

Nevada Cannabis Compliance Board

Meeting Minutes April 26, 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
Bryan Young
Dennis Neilander

Chair Douglas called the meeting to order, and Executive Director Klimas took roll. Chair Michael Douglas, Member Merritt and Member Durrett were present in Las Vegas. Member Young was present in Carson City. Member Neilander was present via video connection. Deputy Attorney General Rosalie Bordelove confirmed that the meeting complied with open meeting law requirements.

I. Public Comment.

There was no public comment.

II. Meeting Minutes

A. Consideration for approval of the March 22, 2022, Cannabis Compliance Board Meeting minutes.

There were no questions from the Board. Member Merritt made a motion to approve the minutes for agenda item II A. Member Durrett seconded the motion. All Board Members said aye. Motion carried.

B. Consideration for approval of the March 22, 2022, Cannabis Compliance Board Workshop minutes.

There were no questions from the Board. Member Durrett made a motion to approve the minutes for agenda item II B. Member Merritt seconded the motion. All Board Members said aye. Motion carried.

III. Consent Agenda

A. Complaints

Director Klimas stated that there were two complaints that the Attorney General's office had reviewed and recommended proceeding with disciplinary action.

1. As to Respondent A, the complaint alleged violations of NRS 678B, NCCR 4, NCCR 5, and NCCR 6.
2. As to Respondent B, the complaint alleged violations of NCCR 4, NCCR 6, and NCCR 10.

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

B. Conditional Approval of Request for Transfer of Interest.

1. Homegrown Vegas, LLC (TOI# C21043, C21064, C22006, C22007) (C014, RC014) and Nevada Wellness Center, LLC (D009, RD009, RD505)

Director Klimas noted that this was the first conditional approval for a transfer of interest (TOI) to be considered by the Board. The conditional approval for TOIs was discussed at the March Board meeting. Director Klimas stated that TOIs C21043, C21064, C22006, and C22007 concerned the transfer of interest between current owners of Nevada Wellness Center, the transfer of interest between current owners of Homegrown Vegas, the transfer of dispensary RD505 between related entities Nevada Wellness Center, LLC and Nevada Wellness Center West, LLC, and the sale of Homegrown Vegas, LLC to Silver Black Attack, LLC (a Nevada Wellness affiliated entity). The conditions to the conditional TOIs were explained to the applicants and they have all signed a conditional transfer of interest agreement. The conditional agreement will also be signed by Director Klimas if approved by the Board. The conditional TOI revealed that Homegrown Vegas had a number of late filed tax returns with the Department of Taxation during the last three years. CCB staff recommended that if approved, the Board refer the matter to the Attorney General's office and CCB staff for further investigation.

Chief of Investigations David Staley did not have additional comments but was available for questions.

Theodore Parker, attorney for Nevada Wellness Center, stated that they have been in communication with CCB staff and felt that the Board had all of the information to make a decision.

Chair Douglas made a motion for approval of the request for the conditional transfer of interest with the condition that the Homegrown Vegas is referred to staff for consideration of the late taxes. Chair Douglas added there was a concern with the late payment of taxes; this is a business and privileged license. The funds support education and should be paid when they are due. Member Durrett seconded the motion. Member Neilander commented that he had the same concerns as Chair Douglas but would support the motion. All Members said aye. Motion carried.

IV. Presentation by Nevada State Treasurer Zach Conine on Marijuana Banking Pilot Program

Nevada State Treasurer Zach Conine gave a presentation on the Treasurer Office's efforts to implement a cashless payment system and banking system for the legal cannabis industry. Mr. Conine stated Assembly Bill 466 of the 2019 Legislative Session established a pilot program in the State Treasurer's Office for a closed-loop payment processing system. It required the State Treasurer to contract with one or more qualified vendors to establish system(s). The Treasurer's Office was hopeful for the passage of the federal State Banking Act. The goals are to make the cash-based system safe, transparent, efficient, and lawful. The processing system will hold and distribute cash transactions internally. A closed-loop payment system tracks and records every transaction so that everyone knows exactly where the money is coming from. A closed-loop payment processing system is more efficient by eliminating and reducing the processes of verifying bill counts, securing cash, and transporting cash. A closed-loop system will provide the opportunity to deal with banking inequities that may have kept businesses out of the industry. A closed-loop system will discourage bad actors and criminal enterprises from taking advantage of the cash-based system.

