

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

3
4 **STATE OF NEVADA, CANNABIS
COMPLIANCE BOARD,**

Case No. 2021-30

5 Petitioner,

6
7 vs.

8 **GREENMART OF NEVADA NLV,
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 GreenMart of Nevada NLV, LLC (“GreenMart”) by and
18 through their counsel, Maggie McLetchie, Esq. Pursuant to this Stipulation and Order,
19 Respondent and CCB (collectively, the “Parties”) hereby stipulate and agree that CCB Case
20 No. 2021-30 (the “Administrative Action”) shall be fully and finally settled and resolved
21 upon terms and conditions set out herein.

22 **PERTINENT FACTS**

23 1. Respondent GreenMart is a registered domestic limited-liability company
24 licensed in Nevada to operate medical and adult-use cannabis cultivation (C037 and
25 RC037), medical and adult-use cannabis production (P018 and RP018), adult-use
26 distribution (T038), and adult-use dispensary (RD504, RD507, and RD511) establishments.

27 2. On January 26, 2021, CCB held a public meeting at which it considered a
28 transfer of interest application No. 19034 (“TOI”) submitted by Respondent for a transfer

1 to Respondent's parent company, iAnthus Capital Holdings, Inc. ("iAnthus"). The TOI
2 request was originally made to the Department of Taxation ("Department"), CCB's
3 predecessor, on April 16, 2019, and while pending with the Department and later CCB, was
4 amended on January 20, 2021. The initial TOI requested on April 16, 2019, sought
5 approval for iAnthus to acquire GreenMart through its merger with GreenMart's parent
6 company MPX Bioceutical ULC ("MPX"). On January 20, 2021, GreenMart amended this
7 TOI request to include a request for approval for the acquisition of control of iAnthus by its
8 creditors, pursuant to a restructuring agreement.

9 3. On investigation of the TOI requests, CCB staff found that the initial request
10 of April 16, 2019, for iAnthus to acquire GreenMart though its acquisition of MPX had been
11 filed after this acquisition had already been completed. Specifically, iAnthus and MPX
12 entered into a purchase agreement on October 18, 2018, which, among other terms,
13 provided for iAnthus to exchange a certain number of common shares of iAnthus stock, for
14 each single common share of MPX held by MPX shareholders, in exchange for all MPX assets in
15 the US. On February 5, 2019, iAnthus issued a press release stating that the acquisition
16 had closed and that, "iAnthus has submitted applications to the CSE and the Ontario Securities
17 Commission to delist the MPX Shares and for MPX to cease to be a reporting issuer." iAnthus
18 did not submit its TOI request until April 16, 2019, over two months later. Accordingly, there
19 was a transfer of ownership interest in GreenMart prior to approval of CCB or the Department.
20 Respondent asserted there are other documents, including public disclosures, which indicate the
21 acquisition required regulatory approval, as mitigating factors.

22 4. The foregoing issues occurred during 2019, prior to the effective date of the
23 Nevada Cannabis Compliance Regulations (NCCR). Therefore, the CCB contends the
24 unapproved transfers of interest were in violation of NAC 453D.315 and NAC
25 453D.905(3)(b)(4).

26 5. At the January 26, 2021, CCB meeting, the CCB decided to refer the TOI
27 request back to staff to further review the issues set forth in Paragraphs 2 and 3, above,
28 and determine, in consultation with Respondent and its counsel, whether the matter could

1 be resolved via a stipulated settlement.

2 6. Respondent has conferred with CCB staff and the Office of the Attorney
3 General as counsel for CCB and has come to an agreement to resolve this matter as set
4 forth in this Stipulation and Order. Respondent has stipulated to pay a \$10,000 civil
5 penalty for violation of NAC 453D.905(3)(b)(4) in lieu of the CCB filing and serving a
6 Complaint for Disciplinary Action ("Complaint") and proceeding to a disciplinary hearing.
7 Should the CCB approve this Stipulation and Order, TOI No. 19034 filed by iAnthus, as
8 amended on January 20, 2021, shall be deemed approved on the CCB's receipt of payment
9 of the aforementioned civil penalty.

10 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

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

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

26 8. Should this Stipulation and Order be rejected by the CCB or not timely
27 performed by Respondent, it is agreed that presentation to and consideration by the CCB
28 of such proposed stipulation or other documents or matters pertaining to the consideration

1 of this Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its
2 members from further participation, consideration, adjudication, or resolution of these
3 proceedings and that no CCB member shall be disqualified or challenged for bias.

