

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

3
4 STATE OF NEVADA, CANNABIS
 COMPLIANCE BOARD,

Case No. 2022-70

5 Petitioner,

6
7 vs.

8 GB SCIENCES NOPAH, LLC,

9 Respondent.

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11 **STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION**

12 The Cannabis Compliance Board (the "CCB"), by and through its counsel, Aaron D.
13 Ford, Attorney General for the State of Nevada, and L. Kristopher Rath, Esq., Senior
14 Deputy Attorney General, hereby enters into this Stipulation and Order for Settlement of
15 Disciplinary Action ("Stipulation and Order") with Respondent GB Sciences Nopah, LLC
16 (hereinafter "GBSN" or "Respondent"), by and through its counsel of record, Adam Fulton,
17 Esq. Pursuant to this Stipulation and Order, GBSN and CCB (collectively, the "Parties")
18 hereby stipulate and agree that CCB Case No. 2022-70 (the "Administrative Action") shall
19 be fully and finally settled and resolved upon terms and conditions set out herein.

20 **PERTINENT FACTS**

21 1. Respondent is domestic limited liability company registered in the State of
22 Nevada and licensed to operate a medical cannabis cultivation facility with license No.
23 C120 and an adult-use cannabis cultivation facility with license No. RC120. The Nevada
24 Secretary of State currently lists GB Sciences, Inc., as the Managing Member of this limited
25 liability company. However, as discussed below, with CCB's approval of a transfer of
26 interest request, GBSN is now owned by ABCNV, LLC.

27 2. On December 14, 2021, CCB held a public meeting at which it considered a
28 transfer of interest application ("TOI") submitted by Respondent. Specifically, CCB

1 considered Amended TOI No. 19038. In sum, Amended TOI No. 19038 sought a transfer
2 of 100% of the ownership interest of GBSN from its parent company, GB Sciences, Inc., to
3 ABCNV, LLC.

4 3. On presentation of Amended TOI 19038 to the CCB at its December 14, 2021,
5 meeting, CCB staff identified several areas of concern, including the fact that there were
6 failures to timely file multiple required tax returns over several years. Although there
7 were no taxes due because the facility was non-operational at the time, zero returns were
8 still required to be filed each month.

9 4. At the CCB's meeting on December 14, 2021, the CCB unanimously approved
10 Amended TOI No. 19038 and also referred the issue of the late tax returns back to the CCB
11 staff and the Attorney General's office to further investigate possible disciplinary action,
12 as well as the potential for a settlement agreement to resolve regulatory violations.

13 5. Subsequently, CCB staff, working with the Attorney General's Office, entered
14 into good faith settlement negotiations with GBSN, though its counsel, Adam Fulton, Esq.,
15 to attempt to resolve the violations at issue. The Parties were able to come to a mutually
16 acceptable resolution of this matter which is acceptable to CCB staff and the Attorney
17 General, without the necessity of filing a Complaint for Disciplinary Action. GBSN has
18 agreed to waive the filing and service of a CCB Complaint and the Parties understand and
19 agree that this Stipulation and Order must be approved by majority vote of the members
20 of the CCB to become effective.

21 6. As set forth herein, Respondent stipulates to pay a \$7,500 civil penalty for
22 three violations of NCCR 4.060(1)(a)(1) for failing to submit monthly tax reports and to
23 accept a warning from CCB pursuant to NCCR 4.060(2)(a)(1), in lieu of the CCB filing and
24 serving a Complaint for Disciplinary Action ("Complaint") and proceeding to a disciplinary
25 hearing.

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1 amendments and/or modifications must be in writing.

