

1 transfer of interest application (“TOI”) submitted by Respondent. Specifically, CCB
2 considered TOI No. 2100037. In sum, THCP was previously owned 51% by THC Nevada,
3 LLC, and 49% owned by Experience Premium Cannabis, LLC. TOI No. 2100037 sought a
4 change in ownership interest to change the ownership of THCP to 50% Experience
5 Premium Cannabis, LLC, and 50% Imperial Enterprises, LLC.

6 3. On presentation of the TOI set forth in Paragraph 2, above, to the CCB at its
7 March 22, 2022, meeting, CCB staff identified several areas of concern, including the fact
8 that there were failures to timely file and submit payment for multiple sales and use tax
9 returns over the past three years.

10 4. At the CCB’s meeting on March 22, 2022, the CCB unanimously approved the
11 TOI set forth in Paragraph 2, above, and also referred the issue of the late tax returns and
12 payments back to the CCB staff and the Attorney General’s office to further investigate
13 possible disciplinary action, as well as the potential for a settlement agreement to resolve
14 the regulatory violations.

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

24 6. As set forth herein, Respondent stipulates to pay a \$7,500 civil penalty for one
25 violation of NCCR 4.050(1)(a)(9) for unintentionally failing to pay taxes to the Department
26 of Taxation and five violations of NCCR 4.060(1)(a)(1) for failing to timely submit monthly
27 tax reports, and to accept a warning from CCB pursuant to NCCR 4.060(2)(a)(1), in lieu of
28 the CCB filing and serving a Complaint and proceeding to a disciplinary hearing.

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2 ACKNOWLEDGEMENTS AND APPLICABLE LAW

3 This Stipulation and Order is made and based upon the following acknowledgements
4 by the Parties:

5 7. THCP has entered into this Stipulation and Order on its own behalf and with
6 full authority to resolve the claims against it and is aware of THCP's rights to contest the
7 violations pending against it. These rights include the filing and service of a disciplinary
8 complaint specifying the charges against Respondent, representation by an attorney at
9 THCP's own expense, the right to a hearing on any violations or allegations formally filed,
10 the right to confront and cross-examine witnesses called to testify against THCP, the right
11 to present evidence on THCP's own behalf, the right to have witnesses testify on THCP's
12 behalf, the right to obtain any other type of formal judicial review of this matter, and any
13 other rights which may be accorded to THCP pursuant to provisions of NRS Chapters 678A
14 through 678D, the Nevada Cannabis Compliance Regulations (NCCR), and any other
15 applicable provisions of Nevada law. THCP is waiving all these rights by entering into this
16 Stipulation and Order. If the CCB rejects this Stipulation and Order, or any portion thereof,
17 THCP reserves the right to withdraw any or all such waivers.

18 8. Should this Stipulation and Order be rejected by the CCB or not timely
19 performed by THCP, it is agreed that presentation to and consideration by the CCB of such
20 proposed stipulation or other documents or matters pertaining to the consideration of this
21 Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its
22 members from further participation, consideration, adjudication, and/or resolution of these
23 proceedings and that no CCB member shall be disqualified or challenged for bias.

24 9. THCP acknowledges that this Stipulation and Order shall only become
25 effective after the CCB has approved it.

26 10. THCP enters this Stipulation and Order after being fully advised of THCP's
27 rights and as to the consequences of this Stipulation and Order. This Stipulation and Order
28 embodies the entire agreement reached between the CCB and THCP. It may not be altered,

1 amended, or modified without the express written consent of the Parties and all alterations,
2 amendments and/or modifications must be in writing.

3 11. In an effort to avoid the cost and uncertainty of a disciplinary hearing, THCP
4 has agreed to settle this matter. For purposes of settling this matter, THCP acknowledges
5 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
6 Stipulation and Order are true and correct. Without waiving any constitutional rights
7 against self-incrimination, THCP further acknowledges that, if the CCB filed and served a
8 Complaint and the matter proceeded to an administrative hearing, the "Pertinent Facts"
9 could be found to constitute multiple violations of Title 56 of NRS (NRS Chapters 678A
10 through 678D), NRS Chapter 453A, NRS Chapter 453D, NAC Chapter 453A, NAC Chapter
11 453D, and the NCCR, with civil penalties up to and including over \$125,000 in total, with
12 possible license suspension, for P017 and RP017 for each tax return or report filed, and/or
13 paid, late, if this matter went to an administrative hearing.

