

Nevada Cannabis Compliance Board

Meeting Minutes March 22, 2022

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 555 East Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway, Meeting Room 100, Carson City, Nevada beginning at 9:00 a.m. on March 22, 2022.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair
Jerrie Merritt
Riana Durrett
Dennis Neilander

Tyler Klimas, Executive Director, called the meeting to order and took roll. Chair Michael Douglas and Member Durrett were present in Las Vegas. Member Neilander and Member Merritt were present via video connection.

I. Public Comment.

There was no public comment.

II. Meeting Minutes

- A. Consideration for approval of the February 22, 2022, Cannabis Compliance Board Meeting minutes.**
- B. Consideration for approval of the March 4, 2022, Cannabis Compliance Board Emergency Meeting minutes.**

There were no questions from the Board. Member Durrett made a motion to approve the minutes for agenda item II A and B. Member Merritt seconded the motion. All Board 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 NCCR 4, NCCR 6, and NCCR 10.
2. As to Respondent B, the complaint alleged violations of NCCR 4 and/or NCCR 6.

Chair Douglas noted that the complaints were presented blindly to the Board. Member Durrett made a motion to approve agenda item III A (1). Member Neilander seconded the motion. All Members present said aye. Motion carried.

Member Neilander made a motion to approve agenda item III A (2). Member Merritt seconded the motion. All Members present said aye. Motion carried.

IV. Consideration the Proposed Settlement Agreements to Resolve Disciplinary Action

A. Cannabis Compliance Board vs. Erik Rodriguez (Case No. 2022-61)

Senior Deputy Attorney General Emily Bordelove presented Case No. 2022-61, CCB vs. Mr. Rodriguez who was present via Zoom. The complaint was filed and served on February 7, 2022. Upon receipt, Mr. Rodriguez reached out to discuss settlement of the matter and represented himself pro se in the matter. Mr. Rodriguez indicated that he has no intention of working in the cannabis industry in the State of Nevada in the foreseeable future and has not resided in Nevada since July of 2021. Prior to filing an answer, the parties agreed to resolve the matter that was mutually agreeable to the Respondent, CCB staff, and the Attorney General's office. The events at issue in the complaint occurred at the Essence Tropicana dispensary where the Respondent was previously employed in the drive-through. In April 2021, Essence Tropicana reported that a person under the age of 21 had attempted to purchase cannabis inside the dispensary. Upon further investigation, Essence Tropicana discovered three prior instances where this person successfully purchased cannabis through their drive-through. One of these instances occurred on or about March 20, 2021, and involved the Respondent. The CCB settled the issue of the underage sale with Essence Tropicana in Case No. 2021-50. To settle this matter, Respondent agreed to one Category 2 violation for failing to verify age and allowing an underage person to purchase cannabis. Respondent agreed to revocation of his agent cards for a four-year period from the date the CCB approves the

stipulation and order and agreed to pay the civil penalty of \$2,500 within the four-year revocation period. If the civil penalty is not paid within four years, the agent registration cards will be revoked for 9 years and 11 months. Respondent may request reinstatement of the agent registration cards after the applicable revocation period. The Attorney General recommended and requested approval of the settlement agreement.

Member Durrett asked for clarification on the fine amount. Ms. Bordelove responded that it was \$2,500. Member Durrett asked if Mr. Rodriguez sold to the underage person multiple times. Ms. Bordelove responded that Mr. Rodriguez was involved in one instance, and the others were being handled in separate complaints.

Chair Douglas noted Mr. Rodriguez was representing himself and asked if he had anything to add to the record. Mr. Rodriguez did not have anything to state. Chair Douglas asked if Mr. Rodriguez was aware that he agreed to the revocation of his cannabis establishment registration card and may pay a penalty of \$2,500 and may request reinstatement after four years. If not, it would be revoked for 9 years and 11 months. Mr. Rodriguez stated that he understood the agreement.

Member Neilander made a motion to approve the settlement agreement under agenda item IV A. Member Merritt seconded the motion. All Members present said aye. Motion carried.

B. Cannabis Compliance Board vs. GB Sciences Nopah, LLC (Case No. 2022-70)

Senior Deputy Attorney General L. Kristopher Rath stated the following three agenda items were inter-related and pertained to two Transfer of Interest transactions for three different licensees which originally held common ownership. They are all GB Sciences entities. Attorney Adam Fulton was present and represented all three licensees. None of the three settlement agreements involved a complaint as the parties agreed to resolve the regulatory violations with settlement agreements and waived the filing and service of formal complaints.