There are four elements to the program: program participants/user, the closed-loop payment processing system (technology), cash vaulting services (kiosks and couriers), and bank account/banking services. The Treasurer's Office will reconcile all transactions in the bank account against the vendor systems and the state's accounting systems as appropriate; this will include the review and redemption of all tokens for US dollars.

This is a voluntary program, and they are seeking 5-10 locations to participate in the first phase. The initial program launch will not include consumers. The addition of consumers will be considered after the program has been successful on a business-to-business level.

The vendors will provide the IT system that will allow for transaction within a closed-loop. The program will function similar to a casino chip; cash is exchanged for digital tokens which will be used to purchase products from other system users. At the end of the cycle and following verification, system users will request redemption of their tokens for an equivalent amount of US dollars. Each user will have a unique identifier. Users will interact with one another using digital tokens. Each transaction by the users will be appended with information, such as what the transaction was for, date and time, quantity, and tax information.

Vaulting encompasses two primary areas: cash vaults/kiosks and armored car pick-ups/drop-offs. Subcontractors will provide and maintain the cash vault which will be leased by the user and housed at the user's location. Vaults will log the serial number of any deposited US dollar and scan/flag any deposited US dollar that appeared to be fraudulent. Vaults will automatically schedule armored car pick-ups once a certain capacity is reached. Cash pickup and vaults will be provided by vendor subcontractors.

The bank account will be State-owned and will house all deposits made into each system. All transactions within each system will be secured by the cash equivalent held by the state. Once a request for redemption has been made and verified, the State will request funds from the banking partner to facilitate payment of the user in the equivalent value of US dollars.

Stakeholder meetings were held to collect input on the functions and features of the program. The Treasurer's Office drafted and posted a request for proposal (RFP) which resulted in identification of two vendors. The program's plan was presented to the Interim Finance Committee and approved. A banking partner was identified.

The final stages to get the program up and running include a request to the Board of Finance to open a State-owned bank account; identification of cannabis related businesses that may be interested in participating; system setup, onboarding and

implementation. The final step will be to go live, and if successful new users will be added incrementally as functions are tested.

Member Durrett asked if utilities and payroll could be paid using this system. Mr. Conine responded that was the intention and they would need to work with those companies to get them onboarded.

Member Merritt thought it was a step forward for the businesses.

V. Consideration the Proposed Settlement Agreements to Resolve Disciplinary Action

A. Cannabis Compliance Board vs. MA & Associates (Case No. 2021-48)

Senior Deputy Attorney General L. Kristopher Rath presented the settlement agreement for MA & Associates. The case arose from a disciplinary complaint that was filed and served on November 9, 2021. The Respondent filed its answer and request for a hearing on December 21, 2021. A hearing officer was assigned, and the parties proceeded with the disciplinary process. The allegations included failure to provide certificates of analysis to the CCB at the same time as the lab's clients, providing false statements to the Board regarding aliquot weights, failure to report proficiency testing results, and failure to maintain quality assurance programs. The Respondent sought to resolve the violations and began settlement negotiations. The negotiations were complicated by the fact that CCB staff conducted another investigation after the answer was filed on December 8, 2021, which found additional issues including with accreditation for all required analytes and failure to perform full compliance testing for multiple production runs of cannabis-infused drinks. The parties agreed to include resolution of the violations found during the December 2021 investigation with the resolution of the allegations in the complaint. The Respondent admitted to one Category I violation for making an intentionally false statement to the Board, one Category II violation for unintentionally destroying or concealing evidence, one Category II violation for failing to conduct all required testing for cannabis product, and one Category III violation for failing to maintain quality assurance and quality control programs in a laboratory. Respondent agreed to pay \$300,000 civil penalty with a payment plan option over eighteen months. The Respondent provided a plan of correction that includes updates and refinements to key policies and procedures. Respondent has hired a quality assurance quality control compliance director. The Attorney General recommended and requested approval of the settlement agreement.

