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

STATE OF NEVADA, CANNABIS  
COMPLIANCE BOARD,

Case No. 2020-20

Petitioner,

vs.

GRAVITAS NEVADA LTD.,

Respondent.

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

The Cannabis Compliance Board (the "CCB"), by and through its counsel, Aaron D. Ford, Attorney General for the State of Nevada, L. Kristopher Rath, Esq., Senior Deputy Attorney General and Ashley A. Balducci, Esq., Senior Deputy Attorney General, hereby enters into this Stipulation and Order for Settlement of Disciplinary Action ("Stipulation and Order") with Respondent Gravitas Nevada Ltd. ("Respondent"), by and through its counsel, Alicia R. Ashcraft, Esq. and Jeffrey F. Barr, Esq. of the law firm of Armstrong Teasdale LLP. Pursuant to this Stipulation and Order, Respondent and CCB (collectively, the "Parties") hereby stipulate and agree that CCB Case No. 2020-20 (the "Administrative Action") shall be fully and finally settled and resolved upon terms and conditions set out herein.

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**PERTINENT FACTS**

1. On September 22, 2020, CCB initiated this disciplinary action via the service and filing of a Complaint for Disciplinary Action (the "Complaint"). The Complaint alleged three violations of NAC 453D.905(3)(a)(3), a Category I violation, for Respondent intentionally and falsely reporting to the Department of Taxation's Marijuana Enforcement Division ("Department") three cannabis products as destroyed in METRC when Respondent's employees had not destroyed these products. The Complaint further

1 alleged ten violations of NAC 453D.905(3)(d)(19), a Category III violation, for  
2 Respondent's production facility manager and supervisor allowing ten (10) employees to  
3 divert a significant amount of cannabis product on May 9, 2018.<sup>1</sup> The alleged violations  
4 are revocable offenses. Respondent self-reported the subject diversions of product and  
5 took corrective action to prevent such occurrences in the future.

6 2. On October 29, 2020, the parties agreed to a Stipulation and Order to Stay  
7 the Administrative Proceedings.

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

12 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

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

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

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28 <sup>1</sup> 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           5.     Should this Stipulation and Order be rejected by the CCB or not timely  
2 performed by Respondent, it is agreed that presentation to and consideration by the CCB  
3 of such proposed stipulation or other documents or matters pertaining to the  
4 consideration of this Stipulation and Order shall not unfairly or illegally prejudice the  
5 CCB or any of its members from further participation, consideration, adjudication, or  
6 resolution of these proceedings and that no CCB member shall be disqualified or  
7 challenged for bias.

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

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

16          8.     In an effort to avoid the cost and uncertainty of a disciplinary hearing, the  
17 Parties have agreed to settle this matter. For purposes of settling this matter,  
18 Respondent acknowledges that the facts contained in the paragraphs in the above  
19 "Pertinent Facts" portion of this Stipulation and Order are true and correct. Without  
20 waiving any constitutional rights against self-incrimination, Respondent further  
21 acknowledges that certain facts contained in the CCB Complaint in Case No. 2020-20  
22 could be found to constitute violations of Title 56 of NRS (NRS Chapters 678A through  
23 678D), NRS Chapters 453A and 453D and NAC Chapters 453A and 453D, with penalties  
24 up to and including a civil penalty of \$52,500 and a revocation of Respondent's cannabis  
25 establishment certificate (P013) and license (RP013) for 9 years and 11 months, if this  
26 matter went to an administrative hearing.

27          9.     To resolve the Administrative Action, and only for those purposes and no  
28 other, Respondent specifically admits to the following violations with respect to the

1 Complaint in CCB Case No. 2020-20: Two violations of NAC 453D.905(3)(b)(1) for making  
2 unintentional false statements or representations of fact to the Department and one  
3 violation of NAC 453D.905(3)(d)(20) for picking up, unloading or delivering marijuana at  
4 an unauthorized location. These violations are applicable to both certificate P013 and  
5 license RP013.

