

# Nevada Cannabis Compliance Board Meeting Minutes December 14, 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 December 14, 2021, beginning at 9:00 a.m.

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

**Dennis Neilander (acting Chair)**  
**Jerrie Merritt**  
**Riana Durrett**  
**Bryan Young**

**Tyler Klimas, Executive Director, called the meeting to order and took roll.** Chair Michael Douglas was not present. Member Durrett was present in Las Vegas. Member Merritt, Member Young, and Member Neilander were present via video connection. Member Neilander chaired the meeting in the absence of Chair Michael Douglas.

## **I. Public Comment.**

Jim Lewis, attorney for City of Las Vegas, stated the City appreciated the work of the Board and will attend the workshop later in the day.

Frank Hawkins opposed the proposed regulations under agenda item VII. Mr. Hawkins did not see any African American or black agencies doing the certifying. Nevada Wellness Center requested a waiver or an exemption for those regulations if approved. Mr. Hawkins asked if the CCB studied diversity issues and he thought that Nevada Wellness Center would be treated differently than anyone else. Mr. Hawkins asked if the CCB researched current barriers from the prior application periods and needed to study and release information before making a decision. Mr. Hawkins stated the CCB's definition of diversity means not black people.

## **II. Meeting Minutes**

- A. Consideration for approval of the November 5, 2021, Cannabis Compliance Board Emergency Meeting minutes.**
- B. Consideration for approval of the November 10, 2021, Cannabis Compliance Board Workshop minutes.**
- C. Consideration for approval of the November 16, 2021, Cannabis Compliance Board Meeting minutes.**
- D. Consideration for approval of the November 18, 2021, Cannabis Compliance Board Emergency Meeting minutes.**

Chair Neilander asked for a motion on the four sets of minutes. Member Merritt made a motion to approve the minutes for agenda items II A - D. Member Young seconded. All Members present said aye. Motion carried.

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

Senior Deputy Attorney General L. Kristopher Rath presented the settlement agreements.

### **A. Cannabis Compliance Board vs. FSWFL, LLC (Case No. 2021-39)**

The complaint was filed and served on August 3, 2021. On September 7, the respondent filed its answer and requested a hearing. During the disciplinary process, the parties exchanged documents and conducted settlement negotiations. The parties agreed to a stay of the disciplinary process while the CCB considered approval of the settlement agreement. The events at issue occurred at FSWFL's cultivation and production facilities during September 2020. The allegations included failure to properly follow the state seed-to-sale tracking system at both facilities and failure to properly dispose of cannabis waste. To resolve the matter for the cultivation facility, the respondent admitted to one Category III violation for storing cannabis outside the seed-to-sale tracking system and a second Category III violation for failure to meet the requirements for disposal of cannabis waste. For the production facility, the respondent admitted to one Category III violation for failure to follow seed-to-sale tracking requirements, a second Category III violation for improper storage of cannabis, and a third Category III violation for failure to meet requirements for disposal of cannabis waste. Respondent agreed to \$150,000 civil penalty with an option for payment plan and submitted a plan of correction that was approved by the CCB and summarized in paragraph 22 of the settlement agreement.

Mr. Brian Hardy appeared on behalf of the respondent and appreciated the work of the Attorney General's office and the hearing officer. Mr. Hardy stated the plan of correction was in paragraph 23.

Chair Neilander asked if Mr. Hardy had reviewed the settlement with his client and were they in agreement with the terms. Mr. Hardy responded they had and had both signed the agreement.

Member Durrett made a motion to approve agenda item III (A), the settlement agreement between the CCB and FSWFL. Member Young seconded. All members present said aye. Motion carried.

**B. Cannabis Compliance Board vs. Urban Hills, LLC (Case No. 2021-56)**

Mr. Rath stated this case did not involve a complaint as the parties reached an agreement to resolve the regulatory violations that the CCB staff found during the investigation of the licensee's transfer of interest request. Respondent agreed to waive the filing and service of a formal complaint. The matter involved unauthorized transfers of interest and late filed tax returns. Respondent admitted to the imposition of one Category II violation for unapproved transfer of interest and one Category V violation for failing to timely submit tax reports. Respondent agreed to \$20,000 civil penalty and a formal warning from the CCB under the Category V violation. If approved, the payment would be due February 1, 2022. The settlement agreement included a summary of the respondent's plan of correction which was approved by the CCB. The CCB agreed that the admitted violations, the civil penalty, and the corrective action taken appropriately addressed their concerns. If the settlement agreement is approved at this meeting, the pending TOI request would be deemed approved upon the CCB's receipt of the civil penalty payment. This would take care of agenda item IV (A).

Dustin and Crystal Pebbles appeared on behalf of Urban Hills. Mr. Pebbles thanked the staff, Mr. Staley, and Mr. Rath for their discussion to resolve the issues.

Chair Neilander asked if the compliance specialist hired was from the outside or an internal hire. Ms. Pebbles stated she was internal, and Mr. Pebbles added that she had been with them for about 8 months and was making sure they stayed on top of any updates and the regulations.

Chair Neilander noted they settled the matter and appeared without counsel and asked if they understood the terms and conditions of the settlement agreement and can abide by them. Mr. Pebbles responded affirmatively.

Member Young made a motion to approve agenda item III (B), CCB vs. Urban Hills. Member Merritt seconded. All Members present said aye. Motion carried.

**IV. Request for Transfer of Interest**

Chief Investigator David Staley presented the transfers of interest.

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

TOI 17004 requested approval for internal transfers resulting in Dustin and Crystal Pebbles together owning 100% of the company. Staff identified areas of concern regarding transfers that occurred without prior CCB approval and late-filed tax returns. The Board just approved the settlement agreement, but staff had scheduled this matter in the event that the settlement was not approved.

Chair Neilander and the Board had no questions. Mr. Pebbles stated that pending the payment on the settlement agreement, this matter would move forward. Chair Neilander referred the matter back to staff.

