

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

3  
4 STATE OF NEVADA, CANNABIS  
COMPLIANCE BOARD,

Case No. 2021-32

5 Petitioner,

6  
7 vs.

8 LAS VEGAS WELLNESS AND  
COMPASSION, LLC,


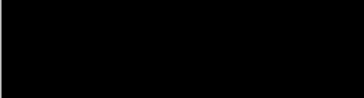
9 Respondent.  
10

11 **COMPLAINT FOR DISCIPLINARY ACTION**

12 The Cannabis Compliance Board of the State of Nevada (the "CCB"), by and through  
13 counsel, Aaron D. Ford, Attorney General of the State of Nevada, L. Kristopher Rath, Esq.,  
14 Senior Deputy Attorney General, and Ashley A. Balducci, Esq., Senior Deputy Attorney  
15 General, having a reasonable basis to believe that Respondent Las Vegas Wellness and  
16 Compassion ("LVWC" or "Respondent") has violated provisions of Chapters 678A through  
17 678D of the Nevada Revised Statutes ("NRS"), and the Cannabis Compliance Regulations  
18 ("NCCR"), hereby issues its Complaint, stating the CCB's charges and allegations as  
19 follows:

20 **JURISDICTION**

21 1. During all relevant times mentioned in this Complaint, LVWC held, and  
22 currently holds, the following licenses and certificates:

23 ID	License/Certificate	Last Issued / Renewed	Address
24 P045	Medical Production 83631623793439141188	7/1/2020	
26 RP045	Adult-use Production 91945512284376080256	7/1/2020	

27 2. During all relevant times mentioned in this Complaint, LVWC is and was  
28 registered as a domestic limited liability company in the State of Nevada. The Nevada

1 Secretary of State lists the Managers of LVWC as Chad Wallace and George Marnell.

2 3. The investigation at issue in this matter took place on October 22, 2020, and  
3 the violations set forth herein occurred and/or were found to exist on that date. Effective  
4 July 1, 2020 and pursuant to NRS 678A.350, the CCB superseded the Marijuana  
5 Enforcement Division of the Department of Taxation (the "Department") in enforcing  
6 Nevada's laws and regulations for the cannabis industry. The NCCR became effective as  
7 of August 5, 2020. As a result, LVWC is subject to NRS Title 56 and the NCCR's for the  
8 violations asserted herein. Therefore, LVWC is subject to the jurisdiction of the CCB and  
9 subject to discipline pursuant to NRS 678A through 678D and the relevant provisions of  
10 the NCCR.

11 4. Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director  
12 has transmitted the details of the suspected violations of LVWC to the Attorney General  
13 and the Attorney General has conducted an investigation of the suspected violations to  
14 determine whether they warrant proceedings for disciplinary action. The Attorney General  
15 has recommended to the Executive Director that further proceedings are warranted, as set  
16 forth in this CCB Complaint. The Executive Director has transmitted this recommendation  
17 and information to the CCB. Pursuant to NRS 678A.510(2)(b), the CCB has voted to  
18 proceed with appropriate disciplinary action under NRS 678A.520 through 678A.600, and  
19 has authorized service of this CCB Complaint upon Respondent pursuant to NRS  
20 678A.510(1).

21 **FACTUAL ALLEGATIONS**

22 5. CCB incorporates all prior Paragraphs as though fully set forth herein.

23 6. On or about October 22, 2020, CCB staff conducted a routine  
24 inspection/investigation of the LVWC medical and adult-use cannabis production facility  
25 at [REDACTED] The CCB agents for this investigation  
26 were Jason Bañales and Brandon Vickrey.

27 7. During the course of the aforementioned investigation, CCB agents performed  
28 a temperature check of the hot water at the facility's restroom hand sink, the production

1 room hand sink, and a three-compartment sink. Under NCCR 6.095(1)(a)(3), a hand sink  
2 must deliver hot water at a minimum temperature of 100°F. Under NCCR 9.050(1)(c), a  
3 three compartment sink must deliver hot water at a minimum temperature of 120°F. CCB  
4 staff observed the following hot water temperatures:

5 Restroom hand sink: 71°F

6 Production room hand sink: 70°F

7 Three-compartment sink: 72°F

8 Under NCCR 4.065(1)(b), the lack of hot water constituted an imminent health hazard.  
9 The lack of hot water was discovered during the aforementioned inspection and had not  
10 been reported to the CCB prior to that. The facility shut down until the hot water was  
11 restored later that day.

12 8. In addition, CCB staff found that the hand sink at the extraction room was  
13 not properly stocked with paper towels, as required by NCCR 6.095(1)(a)(5).

14 9. CCB staff also found that LVWC was using improper equipment for  
15 extraction. Specifically, a rubber lacrosse ball was used as a stopper in extraction  
16 equipment which was absorbent and could not easily be cleaned.

17 10. Other equipment had not properly been cleaned, as old labels and stickers had  
18 not been removed from beakers as part of the cleaning process.

#### 19 VIOLATIONS OF LAW

20 11. CCB incorporates all prior Paragraphs as though fully set forth herein.

