

Nevada Cannabis Compliance Board

Meeting Minutes May 24, 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 May 24, 2022.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair
Jerrie Merritt
Riana Durrett
Bryan Young

Chair Douglas called the meeting to order, and Director Klimas took roll. Chair Michael Douglas and Member Durrett were present in Las Vegas. Member Young was present in Carson City. Member Merritt was present via video connection.

I. Public Comment.

Steven Cohen and Nick Puliz appeared on behalf of THC Nevada and wanted to comment on Regulation 12.065. They held their comments until that agenda item.

Will Adler spoke on behalf of the Sierra Cannabis Coalition. Mr. Adler stated the Coalition was a forward thinker in the industry and thought that there were issues that needed to be addressed by the Board, including issues with CCB staff relations with the industry, fines, time and effort charges, lab testing program, timeliness of staff response in Accela and transfer process. Mr. Adler did not feel the current trajectory was correct.

Derek Connor spoke on behalf of Connor and Connor law firm. Mr. Connor commented on agenda item II C and submitted his public record request as public comment. The request was submitted on April 27 and the response was that the records would be provided by June 10.

II. Meeting Minutes

- A. Consideration for approval of the April 26, 2022, Cannabis Compliance Board Meeting minutes.**
- B. Consideration for approval of the April 29, 2022, Cannabis Compliance Board Workshop minutes.**
- C. Consideration for approval of the May 20, 2021, Cannabis Compliance Board Emergency Meeting Minutes.**

There were no questions from the Board. Member Durrett made a motion to approve the minutes for agenda items II A, B, and C. Member Young 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 and NCCR 6.
2. As to Respondent B, the complaint alleged violations of NRS 678B, NCCR 4, and 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 and 2). Member Merritt seconded the motion. All Members present said aye. Motion carried.

IV. Consideration the Proposed Settlement Agreements to Resolve Disciplinary Action

Senior Deputy Attorney General L. Kristopher Rath stated that Senior Deputy Attorney General Emily Bordelove will present the first proposed settlement agreement.

A. Cannabis Compliance Board vs. Jeremy Scott Evans (Case No. 2022-59)

Ms. Bordelove presented the matter to the Board. The complaint was filed and served on January 31, 2022. The answer was filed on March 4, 2022. Mr. Evans retained counsel, Mr. Brian Hardy and Ms. Dominique Bosa-Edwards, to represent

him in this matter. The events at issue occurred at the Essence Tropicana dispensary where the respondent was previously employed in their drive-through. In late April 2021, Essence Tropicana reported to the CCB that a person under the age of 21 had attempted to purchase cannabis inside its dispensary and it undertook a further investigation. Purchases made through the drive-through were discovered. One of these instances was the respondent's sale of cannabis that occurred on or about April 2, 2021. In the proposed settlement agreement to resolve this matter, the respondent admitted to one Category II violation for failing to verify the age and allowing an underage person to purchase cannabis. Respondent agreed to a fourteen-calendar day suspension of his agent card to commence tomorrow and terminate on June 7, 2022. Respondent agreed to \$2,500 civil penalty with a four-month payment plan to start on June 15, 2022. If not paid within this time, the agent registration card will be revoked for nine years and eleven months. Respondent agreed to complete within sixty days an age verification online course approved by the CCB and to stay out of trouble for one year. The Attorney General recommended and requested approval of the settlement agreement.

Mr. Brian Hardy thanked the staff for the thorough investigation and stated that the underage individual was entered in the system and able to purchase cannabis previously and from Mr. Evans. Mr. Hardy added that they appreciated being able to keep good individuals in the industry. Mr. Evans cares about the industry, the people, and takes his job seriously. Mr. Evans stated he appreciated the CCB working with them on the matter.

Member Durrett asked Mr. Evans if he could afford the fine and be able to pay it off in the time allotted. Mr. Evans responded that he was able to pay the fine broken up into payments. Member Durrett asked Mr. Evans if he thought the person was of age because they were in the system. Mr. Evans responded that yes, they already had a file built into the system. Member Durrett commented that it seemed there was a problem with the structure and maybe the employee shouldn't have to pay for that; other employees may get the message that you have to check ID.

Member Young asked if Mr. Evans thought that he had the proper training prior to this. Mr. Evans replied that he thought he had the training and if there was an issue, it would be the equipment not working properly.

Chair Douglas noted that the violations could have resulted in a \$25,000 fine and revocation of the cannabis establishment agent registration card if the matter had gone to hearing. Chair Douglas state that the settlement included a civil penalty of \$2,500 payable in four monthly payments of \$625, a fourteen-calendar day suspension of the cannabis establishment agent registration card, successful completion of an online course on age verification, and to refrain from committing any other violations. Chair Douglas asked Mr. Evans if that was his understanding of the settlement agreement. Mr. Evans responded affirmatively.