**B. GB Sciences, Inc. (TOI 19038 and 21062)**

TOI 19038 and 21062 were filed by GB Sciences to request approval to sell cultivation license C120/RC120 to ABC NV, LLC and to sell cultivation license P075/RP075 to AJE-Management, LLC. The transactions will result in GB Sciences selling all of its Nevada cannabis licenses. AJE-Management requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding a review of all owners. AJE adequately addressed the items required to approve such waivers and recommended that if approved, the Board limit the waivers to expire on such date as the AJE's next TOI application is heard. Staff identified areas of concern because GB Sciences filed late or incomplete tax returns with the Department of Taxation 72 times during the last 3 years.

Member Durrett made a disclosure that Adam Fulton represented her mother on a business litigation matter unrelated to the CCB. Member Durrett can proceed with independent judgement in this matter.

Adam Fulton and Zach Swarts appeared on behalf of GB Sciences and thanked the staff for their work. Chair Neilander asked if this was a full-out transfer of both licenses. Mr. Fulton responded affirmatively. Chair Neilander asked why the tax filings were not made. Mr. Swarts stated the facility had some serious issues. A bookkeeper did not file the returns,

and it was not made aware until later. They chose to pay employees and keep the business operating and made the payments late. To date, they are caught up on tax obligations. Measures have been placed to ensure tax returns aren't filed late.

David Weiner, managing member of AJE-Management, LLC, stated that almost two years ago, they injected approximately \$500,000 to assist with operations. They had been unable to keep up with their tax payments for various reasons and Mr. Weiner was doing some financial oversight. Tax payments are now made on the 15<sup>th</sup> with sending an email and hard copy with the payment. They started paying down the tax liability in the latter part of 2020 and early part of 2021.

Member Neilander asked for Mr. Weiner's background in terms of compliance and cannabis. Mr. Weiner responded that he has an MBA from UCLA, started a company in 2010 to sell hydroponic equipment, and invested in various other cannabis companies. Mr. Weiner has been in the cannabis business for 10 years and is involved with a company based in Columbia. He has knowledge of the strains and latest technologies for propagation. The current facility is state of the art, and one-third built out. The intent was to inject capital to complete the build-out.

Member Durrett asked if any of the proposed new owners live in Nevada. Mr. Weiner responded that three of the investors live in Nevada. Member Durrett asked who will be managing it and do they live in Nevada. Mr. Weiner stated Brian Moore, Jeff Nassif, and himself will be active. Jeff Nassif will be day to day manager. Brian Moore will strategize building out the rest of the facility. Mr. Weiner will oversee finance and compliance.

Chair Neilander found the unpaid taxes troubling and would like to hear more on what has been done to ensure those violations don't occur again. Member Durrett agreed. Member Durrett did not want to hold up the transfer but thought that it should be looked into if the delays in filings were violations and whether there should be a settlement regarding those, and a further discussion with a plan of corrections. Member Young agreed that he would move forward with the transfer, but there were issues and questions that need further investigation from the Attorney General's office. Member Merritt agreed.

Chair Neilander made a motion to approve the transfers and the waivers with the waivers limited to expire on the day the next TOI for AJE is heard, but the tax matters and any other compliance matters will be further discussed by the Attorney General's office and CCB staff. Member Merritt seconded. All Members present said aye. Motion carried.

### **C. Mesa Oils, LLC (TOI 20006)**

Chief Staley stated TOI 20006 requested approval for five new investors to acquire membership in Mesa Oils, joining Harris Rittoff who was previously the sole owner. Staff identified areas of concern because it appeared that the new investors had already funded the requested capitol calls, participated in membership voting and functioned as active members of Mesa Oils. It appeared the transactions contemplated in TOI 20006 have been substantively completed without prior approval.

Derek Connor introduced the proposed members of the company, Harris Rittoff, Richard Bailitz, George Michael Botelho, and Paul Schloss. Mr. Connor understood the concern that money had been given to the company by the proposed members and the money had been used. Mr. Connor did not believe that money would transfer to control of the company.

Chair Neilander asked if the money was given in exchange for a membership interest or control of the entity. Mr. Connor responded that yes, that was money used to purchase their interest in the company. Mr. Connor argued that a true transfer of ownership had not occurred since they were now seeking Board approval. Mr. Staley added that during the interviews the Board agents had with several owners (Bailitz, Harris, and Schloss), they indicated they had been participating in capital calls and discussing and voting on a collaboration between Mesa Oils and Redwood. Mr. Staley commented that while that actual transfer of shares may not have occurred, it appears that they had been operating as members of the LLC. Is participation in the operation of Mesa Oils as members distinct from the actual receipt of shares.

Mr. Connor pointed out that the sole member of Mesa Oils is HRSC, LLC. The sole member of HRSC, LLC is Mr. Rittoff. Mr. Rittoff has not had meetings with himself and there is no record of meetings with proposed members.

Chair Neilander asked if the individuals who invested participated in management. Mr. Connor replied that they did not, and they were before the Board to have them approved as members. Mr. Connor added that if there are additional concerns, he requested that the transfer of ownership be approved and then be able to address those concerns like the prior licensee.

Chair Neilander commented that it appeared there was a dispute about whether a transfer did occur and when types of influence was being exerted or not. Chair Neilander did not have issues with the corporate structure and was prepared to go forward, but he thought the Attorney General's office and staff should look into the notion of whether there was an unapproved transfer or not. Member Durrett did not have any issues since Mr. Rittoff would still be an owner. Member Young and Member Merritt did not have questions.

Member Durrett made a motion to approve TOI 20006 under agenda item IV (C) for Mesa Oils and refer the matter back to the Attorney General's office to look into potential violations of the transfer of interest regulations. Member Young seconded. All Members present said aye. Motion carried.

**D. Gravitas Nevada LTD (TOI 2100003, 2100010-2100013)**

Chief Staley stated TOIs 2100003 and 2100010-2100013 requested approval for an ownership by the organization wherein each of the company's cultivation, production, distribution, and retail dispensary were spun off into separate and distinct companies with identical ownership for Gravitas. Staff identified no areas of concern.

Alicia Ashcraft and Barry Fieldman appeared on behalf of Gravitas. Ms. Ashcraft thanked Rachel Branner of the CCB staff for her work on these TOIs.

