

Nevada Cannabis Compliance Board

Emergency Meeting Minutes August 26, 2021

The Nevada Cannabis Compliance Board (CCB) held a via remote technology system Zoom on August 26, 2021, beginning at 3:00 p.m.

Cannabis Compliance Board Members Present:

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

Tyler Klimas, Executive Director, called the meeting to order and took roll. Chairman Michael Douglas, Member Neilander, Member Merritt, Member Durrett, and Member Young were present via video connection.

I. Public Comment

There was no public comment.

II. Consideration of Emergency Order of Summary Suspension Pursuant to NCCR 4.105 (for possible action) **A. The CCB will consider whether to issue an Emergency Order of Summary Suspension for Green Cross of America, Inc. (C035/RC035) pursuant to NCCR 4.105.**

Executive Director Klimas provided an introduction of the matter. Green Cross of America, Inc. (“Green Cross”) was the subject of the receivership item at the August Board meeting. The CCB received notice last week that the Court had appointed a receiver for Green Cross pending CCB approval. There was administrative work that needed to be completed before the matter could come before the Board. A spot inspection was conducted yesterday. The licensee had indicated previously that they were non-operational. An auditor and inspector found deficiencies during the inspection, and administrative deficiencies were also found. The license should have been deemed inactive due to not submitting appropriate documents with renewal fees and not being up to date on their business license. The licensee is up to date on tax filings and payments.

CCB Auditor Erica Scott presented the findings from the inspection. Ms. Scott and CCB Inspector Brandon Vickrey attempted to enter the facility. A telephone number was posted but was not answered. The facility was gated but unlocked so they were able to gain access to the property. The individual present indicated he was the security officer and did not have an agent card. He allowed the agents inside the building. The individual initially indicated there was not product there, and then stated there was cannabis but it was hemp. The security cameras were disabled. The alarm was cut so there was no security in effect. There was a room with 102 mature cannabis plants with strain names written on them. There were more than 300 clones. None of the items were in Metrc. The products were quarantined and counted. There was another room that the agents were advised had cannabis in but were unable to gain access. A quarantine sticker was placed on that room.

Chief of Inspections and Audits, Karalin Cronkhite, detailed the various reasons why this should be considered a public health and safety matter and the risks associated. Ms. Cronkhite stated the facility posed a risk to public health and safety because there was no camera or security in place. The individual on site does not have an agent card and should not have access inside the facility. There is no way to monitor if cannabis is removed and no access to all rooms where cannabis may be stored on site. The facility does not have a valid local business license or a valid cultivation license as they failed to renew their license. There is no legal way for the cannabis to be sold. This leaves the potential for the plants to get into the illicit market and potentially into the hands of minors or sold untested and contaminated.

Member Neilander asked if the request was to suspend the license. Director Klimas confirmed that it was. Member Neilander commented that it appeared to be an ongoing criminal activity. Director Klimas stated it was being treated as a criminal referral and local law enforcement has been advised. Member Neilander added the facility should be locked down with local law enforcement’s involvement if that is what the Board decided to do.

Member Young asked how the plants were quarantined. Ms. Cronkhite responded they were quarantined on site. The room was sealed and the CCB would know if the seal was broken. Ms. Cronkhite expressed concerns that although the plants were quarantined, there were no working cameras at the facility.

Member Merritt asked when the last audit was. Ms. Cronkhite responded that the last physical audit was conducted in the summer of 2018, and there was a witness of destruction in 2019. An inspection and audit was not conducted in 2019 under the Marijuana Enforcement Division due to an ongoing investigation with their ownership and their business license. In 2020, a virtual inspection (due to COVID) was attempted. The licensee stated they were not operational and provided photographs demonstrating there was not cannabis at the facility. Member Merritt asked if it was possible that the plants had been growing for some time at the facility. Ms. Cronkhite stated it was possible.

Member Durrett asked if there were any physical inspections conducted in 2020. Ms. Cronkhite responded that there were both in person inspections conducted, and some conducted virtually through video. Director Klimas added that in person inspections were conducted for the majority of 2020, followed by a combination of in person and virtual for the remainder.

Member Durrett asked for clarification on how this came to the CCB's attention. Deputy Director Miles stated that a receiver was appointed by the Court without the owner's knowledge that the action occurred. Director Klimas added that the receivership issue was what prompted the recent inspection. Member Durrett asked if it was a creditor that asked for the receivership. Deputy Miles confirmed that was correct. Member Durrett asked if it was thought to be squatters on the premises or the owners. The point of contact on record for the facility knew the individual providing security on site, so there was an awareness of who was there.

Chair Douglas asked if there were additional questions. There were no further questions. Chair Douglas stated that the facts presented were sufficient to suspend the license at this time and immediate contact would need to be made with local law enforcement to secure the facility.

Chair Douglas made a motion for immediate suspension and for necessary action to be taken by the Cannabis Compliance Board to secure the facility and deal with the plants on hand. Member Neilander seconded the motion. All Members said aye. Motion carried.

The Board discussed the process for steps to be taken if a receiver is appointed by the Court and the required checks of approvals and licenses to be in place for a licensee. There was discussion on the reasons why a licensee may be non-operational, and what licensees are required to do when non-operational. Member Neilander commented that in gaming, an operator is not allowed to close without permission from the regulators and must submit a plan of temporary closure to be approved. Ms. Cronkhite commented that a similar procedure was implemented during the pandemic when many facilities self-closed. Chair Douglas added that this was something that could be included in the regulations so that there may be disciplinary action for non-compliance. Member Neilander agreed that the burden should be on the licensee to be in compliance. Chair Douglas asked if there was additional information from the Court. Deputy Attorney General L. Kristopher Rath responded that he researched the order appointing the receiver, but the attorney noticed was no longer the attorney for the licensee. The point of contact for the licensee had not received any notice of the receivership and intended to file documentation to oppose the receivership.

III. Public Comment

There was no public comment.

IV. Adjournment

Meeting adjourned at 3:21pm.