

# Nevada Cannabis Compliance Board Meeting Minutes November 16, 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 November 16, 2021, beginning at 9:00 a.m.

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

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

**Tyler Klimas, Executive Director, called the meeting to order and took roll.** Chairman Michael Douglas and Member Durrett 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**

PaulMichael Burgess provided public comment regarding national public safety and health in the cannabis industry. On October 16, 2021, the FDA released Cannabis Derived Product Data Acceleration Plan to look for new technologies and partners to help the nation with emergency public health safety. Mr. Burgess thought that the emergency public safety notification posted to the CCB website, emailed to subscribers, and published on news outlets was inadequate and presented a business solution.

### **II. Meeting Minutes**

#### **A. Consideration for approval of the October 26, 2021, Cannabis Compliance Board Meeting minutes.**

Chair Douglas asked for a motion. Member Neilander made a motion to approve the October 26, 2021, meeting minutes. Member Young seconded. All Members present 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.

1. As to Respondent A, the complaint alleged violations of NRS 678B, NRS 678C.440, NCCR 4 and NCCR 6.
2. As to Respondent B, the complaint alleged violations of NCCR 4.
3. As to Respondent C, the complaint alleged violations of NRS 678B, NCCR 4, NCCR 5, and NCCR 6.

Member Neilander made a motion to approve agenda item III A (1, 2, and 3). Member Young seconded. All Members present said aye. Motion carried.

### **IV. Consideration for Approval of Proposed Settlement Agreements to Resolve Disciplinary Action.**

Senior Deputy Attorney General L. Kristopher Rath presented the settlement agreements and noted that Green Thumb is the parent company for the three licensees that had settlement agreements for approval.

**A. Cannabis Compliance Board vs. Integral Production, LLC (Case No. 2021-43)** The complaint was filed and served on August 31, 2021. Prior to filing and answer, the parties came to an agreement that was mutually agreeable to the Respondent, CCB, and the Attorney General's office. The allegations included failure to fully maintain proper surveillance system, failure to properly maintain hand-washing facilities, failure to maintain minimum hot temperatures for a sink, and failure to maintain interior surfaces which would have been easy to clean. To resolve the matter, respondent admitted to one Category II violation, one Category IV violation, and agreed to pay civil penalties of \$42,500 within 30 days of CCB approval. Respondent provided a plan of correction which was approved by CCB staff. The Attorney General recommended and requested approval of the settlement agreement.

Derek Connor appeared on behalf of Integral, along with Amanda Connor and Anthony Georgiadis, Chief Financial Officer for Green Thumb Industries. Ms. Connor confirmed the company had implemented corrective actions and requested approval of the settlement agreement and Mr. Rath's summary was a fair representation.

There were no further questions from the Board. Member Durrett made a motion to approve the stipulated settlement agreement with Integral Productions. Member Neilander seconded the motion. All Members present said aye. Motion carried.

**B. Cannabis Compliance Board vs. Essence Tropicana, LLC (Case No. 2021-50)** This case did not involve a complaint as the parties reached an agreement to resolve regulatory violations the licensee reported to the CCB. Respondent agreed to waive the filing and service of the formal complaint. This matter involved sales to an underage individual. In April 2021, Essence Tropicana reported that a person under 21 years of age had attempted to purchase cannabis at its dispensary. Further investigation revealed that the individual had successfully purchased cannabis on three earlier occasions during March 2021. CCB staff reviewed and confirmed these facts. Respondent's self-report included corrective actions taken to ensure the problem did not recur. CCB Staff involved the Attorney General's Office to determine if the violations could be resolved with a settlement agreement. The respondent admitted to the imposition of one Category II violation and agreed to pay a \$115,000 civil penalty. CCB Staff approved the plan of correction which included termination of employees making unauthorized sales, updates to the computer system, and additional staff training. The Attorney General's Office recommended and requested approval of the settlement agreement.

Ms. Connor appeared on behalf of Essence Tropicana and requested approval of the settlement agreement.

Member Neilander commented that he appreciated that the licensee self-reported this matter. Member Neilander asked for clarification on the updates to the computer system. Ms. Connor stated there must be a date of birth input through the ID scan to complete the transaction. Ms. Connor added that the new system is working well and have implemented staff training on how to utilize the process.

