

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

3
4 STATE OF NEVADA, CANNABIS
 COMPLIANCE BOARD,

Case No. 2020-06

5 Petitioner,

6
7 vs.

8 NEVADA WELLNESS CENTER 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 Nevada Wellness Center, LLC (“NWC”), by and through its
17 counsel of record, Theodore Parker, III, Esq. and Mahogany Turfley, Esq. Pursuant to this
18 Stipulation and Order, NWC and CCB (collectively, the “Parties”) hereby stipulate and
19 agree that CCB Case No. 2020-06 (the “Administrative Action”) shall be fully and finally
20 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, NWC had allowed non-delivery sales in contravention of NAC
25 453D.905(3)(b)(9), NAC 453D.905(3)(d)(8), NAC 414.XXX(3)(d)(4)(I), Nevada Governor’s
26 Emergency Directive 003, and the Department of Taxation Marijuana Enforcement
27 Division guidance.

28 2. On August 31, 2020, Respondent filed its Answer to the Complaint, generally

1 denying that it had conducted any activity which violated the laws of the State of Nevada.

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

6 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

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

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

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

25 6. NWC acknowledges that this Stipulation and Order shall only become
26 effective after the CCB has approved it.

27 7. NWC enters this Stipulation and Order after being fully advised of NWC's
28 rights and as to the consequences of this Stipulation and Order. This Stipulation and Order

1 embodies the entire agreement reached between the CCB and NWC. It may not be altered,
2 amended, or modified without the express written consent of the Parties and all alterations,
3 amendments and/or modifications must be in writing.

4 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, NWC
5 has agreed to settle this matter. In settling this matter, NWC acknowledges that the facts
6 contained in the paragraphs in the above "Pertinent Facts" portion of this Stipulation and
7 Order are true and correct. NWC further acknowledges that certain facts contained in the
8 CCB Complaint in Case No. 2020-06 could be found to constitute violations of Title 56 of
9 NRS (NRS Chapters 678A through 678D), NRS Chapters 453A and 453D and NAC
10 Chapters 453A and 453D, with penalties up to and including a civil penalty of \$12,500 and
11 a suspension of its license and certificate of up to 20 days, if this matter went to an
12 administrative hearing.

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

19 10. To resolve the Administrative action, NWC specifically admits to the following
20 violation with respect to the Complaint in CCB Case No. 2020-06: One violation of NAC
21 453D.905(3)(f)(6) for failing to comply with a requirement not described in another category
22 of violations.

23 11. NWC further agrees to pay a civil penalty in the amount of \$4,500 in
24 consideration for its admitted violation of NAC 453D.905(3)(f)(6) and in consideration of
25 CCB's agreement to resolve the Administrative Action on the terms set forth herein.

26 12. If the CCB approves this Stipulation and Order, it shall be deemed and
27 considered disciplinary action by the Board against NWC.

28 13. Both parties acknowledge that the CCB has jurisdiction to consider and order

1 this Stipulation and Order because NWC holds privileged licenses/certificates regulated by
2 the CCB as of July 1, 2020. NWC expressly, knowingly, and intentionally waives the 21-
3 day and/or 5 day notice requirements contained in the Nevada Open Meeting Law and
4 acknowledges that this Stipulation and Order may be presented to the CCB for its
5 consideration and potential ratification at the Board's meeting on October 20, 2020.

6 STIPULATED ADJUDICATION

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

10 14. Category V Violation. Respondent shall be deemed to have received a formal
11 warning of its first Category V violation from the CCB, effective on the date the CCB
12 approves this Stipulation and Order. Should Respondent commit any additional violations
13 in the future, the CCB may consider this warning in the imposition of discipline for any
14 such future violation or violations; but, progressive disciplinary action based on this
15 Category V violation herein would only be valid for the time period specified in the NCCR's.

16 15. Imposition of Civil Penalties. NWC shall pay a total civil penalty in the
17 amount of four thousand, five hundred dollars (\$4,500.00) within 30 days of the date the
18 CCB approves this Stipulation and Order.

