

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

3
4 STATE OF NEVADA, CANNABIS
COMPLIANCE BOARD,

Case No. 2020-011

5 Petitioner,

6 vs.

7 KYND-STRAINZ, LLC,

8 Respondent.
9

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

12 The Cannabis Compliance Board (the “CCB”), by and through its counsel, Aaron D. Ford,
13 Attorney General for the State of Nevada, L. Kristopher Rath, Esq., Senior Deputy Attorney General
14 and Ashley A. Balducci, Esq., Senior Deputy Attorney General, hereby enters into this Stipulation and
15 Order for Settlement of Disciplinary Action (“Stipulation and Order”) with Respondent Kynd-Strainz,
16 LLC (“Kynd-Strainz”), by and through its counsel of record, Alicia R. Ashcraft, Esq. of the law firm of
17 Armstrong Teasdale LLP. Pursuant to this Stipulation and Order, Kynd-Strainz and CCB (collectively,
18 the “Parties”) hereby stipulate and agree that CCB Case No. 2020-011 (the “Administrative Action”)
19 shall be fully and finally settled and resolved upon terms and conditions set out herein.

20 **PERTINENT FACTS**

21 1. On August 25, 2020, CCB initiated this disciplinary action via the service and filing of a
22 Complaint for Disciplinary Action (the “Complaint”). The Complaint alleges that, contrary to Nevada
23 law, Kynd-Strainz failed to comply with seed to sale tracking requirements, failed to provide a
24 malfunction log for its security camera upon request, failed to provide documentation of its semi-annual
25 audit of facility security measures on request, failed to carry out proper procedures for recording
26 wastage, and allowed an employee to work at its facility without a valid agent card immediately
27 available.

28 2. Kynd-Strainz has not filed an Answer in the Administrative Action. Rather, Kynd-

1 Strainz, while initially generally denying the allegations in the Complaint, chose to engage in
2 negotiations to resolve the matter prior to answering the Complaint.

3 3. The Parties have engaged in good faith negotiations to reach an agreement that is
4 mutually acceptable to Respondent and counsel for the CCB for resolution of this matter, with the
5 understanding that this Stipulation and Order must be approved by majority vote of the members of the
6 CCB.

7 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

8 This Stipulation and Order is made and based upon the following acknowledgements by the
9 Parties:

10 4. Kynd-Strainz has entered into this Stipulation and Order on its own behalf and with full
11 authority to resolve the claims against it and is aware of Kynd-Strainz's rights to contest the violations
12 pending against it. These rights include representation by an attorney at Kynd-Strainz's own expense,
13 the right to a hearing on any violations or allegations formally filed, the right to confront and cross-
14 examine witnesses called to testify against Kynd-Strainz, the right to present evidence on Kynd-
15 Strainz's own behalf, the right to testify on Kynd-Strainz's behalf, the right to obtain any other type of
16 formal judicial review of this matter, and any other rights which may be accorded to Kynd-Strainz
17 pursuant to provisions of NRS Chapters 678A through 678D, NAC Chapters 453A and 453D, and any
18 other provisions of Nevada law. Kynd-Strainz is waiving all these rights by entering into this
19 Stipulation and Order. If the CCB rejects this Stipulation and Order, or any portion thereof, Kynd-
20 Strainz reserves the right to withdraw any or all waivers.

21 5. Should this Stipulation and Order be rejected by the CCB or not timely performed by
22 Kynd-Strainz, it is agreed that presentation to and consideration by the CCB of such proposed
23 stipulation or other documents or matters pertaining to the consideration of this Stipulation and Order
24 shall not unfairly or illegally prejudice the CCB or any of its members from further participation,
25 consideration, adjudication, or resolution of these proceedings and that no CCB member shall be
26 disqualified or challenged for bias.

27 6. Kynd-Strainz acknowledges that this Stipulation and Order shall only become effective
28 after the CCB has approved it.