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

20 13. To resolve the Administrative Action, and only for those purposes and no
21 other, THCP specifically admits to the following violations with respect to CCB Case No.
22 2022-91 for licenses P017 and RP017:

- 23 a. One violation of NCCR 4.050(1)(a)(9) for unintentionally failing to pay
24 taxes to the Department of Taxation, which constitutes one Category
25 III violation; and
- 26 b. Five violations of NCCR 4.060(1)(a)(1) for failing to submit multiple
27 monthly tax reports, which constitute five Category V violations.

28 14. With respect to P017 and RP017, THCP further agrees to pay a civil penalty

1 in the amount of \$7,500¹ in consideration for its admitted violations in Paragraphs 13(a)
2 and 13(b) and accept a formal CCB warning in consideration for its admitted first Category
3 V violation in Paragraph 13(b), and in consideration for the CCB's agreement to resolve the
4 Administrative Action on the terms set forth herein.

5 15. If the CCB approves this Stipulation and Order, it shall be deemed and
6 considered disciplinary action by the CCB against THCP.

7 16. Both parties acknowledge that the CCB has jurisdiction to consider and order
8 this Stipulation and Order because THCP holds privileged licenses regulated by the CCB
9 as of July 1, 2020. THCP expressly, knowingly, and intentionally waives the 21-day and/or
10 5-day notice requirements contained in the Nevada Open Meeting Law and acknowledges
11 that this Stipulation and Order may be presented to the CCB for its consideration and
12 potential ratification at the CCB's meeting on May 24, 2022.

13 STIPULATED ADJUDICATION

14 Based upon the above acknowledgments of the Parties and their mutual agreement,
15 the Parties stipulate and agree that the following terms of discipline shall be imposed by
16 the CCB in this matter:

17 17. Violations: As to licenses P017 and RP017, THCP is found to have committed
18 one (1) Category III violation and five (5) Category V violations, as set forth in Paragraphs
19 13(a) and 13(b), above.

20 18. Imposition of Civil Penalties. THCP shall pay a total civil penalty in the
21 amount of seven thousand five hundred dollars (\$7,500) within the time set forth in
22 Paragraph 20 below, to be apportioned as set forth in Paragraph 14, above.

23 19. Formal Warning. In accordance with NCCR 4.060(2)(a)(1), the CCB hereby
24 issues a formal warning to THCP, as to its first Category V violation in the immediately
25 preceding 3 years: THCP shall timely submit all required monthly tax and sales reports,
26 as well as payments. Failure to do so in the future will invoke additional progressive
27 discipline and shall be considered an aggravating factor in considering the amount of civil
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¹ To be apportioned \$3,750 to P017 and \$3,750 to RP017.

1 penalties and any other disciplinary action in any future disciplinary actions.

2 20. Payment of Civil Penalties. *If the CCB approves this Stipulation and Order*
3 *at its May 24, 2022, meeting, THCP must pay the civil penalty set forth in this agreement*
4 *no later than 5:00 p.m., Pacific Time, on Thursday, June 23, 2022. If the CCB approves this*
5 *Stipulation and Order, or an Amended Stipulation and Order, at a CCB meeting which*
6 *occurs after May 24, 2022, then THCP must pay the civil penalty set forth in this agreement*
7 *within 30 days of the date the CCB approves this Stipulation and Order². THCP*
8 *acknowledges that it is critical to comply with the strict requirements of the deadline for*
9 *payment. THCP agrees that, should it fail to make timely payment of the civil penalty, the*
10 *following penalties and procedures will be in effect:*

