

1 from the Department.

2 2. LVWC filed its Answer and Affirmative Defenses to the Complaint, and
3 therein made a demand for a formal hearing, on March 12, 2021. Respondent LVWC's
4 Answer and Affirmative Defenses generally denied the allegations in the Complaint. The
5 Parties then commenced the disciplinary process under NRS 678A.

6 3. During the time the parties were engaged in the disciplinary process, the
7 Parties engaged in good faith negotiations to in an effort to reach an agreement that is
8 mutually acceptable to Respondent and counsel for the CCB for resolution of this matter,
9 with the understanding that this Stipulation and Order must be approved by majority vote
10 of the members of the CCB. Accordingly, the parties entered into an agreement to stay the
11 disciplinary process to allow the CCB to consider this Stipulation and Order for approval.

12 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

13 This Stipulation and Order is made and based upon the following acknowledgements
14 by the Parties:

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

28 5. Should this Stipulation and Order be rejected by the CCB or not timely

1 performed by LVWC, it is agreed that presentation to and consideration by the CCB of such
2 proposed stipulation or other documents or matters pertaining to the consideration of this
3 Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its
4 members from further participation, consideration, adjudication, and/or resolution of these
5 proceedings and that no CCB member shall be disqualified or challenged for bias.

6 6. LVWC acknowledges that this Stipulation and Order shall only become
7 effective after the CCB has approved it.

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

13 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, LVWC
14 has agreed to settle this matter. For purposes of settling this matter, LVWC acknowledges
15 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
16 Stipulation and Order are true and correct. Without waiving any constitutional rights
17 against self-incrimination, LVWC further acknowledges that certain facts contained in the
18 CCB Complaint in Case No. 2021-29 could be found to constitute violations of NRS
19 Chapters 453A and 453D and NAC Chapters 453A and 453D, with penalties up to and
20 including revocation, suspension, and/or a civil penalty of \$65,000, or more, for C137 and
21 RC137, if this matter went to an administrative hearing.

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

1 10. To resolve the Administrative Action, and only for those purposes and no
2 other, LVWC specifically admits to the following violations with respect to the Complaint
3 in CCB Case No. 2021-29 for certificate C137 and license RC137:

4 a. One violation of NAC 453D.905(3)(b)(7), for allowing a person less than
5 21 years of age to work or volunteer at its marijuana/cannabis
6 establishment, which constitutes a Category II violation.

7 b. One violation of NAC 453D.905(3)(b)(1) for making an unintentional
8 false statement to the Department, which constitutes a second
9 Category II violation.

10 c. One violation of 453D.905(3)(d)(7), for allowing disorderly activity at its
11 marijuana/cannabis establishment, which constitutes a Category III
12 violation.

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

16 12. With respect to C137 and RC137, LVWC further agrees to pay a civil penalty
17 in the amount of \$75,000¹, in consideration for its admitted violations in Paragraph 10,
18 above, and in consideration of CCB's agreement to resolve the Administrative Action on
19 the terms set forth herein. Said sum must be paid within 30 days of CCB approval of this
20 Stipulation and Order.

21 13. If the CCB approves this Stipulation and Order, it shall be deemed and
22 considered disciplinary action by the CCB against LVWC.

23 14. Both parties acknowledge that the CCB has jurisdiction to consider and order
24 this Stipulation and Order because LVWC holds privileged licenses/certificates regulated
25 by the CCB as of July 1, 2020. LVWC expressly, knowingly, and intentionally waives the
26 21-day and/or 5-day notice requirements contained in the Nevada Open Meeting Law and
27 acknowledges that this Stipulation and Order may be presented to the CCB for its
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¹ To be apportioned \$37,500 to C137 and \$37,500 to RC137.

1 consideration and potential ratification at the CCB's meeting on June 22, 2021.

2 **STIPULATED ADJUDICATION**

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

6 15. **Violations:** As to certificate C137 and license RC137, LVWC is found to have
7 two Category II violations and one Category III violation, as set forth in Paragraphs 10(a),
8 10(b), and 10(c), above.

9 16. **Imposition and Payment of Civil Penalties.** LVWC shall pay a total civil
10 penalty in the amount of seventy-five thousand dollars (\$75,000) within 30 days of the date
11 the CCB approves this Stipulation and Order, to be apportioned as set forth in Paragraph
12 12, above. Should LVWC fail to timely pay said civil penalty, LVWC shall be deemed to
13 be in breach of this Stipulation and Order, deemed to be in default, and deemed to have
14 admitted all allegations in the CCB Complaint in Case No. 2021-29 and shall pay all
15 penalties and receive all discipline set forth under the "Relief Requested" section of the
16 Complaint, inclusive of revocation of certificate C137 and license RC137 and a civil penalty
17 of \$65,000. The CCB will enter an order of default to this effect. After default is entered,
18 all amounts due under this subsection shall be immediately due and payable to CCB.
19 LVWC agrees it cannot and will not file any petition for judicial review and/or any action
20 in any forum for relief from this order of default and that CCB may file any judicial action
21 necessary to recover the amounts owed under this subsection, along with its attorneys' fees
22 and costs for recovery of amounts owed. Notwithstanding the foregoing, LVWC may
23 request one extension to pay said civil penalty no later than 5 business days prior to its due
24 date, which may or may not be granted at the discretion of CCB's Executive Director. If
25 such an extension is granted, then failure to pay said civil penalty by said extended due
26 date shall invoke the penalty of admission to all allegations in the Complaint as set forth
27 in this Paragraph.

