

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

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4 STATE OF NEVADA, CANNABIS
 COMPLIANCE BOARD,

Case No. 2020-25

5 Petitioner,

6 vs.

7 PARADISE WELLNESS CENTER,
8 LLC,

9 Respondent.

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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 Paradise Wellness Center, LLC (hereinafter “Paradise”), by
17 and through its counsel of record, Ross C. Goodman, Esq. Pursuant to this Stipulation and
18 Order, Paradise and CCB (collectively, the “Parties”) hereby stipulate and agree that CCB
19 Case No. 2020-25 (the “Administrative Action”) shall be fully and finally settled and
20 resolved upon terms and conditions set out herein.

21 **PERTINENT FACTS**

22 1. On November 17, 2020, CCB initiated this disciplinary action via the service
23 and filing of a Complaint for Disciplinary Action (the “Complaint”). The Complaint alleges
24 that, contrary to Nevada law, the Paradise adult-use dispensary (RD138) sold cannabis
25 product that had not been approved for sale. Specifically, a directive had been issued via
26 Listserv in March 2020 requiring all cannabis dispensaries to check their inventories for
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1 certain cannabis brands which had failed product testing¹ and to destroy or return these
2 failed products. The Complaint alleged that Respondent had sold one of these cannabis
3 brands in violation of the directive. Respondent Paradise sent correspondence to the CCB
4 on July 29, 2020, the next day after receiving notice of the violation, indicating that
5 Paradise never received the March 5, 2020 directive. Paradise further stated that it
6 thought such products could be sold because an administrative hold had been lifted in
7 METRC. The software system Paradise used has since changed and Paradise has provided
8 a plan of correction to prevent such an occurrence in the future.

9 2. After service of the Complaint and prior to Respondent filing an answer,
10 counsel for CCB and counsel for Respondent engaged in good faith negotiations to reach an
11 agreement that is mutually acceptable to Respondent and counsel for the CCB for
12 resolution of this matter, with the understanding that this Stipulation and Order must be
13 approved by majority vote of the members of the CCB. Accordingly, the parties entered
14 into an agreement to stay the disciplinary process to allow the CCB to consider this
15 Stipulation and Order for approval.

16 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

17 This Stipulation and Order is made and based upon the following acknowledgements
18 by the Parties:

19 3. Paradise has entered into this Stipulation and Order on its own behalf and
20 with full authority to resolve the claims against it and is aware of Paradise's rights to
21 contest the violations pending against it. These rights include representation by an
22 attorney at Paradise's own expense, the right to a hearing on any violations or allegations
23 formally filed, the right to confront and cross-examine witnesses called to testify against
24 Paradise, the right to present evidence on Paradise's own behalf, the right to have
25 witnesses testify on Paradise's behalf, the right to obtain any other type of formal judicial
26 review of this matter, and any other rights which may be accorded to Paradise pursuant to
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28 ¹ A prior Public Health and Safety Advisory the Department promulgated in February 2020 notified licensees and consumers that 20 brands of cannabis that had originally been listed as passing microbial testing by a certain cannabis testing facility were determined to have actually failed such testing after later analysis.

1 provisions of NRS Chapters 678A through 678D, NRS Chapters 453A and 453D, NAC
2 Chapters 453A and 453D, the Nevada Cannabis Compliance Regulations (NCCR), and any
3 other provisions of Nevada law. Paradise is waiving all these rights by entering into this
4 Stipulation and Order. If the CCB rejects this Stipulation and Order, or any portion thereof,
5 Paradise reserves the right to withdraw any or all such waivers.

6 4. Should this Stipulation and Order be rejected by the CCB or not timely
7 performed by Paradise, it is agreed that presentation to and consideration by the CCB of
8 such proposed stipulation or other documents or matters pertaining to the consideration of
9 this Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its
10 members and/or assigned hearing officers from further participation, consideration,
11 adjudication, and/or resolution of these proceedings and that no CCB member shall be
12 disqualified or challenged for bias.

13 5. Paradise acknowledges that this Stipulation and Order shall only become
14 effective after the CCB has approved it.

