

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

3
4 STATE OF NEVADA, CANNABIS
 COMPLIANCE BOARD,

Case No. 2020-26

5 Petitioner,

6
7 vs.

8 MEDICAL CANNABIS HEALING,
 LLC,

9 Respondent.
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11
12 **STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION**

13 The Cannabis Compliance Board (the "CCB"), by and through its counsel, Aaron D.
14 Ford, Attorney General for the State of Nevada, L. Kristopher Rath, Esq., Senior Deputy
15 Attorney General and Ashley A. Balducci, Esq., Senior Deputy Attorney General, hereby
16 enters into this Stipulation and Order for Settlement of Disciplinary Action ("Stipulation
17 and Order") with Respondent Medical Cannabis Healing, LLC ("Respondent"), by and
18 through its counsel, Tyler J Morgan, Esq. of Morgan Law Group. Pursuant to this
19 Stipulation and Order, Respondent and CCB (collectively, the "Parties") hereby stipulate
20 and agree that CCB Case No. 2020-26 (the "Administrative Action") shall be fully and
21 finally settled and resolved upon terms and conditions set out herein.

22 **PERTINENT FACTS**

23 1. Respondent is a registered domestic limited-liability company licensed in
24 Nevada to operate medical and adult-use cannabis cultivation (C178, RC178) and
25 production (P112, RP112) establishments.

26 2. On November 17, 2020, CCB held a public meeting and acted on a transfer of
27 interest application ("TOI") submitted by Respondent to the Department of Taxation
28 ("Department") on January 8, 2018, requesting approval of Andrew Schneider to relinquish

1 his ownership interests of 2.24% to his father, Michael Schneider. The CCB's investigation
2 of the TOI conducted by Compliance/Audit Investigator II Rachel Branner ("Investigator
3 Branner") included review of Respondent's financials statements and the Certified Public
4 Accountant ("CPA") informing Investigator Branner that Respondent removed Andrew
5 Schneider as a manager for Respondent prior to regulatory approval in violation of NAC
6 453D.315. The CCB discussed conditionally approving the pending TOI on Respondent
7 stipulating to a \$4,000 civil penalty for the violation of NAC 453D.905(3)(b)(4). As set forth
8 herein, Respondent stipulates to pay a \$4,000 civil penalty for the violation of NAC
9 453D.905(3)(b)(4) in lieu of the CCB filing and serving a Complaint for Disciplinary Action
10 ("Complaint") and proceeding to a hearing.

11 ACKNOWLEDGEMENTS AND APPLICABLE LAW

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

14 3. Respondent 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 its rights to contest the
16 violation pending against it. These rights include the filing and service of a disciplinary
17 complaint specifying the charges against Respondent, 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 present
21 witnesses to 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, the Nevada Cannabis Compliance Regulations (NCCR), and any other provisions of
25 Nevada law. Respondent is waiving all these rights by entering into this Stipulation and
26 Order. If the CCB rejects this Stipulation and Order, or any portion thereof, Respondent
27 reserves the right to withdraw any or all waivers.

28 4. Should this Stipulation and Order be rejected by the CCB or not timely

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

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

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

14 7. In an effort to avoid the cost and uncertainty of a disciplinary hearing, the
15 Parties have agreed to settle this matter. In settling this matter, Respondent acknowledges
16 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
17 Stipulation and Order are true and correct. Respondent further acknowledges that if the
18 CCB filed and served a Complaint, the "Pertinent Facts" could be found to constitute a
19 violation of Title 56 of NRS (NRS Chapters 678A through 678D), NRS Chapters 453A and
20 453D and NAC Chapters 453A and 453D, with a civil penalty of not more than \$10,000 and
21 a suspension of Respondent's licenses for not more than 20 days, if this matter went to an
22 administrative hearing.

23 8. To resolve the Administrative Action, and only for those purposes and no
24 other, Respondent specifically admits to the following violation with respect to the
25 Complaint in CCB Case No. 2020-26: One violation of NAC 453D.905(3)(b)(4) for failing to
26 notify the Department of a change of ownership. This violation is applicable to both
27 certificates C178 and P112 and licenses RC178 and RP112.

28

1 9. Respondent agrees to pay a civil penalty of four thousand dollars (\$4,000)¹ in
2 consideration of the CCB's agreement to fully resolve the Administrative Action on the
3 terms set forth herein.

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

6 11. Both parties acknowledge that the CCB has jurisdiction to consider and order
7 this Stipulation and Order because Respondent holds privileged certificates/licenses
8 regulated by the CCB as of July 1, 2020. Respondent expressly, knowingly, and
9 intentionally waives the 21-day and/or 5-day notice requirements contained in the Nevada
10 Open Meeting Law and acknowledges that this Stipulation and Order may be presented to
11 the CCB for its consideration and potential ratification at the Board's meeting on December
12 18, 2020.

13 **STIPULATED ADJUDICATION**

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

17 12. One Category II Violation. Respondent shall be deemed to have committed a
18 Category II violation, as to certificates C178 and P112 and licenses RC178 and RP112,
19 effective on the date the CCB approves this Stipulation and Order.