1 7. Kynd-Strainz enters this Stipulation and Order after being fully advised of Kynd-
2 Strainz's rights and as to the consequences of this Stipulation and Order. This Stipulation and Order
3 embodies the entire agreement reached between the CCB and Kynd-Strainz. It may not be altered,
4 amended, or modified without the express written consent of the Parties and all alterations,
5 amendments and/or modifications must be in writing.

6 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, Kynd-Strainz has
7 agreed to settle this matter. For purposes of settling this matter, Kynd-Strainz acknowledges that the
8 facts contained in the paragraphs in the above "Pertinent Facts" portion of this Stipulation and Order
9 are true and correct. Without waiving any constitutional rights against self-incrimination, Kynd-Strainz
10 further acknowledges that certain facts contained in the CCB Complaint in Case No. 2020-011 could be
11 found to constitute violations of Title 56 of NRS (NRS Chapters 678A through 678D), NRS Chapters
12 453A and 453D and NAC Chapters 453A and 453D, with penalties up to and including a civil penalty
13 and of \$19,110.75 and a revocation or suspension of its license and certificate, if this matter went to an
14 administrative hearing.

15 9. In settling this matter the Executive Director for CCB and counsel for CCB have
16 considered the factors set forth in NCCR 4.030(2), including: the gravity of the violations; the
17 economic benefit or savings, if any, resulting from the violations; the size of the business of the
18 violator; the history of compliance with the NCCR and Title 56 of NRS by the violator; actions taken to
19 remedy and/or correct the violations; and the effect of the penalty on the ability of the violator to
20 continue in business.

21 10. To resolve the Administrative Action, and only for these purposes and no other, Kynd-
22 Strainz specifically admits to the following violations with respect to the Complaint in CCB Case No.
23 2020-011:

- 24 a. One violation of NAC 453D.905(3)(d)(4), for failing to comply with seed to sale
25 tracking requirements, a Category III violation.
- 26 b. One violation of NAC 453D.905(3)(e)(1), for failing to have an agent employee
27 with a cannabis establishment agent card in her immediate possession, a
28 Category IV violation.

1 account and consider the fact that Kynd-Strainz has cooperated in and negotiated in good faith in the
2 resolution of CCB Case No. 2020-011.

3 17. Contingency if Approval Denied. If approval of this Stipulation and Order is denied by
4 CCB, Kynd-Strainz and counsel for the CCB agree to resume settlement negotiations in good faith and
5 attempt to reach an agreement to amend this Stipulation and Order and resubmit an amended
6 Stipulation and Order to the CCB to review for approval at its next regularly scheduled meeting. If
7 such an agreement cannot be reached, the Parties agree to proceed with the Administrative Action,
8 which shall include a disciplinary hearing before the CCB or its assigned hearing officer. Kynd-Strainz
9 shall file its answer to the Complaint no later than November 16, 2020. Should the Administrative
10 Action proceed for the reasons set forth in this Paragraph, CCB preserves all its claims and arguments
11 in the Administrative Action as set forth in its Complaint and Kynd-Strainz preserves all its defenses
12 and arguments set forth in its Answer and withdraws all waivers set forth herein. An unapproved
13 Stipulation and Order shall not be admissible as evidence or referenced in argument at any disciplinary
14 hearing in CCB Case No. 2020-011 or any other matter involving the CCB.

15 18. Contingency if Approval Conditioned. If the CCB approves this Stipulation and Order,
16 but said approval is contingent on certain conditions, the parties will undertake further good faith
17 negotiations to include said conditions in an amended stipulation and order for execution by the CCB
18 Chair. If Kynd-Strainz does not agree to the certain conditions imposed by the CCB, the parties will
19 undertake additional negotiations and attempt to reach an agreement to amend this Stipulation and
20 Order and resubmit an amended Stipulation and Order to the CCB to review for approval at its next
21 regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed with
22 the Administrative Action, which shall include a disciplinary hearing before the CCB or its assigned
23 hearing officer. Kynd-Strainz shall file its answer to the Complaint no later than November 16, 2020.
24 Should the Administrative Action proceed for the reasons set forth in this Paragraph, CCB preserves all
25 its claims and arguments in the Administrative Action as set forth in its Complaint and Kynd-Strainz
26 preserves all its defenses and arguments asserted in its Answer and withdraws all waivers set forth
27 herein. An unapproved Stipulation and Order shall not be admissible as evidence or referenced in
28 argument at any disciplinary hearing in CCB Case No. 2020-011 or any other matter.

