

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

3
4 STATE OF NEVADA, CANNABIS
 COMPLIANCE BOARD,

Case No. 2021-44

5 Petitioner,

6
7 vs.

8 ALTERNATIVE MEDICINE
 ASSOCIATION, LC,



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 Alternative Medicine Association, LC
16 ("AMA" or "Respondent") has violated provisions of Chapters 678A through 678D of the
17 Nevada Revised Statutes ("NRS"), and the Nevada 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, AMA held, and
22 currently holds, the following licenses:

ID	License/Certificate	Last Issued / Renewed	Address
C087	Medical Cultivation 33652679278436588975	5/12/2021	
RC087	Adult-use Cultivation 85529550360873527457	5/12/2021	

27 2. During all relevant times mentioned in this Complaint, AMA is and was
28 registered as a Domestic Limited Liability Company in the State of Nevada. The Nevada

1 Secretary of State lists the manager of AMA as Patricia Kaelin. The CCB's point of contact
2 for AMA is Caleb Zobrist.

3 3. As AMA holds its licenses and certificates with CCB, it is subject to NRS Title
4 56 and the NCCR for the violations asserted herein. Therefore, AMA is subject to the
5 jurisdiction of the CCB and subject to discipline pursuant to NRS 678A through 678D and
6 the relevant provisions of the NCCR.

7 4. Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director
8 has transmitted the details of the suspected violations of AMA to the Attorney General and
9 the Attorney General has conducted an investigation of the suspected violations to
10 determine whether they warrant proceedings for disciplinary action. The Attorney General
11 has recommended to the Executive Director that further proceedings are warranted, as set
12 forth in this CCB Complaint. The CCB has authorized proceeding with disciplinary action
13 against AMA, pursuant to NRS 678A.510(2)(b). Pursuant to NRS 678A.520(1), the CCB's
14 Executive Director has authorized service of this Complaint upon Respondent.

15 **FACTUAL ALLEGATIONS**

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

17 6. On or about December 3, 2020, a CCB agent conducted a routine virtual
18 inspection of the AMA medical and adult-use cannabis cultivation facility at [REDACTED]

19 [REDACTED] The CCB agent for this inspection was Jason Bañales.

20 7. During the course of the aforementioned inspection, CCB Agent Bañales
21 requested video recordings from the facility's video surveillance system. When AMA's staff
22 pulled the video footage for CCB Agent Bañales on December 3, 2020, AMA discovered for
23 the first time that video footage was missing from December 2, 2020. CCB Agent Bañales
24 reviewed the requested video surveillance footage and confirmed that the facility had
25 experienced an electronic monitoring system failure on December 2, 2020. There was no
26 system notification of this malfunction, and it was only discovered after CCB Agent Bañales
27 requested video footage the following day. NCCR 6.085(1)(c)(3)(VII) requires each cannabis
28 establishment to maintain a security system with electronic monitoring that has a failure

1 notification system which provides an audible and visual notification of any failure in the
2 electronic monitoring system. There was no audible or visual notification to alert AMA to
3 the malfunction of their electronic monitoring system on December 2, 2020.

4 VIOLATIONS OF LAW

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

6 9. As to certificate C087 and license RC087, Respondent AMA violated NCCR
7 6.085(1)(c)(3)(VII) and 4.040(1)(a)(14), by failing to maintain a required surveillance
8 system. Specifically, as set forth in Paragraph 7, above, AMA did not discover the
9 December 2, 2020, malfunction in its electronic monitoring system until well after it
10 occurred because there was no audible or visual notification to alert AMA to the
11 malfunction when it happened. This is a Category II violation, which carries a civil penalty
12 of not more than \$25,000 and a suspension of not more than 20 days. NCCR 4.040(2)(a)(1).

13 DISCIPLINE AUTHORIZED

14 Pursuant to the provisions of NRS 678A.600, NCCR 4.020, 4.030, 4.035 through
15 4.060, and 5.100, the CCB has the discretion to impose the following disciplinary actions:

- 16 1. Suspend the cultivation licenses of AMA;
- 17 2. Impose a civil penalty of not more than \$90,000 for each separate violation of
18 NRS Title 56 and the NCCR on the production certificate and license of AMA; and
- 19 3. Take such other disciplinary action as the CCB deems appropriate.

