

# Nevada Cannabis Compliance Board

## Meeting Minutes October 26, 2021

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 555 East Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway Room 100, Carson City, Nevada on October 26, 2021, beginning at 9:00 a.m.

### **Cannabis Compliance Board Members Present:**

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

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

#### **I. Public Comment**

Frederick C. Draper proved public comment regarding the American Disabilities Act (ADA). Websites have been deemed to be public spaces and must be accessible. Many cannabis websites are not compliant and may face lawsuits for violations of ADA.

John Stokes representing Smokewyths provided public comment. Mr. Stokes wanted to bring attention to blind spots regarding social equity. Mr. Stokes ended comment to speak at the end of the meeting.

Chair Douglas commented that the Board is a creature of the Legislature. Social equity was not under consideration until the last legislative session included it.

#### **II. Meeting Minutes**

**A. Consideration for approval of the September 14, 2021, Cannabis Compliance Board Workshop minutes.**

**B. Consideration for approval of the September 28, 2021, Cannabis Compliance Board Meeting minutes.** Chair Douglas asked for a motion. Member Durrett made a motion to approve agenda item II A and B. Member Merritt seconded. All Members said aye. Motion carried.

#### **III. Consent Agenda**

##### **A. Complaints**

Director Klimas stated that there were two complaints that the Attorney General's office had reviewed and recommended proceeding with disciplinary action.

As to Respondent A, the complaint alleged violations of NCCR 4 and NCCR 11.

As to Respondent B, the complaint alleged violations of NRS 678B, NRS 678C, NCCR 4, NCCR 5 and NCCR 6.

Member Durrett made a motion to approve agenda item III A (1 and 2). Member Young seconded. All Members said aye. Motion carried.

#### **IV. Consideration of Effective Date for Extension Granted at the September 28, 2021 CCB Meeting**

Director Klimas stated the item was to clarify the effective date of the extensions granted at the September 28 meeting. Chair Douglas commented that there was a disconnect in the communication. The Board approved the extensions to be effective as of the date of the prior Board meeting and the intent of CCB staff was for the effective date to be from February 2, 2022. Chair Douglas had a possible concern with Item C and asked for comment from the Board. Member Durrett stated an extension from the February 2, 2022 deadline made sense, as that was what she had in mind at the previous meeting.

Chair Douglas made a motion to amend the starting dates [for agenda items IV A-C) to the expiration date beginning in February of 2022 and going forward. Member Neilander seconded. All Members said aye. Motion carried.

**V. Request for Transfer of Interest**

**A. Urban Hills, LLC (TOI 17004) (C127, RC127)**

Chief of Investigations David Staley presented the TOI application for Urban Hills, LLC. TOI 17004 requested approval for internal transfers resulting in Dustin and Crystal Pebbles together owning 100% of the company. Staff has identified areas of concern including four different transfers of interest that have occurred without prior CCB or its predecessor's approvals and 28 late-filed tax returns during October 2018 through October 2021. CCB staff identified five possible courses of action for the Board to take. The licensee was present and Chief Staley stated that they would like to request that the item is referred back to staff.

Dustin Pebbles (Chief Executive Officer) and Crystal Pebbles (Operating Officer) were present in Carson City. Mr. Pebbles stated they thought that the proper documentation was submitted to Taxation in 2017 for the transfers in the spirit of their contracts. They were made aware of the areas of concern yesterday and would like the opportunity to discuss and provide additional information.

Chair Douglas commented he may want to refer it for discipline but would be willing to give the licensee some additional time to provide the information that was requested. The information had been requested and not provided which was not acceptable.

Member Neilander asked why the tax returns had not been paid. Ms. Pebbles responded that they pay them every month and was unaware that they were not paid. The general manager made an appointment every month and paid. Ms. Pebbles would like to talk to CCB staff because they had provided hundreds of documents. Member Neilander commented that 28 delinquent returns was a serious problem. Mr. Pebbles stated that to their knowledge, they have filed and paid every return. Ms. Pebbles added there had been maybe three late returns that penalties and fines were paid on. Mr. Pebbles did not think there were any outstanding balances at the current time, and returns may have been late by a day.