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

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

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

21 12. To resolve the Administrative Action, and only for those purposes and no
22 other, Respondent specifically admits to the following violation with respect to CCB Case
23 No. 2021-30: One violation of NAC 453D.905(3)(b)(4) for failing to notify the Department of
24 a change of ownership. This violation is applicable to Respondent for the each of the
25 following certificates and licenses: C037; RC037; P018; RP018; T038; RD504; RD507; and
26 RD511.

27 13. Respondent agrees to pay a civil penalty of ten thousand dollars (\$10,000)¹ in
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¹ This \$10,000 civil penalty shall be apportioned \$1,250.00 each as to C037; RC037; P018; RP018;

1 consideration of the CCB's agreement to fully resolve the Administrative Action on the
2 terms set forth herein.

3 14. If the CCB approves this Stipulation and Order, it shall be deemed and
4 considered disciplinary action by the Board against the Respondent as to each of the
5 certificates and licenses set forth in Paragraph 12, above.

6 15. 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 February
12 23, 2021.

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 16. One Category II Violation. Respondent shall be deemed to have committed a
18 Category II violation, as to each and every license and certificate set forth in Paragraph 12,
19 above, effective on the date the CCB approves this Stipulation and Order.

20 17. Imposition and Payment of Civil Penalties. Respondent shall pay a total civil
21 penalty in the amount of ten thousand dollars (\$10,000) within 30 days of the date the CCB
22 approves this Stipulation and Order, to be apportioned as set forth in Paragraph 13, above.

23 18. Potential Future Action against Respondent. The Parties agree that,
24 pursuant to the specific facts of this case, the progressive disciplinary provisions of NAC
25 453D.905(4)(b) of two years shall apply to the disciplinary actions herein. Said two-year
26 period shall commence on the date the CCB approves this agreement. Any additional
27 Category II violations within said two-year period would invoke the progressive

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T038; RD504; RD507; and RD511.

1 disciplinary provisions of NAC 453D.905(4)(b). After said two-year period expires, the CCB
2 may still consider the compliance history of Respondent under NCCR 4.030(2). In addition
3 to the factors listed for consideration in NCCR 4.030(2), in any future disciplinary action
4 involving the licenses and certificates of Respondent at issue in this case, CCB will also
5 take into account and consider the fact that Respondent has cooperated in and negotiated
6 in good faith in the resolution of CCB Case No. 2021-030.

7 19. Contingency if Approval Denied. If approval of this Stipulation and Order is
8 denied by CCB, Respondent and counsel for the CCB agree to resume settlement
9 negotiations in good faith and attempt to reach an agreement to amend this Stipulation
10 and Order and resubmit an amended Stipulation and Order to the CCB to review for
11 approval at its next regularly scheduled meeting. If such an agreement cannot be reached,
12 the Parties agree to proceed with an Administrative Action, which shall include the filing
13 and service of a disciplinary complaint and a disciplinary hearing before the CCB or its
14 assigned hearing officer. Should an Administrative Action proceed for the reasons set forth
15 in this Paragraph, CCB preserves all its claims and arguments in the Administrative
16 Action as set forth in its Complaint² (to be filed) and Respondent preserves all its defenses
17 and arguments it may assert. An unapproved Stipulation and Order shall not be admissible
18 as evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2021-
19 30 or any other matter involving the CCB.

20 20. Contingency if Approval Conditioned. If the CCB approves this Stipulation
21 and Order, but said approval is contingent on certain conditions, the Parties will undertake
22 further good faith negotiations to include said conditions in an amended Stipulation and
23 Order for execution by the CCB Chair. If Respondent does not agree to the certain
24 conditions imposed by the CCB, the parties will undertake additional negotiations and
25 attempt to reach an agreement to amend this Stipulation and Order and resubmit an
26 amended Stipulation and Order to the CCB to review for approval at its next regularly
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28 ² If the Parties cannot reach a final agreement approved by CCB, then CCB shall not be limited by this Stipulation and Order in the filing of a Complaint for disciplinary action, which may include allegations which are not contained in this Stipulation and Order.

