

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
7 vs.

8 NV GREEN, INC.,

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 NV Green, Inc., ("NV Green"), by and through its counsel of
17 record, Derek J. Connor, Esq., of the law offices of Connor & Connor, PLLC. Pursuant to
18 this Stipulation and Order, NV Green and CCB (collectively, the "Parties") hereby stipulate
19 and agree that CCB Case No. 2020-010 (the "Administrative Action") shall be fully and
20 finally settled and resolved upon terms and 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, NV Green's medical cultivation facility (C005) failed to comply
25 with requirements of disposing of cannabis waste, failed to comply with seed to sale
26 tracking requirements, and failed to maintain a required security system and keep
27 required records for that security system. The Complaint further alleges that, contrary to
28 Nevada law, NV Green's medical production facility (P004) failed to maintain a required

1 security system and keep required records for that security system, and failed to comply
2 with requirements of disposing of cannabis waste.

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

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

11 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

12 This Stipulation and Order is made and based upon the following acknowledgements
13 by the Parties:

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

25 5. Should this Stipulation and Order be rejected by the CCB or not timely
26 performed by NV Green, it is agreed that presentation to and consideration by the CCB of
27 such proposed stipulation or other documents or matters pertaining to the consideration of
28 this Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its

1 members from further participation, consideration, adjudication, or resolution of these
2 proceedings and that no CCB member shall be disqualified or challenged for bias.

3 6. NV Green acknowledges that this Stipulation and Order shall only become
4 effective after the CCB has approved it.

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

10 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, NV
11 Green has agreed to settle this matter. In settling this matter, NV Green acknowledges
12 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
13 Stipulation and Order are true and correct. NV Green further acknowledges that certain
14 facts contained in the CCB Complaint in Case No. 2020-010 could be found to constitute
15 violations of Title 56 of NRS (NRS Chapters 678A through 678D), NRS Chapters 453A and
16 453D and NAC Chapters 453A and 453D, with penalties up to and including suspension of
17 its certificates and civil penalties and costs of \$45,333.00, if this matter went to an
18 administrative hearing.

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

25 10. To resolve the Administrative action, NV Green specifically admits to the
26 following violations with respect to the Complaint in CCB Case No. 2020-010:

- 27 a. For certificate C005, one violation of NAC 453D.905(3)(d)(15), for
28 failing to meet the requirements for disposal of cannabis waste, a

1 Category III violation.

2 b. For certificate C005, one violation of NAC 453D.905(3)(d)(4), for failing
3 to comply with seed to sale tracking requirements, a second Category
4 III violation.

5 c. For certificate C005, one violation of NAC 453D.905(3)(f)(6), for failing
6 to comply with any requirements not described in another category of
7 violations, a Category V violation.

8 d. For certificate P004, one violation of NAC 453D.905(3)(f)(6), for failing
9 to comply with any requirements not described in another category of
10 violations, a Category V violation.

11 e. For certificate P004, one violation of NAC 453D.905(3)(d)(15), for failing
12 to meet the requirements for disposal of cannabis waste, a Category III
13 violation.

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

17 12. NV Green further agrees to pay a civil penalty and costs in the amount of Ten
18 Thousand, Three Hundred and Thirty-three Dollars (\$10,333.00) in consideration for its
19 admitted violations in Paragraph 10, above, and in consideration of CCB's agreement to
20 resolve the Administrative Action on the terms set forth herein. Said sum must be paid
21 within 30 days of the CCB's approval of this Stipulation and Order.

22 13. If the CCB approves this Stipulation and Order, it shall be deemed and
23 considered disciplinary action by the CCB against NV Green. The Parties agree that, for
24 this case only, and pursuant to the specific facts of this case, the progressive disciplinary
25 provisions of NAC 453D.905(4)(d) and NAC 453D.905(4)(f) of two years shall apply to the
26 disciplinary actions herein. Said two-year period shall commence on the date the CCB
27 approves this agreement. Any additional Category III and/or Category V violations within
28 said two-year period would invoke the progressive disciplinary provisions of NAC

1 453D.905(4)(d) and NAC 453D.905(4)(f). After said two-year period expires, the CCB may
2 still consider the compliance history of NV Green under NCCR 4.030(2).

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

9 **STIPULATED ADJUDICATION**

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

13 15. Violations: As to certificate C005, NV Green is found to have two Category III
14 violations and one Category V violation, as set forth in Paragraphs 10(a) through 10(c),
15 above. As to certificate P004, NV Green is found to have one Category III violation and one
16 Category V violation, as set forth in Paragraphs 10(d) and 10(e), above. In accordance with
17 NAC 453D.905(4)(f)(1), the CCB hereby issues a formal warning to NV Green for
18 certificates C005 and P004: NV Green shall take precautions to ensure that the staff of its
19 facilities communicates properly with all CCB agents to provide the CCB immediate access
20 to items and documents to which NRS Title 56 and the NCCR's require immediate
21 production upon CCB request.

