

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

3 STATE OF NEVADA, CANNABIS  
4 COMPLIANCE BOARD,

5 Petitioner,

Case No. 2021-54

6 vs.

7 NNV OPERATIONS I, INC.,





8 Respondent.

9 **COMPLAINT FOR DISCIPLINARY ACTION**

10 The Cannabis Compliance Board of the State of Nevada (the "CCB"), by and through  
11 counsel, Aaron D. Ford, Attorney General of the State of Nevada, Emily N. Bordelove, Esq.,  
12 Senior Deputy Attorney General, L. Kristopher Rath, Esq., Senior Deputy Attorney  
13 General, Ashley A. Balducci, Esq., Senior Deputy Attorney General, and Michael D.  
14 Detmer, Esq., Senior Deputy Attorney General, having a reasonable basis to believe that  
15 NNV OPERATIONS I, INC. ("Respondent NNV" or "Respondent") has violated provisions  
16 of Chapters 678A through 678D of the Nevada Revised Statutes ("NRS") and the Nevada  
17 Cannabis Compliance Regulations ("NCCR"), hereby issues its Complaint, stating the  
18 CCB's charges and allegations as follows:

19 **JURISDICTION**

20 1. During all relevant times mentioned in this Complaint, Respondent NNV  
21 held, and currently holds, the following licenses:

22 ID#	Licenses	Last Issued / Renewed	Address
23 C141	Medical Cultivation 65990416749820182121	7/30/2021	
24 RC141	Adult-use Cultivation 71187112253124699452	7/30/2021	
25 P091	Medical Production 93052076991207348450	7/30/2021	
26 RP091	Adult-use Production 72255924921531241817	7/30/2021	



Period	Base Tax Balance	Penalty	Interest as of 11/31/2021	Fees	Total AR	Post Mark Date	Reason
06/30/19	\$ 8,087.44	\$1,688.78	\$ 3,411.41	\$25.000	\$13,212.63	06/30/19	No remittance
07/31/19	\$12,303.04	\$ 1,230.30	\$ 2,491.36	\$-	\$16,024.70	08/28/19	No remittance
08/31/19	\$13,548.79	\$ 1,495.84	\$ 2,747.74	\$-	\$17,792.37	09/30/19	Underpaid/ Calculation Error
09/30/19	\$18,742.71	\$ 1,874.27	\$ 3,514.26	\$-	\$24,131.24	10/31/19	No remittance
10/31/19	\$23,012.91	\$ 2,301.29	\$ 4,142.32	\$-	\$29,456.52	12/02/19	No remittance
11/30/19	\$28,719.44	\$ 2,871.94	\$ 4,954.11	\$-	\$36,545.49	12/31/19	No remittance
12/31/19	\$11,513.56	\$ 1,151.36	\$ 1,899.73	\$-	\$14,564.65	01/28/20	No remittance
01/31/20	\$34,135.04	\$ 3,413.50	\$ 5,376.27	\$-	\$42,924.81	03/02/20	No remittance
02/29/20	\$49,791.52	\$ 4,979.15	\$ 7,468.73	\$-	\$62,239.40	03/31/20	No remittance
03/31/20	\$57,330.14	\$ 5,733.01	\$ 8,169.55	\$-	\$71,232.70	04/30/20	No remittance
04/30/20	\$30,719.54	\$ 3,071.95	\$ 4,147.14	\$-	\$37,938.63	05/30/20	No remittance
05/31/20	\$36,621.06	\$ 3,662.11	\$ 4,669.18	\$-	\$44,952.35	06/30/20	No remittance

8. Regarding the WMT Period of June 30, 2019, Respondent NNV made some late payments towards the original amount of \$16,887.83, with the current base tax balance of \$8,087.44.

9. Respondent NNV also has a history of filing late tax returns with no payment of the Modified Business Tax ("MBT") owed to the Department for the following tax periods, as of November 5, 2021:

Period	Base Tax Balance	Penalty	Interest as of 11/31/2021	Total AR	Post Mark Date	Reason
09/30/19	\$5,542.75	\$ 554.28	\$ 1,039.27	\$ 7,136.30	06/30/21	No remittance
12/31/19	\$4,943.81	\$ 494.38	\$ 815.73	\$ 6,253.92	06/30/21	No remittance

**B. Taxation Violations for WMT Returns from December 31, 2020- June 30, 2021:**

10. After the NCCR took effect on August 5, 2020, Respondent NNV continually failed to remit WMT payments owed to the Department for the following six tax periods,

as of November 5, 2021:

Period	Base Tax Balance	Penalty	Interest as of 11/31/2021	Fees	Total AR	Post Mark Date	Reason
12/31/20	\$31,268.74	\$3,126.87	\$2,345.16	\$ -	\$36,740.77	09/13/21	No remittance
01/31/21	\$ -	\$1,853.89	\$ 278.08	\$ -	\$ 2,131.97	04/30/21	Underpaid
02/28/21	\$20,853.38	\$2,085.34	\$1,251.20	\$ -	\$24,189.92	06/30/21	No remittance
03/31/21	\$23,994.48	\$2,399.45	\$1,259.71	\$ -	\$27,653.64	06/30/21	No remittance
04/30/21	\$29,712.05	\$2,971.21	\$1,337.04	\$ -	\$34,020.30	06/30/21	No remittance
06/30/21	\$37,947.16	\$3,794.66	\$1,138.40	\$50.00	\$ 42,880.22	07/29/21	Return check/ partial-no remittance
				<b>TOTAL</b>	<b>\$167,616.82</b>		

11. Regarding WMT amounts for the January 31, 2021, period, on or about April 30, 2021, Respondent NNV submitted a late cash payment of the \$18,538.89 base tax balance to the Department.

12. Regarding WMT amounts for the June 30, 2021, period, on or about July 29, 2021, Respondent NNV issued a check for \$37,947.16 to the Department. However, the bank returned the check due to insufficient funds. On or about August 9, 2021, the Department forwarded Respondent NNV a Notice of Dishonored Payment, notifying it of the returned check and assessing a \$25.00 fee per NRS 360.238. On or about August 16, 2021, Respondent NNV issued another check for \$39,016.24. Again, the bank returned this check due to insufficient funds. On or about August 31, 2021, the Department forwarded Respondent NNV a Notice of Dishonored Payment for this check and assessed an additional \$25.00 fee.

**C. Taxation Violations for MBT Returns from September 30, 2020- March 31, 2021:**

13. After NCCR took effect on August 5, 2020, Respondent NNV continually failed to remit MBT payments owed to the Department for the following three tax periods, as of November 5, 2021:

...

Period	Base Tax Balance	Penalty	Interest as of 11/30/2021	Total AR	Post Mark Date	Reason
09/30/20	\$ 3,427.08	\$ 342.71	\$ 334.14	\$ 4,103.93	10/22/20	No remittance
12/31/20	\$ 3,002.83	\$ 300.28	\$ 225.21	\$ 3,528.32	01/19/21	No remittance
03/31/21	\$ 2,007.59	\$ 200.76	\$ 105.40	\$ 2,313.75	04/12/21	No remittance
			<b>TOTAL</b>	<b>\$ 9,946.00</b>		

**D. June 30, 2021, Payment Plan Agreements:**

14. On June 30, 2021, Respondent NNV's points of contact, John Sutton and Julie Sutton, signed two separate Payment Plan Agreements ("Agreements") and submitted these to the Department. The Agreements list \$527,890.48 as the total amount of delinquent taxes, penalty, and interest due as of June 30, 2021, encompassing:

- WMT Returns for the June 30, 2019 - May 31, 2020 and January 31, 2021 – April 30, 2021 periods;
- MBT Returns for quarters ending September 30, 2019 – December 31, 2019 and September 30, 2020;
- Time and Effort Billings posted for March 31, 2019 and October 31, 2019; and
- Marijuana Civil Penalty posted on the November 30, 2018 period, filled with partial or no remittance.

15. The Agreements each required an initial payment of \$1,000 and subsequent monthly payments of \$2,600, due on the 30<sup>th</sup> of each month, beginning July 30, 2021, to continue until Respondent NNV paid the outstanding balance in full.

16. Both John and Julie Sutton executed a Personal Guaranty to secure their respective Agreements.

17. On or about August 30, 2021, Julie Sutton signed a check for \$5,200 under Respondent NNV's account. She submitted the check to the Department as payment per the terms of the Agreements. However, the bank returned this third check due to insufficient funds. On or about September 7, 2021, the Department forwarded Respondent NNV a Notice of Dishonored Payment, notifying it of the returned check and assessing a \$25.00 fee.

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1 **VIOLATIONS OF LAW**

2 18. CCB incorporates all prior Paragraphs as though fully set forth herein.

3 19. As to licenses C141 and RC141, Respondent NNV violated NRS 372A.290,  
4 NAC 372A.160, NCCR 4.035(1)(a)(5), and/or NCCR 4.050(1)(a)(9) by intentionally or  
5 unintentionally failing to remit WMT payments due for six separate periods to the  
6 Department, as outlined in Paragraphs 10-12, above. These violations, if intentional,  
7 constitute six separate Category I violations. Pursuant to NCCR 4.035(2)(a), such  
8 violations carry civil penalties of up to \$90,000 and revocation of Respondent NNV's  
9 licenses. Alternatively, these violations, if unintentional, constitute six separate Category  
10 III violations. Pursuant to NCCR 4.050(2)(a), such violations carry civil penalties of not  
11 more than \$10,000 for the first violation, not more than \$30,000 for the second violation,  
12 not more than \$90,000 for third and fourth violations, for a total of \$220,000 in civil  
13 penalties, and revocation of Respondent NNV's licenses due to subsequent violations.  
14 NCCR 4.050(2)(a).