Member Durrett made a motion to approve the settlement agreement between Mr. Evans and the CCB. Member Young seconded the motion. All Members present said aye. Motion carried.

B. Cannabis Compliance Board vs. Tryke Companies SO NV, LLC (Case No. 2022-81)

Mr. Rath presented the settlement agreement for Tryke Companies SO NV, LLC (D030 and RD030). The settlement arose from a disciplinary complaint that was filed and served on April 28, 2022. The respondent has not filed an answer to the complaint as it has requested and was granted an extension until June 2 so the respondent could initiate and pursue settlement negotiations in order to resolve the case prior to the due date for answering the complaint. The allegations included obstructing a CCB investigation, intentionally or unintentionally concealing evidence, failure to maintain required surveillance systems, unintentional false statements to the Board, and failure to follow seed to sale tracking requirements. As set forth in the settlement agreement to resolve these matters, respondent admitted to one Category I violation for obstructing regulatory personnel from performing their official duties, one Category II violation for unintentionally destroying or concealing evidence, a second Category II violation for failing to maintain a required surveillance system, one Category III violation for failing to follow seed to sale tracking requirements, and one Category IV violation for improper storage of cannabis and cannabis products. Respondent agreed to pay \$205,000 civil penalty within thirty days of the date the CCB approves the agreement. Respondent provided a plan of correction that was approved by CCB staff. The plan of correction included the following: the respondent terminated the two employees involved in the obstructive activities and concealment of evidence, staff have been trained on the scope of CCB's regulatory authority to conduct unfettered investigations, surveillance camera was installed for full coverage, further training was provided to employees on the proper storage of cannabis, a weekly reconciliation process was instituted to ensure its physical inventory lines up with Metrc and any discrepancies appropriately resolved, and ceased use of point of sale software to run inventory reports as this did not result in accurate inventory data. The Attorney General recommended and requested approval of the settlement agreement.

Joel Schwarz, Brett Scolari, Adam Ryan, Liam Davis, and KayAnn Tysee appeared on behalf of Tryke Companies. Mr. Scolari, General Counsel for Tryke Companies, apologized on behalf of the ownership and employees for the events. Mr. Scolari state they had a culture of compliance and had always worked cooperatively with inspectors and investigators. Mr. Scolari owned the mistakes and executed on plans of correction. Mr. Scolari thanked Director Klimas, the CCB team, and Deputy Attorney General Rath for the work on the proposal. Mr. Schwarz also thanked Mr. Rath for the expeditious work on the settlement.

Member Durrett commented that Tryke was one of the gold standards in the industry; it was impressive and a leader in compliance in the industry. Member Durrett asked what kind of effect this fine would have on the business. Mr. Schwarz responded that he thought the fine was significant, and Mr. Rath argued that it was measured with the seriousness of the violations that are alleged and agreed to, and there was a significant fine for a particular Category I violation. Mr. Scolari added that the fines will hurt, but the current ownership group was prepared to pay the settlement amounts that were negotiated.

Chair Douglas asked if Tryke Companies agreed with the contents of the settlement agreement. Mr. Schwarz responded affirmatively. Chair Douglas noted the aggressive correction plan that was put in effect.

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

C. Cannabis Compliance Board vs. Tryke Companies SO NV, LLC (Case No. 2022-84)

Mr. Rath presented the settlement agreement for Tryke Companies SO NV, LLC (Case No. 2022-84). The disciplinary complaint was filed and served on April 28, 2022. The allegations included making unintentionally false statements to Board agents, failure to follow seed to sale tracking requirements, failure to meet the requirements for disposal of cannabis waste, failure to submit required reports to the Board, and failure to properly stock restrooms. Tryke's counsel reached out to begin settlement negotiations and the proposed settlement was executed by the parties on May 12. As set forth in the settlement agreement to resolve these matters, respondent admitted to one Category II violation for making an unintentionally false statement to the Board, one Category III violation for failing to follow seed to sale tracking requirements, a second Category III violation for failing to meet requirements for disposal of cannabis waste, one Category IV violation for improper storage of cannabis, and five Category V violations for failure to submit required reports to the Board. Respondent agreed to pay \$107,500 civil penalty within 30 days if the CCB approves the settlement agreement. Respondent provided a plan of correction that was approved by CCB staff. The plan of correction included the following: a weekly reconciliation process was instituted to ensure its physical inventory lines up with Metrc and any discrepancies appropriately resolved, ceased use of point of sale software to run inventory reports as this did not result in accurate inventory data, inventory and compliance manager will routinely review all employee transfers and assignments with human resources to ensure proper notice is provided to the CCB, training was provided to employees regarding the cannabis destruction process, audit of destruction logs, and updated procedure to ensure cannabis for destruction is rendered unusable at the retail store. The Attorney General recommended and requested approval of the settlement agreement.