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

20 7. In an effort to avoid the cost and uncertainty of a disciplinary hearing,
21 Paradise has agreed to settle this matter. For purposes of settling this matter, Paradise
22 acknowledges that the facts contained in the paragraphs in the above "Pertinent Facts"
23 portion of this Stipulation and Order are true and correct. Without waiving any
24 constitutional rights against self-incrimination, Paradise further acknowledges that
25 certain facts contained in the CCB Complaint in Case No. 2020-25 could be found to
26 constitute violations of NRS Chapters 453A and 453D and NAC Chapters 453A and 453D,
27 with penalties up to and including suspension of license RD138, and a civil penalty of up
28 to \$10,000, if this matter went to an administrative hearing.

1 8. In settling this matter, the Executive Director for CCB and counsel for CCB
2 have considered the factors set forth in NCCR 4.030(2) and NAC 453D.905(2), including:
3 the gravity of the violations; the economic benefit or savings, if any, resulting from the
4 violations; the size of the business of the violator; the history of compliance with the Nevada
5 statutes and regulations governing marijuana/cannabis by the violator; actions taken to
6 remedy and/or correct the violations; and the effect of the penalty on the ability of the
7 violator to continue in business.

8 9. To resolve the Administrative Action, and only for those purposes and no
9 other, Paradise specifically admits to the following violation with respect to the Complaint
10 in CCB Case No. 2020-25 for license RD138: One violation of NRS 453D.905(3)(d)(11) for
11 selling an unauthorized cannabis product, which constitutes one Category III violation.

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

15 11. With respect to RD138, Paradise further agrees to pay a civil penalty in the
16 amount of \$7,500 in consideration for its admitted violation in Paragraph 10, above, and
17 in consideration of CCB's agreement to resolve the Administrative Action on the terms set
18 forth herein. Said sum must be paid within 30 days of CCB approval of this Stipulation
19 and Order.

20 12. If the CCB approves this Stipulation and Order, it shall be deemed and
21 considered disciplinary action by the CCB against Paradise.

22 13. Both parties acknowledge that the CCB has jurisdiction to consider and order
23 this Stipulation and Order because Paradise holds privileged licenses/certificates regulated
24 by the CCB as of July 1, 2020. Paradise expressly, knowingly, and intentionally waives the
25 21-day and/or 5 day notice requirements contained in the Nevada Open Meeting Law and
26 acknowledges that this Stipulation and Order may be presented to the CCB for its
27 consideration and potential ratification at the CCB's meeting on January 26, 2020.

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1 **STIPULATED ADJUDICATION**

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

5 14. Violations: As to license RD138, Paradise is found to have one Category III
6 violation, as set forth in Paragraph 10, above.

7 15. Imposition and Payment of Civil Penalties. Paradise shall pay a total civil
8 penalty in the amount of seven thousand, five hundred dollars (\$7,500) within 30 days of
9 the date the CCB approves this Stipulation and Order.

10 16. Plan of Correction. Respondent represents and warrants that it has put in
11 place a plan of correction to remedy and to prevent the recurrence of the violations set forth
12 in this Stipulation and Order. As to RD138, Respondent further represents and warrants
13 that it is now, as of the date it has executed this Stipulation and Order, operating in full
14 compliance with NRS Title 56 and NCCR. In summary, the plan of correction is as follows:
15 To prevent future communications breakdowns, Paradise has ensured that all of its
16 managers, executives, and directors have subscribed or re-subscribed to CCB's Listserv
17 system and CCB's new notification system, Constant Contact.

18 17. Contingency if Approval Denied. If approval of this Stipulation and Order is
19 denied by CCB, Paradise and counsel for the CCB agree to resume settlement negotiations
20 in good faith and attempt to reach an agreement to amend this Stipulation and Order and
21 resubmit an amended Stipulation and Order to the CCB to review for approval at its next
22 regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree to
23 proceed with the Administrative Action, which shall include a disciplinary hearing before
24 the CCB or its assigned hearing officer. Paradise shall file its Answer to the Complaint no
25 later than February 18, 2021. Should the Administrative Action proceed for the reasons
26 set forth in this Paragraph, CCB preserves all its claims and arguments in the
27 Administrative Action as set forth in its Complaint and Paradise preserves all its defenses
28 and arguments set forth 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. 2020-25 or any other matter involving the CCB.