Mr. Rath presented Case No. 2022-70. At the December 14, 2021, CCB meeting, GB Sciences submitted two TOI requests to transfer ownership of its licenses to two different companies. The Board approved the transfer of interest requests and referred the areas of concern back to the CCB staff and Attorney General's office to see if the regulatory violations found during the investigations could be resolved. The issues were resolved for all three companies through the settlement agreements. For agenda item IV B, the new owner of GB Sciences Nopah is ABCNV, LLC. The TOI investigation uncovered multiple late filed zero tax returns. Respondent admitted to three Category 5 violations for failing to submit monthly tax reports and agreed to accept a formal warning for its first Category 5 violation and pay a \$7,500 civil penalty within 30 days of approval of the agreement. A plan of correction was reviewed and approved by CCB staff. The respondent discharged the previous bookkeeper and hired a new bookkeeper. The respondent updated its standard operating procedures. CCB staff agreed that the admitted violations, civil penalty, formal warning, and corrective action appropriately address the areas of concern. The licensee has been advised and understands the gravity of these issues. The Attorney General recommended and requested approval of the settlement agreement.

Adam Fulton thanked the Attorney General and CCB staff. Mr. Fulton stated it was a fair settlement resolution. The new owners came in and agreed to take on the responsibilities, update everything, and move forward. Those comments are true for all three of the settlement agreements.

Chair Douglas commented that the reporting of taxes was a very important issue and provided a summary of the civil penalties. Agenda item B and C had \$7,500 penalty. Agenda item D had a \$7,500 penalty and \$40,000 penalty. There were terms and conditions as to payment. The new owners have provided information to correct the policy so that this does not occur in the future.

Member Neilander asked Mr. Fulton to affirm that the corrective action plan in place for each of the three entities was currently in compliance. Mr. Fulton responded that was correct.

Member Durrett made a motion to approve the settlement agreement under agenda item IV B. Member Neilander seconded the motion. All Members present said aye. Motion carried.

C. Cannabis Compliance Board vs. GB Sciences Las Vegas, LLC (Case No. 2022-75)

Mr. Rath presented the settlement agreement for Case No. 2022-75. The matter had the same basic background as the previous matter. The new owner is AJE Management, LLC. The licensee had multiple late filed zero returns. They have a similar plan of correction and will attempt to file their tax returns early. The respondent admitted to three Category 5 violations and \$7,500 civil penalty.

There were no questions from the Board. Mr. Fulton had no further comment.

Member Neilander made a motion to approve the settlement agreement under agenda item IV C. Member Merritt seconded the motion. All Members present said aye. Motion carried.

D. Cannabis Compliance Board vs. GB Sciences Nevada, LLC (Case No. 2022-76)

Mr. Rath presented Case No. 2022-76. The new owner is AJE Management, LLC and their plan of correction was the same as the previous matter. The licensee had multiple late filed zero tax returns and \$7,500 civil penalty. In addition, there were multiple late returns with payments due which resulted in admission to two Category 3 violations for unintentionally failing to pay taxes to the Department of Taxation and a civil penalty of \$40,000. The licensee is currently up to date on tax returns. The settlement involved a payment plan of equal installments over 8 months. There are significant penalties for late payments of the installments.

Mr. Fulton had no further comment.

Chair Douglas noted the compliance plan was submitted. Member Neilander wanted to ensure that the Board was consistent in its actions regarding late-filed returns and payments. Mr. Rath stated the late-filed zero returns had a minor civil penalty, whereas the late-filed returns with payments owed were considered a more serious matter and had a higher civil penalty.

Member Neilander made a motion to approve the settlement agreement under agenda item IV D. Member Merritt seconded the motion. All Members present said aye. Motion carried.

V. Request for Transfer of Interest

Chief Investigator David Staley presented the transfers of interest.

A. THC Nevada, LLC (TOI# 21038) (C030, RC030)

Chief Staley stated TOI# 21038 requested approval for various internal and external transfers resulting in founding member Danny Thomas leaving the company, Alan Puliz transferring a percentage of his membership to various family members for estate planning, and transfer of Seamus Brennan's ownership to his wife Heather Brennan after his passing. THC Nevada has requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding a review of all owners. THC Nevada has adequately addressed the items required in NCCR 5.112 and 5.125 to allow the Board to approve such waivers. Staff suggest that if approved, the Board limit the waivers to expire on such agenda date as THC Nevada's next TOI application is heard. Staff identified areas of concern due to late-filed or incomplete tax returns six times during the last three years.

