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

STATE OF NEVADA, CANNABIS  
COMPLIANCE BOARD,

Petitioner,

vs.

LAS VEGAS WELLNESS AND  
COMPASSION, LLC,

Respondent.

Case No. 2021-32

**STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION**

The Cannabis Compliance Board (the "CCB"), by and through its counsel, Aaron D. Ford, Attorney General for the State of Nevada, L. Kristopher Rath, Esq., Senior Deputy Attorney General and Ashley A. Balducci, Esq., Senior Deputy Attorney General, hereby enters into this Stipulation and Order for Settlement of Disciplinary Action ("Stipulation and Order") with Respondent Las Vegas Wellness and Compassion, LLC. (hereinafter "LVWC" or "Respondent"), by and through its counsel of record, Tisha Black, Esq., and Rusty Graf, Esq., of the law firm of Black & Wadhams. Pursuant to this Stipulation and Order, LVWC and CCB (collectively, the "Parties") hereby stipulate and agree that CCB Case No. 2021-32 (the "Administrative Action") shall be fully and finally settled and resolved upon terms and conditions set out herein.

**PERTINENT FACTS**

1. On February 23, 2021, CCB initiated this disciplinary action via the service and filing of a Complaint for Disciplinary Action (the "Complaint"). The Complaint alleges, *inter alia*, that, contrary to Nevada law, the LVWC cannabis production facility (P045 and RP045) failed to comply with handwashing and employee hygiene requirements, failed to comply with requirements for hot water delivery, failed to timely notify CCB of an imminent health hazard, failed to maintain stocked hand washing facilities, used

1 impermissible equipment for extraction, and failed to keep equipment surfaces clean.

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 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, the Nevada Cannabis Compliance Regulations ("NCCR"), and any other  
24 provisions of Nevada law. LVWC is waiving all these rights by entering into this  
25 Stipulation and Order. If the CCB rejects this Stipulation and Order, or any portion thereof,  
26 LVWC reserves the right to withdraw any or all waivers.

27 5. Should this Stipulation and Order be rejected by the CCB or not timely  
28 performed by LVWC, it is agreed that presentation to and consideration by the CCB of such

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

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

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

12 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, LVWC  
13 has agreed to settle this matter. For purposes of settling this matter, LVWC acknowledges  
14 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this  
15 Stipulation and Order are true and correct. Without waiving any constitutional rights  
16 against self-incrimination, LVWC further acknowledges that certain facts contained in the  
17 CCB Complaint in Case No. 2021-32 could be found to constitute violations of Title 56 of  
18 NRS (NRS Chapters 678A through 678D), and the NCCR, with penalties up to and  
19 including suspension, and/or a civil penalty of \$47,500, or more, for P045 and RP045, if this  
20 matter went to an administrative hearing.

21 9. In settling this matter the Executive Director for CCB and counsel for CCB  
22 have considered the factors set forth in NCCR 4.030(2), including: the gravity of the  
23 violations; the economic benefit or savings, if any, resulting from the violations; the size of  
24 the business of the violator; the history of compliance with the NCCR and Title 56 of NRS  
25 by the violator; actions taken to remedy and/or correct the violations; and the effect of the  
26 penalty on the ability of the violator to continue in business.

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2           10. To resolve the Administrative Action, and only for those purposes and no  
3 other, LVWC specifically admits to the following violations with respect to the Complaint  
4 in CCB Case No. 2021-32 for certificate P045 and license RP045:

- 5           a. One violation of NCCR 4.050(1)(a)(20), for failing to comply with  
6 employee handwashing and hygiene requirements, which constitutes  
7 one Category III violation.
- 8           b. One violation of NCCR 4.055(1)(a)(10), for failing to maintain hand-  
9 washing facilities that are stocked, which constitutes one Category IV  
10 violation.
- 11           c. One violation of NCCR 4.050(1)(a)(6), for failing to maintain proper  
12 sink temperatures, which constitutes one Category V violation.
- 13           d. One violation of NCCR 4.050(1)(a)(6), for use of improper extraction  
14 equipment, which constitutes a second Category V violation.
- 15           e. One violation of NCCR 4.050(1)(a)(6), for failing to keep equipment  
16 that does not have direct contact with cannabis products free from  
17 residue and other debris, which constitutes a third Category V  
18 violation.