3 18. 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 Paradise 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. Paradise shall file its answer to the Complaint no later than
13 February 18, 2021. Should the Administrative Action proceed for the reasons set forth in
14 this Paragraph, CCB preserves all its claims and arguments in the Administrative Action
15 as set forth in its Complaint and Paradise preserves all its defenses and arguments
16 asserted in its Answer. An unapproved Stipulation and Order shall not be admissible as
17 evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2020-25
18 or any other matter.

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

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

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

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

26 22. No Precedence. The Parties agree that this Stipulation and Order shall not
27 constitute a precedent for any other issues or proceedings before the CCB and/or in any
28 other forum, other than those set forth in this Stipulation and Order. Furthermore, this

1 Stipulation and Order shall not be admissible in any other proceeding or action with respect
2 to proof of fact or any other matter and/or any other licensee and/or cannabis establishment
3 registered agent, except proceedings brought to enforce this Stipulation and Order under
4 its terms and/or for the CCB's consideration of future disciplinary action against this
5 Respondent.

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

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

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

21 25. Voluntary and Informed Agreement. The Respondent represents that its
22 owners, officers, and/or its directors, who are responsible for and able to legally bind
23 Paradise have read completely and understand fully the terms of this Stipulation and
24 Order, that such terms are fully understood and voluntarily accepted by Respondent in
25 advance of and as memorialized by the signing of this Stipulation and Order, and that the
26 Respondent's signature to this Stipulation and Order indicates same. Respondent further
27 represents that it has voluntarily entered into this Stipulation and Order to make a full,
28 final, and complete compromise upon the terms and conditions set forth herein.

1 Respondent further represents that any releases, waivers, discharges, covenants, and
2 agreements provided for in this Stipulation and Order have been knowingly and voluntarily
3 granted and without any duress or undue influence of any nature from any person or entity.
4 The Parties, and each of them, hereby expressly acknowledge that they are each
5 represented by counsel of their own choice in this matter and have been advised by counsel
6 accordingly.

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

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

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

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

25 30. Jurisdiction and Forum Selection. The Parties consent to the jurisdiction of
26 the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to
27 resolve any disputes related to the terms or enforcement of this Stipulation and Order. The
28 successful or prevailing Party or Parties in such action shall be entitled to recover

1 reasonable attorney fees, costs, and expenses actually incurred in initiating or responding
2 to such proceeding, in addition to any other relief to which it may be entitled.

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

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

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

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

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

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 5 _____ Date: 1-13-2021
 6 Ross C. Goodman (Nev. Bar No. 7722)
 7 Counsel for Respondent Paradise

8
 9 Tim Walters
 10 _____ Date: January 13, 2021
 11 (printed name Tim Walters-President),
 12 On behalf of Respondent Paradise

13 L. Kristopher Rath
 14 _____ Date: 1/14/2021
 15 L. Kristopher Rath (Nev. Bar No. 5749)
 16 Ashley Balducci (Nev. Bar No. 12687)
 17 Senior Deputy Attorney General
 18 Counsel for Cannabis Compliance Board

19 T. Klimas
 20 _____ Date: 1/15/2021
 21 Tyler Klimas, Executive Director for the
 22 Cannabis Compliance Board

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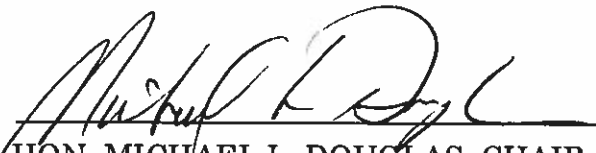
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2 **ORDER**

3 WHEREAS, on 26th day of January, 2021, the Nevada Cannabis Compliance Board
4 approved and adopted all the terms and conditions set forth in the Stipulation and Order
5 for Settlement of Disciplinary Action with Paradise.

6 IT IS SO ORDERED.

7 SIGNED AND EFFECTIVE this 26th day of Jan, 2021.

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

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