Nick Puliz, general manager for THC Nevada, was present to answer questions and noted that prior to the transfer and subsequent to the transfer, THC Nevada will remain 100% Nevada-owned. Amy Sugden, counsel for THC Nevada was available for questions.

Member Neilander asked for information on what will be done to ensure tax returns are filed on time in the future. Mr. Puliz stated two previous bookkeepers have been replaced. A new bookkeeper is in place and being mentored by general counsel, and Mr. Puliz will verify that all returns are filed timely. Member Neilander asked for information about the penalties and interest waived by the Department of Taxation. Mr. Puliz responded that one return was late-filed due to covid issues where they were unable to make an appointment to pay the return.

Member Merritt made a motion to approve the transfer of interest for THC Nevada LLC, amended to refer back to the Attorney General's office and CCB staff for review of violations and with the condition that waiver is set to expire as such date as the next TOI application is heard. Member Neilander seconded the motion. All Members present said aye. Motion carried.

B. THC Production, LLC (TOI# 2100037) (P017, RP017)

Chief Staley stated THC Nevada LLC is a 51% owner of THC Production, LLC. TOI# 2100037 requested approval for various internal restructuring of one of its members and the sale of THC Nevada's ownership, 1% to the existing member and 50% to new investors Zakre Silva and Andres Gutierrez. The resulting membership structure will be 50% by existing member Experience Premium Cannabis LLC and 50% by Silva and Gutierrez through Imperial Enterprises, LLC. THC Production requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding a review of all owners. THC Production has adequately addressed the items required in NCCR 5.112 and 5.125 to allow the Board

to approve such waivers. Staff suggest that if approved, the Board limit the waivers to expire on such agenda date as THC Production's next TOI application is heard. Staff identified areas of concern due to late-filed or incomplete tax returns nine times during the last three years.

Richard Cunningham appeared on behalf of Richard Stierwalt and Experience Premium Cannabis. Stephanie Magurno was present. Amy Sugden appeared on behalf of THC Nevada, Imperial, and EPC.

Chair Douglas asked if there were comments regarding the tax issues. Mr. Cunningham stated that there was a new bookkeeper in place and Ms. Magurno, the COO, had a calendar and was working with the bookkeeper to make sure the issue does not happen again. Ms. Magurno added that the late-filed returns were for use tax returns; THC Production does not collect or remit sales tax as a manufacturing wholesaler.

Chair Douglas made a motion to approve the transfer of interest and refer back to the Attorney General for consideration of the tax issue and with the condition that the waivers expire on such agenda date as THC Production's next TOI application is heard. Member Neilander seconded the motion. All Members present said aye. Motion carried.

C. CSNLV, LLC (TOI# 21065) (C180, RC180, P113, RP113)

Chief Staley stated TOI# 21065 requested approval for Barbarajean Reuben and Shayna Indyg to each receive 50% of CSNLV after the death of Charles Indyg on December 1, 2021. Staff identified areas of concern due to late of incomplete tax returns 26 times during the last three years.

Mr. Rath presented additional information. On March 18, 2022, Kimberly Maxson-Rushton, who is counsel for TOI applicant transferees, sent a letter the CCB's Executive Director requesting that if the TOI was approved by the Board, that the Board also vote to terminate the placement of the Receiver over CSNLV contingent on approval of the court. The Board's Order placing Mr. Melech as Receiver stated, "The Receiver shall remain in place until the CCB has approved his removal. CSNLV may apply to the CCB to remove the Receiver at any time, but the CCB must approve removal by a majority vote." By their letter, the applicants have made that application for removal of the receiver contingent on the court's approval of the Receiver's discharge. Pursuant to NRS 241, if the Board approves the TOI, it may then decide to vote on the request for removal. If the Board chooses to vote on removal, it is recommended for the removal to be contingent and effective only on the court's subsequent approval to discharge the receiver.