1 scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed
2 with an Administrative Action, which shall include the filing and service of a Complaint
3 and a disciplinary hearing before the CCB or its assigned hearing officer. Should the
4 Administrative Action proceed for the reasons set forth in this Paragraph, CCB preserves
5 all its claims and arguments in the Administrative Action as set forth in its Complaint³ (to
6 be filed) and Respondent preserves all its defenses and arguments it may assert. An
7 unapproved Stipulation and Order shall not be admissible as evidence or referenced in
8 argument at any disciplinary hearing in CCB Case No. 2021-30 or any other matter
9 involving the CCB.

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

12 22. Approval of TOI. Should the CCB approve this Stipulation and Order, TOI
13 No. 19034 filed by iAnthus, as amended on January 20, 2021, shall be deemed approved
14 upon the CCB's receipt of payment of the civil penalty set forth in Paragraphs 13 and 17
15 above.

16 23. Communications with CCB Members. Respondent understands that this
17 Stipulation and Order will be presented to the CCB in open session at a duly noticed and
18 scheduled CCB meeting. Respondent understands that the CCB has the right to decide in
19 its own discretion whether or not to approve this Stipulation and Order. The CCB's counsel,
20 which is the Nevada Attorney General and its staff attorneys, will recommend approval of
21 this Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and
22 Order, counsel for CCB may communicate directly with individual CCB members.
23 Respondent acknowledge that such communications may be made or conducted *ex parte*,
24 without notice or an opportunity for Respondent to be heard on its part until the public
25 CCB meeting where this Stipulation and Order is discussed, and that such contacts and
26 communications may include, but may not be limited to, matters concerning this

27 ³ If the Parties cannot reach a final agreement approved by CCB, then CCB shall not be limited by this
28 Stipulation and Order in the filing of a Complaint for disciplinary action, which may include allegations which
are not contained in this Stipulation and Order.

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

11 24. Release. In execution of this agreement, Respondent, agrees that the State of
12 Nevada, the CCB, the Office of the Attorney General, and each of their members, staff,
13 attorneys, investigators, experts, hearing officers, consultants and agents are immune from
14 any liability for any decision or action taken in good faith in response to information and
15 data acquired by the CCB. Respondent agrees to release the State of Nevada, the CCB, the
16 Office of the Attorney General, and each of their members, staff, attorneys, investigators,
17 experts, hearing officers, consultants and agents from any and all manner of actions, causes
18 of action, suits, debts, judgments, executions, claims and demands whatsoever, known or
19 unknown, in law or equity, that Respondent ever had, now has, may have or claim to have
20 against any and/or all of the persons, government agencies or entities named in this
21 Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in
22 this Stipulation and Order, or the administration of CCB Case No. 2021-30.

23 25. No Precedence. The Parties agree that this Stipulation and Order shall not
24 constitute a precedent for any other issues or proceedings before the CCB and/or in any
25 other forum, other than those set forth in this Stipulation and Order. Furthermore, this
26 Stipulation and Order shall not be admissible in any other proceeding or action with respect
27 to proof of fact or any other matter and/or any other licensee and/or cannabis establishment
28 registered agent.

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

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

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

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

1 of their choice, and have been advised by counsel accordingly.

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

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

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

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

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

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

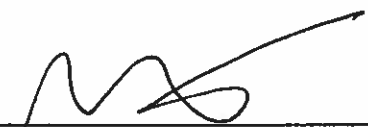
28 35. Time is of the Essence. Time is of the essence in the performance of all terms


1 of this Stipulation and Order.

2 36. Severability. If any portion of this Stipulation and Order, or its application
3 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
4 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order
5 and its application thereof shall be not affected and shall remain enforceable to the fullest
6 extent permitted by law.

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

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

19
20 
21 _____ Date: 2/10/21
22 Maggie McLetchie, Esq. (Nev. Bar No. 10931)
23 Counsel for Respondent GreenMart of
24 Nevada NLV, LLC

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26 _____ Date: 2/12/2021
27 Printed name: CHRIS COLLINS
28 On behalf of GreenMart of Nevada NLV, LLC

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LKR

Date: 2/16/2021

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

T.K.

Date: 2/16/21

Tyler Klimas, Executive Director for the
Cannabis Compliance Board

ORDER

WHEREAS, on 23rd day of February 2021, 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 Respondent GreenMart of Nevada NLV, LLC.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 23rd day of February, 2021.

STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD

By: *Michael L. Douglas*
HON. MICHAEL L. DOUGLAS, CHAIR