

Nevada Cannabis Compliance Board

Meeting Minutes March 23, 2021

The Nevada Cannabis Compliance Board (CCB) held a public meeting on March 23, 2021, beginning at 9:00 a.m. In compliance with the Governor's Emergency Directive #006 dated March 22, 2020 and Emergency Directive #029 dated July 31, 2020, the Meeting was conducted by means of electronic communication.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair
Jerrie Merritt
Dennis Neilander
Riana Durrett
Dr. Bryan Young

Tyler Klimas, Executive Director, called the meeting to order and took roll. Chairman Michael Douglas was present in Las Vegas. Member Dennis Neilander, Member Jerrie Merritt, and Member Riana Durrett were present via video connection. Member Dr. Bryan Young was present via telephone. Deputy Attorney General Asheesh Bhalla confirmed that the meeting complied with open meeting law requirements.

I. Public Comment

Executive Director Klimas stated all public comment received up until the start of the meeting will be read into the record. Any public comment received after the start of the meeting will be read into the record at the second public comment period. Tiana Bohner, Public Information Officer, read public comment into the record.

Public comment was received from Tim Clark of Radio Frequency Company. Mr. Clark has 31 years of experience with the radio frequency pasteurization in the food industry and has expanded into cannabis products. All regulatory bodies are in agreement that the Radura label is reserved for high energy ionizing forms of irradiation only as it can/does cause changes to food materials on a molecular level. Mr. Clark objected to the decision to require cannabis products pasteurized by radio frequency to affix the Radura label, as the label means a product was irradiated or treated with ionizing radiation when it has not. This is misleading to the public.

Dani Baranowski submitted public comment on behalf of the Chamber of Cannabis. Ms. Baranowski acknowledged the legislation working to reform antiquated cannabis laws and move the industry forward with transparency and inclusivity. The Chamber is grateful to voice their concerns and solutions to the Board. They are happy to be a resource to the Board and a voice for the leaders shaping the industry.

II. Meeting Minutes

A. Consideration for approval of the February 23, 2021 Cannabis Compliance Board Meeting minutes.

Chair Douglas asked for a motion on agenda item II. Member Merritt made a motion to approve the minutes. Member Neilander seconded. All Members said aye. Motion carried.

III. Briefing to the Board Regarding January 19, 2021 Workshop

Member Young stated there had been additional meetings with industry and an ongoing conversation with Ziel Industries. Public comment has been received. Member Young would like to postpone making recommendations and would like to address this at the next meeting. The Chair agreed that taking the time was appropriate and the matter will be continued.

IV. Consent Agenda

A. Complaints. Executive Director Klimas stated that pursuant to NRS 678A.510, the Attorney General reviewed these violations and recommended proceeding with disciplinary action. Klimas presented the

violations alleged and requested the Board vote to authorize the service of a complaint for disciplinary action for each respondent.

1. For Respondent A, the complaint alleged violations of NCCR 4, NCCR 6, and NCCR 11.
2. For Respondent B, the complaint alleged violations of NRS 678B, NCCR 4 and NCCR 5.

Chair Douglas asked for a motion. Member Neilander made a motion to approve service of complaint for agenda item IV A (1) and (2). Member Merritt seconded the motion. All Members said aye. Motion carried.

V. Request for Transfer of Interest

Chief Compliance Audit Investigator David Staley stated that Digipath, Inc. requested their matter (agenda items V A) to be moved to the April agenda. Chair Douglas stated the matter may be moved.

B. Mr. Staley presented item B, the TOI application for A New Leaf Cultivation Center, LLC and a New Leaf Production Center, LLC (TOI 19029). The request was for Alex Hose to purchase the ownerships in A New Leaf Cultivation and A New Leaf Production from Gary Hansen, Erin Hansen, Margo Cline, Michael Pevy, Marc Roegiers and Gay-LeClerc Lyon. If approved, Alex Hose will own 60% of A New Leaf Cultivation and 44% of A New Leaf Production. Staff identified no areas of concern.

Ed Humphry, counsel for Alex Hose, stated he did not have any comments but could answer any questions from the Board. Member Neilander asked if this was a buyout of minority interest members on both sides. Mr. Humphry responded that Mr. Hose was the minority member of these entities and is buying out several other minority members.

Member Durrett made a motion to approve. Member Neilander seconded. All Members said aye. Motion carried.

VI. Consideration for Approval of Proposed Settlement Agreements to resolve disciplinary action.

A. Deputy Attorney General L. Kristopher Rath Agenda presented Cannabis Compliance Board vs. Nye Farm Tech, LTD (Case No. 2021-33). The matter did not involve a complaint but was from a transfer of interest presented at the December and January Board meetings. Staff identified areas of concern involving unapproved transfers of interest. The respondent waived its rights to service of complaint, admitted and agreed to two Category 2 violations, and agreed to pay \$15,000 fine as a civil penalty. The transfer of interest would be deemed approved as of the date the CCB received the penalty payment. The Attorney General recommended and requested approval of the settlement agreement.