Derek Connor and Amanda Connor appeared on behalf of the Respondent. Mr. Connor requested approval of the settlement agreement and was available for questions. Mr. Basloe was available via Zoom for questions.

Member Neilander asked if the compliance director was hired from within the company or was it an independent hire. Ms. Connor stated that the compliance director was an external hire and added that their law firm was also hired to work on compliance with the compliance director. Member Neilander asked if the compliance director had prior cannabis experience. Ms. Connor thought that he did not have prior cannabis experience, but he did have other compliance laboratory experience.

Member Durrett commented that the fine seemed high but considering that the labs are held to be the safeguard of the public, it did make sense. Mr. Connor agreed that the fine was high but did not comment on whether it was fair. Mr. Connor added that the company had some financial difficulties in addition to time and effort billing that was due. The company has also suffered loss of part of the business and reputation as a result of this action.

Chair Douglas commented that there are rules in place. The client, for business reasons, has agreed to enter into a stipulated settlement of this matter. Their obligation is to follow the law. Chair Douglas would not support a payment plan over 12-months. The fine was large, but they could have lost their license in total. The Board may consider hardship, but the hardship can be loss of the license. The Board must look at public safety and public concerns in this matter.

Chair Douglas made a motion to accept the settlement agreement with the payment plan in place and noted that he will not support in the future any payment plan that goes over a year. Member Neilander seconded the motion. All Members said aye. Motion carried.

B. Cannabis Compliance Board vs. Damien Jamal Ness (Case No. 2022-60)

Senior Deputy Attorney General Emily Bordelove presented the matter to the Board. The complaint was filed and served on March 7, 2022. After receipt of the complaint, Mr. Ness reached out to the CCB, acknowledged and did not contest the revocation of his agent card. Mr. Ness disputed the civil penalty amount outlined in the complaint as excessive. The Attorney General's office discussed the terms of the settlement agreement. Mr. Ness did not hire counsel and represented himself pro se in the matter. Mr. Ness was employed by Essence Tropicana and worked in its drive thru. In April 2021, Essence Tropicana reported to the CCB that a person under 21 years of age attempted to purchase cannabis inside its

dispensary. Upon further investigation, it uncovered three prior instances of the same person successfully purchasing cannabis through its drive thru. One of the instances was Mr. Ness's sale of the cannabis that occurred on or about April 9. The CCB resolved the issue with Essence Tropicana in Case No. 2021-50. To resolve this matter, Mr. Ness admitted to one Category II violation for failure to verify the age and allowing an underage person to purchase cannabis. Mr. Ness agreed to revocation of his agent card for a four-year period to begin the date the CCB approves the Stipulation and Order. Mr. Ness agreed to pay the civil penalty of \$2,500 within the four-year revocation period. If this civil penalty is not paid within the four-year period, Mr. Ness's agent card will be revoked for nine years and eleven months. At the end of the revocation period, Mr. Ness may request reinstatement of his cannabis establishment agent card. The Attorney General recommended and requested approval of the settlement agreement.

Mr. Ness appeared on his own behalf and was available for questions. Chair Douglas summarized the settlement agreement and asked if Mr. Ness understood the terms. Mr. Ness responded that was correct. Mr. Ness stated that something wrong happened, and he took acceptance of that.

Member Neilander made a motion to approve the settlement agreement in item V B as stated on the agenda. Member Merritt seconded the motion. All Members said aye. Motion carried.

VI. Request for Transfer of Interest

Chief Investigator David Staley presented the transfers of interest.

A. Greenway Health Community, LLC (TOI# 19054) (P097, RP097)

Chief Staley stated TOI 19054 requested a withdrawal of a proposed transaction that was originally filed on July 1, 2019. Due to the extended review period, the proposed transaction was terminated, and Greenway requested a withdrawal on July 10, 2020. Staff identified areas of concern because Greenway filed late or incomplete tax returns with the Nevada Department of Taxation 17 times during the last three years. None of the late filed returns included late payments.

Daniel Caravette and Michelle Norgard appeared on behalf of Greenway Health Community. Mr. Caravette is the owner and Ms. Norgard is the Director of Operations. Mr. Caravette requested to close TOI 19054.