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

22           12. With respect to P045 and RP045, LVWC further agrees to pay a civil penalty  
23 in the amount of \$20,000<sup>1</sup> in consideration for its admitted violations in Paragraph 10,  
24 above, and in consideration of CCB's agreement to resolve the Administrative Action on  
25 the terms set forth herein.

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

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<sup>1</sup> To be apportioned \$10,000 to P045 and \$10,000 to RP045.

1 14. Both parties acknowledge that the CCB has jurisdiction to consider and order  
2 this Stipulation and Order because LVWC holds privileged licenses/certificates regulated  
3 by the CCB as of July 1, 2020. LVWC expressly, knowingly, and intentionally waives the  
4 21-day and/or 5-day notice requirements contained in the Nevada Open Meeting Law and  
5 acknowledges that this Stipulation and Order may be presented to the CCB for its  
6 consideration and potential ratification at the CCB's meeting on June 22, 2021.

7 **STIPULATED ADJUDICATION**

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

11 15. Violations: As to certificate P045 and license RP045, LVWC is found to have  
12 committed one Category III violation, one Category IV violation, and three Category V  
13 violations, as set forth in Paragraphs 10(a), 10(b), 10(c), 10(d), and 10(e), above. In  
14 accordance with NCCR 4.060(2)(a)(1), the CCB hereby issues a formal warning to LVWC  
15 as to its first Category V violation for certificate P045 and license RP045: LVWC shall take  
16 precautions to ensure that it maintains required water temperatures in its sinks by  
17 regularly and daily checking temperatures and remediating any hot water outages as soon  
18 as possible.

19 16. Imposition and Payment of Civil Penalties. LVWC shall pay a total civil  
20 penalty in the amount of twenty thousand dollars (\$20,000) within 30 days of the date the  
21 CCB approves this Stipulation and Order, to be apportioned as set forth in Paragraph 12,  
22 above. Should LVWC fail to timely pay said civil penalty, LVWC shall be deemed to be  
23 in breach of this Stipulation and Order, deemed to be in default, and deemed to have  
24 admitted all allegations in the CCB Complaint in Case No. 2021-32 and shall pay all  
25 penalties and receive all discipline set forth under the "Relief Requested" section of the  
26 Complaint, inclusive of a 20 day suspension of certificate P045 and license RP045 and a  
27 civil penalty of \$47,500. The CCB will enter an order of default to this effect. After default  
28 is entered, all amounts due under this subsection shall be immediately due and payable to

1 CCB. LVWC agrees it cannot and will not file any petition for judicial review and/or any  
2 action in any forum for relief from this order of default and that CCB may file any judicial  
3 action necessary to recover the amounts owed under this subsection, along with its  
4 attorneys' fees and costs for recovery of amounts owed. Notwithstanding the foregoing,  
5 LVWC may request one extension to pay said civil penalty no later than 5 business days  
6 prior to its due date, which may or may not be granted at the discretion of CCB's Executive  
7 Director. If such an extension is granted, then failure to pay said civil penalty by said  
8 extended due date shall invoke the penalty of admission to all allegations in the Complaint  
9 as set forth in this Paragraph.

10 17. 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. Respondent further represents and warrants that it is now,  
13 as of the date it has executed this Stipulation and Order, operating in full compliance with  
14 NRS Title 56 and NCCR. In summary, the plan of correction is as follows: (1) Respondent  
15 ceased operations at request of CCB when CCB advised it of the lack of hot water and  
16 Respondent made the necessary repairs to restore hot water to the facility by replacing the  
17 water heater; (2) Respondent now uses temperature logs and thermometers at each sink to  
18 verify that they are meeting the required temperature standards; (3) Respondent has  
19 discontinued use of the improper extraction equipment and substituted it with the proper  
20 equipment; (4) sinks have now been properly stocked with paper towels and staff have been  
21 counseled to check this issue regularly as part of their cleaning logs and procedures; and  
22 (5) equipment surfaces have been properly cleaned and staff counseled to maintain the  
23 cleanliness of all equipment.