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

21 RELIEF REQUESTED

22 Based on the foregoing, counsel for the CCB respectfully requests the CCB impose
23 the penalty of a 20 day suspension and a civil penalty against AMA in the amount of
24 \$25,000, for C087 and RC087.

25 NOTICE TO RESPONDENT

26 PLEASE TAKE NOTICE, that Respondent has a right to request a hearing on the
27 charges set forth herein, pursuant to NRS 678A.510 through 678A.590. **Failure to**
28 **demand a hearing constitutes a waiver of the right to a hearing and to judicial**

1 review of any decision or order of the Board, but the Board may order a hearing,
2 even if the respondent so waives its right. NRS 678A.520(2)(e).

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

6 (a) Must state in short and plain terms the defenses to each claim asserted.

7 (b) Must admit or deny the facts alleged in the complaint.

8 (c) Must state which allegations the respondent is without knowledge or information
9 form a belief as to their truth. Such allegations shall be deemed denied.

10 (d) Must affirmatively set forth any matter which constitutes an avoidance or
11 affirmative defense.

12 (e) May demand a hearing. **Failure to demand a hearing constitutes a waiver**
13 **of the right to a hearing and to judicial review of any decision or order of**
14 **the Board**, but the Board may order a hearing even if the respondent so waives its
15 right.

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

20 The Board shall determine the time and place of the hearing as soon as is reasonably
21 practical after receiving the Respondent's answer. The Board may assign a hearing officer
22 to conduct the hearing under NCCR 2.070, 4.095, and 4.110. The Board or its assigned
23 hearing officer shall deliver or send by registered or certified mail a notice of hearing to all
24 parties at least 10 days before the hearing. The hearing must be held within 45 days after
25 receiving Respondent's answer unless an expedited hearing is determined to be appropriate
26 by the Board, in which event the hearing must be held as soon as practicable. NRS
27 678A.520(4). The Chair of the Board or the assigned hearing officer may grant one or more
28

1 extensions to the 45-day requirement pursuant to the request of a party or an agreement
2 by both parties.

3 Respondent's Answer and Request for Hearing must be either: mailed via registered
4 mail, return receipt; or emailed to:

5 Tyler Klimas, Executive Director
6 Cannabis Compliance Board
7 555 E. Washington Avenue, Suite 4100
8 Las Vegas, Nevada 89101
9 tklimas@ccb.nv.gov

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

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

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

22 If the Respondent does not wish to dispute the charges and allegations set forth
23 herein, within 30 days of the service of this Complaint, Respondent may pay the civil
24 penalties set forth above in the total amount of \$25,000, and discontinue its operations for
25 20 days during which its license is suspended, on notice to:

26 Tyler Klimas, Executive Director
27 Cannabis Compliance Board
28 555 E. Washington Avenue, Suite 4100
Las Vegas, Nevada 89101


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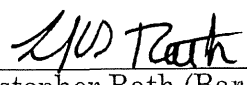
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2
3 YOU ARE HEREBY ORDERED to immediately cease the activity described above
4 which is a violation of Nevada law.

5 DATED: August 24, 2021.

6 STATE OF NEVADA, CANNABIS COMPLIANCE BOARD

7 By: 
8 Tyler Klimas, Executive Director
9 555 E. Washington Avenue, Suite 4100
10 Las Vegas, Nevada 89101
11 (775) 687-6299

12 AARON D. FORD
13 Attorney General

14 By: 
15 L. Kristopher Rath (Bar No. 5749)
16 Senior Deputy Attorney General
17 Ashley A. Balducci (Bar No. 12687)
18 Senior Deputy Attorney General
19 555 E. Washington Ave, Suite 3900
20 Las Vegas, Nevada 89101
21 (702) 486-3420
22 Attorneys for the Cannabis Compliance Board
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**DECLARATION AND CERTIFICATE OF SERVICE OF
COMPLAINT FOR DISCIPLINARY ACTION
(Service via Mail)**

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: Caleb Zobrist

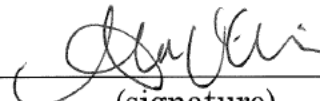
Address on file with CCB: [REDACTED]

Date of Service: August 24, 2021

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

Executed on

August 24, 2021
(date)


(signature)