Chair Douglas asked Chief Staley what kind of timeline there would be before it came back before the Board. Chief Staley responded it could come back for consideration at the December meeting.

Chair Douglas made a motion to hold the item until the December meeting. Member Neilander seconded. All Members said aye. Motion carried. Chair Douglas noted that the multiple jurisdictions did not have concerns with the business.

**VI. Consideration of the Proposed Settlement Agreement to Resolve Disciplinary Actions**

**A. Cannabis Compliance Board vs. NLVG, LLC (Case No. 2021-40)**

Senior Deputy Attorney General L. Kristopher Rath presented the settlement agreement for NLVG, LLC. The complaint was filed and served on July 27, 2021. Respondent undertook settlement negotiations with the Attorney General's office and the parties came to an agreement that was mutually agreeable. The parties agreed to a stay of the disciplinary process while the CCB considered approval. The allegations included failure to tag cannabis plants, failure to wash and sanitize cannabis product contact surfaces, infestation by pests, improperly stored cannabis, and failure to fully maintain a proper ventilation system. Responded admitted to one Category II violation, one Category III violation, two Category IV violations, and \$48,000 civil penalty with the option to pay in installments. Responded provided a plan of correction which was approved by CCB staff. The Attorney General recommends and requests approval of the settlement agreement.

Derek Connor, counsel, and Judy Woodward appeared on behalf of NLVG. Mr. Connor thanked the Board for working with the licensee and requested approval of the settlement agreement.

Chair Douglas asked if the licensee was aware of the plan for remediation, and the penalties for failure to comply with the payment plan option. Mr. Connor responded that they were aware of the potential penalties for late payment. Member Neilander thanked Mr. Rath and staff for the work on the remediation and plan of correction and that the matter was addressed.

Member Durrett made a motion to approve the settlement agreement for agenda item VI A involving NLVG, LLC. Member Merritt seconded. All Members said aye. Motion carried.

**B. Cannabis Compliance Board vs. Alternative Medicine Association, LC (Case No. 2021-44)**

Mr. Rath presented the settlement agreement with Alternative Medicine Association, LC. The complaint was filed and served on August 24, 2021. The complaint alleged failure to maintain the required surveillance system. Respondent filed its answer to the complaint on September 13, 2021, and the matter was assigned to a hearing officer. During the course of the disciplinary process, the parties engaged in settlement negotiations. The parties agreed to a stay of disciplinary process while the CCB considered approval of the settlement. Respondent admitted to one Category II violation and agreed to pay civil penalty of \$20,000. Respondent provided a plan of correction which CCB staff has approved. The Attorney General requested and recommended approval of the settlement agreement.

Caleb Zobrist appeared on behalf of the Alternative Medicine Association. Mr. Zobrist thanked Mr. Rath and staff. The licensee accepted responsibility for the error and requested acceptance of the settlement. Chair Douglas asked if the licensee was aware of the amount of the civil penalty and any penalties for late payment. Mr. Zobrist confirmed they were aware.

Member Durrett made a motion to approve the settlement agreement for agenda item VI B involving Alternative Medicine Association. Member Neilander seconded. All Members said aye. Motion carried.

**VII. Consideration of Proposed Settlement Agreement**

Chief Litigation Counsel for the Attorney General's Office, Steve Shevovski, presented the proposed settlement agreement involving Rural Remedies, LLC, the Department of Taxation, Lone Mountain Partners, LLC, Mr. Jorge Pupo in his individual capacity, and the Cannabis Compliance Board. The settlement agreement arose out of litigations that were consolidated before Judge Elizabeth Gonzalez from the 2018 licensing round. The CCB is a successor in interest to the Department of Taxation. The parties agree to resolve any and all claims that Rural Remedies may have against Mr. Pupo, the Department of Taxation, and the CCB. The main consideration of the agreement was the conditional license transfer from Lone Mountain Partners, LLC to Rural Remedies, LLC in Lander County. The State of Nevada will pay \$40,000 from the tort claims fund to Rural Remedies in exchange for a dismissal of the complaint and any administrative claims arising from the 2018 licensing round.