22 16. Imposition of Civil Penalties. NV Green shall pay a total civil penalty in the
23 amount of Ten Thousand, Three Hundred and Thirty-three Dollars (\$10,333.00), which
24 includes costs, to CCB within 30 days of the date CCB approves this Stipulation and Order.

25 17. Contingency if Approval Denied. If approval of this Stipulation and Order is
26 denied by CCB, NV Green and counsel for the CCB agree to resume settlement negotiations
27 in good faith and attempt to reach an agreement to amend this Stipulation and Order and
28 resubmit an amended Stipulation and Order to the CCB to review for approval at its next

1 regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree
2 to proceed with the Administrative Action, which shall include a disciplinary hearing before
3 the CCB or its assigned hearing officer. NV Green shall file its answer to the Complaint no
4 later than November 16, 2020. Should the Administrative Action proceed for the reasons
5 set forth in this Paragraph, CCB preserves all its claims and arguments in the
6 Administrative Action as set forth in its Complaint and NV Green preserves all its defenses
7 and arguments set forth in its Answer (once said Answer is filed). An unapproved
8 Stipulation and Order shall not be admissible as evidence or referenced in argument at any
9 disciplinary hearing in CCB Case No. 2020-010 or any other matter involving the CCB.

10 18. Contingency if Approval Conditioned. If the CCB approves this Stipulation
11 and Order, but said approval is contingent on certain conditions, the parties will undertake
12 further good faith negotiations to include said conditions in an amended stipulation and
13 order for execution by the CCB Chair. If NV Green does not agree to the certain conditions
14 imposed by the CCB, the parties will undertake additional negotiations and attempt to
15 reach an agreement to amend this Stipulation and Order and resubmit an amended
16 Stipulation and Order to the CCB to review for approval at its next regularly scheduled
17 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the
18 Administrative Action, which shall include a disciplinary hearing before the CCB or its
19 assigned hearing officer. NV Green shall file its answer to the Complaint no later than
20 November 16, 2020. Should the Administrative Action proceed for the reasons set forth in
21 this Paragraph, CCB preserves all its claims and arguments in the Administrative Action
22 as set forth in its Complaint and NV Green preserves all its defenses and arguments
23 asserted in its Answer (once said Answer is filed). An unapproved Stipulation and Order
24 shall not be admissible as evidence or referenced in argument at any disciplinary hearing
25 in CCB Case No. 2020-010 or any other matter involving the CCB.

26 19. Closure of Disciplinary Action. Once this Stipulation and Order is fully
27 performed by NV Green, the Administrative Action will be closed.

28 20. Communications with CCB Members. NV Green understands that this

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

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

1 unknown, in law or equity, that Respondent ever had, now has, may have or claim to have
2 against any and/or all of the persons, government agencies or entities named in this
3 Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in
4 its Complaint, the matters set forth in this Stipulation and Order, or the administration of
5 CCB Case No. 2020-010.

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

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

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

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

1 accordingly.

2 26. Warranties of Authority. The Parties to this Stipulation and Order, and each
3 of them, expressly warrant and represent to all other Parties that each has the full right,
4 title, and authority to enter into and to carry out its obligations hereunder, with the sole
5 exception of the required approval of this Stipulation and Order by the CCB. The Parties
6 also expressly acknowledge the foregoing authority.

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

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

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

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

26 31. Interpretation. This Stipulation and Order is the result of negotiations among
27 the Parties who have each negotiated and reviewed its terms. In the event a Court ever
28 construes this Agreement, the Parties expressly agree, consent, and assent that such Court

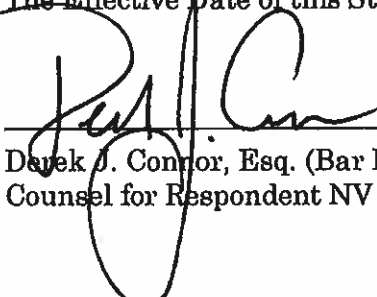
1 shall not construe this Agreement or any provision hereof against any Party as its drafter
2 for purposes of interpreting any ambiguity or uncertainty in this Stipulation and Order.

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

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

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

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

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23  Date: 10/09/2020
24 Dayek J. Connor, Esq. (Bar No. 12194)
25 Counsel for Respondent NV Green
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[Signature] Date: OCTOBER 9, 2020

RONALD R. CANNON
On behalf of Respondent NV Green

[Signature] Date: OCTOBER 9, 2020

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

[Signature] Date: 10/13/20

Tyler Klimas, Executive Director for the Cannabis
Compliance Board

ORDER

WHEREAS, on 2~~4~~ 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 NV Green.

IT IS SO ORDERED.

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

STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD

By: [Signature]
HON. MICHAEL L. DOUGLAS, CHAIR