

Nevada Cannabis Compliance Board

Emergency Meeting Minutes March 4, 2022

The Nevada Cannabis Compliance Board (CCB) held a via remote technology system Zoom on March 4, 2022, scheduled at 2:00 p.m.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair
Riana Durrett
Jerrie Merritt
Bryan Young

Chair Michael Douglas called the meeting to order at 2:10 p.m. and Executive Director Tyler Klimas took roll.

Chairman Michael Douglas, Member Durrett, Member Merritt, and Member Young (joined at 2:13 p.m.) were present via video connection. Member Neilander was excused.

I. Public Comment

There was no public comment.

II. Consideration of Emergency Order of Summary Suspension Pursuant to NCCR 4.105 (for possible action)

A. The CCB will consider whether to issue an Emergency Order of Summary Suspension for NLVG, LLC) (C155/RC155, P082/RP082) pursuant to NCCR 4.105.

Chief of Audit and Inspections Karalin Cronkhite presented the findings to the Board. On January 31, 2022, the CCB received a complaint that NLVG, LLC (“NLVG”) had been falsifying the data on the seed-to-sale cannabis tracking system (Metrc) because they had been importing cannabis plants from California. Auditor Marvin Taylor was assigned to investigate the complaint and upon review of the seed-to-sale tracing data, several suspicious entries were observed on the destruction report showing that destruction was typically reported two months after the actual destruction occurred. A full audit of the cultivation and production facility was initiated. Staff discovered packages of cannabis not properly tagged in the facility and 184 untagged plants that were quarantined on site. There were tags that originated in the state of California and the California Department of Cannabis Control verified that two tags were issued to two California cultivation licenses, one owned by Jeremiah Woodard and another by Cheryl Woodard. The plants had been marked as inactive in the California facilities which meant that the plants no longer exist. The clone logs showed over 700 clones being created but no documentation for those clones was found in Metrc. It is unknown what happened to the clones or where they came from. The facility was found to be repackaging failed products into new Metrc tag packages and re-testing without the required CCB approval. It is unknown if the products were altered prior to retest. In at least one instance, the failed product was knowingly transferred to their production facility without CCB approval. Metrc showed several other cannabis lots were still at the cultivation facility when they should have been destroyed. The cultivation facility has been adjusting the weight of product upward, adding cannabis to packages after the packages passed testing and noted the additions as entry errors or scale variances. Failed product has been adjusted downward prior to sending to the production facility without approval. CCB agents believe that NLVG has been reusing plant tags as at least 13 plant tags have significantly exceeded the standard life cycle. CCB agents found that in at least three instances, NLVG recorded repeated changes to plant strain in Metrc including one plant’s strain was changed 6 times in a year. CCB agents discovered 5 instances where one plant strain inexplicably yielded clones of a different strain. CCB agents discovered at least 7 Metrc tags with plants that randomly reverted to earlier growth stages. This posed a risk to public health and safety as NLVG appears to be adding failed product or illicit cannabis to packages; in either instance, there is potentially cannabis out for sale that has not been properly tested and from an unknown source. The combination of untagged plants, missing clones, increasing weights, and California plant tags created a scenario where there is a potential threat to public health and safety.

Member Durrett asked why the facility would use California tags. Chief Cronkhite responded that there could be potential cost savings and not subject to taxes, but she could not be sure of the reason.

Member Young asked if this was an ongoing investigation or based on one visit to the facility. Chief Cronkhite responded that they had a history of non-compliance. The CCB approved a settlement agreement in 2021 where the facility admitted to failure to maintain required surveillance system, failure to tag plants as required, improper storage, pest infestation. The facility seems to have gotten worse. Director Klimas added that the issues outlined here are all a result of the most recent audit inspection that was initiated after the complaint.

Chair Douglas noted that pursuant to the stipulation, the Board can't pre-judge based upon similar violations. The licensee can only be judged based upon the proposed complaint. If the licensee is found to be in violation, the history can be noted. In terms of this investigation, the Board has to take it at face value. Member Young noted that a lot was found at this investigation. Chief Cronkhite noted that there was still product at dispensaries available for sale where the weights were adjusted upwards.

Chair Douglas asked if routine surveillance audits were done. Chief Cronkhite responded that surveillance equipment is checked at every routine audit and inspection, any time a complaint is received, or anything that triggers an investigation. The CCB does not have remote access to the surveillance equipment at the facilities. Director Klimas noted that in the draft consumption lounge regulations, the CCB will require a live link into all facility's surveillance equipment. This will apply to all licensees.

Member Young asked if the tampered product will be removed from the shelves or still available to purchase. Chief Cronkhite responded that as soon as the CCB receives approval to move forward, a global hold will be put on all the products made by this cultivation and production facility. The dispensaries will be notified to quarantine the product, and the Metrc hold will prohibit those products from being sold. Director Klimas added that a public health and safety advisory will also be issued to advise the public which products may not be suitable for use.

Chair Douglas asked if they would still be allowed to sell product that was properly tagged. Director Klimas responded that the CCB would look to hold all of their product given their inconsistencies in all of their operations. Three dispensaries have been identified that have the product. Chief Cronkhite added that the CCB was seeking to summarily suspend the operations of the cultivation and production facility which is co-located.

Member Young asked for clarification on the length of the suspension. Director Klimas responded that the summary suspension will remain in place and a corrective action plan can be submitted within 10 days. If the corrective action plan can be conditionally approved, allowing them to open. The licensee would then need to appear before the Board at the next scheduled Board meeting.

Member Young made a motion to approve the summary suspension of NVLG pursuant to NCCR 4.105. Member Merritt seconded the motion. All Members present said aye. Motion carried.

III. Public Comment

There was no public comment.

IV. Adjournment

Meeting adjourned at 2:28 p.m.