

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

3
4 **STATE OF NEVADA, CANNABIS**
COMPLIANCE BOARD,

Case No. 2020-07

5 **Petitioner,**

6 vs.

7 **MM DEVELOPMENT COMPANY,**
8 **LLC,**

9 **Respondent.**

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 MM Development Company, Inc. ("MM Development"), by
17 and through its counsel of record, William Kemp, Esq., and Nathanael Rulis, Esq. Pursuant
18 to this Stipulation and Order, MM Development and CCB (collectively, the "Parties")
19 hereby stipulate and agree that CCB Case No. 2020-07 (the "Administrative Action") shall
20 be fully and finally settled and resolved upon terms and conditions set out herein.

21 **PERTINENT FACTS**

22 1. On July 21, 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, MM Development had allowed an employee and customer at its
25 retail dispensary¹ to be present within its facility without face coverings. The Complaint
26 further alleged two violations of NAC453D.905(3)(d)(8)², which would constitute two
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28 ¹ License No. RD006 and Certificate No. D006.

² The events at issue occurred prior to July 1, 2020, when NAC Chapters 453A and 453D were the regulations in effect for cannabis establishments.

1 Category III violations.

2 2. On September 2, 2020, Respondent filed its Answer to the Complaint,
3 generally denying that it had allowed any activity which violated the laws of the State of
4 Nevada.

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

9 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

10 This Stipulation and Order is made and based upon the following acknowledgements
11 by the Parties:

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

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

1 6. MM Development acknowledges that this Stipulation and Order shall only
2 become effective after the CCB has approved it.

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

9 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, MM
10 Development has agreed to settle this matter. In settling this matter, MM Development
11 acknowledges that the facts contained in the paragraphs in the above "Pertinent Facts"
12 portion of this Stipulation and Order are true and correct. MM Development further
13 acknowledges that if the CCB met its burden of proof as to certain facts contained in the
14 CCB Complaint in Case No. 2020-07 at an administrative hearing, those would be found to
15 constitute violations as set forth in the Complaint, with penalties as also set forth therein.

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

22 10. To resolve the Administrative Action, MM Development specifically admits to
23 the following violation with respect to the Complaint in CCB Case No. 2020-07: One
24 violation of NAC 453D.905(3)(f)(6) for failing to comply with a requirement not described
25 in another category of violations.

26 11. MM Development further agrees to pay a civil penalty in the amount of \$5,000
27 in consideration for its admitted violation of NAC 453D.905(3)(f)(6) and in consideration of
28 CCB's agreement to resolve the Administrative Action on the terms set forth herein.

1 12. If the CCB approves this Stipulation and Order, it shall be deemed and
2 considered disciplinary action by the Board against MM Development.

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

10 **STIPULATED ADJUDICATION**

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

14 14. Category V Violation. Respondent shall be deemed to have received a formal
15 warning for its first Category V violation from the CCB, effective on the date the CCB
16 approves this Stipulation and Order. Should Respondent commit any additional violations
17 in the future, the CCB may consider this warning in the imposition of discipline for any
18 such future violation or violations.

19 15. Imposition of Civil Penalties. MM Development shall pay a total civil penalty
20 in the amount of five thousand dollars (\$5,000.00) within 30 days of the date the CCB
21 approves this Stipulation and Order.

22 16. Contingency if Approval Denied. If approval of this Stipulation and Order is
23 denied by CCB, MM Development 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. Should the

1 Administrative Action proceed for the reasons set forth in this Paragraph, CCB preserves
2 all its claims and arguments in the Administrative Action as set forth in its Complaint and
3 MM Development preserves all its defenses and arguments asserted in its Answer. An
4 unapproved Stipulation and Order shall not be admissible as evidence or referenced in
5 argument at any disciplinary hearing in CCB Case No. 2020-07 or any other matter
6 involving the CCB.

7 17. 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 MM Development does not agree to the certain
11 conditions imposed by the CCB, the parties will undertake additional negotiations and
12 attempt to reach an agreement to amend this Stipulation and Order and resubmit an
13 amended Stipulation and Order to the CCB to review for approval at its next regularly
14 scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed
15 with the Administrative Action, which shall include a disciplinary hearing before the CCB
16 or its assigned hearing officer. Should the Administrative Action proceed for the reasons
17 set forth in this Paragraph, CCB preserves all its claims and arguments in the
18 Administrative Action as set forth in its Complaint and MM Development preserves all its
19 defenses and arguments in asserted in its Answer. An unapproved Stipulation and Order
20 shall not be admissible as evidence or referenced in argument at any disciplinary hearing
21 in CCB Case No. 2020-07 or any other matter involving the CCB.