There were no questions from the Board. Chair Douglas made a motion to approve the withdrawal of the TOI and would refer the matter the Attorney General's office for further review of the late tax filings. Member Neilander seconded the motion and asked Chair Douglas if the motion was without prejudice. Chair Douglas affirmed. All Members present said aye. Chair Douglas noted that Member Durrett was not available at the time and would abstain. Motion carried.

B. Inyo Fine Cannabis Dispensary, L.L.C. (TOI# 21066) (D071, RD071)

Chief Staley stated TOI 21066 requested approval for the transfer of Frank Reed's 5% ownership into the Reed Family Trust with his wife Marilyn Reed acting as trustee after Mr. Reed's death on September 15, 2021. Staff identified an area of concern because Inyo was six months delinquent in paying commerce tax for the year ended June 2021.

David Goldwater appeared on behalf of Inyo Fine Cannabis Dispensary and requested approval of the transfer. Mr. Goldwater took full responsibility of the late payment of the commerce tax that was due to a clerical error. Mr. Goldwater added that Inyo was timely on all tax filings for sales tax, excise tax, and payroll taxes.

Member Neilander asked if the trust will be active or just a passive investor if the transfer is approved. Mr. Goldwater responded that Ms. Reed will be asked to be member of the Board of Directors. Member Neilander commented that the failure to pay the commerce tax appeared to be an isolated incident that was a mistake between Mr. Goldwater and his accountant and asked if there had been any instances of failure to pay timely taxes. Mr. Goldwater responded that there were no other instances of late payment.

Member Neilander made a motion to approve item VI B as stated on the agenda, with the condition that the trustee file a new TOI application in the event that Marilyn Reed is replaced as the trustee of the F and M Family Trust dated September 2016. Member Durrett seconded the motion. All Members said aye. Motion carried.

C. CLS Holdings USA, Inc. (TOI# 19080, 19082, 19083) (C039, RC039, D046, RD046, P024, RP024, T073)

Chief Staley stated TOI 19080, 19082 and 19083 requested approvals for an internal reorganization that was originally approved by the Nevada Department of Taxation on December 12, 2018, but which neglected to record the presence of an intermediary company. An early suitability review for a lounge license was completed in conjunction with the investigation. The investigative report concluded that CLS was suitable for the requested TOIs and a potential lounge

license. The early review did not include specifics related to the operation and location of the proposed lounge. CLS requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding a review of owners related to transfers of under 5%. CLS adequately addressed the items required in NCCR 5.125 to allow the Board to approve such waivers. Staff suggest that if approved, the Board limit CLS's 5.112 and 5.125 waiver to expire on such agenda date as its next TOI application is heard. Staff identified areas of concern because CLS licensed subsidiaries have filed late or incomplete tax returns with the Nevada Department of Taxation nine times during the last three years.

Chair Douglas asked if all tax filings are up to date and paid. Chief Staley responded that Taxation has reported the company was current at this time.

Amanda Connor and Derek Connor appeared on behalf of CLS Holdings. Jeffrey Binder was available via Zoom. Ms. Connor referred to this TOI as a cleanup of the transfer that occurred in 2018. This TOI added an intermediary entity into the structure. Ms. Connor requested approval of the transfer of interest and the waivers. The company provided proof that some of the tax returns were timely filed and paid or that the tax returns were not required because they made under the requisite amount requiring a filing for the commerce tax. There were five returns that CLS admitted to late filing or payment. The late returns were quite a while ago and have been corrected with training and other tracking mechanisms.

Member Neilander asked for clarification on the structure. Ms. Connor stated it was an intermediary entity now and that was not reflected in the prior transfer. Ms. Connor thought that the previous owner did not reflect Alternative Solutions in the ownership structure correctly, so when the transfer was processed, it was left out. Ms. Connor's client acquired the interest through Alternative Solutions so that should have been reflected.

Member Neilander made a motion to approve item VI C as stated on the agenda, with the condition that the regulation 5 waivers expire on such agenda date as CLS Holding's next TOI application is heard. Member Merritt seconded the motion. All Members said aye. Motion carried.

Chief Staley asked if there was any direction on the tax issues. Chair Douglas stated the matter was approved as it is.