2 11. In an effort to avoid the cost and uncertainty of a disciplinary hearing, GBSN
3 has agreed to settle this matter. For purposes of settling this matter, GBSN acknowledges
4 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
5 Stipulation and Order are true and correct. Without waiving any constitutional rights
6 against self-incrimination, GBSN further acknowledges that, if the CCB filed and served a
7 Complaint and the matter proceeded to an administrative hearing, the "Pertinent Facts"
8 could be found to constitute multiple violations of Title 56 of NRS (NRS Chapters 678A
9 through 678D), and the NCCR, with civil penalties up to and including over \$500,000 in
10 total for C120 and RC120 for each tax return or report filed late, if this matter went to an
11 administrative hearing.

12 12. In settling this matter, the Executive Director for CCB and counsel for CCB
13 have considered the factors set forth in NCCR 4.030(2), including: the gravity of the
14 violations; the economic benefit or savings, if any, resulting from the violations; the size of
15 the business of the violator; the history of compliance with the NCCR and Title 56 of NRS
16 by the violator; actions taken to remedy and/or correct the violations; and the effect of the
17 penalty on the ability of the violator to continue in business.

18 13. To resolve the Administrative Action, and only for those purposes and no
19 other, GBSN specifically admits to the following violations with respect to CCB Case No.
20 2022-70 for licenses C120 and RC120:

- 21 a. Three violations of NCCR 4.060(1)(a)(1) for failing to submit multiple
22 monthly tax reports, which constitutes three Category V violations.

23 14. With respect to C120 and RC120, GBSN further agrees to pay a civil penalty
24 in the amount of \$7,500¹ in consideration for its admitted violations in Paragraph 13(a)
25 and accept a formal CCB warning in consideration for its admitted first Category V
26 violation in Paragraph 13(a), and in consideration for the CCB's agreement to resolve the
27 Administrative Action on the terms set forth herein.

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¹ To be apportioned \$3,750 to C120 and \$3,750 to RC120.

1 agreement within 30 days of the date the CCB approves this Stipulation and Order². GBSN
2 acknowledges that it is critical to comply with the strict requirements of the deadline for
3 payment. GBSN agrees that, should it fail to timely make timely payment of the civil
4 penalty, the following penalties and procedures will be in effect:

- 5 a. CCB will allow a five-business day grace period for late payment³.
- 6 b. If payment is not physically received by CCB at its Carson City office by 5:00
7 p.m., Pacific Time, on the last day of the grace period, GBSN shall be deemed
8 to be in breach of this Stipulation and Order, deemed to be in default, and
9 shall pay all amounts due under this Stipulation and Order, as well as an
10 additional late payment penalty of twenty-five thousand dollars (\$25,000),
11 and shall have its licenses C120 and RC120 immediately suspended, with
12 such suspension remaining in place until all amounts due under this
13 Stipulation and Order are paid in full (inclusive of the \$25,000 late payment
14 penalty). The CCB will enter an order of default to this effect after default
15 and all amounts due under this subsection shall be immediately due and
16 payable to CCB. If all amounts due under this section are not paid within 90
17 days after the date of the order of default, licenses C120 and RC120 shall be
18 deemed voluntarily surrendered. GBSN agrees it cannot and will not file any
19 petition for judicial review and/or any action in any forum for relief from this
20 order of default and that CCB may file any judicial action necessary to recover
21 the amounts owed under this subsection, along with its attorneys' fees and
22 costs for recovery of amounts owed.
- 23 c. GBSN may petition the CCB for an extension of the date to pay the civil
24 penalty. However, for the CCB to consider any such petition, the CCB must

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26 ² Should the due date fall on a Saturday, Sunday, or a holiday recognized by the State of Nevada, payment
27 shall be due on the first following business day, to be received no later than 5:00 p.m., Pacific Time, on that
date.

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

1 receive said petition no later than 5 business days prior to the payment
2 deadline (which does not include any grace period). The CCB is not required
3 to grant such a petition. In such a petition, GBSN must demonstrate to the
4 satisfaction of the CCB that there are extraordinary and unusual
5 circumstances necessitating the extension requested. The CCB may delegate
6 the decision as to whether to grant such a petition to the CCB Chair.

