

1  
2  
3 **BEFORE THE CANNABIS COMPLIANCE BOARD AND TAX COMMISSION**  
4 **STATE OF NEVADA**

5 STATE OF NEVADA, CANNABIS  
6 COMPLIANCE BOARD,

7 Petitioner,

8 vs.

9 ACC ENTERPRISES, LLC (C130,  
10 RC130),

11 Respondent.

CCB Case No. 2022-97

Tax Case No. 512940

12 STATE OF NEVADA, DEPARTMENT  
13 OF TAXATION,

14 Petitioner,

15 vs.

16  
17 ACC ENTERPRISES, LLC (C130,  
18 RC130),

19 Respondent.

20 **STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION,**  
21 **TAX ADMINISTRATIVE ACTION, AND DISTRICT COURT LITIGATION**

22 The Cannabis Compliance Board (the "CCB") and The Nevada Department of  
23 Taxation (the "Department"), by and through its counsel, Aaron D. Ford, Attorney General  
24 for the State of Nevada, L. Kristopher Rath, Esq., Senior Deputy Attorney General, and  
25 Natasha M. Gebrael, Deputy Attorney General, hereby enter into this Stipulation and  
26 Order for Settlement of Disciplinary Action ("Stipulation and Order") with Respondent  
27 ACC Enterprises, LLC (hereinafter "ACC" or "Respondent"), by and through its counsel of  
28 record, Adam Fulton, Esq., of Jennings & Fulton, LTD, and ACC's Receiver, William A.

1 Leonard, Jr., through his counsel, John J. Savage, of Howard & Howard Attorneys PLLC.  
2 Pursuant to this Stipulation and Order, ACC and CCB (collectively, and along with the  
3 Department and Strata Growth, LLC, the "Parties") hereby stipulate and agree that CCB  
4 Case No. 2022-97 (the "Administrative Action") shall be fully and finally settled and  
5 resolved upon the terms and conditions set out herein. The Parties further stipulate and  
6 agree that, upon the approval of this Stipulation and Order by the CCB and the Nevada  
7 Tax Commission ("NTC"), the case of *ACC Enterprises vs. State of Nevada, Department of*  
8 *Taxation*, Case No. A-19-786888-J, filed in the Eighth Judicial District Court for Clark  
9 County, Nevada (the "District Court Action"), shall also be dismissed with prejudice, each  
10 side to bear its own attorneys' fees and costs. The Parties further stipulate and agree that,  
11 upon the NTC's approval of this Stipulation and Order, the Administrative Case No.  
12 512940 shall be withdrawn and be fully and finally resolved upon the terms and conditions  
13 set forth herein.

#### 14 PERTINENT FACTS

15 1. Respondent is a domestic limited liability company registered in the State of  
16 Nevada and licensed to operate a medical cannabis cultivation facility with license  
17 identification No. C130 and an adult-use cannabis cultivation facility with license  
18 identification No. RC130.

19 2. On January 3, 2019, ACC filed the District Court Action against the  
20 Department. At that time, the Marijuana Enforcement Division of the Department was the  
21 entity licensing and enforcing Nevada's laws and regulations for the marijuana/cannabis  
22 industry. The CCB succeeded the Department as the entity licensing and enforcing  
23 Nevada's laws and regulations for the cannabis industry on July 1, 2020. The District Court  
24 Action alleged, *inter alia*, that the Department had improperly rejected ACC's applications  
25 for five recreational marijuana retail store licenses and sought five causes of action/claims  
26 for relief. The Department answered the District Court Action on April 25, 2019, generally  
27 denying all allegations.

28 3. On February 8, 2021, the District Court entered an order granting the

1 Department summary judgment on the cause of action for Judicial Review. On April 20,  
2 2021, after the Department filed a Motion for Reconsideration, the District Court entered  
3 an order granting the Department summary judgment on certain additional claims, but  
4 found issues of fact remained on other claims/causes of action.