D. Greenleaf Enterprises, Inc. (TOI# 21021, 2200008 - 2200015) (C050, RC050, T037); Greenleaf Production, Inc. (TOI# 21021, 2200008 - 2200015) (P041, RP041); Greenleaf Wellness, Inc. (TOI# 21021, 2200008 - 2200015) (D056, RD056)

Chief Staley stated the TOIs were filed by Greenleaf entities for the distribution of 3% of aggregate shares from seven existing shareholders to master grower Mark Zielger under the terms of his employment agreement. If the proposed transfers are approved, Mr. Ziegler's ownership will increase from 2% to 5% of each of the three individual entities, and the other seven shareholders' ownership will drop somewhere between 1.5% to 1%. Staff identified areas of concern due to late or incomplete tax returns filed with the Nevada Department of Taxation twenty-one times during the last three years across the three Greenleaf affiliated subsidiaries.

Katie Hoffman from Fennemore Craig law firm appeared on behalf of Greenleaf Enterprises, Greenleaf Production, and Greenleaf Wellness. Ms. Hoffman stated the TOIs were the final sets of ownership interests that Mr. Ziegler earned with each entity under the independent contractor agreement he signed with each entity in 2017.

Chair Douglas asked if Ms. Hoffman would like to make a statement regarding the tax issue. Ms. Hoffman responded that those considerations were of concern to Greenleaf before they began working on the TOI. Greenleaf made a significant investment transitioning from their current in-house accounting team to a professional CPA firm. The firm was hired to act as the CFO and Todd Sanderman was named treasurer of each entity.

There were no further questions from the Board. Chair Douglas made a motion for approval of the transfer of interest and referred the matter to staff to review the tax issues. Member Neilander seconded the motion. All Members said aye. Motion carried.

VII. Consideration for Approval of Management Services Agreements

A. Helios NV, LLC (C177, RC177) and Grow Well Group

B. Helios NV, LLC (C177, RC177) and The Lightwater Group

C. Helios NV, LLC (C177, RC177) and The Higher Source, LLC

Chief Staley presented the management services agreements between Helios NV, LLC and Grow Well Group, The Lightwater Group, and The Higher Source, LLC. There are three separate management agreements, but Chief Staley's description covered all three. CCB staff have reviewed the agreements and found them to be acceptable.

Orlando Padilla represented Grow Well. Georgina Miller represented The Lightwater Group. Larry Bertsch appeared on behalf of the Receiver for Helios. Alyssa Gorham and Lisa Apodaca represented the Higher Source.

Mr. Bertsch stated that they found many problems and have been making corrections. Mr. Bertsch met with the investors and have decided to make changes in management. There was 6 million dollars of accounts payable that was not recorded. They are trying to get financial statements that have credibility in order to move forward.

Chair Douglas commented that Kiera Sears submitted a statement and asked if there were any other statements to be made. Ed Humphry appeared on behalf of the landlord, 800 Stillwell Partners, LLC, and commented that the entity was two months behind in rent and have not received adequate communication from the Receiver or any rent payments. Mr. Humphrey stated they had questions regarding the management agreement with Grow Well. The management fees were approaching \$30,000 per month and rent has not yet been paid; they did not feel that was appropriate to pay equity members while rent was not paid. Mr. Humphrey urged the Receiver to open the lines of communication.

There were no additional questions from the Board. Mr. Bertsch commented that they were trying hard and were going to get over the hump and make it successful.

Chair Douglas made a motion to approve the three management agreements. Chair Douglas noted that the Board received reports from the Receiver as to what was going on and outside parties were free to voice their concerns to the appropriate parties. Member Neilander seconded the motion. All Members said aye. Motion carried.