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

10 21. Plan of Correction. Respondent represents and warrants that it has
11 submitted a plan of correction, which CCB staff has approved, that will remedy and
12 prevent the recurrence of the violations set forth in this Stipulation and Order. In
13 summary, the plan of correction includes the following: (1) GBSN has discharged its prior
14 bookkeeper and retained a new bookkeeper, who will be responsible, with the general
15 manager, for all tax filings and payments; (2) GBSN has updated its Standard Operating
16 Procedures ("SOP's") to establish calendar reminders on tax filings and payments 10 days
17 prior and 5 days prior to the appropriate deadlines; (3) Under the new SOP's, the general
18 manager will update the accounts payable accountant weekly on monthly sales to ensure
19 funds are available and ready for any tax payments; and (4) GBSN will ensure, and has
20 stated in its SOP's, that, if there are no transactions during the month, zero returns will
21 still be filed.

22 22. Contingency if Approval Denied. If approval of this Stipulation and Order is
23 denied by CCB, GBSN and counsel for the CCB agree to resume settlement negotiations in
24 good faith and attempt to reach an agreement to amend this Stipulation and Order and
25 resubmit an amended Stipulation and Order to the CCB to review for approval at a
26 subsequent regularly scheduled meeting. If such an agreement cannot be reached, the
27 Parties agree to proceed with the Administrative Action, which shall include the filing and
28 service of a disciplinary complaint and a disciplinary hearing before the CCB or its assigned

1 hearing officer. Should the Administrative Action proceed for the reasons set forth in this
2 Paragraph, CCB preserves all its claims and arguments in the Administrative Action as
3 set forth in its Complaint (to be filed) and GBSN preserves all its defenses and arguments
4 it may assert. An unapproved Stipulation and Order shall not be admissible as evidence or
5 referenced in argument at any disciplinary hearing in CCB Case No. 2022-70 or any other
6 matter involving the CCB.

7 23. Contingency if Approval Conditioned. If the CCB approves this Stipulation
8 and Order, but said approval is contingent on certain conditions, the parties will undertake
9 further good faith negotiations to include said conditions in an amended stipulation and
10 order for execution by the CCB Chair. If GBSN does not agree to the certain conditions
11 imposed by the CCB, the parties will undertake additional negotiations and attempt to
12 reach an agreement to amend this Stipulation and Order and resubmit an amended
13 Stipulation and Order to the CCB to review for approval at a subsequent regularly
14 scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed
15 with the Administrative Action, which shall include the filing and service of a disciplinary
16 complaint and a disciplinary hearing before the CCB or its assigned hearing officer. Should
17 the Administrative Action proceed for the reasons set forth in this Paragraph, CCB
18 preserves all its claims and arguments in the Administrative Action as set forth in its
19 Complaint (to be filed) and GBSN preserves all its defenses and arguments it may assert.
20 An unapproved Stipulation and Order shall not be admissible as evidence or referenced in
21 argument at any disciplinary hearing in CCB Case No. 2022-70 or any other matter.

22 24. Closure of Disciplinary Action. Once this Stipulation and Order is fully
23 performed by GBSN, the Administrative Action will be closed.

24 25. Communications with CCB Members. GBSN understands that this
25 Stipulation and Order will be presented to the CCB in open session at a duly noticed and
26 scheduled CCB meeting. GBSN understands that the CCB has the right to decide in its
27 own discretion whether or not to approve this Stipulation and Order. The CCB's counsel,
28 which is the Nevada Attorney General and its staff attorneys, will recommend approval of