24 18. Contingency if Approval Denied. If approval of this Stipulation and Order is  
25 denied by CCB, LVWC and counsel for the CCB agree to resume settlement negotiations  
26 in good faith and attempt to reach an agreement to amend this Stipulation and Order and  
27 resubmit an amended Stipulation and Order to the CCB to review for approval at its next  
28 regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree to

1 proceed with the Administrative Action, which shall include a disciplinary hearing before  
2 the CCB or its assigned hearing officer. Should the Administrative Action proceed for the  
3 reasons set forth in this Paragraph, CCB preserves all its claims and arguments in the  
4 Administrative Action as set forth in its Complaint and LVWC preserves all its defenses  
5 and arguments set forth in its Answer. An unapproved Stipulation and Order shall not be  
6 admissible as evidence or referenced in argument at any disciplinary hearing in CCB Case  
7 No. 2021-32 or any other matter involving the CCB.

8       19. Contingency if Approval Conditioned. If the CCB approves this Stipulation  
9 and Order, but said approval is contingent on certain conditions, the parties will undertake  
10 further good faith negotiations to include said conditions in an amended stipulation and  
11 order for execution by the CCB Chair. If LVWC does not agree to the certain conditions  
12 imposed by the CCB, the parties will undertake additional negotiations and attempt to  
13 reach an agreement to amend this Stipulation and Order and resubmit an amended  
14 Stipulation and Order to the CCB to review for approval at its next regularly scheduled  
15 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the  
16 Administrative Action, which shall include a disciplinary hearing before the CCB or its  
17 assigned hearing officer. Should the Administrative Action proceed for the reasons set forth  
18 in this Paragraph, CCB preserves all its claims and arguments in the Administrative  
19 Action as set forth in its Complaint and LVWC preserves all its defenses and arguments  
20 asserted in its Answer and withdraws all waivers set forth herein. An unapproved  
21 Stipulation and Order shall not be admissible as evidence or referenced in argument at any  
22 disciplinary hearing in CCB Case No. 2021-32 or any other matter.

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

25       21. Communications with CCB Members. LVWC understands that this  
26 Stipulation and Order will be presented to the CCB in open session at a duly noticed and  
27 scheduled CCB meeting. LVWC understands that the CCB has the right to decide in its  
28 own discretion whether or not to approve this Stipulation and Order. The CCB's counsel,

1 which is the Nevada Attorney General and its staff attorneys, will recommend approval of  
2 this Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and  
3 Order, counsel for CCB may communicate directly with individual CCB members. LVWC  
4 acknowledges that such communications may be made or conducted *ex parte*, without notice  
5 or opportunity for LVWC to be heard on its part until the public CCB meeting where this  
6 Stipulation and Order is discussed, and that such contacts and communications may  
7 include, but may not be limited to, matters concerning this Stipulation and Order, the  
8 Administrative Action and any and all information of every nature whatsoever related to  
9 these matters. LVWC agrees that it has no objections to such *ex parte* communications.  
10 CCB agrees that LVWC and/or its counsel shall appear at the CCB meeting where this  
11 Stipulation and Order is discussed and, if requested, respond to any questions that may be  
12 addressed to LVWC and/or the Attorney General's staff attorneys. LVWC agrees that,  
13 should the CCB decline to approve this Stipulation and Order, LVWC will not contest or  
14 otherwise object to any CCB member, and/or CCB appointed hearing officer, hearing and  
15 adjudicating the Administrative Action based on the aforementioned *ex parte*  
16 communications with anyone from the Nevada Attorney General's Office.

17       22. Release. In execution of this agreement, Respondent agrees that the State of  
18 Nevada, the CCB, the Office of the Attorney General, and each of their members, staff,  
19 attorneys, investigators, experts, hearing officers, consultants, employees, and agents are  
20 immune from any liability for any decision or action taken in good faith in response to  
21 information and data acquired by the CCB. Upon CCB approval of this Stipulation and  
22 Order, Respondent agrees to release the State of Nevada, the CCB, the Office of the  
23 Attorney General, and each of their members, staff, attorneys, investigators, experts,  
24 hearing officers, consultants, employees, and agents from any and all manner of actions,  
25 causes of action, suits, debts, judgments, executions, claims and demands whatsoever,  
26 known or unknown, in law or equity, that Respondent ever had, now has, may have or claim  
27 to have against any and/or all of the persons, government agencies or entities named in  
28 this Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth



1 in its Complaint, the matters set forth in this Stipulation and Order, or the administration  
2 of CCB Case No. 2021-32.