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

A. International Service and Rebuilding, Inc. (C211, P141)

Chief of Administration Steve Gilbert presented the matter to the Board. International Service and Rebuilding Inc. (ISR) was issued a medical cultivation and production license on April 11, 2018, within City of Fernley jurisdiction in Lyon County. On January 13, 2022, ISR submitted a request to extend the February 5, 2022, deadline to receive a final inspection by the CCB. Management reported that the delays included issues related to covid, pandemic, and remote working conditions. At CCB staff's request, on March 2, 2022, ISR submitted a list of completed actions within the City of Fernley from July 10, 2018, to July 13, 2020, and with Lyon County officials. A change of location request was submitted in September 2020 to relocate from Fernley to Dayton in Lyon County. The request was denied on August 20, 2021. ISR is looking to secure a site with a building already in place which will comply with state and local regulations and has appointments to view properties. ISR continues to pursue relocating in the Lyon County jurisdiction. Staff identified no areas of concern.

Ardea Canepa-Rotoli and Eva Segerblom of the law firm Maddox Segerblom Canepa appeared on behalf of ISR. The owner, Thomas Combs, was available for questions. Ms. Canepa-Rotoli stated that Mr. Gilbert covered the work that has gone on with the license. ISR had a secured a building but then the City of Fernley changed the zoning. Land was then purchased, but it appeared after numerous meetings with officials and planners that ISR would not be given the final sign off for that location. After the change of location was denied, Mr. Combs was still looking within the City of Fernley for a new location. Ms. Canepa-Rotoli asked for a 12-month extension of time for Mr. Combs to secure a location in the City of Fernley or work towards reconsideration of transferring the license to Dayton in Lyon County.

Chair Douglas commented that Ms. Canepa-Rotoli's presentation addressed his questions regarding getting up and running which seemed to be a shot in the dark. Member Durrett commented that Mr. Combs made the best decision in retaining counsel as it did not seem that Mr. Combs would be able to go forward. Member Durrett was inclined to give a one-time extension. Member Neilander was also inclined to offer an extension.

Chair Douglas made a motion to grant a one-year extension to February 2023. Member Durrett seconded the motion. All Members said aye. Motion carried.

IX. Approvals and Resolutions

A. Notice of Final Licensure (for discussion only)

- 1. Deep Roots Harvest, Inc. (RD397)** Chief Gilbert stated Deep Roots Harvest, Inc. was issued a conditional adult-use cannabis retail store license on December 6, 2018, in the City of Las Vegas. A pre-opening inspection/audit was conducted on March 30, 2022, and the facility was found to be in compliance. Final licensure was issued for RD397 on April 12, 2022.

2. **HH Sub 1, LLC (RD548)** Chief Gilbert stated Helping Hands Wellness Center Inc. was issued a conditional adult-use cannabis retail store license on December 5, 2018, in the City of Las Vegas. At the May 25, 2021, CCB Board Meeting, a transfer of interest was approved transferring the conditional license RD548 to HH Sub I LLC. A pre-opening audit/inspection was conducted on February 7, 2022, and the facility was found to be in compliance. Final licensure was issued on April 1, 2022, to HH Sub I LLC for RD548.

X. Petition filed Pursuant to NRS 678A.460(1)(d)

A. High Sierra Holistics, LLC's Petition to amend NCCR 5

Senior Deputy Attorney General Mike Detmer provided an introduction to the Board. High Sierra Holistics, LLC submitted a petition pursuant to NRS 678A.460 and NCCR 4.145 for the adoption of a regulation to the NCCR. The proposed regulation referenced LCB File No. R092-17A and seemingly intended to reenact the repealed regulation of NAC 453D.265 which arose from that LCB File No. In summary, the proposed language would require the Board to open an application round upon the request and application of an existing medical cannabis license holder provided that it is of the same type, at the same location, and located within a jurisdiction where a moratorium had been lifted.

Chair Douglas asked Mr. Detmer if the petition provided sufficient information for the Board to be able to go forward with the matter in regard to studies and if the statutes that enabled the one-for-one transfers are no longer on the books. Mr. Detmer responded that was correct.

Ashlee Ernst appeared on behalf of High Sierra Holistics and stated they were asking for the one-for-one license for cultivation and production in Lyon County which no longer had a moratorium. They had a location and had requested the recreational license as it was much broader. Russell Ernst added that it will cost a lot of money to get the facility up and running, and it would be hard to complete the project without the tools.

Chair Douglas asked if High Sierra would like to comment on the petition requirements of studies to be provided so that the Board is aware of whether there is a present need for this type of requested change. In addition, would High Sierra provide a comment on the underlying authority to do the one-for-one and that it was no longer in effect.