22 18. Closure of Disciplinary Action. Once this Stipulation and Order is fully
23 performed by MM Development, the Administrative Action will be closed.

24 19. Communications with CCB Members. MM Development understands that
25 this Stipulation and Order will be presented to the CCB in open session at a duly noticed
26 and scheduled CCB meeting. MM Development understands that the CCB has the right to
27 decide in its own discretion whether or not to approve this Stipulation and Order. The
28 CCB's counsel, which is the Nevada Attorney General and its staff attorneys, will

1 recommend approval of this Stipulation and Order. In the course of seeking CCB
2 acceptance of this Stipulation and Order, counsel for CCB may communicate directly with
3 individual CCB members one at a time. MM Development acknowledges that such
4 communications may be made or conducted *ex parte*, without notice or opportunity for MM
5 Development to be heard on its part until the public CCB meeting where this Stipulation
6 and Order is discussed, and that such contacts and communications may include, but may
7 not be limited to, matters concerning this Stipulation and Order, the Administrative Action
8 and any and all information of every nature whatsoever related to these matters. MM
9 Development agrees that it has no objections to such *ex parte* communications. CCB agrees
10 that MM Development and/or its counsel may appear at the CCB meeting where this
11 Stipulation and Order is discussed and, if requested, respond to any questions that may be
12 addressed to MM Development and/or the Attorney General's staff attorneys. MM
13 Development agrees that, should the CCB decline to approve this Stipulation and Order,
14 MM Development 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 20. Release. In execution of this agreement, Respondent 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. Respondent 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 Respondent 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. 2020-07.

3 21. 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, except proceedings brought to enforce this
7 Stipulation and Order under its terms.

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

10 23. 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 24. Voluntary and Informed Agreement. Respondent represents that its owners,
14 officers, and/or its directors, who are responsible for and able to legally bind MM
15 Development have read completely and understand fully the terms of this Stipulation and
16 Order, that such terms are fully understood and voluntarily accepted by Respondent in
17 advance of and as memorialized by the signing of this Stipulation and Order, and that the
18 Respondent's signature to this Stipulation and Order indicates same. Respondent further
19 represents that it has voluntarily entered into this Stipulation and Order to make a full,
20 final, and complete compromise upon the terms and conditions set forth herein.
21 Respondent further represents that any releases, waivers, discharges, covenants, and
22 agreements provided for in this Stipulation and Order have been knowingly and voluntarily
23 granted and without any duress or undue influence of any nature from any person or entity.
24 The Parties, and each of them, hereby expressly acknowledge that they are each
25 represented by counsel of their own choice in this matter and have been advised by counsel
26 accordingly.

27 25. Warranties of Authority. The Parties to this Stipulation and Order, and each
28 of them, expressly warrant and represent to all other Parties that each has the full right,

1 title, and authority to enter into and to carry out its obligations hereunder, with the sole
2 exception of the required approval of this Stipulation and Order by the CCB. The Parties
3 also expressly acknowledge the foregoing authority.

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

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

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

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

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

28 31. Time is of the Essence. Time is of the essence in the performance of all terms

1 of this Stipulation and Order.

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

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

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

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5 Date: 10/8/2020

6 William Kemp, Esq. (Nev. Bar No. 1205)
7 Nathanael Rulis, Esq. (Nev. Bar No. 11259)
8 Counsel for Respondent MM Development

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10 Date: 10/8/2020

11 Leighton Koehler, General Counsel
12 On behalf of Respondent MM Development

13 

14 Date: 10/8/2020

15 L. Kristopher Rath (Nev. Bar No. 5749)
16 Ashley Balducci (Nev. Bar No. 12687)
17 Senior Deputy Attorney General
18 Counsel for Cannabis Compliance Board

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20 Date: 10/12/20

21 Tyler Klimas, Executive Director for the
22 Cannabis Compliance Board
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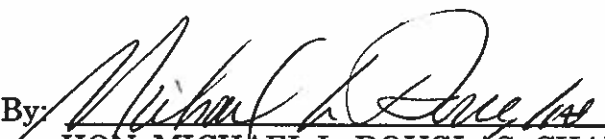
ORDER

WHEREAS, on 24 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 MM Development.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 20 day of Oct, 2020.

**STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD**

By: 
HON. MICHAEL L. DOUGLAS, CHAIR