Member Neilander asked for clarification on CCB as a party to the litigation. Mr. Shevovski responded that the CCB was joined as a party as a successor in interest to the Department of Taxation as a result of legislative change.

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

Chair Douglas noted that Member Merritt left the meeting.

**VIII. Request for Consideration of Approval of Placement of Receiver for Green Cross of America, Inc.**

Executive Director Klimas provided an introduction to the agenda item. Before the Board was the request for CCB's approval of Brian Hardy as receiver for Green Cross. District Court noted in its order that the receivership order was contingent upon CCB approval of Mr. Hardy. The licensee's attorney, James Allen, objected to the receiver. The CCB held an emergency meeting on August 26 and issued an order of summary suspension of Green Cross which was still in effect. Mr. Allen filed a motion with the Board to vacate the receivership order. Mr. Hardy and Mr. Allen were present to address the Board.

Mr. Hardy stated he was before the Board to provide his qualifications as a receiver. Mr. Hardy is a licensed attorney and was general counsel and vice president for a regulated firearms company conglomerate. He has worked with the Gaming Control Board and other regulatory agencies involved with privileged licenses. He is currently working with clients in the cannabis industry.

Chair Douglas asked if Mr. Hardy had ever been a receiver. Mr. Hardy responded that he had not. He had been contacted regarding this matter due to his relationship with the industry. Mr. Hardy has served as an attorney for receivers. Chair Douglas asked if Mr. Hardy was aware that if appointed as receiver, he would have the ability to hire necessary staff. Mr. Hardy responded that he would, possibly management companies or brokers.

Member Neilander asked Mr. Hardy about the legislation that requires one to have prior experience as a receiver. Mr. Hardy responded that eventually you limit yourself out of receivers. The only way to gain the experience of being a receiver is through serving. Member Neilander commented that the argument was if Mr. Hardy was counsel to a receiver, that was the equivalent of meeting the qualification of having previously being a receiver.

Member Durrett asked who would be financing it. Mr. Hardy responded that he does not have direct information regarding the assets and liabilities. There may be limited assets and an interim management agreement may help provide funding or a loan. A requirement of the receivership would be to provide monthly or periodic status reports.

James Allen appeared on behalf of Green Cross and was hired by Mossa Kohanim, the majority shareholder. Mr. Allen stated he learned of the receivership from the CCB and not through service by the court. Green Cross did not receive due process, notice or the opportunity to be heard. The application for appointment of receiver was brought by Michael Sassano's company Red Dot, a minority creditor. Mr. Kohanim is the largest unsecured creditor of Green Cross. Mr. Allen submitted that Mr. Hardy did not qualify to be a receiver since he has never acted as a receiver. The application for receivership to the court did not mention Mr. Hardy. Mr. Allen objected to the receiver.

Member Durrett asked what the plan was if Mr. Hardy was not appointed receiver. Mr. Allen stated they would work on repairs and reinstallation of security system. A plan of correction was submitted to the CCB and would like to be operational within 60 days. Chair Douglas stated the CCB had concerns with the operation and alleged non-operation period and business licenses in default and expired. Mr. Allen responded that Nye County terminated the special use permit as result of actions by the Department of Taxation. The special use permit applied for to get back in order was approved. Chair Douglas asked what the harm would be in approving Mr. Hardy as receiver. Mr. Allen responded that Mr. Hardy did not meet the qualifications. Chair Douglas asked if there would be harm to the licensee or license properties. Mr. Allen replied they did not receive due process, but he does not know what harm may come.

Mr. Hardy commented that his agreement is not strictly contingency, but contingency based upon a sale. And added that Mr. Allen has not reached out. Mr. Hardy would like to work with Mr. Allen. Nye County Commissioners have held the matter in abeyance, but they would like to see those licenses maintained. Regarding the notice, the entry of order was done on August 17, 2021. The application to vacate the receivership was not filed until two and a half months later.