Mr. Joel Schwarz appeared on behalf of Tryke and thanked Mr. Rath and CCB staff for their work to expedite the process.

Member Durrett asked for clarification on the dates of the two Tryke complaints as they were both on January 26, 2022. Mr. Rath stated that they were from different investigators on the same date. Member Durrett commented that the allegations in this case were not as serious as they previous one and would be in favor of a smaller fine.

Chair Douglas asked if the employee terminated in this case was the same as the one terminated in the previous case. Mr. Scolari responded that there was no employee issue in this case. Mr. Rath added that there was no obstruction issue in this case. Chair Douglas commented that the appreciated the stipulated settlement agreement in this case and noted that it was important to follow the law in regard to seed to sale tracking for the good of the industry and public safety. Chair Douglas appreciated the aggressive plan of correction. Member Durrett stated that there are intricacies to the Metrc system and would like more information on how normal it is for discrepancies. Mr. Scolari thanked Member Durrett for her comments and stated it can be challenging. Chair Douglas noted it was a fairly new industry across the country and there are different standards throughout.

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

D. Cannabis Compliance Board vs. THC Nevada, LLC (Case No. 2022-86)

Mr. Rath stated that the settlement agreement arose from the TOI investigation that was presented to the Board at the March meeting when the Board considered three transfer of interest requests from THC Nevada. The investigation uncovered multiple late-filed tax returns that involved zero returns and late payments. Respondent admitted to four Category V violations for failing to submit monthly tax reports and agreed to accept a formal warning and pay \$5,000 civil penalty within 30 days of approval if the settlement agreement is approved. A plan of correction was submitted and approved by CCB staff. The plan of correction included the following: respondent secured a demand checking account so should not have further issues with delays in making appointments, implemented calendar reminders for general manager and accounts payable to pay taxes prior to due dates, payment of taxes during the middle of the month, counseled accounts payable on importance of timely tax filings, and designated general manager as person responsible for compliance with the foregoing. CCB staff feel the warning and corrective actions appropriately addressed the concerns. The Attorney General recommended and requested approval of the settlement agreement.

Amy Sugden and Nick Puliz appeared on behalf of THC Nevada. Ms. Sugden stated that they worked quickly to implement the plan of correction beginning in February and within days had agreed to all of the terms that were suggested. Ms. Sugden added there were mitigating circumstances in some instances but understand the seriousness of the violations. Mr. Puliz apologized for the violations.

Chair Douglas noted that the various fines could have totaled \$190,000 and the agreement was \$5,000. Chair Douglas added that there seemed to be an outstanding issue in the industry as to the taxes and the Board takes it seriously. The Board will look at licensees that aren't in full compliance to see if they will continue their license when they come up for renewals.

Member Durrett made a motion to approve the settlement agreement with THC Nevada, Case No. 2022-86. Member Young seconded the motion. All Members present [Chair Douglas, Member Durrett and Member Young] said aye. It was noted that Member Merritt dropped out of the meeting. Motion carried.

E. Cannabis Compliance Board vs. THC Production, LLC (Case No. 2022-91)

Mr. Rath stated that the settlement agreement arose from the TOI investigation that was presented to the Board at the March meeting. During the transfer of interest investigation, it was discovered that THC Production had multiple late filed tax returns, some of which involved late payments. As indicated in the settlement agreement, respondent admitted to one Category III violation for unintentional failure to pay taxes and five Category V violations for failing to submit monthly tax reports. Respondent agreed to accept a formal warning and pay \$7,500 civil penalty within 30 days of approval if the settlement agreement is approved. A plan of correction was submitted and approved by CCB staff. The plan of correction included the following: hiring a bookkeeper who will calendar and prepare the required reports and tax filings, and implementation of digital reminders for deadlines for filing tax returns for the bookkeeper, COO, and controller. The Attorney General recommended and requested approval of the settlement agreement.

Richard Cunningham appeared on behalf of THC Production. Manager Zakre Silva was available via video conference. Mr. Cunningham added that new procedures have been implemented to make sure that this does not happen again and apologized on behalf of THC Productions.

Chair Douglas noted that it was an aggressive plan of correction.

Member Young made a motion to approve the settlement agreement between the CCB and THC Production, Case No. 2022-91. Member Durrett seconded the motion. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

V. Request for Transfer of Interest

Chief Investigator David Staley presented the transfers of interest.