1 this Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and
2 Order, counsel for CCB may communicate directly with individual CCB members. GBSN
3 acknowledges that such communications may be made or conducted *ex parte*, without notice
4 or opportunity for GBSN to be heard on its part until the public CCB meeting where this
5 Stipulation and Order is discussed, and that such contacts and communications may
6 include, but may not be limited to, matters concerning this Stipulation and Order, the
7 Administrative Action, and any and all information of every nature whatsoever related to
8 these matters. GBSN agrees that it has no objections to such *ex parte* communications.
9 CCB agrees that GBSN and/or its counsel may appear at the CCB meeting where this
10 Stipulation and Order is discussed and, if requested, respond to any questions that may be
11 addressed to GBSN and/or the Attorney General's staff attorneys. GBSN agrees that,
12 should the CCB decline to approve this Stipulation and Order, GBSN will not contest or
13 otherwise object to any CCB member, and/or CCB appointed hearing officer, hearing and
14 adjudicating the Administrative Action based on the aforementioned *ex parte*
15 communications with anyone from the Nevada Attorney General's Office.

16 26. Release. In execution of this agreement, Respondent agrees that the State of
17 Nevada, the CCB, the Office of the Attorney General, and each of their members, staff,
18 attorneys, investigators, experts, hearing officers, consultants and agents are immune from
19 any liability for any decision or action taken in good faith in response to information and
20 data acquired by the CCB. Respondent agrees to release the State of Nevada, the CCB, the
21 Office of the Attorney General, and each of their members, staff, attorneys, investigators,
22 experts, hearing officers, consultants and agents from any and all manner of actions, causes
23 of action, suits, debts, judgments, executions, claims and demands whatsoever, known or
24 unknown, in law or equity, that Respondent ever had, now has, may have or claim to have
25 against any and/or all of the persons, government agencies or entities named in this
26 Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in
27 its Complaint, the matters set forth in this Stipulation and Order, or the administration of
28 CCB Case No. 2022-70.

1 27. No Precedence. The Parties agree that this Stipulation and Order shall not
2 constitute a precedent for any other issues or proceedings before the CCB and/or in any
3 other forum, other than those set forth in this Stipulation and Order. Furthermore, this
4 Stipulation and Order shall not be admissible in any other proceeding or action with respect
5 to proof of fact or any other matter and/or any other licensee and/or cannabis establishment
6 registered agent, except proceedings brought to enforce this Stipulation and Order under
7 its terms and/or for the CCB's consideration of future disciplinary action against this
8 Respondent.

9 The CCB may consider the discipline imposed herein in any future disciplinary
10 action against Respondent, as required under NCCR 4.030(2), along with the other factors
11 set forth in NCCR 4.030(2), and possible progressive discipline pursuant to NCCR 4.035
12 through 4.060. As every case concerns different facts and details, this Stipulation does not
13 act as precedence, or persuasive authority, to bind CCB to impose any particular penalty,
14 to charge or allege any particular violation, and/or to impose any particular disciplinary
15 action in the future for this Respondent, or any other respondent, for violations of the same
16 statutes and/or regulations addressed in this Stipulation and Order. Likewise, CCB is not
17 bound by any previous settlement agreements it has approved in entering into this
18 Stipulation and Order.

19 28. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys'
20 fees and costs.

21 29. Further Assurances. The Parties shall cooperate in executing such additional
22 documents and performing such further acts as may be reasonably necessary to give effect
23 to the purposes and provisions of this Stipulation and Order.

24 30. Voluntary and Informed Agreement. The Respondent represents that its
25 owners, officers, managers, and/or its directors, who are responsible for and able to legally
26 bind GBSN have read completely and understand fully the terms of this Stipulation and
27 Order, that such terms are fully understood and voluntarily accepted by Respondent in
28 advance of and as memorialized by the signing of this Stipulation and Order, and that the

1 Respondent's signature to this Stipulation and Order indicates same. Respondent further
2 represents that it has voluntarily entered into this Stipulation and Order to make a full,
3 final, and complete compromise upon the terms and conditions set forth herein.
4 Respondent further represents that any releases, waivers, discharges, covenants, and
5 agreements provided for in this Stipulation and Order have been knowingly and voluntarily
6 granted and without any duress or undue influence of any nature from any person or entity.
7 The Parties, and each of them, hereby expressly acknowledge that they are each
8 represented by counsel of their own choice in this matter and have been advised by counsel
9 accordingly.

