

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

3
4 STATE OF NEVADA, CANNABIS
 COMPLIANCE BOARD,

Case No. 2020-021

5 Petitioner,

6 vs.

7 SILVER STATE CULTIVATION, LLC,

8 Respondent.
9

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 Silver State Cultivation, LLC (hereinafter “SSC”), by and
17 through its counsel of record, Alicia R. Ashcraft, Esq. of the law firm of Armstrong Teasdale
18 LLP. Pursuant to this Stipulation and Order, SSC and CCB (collectively, the “Parties”)
19 hereby stipulate and agree that CCB Case No. 2020-21 (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 October 20, 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, the SSC Cultivation facility (C001 and RC001) failed to comply
25 with the requirements for disposal of cannabis waste, failed to provide required
26 documentation regarding security measures and a security camera malfunction log, and
27 failed to comply with seed to sale tracking requirements. The Complaint further alleges
28 that the SSC Production facility (P001 and RP001) failed to comply with the requirements

1 for disposal of cannabis waste and failed to provide required documentation regarding
2 security measures and a security camera malfunction log.

3 2. SSC has not filed an Answer in the Administrative Action. Rather, SSC, while
4 initially generally denying the allegations in the Complaint, chose to engage in negotiations
5 to resolve the matter prior to answering the Complaint.

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

10 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

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

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

25 5. Should this Stipulation and Order be rejected by the CCB or not timely
26 performed by SSC, it is agreed that presentation to and consideration by the CCB of such
27 proposed stipulation or other documents or matters pertaining to the consideration of this
28 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. SSC acknowledges that this Stipulation and Order shall only become effective
4 after the CCB has approved it.

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

10 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, SSC
11 has agreed to settle this matter. For purposes of settling this matter, SSC 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. Without waiving any constitutional rights
14 against self-incrimination, SSC further acknowledges that certain facts contained in the
15 CCB Complaint in Case No. 2020-021 could be found to constitute violations of Title 56 of
16 NRS (NRS Chapters 678A through 678D), NRS Chapters 453A and 453D and NAC
17 Chapters 453A and 453D, with penalties up to and including revocation, suspension, and/or
18 a civil penalty and costs of \$18,235.38 for C001 and RC001, and/or suspension and a civil
19 penalty and costs of \$18,235.37 for P001 and RP001, if this matter went to an
20 administrative hearing.

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

27 10. To resolve the Administrative Action, and only for those purposes and no
28 other, SSC specifically admits to the following violations with respect to the Complaint in

1 CCB Case No. 2020-021 for certificate C001 and license RC001:

2 a. One violation of NAC 453D.905(3)(d)(4), for failing to keep required
3 records, a Category III violation.

4 b. Two violations of NAC 453D.905(3)(e)(9), for improper storing of
5 marijuana/cannabis, two Category IV violations.

6 11. To resolve the Administrative Action, and only for those purposes and no
7 other, SSC specifically admits to the following violations with respect to the Complaint in

8 CCB Case No. 2020-021 for certificate P001 and license RP001:

9 a. One violation of NAC 453D.905(3)(e)(9), for improper storing of
10 marijuana/cannabis, a Category IV violation.

11 b. One violation of NAC 453D.905(3)(f)(6), for failing to comply with any
12 other requirements not described in another category of violations, a
13 Category V violation.

14 12. As to the remaining allegations in the Complaint, SSC neither admits nor
15 denies those allegations and no civil penalties shall be assessed as to the remaining
16 violations.

17 13. With respect to C001 and RC001, SSC further agrees to pay a civil penalty in
18 the amount of \$15,000 plus costs of \$980.50, for a total of \$15,980.50¹ in consideration for
19 its 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.

21 14. With respect to P001 and RP001, SSC further agrees to pay a civil penalty in
22 the amount of \$12,000 plus costs of \$490.25, for a total of \$12,490.25² in consideration for
23 its admitted violations in Paragraph 11, above, and in consideration of CCB's agreement to
24 resolve the Administrative Action on the terms set forth herein.

25 15. If the CCB approves this Stipulation and Order, it shall be deemed and
26 considered disciplinary action by the CCB against SSC.

27 16. Both parties acknowledge that the CCB has jurisdiction to consider and order

28 ¹ To be apportioned \$7,990.25 to C001 and \$7,990.25 to RC001.

² To be apportioned \$6,245.12 to P001 and \$6,245.13 to RP001.

1 this Stipulation and Order because SSC holds privileged licenses/certificates regulated by
2 the CCB as of July 1, 2020. SSC expressly, knowingly, and intentionally waives the 21-day
3 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 December 18, 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 17. Violations: As to certificate C001 and license RC001, SSC is found to have one
11 Category III violation and two Category IV violations, as set forth in Paragraphs 10(a) and
12 10(b), above. As to certificate P001 and license RP001, SSC is found to have one Category
13 IV violation and one Category V violation, as set forth in Paragraphs 11(a) and 11(b), above.
14 In accordance with NAC 453D.905(4)(f)(1), the CCB hereby issues a formal warning to
15 SSC, as to its first Category V violation for certificate P001 and license RP001: SSC shall
16 take precautions to ensure that the staff of its facilities is fully aware of the required
17 methods and means for proper destruction of cannabis waste.

18 18. Imposition of Civil Penalties. SSC shall pay a total civil penalty, inclusive of
19 costs, in the amount of twenty-eight thousand, four hundred, seventy and 75/100 dollars
20 (\$28,470.75) within 30 days of the date the CCB approves this Stipulation and Order, to be
21 apportioned as set forth in Paragraphs 13 and 14, above.