Chair Douglas asked if the CCB was taking action against the employee. Mr. Rath responded that CCB staff was looking into that.

Member Neilander made a motion to approve the proposed settlement agreement involving Essence Tropicana. Member Young seconded the motion. All Members present said aye. Motion carried.

**C. Cannabis Compliance Board vs. Essence Henderson, LLC (Case No. 2021-51)** This case did not involve a complaint as the parties reached an agreement to resolve regulatory violations the licensee self-reported to the CCB. Respondent agreed to waive the filing and service of a formal complaint. The matter involved medical cannabis sales to an adult-use customer. In July 2021, Essence Henderson reported that it had discovered its employees had failed to comply with policies and procedures and inadvertently sold medical cannabis products to an adult-use customer via curbside service on two occasions in July 2021. CCB Staff involved the Attorney General's Office to determine if the violations could be resolved with a settlement agreement. The Respondent admitted to the imposition of one Category III violation and agreed to pay \$25,000 civil penalty within 30 days. The plan of correction was approved by CCB staff and included updates to the point-of-sale software system, which would not allow medical cannabis products to be sold to a customer unless the required medical documents are first uploaded to the system. The Attorney General's Office recommended and requested approval of the proposed settlement agreement.

Ms. Connor appeared on behalf of Essence Henderson and requested approval of the settlement agreement.

Member Neilander asked for confirmation that the licensee fixed the issue that caused the sale to be in violation. Ms. Connor responded that the implementation in the software system acted like an electronic fence, and it had been working well with the staff training.

Chair Douglas added that the employees were obligated to act within the rules. Employees with cards working in the industry can put the licensee at risk and can be held accountable for their actions. Chair Douglas appreciated the self-reporting and the corrective measures.

Member Neilander made a motion to approve the proposed settlement agreement. Member Young seconded. All

Members present said aye. Motion carried.

**V. Request for Transfer of Interest**

**A. Green Thumb Industries, LLC (TOI 19079, 19081, 19084 through 19089) (P008, RP008).** Rachel Branner, Compliance Audit Investigator III, presented the TOI application for Green Thumb. TOI 19072 was a request to consolidate the remaining 2% ownership in one of Green Thumb's production operations, CCLV Production, and 100% of CCL Production to another Green Thumb intermediary company, CCLV Manufacturing. CCLV Manufacturing was inadvertently omitted by the Department of Taxation in a previous TOI approval in April 2019. TOIs 19081 and 19084 through 19089 were board member and officer changes that were assigned TOI numbers in error. Staff identified no areas of concern. Staff suggested that if approved, Green Thumb's requested 5.112 and 5.125 waiver expire on such agenda date as Green Thumb's next TOI application is heard.

Ms. Connor appeared on behalf of Green Thumb. Ms. Connor provided a brief summary, thanked CCB staff, and requested approval of the TOI.

Member Neilander asked for clarification that the request was a cleanup. Ms. Connor responded that it was a cleanup of a clerical in a previous approval. Chair Douglas added that there were no areas of concern.

Member Neilander made a motion to approve agenda item V (A) and that the approval is conditioned with the waivers of NCCR 5.112 and NCCR 5.125 conditioned to expire on such agenda date as Green Thumb's next TOI application. Member Young seconded. All Members present said aye. Motion carried.

**VI. Consideration for Approval of Management Services Agreements**

**A. Green Therapeutics, LLC (P054, RP054) and CPCM Holdings, LLC.** Ms. Branner presented the Management Services Agreement (MSA) between Green Therapeutics and CPCM Holdings. The MSA provided for CPCM Holdings to manage and operate all aspects of day-to-day business of Green Therapeutics production operations in North Las Vegas. CPCM will receive the management fee of the net monthly profit, after capital expenditures, less \$10.667 per month. The MSA was put in place pending the completion of staff's review of CPCM's TOI application to acquire Green Therapeutics. Staff reviewed the agreement and found it appropriate. Staff recommended the Board consider approval of the relationship between CPCM and Green Therapeutics rather than approval of the agreements themselves.

Ms. Connor appeared on behalf of the licensee. Ms. Connor stated the intent was that the management agreement would stay in effect until the pending transfer of interest is approved. Mitchell Britten, one of the owners of CPCM Holdings, was also available for questions.