A. Rural Remedies, LLC (TOI# 22003) (RD596)

Chief Staley stated TOI# 22003 requested approval for Rural Remedies to acquire adult-use cannabis retail license RD596 owned by Lone Mountain Partners. The transfer was requested as part of a settlement agreement amongst various applicants in the September 2018 cannabis licensing round and the Nevada Department of Taxation. Pursuant to the settlement agreement, Lone Mountain agreed to transfer RD596 in Lander County to Rural Remedies which will allow for the potential operation of a vertically integrated cannabis business in Lander County. No areas of concern were identified. Joseph Ramos appeared remotely on behalf of Rural Remedies. Mr. Ramos stated that they went through the settlement process with the parties named by Chief Staley. They worked with Taxation and the CCB to bring all of the legal matters

to a conclusion. Mr. Ramos stated he and his brother were born and raised in Lander County. They would look to serve the community in Lander County and bring an end the circle of litigation from 2018. Mr. Ramos requested that the Board approve the settlement agreement. Mr. Ramos noted that Lander County had not yet approved any stores and would like the consideration of the extension of time if and when they are approved. The potential license will be idle until they are approved.

Chair Douglas noted that the report showed no areas of concern and if approved by Lander County, it would allow for a vertically integrated cannabis business.

Member Durrett made a motion to approve the transfer of interest proposed under agenda item V A, with the condition that Rural provide a written attestation that the operation of the adult use cannabis dispensary license RD596 will meet or exceed the merits of the operation specified in the original application submitted by Lone Mountain. Member Young seconded the motion. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

B. Verano Holdings Corp. (TOI# 20003, 21025, 21041, 2100009, 2100048 – 2100050) (C098, RC098, C099, RC099, C122, RC122, D081, RD081, D111, RD111, D149, RD149, RD590, RD592, RD595, RD601, P071, RP071, T048, T091)

Chief Staley stated TOI applications 20003, 21025, 21041, 2100009, 2100048 – 2100050 submitted by Verano Holdings requested approval to acquire Lone Mountain Partners LLC, Naturex LLC, and WSCC Inc. Mr. Fernando Leal did not waive the written notice requirement for the matter to be heard at this meeting. As a result, TOI 20003, 21041, 210009, and 2100050 will be split from TOIs 21025, 2100048 and 2100049. The Board will only consider the acquisitions of Lone Mountain and Naturex and waivers of NCCR 5.110. Chief Staley noted that the name of the intermediary company to affect these transactions has been changed from Nevada Natural Treatment Solutions, LLC to Verano Nevada, LLC. An early suitability for a lounge license was completed in conjunction with the investigation for the TOIs. The investigative report concluded that Verano was suitable for the requested TOIs and a potential lounge license. Verano 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%. Staff suggest that if approved, the Board limit such waivers to expire on the next agenda date for a Verano transaction. Staff identified areas of concern because Lone Mountain and Naturex filed late or incomplete tax returns with Nevada Department of Taxation forty-six and thirteen times respectively during the last three years.

Amanda Connor appeared on behalf of Verano Holdings. General Counsel James Leventis was available via video connection for questions. Ms. Connor requested approval of the pending TOIs as outlined by Mr. Staley and the two waivers.

Member Durrett asked the interest in a consumption lounge license would transfer if the license did not yet exist. Chief Staley responded that there will not be a transfer of a consumption lounge license since those have not been issued. The transfer will be of the adult use retail sales facility license. The investigator completed a preliminary review of Verano to determine its suitability to open such a consumption lounge. When the regulations are promulgated and the application period begins, the retail attached applicants will submit their formal application for the consumption lounge. If licenses are issued, it would go along with those retail establishments that are being transferred. Chief Staley added that this was a preliminary pre-approval based on the extensive TOI investigation. CCB audit and inspection will complete their work with the location is proposed to open; a brief update will also be provided by CCB investigators.

Chair Douglas asked how the transfers would be affected if only part of them were approved. Chief Staley responded that the transfers with Lone Mountain and Naturex were separate and distinct from the proposed transaction of WSCC. WSCC's applications included multiple internal transfers and its acquisition by Verano. The WSCC TOIs were bifurcated from the Lone Mountain and Naturex TOIs and waivers. The consumption lounge pre-approvals are all tied to Verano, the parent company. WSCC applications will be scheduled for the June meeting.

Chair Douglas made a motion to approve the TOIs as outlined by staff and the waiver of NCCR 5.110 conditioned to expire on the next licensing date; and refer the matter to staff regarding the possible tax concerns. Member Durrett seconded the motion. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

C. Trulieve Cannabis Corp. (TOI# 21012) (C038, RC038)

Chief Staley stated TOI 21012 requested approval for Trulieve to purchase GreenMart of Nevada LLC and its licenses C038 and RC038 from MJardin Group Inc. Trulieve 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%. Staff suggest that if approved, the Board limit such waivers to expire on the next agenda date for Trulieve's next transaction. Staff identified

areas of concern. GreenMart filed late or incomplete tax returns with the Nevada Department of Taxation seventeen times during the last three years.