Ms. Rushton appeared on behalf of CSNLV along with Ms. Reuben and Ms. Indyg. The Receiver Dotan Melech and his counsel, John Savage, were also present. Ms. Rushton stated CSNLV is a boutique operation and if approved, Ms. Reuben and Ms. Indyg intend to continue in that spirit of operation. Ms. Reuben and Ms. Indyg reside in Nevada and Ms. Reuben's background includes banking and hotel management. Ms. Indyg is a junior at UNLV. Ms. Rushton recognized the concerns regarding the delinquent tax returns, noted they were all zero tax returns, and have a proposed action plan to ensure returns are timely filed. There were extenuating circumstances for the late filed returns. Returns with payments due were timely filed. Ms. Rushton stated Ms. Reuben and Ms. Indyg have undertaken great efforts to familiarize themselves with Nevada's cannabis laws and the CCB's regulatory obligations.

Mr. Savage stated that Mr. Rath's proposal was consistent with the receivership orders. They were working with counsel on submitting a motion to the court if the application is approved.

Member Durrett asked if Ms. Reuben and Ms. Indyg had agent cards. Ms. Rushton responded that they do not. Ms. Reuben had applied in October 2021, and it had not yet been processed. On approval of this application, they would be issued owner agent registration cards. They acknowledge that they cannot move forward until the CCB, and the court approve the motion to discharge the receiver.

Member Durrett asked if they had some to assist with management that has experience in cannabis. Ms. Rushton responded that they had been in operation since 2018 and have a seasoned general manager in place.

Member Neilander asked Ms. Reuben to provide summary of how the business will go in the future. Ms. Reuben stated it was a family business and would continue to work to remain in compliance and produce a clean product. Ms. Reuben wanted to continue Mr. Indyg's vision with their daughter, Shayna. Member Neilander commented that the submitted business plan was very good.

Chair Douglas had concerns about the tax compliance issues. Chair Douglas made a motion to approve the transfer of interest request, conditioned that the receiver be allowed to terminate upon approval by the district court as set forth, and

referred the matter to counsel as to the tax issue. Member Neilander asked if it was appropriate to conditionally approve the discharge of the receiver before the court. Chair Douglas responded that he would like to handle this expeditiously. If there was no opposition from the receiver and the court was looking for CCB approval if everything was in order, he did not think it would offend the court. The Judge will still make sure the requirements are met and the CCB will trust his judgement in the case. Member Neilander seconded the motion and commented that he did not think the tax issues in the case were similar to other cases and did not see a willful or negligent violation due to the circumstances. [Member Merritt left the meeting at 10:00am.] All Members present said aye. Motion carried.

D. Premium Produce, LLC (TOI# 18080) (C033, RC033, P038, RP038)

Chief Staley stated TOI #18080 requested approval for existing members Priscilla Vilchis and Sharon Poon to sell a portion of their membership totaling 15% to new investor Alejandro Gonzales-Morales. Premium Produce requested waivers pursuant to NCCR 5.125 of the requirements of NCCR 5.110 regarding a review of all owners for transfers under 5%. Premium Produce has adequately addressed the items required in NCCR 5.125 to allow the Board to approve such waiver. Staff suggest that if approved, the Board limit the waiver to expire on such agenda date as Premium Produce's next TOI application is heard. Staff identified areas of concern because Premium Produce filed late or incomplete tax returns 37 times during the last three years. The Nevada Department of Taxation filed tax liens against Premium Produce for \$98,481 which were released after payment in September 2021. Premium Produce did not pay its tax liabilities for October, November, and December of 2021 until it paid the accumulated amount of \$140,653.33 in February 2022. Premium Produce is currently in compliance with tax requirements. An additional area of concern was identified with 2% minority owner Stephen Silverman who was charged with conspiracy to commit wire fraud, conspiracy to commit money laundering, and conspiracy to engage in the unlawful distribution of prescription medication in U.S. District Court for Northern District of California. Mr. Silverman pled not guilty to the charges and the trial date is set for June 13, 2022.

Amanda Connor appeared on behalf of Premium Produce. Point of contact Derek Connor and Priscilla Vilchis were present in person. Mr. Gonzales-Morales and Mr. Silverman were present via Zoom. Ms. Connor stated that in regard to the pending case related to Mr. Silverman, he was in attendance pursuant to the request of staff. Ms. Connor understood and agreed with the recommended condition on the license that staff has placed that if there was a guilty verdict, Premium Produce would immediately take actions to remove Mr. Silverman as a member. Ms. Connor added with regard to the late tax return payments, Premium Produce was now current in its tax payments and has taken steps to become in compliance including hiring a new bookkeeper. Ms. Vilchis who was hospitalized for several months last year is now taking a more active role into oversight. Ms. Connor asked if the Board had concerns regarding the tax payments, that it be referred to the Attorney General's office for discussion similar to other licensees.

