

1 time, it was discovered that the individual was under 21 years of age¹. ETL subsequently
2 initiated an investigation and found that this same under-aged individual had successfully
3 completed prior purchases at its adult-use dispensary on March 28, April 2, and April 9,
4 2021. ETL reported that it had terminated the ETL employees who allowed these sales.

5 3. After receiving the aforementioned self-report, CCB staff commenced an
6 investigation, which confirmed that there were unauthorized sales to the subject under-
7 aged individual, as set forth in Paragraph 2, above.

8 4. Thereafter, CCB staff, working with the Attorney General's Office, entered
9 into good faith settlement negotiations with ETL, through its counsel, to attempt to resolve
10 the violations at issue. The Parties were able to come to a mutually acceptable resolution
11 of this matter which is acceptable to CCB staff and the Attorney General, without the
12 necessity of filing a Complaint for Disciplinary Action. ETL has agreed to waive the filing
13 and service of a CCB Complaint and the Parties understand and agree that this Stipulation
14 and Order must be approved by majority vote of the members of the CCB to become
15 effective.

16 5. As set forth herein, Respondent stipulates to pay a \$115,000 civil penalty for
17 one violation of NCCR 4.040(1)(a)(3) for failing to verify the age of, or selling cannabis to, a
18 person less than 21 years of age, in lieu of the CCB filing and serving a Complaint for
19 Disciplinary Action ("Complaint") and proceeding to a disciplinary hearing.

20 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

21 This Stipulation and Order is made and based upon the following acknowledgements
22 by the Parties:

23 6. ETL has entered into this Stipulation and Order on its own behalf and with
24 full authority to resolve the claims against it and is aware of ETL's rights to contest the
25 violations pending against it. These rights include the filing and service of a disciplinary
26 complaint specifying the charges against Respondent, representation by an attorney at
27 ETL's own expense, the right to a hearing on any violations or allegations formally filed,
28

¹ More specifically, she was 20 years, 10 months, and 14 days old.

1 the right to confront and cross-examine witnesses called to testify against ETL, the right
2 to present evidence on ETL's own behalf, the right to have witnesses testify on ETL's behalf,
3 the right to obtain any other type of formal judicial review of this matter, and any other
4 rights which may be accorded to ETL pursuant to provisions of NRS Chapters 678A
5 through 678D, the Nevada Cannabis Compliance Regulations (NCCR), and any other
6 provisions of Nevada law. ETL is waiving all these rights by entering into this Stipulation
7 and Order. If the CCB rejects this Stipulation and Order, or any portion thereof, ETL
8 reserves the right to withdraw any or all such waivers.

9 7. Should this Stipulation and Order be rejected by the CCB or not timely
10 performed by ETL, it is agreed that presentation to and consideration by the CCB of such
11 proposed stipulation or other documents or matters pertaining to the consideration of this
12 Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its
13 members from further participation, consideration, adjudication, and/or resolution of these
14 proceedings and that no CCB member shall be disqualified or challenged for bias.

15 8. ETL acknowledges that this Stipulation and Order shall only become effective
16 after the CCB has approved it.

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

22 10. In an effort to avoid the cost and uncertainty of a disciplinary hearing, ETL
23 has agreed to settle this matter. For purposes of settling this matter, ETL acknowledges
24 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
25 Stipulation and Order are true and correct. Without waiving any constitutional rights
26 against self-incrimination, ETL further acknowledges that, if the CCB filed and served a
27 Complaint and the matter proceeded to an administrative hearing, the "Pertinent facts"
28 could be found to constitute violations of Title 56 of NRS (NRS Chapters 678A through

1 678D), and the NCCR, with penalties up to and including revocation, suspension, and/or
2 civil penalties of up to \$100,000 for RD316.

3 11. In settling this matter the Executive Director for CCB and counsel for CCB
4 have considered the factors set forth in NCCR 4.030(2), including: the gravity of the
5 violations; the economic benefit or savings, if any, resulting from the violations; the size of
6 the business of the violator; the history of compliance with the NCCR and Title 56 of NRS
7 by the violator; actions taken to remedy and/or correct the violations; and the effect of the
8 penalty on the ability of the violator to continue in business. Mitigating factors in this case
9 include that fact that ETL self-reported the events at issue, swiftly took remedial action to
10 ensure such violations would not occur in the future and negotiated in good faith to resolve
11 the matter without the need for the filing and service of a Complaint.

