

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

3
4 STATE OF NEVADA, CANNABIS
 COMPLIANCE BOARD,

5 Petitioner,

6
7 vs.

8 BLOSSUM GROUP, LLC,

9 Respondent.

Case No. 2020-012

10
11 **STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION**

12 The Cannabis Compliance Board (the “CCB”), by and through its counsel, Aaron D.
13 Ford, Attorney General for the State of Nevada, L. Kristopher Rath, Esq., Senior Deputy
14 Attorney General and Ashley A. Balducci, Esq., Senior Deputy Attorney General, hereby
15 enters into this Stipulation and Order for Settlement of Disciplinary Action (“Stipulation
16 and Order”) with Respondent Blossum Group, LLC (“Blossum”), by and through its counsel
17 of record, Adam Fulton, Esq. Pursuant to this Stipulation and Order, Blossum and CCB
18 (collectively, the “Parties”) hereby stipulate and agree that CCB Case No. 2020-012 (the
19 “Administrative Action”) shall be fully and finally settled and resolved upon terms and
20 conditions set out herein.

21 **PERTINENT FACTS**

22 1. On August 25, 2020, CCB initiated this disciplinary action via the service and
23 filing of a Complaint for Disciplinary Action (the “Complaint”). The Complaint alleges that,
24 contrary to Nevada law, Blossum’s production facilities (RP033 and P033) failed to comply
25 with seed to sale tracking requirements and failed to properly maintain a building used for
26 cannabis processing. As to Blossum’s cultivation facilities (RC059 and C059), the
27 Complaint alleges that, contrary to Nevada law, Blossum failed to comply with seed to sale
28 tracking requirements, improperly stored marijuana products, failed to carry out proper

1 procedures for wastage of cannabis, allowed an employee to work at its facility without a
2 valid agent card immediately available, failed to keep required records on soil additives,
3 failed to have an employee who was a certified pest control applicator on staff, and failed
4 to properly maintain a building used for cannabis manufacture.

5 2. Blossum has not filed an Answer in the Administrative Action. Rather,
6 Blossum, while initially generally denying the allegations in the Complaint, chose to
7 engage in negotiations to resolve the matter prior to answering the Complaint. Blossum
8 also undertook measures to correct certain alleged violations.

9 3. The parties have engaged in good faith negotiations to reach an agreement
10 that is mutually acceptable to Blossum and counsel for the CCB for resolution of this
11 matter, with the understanding that this Stipulation and Order must be approved by
12 majority vote of the members of the CCB.

13 ACKNOWLEDGEMENTS AND APPLICABLE LAW

14 This Stipulation and Order is made and based upon the following acknowledgements
15 by the Parties:

16 4. Blossum has entered into this Stipulation and Order on its own behalf and
17 with full authority to resolve the claims against it and is aware of Blossum's rights to
18 contest the violations pending against it. These rights include representation by an
19 attorney at Blossum's own expense, the right to a hearing on any violations or allegations
20 formally filed, the right to confront and cross-examine witnesses called to testify against
21 Blossum, the right to present evidence on Blossum's own behalf, the right to testify on
22 Blossum's behalf, the right to obtain any other type of formal judicial review of this matter,
23 and any other rights which may be accorded to Blossum pursuant to provisions of NRS
24 Chapters 678A through 678D, NAC Chapters 453A and 453D, and any other provisions of
25 Nevada law. Blossum is waiving all these rights by entering into this Stipulation and
26 Order.

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2 5. Should this Stipulation and Order be rejected by the CCB or not timely
3 performed by Blossum¹, it is agreed that presentation to and consideration by the CCB of
4 such proposed stipulation or other documents or matters pertaining to the consideration of
5 this Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its
6 members from further participation, consideration, adjudication, or resolution of these
7 proceedings and that no CCB member shall be disqualified or challenged for bias.