Member Neilander asked Mr. Gonzales-Morales what his vision was for the company going forward. Mr. Gonzales-Morales responded that he would look to be more involved in the day-to-day business, being in compliance, and helping to manage. He has a medical equipment company that he has run for 10-12 years and would like to bring his expertise to Premium Produce and make it more efficient.

Chair Douglas asked if there would be any changes in local management. Ms. Vilchis responded that Mr. Gonzales comes to Las Vegas three days a week and has looked for a home to become a resident of Nevada.

Member Durrett commented the company should also be responsible for reporting the outcome of Mr. Silverman's case in the event that Mr. Silverman does not.

Member Durrett made a motion approve the transfer of interest, referred back to the Attorney General's office for review of potential tax violations; the request for waiver is granted and will expire at such time as Premium Produce's next TOI application is heard; Mr. Silverman is responsible for reporting any outcome of his case to the CCB; Premium Produce must report to the CCB once his case has concluded; if Mr. Silverman is found guilty of the charges, Premium Produce will immediately place his interest in escrow pending CCB action on Mr. Silverman's interest. Member Neilander seconded the motion. All Members present said aye. Motion carried.

Chair Douglas called for a short recess at 10:16 a.m. Chair Douglas called the meeting back to order at 10:25 a.m. with a quorum of Chair Douglas, Member Neilander, and Member Durrett

E. Informational Memo re: NuLeaf/Jushi TOI approved during February 2022 Board Meeting (TOI# 21014, 2100027)

Chief Staley stated there was a clerical error in TOI# 201014 and 2100027 for Jushi Holdings Inc. The TOI request was heard by the Board on the February 2022 agenda. The Board approved the transfer of various NuLeaf licenses from

various NuLeaf subsidiaries to various Jushi subsidiaries. After Board approval, CCB staff learned that Jushi had also acquired the NuLeaf subsidiaries that held such licenses. This is an informational item to correct the record that the licenses will not be held directly by Jushi NV, Inc. and Jushi NVCLB, Inc., but will be directly held by NuLeaf Reno Productions, LLC, NuLeaf Sparks Cultivation, LLC, NuLeaf Clark Dispensary, LLC, NuLeaf Incline Dispensary, LLC, and NuLeaf CLV Dispensary, LLC. CCB Staff will correct the records.

VI. Consideration for Approval of Management Services Agreements

A. ACC Enterprises, LLC (C130, RC130) and Strata Growth, LLC

Chief Staley presented the request for approval of a management services agreement with Strata Growth, LLC, submitted through Receiver William Leonard, Jr. CCB staff reviewed the agreement and found it appropriate.

Adam Fulton (ACC Enterprises), Darren Kessler, John Savage (counsel for William Leonard, Jr.), Steven Mack (Strata Growth), Neal Tomlinson (representing intervenor group for underlying litigation), and William Leonard, Jr. were available for questions.

Chair Douglas commented that he thought the matter needed to move forward but had concerns with the structure of the agreement, specifically the full profits going to the parties that are running the business. It seemed like a backdoor approval. A reasonable return for doing the work should be allowed with any profit put in holding until the matter is reconciled.

Chief Staley added that in analyzing the agreement, staff understood that ACC was under receivership and did not think there was cash flowing as it was. The applicant claimed it is one of the three largest employers in the Pahrump area. The contract required that all taxes and operating expenses were paid first, and receiver related expenses following. The agreement was in conjunction with a proposed TOI with the death of purportedly sole owner of ACC Enterprises. It was anticipated that the TOI will be presented to the Board in the next couple of months. A recommendation may be that the profits are placed in an escrow account under the control of the Receiver, and the amounts released upon the Board's approval and completion of the transfer of interest to the new purchaser.

Mr. Fulton stated that as they have worked through the process of how to move forward, the management agreement was a proposed solution to allow additional funding to come in and continue operations. Without the agreement, the company would shut down and the employees would lose their jobs. The management agreement was approved by Judge Williams, and they requested approval for the management agreement. Chair Douglas asked if Chief Staley's recommendation would impact the agreement. Mr. Fulton responded that the company was so upside down, he did not think there would be profits any time soon.