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

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

19       24. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys'  
20 fees and costs.

21       25. Further Assurances. The Parties shall cooperate in executing such additional  
22 documents or amendments hereto and in performing such further acts as may be  
23 reasonably necessary to give effect to the purposes and provisions of this Stipulation and  
24 Order.

25       26. Voluntary and Informed Agreement. The Respondent represents that its  
26 owners, officers, and/or its directors, who are responsible for and able to legally bind LVWC  
27 have read completely and understand fully the terms of this Stipulation and Order, that  
28 such terms are fully understood and voluntarily accepted by Respondent in advance of and

1 as memorialized by the signing of this Stipulation and Order, and that the Respondent's  
2 signature to this Stipulation and Order indicates same. Respondent further represents that  
3 it has voluntarily entered into this Stipulation and Order to make a full, final, and complete  
4 compromise upon the terms and conditions set forth herein. Respondent further represents  
5 that any releases, waivers, discharges, covenants, and agreements provided for in this  
6 Stipulation and Order have been knowingly and voluntarily granted and without any  
7 duress or undue influence of any nature from any person or entity. The Parties, and each  
8 of them, hereby expressly acknowledge that they are each represented by counsel of their  
9 own choice in this matter and have been advised by counsel accordingly.

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

15       28. Binding Effect. This Stipulation and Order shall be binding upon and inure  
16 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,  
17 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

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

25       30. Governing Law. This Stipulation and Order shall be governed by and  
26 construed in accordance with the laws of the State of Nevada, without reference to conflict  
27 of law principles.

28       31. Jurisdiction and Forum Selection. The Parties consent to the jurisdiction of

1 the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to  
2 resolve any disputes related to the terms or enforcement of this Stipulation and Order. The  
3 successful or prevailing Party or Parties in such action shall be entitled to recover  
4 reasonable attorney fees, costs, and expenses actually incurred in initiating or responding  
5 to such proceeding, in addition to any other relief to which it may be entitled.

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

11 33. Time is of the Essence. Time is of the essence in the performance of all terms  
12 of this Stipulation and Order.

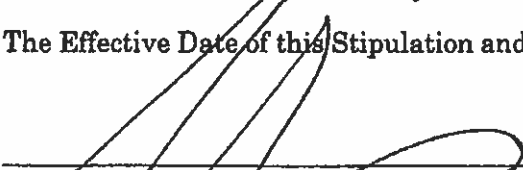
13 34. Severability. If any portion of this Stipulation and Order, or its application  
14 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,  
15 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order  
16 and its application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

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

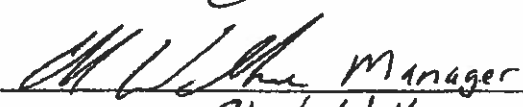
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1 IN WITNESS WHEREOF, this Stipulation and Order has been executed by the  
2 Parties and attested by their duly authorized representatives as of the date(s) so indicated.  
3 The Effective Date of this Stipulation and Order shall be the date it is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

4  
5   
6 Tisha Black (Bar No. 5876)  
7 Rusty Graf (Bar No. 8322)  
8 Counsel for Respondent LVWC

Date: 6-14-21

9   
10 (printed name Chad Wallace),  
11 On behalf of Respondent LVWC

Date: 6-14-21

12   
13 L. Kristopher Rath (Nev. Bar No. 5749)  
14 Ashley Balducci (Nev. Bar No. 12687)  
15 Senior Deputy Attorney General  
16 Counsel for Cannabis Compliance Board

Date: 6/14/21

17   
18 Tyler Klimas, Executive Director for the  
19 Cannabis Compliance Board

Date: 6/21/21

20 **ORDER**

21 WHEREAS, on 22<sup>nd</sup> day of June 2021, the Nevada Cannabis Compliance Board  
22 approved and adopted all the terms and conditions set forth in the Stipulation and Order  
23 for Settlement of Disciplinary Action with LVWC.

24 IT IS SO ORDERED.

25 SIGNED AND EFFECTIVE this 22 day of Jun, 2021.

26 STATE OF NEVADA,  
27 CANNABIS COMPLIANCE BOARD

28 By:   
HON. MICHAEL L. DOUGLAS, CHAIR