Chair Neilander asked if each of the new companies will accept the liabilities as well in the transfer. Ms. Ashcraft responded that was correct. There were two small internal transfers, members with 3.5% and 1.67% that were transferring to Mr. Fieldman, an existing owner. The new entities will have the same 60/40 ownership as Gravitas.

Member Durrett asked to hear from Mr. Fieldman. Mr. Fieldman stated he was one of the managing partners of Gravitas and Green Acres. Mr. Fieldman stated it was the same ownership structurally, he was buying one ownership interest due to a death of one partner and one due to financial difficulties of the member. Ms. Ashcraft added that Mr. Fieldman remains on in the new structure as president of each of the new companies. Member Merritt and Member Young had no concerns.

Member Durrett made a motion to approve agenda item IV (D) the transfers of interest requested by Gravitas, TOI 2100003 and 2100010 – 2100013. Member Merritt seconded. All Members present said aye. Motion carried.

**E. BBMC, LLC (TOI 19037, 19037A)**

**F. BBMC, LLC (TOI 19076)**

Chair Neilander trailed agenda items IV (E) and (F) due to court appearance by one of the attorneys.

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

**A. Fortress Equities ORCL, LLC and 46 and 2 NV, LLC.**

Chief Staley presented the request for approval of a management services agreement between Fortress Equities ORCL, LLC and 46 and 2 NV, LLC. CCB staff have reviewed the agreement and found it appropriate.

Don Polednak with law firm Sylvester & Polednak appeared on behalf of Fortress Equities ORCL, LLC. Dean Jalili, manager, appeared on behalf of Fortress Equities ORCL, LLC. Jesse Peters, manager and owner, appeared on behalf of 46 and 2 NV.

Mr. Polednak stated the management service agreement was part of a larger transaction whereby Fortress has leased a property to Mr. Peters' entity. They were in process of transferring a license pursuant to a license purchase agreement. Given the timing involved in approving the license transfers, the parties thought it was appropriate to enter into a management service agreement in the interim.

There were no further questions from the Board. Chair Neilander commented that the Board does not approve the language of the agreement, but the relationship that was created by the agreement. Member Durrett made a motion to approve the relationship between the proposed entities, Fortress Equities and 46 and 2 NV, LLC. Member Young seconded. All Members present said aye. Motion carried.

**VI. Request for Consideration of Approval of Placement of Receiver for Green Cross of America, Inc. (continued from October 26, 2021 Meeting)**

Senior Deputy Attorney General L. Kristopher Rath provided an update on the matter continued from the October board

meeting. There was a dispute over the request to place Mr. Hardy as a receiver over Green Cross of America. Green Cross retained Derek and Amanda Connor to represent. Green Cross and creditor Red Dot came to an agreement to request a different receiver be put in place, Kevin Singer. There was a court hearing on December 13 where the parties updated the court, and another court hearing scheduled on January 27. Mr. Hardy made a written request to withdraw his application for an agent card and to be placed as receiver and will request a withdrawal without prejudice. The Attorney General's office and CCB staff recommend that the Board approve Mr. Hardy's request for a withdrawal without prejudice.

Mr. Brian Hardy stated he had been appointed by the judge in the case after an application filed by Mr. Wiley and his client. Green Cross has retained counsel. Mr. Hardy encouraged the parties to work together and asked that his application for receivership be withdrawn without prejudice. Chair Neilander confirmed that the both the agent card application and receivership application were requested to be withdrawn. Mr. Rath added that Mr. Singer will likely file an application for an agent card and for placement as a receiver.

Chair Neilander made a motion that with respect to Mr. Hardy's applications as a receiver and for an agent card, the Board grant those withdrawals without prejudice. Member Young seconded. All Members present said aye. Motion carried.

Derek Connor appeared on behalf of Green Cross. Mr. Connor stated a telephonic meeting was held with shareholders through counsel and the shareholders have agreed to the appointment of Kevin Singer as the receiver. Mr. Connor was working with Mr. Jason Wiley towards getting a stipulation in place in the matter pending in Department 13 before Judge Denton. They anticipated having those motions filed and hopefully approved prior to the next hearing.

Mr. Jason Wiley appeared on behalf of judgment creditor Red Dot, LLC. Mr. Wiley stated it was their intent to give the stipulation appointing Mr. Singer as receiver over Green Cross to the court in advance of the January 27<sup>th</sup> hearing. Mr. Wiley anticipated the Mr. Singer will apply for the agent card and receivership with the Board. Chair Neilander encouraged Mr. Singer to do that as soon as possible.

Member Young asked if the matter would come before the Board again in February since the hearing would be after the January board meeting. Mr. Rath stated it may be able to be on the January agenda if all the parties can stipulate and the court approves the stipulated order for a new receivership. Mr. Singer's application may be able to be heard at the January meeting. Mr. Rath recommended putting the matter back on the agenda for the January meeting. Mr. Wiley added that the January 27 hearing will not be a motion to be argued, but a status check.

Chair Neilander stated the matter would be referred back to staff and continued to the January Board meeting.

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

- A.** Regulation 1. Issuance of Regulations; Construction; Definitions
  - 1. NCCR 1.082. "Diversity Applicant" defined. (for possible action)
  - 2. NCCR 1.083. "Diversity Certifying Entity" defined. (for possible action)
- B.** Regulation 4. Disciplinary and Other Proceedings Before the Board
  - 1. NCCR 4.035. Category I Violations. (for possible action)
  - 2. NCCR 4.040. Category II Violations. (for possible action)
- C.** Regulation 5. Licensing, Background Checks, and Registration Cards
  - 1. NCCR 5.045. Certification required to qualify as a diversity applicant. (for possible action)

Deputy Director Michael Miles presented the proposed changes to the NCCRs that would allow for certification of female and minority-owned businesses. The proposed diversity certification process will be used to award diverse applications 30% of all future establishment licenses when the number of licenses is limited. The 30% comes from the many nationwide and federal procurement standards. The CCB was given legislative mandates to ensure an increase in diversity among cannabis owners and operators. The changes to Regulation 1 added definition of "diversity applicant" and "diversity certifying entity." Regulation 4 added category violations regarding the certification process. Regulation 5.045 detailed the certification process and included a petition process to add more certifying entities.