1 19. Closure of Disciplinary Action. Once this Stipulation and Order is fully performed by
2 Kynd-Strainz, the Administrative Action will be closed.

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

21 21. Release. In execution of this agreement, Respondent agrees that the State of Nevada, the
22 CCB, the Office of the Attorney General, and each of their members, staff, attorneys, investigators,
23 experts, hearing officers, consultants and agents are immune from any liability for any decision or
24 action taken in good faith in response to information and data acquired by the CCB. Respondent agrees
25 to release the State of Nevada, the CCB, the Office of the Attorney General, and each of their members,
26 staff, attorneys, investigators, experts, hearing officers, consultants and agents from any and all manner
27 of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever,
28 known or unknown, in law or equity, that Respondent ever had, now has, may have or claim to have

1 against any and/or all of the persons, government agencies or entities named in this Paragraph, arising
2 out of, or by reason of, CCB's investigation of the matters set forth in its Complaint, the matters set
3 forth in this Stipulation and Order, or the administration of CCB Case No. 2020-011.

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

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

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

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

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

1 this Stipulation and Order by the CCB. The Parties also expressly acknowledge the foregoing authority.

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

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

11 29. Governing Law. This Stipulation and Order shall be governed by and construed in
12 accordance with the laws of the State of Nevada, without reference to conflict of law principles.

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


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


23 32. Time is of the Essence. Time is of the essence in the performance of all terms of this
24 Stipulation and Order.

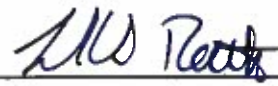
25 33. Severability. If any portion of this Stipulation and Order, or its application thereof to
26 any person or circumstance, shall be deemed to any extent to be invalid, illegal, or unenforceable as a
27 matter of law, all remaining clauses of this Stipulation and Order and its application thereof shall be not
28 affected and shall remain enforceable to the fullest extent permitted by law.

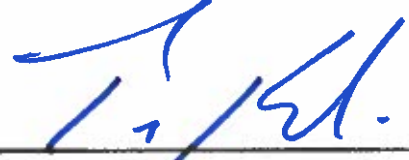
1 34. Counterparts and Copies. This Stipulation and Order may be executed in counterparts,
2 each of which when so executed and upon delivery to counsel of record for the Parties shall be deemed
3 an original ("Counterparts"). This Stipulation and Order shall be deemed executed when Counterparts
4 of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

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

12
13  Date: 10-13-2020
14 Alicia R. Ashcraft (Nev. Bar No. 6890)
15 Counsel for Respondent Kynd-Strainz

16
17  Date: 10/13/20
18 Clint Cates, Manager,
19 On behalf of Respondent Kynd-Strainz

20
21  Date: 10/13/2020
22 L. Kristopher Rath (Nev. Bar No. 5749)
23 Ashley Baducci (Nev. Bar No. 12687)
24 Senior Deputy Attorney General
25 Counsel for Cannabis Compliance Board

26
27  Date: 10/13/20
28 Tyler Klimas, Executive Director for the Cannabis
Compliance Board

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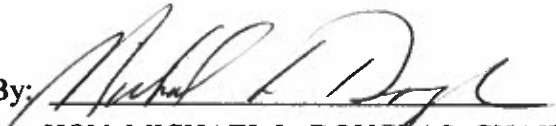
ORDER

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

IT IS SO ORDERED.

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

**STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD**

By: 
HON. MICHAEL L. DOUGLAS, CHAIR