Jason Wiley, attorney, addressed the concerns regarding notice. The litigation commenced in 2016 and parties are noticed through the court's electronic filing service. Mr. Allen did not make a notice of appearance that would allow him to acquire the documents filed pursuant to the electronic filing system. Mr. Wiley provided a summary of events and actions taken by Mr. Allen and requested approval of Mr. Hardy as receiver so that the judgment can be satisfied for his client. Chair Douglas had concerns about the language in the order drafted by Mr. Wiley.

Steven Restifo appeared before the Board. Mr. Restifo is an owner/investor and not involved in the daily operations of Green Cross. Mr. Restifo is not represented by Mr. Allen but felt that there was a conflict associated with Mr. Hardy being appointed receiver. Mr. Sassano worked with his father, Philip Restifo (deceased). Mr. Restifo felt they should be able to have a say in who the receiver is, so that there is not a conflict that is in the interest of one creditor that has been pursuing this for many years.

Ms. Charmin Thomas appeared before the Board. Ms. Thomas is an owner/investor residing in Tennessee. Ms. Thomas was not opposed to a receivership but was opposed to this receivership. They would like time to vet and see what that entails. Ms. Thomas was not aware of the damage to the building and the violations found during that time. Ms. Thomas reiterated she was not opposed to a receivership but opposed to have this receivership come about.

Chair Douglas asked if Mr. Allen represented the interests of Mr. Restifo and Ms. Charmin. Mr. Restifo responded that Mr. Allen only represented Mr. Kohanim who is the largest shareholder. Shareholders Guy Marzola and Peter Gnecco have passed away. They felt there was a conflict with this receiver being appointed in the lawsuit from Red Dot. Chair Douglas commented that the objection to Mr. Hardy as receiver with the court is

out of the domain of the CCB. Mr. Restifo is currently speaking to local counsel.

Member Neilander commented that the matter was not right for consideration at this time. Member Durrett and Member Young agreed with Member Neilander. Chair Douglas made a motion to hold the matter until the December Board meeting, which will be after the December 2<sup>nd</sup> court date. Member Neilander seconded. All Members present said aye. Motion carried.

**IX. Consideration of Proposed Amendments and/or Additions to the Nevada Cannabis Compliance Regulations.**

Deputy Director Miles detailed the amendments timeline including informal input and a workshop. Deputy Miles summarized the amendments made following the workshop. NCCR 1.069 and all of the NCCR 5 suggested amendments were deleted and will undergo further revisions. NCCR 7.060 was deleted. NCCR 12.015 added an effective date, labeling ingredient requirements, and packaging requirement for actual amount of THC. NCCR 12.020 added clarifying language for symbol. NCCR 12.035 clarified label requirements for production facilities. NCCR 12.045 clarified label requirements for cannabis sales facilities. NCCR 12.070 added an effective date.

Chair Douglas asked Deputy Miles to go through each item separately and take any questions from the Board or comment from the public.

Deputy Miles asked for public comment on NCCR 1.051, NCCR 1.081, and NCCR 1.083. Amanda Connor provided public comment. Ms. Connor proposed adding “medical cannabis product” to the definition of “edible cannabis product” in NCCR 1.083. The implication would be that under 12.010(d) no further would medical edible cannabis products be allowed to exceed 100mg of THC. The change would eliminate the permissive medical higher dosage.

Deputy Miles stated this was a new issue. Chief Steve Gilbert agreed and added they would need to look at it and see if a correction would need to be made.

Deputy Miles asked for public comment on NCCR 6.025 and NCCR 6.060. There was no public comment and no questions from the Board.

Deputy Miles asked for public comment on NCCR 7.060. There was no public comment and no questions from the Board.

Deputy Miles asked for public comment on NCCR 11.050. There was no public comment and no questions from the Board.

Deputy Miles asked for public comment on NCCR 12.015, NCCR 12.020, NCCR 12.030, NCCR 12.035, NCCR 12.040, NCCR 12.045, NCCR 12.050, and NCCR 12.070. There was no public comment and no questions from the Board.