21 12. As to certificate P045 and license RP045, Respondent LVWC violated  
22 4.050(1)(a)(18) and 6.095(1)(a)(3), by failing to comply with handwashing and employee  
23 hygiene requirements. Specifically, the facility was not maintaining hot water at the  
24 temperatures required under NCCR 6.095(1)(a)(3) at two of its hand sinks, as set forth in  
25 Paragraph 7, above. The temperatures were 29°F to 30°F lower than permitted. This is a  
26 Category III violation, which carries a civil penalty of \$10,000. NCCR 4.040(2)(a)(1).

27 13. As to certificate P045 and license RP045, Respondent LVWC violated  
28 4.060(1)(a)(6) and 9.050(1)(c), by failing to comply with requirements for hot water delivery

1 in a three-compartment sink. Specifically, the facility was not maintaining hot water at  
2 the temperature required under NCCR 9.050(1)(c) at one of its three-compartment sinks,  
3 as set forth in Paragraph 7, above. The temperature was 48°F lower than permitted. This  
4 is a Category V violation, which carries the penalty of a formal warning. NCCR 4.060  
5 (2)(a)(1).

6 14. As to certificate P045 and license RP045, Respondent LVWC violated  
7 4.040(1)(a)(9) and 4.065 by failing to notify the Board or a Board agent of an imminent  
8 health hazard. Specifically, as set forth in Paragraph 7, above, Board agents discovered  
9 the lack of hot water at LVWC during the aforementioned investigation; LVWC had not  
10 reported this imminent health hazard to CCB or its agents prior to this. This is a Category  
11 II violation and carries a civil penalty of \$25,000 and a suspension of not more than 20  
12 days.

13 15. As to certificate P045 and license RP045, Respondent LVWC violated NCCR  
14 4.055(1)(a)(1) and 6.095(1)(a)(5) by failing to maintain hand washing facilities that are  
15 stocked. Specifically, as set forth in Paragraph 8, above, the hand sink at the extraction  
16 room was not properly stocked with paper towels, as required by NCCR 6.095(1)(a)(5). This  
17 is a Category IV violation, which carries a civil penalty of \$5,000. NCCR 4.055(2)(a)(1).

18 16. As to certificate P045 and license RP045, Respondent LVWC violated NCCR  
19 4.060(1)(a)(6), 9.020(1), and 9.060(2)(b) and (d), by using impermissible equipment for  
20 extraction. Specifically, as set forth in Paragraph 9, above, LVWC was found using a  
21 stopper in extraction equipment that was absorbent and could not easily be cleaned. This  
22 is a second Category V violation, which carries a civil penalty of \$2,500. NCCR  
23 4.060(1)(a)(2).

24 17. As to certificate P045 and license RP045, Respondent LVWC violated NCCR  
25 4.060(1)(a)(6), 9.085(3), by failing to keep the surfaces of equipment that does not have  
26 direct contact with cannabis products free of residue and other debris. Specifically, as set  
27 forth in Paragraph 10, above, old labels and stickers had not been removed from beakers  
28 as part of the cleaning process. This is a third Category V violation and carries a civil

1 penalty of \$5,000. NCCR 4.060(2)(a)(3).

2 **DISCIPLINE AUTHORIZED**

3 Pursuant to the provisions of NRS 678A.600, NCCR 4.020, 4.030, 4.035 through  
4 4.060, and 5.100, the CCB has the discretion to impose the following disciplinary actions:

- 5 1. Suspend the Production certificate and license of LVWC;
- 6 2. Impose a civil penalty of not more than \$90,000 for each separate violation of  
7 NRS Title 56 and the NCCR on the Production certificates and licenses of LVWC; and
- 8 3. Take such other disciplinary action as the CCB deems appropriate.

9 The CCB may order one or any combination of the discipline described above.

10 **RELIEF REQUESTED**

11 Based on the foregoing, counsel for the CCB respectfully requests the CCB impose  
12 a 20 day suspension, civil penalties against LVWC in the amount of \$47,500 for P045 and  
13 RP045, and a formal warning as to the first Category V violation for P045 and RP045.

14 **NOTICE TO RESPONDENT**

15 **PLEASE TAKE NOTICE**, that Respondent has a right to request a hearing on the  
16 charges set forth herein, pursuant to NRS 678A.510 through 678A.590. **Failure to**  
17 **demand a hearing constitutes a waiver of the right to a hearing and to judicial**  
18 **review of any decision or order of the Board, but the Board may order a hearing**  
19 **even if the respondent so waives his or her right.** NRS 678A.520(2)(e).

20 **PLEASE TAKE NOTICE**, you, as the respondent, **must answer this Complaint**  
21 **within 20 days after service of this Complaint**, unless granted an extension. Pursuant  
22 to NRS 678A.520(2), in the answer Respondent:

- 23 (a) Must state in short and plain terms the defenses to each claim asserted.
- 24 (b) Must admit or deny the facts alleged in the complaint.
- 25 (c) Must state which allegations the respondent is without knowledge or information  
26 form a belief as to their truth. Such allegations shall be deemed denied.
- 27 (d) Must affirmatively set forth any matter which constitutes an avoidance or  
28 affirmative defense.