Chair Neilander asked for information about the workshop. Deputy Miles replied there was a workshop on November 10th and there were no objections to the certifying process. Chair Neilander asked to address the public comment that was raised at the current meeting. Deputy Miles responded that it would only affect that applicant in future rounds if they

wanted to be included in the diversity process for diversity applicants, which are limited to female and minority-owned businesses as defined in legislation. The 30% set aside was not in statute. Chair Neilander thought it should maybe be held and included as part of another workshop. Deputy Miles commented that the reason these regulations were up for approval now was to allow more time for minority and female-owned businesses to get certified. Member Young asked if the certification process was cost prohibitive. Deputy Miles replied it was not, and the cost was a couple of hundred dollars and generally took a couple of months.

Member Durrett asked where the 30% came from and if it was for consumption lounges. Deputy Miles reiterated that it came from subcontractors of federal construction projects which require 27% to be minority or female owned. Member Durrett asked how the social equity plays into the 30%. Deputy Miles replied that social equity does not have anything to do with race or gender, but the effect from the war on drugs, physical location or prior convictions. There is a separate item in statute that states diversity must be taken into account when awarding licenses. Diversity is limited to female and minority-owned businesses. There are 20 consumption lounge licenses set for individuals. Half of those will go towards social equity and half will go to general applicants. Of those, 30% (or 3) will go specifically to diverse applicants. Member Durrett asked if the fees could be offset. Deputy Miles responded that the CCB would not charge certification fees, but the certifying entity has a charge of couple of hundred dollars. The CCB licensing fees are set in statute.

Member Merritt asked if there would be more clarity in the workshop planned for after the Board meeting. Director Klimas responded that social equity will be discussed at the workshop and diversity will be brought up. The CCB moved quickly on the diversity regulations compared to the consumption lounge regulations was to allow time for the applicants to get certified prior to the consumption lounge application period. Director Klimas added that it was a great idea to help with costs somehow on the back end, and that could be looked at during the legislative session.

Chair Neilander did not want to rush the process and while there was no opposition at the workshop, there was now opposition. Member Durrett did not want to hold up the process. The CCB gave ample notice and opportunity for people to participate, but since there was confusion, it should be discussed further and brought back as soon as possible. Director Klimas understood the Board's concerns, but it would take another 30-day notice for adoption.

Chair Neilander made a motion to refer the regulations back to staff for further consideration. Member Young seconded the motion. All Members present said aye. Motion carried.

Chair Neilander called for a 10-minute break from 10:26 a.m. to 10:38 a.m.

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

Chair Neilander stated the reasons for the extension requests range from moratoriums in jurisdictions, supply-chain related, and COVID-related. The Board has allowed one-year extensions with the licensees coming before the Board again after a year for a progress report.

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. Nevada Wellness Center, LLC (RD505)**

Chief Gilbert stated Nevada Wellness Center requested a six-month extension to perfect its conditional license within Clark County. Nevada Wellness reported efforts to secure a site, including signing a lease and purchase sale agreement. Staff identified no areas of concern.

Theodore Parker appeared on behalf of Nevada Wellness Center. Nevada Wellness received the license through a settlement last summer and from the end of 2020 to present has worked on securing a location. The request has been submitted to Clark County and will be heard by their Board on January 19, 2022. Mr. Parker asked for a one-year extension given the pandemic, cost of construction, and material delays.

Chair Neilander commented that he would also recommend a one-year extension. Member Durrett made a motion to grant a one-year extension for Nevada Wellness Center. Member Merritt seconded. Member Young asked to clarify that the extension was for one year from the February 5, 2022 deadline. Chair Neilander affirmed. All Members present said aye. Motion carried.

**B. Deep Roots Harvest Inc. (C185, RC185, P121, RP121)**

Chief Gilbert stated Deep Roots requested a six-month extension for its licenses within West Wendover. Management indicated the extenuating circumstances related to the City of West Wendover’s approval process for its amended cannabis regulations. A substantial delay was caused by the city in obtaining a legally acquired appraisal of city-owned real property.

Richard Williamson, attorney, and Jon Marshall, Chief Operating Officer, appeared on behalf of Deep Roots. Mr. Williamson stated Deep Roots had been diligently pursuing the cultivation and production facility in the City of West Wendover. They now have an executed lease and the special use permit approved and requested six-month extension.

Chair Neilander asked for agenda item C to be read into the record.

**C. Deep Roots Harvest, Inc. (RD397)**

Chief Gilbert stated Deep Roots requested a six-month extension to perfect its conditional adult-use retail license within the City of Las Vegas. Deep Roots has spent the last year pausing and starting construction due to COVID and supply chain delays. Staff identified no areas of concerns.

Mr. Williamson stated they anticipated they may be completed prior to the February deadline but asked for an extension out of an abundance of caution and to allow for unforeseen construction delays and final inspection.

Chair Neilander recommended one year extension for item (B) and six months for item (C). Member Durrett made a motion to approve a 12-month extension from February 5, 2022 for item (B) and a six-month extension from February 5, 2022 for item (C). Member Merritt seconded. All Members present said aye. Motion carried.

**D. GreenMart of Nevada NLV, LLC (RD504)**

**E. GreenMart of Nevada NLV, LLC (RD511)**

Chair Neilander asked Chief Gilbert to present items (D) and (E). Chief Gilbert stated GreenMart requested 180-day extension of the February 5, 2022 deadline to perfect its conditional adult-use retail store RD504 in the City of Las Vegas. Unexpected construction issues outside of GreenMart’s control have arisen. Staff identified no areas of concern. GreenMart requested an extension of the February 5, 2022 deadline for RD511 for 14 months after the date that City of Henderson lifts its moratorium. CCB staff have confirmed that Henderson is in a holding pattern with the colocation requirement until the city council decides to take up the issue at a public meeting. Staff identified no areas of concern.