8 6. Blossum acknowledges that this Stipulation and Order shall only become
9 effective after the CCB has approved it.

10 7. Blossum enters this Stipulation and Order after being fully advised of
11 Blossum's rights and as to the consequences of this Stipulation and Order. This Stipulation
12 and Order embodies the entire agreement reached between the CCB and Blossum. It may
13 not be altered, amended, or modified without the express written consent of the Parties
14 and all alterations, amendments and/or modifications must be in writing.

15 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing,
16 Blossum has agreed to settle this matter. In settling this matter, Blossum acknowledges
17 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
18 Stipulation and Order are true and correct. Blossum further acknowledges that certain
19 facts contained in the CCB Complaint in Case No. 2020-012 could be found to constitute
20 violations of Title 56 of NRS (NRS Chapters 678A through 678D), NRS Chapters 453A and
21 453D and NAC Chapters 453A and 453D, with penalties up to and including suspension of
22 its licenses and certificates and civil penalties and costs of \$74,714, if this matter went to
23 an administrative hearing.

24 9. In settling this matter the Executive Director for CCB and counsel for CCB
25 have considered the factors set forth in NCCR 4.030(2), including: the gravity of the
26 violations; the economic benefit or savings, if any, resulting from the violations; the size of
27

28

¹ Should Blossum fail to timely pay its penalties via the Payment Plan Option, as set forth in Paragraphs 17 and 18, the penalties set forth in Paragraph 18 shall apply.

1 the business of the violator; the history of compliance with the NCCR and Title 56 of NRS
2 by the violator; actions taken to remedy and/or correct the violations; and the effect of the
3 penalty on the ability of the violator to continue in business.

4 10. To resolve the Administrative Action, Blossum specifically admits to the
5 following violations with respect to the Complaint in CCB Case No. 2020-012:

- 6 a. For license RP033 and certificate P033, one violation of NAC
7 453D.905(3)(d)(4), for failing to comply with seed to sale tracking
8 requirements, a Category III violation.
- 9 b. For license RP033 and certificate P033, two violations of NAC 453D.734
10 NAC 453D.905(3)(f)(6), for failing to properly maintain a building used
11 for cannabis processing, two Category V violations.
- 12 c. For license RC059 and certificate C059, one violation of NAC
13 453D.905(3)(d)(4), for failing to comply with seed to sale tracking
14 requirements, a Category III violation.
- 15 d. For license RC059 and certificate C059, one violation of NAC
16 453D.905(3)(e)(9), for improperly storing cannabis products, a Category
17 IV violation.
- 18 e. For license RC059 and certificate C059, one violation of NAC
19 453D.905(3)(f)(6), for failing to have a certified pest control applicator
20 on staff, a Category V violation.
- 21 f. For license RC059 and certificate C059, three violations of NAC
22 453D.734 and NAC 453D.905(3)(f)(6), for failing to properly maintain a
23 building used for cannabis manufacture, three additional Category V
24 violations.

25 11. In consideration for the imposition and discipline and penalties as set forth in
26 this Stipulation and Order, CCB agrees to dismiss the remaining violations alleged in the
27 Complaint with prejudice.

28 12. Blossum further agrees to pay a civil penalty in the amount of Thirty

1 Thousand Dollars (\$30,000.00) in consideration for its admitted violations in Paragraph 10,
2 above, and in consideration of CCB's agreement to resolve the Administrative Action on
3 the terms set forth herein. Said sum may be paid in installments, as set forth specifically
4 in Paragraphs 17 and 18, below.

5 13. If the CCB approves this Stipulation and Order, it shall be deemed and
6 considered disciplinary action by the Board against Blossum.

7 14. Both parties acknowledge that the CCB has jurisdiction to consider and order
8 this Stipulation and Order because Blossum holds privileged licenses/certificates regulated
9 by the CCB as of July 1, 2020. Blossum expressly, knowingly, and intentionally waives the
10 21-day and/or 5-day notice requirements contained in the Nevada Open Meeting Law and
11 acknowledges that this Stipulation and Order may be presented to the CCB for its
12 consideration and potential ratification at the Board's meeting on October 20, 2020.