Member Durrett asked who the pending purchaser was, if it was Strata Growth. Mr. Fulton responded that yes, and it is a complex process where the CCB can conditionally approve the transfer, but the Court will also need to approve the sale. Member Durrett asked for information on how the relationship developed between ACC Enterprises and Strata Growth. Mr. Fulton responded that Mr. Kessler was an investor in the company and was interested in protecting his investment. The purchase is under court supervision. Member Durrett asked if there was an opportunity for other purchasers. Mr. Fulton responded that the receiver was open to what was in ACC's best interest and goes to the court for any approvals.

Mr. Savage stated that many of the issues raised by the Board were also raised at the hearing last week with Judge Williams. Mr. Savage stated that any profits were subject to a subsequent motion, but there likely wouldn't be any profits. When the Receiver began oversight, ACC had been operating at a shortfall of \$125,000 per month. It had initially been expected that the Receiver would be in place for only a short period of time. Due to various disputes, this was not able to be accomplished. The sale was not part of the original plan for the receivership but became the only viable solution due to the insolvency of the company. The receiver will need to liquidate the company, and the management agreement is a bridge to get to the liquidation sale. The court indicated the company will be sold the highest bidder, which will need CCB approval and court approval. There has been some interest from another purchaser, but only one offer has been submitted. They will petition the court to liquidate, and the court may allow time for other bids. Some operating cuts were made, and it is currently operating at a \$100,000 per month shortfall. The company can't survive without the management agreement and infusion of funds. Tax payments and payroll may not be able to be made without the management agreement. The motion to cease operations was pulled from the court after the conditional approval of the management agreement was received. It appeared that Medicine Man was trying to relitigate this issue in front of the Board. The receiver will remain in control of the company under the management agreement. Mr. Savage had not heard concerns from Medicine Man of the suitability of the manager.

Neal Tomlinson appeared on behalf of the Medicine Man interveners. The interveners have an arbitration award against ACC that exceeds \$2 million with interest. They would like to make sure that everything is done correctly and above board. They are not looking to stop anything but would ask the Board to take no action at this time. The court's order has not yet been entered on the management agreement. The interveners could file a motion for reconsideration of some issues within the management agreement. There are also questions regarding ownership, every owner and employee needs an agent card, and all TOIs need to be submitted to clean up the matter.

Chair Douglas asked Mr. Tomlinson if he understood that a receiver had been appointed by the court and this Board to take care of the day-to-day operations. The receiver has to figure out how best to proceed, either by closing or continuing to operate. The receiver feels it is in the best interest for this type of agreement. The receiver provides monthly status reports. There is quibbling about how to preserve the item for possible sale.

Chief Staley noted the letter for conditional approval of the management services agreement expired today [March 22, 2022]. The Board's practice has been to approve the relationship between the two parties, and not the agreement itself. Chair Douglas commented that he still had concerns.

Steven Mack on behalf of Strata Growth commented that the conditional approval expired that day, so the status quo would be to approve the management agreement. Mr. Mack added that the part of the Order that was approved by all of the attorneys, including the Medicine Men attorneys, was that the re-hearing be on certificates that were given. Mr. Mack's client was not aware of what the owner was doing, and his interest was diluted. If the management agreement is not approved, his client will not continue to put money into the company.

Member Durrett asked if Mr. Mack's client did not expect profits, did he want the management agreement in place to get his investment back? Mr. Mack responded that the management agreement was in conjunction with the TOI, so he is trying to preserve the assets to have something there. If the business closes, there will be no assets, and the plants will likely be sold for less than the taxes that are owed. Member Durrett asked what would happen to the license if the business sold. Chief Staley responded that if the business closed, the license is still there. Generally, an operating business has greater value than a non-operating business. Member Durrett asked if the license would then be revoked? Mr. Rath responded that there was a provision in the regulations that if a licensee was non-operational, after a certain period of time it would be deemed surrendered. Mr. Rath added that if a license was revoked, they get a chance to reapply or renew it, any time from two to ten years. Chief Staley added that one of the issues is that it is not clear that ACC Enterprises was owned 100% by the deceased owner. Other people are asserting claims. Member Durrett asked when the ownership would be sorted out. Mr. Fulton stated that is what they were trying to work through with the Receiver. It could be litigated for years, which is why they were trying to work together in good faith.