There were no questions from the Board. Member Neilander made a motion to approve agenda item VI (A) and that approval is of the relationship and not the agreement. Member Young seconded the motion. All Members present said aye. Motion carried.

**B. Zenway Corp. (C140, RC140) and Platinum Management Co., LLC.** Ms. Branner presented the MSA between Zenway Corp and Platinum Management Co. The MSA provided for Platinum to manage and operate all aspects of day-to-day business of Zenway's cultivation operations in North Las Vegas. Platinum will receive a management fee directly dependent on the amount of aggregate product in excess of 100 pounds at the rate of 90 cents per gram or \$508 dollars per pound. The MSA had a one-year term which automatically renews unless the agreement is terminated. CCB staff reviewed the agreement and found it appropriate. CCB staff recommended the Board consider approval of the relationship between Zenway and Platinum rather than the approval of the agreements themselves.

Ms. Connor and Mr. John Ackell, a representative of the proposed management company, were available for questions. Ms. Connor reminded the Board that Zenway previously appeared before the Board for approval of a settlement agreement. One of the corrective actions was the proposal to bring in a management company to help with operations. Ms. Connor requested approval of the management relationship.

Member Neilander asked Director Klimas if a review of management agreements was included with the regular audits. Director Klimas responded that the CCB will make sure to include that in the audit process as well as following any kind of termination of a management service agreement. Member Young asked if the agreements

would come before the Board again for renewal or are they automatically renewed. Director Klimas responded that he would need to confirm but thought that the parties would come back before the renewal took place.

Member Young made a motion to approve the relationship in agenda item VI (B) for Zenway Corp. and Platinum Management. Member Neilander seconded. All Members present said aye. Motion carried.

**C. Luff Enterprises NV, Inc. (C057, RC057, P040, RP040) and The Pharmari Nevada, LLC.** Ms. Branner presented the MSA between Luff Enterprises NV and The Pharmari Nevada. The MSA provided for Pharmari to provide organizational strategic management and advisory services to Luff for the cultivation and production operations in Las Vegas. Pharmari will receive a management fee of 50% of monthly revenue less expenses. The MSA was put in place pending the completion of an asset purchase agreement whereby a Pharmari-related entity will purchase the property where the cultivation and production facility is located. CCB staff reviewed the agreement and found it appropriate. CCB staff recommended the Board consider approval of the relationship between Luff and Pharmari rather than the approval of the agreements themselves.

Alicia Ashcraft appeared on behalf of the Pharmari along with Phillip Silvestri (Luff), Phillip Campbell, and Jeffrey Field and were available for questions. There were no questions from the Board.

Member Durrett made a motion to approve agenda item VI (C). Member Young seconded. All Members present said aye. Motion carried.

Member Neilander commented that the Board might want to consider putting conditions on the request for approval of management services agreements where there is a requirement that the licensee report to the Board if there is a material amendment to the agreement or if the agreement automatically renews. The licensees may not need to come before the Board again if there were no changes as long as there was a reporting mechanism on the status of the agreement.

Chair Douglas added that there needed to be an overview of what the CCB is doing with the MSA's, how the Board is treating them, and whether or not the CCB takes a deep dive into the management of the service agreements. In essence, they have a stake in the venture. For the absentee owners that have their business run by outside entities, the Board needs to know who they are. The Chair would like a report back in a few months as to where we are at with MSA's, and any recommendations based on questions raised so that the Board can go forward with a comprehensive policy in the future.

Member Durrett added that the CCB might want to ask for the MSA's that were in existence before the CCB was created to have them on file.

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

**A. Regulation 11. Cannabis Independent Testing Laboratory.** NCCR 11.015 Requirements for testing facility to handle, test, or analyze cannabis.

Director Klimas stated the proposed change to the NCCR 11.015 was before the Board at the July Board Meeting. The proposed change dealt with preventing testing laboratories within their business practices from providing discounts or waiving fees for undesirable test results, to promote impartiality in the testing industry. A public comment received by a representative of a lab questioned the Board's ability to reach into business practices. Chair Douglas held back the regulation and asked counsel to review. Counsel provided an analysis of the issue to the Board and felt comfortable moving forward with the proposed regulation. The regulation was again before the Board for consideration.

Member Durrett remarked that the comment that the CCB shouldn't regulate specific business practices had some merit, but she agreed that the Board had the authority to go forward with it. Member Durrett encouraged those that disagree to submit a petition with a proposal for the Board to consider.