Alicia Ashcraft appeared on behalf of Trulieve. Chief Legal Officer Eric Powers and Assistant General Counsel Brian Manning appeared remotely. Ms. Ashcraft stated they were available to answer any questions and requested approval of the transfer of interest.

There were no questions from the Board. Chair Douglas made a motion for approval of the transfer of interest and the waiver, with the waiver expiring on the date of the next action before the Board and referred the matter to staff for a review of the possible tax concerns. Member Durrett seconded the motion. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

VI. Request for Consideration of Approval of Court-Appointed Receiver’s Application for a Cannabis Establishment Agent Registration Card for a Cannabis Receiver

A. Larry L. Bertsch, CPA, CFF, GCMA’s Application for a Cannabis Establishment Agent Registration Card for a Cannabis Receiver as Court-Appointed Receiver for NNV Operations I, Inc. d/b/a Silver State Trading (C141, RC141, P091, RP091) in Eighth Judicial District Court Case No. A-22-849400-B

Mr. Larry Bertsch appeared on his own behalf and asked the Board if there were any questions. Chair Douglas stated that the Board has seen Mr. Bertsch before and commented that there appeared to be no opposition to the appointment at District Court. Mr. Bertsch replied that there was not.

Chair Douglas asked if anyone wanted to speak on the record in the matter. Ms. Ariel Williams, President of Disciplinary Counsel on behalf of NNV Operations, stated that they welcome and support the appointment of Mr. Bertsch as receiver for NNV Operations.

Member Durrett made a motion to approve the court appointed receiver application under agenda item VI A. Member Young seconded the motion. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

VII. Consideration for Approval of Corrective Action Plan and Lifting Summary Suspension

A. NLVG, LLC (C155, RC155, P082, RP082) (Case No. 2022-73)

Mr. Jared Kahn and Ms. Judith Woodward appeared on behalf of NLVG, LLC. Mr. Kahn requested approval of the plan of correction that was submitted for lifting the summary suspension that was issued in this matter. Mr. Kahn stated they worked diligently with staff and thanked them for their efforts. Mr. Kahn noted that it took the entity by surprise as there was difficulty in managing an employee that became disgruntled. The employee took decisive and damaging action against the entity. The employee no longer works for the entity and made written documentation that she was going to take harm against the entity. They are considering legal action against her for the damages caused by her actions that led to the violations that occurred. NLVG had years of compliance except for a previous violation that was settled. Employees have been retrained and NLVG has taken all of the steps in the plan of correction that was submitted. Mr. Kahn was available for additional questions and requested approval of the plan of correction and the lifting of the summary suspension.

Chair Douglas asked if there were any questions or comments from the Board and applauded the plan that was put in place. Mr. Kahn added that they were shut down for a month and a half.

Member Young made a motion to approve the corrective action plan and lifting the summary suspension against NLVG in agenda item VII A. Member Durrett seconded the motion. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

VIII. Consideration for Approval of Proposed Amendments and/or Additions to the Nevada Cannabis Compliance Board Regulations

A. Regulation 12. Packaging and Labeling of Cannabis Products

1. NCCR 12.065 Cannabis treaded with radiation.

Chief of Inspection and Audit Kara Cronkhite provided an introduction to the regulation. Chief Cronkhite stated the need for NCCR 12.065 arose when facilities began using new and unique methods to remediate cannabis. The initial draft specified irradiation of cannabis would require specific labeling on the packages. There were concerns with the term irradiation potentially including things like sunlight and that other remediation efforts were not being captured in the

language. After several workshops and consideration of all public comment, the language was revised to include any process for the purpose of reducing or preventing microbial contamination. Chief Cronkhite and Member Young met with interested parties and have received support for the revised language. The proposed language now reads, “If any cannabis or cannabis product has been treated with any thermal process, chemical, ionizing radiation, or other processes for the purpose of reducing or preventing microbial contamination at any time, the label must include the method of treatment and the following statement: ‘NOTICE: in bold lettering.’” Specific details would be addressed by policy in the future. The intention for method of treatment would be the type of treatment and not the brand of equipment.

Chair Douglas asked if the modification was modeled after anything else in the country. Chief Cronkhite responded that it was initially modeled after the language required by the FDA for food treated with irradiation but has been modified several times based on public comment. Chair Douglas asked for public comment.