Mr. Saga appeared and was available for questions. Member Neilander asked why the civil penalty was divided in two parts. Mr. Rath responded that it was two penalties for two licenses (one adult-use and one medical). As an accounting matter, it was split between the two licenses. Member Neilander asked if the CCB staff and Attorney General's office were comfortable that the applicant understood that these are violations and can't reoccur. Mr. Rath responded that it had been discussed at length and Mr. Saga understood how to complete transfers in the future. Member Durrett added that it was Mr. Saga's responsibility to be familiar with the regulations and future violations would be taken much more seriously.

Member Neilander made a motion to approve the settlement agreement. Member Durrett seconded. All Members said aye. Motion carried.

B. Mr. Rath presented Cannabis Compliance Board vs. My Life Organics (Case No. 2021-35). The matter did not involve a complaint but concerned the respondent's transfer of interest heard at the February Board meeting. The Attorney General's office and respondent's counsel came up with an agreement in principle, which was presented at the February meeting. The respondent waived its rights to service of complaint, agreed and admitted to the imposition of one Category 2 violation and civil penalty of \$15,000. The Attorney General's office recommended and requested approval of the settlement agreement.

Briana Martinez, counsel for respondent, agreed with Mr. Rath's statements and terms and conditions of the settlement. Ms. Martinez asked for the Board to approve the settlement and thanked staff for their work.

Member Neilander made a disclosure that the counsel for the respondent was employed at the same law firm where he is of counsel. Member Neilander does not have pecuniary interest in the firm and will vote on the matter. Member Neilander asked if the civil penalty was split as it was in the previous matter. Mr. Rath confirmed that it was split between medical and adult-use licenses. Member Neilander asked if the applicants understood that they can't do transfers of ownership without prior approval. Mr. Rath responded in the affirmative.

Member Durrett made a motion to approve the settlement agreement. Member Merritt seconded. All Members said aye. Motion carried.

VII. Approvals and Resolutions

Director Klimas presented the notice of final licensure for three licensees.

A. Notice of Final Licensure

1. LivFree Wellness (RD547) in Las Vegas had a pre-opening inspection on December 29, 2020 and was in compliance. Final approval was granted on February 24, 2021.
2. Lone Mountain Partners (RD592) in North Las Vegas had a pre-opening inspection on February 2, 2021 and was in compliance. Final approval was granted on February 22, 2021.
3. Nevada Medical Group (T055) in Las Vegas had a pre-opening inspection on December 10, 2020 and was in compliance. Final approval was granted on February 19, 2021.

VIII. Briefing to the Board from the Executive Director

Director Klimas provided information regarding micro-licenses and micro-businesses and how Nevada may approach those as an opportunity to bring more individuals into the cannabis industry. Director Klimas spoke to counterparts in Oregon, Massachusetts, and Michigan regarding their programs. These are smaller scale licenses that have certain restrictions, and each state handles them differently. It would likely take a statutory change in Nevada to create this kind of license. The viability of the smaller business to have success in an industry with larger players should also be considered. The CCB should continue to expand on the internal analysis of the supply and demand of the cannabis industry. This is a topic that the Cannabis Advisory Commission may discuss.

CCB's bill, SB49, was passed out of the Senate and HHS Committee and on its way to the Assembly. A number of cannabis related bills have been introduced. The CCB will continue to analyze and track the progress of the bills. Two of the lengthy bills were portable vendor licenses for events and consumption lounges. Chair Douglas asked if there was a bill regarding converting medical licenses into retail licenses. Director Klimas responded that there was a bill but there may be significant amendments around the bill.

Member Durrett commented that micro-licensing was an approach some states have taken to implement social equity measures. This would be appropriate for the Cannabis Advisory Commission to spend time on. Member Durrett would like a discussion on what the goals are to pass on to the Advisory Commission, whether it is diversity in the industry or ameliorating the disproportionate impact of the war on drugs.

Member Neilander agreed that the Board needed to provide guidance to the Cannabis Advisory Commission, how to include more people in the industry, and further define diversity. Chair Douglas added that the Board may wait until the end of the Legislative session to see what comes forth or begin discussions earlier.

IX. Next Meeting Date

The next meeting date will be April 27, 2021.

X. Items for Future Agendas

Chair Douglas stated there may be a discussion at the next meeting as to matters for the Advisory Commission.

XI. Public Comment

There was no additional public comment received.

XII. Adjournment

Meeting adjourned at 9:49am.