Maggie McLetchie, Jeff Greene (Senior Director of Construction and Facilities), Chris Collins (Director of Operations), and Scott Suchocki (iAnthus Senior Manager of Facilities) appeared on behalf of GreenMart. They were available to address construction concerns. Ms. McLetchie requested to amend the request for RD504 to one year from the February 5, 2022 date. In addition to waiting on the transfer approval to iAnthus for ownership of GreenMart, the construction delays included significant work to ensure a compliant and safe building in the arts district. For RD511, it was their position that the deadline does not run until Henderson authorizes the dispensary to go forward, consistent with the settlement agreement in the conditional dispensary litigation.

Chair Neilander asked if the primary issue was dealing with an old building. Ms. McLetchie responded that was correct. They kept running into new construction issues that needed to be addressed. They also had to request an extension of the special use permit with the City of Las Vegas which was on that day’s consent agenda and expected that to be approved.

Member Durrett made a motion to approve the requests for an extension in items VIII (D) and (E) for 12-months from February 5, 2022. Member Young seconded. All Members present said aye. Motion carried.

**F. QualCan, LLC (RD591)**

Chief Gilbert stated QualCan requested an extension for condition license RD591 within City of Las Vegas. QualCan’s original site did not meet the local and state distance requirements. The second location was approved and QualCan expects to open in the first quarter of 2022. Staff identified no areas of concern.

Michael Cristalli appeared on behalf of QualCan. Mr. Cristalli provided a timeline of events with the location issues. They were waiting on final permitted which was submitted in July of 2021 and hope to have it before the end of the year. Mr. Cristalli asked for a one-year extension consistent with what was approved by the Board for similarly situated applicants and to allow for potential construction delays.

Member Young made a motion to approve item VIII (F) for a one-year extension from February 5, 2022. Member Merritt seconded. All Members present said aye. Motion carried.

**G. My Life Organics, Inc. (C175, RC175)**

My Life Organics requested an eight-month extension to perfect its conditional license within City of North Las Vegas jurisdiction. The extension was requested due to unforeseen circumstances beyond My Life Organics' control including complications from COVID, infrastructure and leasing issues with the properties. Staff identified no areas of concern.

Lesley Miller and Neal Bartoletta appeared on behalf of My Life Organics. Chair Neilander made a disclosure that Ms. Miller and Ms. Martinez are employees of Kaempfer Crowell law firm where he is of counsel. Mr. Neilander is not a partner, does not share in revenue, and is prohibited from working on marijuana matters. Chair Neilander will participate in this matter as he has no pecuniary interest, and it does not affect a person of independent judgment at the firm. Deputy Attorney General Bordelove confirmed that was an adequate disclosure.

Ms. Miller provided details on the issues with two locations that My Life Organics faced. They are looking to move to another location within City of North Las Vegas and have initiated the process with the City. The special use permit was approved at the December 8th meeting. They will submit a change of location request to the CCB after they receive final notice of that action. They intend to open a state-of-the-art facility and look forward to seeing it through. They have a partnership with a multi-state operator that operates in Washington, Oregon, Missouri, among others. Ms. Miller added that it would be in the best interest of the licensee to request a 12-month extension.

Member Durrett asked if the license was acquired through the 2018 licensing round. Ms. Miller responded that it was through the 2014 licensing round. Member Durrett commented that the SOPs deviate greatly from where they are at now. Ms. Miller explained they had gone to the pre-opening for one location but have yet to submit for the change of location because the city just approved the move. There will also be a transfer of interest submitted to reflect the partnership with the multistate operator.

Member Durrett asked if maybe there could be an agenda item in the future of what needs to be completed by the February 5, 2023 deadline. There is a wide disparity between licenses that have completed construction in a short amount of time, and versus one that has had seven years. Member Durrett would like a discussion on what the Board will base the extension on and what are extenuating circumstances before the February 2023 meeting. Member Durrett's opinion was that others had made great sacrifices to complete their buildings and will not support this extension.

Chair Neilander commented that the Executive Director had been thinking procedurally about how to handle these going forward. Director Klimas stated that when the CCB took over, there were licenses outstanding for seven years, six months, three years. Throughout the next 12 months, a lot of these will be taken off the docket and the CCB will refine how it deals with extension requests moving forward. The CCB hoped to clean these up within a year, and will likely change the way requests are handled or that staff makes its recommendations once the 12-month period is over.

Member Durrett reiterated that she would like to see this come before the Board as an agenda item to discuss extenuating circumstances and what causes concern by the staff.

Ms. Miller added that the initial location did not have utilities and \$4 million has been expended by the licensee to get to this point. Member Young asked if there would be cultivation and retail. Ms. Miller responded it was only cultivation.

Member Young made a motion to approve agenda item VIII (G) and extend the license for 12 months from February 5, 2022. Member Merritt seconded. Member Merritt, Member Young and Chair Neilander said aye. Member Durrett said nay. Motion carried.

**H. TRNVP098, LLC (RD675)**

**I. TRNVP098, LLC (RD671)**

Chair Neilander asked Chief Gilbert to present items (H) and (I). Chief Gilbert stated TRNVP098, RD675, requested an extension of the February 5, 2022 deadline to March 30, 2023, or 14 months after Storey County adopts business license regulations. TRNV submitted information that Storey County Board of County Commissioners allowed adult-use retail stores in the Tahoe-Reno Industrial Center. Storey County passed on August 17, 2021 an ordinance amending Storey County code that a licensed cannabis use is permitted. The ordinance became effective August 27, 2021. A 14-month extension from the date the moratorium lifted is October 27, 2022. Staff identified no areas of concern.



TRNVP098 (RD671) requested an extension of the February 5, 2022 deadline to March 20, 2023 or 14-months after White Pine County adopts business licensing regulations, whichever is later. At the October 13, 2021 meeting of White Pine County Board of County Commissioners, the Commissioners approved amendments to the county ordinances approving marijuana establishments to exist in all areas of White Pine County. Staff identified no areas of concern.

Alicia Ashcraft appeared on behalf of TRNV. Ms. Ashcraft added that the county commission voted to implement a one-mile distance separation restriction. This effectively invalidated their identified location and made unavailable the approximate 1.1 mile stretch of developed commercial space that would be ideal for development of a facility in Storey County. With respect to Storey County, TRNV requested a 14-month extension to April 2023. With respect to White Pine, the moratorium was recently lifted, and the company was looking at zoning laws to determine a location. Both of these would necessitate a change of location from the State. A 14-month extension was requested for White Pine.