- 11 a. CCB will allow a five-business day grace period for late payment³.
- 12 b. If payment is not physically received by CCB at its Carson City office by 5:00
13 p.m., Pacific Time, on the last day of the grace period, THCP shall be deemed
14 to be in breach of this Stipulation and Order, deemed to be in default, and
15 shall pay all amounts due under this Stipulation and Order, as well as an
16 additional late payment penalty of twenty-five thousand dollars (\$25,000),
17 and shall have its licenses P017 and RP017 immediately suspended, with such
18 suspension remaining in place until all amounts due under this Stipulation
19 and Order are paid in full (inclusive of the \$25,000 late payment penalty). The
20 CCB will enter an order of default to this effect after default and all amounts
21 due under this subsection shall be immediately due and payable to CCB. If
22 all amounts due under this section are not paid within 90 days after the date
23 of the order of default, licenses P017 and RP017 shall be deemed voluntarily
24 surrendered. THCP agrees it cannot and will not file any petition for judicial
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26 ² Should the due date fall on a Saturday, Sunday, or a holiday recognized by the State of Nevada, payment
27 shall be due on the first following business day, to be received no later than 5:00 p.m., Pacific Time, on that
28 date.

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

1 review and/or any action in any forum for relief from this order of default and
2 that CCB may file any judicial action necessary to recover the amounts owed
3 under this subsection, along with its attorneys' fees and costs for recovery of
4 amounts owed.

5 c. THCP may petition the CCB for an extension of the date to pay the civil
6 penalty. However, for the CCB to consider any such petition, the CCB must
7 receive said petition no later than 5 business days prior to the payment
8 deadline (which does not include any grace period). The CCB is not required
9 to grant such a petition. In such a petition, THCP must demonstrate to the
10 satisfaction of the CCB that there are extraordinary and unusual
11 circumstances necessitating the extension requested. The CCB may delegate
12 the decision as to whether to grant such a petition to the CCB Chair.

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

16 21. Plan of Correction. Respondent represents and warrants that it has
17 submitted a plan of correction, which CCB staff has approved, that will remedy and prevent
18 the recurrence of the violations set forth in this Stipulation and Order. In summary, the
19 plan of correction includes the following: (1) THCP has hired a bookkeeper, whose sole
20 duties are confined to bookkeeping and calendaring and preparing required reports, and
21 all types of tax returns and filings; (2) THCP has implemented calendar reminders for the
22 bookkeeper for tax filing deadlines; (3) THCP has implemented reminders for tax filing
23 deadlines in the digital calendars of its Chief Operating Officer and Controller, in addition
24 to the bookkeeper, so these officers can also track deadlines and ensure the company meets
25 all tax reporting and payment deadlines. Respondent further represents and warrants that
26 it is now, as of the date it has executed this Stipulation and Order, operating in full
27 compliance with NRS Title 56 and the NCCR.

28 22. Contingency if Approval Denied. If approval of this Stipulation and Order is

1 denied by CCB, THCP and counsel for the CCB agree to resume settlement negotiations in
2 good faith and attempt to reach an agreement to amend this Stipulation and Order and
3 resubmit an amended Stipulation and Order to the CCB to review for approval at a
4 subsequent regularly scheduled meeting. If such an agreement cannot be reached, the
5 Parties agree to proceed with the Administrative Action, which shall include the filing and
6 service of a disciplinary complaint and a disciplinary hearing before the CCB or its assigned
7 hearing officer. Should the Administrative Action proceed for the reasons set forth in this
8 Paragraph, CCB preserves all its claims and arguments in the Administrative Action as
9 set forth in its Complaint (to be filed⁴) and THCP preserves all its defenses and arguments
10 it may assert. An unapproved Stipulation and Order shall not be admissible as evidence or
11 referenced in argument at any disciplinary hearing in CCB Case No. 2022-91 or any other
12 matter involving the CCB.

13 23. Contingency if Approval Conditioned. If the CCB approves this Stipulation
14 and Order, but said approval is contingent on certain conditions, the parties will undertake
15 further good faith negotiations to include said conditions in an amended stipulation and
16 order for execution by the CCB Chair. If THCP does not agree to the certain conditions
17 imposed by the CCB, the parties will undertake additional negotiations and attempt to
18 reach an agreement to amend this Stipulation and Order and resubmit an amended
19 Stipulation and Order to the CCB to review for approval at a subsequent regularly
20 scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed
21 with the Administrative Action, which shall include the filing and service of a disciplinary
22 complaint and a disciplinary hearing before the CCB or its assigned hearing officer. Should
23 the Administrative Action proceed for the reasons set forth in this Paragraph, CCB
24 preserves all its claims and arguments in the Administrative Action as set forth in its
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28 ⁴ Should the CCB proceed with a disciplinary complaint, said complaint will not be limited to the violations set forth in this settlement agreement and the CCB reserves its rights to include additional regulatory violations in any such disciplinary complaint.