22 19. Potential Future Action against SSC. The Parties agree that, pursuant to the
23 specific facts of this case, the progressive disciplinary provisions of NAC 453D.905(4)(d), (e)
24 and (f) of two years shall apply to the disciplinary actions herein. Said two-year period shall
25 commence on the date the CCB approves this agreement. Any additional Category III³, IV
26 and/or Category V⁴ violations within said two-year period would invoke the progressive
27 disciplinary provisions of NAC 453D.905(4)(d),(e) and (f). After said two-year period

28 ³ For C001 and RC001, only.

⁴ For P001 and RP001, only.

1 expires, the CCB may still consider the compliance history of SSC under NCCR 4.030(2).
2 In addition to the factors listed for consideration in NCCR 4.030(2), in any future
3 disciplinary action involving the license and certificate of SSC at issue in this case, CCB
4 will also take into account and consider the fact that SSC has cooperated in and negotiated
5 in good faith in the resolution of CCB Case No. 2020-021.

6 20. Contingency if Approval Denied. If approval of this Stipulation and Order is
7 denied by CCB, SSC and counsel for the CCB agree to resume settlement negotiations in
8 good faith and attempt to reach an agreement to amend this Stipulation and Order and
9 resubmit an amended Stipulation and Order to the CCB to review for approval at its next
10 regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree to
11 proceed with the Administrative Action, which shall include a disciplinary hearing before
12 the CCB or its assigned hearing officer. SSC shall file its answer to the Complaint no later
13 than January 15, 2021. Should the Administrative Action proceed for the reasons set forth
14 in this Paragraph, CCB preserves all its claims and arguments in the Administrative
15 Action as set forth in its Complaint and SSC preserves all its defenses and arguments set
16 forth in its Answer and withdraws all waivers set forth herein. An unapproved Stipulation
17 and Order shall not be admissible as evidence or referenced in argument at any disciplinary
18 hearing in CCB Case No. 2020-21 or any other matter involving the CCB.

19 21. Contingency if Approval Conditioned. If the CCB approves this Stipulation
20 and Order, but said approval is contingent on certain conditions, the parties will undertake
21 further good faith negotiations to include said conditions in an amended stipulation and
22 order for execution by the CCB Chair. If SSC does not agree to the certain conditions
23 imposed by the CCB, the parties will undertake additional negotiations and attempt to
24 reach an agreement to amend this Stipulation and Order and resubmit an amended
25 Stipulation and Order to the CCB to review for approval at its next regularly scheduled
26 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the
27 Administrative Action, which shall include a disciplinary hearing before the CCB or its
28 assigned hearing officer. SSC shall file its answer to the Complaint no later than January

1 15, 2021. Should the Administrative Action proceed for the reasons set forth in this
2 Paragraph, CCB preserves all its claims and arguments in the Administrative Action as
3 set forth in its Complaint and SSC preserves all its defenses and arguments asserted in its
4 Answer and withdraws all waivers set forth herein. An unapproved Stipulation and Order
5 shall not be admissible as evidence or referenced in argument at any disciplinary hearing
6 in CCB Case No. 2020-21 or any other matter.

7 22. Closure of Disciplinary Action. Once this Stipulation and Order is fully
8 performed by SSC, the Administrative Action will be closed.

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

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

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

22 The CCB may consider the discipline imposed herein in any future disciplinary
23 action against Respondent, as required under NCCR 4.030(2), along with the other factors
24 set forth in NCCR 4.030(2), and possible progressive discipline pursuant to NAC 453D.905
25 and/or NCCR 4.035 through 4.060. As every case concerns different facts and details, this
26 Stipulation does not act as precedence to bind CCB to impose any particular penalty, to
27 charge or allege any particular violation, and/or to impose any particular disciplinary
28 action in the future for this Respondent, or any other respondent, for violations of the same

1 statutes and/or regulations addressed in this Stipulation and Order. Likewise, CCB is not
2 bound by any previous settlement agreements it has approved in entering into this
3 Stipulation and Order.

4 26. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys'
5 fees and costs.

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

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

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

27 30. Binding Effect. This Stipulation and Order shall be binding upon and inure
28 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,

1 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

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

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

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

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

23 35. Time is of the Essence. Time is of the essence in the performance of all terms
24 of this Stipulation and Order.

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

1 extent permitted by law.

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

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

14 

15 _____ Date: 11/30/2020

16 Alicia R. Ashcraft (Nev. Bar No. 6890)
17 Counsel for Respondent SSC

18 

19 _____ Date: 11/30/2020

20 (printed name MICHAEL KIDD),
21 On behalf of Respondent SSC

22 

23 _____ Date: 11/30/2020

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

28 

_____ Date: 12/9/2020

Tyler Klimas, Executive Director for the
Cannabis Compliance Board

1 **ORDER**

2 WHEREAS, on 18th day of December, 2020, the Nevada Cannabis Compliance Board
3 approved and adopted all the terms and conditions set forth in the Stipulation and Order
4 for Settlement of Disciplinary Action with SSC.

5 IT IS SO ORDERED.

6 SIGNED AND EFFECTIVE this 18th day of December, 2020.

7 **STATE OF NEVADA,**
8 **CANNABIS COMPLIANCE BOARD**

9
10 By: 
11 HON. MICHAEL L. DOUGLAS, CHAIR