Member Neilander was in support of adopting the regulation. After careful consideration of the arguments, Member Neilander intended to support it in order to maintain impartiality within the independent testing space.

Member Young supported the change for the integrity of the testing system as an essential part of protecting the public.

Chair Douglas was in support and thought it was an interesting exercise in terms of looking at the authority of the Board and making sure the Board was in compliance. More importantly, the issue at hand was the integrity of the testing procedure.

Member Neilander made a motion to approve the proposed amendments to NCCR 11.015. Member Young seconded. All Members present said aye. Motion carried.

#### **VIII. 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. Cheyenne Medical RD598, LLC (RD598)** Lone Mountain Partners, LLC, was issued a conditional adult-use retail store license on December 5, 2018, within Douglas County jurisdiction. On October 20, 2020, TOI 21009 was approved transferring Lone Mountain Partners' RD598 license to Cheyenne Medical RD598, LLC ("Cheyenne 598"). Cheyenne 598 requested an extension of 14 months after Douglas County lifts its moratorium. The request is pursuant to the Settlement Agreement entered into among the parties to the Department of Taxation litigation. CCB Staff confirmed there was a prohibition on cannabis establishments in Douglas County. There were no areas of concern. The extension of 14 months would be appropriate.

Ms. Connor and Mr. Mitchell Britten appeared on behalf of Cheyenne 598 and requested the extension.

Chair Douglas thought that a year extension was appropriate but noting that they would have 14 months if granted approval by the jurisdiction. Chair Douglas would like to have the licensee to come back after one year to provide and updated.

Member Neilander commented that he did not think that Douglas County Commission would change any time soon. Member Neilander asked if the 12-month extension would be from February 5, 2022, or from the present day. Chair Douglas responded that it would be from February 2022.

Chair Douglas made a motion to grant a 12-month extension from February 5, 2022, to be brought back to the Board for status within 12 months, and if the allowance was granted in the county the licensee would have 14 months. Member Neilander seconded the motion. All Members present said aye. Motion carried.

**B. Essence Henderson, LLC (RD347).** Essence Henderson, LC was issued a conditional adult-use retail store license on December 5, 2018, in the Sparks jurisdiction. On August 9, 2021, Essence Henderson requested a 14-month extension after the City of Sparks lifts its moratorium. CCB Staff confirmed the current city code does not allow for standalone adult-use retail dispensaries. Staff identified no areas of concern. Approval of the extension would be appropriate.

Ms. Connor, Anthony Georgiadis, and Brendan Blue were available for questions. Ms. Connor stated that the Sparks moratorium is such that an adult-use retail cannabis establishment cannot open unless it was combined with a medical marijuana dispensary. The licensee has retained Will Adler to work with Sparks and it appeared it may take approximately 6 months to lift the moratorium.

There were no questions from the Board. Chair Douglas made a motion to approve a 12-month extension from February 5, 2022, to February 5, 2023, and the licensee would have 14 months if allowance was granted. Member Neilander seconded. All Members present said aye. Motion carried.

**C. Deep Roots Harvest, Inc. (RD401)** Deep Roots Harvest was issued a conditional adult-use retail store license on December 5, 2018, within the Henderson jurisdiction. On October 14, 2021, Deep Roots requested an 18-month extension of the February 5, 2022, deadline. Deep Roots provided documentation to demonstrate efforts made to work with Henderson toward becoming licensed. CCB staff verified that Henderson currently has a co-location requirement for adult-use and medical cannabis establishments. Staff identified no areas of concern. Approval of the extension would be appropriate.

Anthony Arger and Keith Capurro appeared on behalf of Deep Roots. Deep Roots retained McDonald Carano to assist in the efforts to work with the City of Henderson for a new ordinance and worked on it for 17 months. The ordinance was not placed on the September 21, 2021, agenda as expected. They will continue to work with the

City of Henderson on this issue and hope the ordinance can be changed within the next year. The addition time requested was for the build-out of the space.

There were no questions from the Board. Chair Douglas made a motion to grant a 12-month extension from February 5, 2022, to 2023, and 14 months allowed if the moratorium was lifted. Member Neilander seconded. All Members present said aye. Motion carried.