1 Complaint (to be filed⁵) and THCP preserves all its defenses and arguments it may assert.
2 An unapproved Stipulation and Order shall not be admissible as evidence or referenced in
3 argument at any disciplinary hearing in CCB Case No. 2022-91 or any other matter.

4 24. Closure of Disciplinary Action. Once this Stipulation and Order is fully
5 performed by THCP, the Administrative Action will be closed.

6 25. Communications with CCB Members. THCP understands that this
7 Stipulation and Order will be presented to the CCB in open session at a duly noticed and
8 scheduled CCB meeting. THCP understands that the CCB has the right to decide in its
9 own discretion whether or not to approve this Stipulation and Order. The CCB's counsel,
10 which is the Nevada Attorney General and its staff attorneys, will recommend approval of
11 this Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and
12 Order, counsel for CCB may communicate directly with individual CCB members. THCP
13 acknowledges that such communications may be made or conducted *ex parte*, without notice
14 or opportunity for THCP to be heard on its part until the public CCB meeting where this
15 Stipulation and Order is discussed, and that such contacts and communications may
16 include, but may not be limited to, matters concerning this Stipulation and Order, the
17 Administrative Action, and any and all information of every nature whatsoever related to
18 these matters. THCP agrees that it has no objections to such *ex parte* communications. CCB
19 agrees that THCP and/or its counsel may appear at the CCB meeting where this
20 Stipulation and Order is discussed and, if requested, respond to any questions that may be
21 addressed to THCP and/or the Attorney General's staff attorneys. THCP agrees that,
22 should the CCB decline to approve this Stipulation and Order, THCP will not contest or
23 otherwise object to any CCB member, and/or CCB appointed hearing officer, hearing and
24 adjudicating the Administrative Action based on the aforementioned *ex parte*
25 communications with anyone from the Nevada Attorney General's Office.

26 26. Release. In execution of this agreement, Respondent agrees that the State of
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28 ⁵ Should the CCB proceed with a disciplinary complaint, said complaint will not be limited to the violations set forth in this settlement agreement and the CCB reserves its rights to include additional regulatory violations in any such disciplinary complaint.

1 Nevada, the CCB, the Office of the Attorney General, and each of their members, staff,
2 attorneys, investigators, experts, hearing officers, consultants and agents are immune from
3 any liability for any decision or action taken in good faith in response to information and
4 data acquired by the CCB. Respondent agrees to release the State of Nevada, the CCB, the
5 Office of the Attorney General, and each of their members, staff, attorneys, investigators,
6 experts, hearing officers, consultants and agents from any and all manner of actions, causes
7 of action, suits, debts, judgments, executions, claims and demands whatsoever, known or
8 unknown, in law or equity, that Respondent ever had, now has, may have or claim to have
9 against any and/or all of the persons, government agencies or entities named in this
10 Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in
11 its Complaint, the matters set forth in this Stipulation and Order, or the administration of
12 CCB Case No. 2022-91.

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

21 The CCB may consider the discipline imposed herein in any future disciplinary
22 action against Respondent, as required under NCCR 4.030(2), along with the other factors
23 set forth in NCCR 4.030(2), and possible progressive discipline pursuant to NCCR 4.035
24 through 4.060. As every case concerns different facts and details, this Stipulation does not
25 act as precedence, or persuasive authority, to bind CCB to impose any particular penalty,
26 to charge or allege any particular violation, and/or to impose any particular disciplinary
27 action in the future for this Respondent, or any other respondent, for violations of the same
28 statutes and/or regulations addressed in this Stipulation and Order. Likewise, CCB is not

1 bound by any previous settlement agreements it has approved in entering into this
2 Stipulation and Order.