Chair Neilander recommended a one-year extension for consistency. Member Durrett made a motion to approve the request for an extension of the deadline to February 5, 2023 for TRNVP098 in Storey County and White Pine County as per agenda item VIII (H) and (I). Member Young seconded. All members present said aye. Motion carried.

**J. NuLeaf CLV Dispensary, LLC (D069, RD069)**

Chief Gilbert stated NuLeaf requested an extension of the February 5, 2022 deadline for D069 and RD069 in City of Las Vegas. NuLeaf reported it has completed construction and was issued a certificate of occupancy on May 29, 2021. It has yet to open until its transfer of interest is reviewed and approved by the CCB. Staff identified no areas of concern.

Mr. Jeff Donato with Argentum and Sean Luse, COO, appeared on behalf of NuLeaf. Mr. Donato stated NuLeaf overcame numerous issues since 2014 when it initially was awarded the provisional license, including over three years of litigation with the Nevada Supreme Court, obtaining local land use approvals, the moratorium that delayed NuLeaf from updating its ownership, and COVID. They anticipated submitting the TOI application with the CCB within the next week to update ownership and one to merge with Jushi. Once the TOI applications are processed, Jushi will be able to obtain the local licenses needed to open the establishment. They requested a 12-month extension.

Member Durrett made a motion to approve the request for an extension of 12 months to February 5, 2023 for NuLeaf CLV Dispensary, LLC under agenda item VIII (J). Member Merritt seconded. All Members present said aye. Motion carried.

**K. Essence Henderson, LLC (RD346)**

Chief Gilbert stated Essence Henderson requested an extension of the February 5, 2022 deadline to perfect its license within the City of North Las Vegas. Essence has worked to prepare the required submissions for the City of North Las Vegas and continues to work to secure a suitable location after the original location did not meet the distance separation requirements. Staff identified no areas of concern.

Amanda Connor and Brendan Blume appeared on behalf of Essence Henderson. Chief Gilbert summarized what has been happening and they requested a 12-month extension.

There were no questions from the Board. Member Young made a motion to approve agenda item VIII (K), a 12-month extension from February 5, 2022 for Essence Henderson. Member Merritt seconded. All Members present said aye. Motion carried.

**L. Nevada Organic Remedies, LLC (RD221)**

**M. Nevada Organic Remedies, LLC (RD218)**

Chair Neilander asked Chief Gilbert to present items (L) and (M). Chief Gilbert stated agenda item (L) was Nevada Organic Remedies' request for a 12-month extension to perfect its conditional adult-use retail store license within Nye County. They reported on their actions to meet the local jurisdiction requirements and anticipate receipt of all county approvals and plan to open for business in August 2022.

Agenda item (M) was for Nevada Organic Remedies' request for a 14-month extension after the City of Henderson lifts its moratorium. Staff have confirmed that Henderson is in a holding pattern with the colocation requirement until the City Council decides to take up that issue at a public meeting. Staff identified no areas of concern with those requests.

Amanda Connor and Brandon Wiegand appeared on behalf of Nevada Organic Remedies. Ms. Connor requested a 12-month extension for RD221 and a 14-month extension pursuant to the settlement agreement but understand if the Board would like an update in 12 months.

Member Durrett made a motion to approve the extension requests for Nevada Organic Remedies under agenda items VIII (L) and (M) for 12 months from February 5, 2022. Member Young seconded. All Members present said aye. Motion carried.

**N. Lone Mountain, LLC (RD595)**

Chief Gilbert stated Lone Mountain requested an extension of 14 months after White Pine County lifts its moratorium. Lone Mountain provided a copy of the minutes from the October 13, 2021 White Pine County Board of County Commissioners meeting where they approved the amendments to change the zoning requirements of a marijuana establishment to operate in all of White Pine County. Staff identified no areas of concern.

Amanda Connor appeared on behalf of Lone Mountain and James Leventis was available via Zoom to answer any questions. Ms. Connor stated Chief Gilbert summarized the situation and asked for 14-month extension pursuant to the settlement agreement.

Chair Neilander asked if all restrictions have been lifted in this jurisdiction. Ms. Connor responded that White Pine lifted all restrictions in October 2021. The licensee will have to go through identifying a location, appropriate zoning, and receiving all approvals, but the ordinance was changed to allow marijuana establishments.

Member Durrett made a motion to approve the request for an extension to February 5, 2023 under agenda item VII (N). Member Merritt seconded. All Members present said aye. Motion carried.

**O. Clear River, LLC (RD229)**

Chief Gilbert stated Clear River requested an extension of the February 5, 2022 deadline to perfect its conditional adult-use retail store license RD229 within the Henderson jurisdiction. Henderson is in a holding pattern regarding their colocation requirement. Staff identified no areas of concern.

Rusty Graf and Randy Black appeared on behalf of Clear River. Mr. Graf stated that Clear River was familiar with the conditions in Henderson and operate an existing Henderson dispensary.

Member Durrett made a motion to approve an extension for agenda items VIII (O) for 12-months to February 5, 2023. Member Young seconded. All Members present said aye. Motion carried.

**P. Wendovera, LLC (C191, RC191, P126, RP126)**

Chief Gilbert stated Wendovera, LLC requested an 18-month extension of the February 5, 2022 deadline to perfect its medical and adult-use cultivation and production licenses within West Wendover jurisdiction. Wendovera's new parcel will require significant off-site improvements and the letter of intent for the new site will need to be placed on the West Wendover City Council's agenda. Construction plans have had to change due to an ordinance prohibiting temporary portable structures. Staff identified no areas of concern.

Ms. Alicia Ashcraft and Rebecca Gasca were available for questions. Ms. Ashcraft stated that a letter of support from Mayor Corona of West Wendover was submitted. Ms. Ashcraft requested 18 months for the extension as the facility will need to be relocated and go through a relocation application but understand that the Board may grant 12 months for consistency. Ms. Ashcraft added that with rural licenses and locations, everything is exponentially harder and more costly.