12 12. To resolve the Administrative Action, and only for those purposes and no
13 other, ETL specifically admits to the following violation with respect to CCB Case No. 2021-
14 50 for license RD316:

- 15 a. One violation of NCCR 4.040(1)(a)(3), for failing to verify the age of, or
16 selling cannabis to, a person less than 21 years of age, which constitutes
17 one Category II violation.

18 13. With respect to RD316, ETL further agrees to pay a civil penalty in the
19 amount of \$115,000 in consideration for its admitted violations in Paragraph 12, above,
20 and in consideration for the CCB's agreement to resolve the Administrative Action on the
21 terms set forth herein.

22 14. If the CCB approves this Stipulation and Order, it shall be deemed and
23 considered disciplinary action by the CCB against ETL.

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

1 consideration and potential ratification at the CCB's meeting on November 16, 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 16. Violations: As to license RD316, ETL is found to have committed one Category
7 II violation, as set forth in Paragraph 12(a), above.

8 17. Imposition of Civil Penalties. ETL shall pay a total civil penalty in the amount
9 of one hundred and fifteen thousand dollars (\$115,000) within the time set forth in
10 Paragraph 18 below.

11 18. Payment of Civil Penalties. ETL must pay the civil penalty set forth in this
12 agreement within 30 days of the date the CCB approves this Stipulation and Order². ETL
13 acknowledges that it is critical to comply with the strict requirements of the deadline for
14 payment. ETL agrees that, should it fail to timely make timely payment of the civil penalty,
15 the following penalties and procedures will be in effect:

- 16 a. CCB will allow a five-business day grace period for late payment³.
- 17 b. If payment is not physically received by CCB at its Carson City office by 5:00
18 p.m., Pacific Time, on the last day of the grace period, ETL shall be deemed to
19 be in breach of this Stipulation and Order, deemed to be in default, and shall
20 pay all amounts due under this Stipulation and Order, as well as an additional
21 late payment penalty of twenty-five thousand dollars (\$25,000), and shall
22 have its license RD316 immediately suspended, with such suspension
23 remaining in place until all amounts due under this Stipulation and Order are
24 paid in full (inclusive of the \$25,000 late payment penalty). The CCB will
25

26 ² Should the CCB approve this Stipulation and Order at its November 16, 2021, meeting, payment would be
27 due on Thursday, December 16, 2021, and must be received on that day by 5:00 p.m. at the CCB's Carson
City office.

28 ³ If a check or other form of payment is returned for insufficient funds, or otherwise rejected, the failed
payment will not be considered a payment and no additional time beyond the five business day grace period
will be granted for payment.

1 enter an order of default to this effect after default and all amounts due under
2 this subsection shall be immediately due and payable to CCB. If all amounts
3 due under this section are not paid within 90 days after the date of the order
4 of default, license RD316 shall be deemed voluntarily surrendered. ETL
5 agrees it cannot and will not file any petition for judicial review and/or any
6 action in any forum for relief from this order of default and that CCB may file
7 any judicial action necessary to recover the amounts owed under this
8 subsection, along with its attorneys' fees and costs for recovery of amounts
9 owed.

10 c. ETL may petition the CCB for an extension of 30-days to pay the civil penalty.
11 However, for the CCB to consider any such petition, the CCB must receive
12 said petition no later than 5 business days prior to the payment deadline
13 (which does not include any grace period). The CCB is not required to grant
14 such a petition. In such a petition, ETL must demonstrate to the satisfaction
15 of CCB that there are extraordinary and unusual circumstances
16 necessitating the extension requested. CCB may delegate the decision as to
17 whether to grant such a petition to the CCB Chair.

18 d. If an extension is granted under Paragraph 18(c), there shall be no grace
19 period on the new payment date. If ETL does not pay by the new payment
20 date, the provisions and penalties of Paragraph 18(b) apply.