19 16. Contingency if Approval Denied. If approval of this Stipulation and Order is
20 denied by CCB, NWC and counsel for the CCB agree to resume settlement negotiations in
21 good faith and attempt to reach an agreement to amend this Stipulation and Order and
22 resubmit an amended Stipulation and Order to the CCB to review for approval at its next
23 regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree
24 to proceed with the Administrative Action, which shall include a disciplinary hearing before
25 the CCB or its assigned hearing officer. Should the Administrative Action proceed for the
26 reasons set forth in this Paragraph, CCB preserves all its claims and arguments in the
27 Administrative Action as set forth in its Complaint and NWC preserves all its defenses and
28 arguments asserted in its Answer. An unapproved Stipulation and Order shall not be

1 admissible as evidence or referenced in argument at any disciplinary hearing in CCB Case
2 No. 2020-06 or any other matter involving the CCB.

3 17. Contingency if Approval Conditioned. If the CCB approves this Stipulation
4 and Order, but said approval is contingent on certain conditions, the parties will undertake
5 further good faith negotiations to include said conditions in an amended stipulation and
6 order for execution by the CCB Chair. If NWC does not agree to the certain conditions
7 imposed by the CCB, the parties will undertake additional negotiations and attempt to
8 reach an agreement to amend this Stipulation and Order and resubmit an amended
9 Stipulation and Order to the CCB to review for approval at its next regularly scheduled
10 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the
11 Administrative Action, which shall include a disciplinary hearing before the CCB or its
12 assigned hearing officer. Should the Administrative Action proceed for the reasons set forth
13 in this Paragraph, CCB preserves all its claims and arguments in the Administrative
14 Action as set forth in its Complaint and NWC preserves all its defenses and arguments in
15 asserted in its Answer. An unapproved Stipulation and Order shall not be admissible as
16 evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2020-06
17 or any other matter involving the CCB.

18 18. Closure of Disciplinary Action. Once this Stipulation and Order is fully
19 performed by NWC, the Administrative Action will be closed.

20 19. Communications with CCB Members. NWC understands that this
21 Stipulation and Order will be presented to the CCB in open session at a duly notice d and
22 scheduled CCB meeting. NWC understands that the CCB has the right to decide in its own
23 discretion whether or not to approve this Stipulation and Order. The CCB's counsel, which
24 is the Nevada Attorney General and its staff attorneys, will recommend approval of this
25 Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and
26 Order, counsel for CCB may communicate directly with individual CCB members one at a
27 time. NWC acknowledges that such communications may be made or conducted *ex parte*,
28 without notice or opportunity for NWC to be heard on its part until the public CCB meeting

1 where this Stipulation and Order is discussed, and that such contacts and communications
2 may include, but may not be limited to, matters concerning this Stipulation and Order, the
3 Administrative Action and any and all information of every nature whatsoever related to
4 these matters. NWC agrees that it has no objections to such *ex parte* communications. CCB
5 agrees that NWC and/or its counsel may appear at the CCB meeting where this Stipulation
6 and Order is discussed and, if requested, respond to any questions that may be addressed
7 to NWC and/or the Attorney General's staff attorneys. NWC agrees that, should the CCB
8 decline to approve this Stipulation and Order, NWC will not contest or otherwise object to
9 any CCB member, and/or CCB appointed hearing officer, hearing and adjudicating the
10 Administrative Action based on the aforementioned *ex parte* communications with anyone
11 from the Nevada Attorney General's Office.