Chair Neilander asked if the applicant found a suitable location. Ms. Ashcraft responded that they had and were waiting for approval from the Board before entering into a lease agreement, construction and development. They had partnered with a woman-owned business for the construction, but the woman with the construction background passed away due to COVID in October. Her partner wanted to continue with the project.

Member Durrett made a motion to approve the request for an extension under agenda item VIII (P) for Wendovera, LLC to February 5, 2023. Member Young 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. Essence Tropicana, LLC (RD318)** Essence Tropicana, LLC was issued a conditional adult-use retail store license in the City of Reno on December 5, 2018. On November 8, 2021, CCB staff conducted a pre-opening inspection and audit. The facility was in compliance. The final licensure was issued on November 19, 2021.

**2. Cheyenne Medical, LLC (RD263)** Cheyenne Medical, LLC was issued a conditional adult-use retail store license in the City of Las Vegas on December 5, 2018. On November 23, 2021, CCB staff conducted a pre-opening inspection and audit. The facility was in compliance. The final licensure was issued on December 3, 2021.

**3. Deep Roots Harvest, Inc. (RD399)** Deep Roots Harvest, Inc. was issued a conditional adult-use retail store license in unincorporated Clark County on December 5, 2018. On October 25, 2021, CCB staff conducted a pre-opening inspection and audit. The facility was in compliance. The final licensure was issued on November 12, 2021.

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

Director Klimas stated there will be a workshop on consumption lounges that day at 1:00 p.m., but the start time may be delayed depending on how long the Board meeting runs.

Staff identified inconsistencies during reviews of renewal payments for conditional licenses. Some licenses in a conditional status had been billed for renewal payments and others, mainly from the 2018 round, had not been billed. This was under the prior oversight body. Some licensees will receive letters in the mail to bring them up to speed and into compliance on the renewal payments. Licensees may reach out to Chief Gilbert with any questions.

**XI. Next Meeting Date**

Chair Neilander noted that the next meeting date will be January 25, 2022.

**XII. Items for Future Agendas**

Chair Neilander asked Director Klimas to follow up with Member Durrett on her concerns about the extensions and the process to make it more efficient.

**IV. Request for Transfer of Interest [Trailed agenda items presented.]**

**E. BBMC, LLC (TOI 19037, 19037A)**

**F. BBMC, LLC (TOI 19076 – Request for withdrawal)**

Chief Staley presented agenda items IV (E) and (F), TOI applications for BB Marketing, LLC, BBMC, LLC, and Inter Reserve Enterprises. TOI 19037A and 19037 were filed for approval of buyouts of minority shareholders in preparation of the proposed acquisition of BB Marketing, BB Marketing's membership interest in BBMC by Inter Reserve. TOI 19076 was filed requesting approval for a proposed acquisition of BB Marketing's membership interest by Inter Reserve. Both BBMC and Inter Reserve have requested withdrawals of TOI 19076 as the proposed acquisition was terminated. BBMC Requested a waiver pursuant to NCCR 5.125 of the requirements of NCCR 5.110. BBMC adequately address the items required to allow the Board to approve such a waiver. Staff suggested that if approved, the Board limit the waiver to expire on such agenda date as BBMC's next TOI application is heard.

Staff identified areas of concern with TOIs 19037A, 19037, and 19076. It appeared that BBMC completed the proposed minority buyouts requested in TOIs 19037A and 19037. Staff made numerous requests for financial and other documents from BB Marketing and BBMC, but the companies did not submit the requested information. On December 8, 2021, BBMC requested approval to temporarily suspend operations due to financial hardship.

Chief Staley detailed a federal indictment that involved a failed attempt by foreign nationals to acquire a Nevada retail cannabis license by donating money to Nevada political campaigns. Andrey Muraviev was identified as foreign national number 1. This information was identified as an area of concern because Muraviev was the sole owner of Inter Reserve.

Chief Staley stated another area of concern was the October 16, 2019 sale of shares of Curaleaf Holdings, Inc. by Muraviev and Muraviev-related companies without receiving prior approval from the Nevada Department of Taxation. Staff identified an additional area of concern because Muraviev-related companies have loaned or contributed approximately \$13 million to BB Marketing and BBMC to fund the buyout of the BBMC minority shareholders and the build-out and operations of BBMC. If the withdrawal is approved, it appeared Muraviev may be able to exert influence over BBMC due to outstanding \$13 million in loans and contributions. Chief Staley stated Muraviev does not have the required agent card application on file as a prospective owner as his agent card expired on February 19<sup>th</sup>.

CCB staff provided potential options for the Board to consider and have explained those options to BBMC and Inter Reserve counsel. Derek Connor, Jared Kahn and Robert Frey appeared on behalf of BB Marketing and BBMC. Maggie McLetchie and Steven Lenn appeared on behalf of Inter Reserve and Andrey Muraviev. Andrey Muraviev was noticed to appear for the agenda item but was not present at the meeting.

Ms. McLetchie stated that she represented Inter Reserve which is 100% owned by Mr. Muraviev but did not represent him personally.

Chair Neilander stated it appeared there had been transfers of interest that occurred without prior approval and asked Mr. Connor what his client's position was on that. Mr. Connor responded that the position was that when money was exchanged while waiting for transfers that does not necessarily constitute an unapproved transfer. The request was submitted some time ago and the process was different under DPBH and under Department of Taxation. Consideration should be given for the amount of time that has transpired since the transfers were submitted.

Mr. Connor stated with respect to 19037A and 19037, seven minority members no longer wanted to be in the cannabis industry and requested that those transfers be processed. Mr. Connor would enter into discussions with the Department or the Attorney General's office as other licensees were offered.

Mr. Connor stated with respect to the other areas of concern, they provided a lot of financials including the general ledger. There were certain documents they did not have including profit and loss statements because the companies were effectively nonoperational. Mr. Connor added that the company was required to keep business records under NCCR 6.075(1)(b) but the regulation does not list those required. In regard to the company temporarily shutting down, that was due to lack of money. The landlord shut off the power.