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

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

8 30. Voluntary and Informed Agreement. The Respondent represents that its
9 owners, officers, managers, and/or its directors, who are responsible for and able to legally
10 bind THCP have read completely and understand fully the terms of this Stipulation and
11 Order, that such terms are fully understood and voluntarily accepted by Respondent in
12 advance of and as memorialized by the signing of this Stipulation and Order, and that the
13 Respondent's signature to this Stipulation and Order indicates same. Respondent further
14 represents that it has voluntarily entered into this Stipulation and Order to make a full,
15 final, and complete compromise upon the terms and conditions set forth herein.
16 Respondent further represents that any releases, waivers, discharges, covenants, and
17 agreements provided for in this Stipulation and Order have been knowingly and voluntarily
18 granted and without any duress or undue influence of any nature from any person or entity.
19 The Parties, and each of them, hereby expressly acknowledge that they are each
20 represented by counsel of their own choice in this matter and have been advised by counsel
21 accordingly.

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

27 32. Binding Effect. This Stipulation and Order shall be binding upon and inure
28 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,

1 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

2 33. Construction. The headings of all Sections and Paragraphs of this Stipulation
3 and Order are inserted solely for the convenience of reference and are not a part of the
4 Stipulation and Order and are not intended to govern, limit, or aid in the construction or
5 interpretation of any term or provision of this Stipulation and Order. In the event of a
6 conflict between such caption and the paragraph at the head of which it appears, the
7 paragraph and not such caption shall govern in the construction of this Stipulation and
8 Order.

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

12 35. Jurisdiction and Forum Selection. The Parties consent to the jurisdiction of
13 the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to
14 resolve any disputes related to the terms or enforcement of this Stipulation and Order. The
15 successful or prevailing Party or Parties in such action shall be entitled to recover
16 reasonable attorney fees, costs, and expenses actually incurred in initiating or responding
17 to such proceeding, in addition to any other relief to which it may be entitled.

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

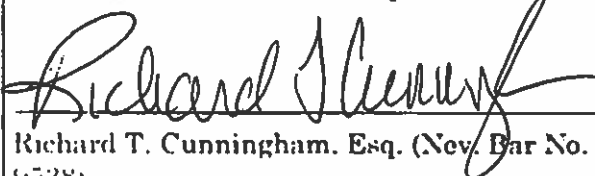
23 37. Time is of the Essence. Time is of the essence in the performance of all terms
24 of this Stipulation and Order.

25 38. Severability. If any portion of this Stipulation and Order, or its application
26 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
27 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order
28 and its application thereof shall be not affected and shall remain enforceable to the fullest


1 extent permitted by law.

2 39. Counterparts and Copies. This Stipulation and Order may be executed in
3 counterparts, each of which when so executed and upon delivery to counsel of record for the
4 Parties, or the point of contact for the licensee, shall be deemed an original
5 (Counterparts). This Stipulation and Order shall be deemed executed when Counterparts
6 of this Stipulation and Order have been executed by all the Parties and/or their counsel;
7 such Counterparts taken together shall be deemed to be the Agreement. This Stipulation
8 and Order may be executed by signatures provided by electronic facsimile or email, which
9 signatures shall be binding and effective as original wet ink signatures hereupon. All fully
10 executed copies of this Stipulation and Order are duplicate originals, equally admissible in
11 evidence.


12 IN WITNESS WHEREOF, this Stipulation and Order has been executed by the
13 Parties and attested by their duly authorized representatives as of the date(s) so indicated.
14 The Effective Date of this Stipulation and Order shall be the date it is ordered by the CCB.

15 
16 _____
17 Richard T. Cunningham, Esq. (Nev. Bar No.
18 9538)
19 Counsel for Respondent THCP

Date: 5-17-22

20 
21 _____
22 (printed name Zakre Silva)
23 On behalf of Respondent THCP

Date: 5-17-22

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25 _____
26 L. Kristopher Rath (Nev. Bar No. 5749)
27 Senior Deputy Attorney General
28 Counsel for Cannabis Compliance Board

Date: 5/18/22

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ORDER

WHEREAS, on 24th day of May, 2022, the Nevada Cannabis Compliance Board approved and adopted all the terms and conditions set forth in the Stipulation and Order for Settlement of disciplinary Action with THCP.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 24th day of May, 2022.

**STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD**

By: 
HON. MICHAEL L. DOUGLAS, CHAIR