5 4. In August 2020, the Department commenced an audit of ACC's business,  
6 which resulted in a deficiency determination arising from underreporting of certain taxes.  
7 Moreover, ACC entered into a payment plan in August of 2020 for debt owed on taxes  
8 outside of the audit periods to pay: (a) a lump sum in the amount of \$411,346.94 on or about  
9 August 5, 2020; and (b) monthly payments in the amount of \$7,500.00 with interest  
10 accruing at a rate of .75% per month (9% annual) (the "Payment Plan") pursuant to which  
11 ACC made monthly payments as of April 2022, totaling \$157,500 and of which a balance  
12 remained in the total amount of \$145,645.07 (consisting of \$105,476.56 in tax and  
13 \$40,168.51 in interest) ("Undisputed Tax Liability"). Pursuant to an Order Regarding  
14 Petition for Re-Determination dated April 30, 2021, the Department is alleging its audit  
15 determined that ACC owes \$503,275.24 (the "Disputed Tax Liability") for underpaid and/or  
16 underreported back taxes, which consists of tax in the amount of \$367,446.01, penalties in  
17 the amount of \$44,673.11, and interest in the amount of \$91,156.12 (as of April 30, 2021).  
18 ACC is currently challenging the Disputed Tax Liability in administrative case number  
19 512940 (the "Administrative Tax Case"). Additionally, on March 10, 2022, the Department  
20 filed its Receivership claim in Case No. A-21-839350-P ("Claim")<sup>1</sup>, establishing a tax  
21 liability owed in the amount of \$775,752.81. The Claim included the outstanding liabilities  
22 for the Undisputed Tax Liability, Disputed Tax Liability, and also for unpaid Modified  
23 Business Tax for periods ending March 2020, June 2020, September 2020, December 2020,  
24 March 2021, June 2021, September 2021, and December 2021 and unreported Commerce  
25 Tax for 2020 and 2021. The Parties agree that this Stipulation and Order shall resolve the  
26 tax issues set forth above in this Paragraph (collectively referred to as the "Tax Disputes").  
27 The amount being paid to resolve the "Tax Disputes", as set forth in this Stipulation and  
28

---

<sup>1</sup> The Department filed the claim but was not required to do so as set forth in this stipulation.

1 Order, shall not be construed to include and/or resolve any periods or tax obligations which  
2 are not contained in the Claim or not referenced above as part of the Tax Disputes.  
3 Continued accrual of tax obligations<sup>2</sup> outside of the Claim and Tax Disputes, and occurring  
4 after the tax periods referenced above, shall remain the responsibility of the Receiver/ACC  
5 until paid – though Strata and the Receiver may have agreed that Strata will pay these  
6 ongoing tax obligations on behalf of the Receiver/receivership estate/ACC, the  
7 Receiver/receivership estate/ACC remains responsible and understand that all such tax  
8 returns must be timely filed with remittance. Failure to file the remaining tax returns and  
9 remit the related tax will be considered a material breach and a basis for disciplinary  
10 action.

11 5. On or about July 18, 2021, Howard Misle (“Mr. Misle”) died. At that time, Mr.  
12 Misle was listed as the only managing member of ACC. Mr. Misle testified under oath at  
13 a deposition on March 18, 2021, that he was the sole owner, operator, and manager of ACC.

14 6. The CCB conducted a routine audit and inspection of ACC’s cannabis  
15 establishment on July 21, 2021, which found several regulatory violations, including a  
16 failure to list multiple employees in METRC, failure to tag cannabis products, several  
17 failures to comply with seed to sale tracking requirements, and a failure to meet destruction  
18 log requirements.

19 7. On July 29, 2021, the CCB held an emergency meeting to consider ACC’s  
20 request to grant a cannabis receiver agent card to William A. Leonard, Jr., thereby placing  
21 him as a cannabis receiver over ACC, due to the fact that ACC no longer had any owner  
22 with a valid cannabis establishment agent registration card, though there were employees  
23 then operating ACC with valid cannabis establishment agent registration cards. At the  
24 July 29, 2021, CCB meeting, the CCB voted unanimously (3-0) to approve William A.  
25 Leonard, Jr. (the “Receiver” or “Mr. Leonard”) for a cannabis receiver agent card, thereby  
26 placing him as a receiver over ACC. *See*, CCB Order in Case No. 2021-42.

27 \_\_\_\_\_  
28 <sup>2</sup> ACC and the Receivership estate will continue to accrue tax obligations as the business continues to operate until the business ceases operations, e.g., wholesale marijuana tax, business tax, sales and use tax and potentially commerce tax.

1           8.       On August 9, 2021, the Court ordered a stay of the District Court Action for  
2 90 days, based on a stipulation of the parties to the case, due to the placement of the  
3 Receiver.

4           9.       On August 11, 2021, Meghan Konecne, the surviving spouse of Mr. Misle, filed  
5 an application with the Eighth Judicial District Court for Court appointment of Mr.  
6 Leonard as a Receiver over ACC in Case No. A-21-839350-P (the "Receivership Action"<sup>3</sup>).  
7 On August 18, 2021, the Receivership Court entered an order in the Receivership Action  
8 appointing Mr. Leonard as receiver over ACC (the "Receivership Order"). On August 19,  
9 2021, John J. Savage, Esq., entered a notice of appearance as counsel for the Receiver in  
10 the Receivership Action.