13 STIPULATED ADJUDICATION

14 Based upon the above acknowledgments of the Parties and their mutual agreement,
15 the Parties stipulate and agree that the following terms of discipline shall be imposed by
16 the CCB in this matter:

17 15. Violations: As to license RP033 and certificate P033, Blossum is found to have
18 one Category III violation and two Category V violations, as set forth in Paragraph 10(a)
19 and 10(b), above. As to license RC059 and certificate C059, Blossum is found to have one
20 Category III violation, one Category IV violation, and four Category V violations, as set
21 forth in Paragraphs 10(c) through 10(f), above. In accordance with NAC 453D.905(4)(f)(1),
22 the CCB hereby issues a formal warning to Blossum for license RP033 and certificate P033:
23 Blossum must ensure that its production facility remains in good repair and is properly
24 maintained in accordance with NRS Title 56 and the NCCR's. In accordance with NAC
25 453D.905(4)(f)(1), the CCB hereby issues a formal warning to Blossum for license RC059
26 and certificate C059: Blossum must ensure that its cultivation facility remains in good
27 repair and is properly maintained in accordance with NRS Title 56 and the NCCR's.
28

1 16. Imposition of Civil Penalties. Blossum shall pay a total civil penalty in the
2 amount of Thirty Thousand Dollars (\$30,000.00) to the CCB within the time set forth in
3 Paragraph 17, below.

4 17. Payment of Civil Penalties. Blossum must pay the civil penalty set forth in
5 this agreement within the time frames set forth in this Paragraph and Paragraph 18.
6 Blossum may pay the lump sum of \$30,000 in civil penalties within 30 days of the date the
7 CCB approves this Stipulation and Order. In the alternative, Blossum may select to pay
8 the civil penalties in monthly installments of \$5,000.00 each month (the "Payment Plan
9 Option"). Under the Payment Plan Option, Blossum must pay the first installment on the
10 first business day of the month following the CCB meeting at which this Stipulation and
11 Order is approved and then, thereafter, on the first business day of each month for the next
12 five months. For example, if this Stipulation and Order is approved at the October 20, 2020,
13 CCB meeting, the payment of \$5,000 each month would be due as follows:

Monday, November 2, 2020	1 st Installment
Tuesday, December 1, 2020	2 nd Installment
Monday, January 4, 2021	3 rd Installment
Monday, February 1, 2021	4 th Installment
Monday, March 1, 2021	5 th Installment
Thursday, April 1, 2021	Final Installment

20 Blossum may pay any installment prior to its due date.

21 18. Penalties for Failure to Comply with Payment Plan Option. Blossum
22 acknowledges that it is critical to comply with the strict requirements of the Payment Plan
23 Option. Blossum agrees that, should it fail to timely make any installment payment the
24 following penalties and procedures will be in effect:

- 25 a. CCB will allow a five-business day grace period for late payment.
- 26 b. If payment is not physically received by CCB at its Las Vegas office by
27 5:00 p.m. on the last day of the grace period, Blossum shall be deemed
28 in default and deemed to have admitted all allegations in the CCB

1 Complaint in Case No. 2020-12 and shall pay all penalties and receive
2 all discipline set forth under the "Relief Requested" section of the
3 Complaint, inclusive of a 30-day suspension for RC059 and C059 and
4 civil penalties of \$20,750, and a 30-day suspension and \$45,750 in civil
5 penalties for RP033 and P033, with the addition of \$8,214 in costs. The
6 CCB will enter an order of default to this effect after default and all
7 amounts due under this subsection shall be immediately due and
8 payable to CCB. Blossum agrees it cannot and will not file any petition
9 for judicial review and/or any action in any forum for relief from this
10 order of default.

