time and effort, pursuant to NAC 453A.352(4) and 453D.200(3), in the amount of
21 \$55.50 in costs to date. In sum, counsel for the CCB respectfully requests the CCB order
22 suspension of Tryke's certificate and license and order fines, penalties and costs in the total
23 amount of \$17,555.50. CCB reserves its rights to seek additional costs incurred as this
24 matter proceeds through hearing and rehearing, if applicable.

25 NOTICE TO RESPONDENT

26 PLEASE TAKE NOTICE, that Respondent has a right to request a hearing on the
27 charges set forth herein, pursuant to NRS 678A.510 through 678A.590. **Failure to**
28 **demand a hearing constitutes a waiver of the right to a hearing and to judicial**

1 review of any decision or order of the Board, but the Board may order a hearing
2 even if the respondent so waives his or her right. NRS 678A.520(2)(e).

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

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

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

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

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

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

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

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

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

3 Tyler Klimas, Executive Director
4 Cannabis Compliance Board
5 555 E. Washington Avenue, Suite 4100
6 Las Vegas, Nevada 89101
7 tklimas@ccb.nv.gov

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

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

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

20 If the respondent does not wish to dispute the charges and allegations set forth
21 herein, within 30 days of the service of this Complaint, Respondent may pay the civil
22 penalties and costs set forth above in the total amount of \$17,555.50 and discontinue its
23 operations for 30 days during which its license is suspended, on notice to:

24 Tyler Klimas, Executive Director
25 Cannabis Compliance Board
26 555 E. Washington Avenue, Suite 4100
27 Las Vegas, Nevada 89101

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

3 DATED: September 22, 2020.

4 STATE OF NEVADA, CANNABIS
5 COMPLIANCE BOARD

6 By:  _____

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

10 AARON D. FORD
11 Attorney General

12 By:  _____

13 L. Kristopher Rath (Bar No. 5749)
14 Senior Deputy Attorney General
15 Ashley A. Balducci (Bar No. 12687)
16 Senior Deputy Attorney General
17 555 E. Washington Ave, Suite 3900
18 Las Vegas, Nevada 89101
19 (702) 486-9287

20 Attorneys for the Cannabis Compliance Board
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2 **STATE OF NEVADA**

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8 Respondent.

Case No. 2020-018

9 **DECLARATION AND CERTIFICATE OF SERVICE OF**
10 **COMPLAINT FOR DISCIPLINARY ACTION**
11 **(Service via Mail)**

12 I, Amber Virkler, hereby certify and affirm that:

- 13 1. I am over the age of 18 years old.
14 2. I am a Board Agent of the Cannabis Compliance Board ("CCB"), as defined in NCR
15 1.068.
16 3. Pursuant to NRS 678A.520 and NCCR 4.075, I have served the Respondent herein with
17 the Complaint for Disciplinary Action ("Complaint") in the above captioned matter as
18 follows:

19 By placing a true and correct copy of the Complaint to be deposited for mailing in
20 the United States Mail in a sealed envelope via registered or certified mail, prepaid
21 in Las Vegas, Nevada, to Respondent's point of contact with the CCB under NCCR
22 2.050 at Respondent's address on file with the Board as follow:

23 Name of point of contact served: Brett Scolari _____

24 Address on file with CCB: _____

25 Date of Service: ~~9/22/2020~~ 9/22/2020 _____

26 I declare under penalty of perjury that the foregoing is true and correct.

27 Executed on _____

28 (date)

(signature)