Chair Neilander asked if the letter submitted was notifying the Board that the facility would close. Mr. Connor responded that they were required to shut down when they lost power. There was no product in the facility. They have temporarily suspended operations until a plan is in place.

Member Durrett asked what would be considered going through with the transfer if it wouldn't be money and asked the Attorney General to respond. Mr. Rath responded that there are other regulations that also indicate if there was sufficient control over a licensee, then that entity or person would have to obtain a cannabis license as well. Mr. Connor argued that you can't have an unapproved transfer if all transfers have to be approved by the Board. Mr. Connor added that legal control is not established because Mr. Muraviev is owed money.

Chief Staley added that the CCB concluded the transfers of interest had occurred in regard to the minority shareholders by review of tax returns. None of those individuals were present on the tax returns as receiving revenue from the operations of the company. Mr. Connor stated Mr. Staley was correct, that they filed the tax returns as if the transfer had been completed and would be happy to discuss that with the Attorney General. Mr. Kahn added that the minority shareholders would withhold signing documentation until they had received payment. The paperwork was then submitted to the Department.

Chair Neilander asked why the Board should allow Mr. Muraviev to withdraw his request. Ms. McLetchie provided a brief background on what transpired between Mr. Frey and Mr. Muraviev. If Inter Reserve did not withdraw, then the transfer would allow Muraviev to have ownership interest through Inter Reserve and through BBMC. The purchase and sale agreement gave Inter Reserve the absolute right to terminate contractually the transaction before closing. Withdrawing the request to become an owner addressed the concerns about Muraviev being an owner. Ms. McLetchie had advised her client to never assume any operational control of the company. Ms. McLetchie argued that there was nothing in the statutes that required CCB approval for a withdrawal of a transfer or a termination of a contract, and the CCB can't force a party to go forward with a transfer application that requested to become an owner when contractually it has the right to terminate the deal before closing. Ms. McLetchie added that Mr. Muraviev has not been charged or convicted of a crime. Ms. McLetchie stated they had provided as much information as possible to the CCB. While she only recently learned that Mr. Muraviev's agent card was expired, he does not need one as he does not want to be an owner of a cannabis establishment. Ms. McLetchie added that with respect to the Curaleaf transaction, she did not represent the parties in this, but a letter of apology was submitted, and the Board had already addressed the unauthorized transfer via Curaleaf. With regard to the loans, they were working to engage in discussions and resolve those in a compliant manner. Mr. Lenn added that the February 19<sup>th</sup> agreement specifically contemplated unravelling the transaction if CCB or Department of Taxation approval was not obtained by a certain date.

Chair Neilander commented that the regulation sets up the mechanism where the Board, in acting upon an application, can either grant or deny the withdrawal request with or without prejudice. Chair Neilander asked for clarification from the Attorney General's office regarding their understanding on a withdrawal. Mr. Rath responded that it was the opinion that Chair Neilander was correct. Under NRS 678B.380(2), the Board was charged with adopting regulations that prescribe procedures and requirements for a transfer of a license to another party. Under NCCR 1.058, an application is defined to include anything for which Board approval was required; transfer of interest requests are treated as applications. Under NCCR 5.000(4), a request for a withdrawal of an application may be made at any time prior to final action by filing a written request to withdraw with the Board, which was done recently here. Mr. Rath noted that the agent card expired a year prior to the request for a withdrawal. Subsection 4 also indicates the Board may, in its discretion, deny the request for a withdrawal with or without prejudice. If a withdrawal was granted with prejudice, the applicant is not eligible to apply again for approval for another year. These statutes and regulations were applied the same way to Mr. Hardy and his application for approval as a receiver.

Member Durrett asked for information on why Mr. Muraviev was not present at the meeting. Mr. Staley responded that Mr. Muraviev was properly noticed to appear for the meeting and Ms. McLetchie affirmed.

Mr. Kahn stated they had been trying to resolve the situation for two years. When the matter came to their attention, they requested Inter Reserve and counsel withdraw the application long ago. Ms. McLetchie had indicated that it was. They are unable to resolve how to settle those debts although they are trying; it is difficult when the entity is not operational.

Chair Neilander stated that the matter did not appear ready for action at the meeting, there were too many moving parts, and the place was currently closed. Chair Neilander added the Board jurisdiction over Muraviev by virtue of him filing those applications. Muraviev was a lender and creditor, and it is the Board's responsibility to know where funds go. In this case, the funds came from an individual who is known to have associated with some other individuals that committed serious crimes. Chair Neilander recommended referring the matter back to CCB staff.

Ms. McLetchie stated that she did not agree with Mr. Kahn's representations of what she said, and they have different recollections of what transpired. There were complicated issues, including the fact the Mr. Kahn was potentially a beneficiary of some of the funds.

Member Young agreed that there were a lot of issues that were not clear and recommended turning it back to staff for further investigation and the Board should not take action on it at the meeting. Member Merritt agreed. Member Durrett agreed and added that Mr. Muraviev should appear when the matter is heard again.

Mr. Connor requested if the waivers could be approved, irrespective of the areas of concern that were raised with regard to the transfers of ownership. Mr. Connor added there was prejudice to his client if the underlying minority membership transfers were not approved, as they have to chase down people because they don't have the 5.125 waivers approved or agent cards. They were still incurring time and effort with the pending transfers.

Chair Neilander stated the concern was everything was intertwined together, and if something was approved now, it might not be with they think it is. Chair Neilander noted Mr. Connor's concerns.

Member Durrett made a motion to refer agenda items IV (E) and (F) back to staff for further discussion, further breakdown of all parts involved, addressing the request for withdrawal and the support that it is necessary and can't be done unilaterally without Board support. Member Young seconded. All Members present said aye. Motion carried.

### **XIII. Public Comment.**

Will Adler representing White Pine County clarified that October 13<sup>th</sup> they passed Ordinance 523 that changed the cannabis ordinances in the whole county. They thanked the CCB for promulgating the regulations to be discussed in the afternoon and hope to open up the new application process to allow new cannabis businesses in White Pine.

### **XIV. Adjournment**

Meeting adjourned at 12:40 p.m.