11           10.      Both the CCB Order in Case No. 2021-42 and the Receivership Court's Order  
12 of August 18, 2021, required the Receiver to file monthly reports regarding the status of  
13 ACC's operations and the activities of the Receiver. The Receiver filed his first such report  
14 on August 13, 2021. This report revealed for the first time that, contrary to the records of  
15 the CCB, ACC had three members, all of which were LLCs<sup>4</sup> and that the managing member  
16 for each was Belmeko, LLC (owned by both Mr. Misle and his wife Meghan Konecne).  
17 Furthermore, each of the Building Management LLCs also had ownership interests held  
18 by multiple other individuals and entities never disclosed to the Department or CCB.

19           11.      On August 23, 2021, the Receiver filed a notice in the District Court Action  
20 that there was a stay of all pending litigation involving ACC based on the Receivership  
21 Court's entry of the Receivership Order for ACC, unless the Receivership Court ordered the  
22 stay lifted. The District Court extended its prior stay order on November 1, 2021, on  
23 stipulation by the parties to the case. By minute order on May 9, 2022, the District Court  
24 confirmed that the District Court Action remained stayed until such time as the  
25 Receivership Court lifted this stay.

26           12.      On September 13, 2021, the Receiver submitted his second report to the CCB.

27 <sup>3</sup> The actions taken in Case No. A-21-839350-P, shall be referred to as the actions taken by the "Receivership  
28 Court".

<sup>4</sup> Building Management A, LLC; Building Management B, LLC; and Building Management C, LLC, which  
shall hereinafter be referenced as the "Building Management LLCs".

1 In that second report, the Receiver reported that, "Certain investors in the Building  
2 Management Companies have challenged the ownership percentages in those LLCs and  
3 the resulting ownership interest in ACC. Accordingly, this must be resolved before any  
4 nunc pro tunc filing of a Transfer of Interest form with the CCB."

5 13. On October 14, 2021, the Court entered an Amended Receivership Order  
6 primarily to clarify that the Receiver was also appointed over the Building Management  
7 LLCs as affiliates of ACC, which, among other changes to the original order, also granted  
8 the Receiver certain powers over the Building Management LLCs. The Receiver continued  
9 to file monthly reports with the CCB and the Receivership Court and continued to report  
10 on the status of the ACC ownership disputes.

11 14. On February 15, 2022, ACC submitted an Application for Transfer of Interest  
12 ("TOI") to the CCB, seeking the transfer of ACC's cannabis establishment licenses (C130  
13 and RC130) to Strata Growth, LLC ("Strata"), subject to the Receivership Court's approval.

14 15. In the Receiver's seventh report, filed with the Receivership Court on  
15 February 16, 2022, the Receiver reported that the ownership dispute was resolved, and  
16 that ACC had submitted a TOI to the CCB for sale of ACC's cannabis licenses.

17 16. On March 7, 2022, the Receiver filed with the Receivership Court a Motion for  
18 Approval of Management Agreement. As set forth in said motion, the Receiver stated that  
19 a management agreement with Strata was necessary for cash infusion to allow ACC to  
20 continue operations due to its financial vulnerabilities while the CCB was investigating its  
21 TOI application. The management agreement was also submitted for the CCB to approve,  
22 which it did at its meeting on March 22, 2022. On March 23, 2022, the Receivership Court  
23 ordered approval of said management agreement.

24 17. On March 24, 2022, the Receiver filed a motion with the Receivership Court  
25 for approval to liquidate receivership estate assets, seeking to approve a proposed asset  
26 purchase agreement with Strata. On April 28, 2022, the Receivership Court issued an  
27 order authorizing the Receiver to liquidate the majority of the receivership estate assets,  
28 including ACC's cannabis establishment licenses. The order specified that the transfer of

1 the cannabis establishment licenses was subject to approval of the CCB. This order further  
2 approved the proposed purchase agreement with Strata as an initial Stalking Horse Bid,  
3 with a bid hearing to be held on May 17, 2022.

4 18. At the bid hearing on May 17, 2022, there were no other bids for ACC's assets  
5 apart from Strata's proposed purchase agreement. Therefore, on May 24, 2022, the  
6 Receivership Court issued an order approving the sale of receivership assets to Strata,  
7 subject to the CCB's approval.