21 19. Plan of Correction. Respondent represents and warrants that it has
22 submitted a plan of correction, which CCB staff has approved, that will remedy and
23 prevent the recurrence of the violations set forth in this Stipulation and Order. In
24 summary, the plan of correction includes the following: (1) ETL initiated an investigation
25 after the subject under-aged individual's ID did not scan; (2) ETL terminated the employees
26 involved in the three cannabis sales to the under-aged individual; (3) ETL implemented
27 additional safeguards to its IT system to ensure all ID cards are scanned and a customer's
28 age verified before a sale is made and the computer system will no longer allow a

1 transaction profile to be created for a sale unless a date of birth is inputted; and (4) ETL
2 undertook additional staff training on age verification procedures and the processes set
3 forth above. Respondent further represents and warrants that it is now, as of the date it
4 has executed this Stipulation and Order, operating in full compliance with NRS Title 56
5 and NCCR.

6 20. Contingency if Approval Denied. If approval of this Stipulation and Order is
7 denied by CCB, ETL and counsel for the CCB agree to resume settlement negotiations in
8 good faith and attempt to reach an agreement to amend this Stipulation and Order and
9 resubmit an amended Stipulation and Order to the CCB to review for approval at a
10 subsequent regularly scheduled meeting. If such an agreement cannot be reached, the
11 Parties agree to proceed with the Administrative Action, which shall include the filing and
12 service of a disciplinary complaint and a disciplinary hearing before the CCB or its assigned
13 hearing officer. Should the Administrative Action proceed for the reasons set forth in this
14 Paragraph, CCB preserves all its claims and arguments in the Administrative Action as
15 set forth in its Complaint (to be filed) and ETL preserves all its defenses and arguments it
16 may assert. An unapproved Stipulation and Order shall not be admissible as evidence or
17 referenced in argument at any disciplinary hearing in CCB Case No. 2021-50 or any other
18 matter involving the CCB.

19 21. Contingency if Approval Conditioned. If the CCB approves this Stipulation
20 and Order, but said approval is contingent on certain conditions, the parties will undertake
21 further good faith negotiations to include said conditions in an amended stipulation and
22 order for execution by the CCB Chair. If ETL does not agree to the certain conditions
23 imposed by the CCB, the parties will undertake additional negotiations and attempt to
24 reach an agreement to amend this Stipulation and Order and resubmit an amended
25 Stipulation and Order to the CCB to review for approval at a subsequent regularly
26 scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed
27 with the Administrative Action, which shall include the filing and service of a disciplinary
28 complaint and a disciplinary hearing before the CCB or its assigned hearing officer. Should

1 the Administrative Action proceed for the reasons set forth in this Paragraph, CCB
2 preserves all its claims and arguments in the Administrative Action as set forth in its
3 Complaint (to be filed) and ETL preserves all its defenses and arguments it may assert.
4 An unapproved Stipulation and Order shall not be admissible as evidence or referenced in
5 argument at any disciplinary hearing in CCB Case No. 2021-50 or any other matter.

6 22. Closure of Disciplinary Action. Once this Stipulation and Order is fully
7 performed by ETL, the Administrative Action will be closed.

8 23. Communications with CCB Members. ETL understands that this Stipulation
9 and Order will be presented to the CCB in open session at a duly noticed and scheduled
10 CCB meeting. ETL understands that the CCB has the right to decide in its own discretion
11 whether or not to approve this Stipulation and Order. The CCB's counsel, which is the
12 Nevada Attorney General and its staff attorneys, will recommend approval of this
13 Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and
14 Order, counsel for CCB may communicate directly with individual CCB members. ETL
15 acknowledges that such communications may be made or conducted *ex parte*, without notice
16 or opportunity for ETL to be heard on its part until the public CCB meeting where this
17 Stipulation and Order is discussed, and that such contacts and communications may
18 include, but may not be limited to, matters concerning this Stipulation and Order, the
19 Administrative Action, and any and all information of every nature whatsoever related to
20 these matters. ETL agrees that it has no objections to such *ex parte* communications. CCB
21 agrees that ETL and/or its counsel may appear at the CCB meeting where this Stipulation
22 and Order is discussed and, if requested, respond to any questions that may be addressed
23 to ETL and/or the Attorney General's staff attorneys. ETL agrees that, should the CCB
24 decline to approve this Stipulation and Order, ETL will not contest or otherwise object to
25 any CCB member, and/or CCB appointed hearing officer, hearing and adjudicating the
26 Administrative Action based on the aforementioned *ex parte* communications with anyone
27 from the Nevada Attorney General's Office.