1 (e) May demand a hearing. **Failure to demand a hearing constitutes a waiver**  
2 **of the right to a hearing and to judicial review of any decision or order of**  
3 **the Board**, but the Board may order a hearing even if the respondent so waives his  
4 or her right.

5 **Failure to answer or to appear at the hearing constitutes an admission by**  
6 **the respondent of all facts alleged in the Complaint. The Board may take action**  
7 **based on such an admission and on other evidence without further notice to the**  
8 **respondent.** NRS 678A.520(3).

9 The Board shall determine the time and place of the hearing as soon as is reasonably  
10 practical after receiving the Respondent's answer. The Board may assign a hearing officer  
11 to conduct the hearing under NCCR 2.070, 4.095, and 4.110. The Board shall deliver or  
12 send by registered or certified mail a notice of hearing to all parties at least 10 days before  
13 the hearing. The hearing must be held within 45 days after receiving the respondent's  
14 answer unless an expedited hearing is determined to be appropriate by the Board, in which  
15 event the hearing must be held as soon as practicable. NRS 678A.520(4).

16 Respondent's answer and Request for Hearing must be either: mailed via registered  
17 mail, return receipt; or emailed to:

18 Tyler Klimas, Executive Director  
19 Cannabis Compliance Board  
20 555 E. Washington Avenue, Suite 4100  
21 Las Vegas, Nevada 89101  
22 [tklimas@ccb.nv.gov](mailto:tklimas@ccb.nv.gov)

23 If served by email, Respondent must ensure that it receives an acknowledgement of receipt  
24 email from CCB as proof of service.

25 As the Respondent, you are specifically informed that you have the right to appear  
26 and be heard in your defense, either personally or through your counsel of choice at your  
27 own expense. At the hearing, the CCB has the burden of proving the allegations in the  
28 Complaint. The CCB will call witnesses and present evidence against you. You have the  
right to respond and to present relevant evidence and argument on all issues involved. You  
have the right to call and examine witnesses, introduce exhibits, and cross-examine

1 opposing witnesses on any matter relevant to the issues involved.

2 You have the right to request that the CCB issue subpoenas to compel witnesses to  
3 testify and/or evidence to be offered on your behalf. In making this request, you may be  
4 required to demonstrate the relevance of the witness's testimony and/or evidence.

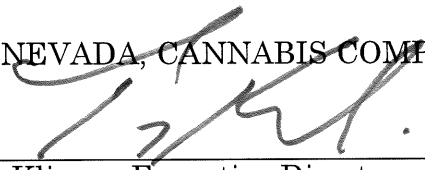
5 If the Respondent does not wish to dispute the charges and allegations set forth  
6 herein, within 30 days of the service of this Complaint, Respondent may pay the civil  
7 penalties set forth above in the total amount of \$47,500 and cease operations for 20 days  
8 during which its Production certificate and license are suspended, on notice to:

9 Tyler Klimas, Executive Director  
10 Cannabis Compliance Board  
11 555 E. Washington Avenue, Suite 4100  
12 Las Vegas, Nevada 89101

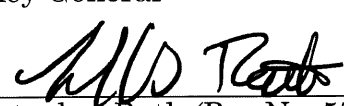
13 YOU ARE HEREBY ORDERED to immediately cease the activity described above  
14 which is a violation of Nevada law.

15 DATED: February 23, 2021.

16 STATE OF NEVADA, CANNABIS COMPLIANCE BOARD

17 By:   
18 Tyler Klimas, Executive Director  
19 555 E. Washington Avenue, Suite 4100  
20 Las Vegas, Nevada 89101  
21 (702) 486-2300

22 AARON D. FORD  
23 Attorney General

24 By:   
25 L. Kristopher Rath (Bar No. 5749)  
26 Senior Deputy Attorney General  
27 Ashley A. Balducci (Bar No. 12687)  
28 Senior Deputy Attorney General  
555 E. Washington Ave, Suite 3900  
Las Vegas, Nevada 89101  
(702) 486-9287

Attorneys for the Cannabis Compliance Board

DECLARATION AND CERTIFICATE OF SERVICE OF COMPLAINT FOR DISCIPLINARY ACTION (Service via Mail) Case No. 2021-32

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I, Amber Virkler, hereby certify and affirm that:

- 1. I am over the age of 18 years old.
2. I am a Board Agent of the Cannabis Compliance Board ("CCB"), as defined in NCR 1.068.
3. Pursuant to NRS 678A.520 and NCCR 4.075, I have served the Respondent herein with the Complaint for Disciplinary Action ("Complaint") in the above captioned matter as follows:

By placing a true and correct copy of the Complaint to be deposited for mailing in the United States Mail in a sealed envelope via registered or certified mail, prepaid in Las Vegas, Nevada, to Respondent's point of contact with the CCB under NCCR 2.050 at Respondent's address on file with the Board as follow:

Name of point of contact served: Chad Wallace

Address on file with CCB: [Redacted]

Date of Service: February 23, 2021

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 23, 2021 (date) [Signature] (signature)