20 13. Imposition and Payment of Civil Penalties. Respondent shall pay a total civil
21 penalty in the amount of four thousand dollars (\$4,000) within 30 days of the date the CCB
22 approves this Stipulation and Order.

23 14. Contingency if Approval Denied. If approval of this Stipulation and Order is
24 denied by CCB, Respondent and counsel for the CCB agree to resume settlement
25 negotiations in good faith and attempt to reach an agreement to amend this Stipulation
26 and Order and resubmit an amended Stipulation and Order to the CCB to review for
27 approval at its next regularly scheduled meeting. If such an agreement cannot be reached,
28

¹ This \$4,000 civil penalty shall be apportioned \$1,000 each as to C178, RC178, P112, and RP112.

1 the Parties agree to proceed with the Administrative Action, which shall include the filing
2 and service of a disciplinary complaint and a disciplinary hearing before the CCB or its
3 assigned hearing officer. Should the Administrative Action proceed for the reasons set forth
4 in this Paragraph, CCB preserves all its claims and arguments in the Administrative
5 Action as set forth in its Complaint (to be filed) and Respondent preserves all its defenses
6 and arguments it may assert. An unapproved Stipulation and Order shall not be admissible
7 as evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2020-
8 26 or any other matter involving the CCB.

9 15. Contingency if Approval Conditioned. If the CCB approves this Stipulation
10 and Order, but said approval is contingent on certain conditions, the parties will undertake
11 further good faith negotiations to include said conditions in an amended Stipulation and
12 Order for execution by the CCB Chair. If Respondent does not agree to the certain
13 conditions imposed by the CCB, the parties will undertake additional negotiations and
14 attempt to reach an agreement to amend this Stipulation and Order and resubmit an
15 amended Stipulation and Order to the CCB to review for approval at its next regularly
16 scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed
17 with the Administrative Action, which shall include the filing and service of the Complaint
18 and a disciplinary hearing before the CCB or its assigned hearing officer. Should the
19 Administrative Action proceed for the reasons set forth in this Paragraph, CCB preserves
20 all its claims and arguments in the Administrative Action as set forth in its Complaint and
21 Respondent preserves all its defenses and arguments it may assert. An unapproved
22 Stipulation and Order shall not be admissible as evidence or referenced in argument at any
23 disciplinary hearing in CCB Case No. 2020-26 or any other matter involving the CCB.

24 16. Closure of Disciplinary Action. Once this Stipulation and Order is fully
25 performed by Respondent, the Administrative Action will be closed.

26 17. Communications with CCB Members. Respondent understands that this
27 Stipulation and Order will be presented to the CCB in open session at a duly noticed and
28 scheduled CCB meeting. Respondent understands that the CCB has the right to decide in

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

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

1 Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in
2 its Complaint, the matters set forth in this Stipulation and Order, or the administration of
3 CCB Case No. 2020-26.

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

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

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

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

27 22. Voluntary and Informed Agreement. Respondent represents that its owners,
28 officers, and/or its directors, who are responsible for and able to legally bind Respondent

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

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

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

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

28 26. Governing Law. This Stipulation and Order shall be governed by and

1 construed in accordance with the laws of the State of Nevada, without reference to conflict
2 of law principles.

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

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

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

13 30. 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 31. 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 the
20 Parties and/or the Parties shall be deemed an original ("Counterparts"). This Stipulation
21 and Order shall be deemed executed when Counterparts of this Stipulation and Order have
22 been executed by all the Parties and/or their counsel; such Counterparts taken together
23 shall be deemed to be the Agreement. This Stipulation and Order may be executed by
24 signatures provided by electronic facsimile or email, which signatures shall be binding and
25 effective as original wet ink signatures hereupon. All fully executed copies of this
26 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 indicated.

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

2  Date: 12/8/2020, 11:56:35 AM

3 Tyler J. Morgan, Esq. (Nev. Bar No. 12619)
4 Counsel for Respondent Medical Cannabis
5 Healing, LLC

6  Date: 12/8/2020 5:20 PM

7 Manager *Scott Kaplan MD*
8 On behalf of Medical Cannabis Healing, LLC

9 *Ashley Balducci* Date: 12/9/20

10 I. Kristopher Rath (Nev. Bar No. 5749)
11 Ashley Balducci (Nev. Bar No. 12687)
12 Senior Deputy Attorney General
13 Counsel for Cannabis Compliance Board

14  Date: 12/9/2020

15 Tyler Klimes, Executive Director for the
16 Cannabis Compliance Board

17 **ORDER**

18 WHEREAS, on 18th day of December 2020, the Nevada Cannabis Compliance Board
19 approved and adopted all the terms and conditions set forth in the Stipulation and Order
20 for Settlement of Disciplinary Action with Medical Cannabis Healing, LLC.

21 IT IS SO ORDERED.

22 SIGNED AND EFFECTIVE this 9 day of December, 2020.

23 STATE OF NEVADA,
24 CANNABIS COMPLIANCE BOARD

25 By: 
26 HON. MICHAEL L. DOUGLAS, CHAIR
27
28