6 10. As to the remaining alleged violations contained in the CCB's Complaint,  
7 Respondent neither admits to, nor denies, said alleged violations.

8 11. Respondent agrees to pay a civil penalty of fifty-two thousand five hundred  
9 dollars (\$52,500)<sup>2</sup> in consideration of the CCB's agreement to fully resolve the  
10 Administrative Action on the terms set forth herein.

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

13 13. Both parties acknowledge that the CCB has jurisdiction to consider and  
14 order this Stipulation and Order because Respondent holds privileged certificates/licenses  
15 regulated by the CCB as of July 1, 2020. Respondent expressly, knowingly, and  
16 intentionally waives the 21-day and/or 5-day notice requirements contained in the  
17 Nevada Open Meeting Law and acknowledges that this Stipulation and Order may be  
18 presented to the CCB for its consideration and potential ratification at the Board's  
19 meeting on December 18, 2020.

#### 20 STIPULATED ADJUDICATION

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

24 14. Two Category II Violations and One Category III Violation. Respondent  
25 shall be deemed to have committed two Category II violations and one Category III  
26 violation, as to P013 and RP013, effective on the date the CCB approves this Stipulation

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28 <sup>2</sup> With respect to the civil penalty of \$52,500, \$26,250 shall be attributed to certificate P013 and \$26,250 shall be attributed to license RP013.

1 and Order. The Parties stipulate and agree that nothing in this Stipulation and Order  
2 shall preclude CCB from pursuing any separate disciplinary actions against the cannabis  
3 agents named in Paragraph 16 of the CCB Complaint in Case No. 2020-20, and/or any  
4 other of Respondent's cannabis agents found to be in noncompliance with NRS Title 56  
5 and/or NCCR. Said disciplinary actions would be separate and apart from any  
6 disciplinary actions against Respondent arising out of the events on May 9, 2018.

7 15. Imposition and Payment of Civil Penalties. Respondent shall pay a total  
8 civil penalty in the amount of fifty-two thousand five hundred dollars (\$52,500)<sup>3</sup> within  
9 30 days of the date the CCB approves this Stipulation and Order.

10 16. Potential Future Action Against Gravitas Nevada, Ltd. The Parties agree  
11 that, pursuant to the specific facts of this case and the resolution reached in this  
12 Stipulation and Order, the progressive disciplinary provisions of NAC 453D.905(4)(b) and  
13 (d) of two years shall apply. Any additional Category II and Category III violations within  
14 said two-year period would invoke the progressive disciplinary provisions of NAC  
15 453D.905(4)(b) and (d). The CCB contends that said two-year period shall commence as of  
16 the date the CCB approves this Stipulation and Order. Respondent contends that this  
17 two-year period shall commence as of the date of the alleged violations on May 17,  
18 2018. The Parties agree that this issue shall be deferred for resolution until there is  
19 disciplinary action within the two-year disputed time frame. If there is no disciplinary  
20 action against Respondent within two years after the CCB approves this Stipulation and  
21 Order, the Parties agree this issue shall be moot. If there is such disciplinary action  
22 within that two years, Respondent reserves its rights to raise its contention that the two-  
23 year progressive disciplinary time period ended on May 17, 2020, as an affirmative  
24 defense in such later disciplinary action and the issue will be adjudicated in that later  
25 administrative action, pursuant to NRS Title 56 and the NCCR, which will be subject to  
26 judicial review when final. Regardless, after said two-year period expires, the CCB may

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28 <sup>3</sup> With respect to the civil penalty of \$52,500, \$26,250 shall be attributed to certificate P013 and \$26,250 shall be attributed to license RP013.

1 still consider the compliance history of Respondent under NCCR 4.030(2). In addition to  
2 the factors listed for consideration in NCCR 4.030(2), in any future disciplinary action  
3 involving Respondent, the CCB may take into consideration Respondent's cooperation in  
4 the resolution of the Administrative Action.