Mr. Tomlinson added that nobody wants the business to close. Mr. Tomlinson recommended extending the conditional approval and that a final approval was not warranted. Chair Douglas added that the management agreement was at the request of the Receiver and would be supervised by the Court and the Board.

Mr. Savage stated that the management agreement would keep the status quo. Without the management agreements, the plants may be destroyed or sold at a loss. The management agreement would protect the assets and the jobs. Member Durrett commented that the issue creditors had was that the profits would go to Strata Growth. Mr. Savage responded that in referring to the profits, it would be the operational revenue that's generated with the liquidation proceeds. Liquidation is expected in the next 2-3 months. If there are profits, the motion will go before the court to approve distribution. The Receiver would hold the funds and the court may approve or deny in whole or in part. They can also bring the matter back before the Board. Any profits would be subject to approval for distribution by the court according to claim status.

Member Durrett recommended an approval conditioned for a certain amount of time. Mr. Savage was concerned that the investor would provide not provide funds if it was a conditional approval.

Member Neilander commented that there was not a difference between extending the conditional approval granted by the Executive Director or the Board granting approval with a condition. Member added that we know the parties involved in the agreement and the ownership issues were being investigated. A business like this that closes loses its value, and that would be a problem for all parties.

Chair Douglas commented that the matter was under supervision of the Receiver and the Court. Chair Douglas made a motion for approval subject to the conditions placed by the Court, with the matter to come back before the Board in 6 months for a status update. Member Durrett seconded the motion and commented that coming back before the Board was

what she had in mind and noted that any profits may come from the operations and not the sale. All Members present said aye. Motion carried.

VII. Approvals and Resolutions

A. Notice of Final Licensure

- 1. TRNVD670, LLC (RD670)** Chief of Administration Steve Gilbert stated TRNVD670, LLC was issued a conditional license for an adult-use retail store facility in Humboldt County on December 5, 2018. On November 22, 2021, CCB staff conducted a pre-opening inspection and audit, and a statement of deficiencies was issued. TRNVD670 submitted a plan of correction that was approved by the CCB on December 29, 2021. A final license was approved and issued to TRNVD670 on February 16, 2022.

VIII. Briefing to the Board from the Executive Director

Executive Director Klimas presented a new process regarding transfers of interest. A conditional TOI process will be implemented to allow the Board to conditionally approve TOIs that would qualify under this conditional approval process. This will allow for flexibility and speed up the approval process to a degree as the CCB continues to process the applications that were in the queue during the extended review period. Not all applications will qualify, and certain conditions need to be met. There will be conditions on the conditional approval, including unwinding of the transaction if required. The Board will maintain full authority over the transactions until they come before the Board for full approval. A policy statement will be issued with the details. Conditional TOIs may be on the agenda at the April Board meeting.

Member Neilander commented that he was in favor of the new process to allow the CCB to clear some of the backlog. Member Neilander was comfortable with the seasoned CCB investigators and expediting the process. Member Durrett agreed with streamlining the process and helping the industry. Chair Douglas agreed with expediting the process and would like to see it as a consent agenda item.

IX. Next Meeting Date

The next Board meeting is scheduled for April 26, 2022.

X. Items for Future Agendas

Chair Douglas stated Members can provide items to be considered on future agendas.

XI. Public Comment

Will Adler on behalf of Silver State Government Relations commented that the transfer of interest process creates a lot of stress. Mr. Adler hoped that the conditional approval process would help. He had concerns that it was not a final license; it was conditional.

Amanda Connor appreciated the CCB Staff and Board's efforts to approve the transfer of interest process. Ms. Connor stated that the transfer of interest that she presented at the meeting was submitted on October 1, 2018. Ms. Connor had concerns with the condition that the conditional approval could be completely unwound by the Board before going to final approval. Local jurisdictions will not allow the companies to move forward on such conditional approvals because they would require that the transaction be completed for them to move forward in the transition. If the final approval takes months or years, the company is still in pending limbo. Ms. Connor thought additional work needed to be done.

PaulMichael Burgess stated he has been working with CCB staff regarding a petition he submitted in October 2021. Mr. Burgess commented that there was no petition process for social equity interpretation of Nevada laws or Executive Orders. The petition was for himself and his business, and also for the local brown and black community. Mr. Burgess was working on a drone cannabis delivery system.

XII. Adjournment

Meeting adjourned at 11:24 a.m.