28 17. **Potential Future Action Against LVWC.** The Parties agree that, pursuant to

1 the specific facts of this case and the resolution reached in this Stipulation and Order, the
2 progressive disciplinary provisions of NAC 453D.905(4)(b) and (d) of two years shall apply.
3 Any additional Category II and/or Category III violations within said two-year period would
4 invoke the progressive disciplinary provisions of NAC 453D.905(4)(b) and (d). The CCB
5 contends that said two-year period shall commence as of the date the CCB approves this
6 Stipulation and Order. Respondent contends that this two-year period shall commence as
7 of the date of the alleged violations on March 5, 2019. The parties agree that this issue
8 shall be deferred for resolution until, and only if, there is disciplinary action within the
9 two-year disputed time frame. If there is no disciplinary action against Respondent within
10 two years after the CCB approves this Stipulation and Order, the Parties agree this issue
11 shall be moot. If there is such disciplinary action within that two years, Respondent
12 reserves its rights to raise its contention that the two-year progressive disciplinary time
13 period ended on March 5, 2021, as an affirmative defense in such later disciplinary action
14 and the issue will be adjudicated in that later administrative action, pursuant to NRS Title
15 56 and the NCCR or any other applicable regulation, rule, or statute, which will be subject
16 to judicial review when final. Regardless, after any such two-year period expires, the CCB
17 may still consider the compliance history of Respondent under NCCR 4.030(2). In addition
18 to the factors listed for consideration in NCCR 4.030(2), in any future disciplinary action
19 involving Respondent, the CCB may take into consideration Respondent's cooperation in
20 the resolution of this Administrative Action.

21 18. Plan of Correction. Respondent represents and warrants that it has put in
22 place a plan of correction to remedy and to prevent the recurrence of the violations set forth
23 in this Stipulation and Order. Respondent further represents and warrants that it is now,
24 as of the date it has executed this Stipulation and Order, operating in full compliance with
25 NRS Title 56 and NCCR. In summary, the plan of correction is as follows: (1) LVWC has
26 counseled its management staff on the implications of the violations alleged in the
27 Complaint; (2) LVWC created a new position in January 2021 – Director of Human
28 Resources (“HR Director”). The HR Director will audit and monitor compliance with the

1 NCCR and has conducted an audit of all employee files; (3) The HR Director is also
2 monitoring compliance with all agent card requirements for each employee going forward;
3 and (4) LVWC has conducted training with all supervisors and employees to ensure they
4 are candid with all CCB agents and report any known violations to CCB agents. This
5 training includes how to interact properly with CCB agents and specifically instructs
6 employees to be honest and forthright with CCB agents. CCB staff has approved this
7 plan of correction.

8 19. Contingency if Approval Denied. If approval of this Stipulation and Order is
9 denied by CCB, LVWC and counsel for the CCB agree to resume settlement negotiations
10 in good faith and attempt to reach an agreement to amend this Stipulation and Order and
11 resubmit an amended Stipulation and Order to the CCB to review for approval at its next
12 regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree to
13 proceed with the Administrative Action, which shall include a disciplinary hearing before
14 the CCB or its assigned hearing officer. Should the Administrative Action proceed for the
15 reasons set forth in this Paragraph, CCB preserves all its claims and arguments in the
16 Administrative Action as set forth in its Complaint and LVWC preserves all its defenses
17 and arguments set forth in its Answer. An unapproved Stipulation and Order shall not be
18 admissible as evidence or referenced in argument at any disciplinary hearing in CCB Case
19 No. 2021-29 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 LVWC does not agree to the certain conditions
24 imposed by the CCB, the parties will undertake additional negotiations and attempt to
25 reach an agreement to amend this Stipulation and Order and resubmit an amended
26 Stipulation and Order to the CCB to review for approval at its next regularly scheduled
27 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the
28 Administrative Action, which shall include a disciplinary hearing before the CCB or its

1 assigned hearing officer. Should the Administrative Action proceed for the reasons set forth
2 in this Paragraph, CCB preserves all its claims and arguments in the Administrative
3 Action as set forth in its Complaint and LVWC preserves all its defenses and arguments
4 asserted in its Answer. An unapproved Stipulation and Order shall not be admissible as
5 evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2021-29
6 or any other matter involving the CCB.