5 17. Plan of Correction. Respondent represents and warrants that it has put in  
6 place a plan of correction to remedy and to prevent the recurrence of the violations set  
7 forth in this Stipulation and Order. As to P013 and RP013, Respondent further represents  
8 and warrants that it executed a corrective action plan to comply with the laws regulating  
9 cannabis. In summary, the plan of correction is as follows: (1) Gravitas self-reported and  
10 self-shutdown on May 17, 2018 until June 18, 2018; (2) Gravitas immediately suspended  
11 employee Michael Anderson and suspended the other employees who took cannabis  
12 product after the internal investigation revealed the other employees took cannabis  
13 product; (3) Gravitas conducted an internal investigation of the incident and recovered  
14 whatever cannabis product the employees had in their possession; (4) Gravitas dismissed  
15 the employees who took cannabis product on May 9, 2018; and (5) Gravitas re-trained all  
16 employees in all facilities, including the production employees on proper use of security  
17 measures and controls that have been adopted to prevent diversion, theft or loss of  
18 marijuana; procedures and instructions for responding to an emergency; and all state and  
19 federal statutes and regulations relating to the use of cannabis.

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

1 and Respondent preserves all its defenses and arguments it may assert and withdraws all  
2 waivers set forth herein. An unapproved Stipulation and Order shall not be admissible as  
3 evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2020-20  
4 or any other matter involving the CCB.

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

21 20. Closure of Disciplinary Action. Once this Stipulation and Order is fully  
22 performed by Respondent, the Administrative Action will be closed.

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

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

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

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1           23. No Precedence. The Parties agree that this Stipulation and Order shall not  
2 constitute a precedent for any other issues or proceedings before the CCB and/or in any  
3 other forum, other than those set forth in this Stipulation and Order. Furthermore, this  
4 Stipulation and Order shall not be admissible in any other proceeding or action with  
5 respect to proof of fact or any other matter and/or any other licensee and/or cannabis  
6 establishment registered agent, except proceedings brought to enforce this Stipulation  
7 and Order under its terms and/or for the CCB's consideration of future disciplinary action  
8 against this Respondent.

9           The CCB may consider the discipline imposed herein in any future disciplinary  
10 action against Respondent, as required under NCCR 4.030(2), along with the other  
11 factors set forth in NCCR 4.030(2), and possible progressive discipline pursuant to NAC  
12 453D.905<sup>4</sup>, and/or NCCR 4.035 through 4.060. As every case concerns different facts and  
13 details, this Stipulation does not act as precedence to bind CCB to impose any particular  
14 penalty, to charge or allege any particular violation, and/or to impose any particular  
15 disciplinary action in the future for this Respondent, or any other respondent, for  
16 violations of the same statutes and/or regulations addressed in this Stipulation and  
17 Order. Likewise, CCB is not bound by any previous settlement agreements it has  
18 approved in entering into this Stipulation and Order.

19           24. Attorneys' Fees and Costs. The Parties each agree to bear their own  
20 attorneys' fees and costs.

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

24           26. Voluntary and Informed Agreement. Respondent represents that its owners,  
25 officers, and/or its directors, who are responsible for and able to legally bind Respondent  
26 have read completely and understand fully the terms of this Stipulation and Order, that

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28 <sup>4</sup> Subject to the limitations as may be argued by the Parties under the reservation of rights set forth in  
Paragraph 16, above.

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1 such terms are fully understood and voluntarily accepted by Respondent in advance of  
2 and as memorialized by the signing of this Stipulation and Order, and that Respondent's  
3 signature to this Stipulation and Order indicates same. Respondent further represents  
4 that it has voluntarily entered into this Stipulation and Order to make a full, final, and  
5 complete compromise upon the terms and conditions set forth herein. Respondent further  
6 represents that any releases, waivers, discharges, covenants, and agreements provided  
7 for in this Stipulation and Order have been knowingly and voluntarily granted and  
8 without any duress or undue influence of any nature from any person or entity. The  
9 Parties, and each of them, hereby expressly acknowledge that they are each represented  
10 by counsel of their own choice in this matter or have had an opportunity to obtain  
11 representation by counsel of their choice, and have been advised by counsel accordingly.