28 24. Release. In execution of this agreement, Respondent agrees that the State of

1 Nevada, the CCB, the Office of the Attorney General, and each of their members, staff,
2 attorneys, investigators, experts, hearing officers, consultants and agents are immune from
3 any liability for any decision or action taken in good faith in response to information and
4 data acquired by the CCB. Respondent agrees to release the State of Nevada, the CCB, the
5 Office of the Attorney General, and each of their members, staff, attorneys, investigators,
6 experts, hearing officers, consultants and agents from any and all manner of actions, causes
7 of action, suits, debts, judgments, executions, claims and demands whatsoever, known or
8 unknown, in law or equity, that Respondent ever had, now has, may have or claim to have
9 against any and/or all of the persons, government agencies or entities named in this
10 Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in
11 its Complaint, the matters set forth in this Stipulation and Order, or the administration of
12 CCB Case No. 2021-50.

13 25. No Precedence. The Parties agree that this Stipulation and Order shall not
14 constitute a precedent for any other issues or proceedings before the CCB and/or in any
15 other forum, other than those set forth in this Stipulation and Order. Furthermore, this
16 Stipulation and Order shall not be admissible in any other proceeding or action with respect
17 to proof of fact or any other matter and/or any other licensee and/or cannabis establishment
18 registered agent, except proceedings brought to enforce this Stipulation and Order under
19 its terms and/or for the CCB's consideration of future disciplinary action against this
20 Respondent.

21 The CCB may consider the discipline imposed herein in any future disciplinary
22 action against Respondent, as required under NCCR 4.030(2), along with the other factors
23 set forth in NCCR 4.030(2), and possible progressive discipline pursuant to NCCR 4.035
24 through 4.060. As every case concerns different facts and details, this Stipulation does not
25 act as precedence, or persuasive authority, to bind CCB to impose any particular penalty,
26 to charge or allege any particular violation, and/or to impose any particular disciplinary
27 action in the future for this Respondent, or any other respondent, for violations of the same
28 statutes and/or regulations addressed in this Stipulation and Order. Likewise, CCB is not

1 bound by any previous settlement agreements it has approved in entering into this
2 Stipulation and Order.

3 26. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys'
4 fees and costs.

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

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

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

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

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

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

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

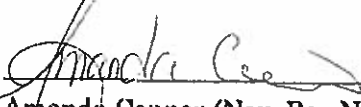
17 34. Interpretation. This Stipulation and Order is the result of negotiations among
18 the Parties who have each negotiated and reviewed its terms. In the event a Court ever
19 construes this Agreement, the Parties expressly agree, consent, and assent that such Court
20 shall not construe this Agreement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

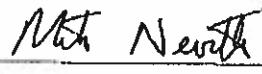
22 35. Time is of the Essence. Time is of the essence in the performance of all terms
23 of this Stipulation and Order.


24 36. Severability. If any portion of this Stipulation and Order, or its application
25 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
26 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order
27 and its application thereof shall be not affected and shall remain enforceable to the fullest
28 extent permitted by law.

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

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

13
14  Date: 11-10-2021
15 Amanda Connor (Nev. Bar No. 12193)
16 Counsel for Respondent ETL

17  Date: 11-10-2021
18 Printed name: Michael J. Neville
19 Title: Assistant General Counsel for Green
20 Thumb Industries Inc.
21 On behalf of Respondent ETL

22  Date: 11/12/2021
23 L. Kristopher Rath (Nev. Bar No. 5749)
24 Ashley Balducci (Nev. Bar No. 12687)
25 Senior Deputy Attorney General
26 Counsel for Cannabis Compliance Board

27  Date: 11/12/2021
28 Tylor Klimas, Executive Director for the
Cannabis Compliance Board

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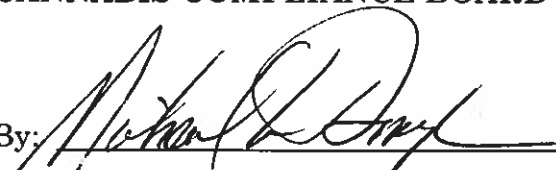
ORDER

WHEREAS, on 16th day of November, 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 ETL.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 16th day of November, 2021.

**STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD**

By: 
HON. MICHAEL L. DOUGLAS, CHAIR