Ms. Ernst stated they had previously been told that they would be able to transfer to the one-for-one after the moratorium was lifted. They were not aware that they would not be able to do so under the CCB. They would like to open the license to generate more tax revenue for the county and the state.

Member Young provided a disclosure that he had a doctor/patient relationship with one of the members of High Sierra Holistics; Member Young did not think that would affect his ability to make a decision in the matter.

Member Durrett asked if High Sierra Holistics's current license was conditional or final. Ms. Ernst responded that their medical license was still conditional. Ms. Ernst added that they wanted to see if they could get the recreational license before finishing the project due to the cost. Member Durrett commented that the proposed language needed work, but that High Sierra may not qualify under the proposed language because it does not have its final medical license. Ms. Ernst responded that it was their understanding that originally the conditional licenses that were not under a moratorium were granted the recreational conditional licenses. Member Durrett added that she did not think the one-for-one was intended to be the only window, but this language is the wrong way to go about it.

Member Neilander asked the Attorney General to confirm if the statutes that allowed the one-for-one have been repealed by the Legislature. Mr. Detmer responded that NAC 453D.265 was repealed and that was essentially the one-for-one license regulation. The enabling statute was NRS 453D.200 and NRS 453D.210; those have both been repealed. NRS 453D.210 had timeframes in which the licenses could be applied for and received.

Member Neilander asked the petitioner if they were aware that the underlying statutory authority doesn't exist now. Ms. Ernst responded that they were not aware that they were removed but knew that they were no longer under the Department of Taxation. Ms. Ernst asked if there was another way to get the one-for-one or to open an application period.

Mr. Detmer added that many of the provisions contained in the repealed statutes have been carried over to NRS 678A-D; the parts that specifically reference the one-for-one license have been repealed. Member Durrett thought that the statutes were repealed when AB 533 was adopted and those open application periods had already occurred, so there was no reason to adopt them into the new regulatory scheme. Member Durrett added that the Board has the authority to open licensing rounds, but that would come after a market study is conducted and other precursors have occurred.

Chair Douglas asked for any further comments. John Oceguera spoke on behalf of The Source, Thrive, GTI, and Curaleaf in this instance. Mr. Oceguera stated they were not opposed to a narrow petition; however, Mr. Detmer's analysis gave pause and would potentially be opposed in that case. Mr. Oceguera would like to seek clarification that it would be limited to dual license applicants and not precedent setting.

Amanda Connor commented that she thought there were several medical licensees that were provisional when the one-to-one opened, and it was understood that that may be their only opportunity to get a one-to-one dual license. Ms. Connor's law firm encouraged their clients to apply and several in counties with moratoriums did seek that opportunity even though they were provisional. The statute did not expressly state that there would be additional one-to-one open application periods.

Chair Douglas commented that he did not think the petition put before the Board met its duty of providing the Board with sufficient information to go forward and did not support the petition that was offered. There are legal impediments at this time. Chair Douglas thought that the Board needed to look at what the need was for an additional licensing round and have that information ready for Legislature.

Member Durrett agreed with the Chair's sentiments and did not think that the language was the right way to go about it because it allows potential licensees to determine when there is a license period instead of the agency. Member Durrett thought the Board needed to discuss when there would be a market demand study.

Member Neilander agreed with Chair Douglas and Member Durrett's comments. The petition was deficient in that the language does not comport with what would be required in the regulations, and the statute does not provide the authority for the CCB to go in that direction. The Legislature may have to take up the one-for-one license again, considering that those statutes were repealed.

Member Merritt agreed with the comments. Chair Douglas made a motion to deny the petition without prejudice and recommended to CCB staff to begin the process of a market study to the need for additional licensing. Member Merritt seconded the motion. All Members said aye. Motion carried.

XI. Petition filed Pursuant to NRD 678B.630

A. Paul Michael Burgess

Chair Douglas held agenda item XI.

XII. Briefing to the Board from the Executive Director

Executive Director Klimas stated on 4/20, the CCB's inspectors did spot checks on over 50 dispensaries and only a few minor compliance issues were reported. Preliminary data showed there were over 200,000 retail transactions across the state which is up 12% from the transactions last year. The dollar amount was relatively the same as last year at just under 5 million.