12       27. Warranties of Authority. The Parties to this Stipulation and Order, and  
13 each of them, expressly warrant and represent to all other Parties that each has the full  
14 right, title, and authority to enter into and to carry out its obligations hereunder, with the  
15 sole exception of the required approval of this Stipulation and Order by the CCB. The  
16 Parties also expressly acknowledge the foregoing authority.

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

20       29. Construction. The headings of all Sections and Paragraphs of this  
21 Stipulation and Order are inserted solely for the convenience of reference and are not a  
22 part of the Stipulation and Order and are not intended to govern, limit, or aid in the  
23 construction or interpretation of any term or provision of this Stipulation and Order. In  
24 the event of a conflict between such caption and the paragraph at the head of which it  
25 appears, the paragraph and not such caption shall govern in the construction of this  
26 Stipulation and Order.

27       30. Governing Law. This Stipulation and Order shall be governed by and  
28 construed in accordance with the laws of the State of Nevada, without reference to

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1 conflict of law principles.

2 31. Jurisdiction and Forum Selection. The Parties consent to the jurisdiction of  
3 the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to  
4 resolve any disputes related to the terms or enforcement of this Stipulation and Order.

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

11 33. Time is of the Essence. Time is of the essence in the performance of all  
12 terms of this Stipulation and Order.

13 34. Severability. If any portion of this Stipulation and Order, or its application  
14 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,  
15 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order  
16 and its application thereof shall be not affected and shall remain enforceable to the fullest  
17 extent permitted by law.

18 35. Counterparts and Copies. This Stipulation and Order may be executed in  
19 counterparts, each of which when so executed and upon delivery to counsel of record for  
20 the Parties and/or the Parties shall be deemed an original ("Counterparts"). This  
21 Stipulation and Order shall be deemed executed when Counterparts of this Stipulation  
22 and Order have been executed by all the Parties and/or their counsel; such Counterparts  
23 taken together shall be deemed to be the Agreement. This Stipulation and Order may be  
24 executed by signatures provided by electronic facsimile or email, which signatures shall  
25 be binding and effective as original wet ink signatures hereupon. All fully executed copies  
26 of this Stipulation and Order are duplicate originals, equally admissible in evidence.

27 IN WITNESS WHEREOF, this Stipulation and Order has been executed by the  
28 Parties and attested by their duly authorized representatives as of the date(s) so

1 indicated. The Effective Date of this Stipulation and Order shall be the date it is ordered  
2 by the CCB.

3 *Alicia R. Ashcraft*

Date: December 4, 2020

4 Alicia R. Ashcraft (Nev. Bar No. 6890)  
5 Jeffrey F. Barr (Nev. Bar No. 7269)  
6 Counsel for Respondent Gravitas Nevada,  
7 Ltd.

8 *B* *Jeff Mgr*  
9 Barry Fieldman, Manager  
10 On behalf of Gravitas Nevada, Ltd.

Date: 12/4/20

11 *Ashley Balducci*

Date: 12/4/20

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

16 *T.K.*

17 Tyler Klimas, Executive Director for the  
18 Cannabis Compliance Board

Date: 12/9/2020

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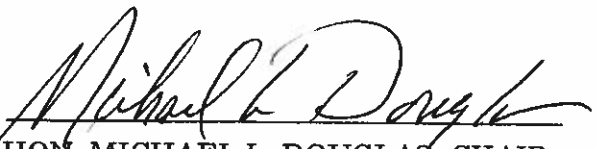
**ORDER**

WHEREAS, on 18th day of December 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 Gravitas Nevada, Ltd.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 18<sup>th</sup> day of December, 2020.

**STATE OF NEVADA,  
CANNABIS COMPLIANCE BOARD**

By:   
HON. MICHAEL L. DOUGLAS, CHAIR

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