Steve Cohen and Nick Puliz spoke on behalf of THC Nevada. Mr. Cohen stated that he understood the intent of the regulation but was concerned with the unintended consequences. Mr. Cohen stated the word “chemical” could mean anything. Mr. Cohen thought the consumer may not understand a warning on the package but recommended having a warning displayed in the facility stating that products may have been treated. Mr. Cohen thought the language was too big to put on each package and those in support of the language were the manufacturers of the devices. Mr. Cohen did not want to drive consumers to the black market. Mr. Puliz stated it will deter consumers from buying clean, safe, legal, taxable cannabis. The consumer won’t understand the words used for the method of treatment and it will scare them. Mr. Puliz recognized that Legislature tied the industry to food standards but claimed to have not seen a warning on any food label. Mr. Puliz recommended added the information to the soil amendments that are sent with every order that goes to the dispensary and the consumer can ask to see the soil amendments if they are concerned. Mr. Cohen suggested the language to be displayed as “This product has undergone treatment to ensure compliance with testing standards,” and did not think that language would be a deterrent. Mr. Puliz added that there were hundreds of ways to decontaminate a product and didn’t know if every single thing a cultivator used would need to be on the label.

Kimberly Maxson-Rushton appeared on behalf of RAD Source Technologies. Ms. Rushton stated that RAD Source had submitted a petition to repeal or amend this regulation in December 2020. Ms. Rushton stated it warranted being repealed due to the fact that there were no harmful effects from the decontamination treatment methods. Ms. Rushton added that regulation blended the terms “decontamination” and “remediation.” Ms. Rushton stated the FDA regulation this was based on was repealed in January 2021 and applied to over-the-counter drugs and ionizing radiation. Ms. Rushton added that a regulation can’t be done in the absence of a specific statutory promulgation. NRS 678B does not speak to labeling; NRS 678 D addresses labeling but not decontamination. Ms. Rushton asked that the Board repeal the regulation or consider other language.

Rachel Lee stated the notifications have been on products for many years, on tobacco and car windows for example. Ms. Lee thought if there was a label that indicated a product had been treated for safety purposes, it would give the consumer the option to decide if they would want to use that cannabis. Ms. Lee wanted to know, as a consumer of cannabis, that it had been treated. To remove it completely would not be fair to someone that wants to make a choice.

Jill Ellsworth, founder and CEO of Willow Industries, thanked the CCB for the work on this issue. Willow Industries is a national leader in cannabis kill step in decontamination. Ms. Ellsworth thought the proposed language was an improvement. The proposed title was more accurate and proactive kill steps were addressed. Ms. Ellsworth thought that there were two additional issues that needed to be addressed and provided recommendations. Ms. Ellsworth recommended different label language for pro-active treatment and for treatment following a failed test. Ms. Ellsworth recommended clarifying the process for filling in the blank [method of treatment] and proposed that the CCB create a list of treatment methods that can be inserted into those brackets. Ms. Ellsworth thought that those changes would ensure that 12.065 accurately conveys important information to consumers without causing confusion or placing undue burden on operators.

Chair Douglas called for a five-minute recess. The meeting resumed at approximately 10:52 am.

Will Adler spoke on behalf of the Sierra Cannabis Coalition. Mr. Adler agreed with the representative from Willow Industries regarding the two different labels. Mr. Adler thought that filling in the method of treatment would allow for

errors to be made. Labels may be incorrect and lead to a reprint or recall of product.

Chair Douglas asked CCB staff for comments on the term “chemical” as it was not defined and the possible bifurcated notice. Chief Cronkhite stated that the CCB staff would be happy to create a list of any items or remediation efforts that need to be listed in the blank spot through policy and could update the list as new methods are introduced. Chief Cronkhite noted that the FDA posted again on February 17, 2022, that any irradiated foods require a Radura symbol and the statement “treated with radiation.” Chief Cronkhite added the intent was to allow consumers to understand what they are consuming. The CCB would only require the chemical or method to be included on the label if the intention was to reduce or prevent contamination. Chief Cronkhite noted that in the Forbes article provided by RAD Source as part of their public comment, Dr. Ono stated he was very much in favor of the consumer being aware that products are remediated, and the method used for remediation. Chief Cronkhite commented that differentiating between proactive treatment versus remediation after failure would potentially deter consumers if they knew it had failed and then passed after treatment. The goal is to let the consumer know that a product had been treated at some point and did not think they should be differentiated.