Director Klimas provided an updated regarding White Pine County. White Pine had submitted a petition that was heard at the February Board meeting regarding new licensing rounds. White Pine wanted to discuss this further at the April Board meeting. County Manager Michael Wheable came to the CCB office and there was a productive and positive meeting. The CCB heard White Pine County's desires and concerns and discussed the CCB's wish for all jurisdictions across Nevada being able to diversify their economy and participate in the industry. The market study is in the works and will go out for an RFP process soon. In addition, the mechanism for the application does not yet exist in the regulations. There may be other opportunities for jurisdictions to participate or bring in licenses outside of a licensing round, possibly during Legislative session and discussions on the transferability of licenses outside of the jurisdiction of origin.

Director Klimas added that there will be third full workshop on consumption lounge regulations on Friday, April 29, 2022. It is anticipated that this will be the last workshop on consumption lounges.

XIII. Next Meeting Date

The next Board meeting is scheduled for May 24, 2022.

XIV. Items for Future Agendas

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

Chair Douglas returned to agenda item XI regarding the petition of Paul Michael Burgess as to suitability for licensing and social equity. Pursuant to NRS 241.010, the Board may conduct a closed meeting to consider the character, allegations of misconduct, professional competence, or physical and mental health of a person if so requested. Chair Douglas asked Mr. Burgess if he would like a closed meeting. Mr. Burgess responded that he wanted a closed meeting.

Chair Douglas asked Ms. Rosalie Bordelove if the public comment must be held until after the closed session. Ms. Bordelove responded that the Board may do public comment before the closed session but must allow the public back in after the closed session because the action taken needs to happen in an open session.

Chair Douglas asked for public comment to heard prior to closed session and after.

XV. Public Comment

A'Esha Goins with Black Joy Consulting on behalf of Cannabis Equity and Inclusion Community provided public comment. Ms. Goins brought attention to AB533, section 64, subsection 4, that the Board shall by regulations establish a pilot program for identifying opportunities for an emerging small cannabis business to participate in the cannabis industry. Ms. Goins would like an update on the status.

Chair Douglas asked for the public to leave the boardroom for the closed session at 10:53 a.m.

Chair Douglas called the meeting back on the record and in open session at 11:10 a.m.

XI. Petition filed Pursuant to NRD 678B.630

A. Paul Michael Burgess

Chair Douglas made a motion to deny without prejudice. The Board is prohibited from taking action due to the statutory 10-year period in this case. Member Durrett seconded the motion. All Members said aye. Motion carried.

Chair Douglas asked for the Executive Director to report to the Board in 60 days on two matters. First, as to the ability to work with the industry and not be in the industry. Second, as to an update on what the department feels about the activity of reporting delta-8 and delta-9.

Mr. Burgess asked for clarification on the drone business. Chair Douglas responded that it was not clear at this time regarding participation in the industry and the Board would wait to hear on the report to get a better understanding.

XV. Public Comment

Chair Douglas commented that one of the concerns the Board has is the hope that has been thrown out there for a lot of people in regard to social equity. However, in many cases, it possibly will be an unfulfilled hope because the Legislature did not provide sufficient authority to enact that.

Member Neilander commented that he had personally been opposed to blanket exclusions for people who have had a criminal history unless it is related to the industry that is being regulated. For example, in Gaming each instance is considered on its merits unless it was a crime against Gaming.

Member Durrett thinks that the Board's position matters and should be taken to the Legislature next session. Member Durrett thought that the excluded felonies that involved cannabis should be repealed; cannabis has a unique history where people were over-prosecuted for crimes that others got a free pass on. The idea of social equity in this field would entail removing those excluded felonies especially when they include cannabis.

Nicole Buffong represented the Chamber of Cannabis and Minorities for Medical Marijuana. Ms. Buffong thanked the Board for the hard work and appreciated that her suggestion regarding wraps used in dispensaries may be included in the proposed regulations. Ms. Buffong thanked the Board for the work in making this a fair and transparent process.

XVI. Adjournment

Meeting adjourned at 11:16 a.m.