8 19. The Receivership Court's approval of the Strata sale then allowed the CCB's  
9 staff to complete its investigation of ACC's TOI, given that the buyer was now known with  
10 certainty. The CCB's staff investigation, which included review of all the Receiver's reports,  
11 concluded that there had been multiple transfers of interest under both the Department  
12 and the CCB occurring from 2016 through February 2021, while ACC was under the control  
13 of decedent Mr. Misle. On June 28, 2022, the CCB held an open meeting at which it  
14 approved ACC's TOI, conditioned upon the subsequent approval of this global settlement  
15 agreement by the CCB, NTC, and the Receivership Court. Said TOI will not be effective  
16 until the foregoing approvals have been granted.

17 20. The Parties have engaged in good faith settlement negotiations to reach a  
18 global agreement that is mutually acceptable to Respondent, CCB staff, counsel for the  
19 CCB, and the Department, its counsel and the NTC, for resolution of the Administrative  
20 Action, which includes the regulatory violations found during the July 21, 2022, CCB  
21 inspection of the ACC cannabis establishment facility, the regulatory violations found  
22 during the investigation of ACC's TOI, the resolution of the District Court Action, and the  
23 resolution of the Tax Disputes as referenced in paragraph 4. The Parties agree and  
24 understand that, to be effective, this Stipulation and Order must be approved by majority  
25 vote of the members of the CCB and the NTC and is contingent upon all such approvals  
26 and the Receivership Court's approval, and the dismissal with prejudice (each side to bear  
27 their own fees and costs) of the District Court Action. This Stipulation is not effective until  
28 all approvals and contingencies set forth in this Paragraph have occurred.

1           21. ACC has agreed to waive the filing and service of a formal complaint with  
2 respect to its violations of the Nevada Cannabis Compliance Regulations ("NCCR"), and  
3 any violations of Title 56 of NRS, and/or violations of NRS Chapters 453A and 453D, and  
4 or any violations of NAC 453A and 453D, and stipulates to the discipline set forth in this  
5 Stipulation and Order.

6                           **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

7           This Stipulation and Order is made and based upon the following acknowledgements  
8 by the Parties:

9           22. ACC has entered into this Stipulation and Order on its own behalf and with  
10 full authority to resolve the claims against it and is aware of ACC's rights to contest the  
11 violations pending against it. These rights include the filing and service of a disciplinary  
12 complaint specifying the charges against ACC, representation by an attorney at ACC's own  
13 expense, the right to a hearing on any violations or allegations formally filed, the right to  
14 confront and cross-examine witnesses called to testify against ACC, the right to present  
15 evidence on ACC's own behalf, the right to have witnesses testify on ACC's behalf, the right  
16 to obtain any other type of formal judicial review of this matter, and any other rights which  
17 may be accorded to ACC pursuant to provisions of NRS Chapters 678A through 678D, NRS  
18 Chapters 453A and 453D, NAC Chapters 453A and 453D, the NCCR, and any other  
19 provisions of Nevada law. ACC is waiving all these rights by entering into this Stipulation  
20 and Order. If the CCB rejects this Stipulation and Order, or any portion thereof, all such  
21 waivers shall be deemed withdrawn by ACC.

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

28           24. ACC acknowledges that this Stipulation and Order shall only become effective



1 after the CCB has approved this Stipulation and Order, the NTC has approved this  
2 Stipulation and Order, the Receivership Court has approved this settlement, and the  
3 District Court Action has been dismissed with prejudice.

4 25. ACC enters this Stipulation and Order after being fully advised of ACC's  
5 rights and as to the consequences of this Stipulation and Order. This Stipulation and Order  
6 embodies the entire agreement reached between the CCB and ACC. It may not be altered,  
7 amended, or modified without the express written consent of the Parties, and all  
8 alterations, amendments and/or modifications must be in writing.

9 26. In an effort to avoid the cost and uncertainty of a disciplinary hearing, ACC  
10 has agreed to settle this matter. For purposes of settling this matter, ACC acknowledges  
11 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this  
12 Stipulation and Order are true and correct. Without waiving any constitutional rights  
13 against self-incrimination, ACC further acknowledges that, if the CCB filed and served a  
14 Complaint and the matter proceeded to an administrative hearing certain facts contained  
15 in the "Pertinent Facts" could be found to constitute violations of Title 56 of NRS (NRS  
16 Chapters 678A through 678D), NRS Chapters 453A and 453D, NAC Chapters 453A and  
17 453D, and the NCCR, with penalties up to and including revocation, suspension, and/or  
18 civil penalties of at least \$475,000 for C130 and RC130, if this matter went to an  
19 administrative hearing.