10 31. Warranties of Authority. The Parties to this Stipulation and Order, and each
11 of them, expressly warrant and represent to all other Parties that each has the full right,
12 title, and authority to enter into and to carry out its obligations hereunder, with the sole
13 exception of the required approval of this Stipulation and Order by the CCB. The Parties
14 also expressly acknowledge the foregoing authority.

15 32. Binding Effect. This Stipulation and Order shall be binding upon and inure
16 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,
17 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

18 33. Construction. The headings of all Sections and Paragraphs of this Stipulation
19 and Order are inserted solely for the convenience of reference and are not a part of the
20 Stipulation and Order and are not intended to govern, limit, or aid in the construction or
21 interpretation of any term or provision of this Stipulation and Order. In the event of a
22 conflict between such caption and the paragraph at the head of which it appears, the
23 paragraph and not such caption shall govern in the construction of this Stipulation and
24 Order.

25 34. Governing Law. This Stipulation and Order shall be governed by and
26 construed in accordance with the laws of the State of Nevada, without reference to conflict
27 of law principles.

28 35. Jurisdiction and Forum Selection. The Parties consent to the jurisdiction of

1 the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to
2 resolve any disputes related to the terms or enforcement of this Stipulation and Order. The
3 successful or prevailing Party or Parties in such action shall be entitled to recover
4 reasonable attorney fees, costs, and expenses actually incurred in initiating or responding
5 to such proceeding, in addition to any other relief to which it may be entitled.

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

11 37. Time is of the Essence. Time is of the essence in the performance of all terms
12 of this Stipulation and Order.

13 38. Severability. If any portion of this Stipulation and Order, or its application
14 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
15 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order
16 and its application thereof shall be not affected and shall remain enforceable to the fullest
17 extent permitted by law.


18 39. Counterparts and Copies. This Stipulation and Order may be executed in
19 counterparts, each of which when so executed and upon delivery to counsel of record for the
20 Parties, or the point of contact for the licensee, shall be deemed an original
21 ("Counterparts"). This Stipulation and Order shall be deemed executed when Counterparts
22 of this Stipulation and Order have been executed by all the Parties and/or their counsel;
23 such Counterparts taken together shall be deemed to be the Agreement. This Stipulation
24 and Order may be executed by signatures provided by electronic facsimile or email, which
25 signatures shall be binding and effective as original wet ink signatures hereupon. All fully
26 executed copies of this Stipulation and Order are duplicate originals, equally admissible in
27 evidence.

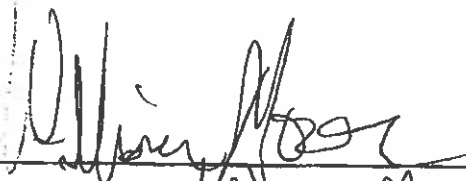
28 IN WITNESS WHEREOF, this Stipulation and Order has been executed by the


1 Parties and attested by their duly authorized representatives as of the date(s) so indicated.

2 The Effective Date of this Stipulation and Order shall be the date it is ordered by the CCB.

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 Date: 3/15/22
Adam Fulton, Esq. (Nev. Bar No. 11572)
Counsel for Respondent GBSN

 Date: 3/15/22
(printed name William Moore),
On behalf of Respondent GBSN

 Date: 3/15/2022
L. Kristopher Rath (Nev. Bar No. 5749)
Senior Deputy Attorney General
Counsel for Cannabis Compliance Board

ORDER

WHEREAS, on 22nd day of March, 2022, the Nevada Cannabis Compliance Board approved and adopted all the terms and conditions set forth in the Stipulation and Order for Settlement of disciplinary Action with GBSN.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 22nd day of March, 2022.

STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD

By: 
HON. MICHAEL L. DOUGLAS, CHAIR