Member Durrett asked where the scientific studies are that prove there were no negative results to people. Member Durrett noted that some of the information that was presented by RAD Source at the workshop led by Member Young was inaccurate and they were corrected on the record. Member Durrett wanted to see the study that showed no causal relationship between the radiation and a negative consequence. Member Durrett did not think that saying it hadn’t been proven that there was a negative effect was sufficient, since that was how the tobacco industry got away with saying that cigarettes didn’t cause cancer. Member Durrett agreed that “chemical” needed to be defined and asked if “thermal” referred to heat. Chief Cronkhite stated that was correct and that none of these things were meant to let the consumer know that they were dangerous. For example, pasteurization is a thermal process, and consumers are notified that products are pasteurized.

Member Durrett asked for clarification why it was recommended to only include it on the label if it was remediation. Ms. Rushton responded that it was RAD Source’s position that there was no need for the label at all; if the Board felt that there was a notice to provide to the consumer, perhaps it should be focused on remediation because it did initially fail lab testing. Ms. Rushton recommended including “for your health and safety” on the label as it would ensure the consumer that there were no harmful pathogens on the product. Ms. Rushton also noted that in February 2021, RAD Source submitted a study done by California Cannabis Department Lab Testing. There was a full analysis relative to ionizing radiation and presented a report to RAD Source to demonstrate to the CCB that there were no harmful effects.

Member Young asked if the repeal of the FDA regulation also applied to fruits and vegetables or was it only for over-the-counter medication. Ms. Rushton stated that it was repealed for the over-the-counter medications. Member Young added that the regulation was still used extensively on products and fruits and vegetables are still required to have that label. Ms. Rushton did not have any information on that, only on the over-the-counter medication. Chief Cronkhite mentioned that there was other information required to be on labels, such as method of extraction, for consumer awareness.

Chair Douglas noted that there were some issues that gave him pause. Chair Douglas made a motion to continue the matter for 60 days to the July meeting for additional discussion and for all five Board members to be present. Member Durrett seconded the motion. Member Young commented that universally the public comment was in support of some type of labelling; Member Young supported the motion but was opposed to a repeal. Chair Douglas thought that the public needed to be afforded some information. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

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

A. Wenger, LLC (T090)

Chief of Administration Steve Gilbert introduced the matter to the Board. Wenger was issued a conditional adult-use distribution license (T090) on August 21, 2017, within Clark County. In 2019, Wenger transferred its interest in its medical and adult use cultivation and production licenses to JDW Nevada LLC. The transfer did not include its distribution license. The Department of Taxation records were incorrectly updated to include the transfer of Wenger’s distribution license. Therefore, Wenger did not receive the October 12, 2020, notice of the February 5, 2022, deadline. On February 8, 2022, CCB staff contacted the original owner of the conditional distribution license to confirm that it was not

part of the TOI request that was approved in 2019. Wenger was informed that due to not receiving the October 2020 correspondence, it was not provided the opportunity to submit a request for an extension to the February 2022 deadline. On April 16, 2022, Wenger submitted a request for an extension of time. Staff identified no areas of concern.

Ralph Steve Wenger appeared on behalf of Wenger, LLC. Mr. Wenger stated his intention was to transfer the license to the purchaser of the additional licenses but the paperwork mishap and covid had put everything on hold. The issuance of the distribution license did not come through until after the sale of the recreational and medicinal licenses. Mr. Wenger would like the chance to transfer this license to JDW. Mr. Wenger requested the extension and asked for the Board's support.

There were no questions from the Board. Chair Douglas made a motion to approve the extension to February 5, 2023. Member Durrett seconded the motion. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

B. RG Highland Enterprises, Inc. (C040, RC040)

Chief Gilbert stated RG Highland Enterprises was issued a provisional medical cultivation license on November 3, 2014, and a conditional adult use cultivation license on September 21, 2018, both in the Las Vegas jurisdiction. The final medical license was issued on October 1, 2015, but later had to cease operations due to the Nevada Department of Transportation's Project Neon freeway expansion. A change of location request was submitted to the Nevada Department of Taxation. On June 25, 2021, RG Highland submitted its first request for an extension of the February 5, 2022, deadline to August 30, 2022. The extension was approved at the July 27, 2021, Board meeting. On May 2, 2022, RG Highland submitted another request for an extension to August 30, 2023. RG Highland reported it had been diligently working towards its buildout until it was a victim of a burglary that led to unplanned delays. All of the electrical equipment will need to be replaced. Upon approval of the insurance claim, the lead time for replacement equipment was reported to be six to nine months. Staff identified no areas of concern.

Amy Sugden and Richard Ginocchi appeared on behalf of RG Highland. Ms. Sugden noted that RG Highland was one of the first operational cultivation licenses in the city. RG Highland had to move within the City of Las Vegas which is a relatively small jurisdiction for industrial spaces that can grow. The SUP was denied, petitioned, and then approved. There were covid related delays and then a massive theft in March. Ms. Sugden stated that RG Highland was requesting an extension to August 30, 2023, due to the lead time to replace the stolen equipment.