Chair Douglas made a motion for approval of item A, holding sub 3 as to NCCR 1.083 so that staff can look at the concern raised; approval for item B, sub 1 and 2 (6.025, 6.060); approval for item C as to NCCR 7.060; approval for item D as to NCCR 11.050; and approval for item E as to sub 1 (NCCR 12.015) sub 2 (NCCR 12.020), sub 3 (NCCR 12.030), sub 4 (NCCR 12.035), sub 5 (NCCR 12.040), sub 6 (NCCR 12.045), sub 7 (NCCR 12.050), and sub 8 (NCCR 12.070). Member Neilander seconded the motion. All Members present said aye. Motion carried.

**X. Consideration for Approval to Extend February 5, 2022 Final Inspection Deadline**

Chief of Administration Steve Gilbert presented the petitions submitted to extend the February 5, 2022 deadline to receive a final inspection by the CCB.

**A. Essence Henderson, LLC (RD348)** Essence Henderson was issued a conditional adult-use retail store license on December 5, 2018 within Carson City jurisdiction. On August 9, 2021, Essence Henderson submitted a request for extension of 14 months after Carson City lifts its moratorium. Essence Henderson has not been able to perfect its adult-use retail store license to due to Carson City Code Section 1.20 (J) and (K). An approval may be appropriate however, the company did not provide documentation of efforts to lift or amend the city code.

Amanda Connor and Brendan Blume appeared on behalf of Essence Henderson. Ms. Connor asked that Essence Henderson be afforded the same extension that was given to members of the settlement agreement in the In Re: DOT settlement which gave 14 months from the time the moratorium is lifted in a local jurisdiction. Ms. Connor added that Green Thumb Industries has had communication through their lobbyist, Will Adler, regarding the moratorium in Carson City.

Member Durrett asked for matters related to moratoriums, she would like the CCB to reach out to the local governments and get any feedback they would like to provide on their moratoriums. Member Durrett would ask to move the items to a later agenda to allow the opportunity for feedback. Ms. Connor added that CCB staff was in communication with Carson City on this agenda item. Chair Douglas wanted to hear from the other licensees before calling for a vote and asked CCB staff to reach out to the counties with moratoriums and provide an update to the Board.

**B. Essence Tropicana, LLC (RD319).**

Chief Gilbert stated Essence Tropicana was issued a conditional adult-use retail store license on December 5, 2018 within Henderson jurisdiction. On August 9, 2021, Essence Tropicana submitted a request for a 14-month extension after Henderson lifts its moratorium. Essence Tropicana has not been able to perfect its adult-use retail store license to due to Henderson's Code of Ordinance Chapter 4.118.070. An approval of the extension may be appropriate, but the company did not provide documentation showing efforts to lift the moratorium.

Amanda Connor and Brendan Blume appeared on behalf of Essence Tropicana. Ms. Connor asked that Essence Tropicana be treated equally to members of the settlement agreement in the In Re: DOT settlement which gave 14 months from the time the moratorium is lifted in a local jurisdiction. Ms. Connor added that lobbyists have also been working with City Council to address their concerns.

**C. Pure Tonic Concentrates, LLC (RD457)**

Chief Gilbert stated Pure Tonic was issued a conditional adult-use retail store license on December 5, 2018 within Storey County jurisdiction. On August 17, 2021, Pure Tonic submitted a request for an 18-month extension. Storey County had prohibited cannabis activities until the county adopted Bill No. 129, Ordinance 21-318 at the August 17, 2021 Board of Commissioners meeting. The new ordinance allows for cannabis uses only at the Tahoe-Reno Industrial Center. Pure Tonic provided documentation of work progress and requested 18-month extension to July 5, 2023. Staff identified no areas of concern. An approval of an extension would be appropriate.

Jake Ward, co-owner and president of Pure Tonic Concentrates appeared on behalf of the licensee. Mr. Ward added that it took nearly a year to go from complete prohibition to the status today.

**D. Green Therapeutics, LLC (RD273)**

Chief Gilbert stated Green Therapeutics was issued a conditional adult-use retail store license on December 5, 2018 within Douglas County jurisdiction. On September 7, 2018, Green Therapeutics submitted a request for an extension. Douglas County currently has a moratorium on cannabis establishments. Green Therapeutics provided a timeline of efforts to work with the county. CCB Staff confirmed there is a moratorium per Ordinance No. 2014-1418, section, 20.660.170. An approval of an extension would be appropriate.