15 20. As to licenses C141, RC141, P091, and RP091, Respondent NNV violated NRS  
16 363B.110, NAC 363B.130, NCCR 4.035(1)(a)(5), and/or NCCR 4.050(1)(a)(9) by  
17 intentionally or unintentionally failing to remit MBT payments due for three separate  
18 periods to the Department as outlined in Paragraph 13 above. These violations, if  
19 intentional, constitute three additional Category I violations. In the alternative, if these  
20 violations are unintentional, they constitute three additional Category III violations.  
21 Accordingly, at a total of nine Category I violations, or alternatively, nine Category III  
22 violations, NCCR 4.035(2)(a)(2) and 4.050(2)(a)(5) respectively, require the revocation of  
23 Respondent NNV's licenses. NCCR 4.035(2)(a)(2) and 4.050(2)(a)(5).

24 **DISCIPLINE AUTHORIZED**

25 Pursuant to the provisions of NRS 678A.600, NCCR 4.020, 4.030, 4.035 through  
26 4.060, and 5.100, the CCB has the discretion to impose the following disciplinary actions:

27 1. Revoke licenses C141, RC141, P091, and RP091, as a result of Respondent  
28 NNV's violations of NRS Chapters 678A through 678D;



1           **of the right to a hearing and to judicial review of any decision or order of**  
2           **the Board**, but the Board may order a hearing even if the Respondent so waives its  
3           right.

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

8           The Board shall determine the time and place of the hearing as soon as is reasonably  
9           practical after receiving the Respondent's Answer. The Board may assign a hearing officer  
10          to conduct the hearing under NCCR 2.070, 4.095, and 4.110. The Board or its assigned  
11          hearing officer shall deliver or send by registered or certified mail a notice of hearing to all  
12          parties at least 10 days before the hearing. The hearing must be held within 45 days after  
13          receiving Respondent's Answer unless an expedited hearing is determined to be  
14          appropriate by the Board, in which event the hearing must be held as soon as practicable.  
15          NRS 678A.520(4). The Chair of the Board or the assigned hearing officer may grant one or  
16          more extensions to the 45-day requirement pursuant to the request of a party or an  
17          agreement by both parties.

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

20                 Tyler Klimas, Executive Director  
21                 Cannabis Compliance Board  
22                 555 E. Washington Avenue, Suite 4100  
23                 Las Vegas, Nevada 89101  
24                 [tklimas@ccb.nv.gov](mailto:tklimas@ccb.nv.gov)

25          If serving its Answer and Request for Hearing via email, Respondent must ensure that it  
26          receives an acknowledgement of receipt email from the CCB as proof of service.  
27          Respondent is also requested to email a copy of its Answer and Request for Hearing to the  
28          Senior Deputy Attorneys General listed below at [lrath@ag.nv.gov](mailto:lrath@ag.nv.gov), [abalducci@ag.nv.gov](mailto:abalducci@ag.nv.gov),  
[mdetmer@ag.nv.gov](mailto:mdetmer@ag.nv.gov), and [ebordelove@ag.nv.gov](mailto:ebordelove@ag.nv.gov).

                As the Respondent, you are specifically informed that you have the right to appear



1 and be heard in your defense, either personally or through your counsel of choice at your  
2 own expense. At the hearing, the CCB has the burden of proving the allegations in the  
3 Complaint. The CCB will call witnesses and present evidence against you. You have the  
4 right to respond and to present relevant evidence and argument on all issues involved. You  
5 have the right to call and examine witnesses, introduce exhibits, and cross-examine  
6 opposing witnesses on any matter relevant to the issues involved.

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

10 If the Respondent does not wish to dispute the charges and allegations set forth  
11 herein, within 30 days of the service of this Complaint, Respondent may, pay the civil  
12 penalties set forth above in the total amount of \$ 90,000, and surrender licenses C141,  
13 RC141, P091, and RP091 on notice to:

14 Tyler Klimas, Executive Director  
15 Cannabis Compliance Board  
16 555 E. Washington Avenue, Suite 4100  
17 Las Vegas, Nevada 89101

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

3 DATED: November 23, 2021.

4 STATE OF NEVADA CANNABIS  
5 COMPLIANCE BOARD

6 By: 

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

11 AARON D. FORD  
12 Attorney General

13 By: 

14 Emily N. Bordelove (Bar No. 13202)  
15 Senior Deputy Attorney General  
16 L. Kristopher Rath (Bar No. 5749)  
17 Senior Deputy Attorney General  
18 Ashley A. Balducci (Bar No. 12687)  
19 Senior Deputy Attorney General  
20 Michael D. Detmer (Bar No. 10873)  
21 Senior Deputy Attorney General  
22 555 E. Washington Ave., Suite 3900  
23 Las Vegas, Nevada 89101  
24 (702) 486-3420

25 Attorneys for the Cannabis Compliance Board  
26  
27  
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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: John Sutton

Address on file with CCB: [REDACTED]

Date of Service: November 30, 2021

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

Executed on November 30, 2021  
(date)

  
(signature)

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