11 c. Blossum may petition the CCB for an extension of 30-days to pay any
12 of the installments set forth in Paragraph 17. However, for the CCB to
13 consider any such petition, the CCB must receive said petition no later
14 than 5 business days prior to the installment deadline (which does not
15 include any grace period). The CCB is not required to grant such a
16 petition. In such a petition, Blossum must demonstrate to the
17 satisfaction of CCB that there are extraordinary and unusual
18 circumstances necessitating the extension requested.

19 d. If an extension is granted under Paragraph 10(c), there shall be no
20 grace period on the new payment date. If Blossum does not pay by the
21 new payment date, the provisions of Paragraph 18(b) apply.

22 19. Contingency if Approval Denied. If approval of this Stipulation and Order is
23 denied by the CCB, Blossum and counsel for the CCB agree to resume settlement
24 negotiations in good faith and attempt to reach an agreement to amend this Stipulation
25 and Order and resubmit an amended Stipulation and Order to the CCB to review for
26 approval at its next regularly scheduled meeting. If such an agreement cannot be reached,
27 the Parties agree to proceed with the Administrative Action, which shall include a
28 disciplinary hearing before the CCB or its assigned hearing officer. Blossum shall file its

1 Answer to the Complaint no later than November 16, 2020. Should the Administrative
2 Action proceed for the reasons set forth in this Paragraph, CCB preserves all its claims and
3 arguments in the Administrative Action as set forth in its Complaint and Blossum
4 preserves all its defenses and arguments set forth in its Answer. An unapproved
5 Stipulation and Order shall not be admissible as evidence or referenced in argument at any
6 disciplinary hearing in CCB Case No. 2020-012 or any other matter involving the CCB.

7 20. Contingency if Approval Conditioned. If the CCB approves this Stipulation
8 and Order, but said approval is contingent on certain conditions, the parties will undertake
9 further good faith negotiations to include said conditions in an amended Stipulation and
10 Order for execution by the CCB Chair. If Blossum does not agree to the certain conditions
11 imposed by the CCB, the parties will undertake additional negotiations and attempt to
12 reach an agreement to amend this Stipulation and Order and resubmit an amended
13 Stipulation and Order to the CCB to review for approval at its next regularly scheduled
14 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the
15 Administrative Action, which shall include a disciplinary hearing before the CCB or its
16 assigned hearing officer. Blossum shall file its Answer to the Complaint no later than
17 November 16, 2020. Should the Administrative Action proceed for the reasons set forth in
18 this Paragraph, the CCB preserves all its claims and arguments in the Administrative
19 Action as set forth in its Complaint and Blossum preserves all its defenses and arguments
20 asserted in its Answer. An unapproved Stipulation and Order shall not be admissible as
21 evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2020-012
22 or any other matter involving the CCB.

23 21. Closure of Disciplinary Action. Once this Stipulation and Order is fully
24 performed by Blossum, the Administrative Action will be closed.

25 22. Communications with CCB Members. Blossum understands that this
26 Stipulation and Order will be presented to the CCB in open session at a duly notice d and
27 scheduled CCB meeting. Blossum understands that the CCB has the right to decide in its
28 own discretion whether or not to approve this Stipulation and Order. The CCB's counsel,

1 which is the Nevada Attorney General and its staff attorneys, will recommend approval of
2 this Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and
3 Order, counsel for CCB may communicate directly with individual CCB members one at a
4 time. Blossum acknowledges that such communications may be made or conducted *ex parte*,
5 without notice or opportunity for Blossum to be heard on its part until the public CCB
6 meeting where this Stipulation and Order is discussed, and that such contacts and
7 communications may include, but may not be limited to, matters concerning this
8 Stipulation and Order, the Administrative Action and any and all information of every
9 nature whatsoever related to these matters. Blossum agrees that it has no objections to
10 such *ex parte* communications. CCB agrees that Blossum and/or its counsel may appear at
11 the CCB meeting where this Stipulation and Order is discussed and, if requested, respond
12 to any questions that may be addressed to Blossum and/or the Attorney General's staff
13 attorneys. Blossum agrees that, should the CCB decline to approve this Stipulation and
14 Order, Blossum will not contest or otherwise object to any CCB member, and/or CCB
15 appointed hearing officer, hearing and adjudicating the Administrative Action based on the
16 aforementioned *ex parte* communications with anyone from the Nevada Attorney General's
17 Office.