Rusty Graf appeared on behalf of Green Therapeutics. Mr. Graf stated they tried to work with Douglas County in April 2019 and lobby the various commissioners. It is hoped that the moratorium will be changed in the next year or so.

**E. HH Sub I, LLC (RD548)**

Chief Gilbert stated Helping Hands Wellness Center was issued a conditional adult-use retail store license on December 5, 2018 within City of Las Vegas jurisdiction. On May 25, 2021, the CCB approved the TOI application to transfer the conditional license to HH Sub I, LLC. On October 4, 2021, HH Sub I submitted a request for an extension to August 2022. A project plan was submitted with a projected opening date of January 4, 2022. A 6-month extension was requested to allow for inspections by the CCB and City of Las Vegas in case there were delays in scheduling. Staff identified no areas of concern. An approval of an extension would be appropriate.

Jennifer Solas appeared on behalf of HH Sub I. Ms. Solas stated they were in the final build-out, but they had some supply chain issues and there may be delays. Ms. Solas asked for a 6-month extension to solve the supply chain issues and finish construction.

Chair Douglas stated there were two kinds of requests before the Board: three due moratoriums and two due to additional time needed to complete build-out and inspections. Chair Douglas stated for three with moratoriums, he was not opposed to extending the deadline by one year. As to Pure Tonic, Chair Douglas thought 18 months with a report to the Board at 12 months. As to HH Sub I, Chair Douglas thought to give 12 months.

Member Neilander agreed and for consistency it may be easier to grant all five a 12-month extension. Member Durrett agreed, but would ask to move A, B, and D to December to allow time to reach out to local governments. Member Young supported an extension and asked for clarification on the start date of the extension. Chair Douglas responded that it would be from February 2022 to February 2023.

Chair Douglas made a motion to extend the inspection deadlines previously set to expire February 2022 to February 2023 as to items A, B, C, D, and E. Member Neilander seconded. All Members present said aye. Motion carried.

## **XI. Approvals and Resolutions**

**A. Notice of Final Licensure.** Chief of Administration Steve Gilbert presented notice to the Board of establishments that have been issued their final license.

**1. Cheyenne Medical, LLC (RD267)** Chief Gilbert stated Cheyenne Medical was granted a conditional license for an adult-use retail store facility in Elko County. CCB staff conducted a preopening inspection and audit which revealed no deficiencies. CCB issued a final license on October 5, 2021.

**2. HH Sub II, LLC (RD546) Helping Hands Wellness Center** was granted a conditional license for an adult-use retail store facility in North Las Vegas. On May 25, 2021, the TOI was approved, and the license transferred to HH Sub II, LLC. CCB staff conducted a preopening inspection and audit which revealed no deficiencies. CCB issued a final license on October 5, 2021.

## **XII. Cannabis Advisory Commission – Updates and Actions**

Director Klimas provided an update on the Cannabis Advisory Commission (CAC). The CAC will meet November 9, 2021 and will hear recommendations from the subcommittees. The Subcommittees have been working on recommendations for consumption lounges.

## **XIII. Briefing to the Board from the Executive Director**

Director Klimas stated that the CCB will hold a workshop in December. The workshop will include consumption lounges and he looked forward to public and industry participation. The CCB worked on getting renewal fees paid. Only one licensee is not in compliance now.

Chair Douglas added that the Board would like the CCB took into moratorium issues, the tribes/consumption lounges, and felony violations and misdemeanors at the Electric Daisy Carnival due to controlled substances.

## **XIV. Next Meeting Date**

The next meeting date will be November 16, 2021.

## **XV. Items for Future Agendas**

Chair Douglas stated the Board Members may provide agenda items to the Executive Director.

## **XVI. Public Comment.**

Christopher Stokes provided public comment regarding alcohol and if it was allowed. Mr. Stokes would like to provide cannabis with beer and wine service.

## **XVII. Adjournment**

Meeting adjourned at 11:49 am.