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

9 22. Communications with CCB Members. LVWC understands that this
10 Stipulation and Order will be presented to the CCB in open session at a duly noticed and
11 scheduled CCB meeting. LVWC understands that the CCB has the right to decide in its
12 own discretion whether or not to approve this Stipulation and Order. The CCB's counsel,
13 which is the Nevada Attorney General and its staff attorneys, will recommend approval of
14 this 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. LVWC
16 acknowledges that such communications may be made or conducted *ex parte*, without notice
17 or opportunity for LVWC 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. LVWC agrees that it has no objections to such *ex parte* communications.
22 CCB agrees that LVWC and/or its counsel may appear at the CCB meeting where this
23 Stipulation and Order is discussed and, if requested, respond to any questions that may be
24 addressed to LVWC and/or the Attorney General's staff attorneys. LVWC agrees that,
25 should the CCB decline to approve this Stipulation and Order, LVWC will not contest or
26 otherwise object to any CCB member, and/or CCB appointed hearing officer, hearing and
27 adjudicating the Administrative Action based on the aforementioned *ex parte*
28 communications with anyone from the Nevada Attorney General's Office.

1 23. 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, employees, and agents are
4 immune from any liability for any decision or action taken in good faith in response to
5 information and data acquired by the CCB. Upon CCB approval of this Stipulation and
6 Order, Respondent agrees to release the State of Nevada, the CCB, the Office of the
7 Attorney General, and each of their members, staff, attorneys, investigators, experts,
8 hearing officers, consultants, employees, and agents from any and all manner of actions,
9 causes of action, suits, debts, judgments, executions, claims and demands whatsoever,
10 known or unknown, in law or equity, that Respondent ever had, now has, may have or claim
11 to have against any and/or all of the persons, government agencies and/or entities named
12 in this Paragraph, arising out of, or by reason of, CCB's investigation of the matters set
13 forth in its Complaint, the matters set forth in this Stipulation and Order, or the
14 administration of CCB Case No. 2021-29.

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

21 Notwithstanding the foregoing, the CCB may consider the discipline imposed herein
22 in any future disciplinary action against Respondent, as required under NCCR 4.030(2),
23 along with the other factors set forth in NCCR 4.030(2), and possible progressive discipline
24 pursuant to NCCR 4.035 through 4.060. The Parties agree that LVWC has reserved the
25 right to argue the effective date of the violations alleged in this complaint in any future
26 disciplinary action. As every case concerns different facts and details, this Stipulation does
27 not act as precedence to bind CCB to impose any particular penalty, to charge or allege any
28 particular violation, and/or to impose any particular disciplinary action in the future for

1 this Respondent, or any other respondent, for violations of the same statutes and/or
2 regulations addressed in this Stipulation and Order. Likewise, CCB is not bound by any
3 previous settlement agreements it has approved in entering into this Stipulation and
4 Order.

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

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

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

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

28 29. Binding Effect. This Stipulation and Order shall be binding upon and inure

1 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,
2 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

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

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

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

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

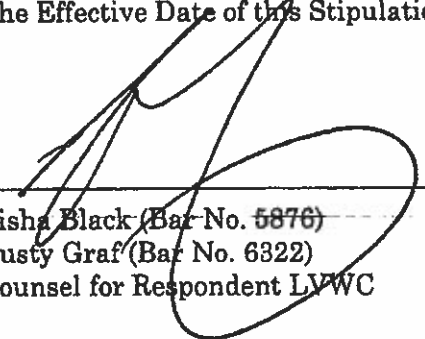
24 34. Time is of the Essence. Time is of the essence in the performance of all terms
25 of this Stipulation and Order.

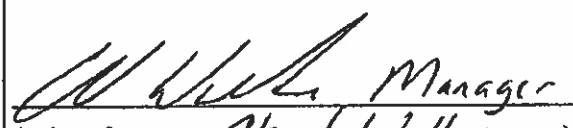
26 35. Severability. If any portion of this Stipulation and Order, or its application
27 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
28 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order

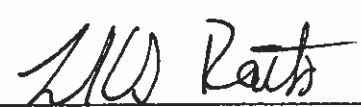
1 and its application thereof shall be not affected and shall remain enforceable to the fullest
2 extent permitted by law.

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

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

15
16
17  Date: 6-14-21
18 Tisha Black (Bar No. 5876)
19 Rusty Graf (Bar No. 6322)
20 Counsel for Respondent LVWC

21
22  Date: 6-14-21
23 (printed name Chad Wallace),
24 On behalf of Respondent LVWC

25
26  Date: 6/14/21
27 L. Kristopher Rath (Nev. Bar No. 5749)
28 Ashley Balducci (Nev. Bar No. 12687)
Senior Deputy Attorney General
Counsel for Cannabis Compliance Board

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T. Klimas

Date: 6/22/21

Tyler Klimas, Executive Director for the Cannabis Compliance Board

ORDER

WHEREAS, on 22nd day of June 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 LVWC.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 22 day of June, 2021.

STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD

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