18 23. Release. In execution of this agreement, Blossum agrees that the State of
19 Nevada, the CCB, the Office of the Attorney General, and each of their members, staff,
20 attorneys, investigators, experts, hearing officers, consultants and agents are immune from
21 any liability for any decision or action taken in good faith in response to information and
22 data acquired by the CCB. Blossum agrees to release the State of Nevada, the CCB, the
23 Office of the Attorney General, and each of their members, staff, attorneys, investigators,
24 experts, hearing officers, consultants and agents from any and all manner of actions, causes
25 of action, suits, debts, judgments, executions, claims and demands whatsoever, known or
26 unknown, in law or equity, that Blossum ever had, now has, may have or claim to have
27 against any and/or all of the persons, government agencies or entities named in this
28 Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in

1 its Complaint, the matters set forth in this Stipulation and Order, or the administration of
2 CCB Case No. 2020-012.

3 24. No Precedence. The Parties agree that this Stipulation and Order shall not
4 constitute a precedent for any other issues or proceedings before the CCB, other than those
5 set forth in this Stipulation and Order, and shall not be admissible in any other proceeding
6 or action with respect to any other matter and/or any other licensee, except proceedings
7 brought to enforce this Stipulation and Order under its terms.

8 25. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys'
9 fees and costs.

10 26. Further Assurances. The Parties shall cooperate in executing such additional
11 documents and performing such further acts as may be reasonably necessary to give effect
12 to the purposes and provisions of this Stipulation and Order.

13 27. Voluntary and Informed Agreement. Blossum represents that its owners,
14 officers, and/or its directors, who are responsible for and able to legally bind Blossum have
15 read completely and understand fully the terms of this Stipulation and Order, that such
16 terms are fully understood and voluntarily accepted by Blossum in advance of and as
17 memorialized by the signing of this Stipulation and Order, and that Blossum's signature
18 to this Stipulation and Order indicates same. Blossum further represents that it has
19 voluntarily entered into this Stipulation and Order to make a full, final, and complete
20 compromise upon the terms and conditions set forth herein. Blossum further represents
21 that any releases, waivers, discharges, covenants, and agreements provided for in this
22 Stipulation and Order have been knowingly and voluntarily granted and without any
23 duress or undue influence of any nature from any person or entity. The Parties, and each
24 of them, hereby expressly acknowledge that they are each represented by counsel of their
25 own choice in this matter and have been advised by counsel accordingly.

26 28. Warranties of Authority. The Parties to this Stipulation and Order, and each
27 of them, expressly warrant and represent to all other Parties that each has the full right,
28 title, and authority to enter into and to carry out its obligations hereunder, with the sole

1 exception of the required approval of this Stipulation and Order by the CCB. The Parties
2 also expressly acknowledge the foregoing authority.

3 29. Binding Effect. This Stipulation and Order shall be binding upon and inure
4 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,
5 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

6 30. Construction. The headings of all Sections and Paragraphs of this Stipulation
7 and Order are inserted solely for the convenience of reference and are not a part of the
8 Stipulation and Order and are not intended to govern, limit, or aid in the construction or
9 interpretation of any term or provision of this Stipulation and Order. In the event of a
10 conflict between such caption and the paragraph at the head of which it appears, the
11 paragraph and not such caption shall govern in the construction of this Stipulation and
12 Order.