Chair Douglas was sympathetic to the situation but would keep the deadline in sync with the other license extensions. Chair Douglas made a motion of approval to extend the deadline to February 5, 2023. Member Young seconded the motion. Member Durrett commented that she appreciated that the licensee was already operational. Chair Douglas, Member Durrett, and Member Young said aye. Motion carried.

X. Approvals and Resolutions

A. Notice of Final Licensure

1. Sensible Edibles, LLC (P076)

Chief Gilbert stated Sensible Edibles was issued a provisional license for a medical production facility in the City of Sparks on November 3, 2014. On December 27, 2019, the Marijuana Enforcement Division conducted a pre-opening audit/inspection, and the facility was found to be in compliance. Before the final licensure was issued, the entity leased the building and did not proceed with becoming operational. On January 31, 2022, the CCB conducted a pre-opening audit/inspection at the same location, and it was found to be in compliance. Final licensure was issued on May 11, 2022.

2. Healing Gardens, LLC (C121)

Chief Gilbert noted that agenda item X A (2) is the same entity as Sensible Edibles. On November 3, 2014, Healing Gardens was issued a provisional license for a medical cultivation facility in the City of Sparks. On December 27, 2019, the Marijuana Enforcement Division conducted a pre-opening audit/inspection, and the facility was found to be in compliance. Before the final licensure was issued, the entity leased the building and did not proceed with becoming operational. On January 31, 2022, the CCB conducted a pre-opening audit/inspection at the same location, and it was found to be in compliance. Final licensure was issued on May 6, 2022.

XI. Briefing to the Board from the Executive Director

Director Klimas stated that the CCB was in the final stages of reviewing the consumption lounge regulations. The plan was to notice the regulations for adoption at the June Board meeting. Director Klimas noted that it was important to get the process right and to put the program in its best position to succeed. This takes precedence over the timing of launching consumption lounges as things may change.

XII. Next Meeting Date

The next Board meeting is scheduled for June 28, 2022.

XIII. Items for Future Agendas

Chair Douglas stated Members can provide items to be considered on future agendas. Chair Douglas noted that after the hurdle of consumption lounges, there may be a discussion with the industry on fines, fees, and settlements.

XIV. Public Comment

Carina Robinson, the training and compliance director at Taproot Holdings, commented that in regard to NCCR 12.065, she supported educating the public on what they were purchasing. Ms. Robinson asked to remove NCCR 12.035(1)(b). Per NCCR 12.035(1)(a), they are able to use the cannabis establishment name and its license number or the 4-to-5-digit CEID number on the compliance product labels. Ms. Robinson wondered why the medical Metrc certificate ID number was needed as well in NCCR 12.035(1)(b). Ms. Robinson requested to remove 12.035(1)(b) as it has convoluted the labels and caused unnecessary stress on the label, was more work, and wasted ink.

Chair Douglas noted that Member Merritt had rejoined the meeting [via video connection].

Will Adler on behalf of the Sierra Cannabis Coalition stated that he thought it was a great industry. He was dedicated to working with staff and the Board to try and come to conclusions with current issues and stresses.

Amber Jansen spoke on behalf of Cannabis Equity and Inclusion Community. Ms. Jansen stated they were focused on ensuring the cannabis industry in Nevada was inclusive to the people who were disenfranchised by the war on drugs. In AB533 section 64(4), the Board shall establish a pilot program for identifying opportunities for an emerging small cannabis business to participate in the cannabis industry. CEIC looked forward to assisting the Board as it develops the rules and regulations to address AB533 section 64. CEIC was saddened that consumption lounge social equity licenses will be made available to the nation's social equity residents. CEIC was aware that the CCB made every effort to be fair and just as it related to the future of the social equity licenses, but Nevada residents did not appear to be a priority.

Rachel Lee was concerned with time limits that would be placed on persons in consumption lounges and did not understand why it would be modelled after casinos. Ms. Lee stated that locals were also looking to have an experience in the consumption lounge; tourists are important as are locals. Ms. Lee thought that it should be an experience to learn Las Vegas, history and see a show. It could be a mimic of old Las Vegas and the Moulin Rouge days.

Denise Parker stated she was currently at a cultivation center and the consumption lounge was something she wanted to do. Ms. Parker stated there were many ways to consume cannabis and did not want a short time limit to be there. Ms. Parker wanted to be able to remove food from the lounge if it was packaged properly. Ms. Parker agreed with using hemp wraps in place of tobacco. Ms. Parker thought that items should be allowed to be purchased wholesale. Everyone wanted to grow vertically, and all of the licenses should be included.

XV. Adjournment

Meeting adjourned at 11:38 a.m.