**D. QualCan, LLC (RD222)** Nevada Organic Remedies, LLC was issued a conditional adult-use retail store license on December 5, 2018, within the Carson City jurisdiction. At the August 25, 2021, CCB Board meeting, TOI 21007 was reviewed and conditionally approved transferring the license to QualCan, LLC. On November 1, 2021, QualCan requested an extension of the February 5, 2022, deadline. QualCan reported there was a moratorium on new adult-use cannabis establishments in Carson City and had been working with lobbyists to lift the moratorium. QualCan had obtained the license via the July 28, 2020, licensure settlement agreement. Staff identified no areas of concern. An approval of the extension would be appropriate.

Michael Cristalli appeared on behalf of QualCan. Mr. Cristalli agreed with Chief Gilbert's comments and asked the Board to grant the extension consistent with the previous consideration and ruling as it related to other licensees similarly situation to QualCan.

Chair Douglas asked if Carson City limited it to two licenses in their jurisdiction. Mr. Cristalli confirmed and added it would need to be taken on agenda to change the ordinance. Member Durrett asked if Carson City had issued a letter advising that they would only license a couple of applicants. Mr. Cristalli responded that the license was received out of the settlement agreement and such notification was never received. He was advised the matter would be agendaized and consideration for lifting the moratorium and extending the number of licenses for the jurisdiction would be considered.

Chair Douglas made a motion to approve a 12-month extension from February 5, 2022, to February 5, 2023, and the licensee would have 14 months if ordinance changed, noting that this was also pursuant to stipulation with Taxation. Member Neilander seconded. All Members present said aye. Motion carried.

## **IX. 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. High Sierra Logistics (RD665)** TRNV098, LLC was issued a conditional license on December 5, 2018, for an adult use retail store facility in Lyon County jurisdiction. On September 22, 2020, TOI 21008 was approved transferring the license to High Sierra Holistics. A pre-opening inspection was conducted on October 12, 2021, and a statement of no deficiencies was issued on October 13, 2021. On October 19, 2021, a final license was issued to High Sierra Holistics.

**2. Lone Mountain Partners, LLC (RD590)** Lone Mountain Partners, LLC was issued a conditional license for an adult-use retail store license in Spring Valley, Nevada in the unincorporated Clark County jurisdiction. On September 9, 2021, a pre-opening inspection was conducted. A statement of no deficiencies was issued on October 6, 2021. On October 20, 2021, a final license was issued to Lone Mountain Partners.

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

Director Klimas stated the Board requested the Cannabis Advisory Commission to study and make recommendations around the regulation of consumption lounges. At the Cannabis Advisory Commission meeting, the members present unanimously passed three sets of recommendations around public safety, public health, and social equity as they pertain to consumption lounges. The Board and Board staff will take the recommendations into consideration as it drafts the first iteration of consumption lounge regulations with a goal to have a workshop in mid-December.

Chair Douglas appreciated the work in putting the recommendations together. The Board was not bound by the recommendations, but they provided feedback on areas of concern to the Advisory Commission. Member Neilander agreed and noted that there were areas where they did not agree on the certain concepts.

Director Klimas noted that the Cannabis Advisory Commission recommendations will be posted on the CCB website.

**XI. Briefing to the Board from the Executive Director**

Director Klimas provided information surrounding arrests and DUIs at the Electric Daisy Carnival at the Chair's request. The arrests varied widely and were not necessarily cannabis related. The CCB will keep in mind the risk of polysubstance use and ways to mitigate those issues as the CCB discusses cannabis consumption at events if that is where we are headed.

**XII. Next Meeting Date**

The next meeting date will be December 14, 2021.

**XIII. Items for Future Agendas**

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

**XIV. Public Comment.**

Kimberly Maxson-Rushton appeared on behalf of RSR Analytical Laboratories and provided public comment regarding Regulation 11.015. RSR submitted a request for clarification of the basis for the regulatory language that was published. Ms. Rushton stated that alternative language was submitted in July. The alternative language came from the Nevada Gaming Commission's regulations pertaining to independent testing labs.

Member Durrett asked to clarify and Deputy Attorney General Asheesh Bhalla interjected that the Board can't engage in public discussion in comment. The Board may agendaize the matter for a later time so that the Board could properly provide comment at an agendaized time.

**XV. Adjournment**

Meeting adjourned at 10:47 a.m.