13 31. Governing Law. This Stipulation and Order shall be governed by and
14 construed in accordance with the laws of the State of Nevada, without reference to conflict
15 of law principles.

16 32. Jurisdiction and Forum Selection. The Parties consent to the jurisdiction of
17 the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to
18 resolve any disputes related to the terms or enforcement of this Stipulation and Order. The
19 successful or prevailing Party or Parties in such action shall be entitled to recover
20 reasonable attorney fees, costs, and expenses actually incurred in initiating or responding
21 to such proceeding, in addition to any other relief to which it may be entitled.

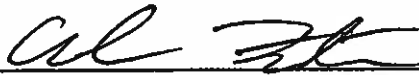
22 33. Interpretation. This Stipulation and Order is the result of negotiations among
23 the Parties who have each negotiated and reviewed its terms. In the event a Court ever
24 construes this Agreement, the Parties expressly agree, consent, and assent that such Court
25 shall not construe this Agreement or any provision hereof against any Party as its drafter
26 for purposes of interpreting any ambiguity or uncertainty in this Stipulation and Order.

27 34. Time is of the Essence. Time is of the essence in the performance of all terms
28 of this Stipulation and Order.

1 35. Severability. If any portion of this Stipulation and Order, or its application
2 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
3 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order
4 and its application thereof shall be not affected and shall remain enforceable to the fullest
5 extent permitted by law.

6 36. Counterparts and Copies. This Stipulation and Order may be executed in
7 counterparts, each of which when so executed and upon delivery to counsel of record for the
8 Parties shall be deemed an original ("Counterparts"). This Stipulation and Order shall be
9 deemed executed when Counterparts of this Stipulation and Order have been executed by
10 all the Parties and/or their counsel; such Counterparts taken together shall be deemed to
11 be the Agreement. This Stipulation and Order may be executed by signatures provided by
12 electronic facsimile or email, which signatures shall be binding and effective as original
13 wet ink signatures hereupon. All fully executed copies of this Stipulation and Order are
14 duplicate originals, equally admissible in evidence.

15 IN WITNESS WHEREOF, this Stipulation and Order has been executed by the
16 Parties and attested by their duly authorized representatives as of the date(s) so indicated.
17 The Effective Date of this Stipulation and Order shall be the date it is ordered by the CCB.

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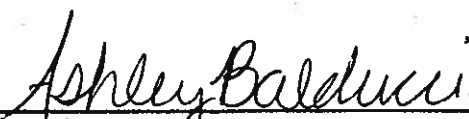
Date: 10/13/20

20 Adam Fulton, Esq. (Bar No. 11572)
21 Counsel for Respondent Blossum

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Date: 10/13/20

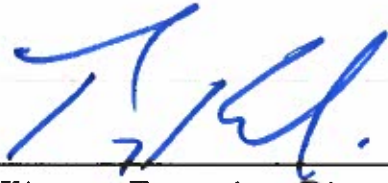
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25 ~~On behalf of Respondent Blossum~~

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Date: 10/14/20

28 L. Kristopher Bath (Nev. Bar No. 5749)
Ashley Balducci (Nev. Bar No. 12687)

1 Senior Deputy Attorney General
2 Counsel for Cannabis Compliance Board

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4 Date: 10/14/20

5 Tyler Klimas, Executive Director for the
6 Cannabis Compliance Board

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10 **ORDER**

11 WHEREAS, on 20th day of October, 2020, the Nevada Cannabis
12 Compliance Board approved and adopted all the terms and conditions set forth in the
13 Stipulation and Order for Settlement of Disciplinary Action with Blossum.

14 IT IS SO ORDERED.

15 SIGNED AND EFFECTIVE this 20th day of Oct, 2020.

16 **STATE OF NEVADA,**
17 **CANNABIS COMPLIANCE BOARD**

18
19 By: 
20 HON. MICHAEL L. DOUGLAS, CHAIR