12 20. Release. In execution of this agreement, Respondent agrees that the State of
13 Nevada, the CCB, the Office of the Attorney General, and each of their members, staff,
14 attorneys, investigators, inspectors, auditors, experts, hearing officers, consultants and
15 agents are immune from any liability for any decision or action taken in good faith in
16 response to information and data acquired by the CCB. Respondent agrees to release the
17 State of Nevada, the CCB, the Office of the Attorney General, and each of their members,
18 staff, attorneys, investigators, inspectors, auditors, experts, hearing officers, consultants
19 and agents from any and all manner of actions, causes of action, suits, debts, judgments,
20 executions, claims and demands whatsoever, known or unknown, in law or equity, that
21 Respondent ever had, now has, may have or claim to have against any and/or all of the
22 persons, government agencies or entities named in this Paragraph, arising out of, or by
23 reason of, CCB's investigation of the matters set forth in its Complaint, the matters set
24 forth in this Stipulation and Order, and/or the administration of CCB Case No. 2020-06.

25 21. No Precedence. The Parties agree that this Stipulation and Order shall not
26 constitute a precedent for any other issues or proceedings before the CCB, other than those
27 set forth in this Stipulation and Order, and shall not be admissible in any other proceeding
28 or action with respect to any other matter, except proceedings brought to enforce this

1 Stipulation and Order under its terms.

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

4 23. Further Assurances. The Parties shall cooperate in executing such additional
5 documents and performing such further acts as may be reasonably necessary to give effect
6 to the purposes and provisions of this Stipulation and Order.

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

20 25. Warranties of Authority. The Parties to this Stipulation and Order, and each
21 of them, expressly warrant and represent to all other Parties that each has the full right,
22 title, and authority to enter into and to carry out its obligations hereunder, with the sole
23 exception of the required approval of this Stipulation and Order by the CCB. The Parties
24 also expressly acknowledge the foregoing authority.

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

28 27. Construction. The headings of all Sections and Paragraphs of this Stipulation

1 and Order are inserted solely for the convenience of reference and are not a part of the
2 Stipulation and Order and are not intended to govern, limit, or aid in the construction or
3 interpretation of any term or provision of this Stipulation and Order. In the event of a
4 conflict between such caption and the paragraph at the head of which it appears, the
5 paragraph and not such caption shall govern in the construction of this Stipulation and
6 Order.

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

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

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

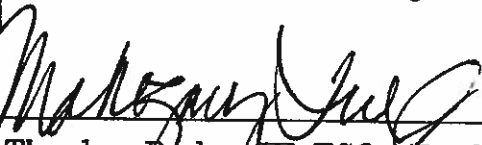
21 31. Time is of the Essence. Time is of the essence in the performance of all terms
22 of this Stipulation and Order.

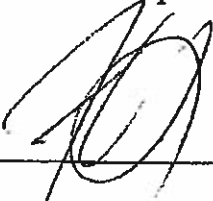
23 32. Severability. If any portion of this Stipulation and Order, or its application
24 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
25 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order
26 and its application thereof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

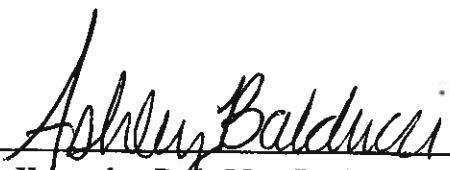

28 33. Counterparts and Copies. This Stipulation and Order may be executed in

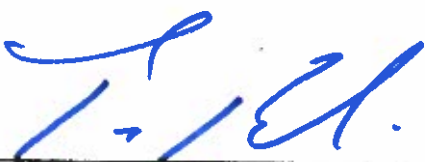
1 counterparts, each of which when so executed and upon delivery to counsel of record for the
2 Parties shall be deemed an original ("Counterparts"). This Stipulation and Order shall be
3 deemed executed when Counterparts of this Stipulation and Order have been executed by
4 all the Parties and/or their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

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

12 
13 _____ Date: 10/13/2020
14 Theodore Parker, III, ESQ., (Bar No. 4716)
15 Mahogany Turfley, ESQ., (Bar No. 13974)
16 Counsel for Respondent NWC

17 
18 _____ Date: 10-13-2020
19 On behalf of Respondent NWC

20 
21 _____ Date: 10/14/20
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: 10/14/20
28 Tyler Klimas, Executive Director for the Cannabis
Compliance Board

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ORDER

WHEREAS, on 20 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 NWC.

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