20 27. In settling this matter, the Executive Director for the CCB and counsel for  
21 CCB have considered the factors set forth in NCCR 4.030(2), including: the gravity of the  
22 violations; the economic benefit or savings, if any, resulting from the violations; the size of  
23 the business of the violator; the history of compliance with the NCCR and Title 56 of NRS  
24 by the violator; actions taken to remedy and/or correct the violations; and the effect of the  
25 penalty on the ability of the violator to continue in business. In addition, the Executive  
26 Director for the CCB and counsel for the CCB have also taken into account several  
27 situational factors that affected Respondent, including the fact that the violations occurred  
28 under the ownership of decedent Mr. Misle, that the Respondent's licenses will be

1 transferred to new ownership should this settlement agreement be approved, and the fact  
2 that ACC is one of the larger employers in Pahrump, Nevada.

3 28. To resolve the Administrative Action, and only for those purposes and no  
4 other, ACC specifically admits to the following violations for licenses C130 and RC130:

5 a. One violation of NCCR 4.040(1)(a), for effecting a transfer of interest  
6 without regulatory approval, which constitutes one Category II  
7 violation.

8 b. One violation of NCCR 4.050(1)(a)(4), for failing to tag all plants, which  
9 constitutes a Category III violation.

10 c. Three violations of NCCR 4.060(1)(a)(1), for failing to submit monthly  
11 sales or tax reports or payments, which constitute three Category V  
12 violations.

13 29. With respect to C130 and RC130, ACC further agrees to pay a civil penalty in  
14 the amount of \$50,000<sup>5</sup>, and accept a warning for its first Category V violation, in  
15 consideration for its admitted violations in Paragraph 28, above, and in consideration for  
16 the CCB's agreement to resolve the Administrative Action on the terms set forth herein,  
17 within the time set forth in Paragraph 35, below.

18 30. If the CCB approves this Stipulation and Order, it shall be deemed and  
19 considered disciplinary action by the CCB against ACC.

20 31. All parties executing this agreement acknowledge that the CCB has  
21 jurisdiction to consider and order this Stipulation and Order because ACC holds privileged  
22 licenses regulated by the CCB as of July 1, 2020. ACC expressly, knowingly, and  
23 intentionally waives the 21-day and/or 5-day notice requirements contained in the Nevada  
24 Open Meeting Law and acknowledges that this Stipulation and Order may be presented to  
25 the CCB and the NTC for their consideration and potential ratification, or approval, at the  
26 CCB's next meeting on July 26, 2022, and the NTC's next meeting once Strata, ACC, and  
27 the Receiver (along with their counsel) and counsel for the CCB and NTC have executed  
28

---

<sup>5</sup> To be apportioned \$25,000 to C130 and \$25,000 to RC130.

1 this Stipulation and Order, or at later CCB and NTC meetings, if necessary.

2 **STIPULATED ADJUDICATION**

3 Based upon the above acknowledgments of the Parties and their mutual agreement,  
4 the Parties stipulate and agree that the following terms of discipline shall be imposed by  
5 the CCB in this matter and that other pending matters shall be resolved as follows:

6 32. Violations. As to licenses C130 and RC130, ACC is found to have committed  
7 one Category II violation, one Category III violation, and three Category V violations, as  
8 set forth in Paragraphs 28(a) through 28(c), above.

9 33. Imposition of Civil Penalties. ACC shall pay a total civil penalty in the  
10 amount of fifty thousand dollars (\$50,000) within the time set forth in Paragraph 35 below,  
11 to be apportioned as set forth in Paragraph 29, above.

12 34. Formal Warning. In accordance with NCCR 4.060(2)(a)(1), the CCB hereby  
13 issues a formal warning to ACC, as to its first Category V violation in the immediately  
14 preceding 3 years: ACC and Strata, as transferee of ACC's licenses, shall timely submit all  
15 required monthly tax and sales reports, as well as payments. Failure to do so in the future  
16 will invoke additional progressive discipline and shall be considered an aggravating factor  
17 in considering the amount of civil penalties and any other disciplinary action in any future  
18 disciplinary actions.

19 35. Payment of Civil Penalties. ACC must pay the total civil penalty set forth in  
20 this agreement within 30 days of the date of the final necessary approval of this Stipulation  
21 and Order from the CCB, NTC and Receivership Court<sup>6</sup>. ACC acknowledges that it is  
22 critical to comply with the strict requirements of the deadline for payment. ACC agrees  
23 that, should it fail to make timely payment of the civil penalty, the foregoing penalties and  
24 procedures will be in effect:

25  
26  
27 <sup>6</sup> As an example, should the CCB, the NTC and the Court approve this Stipulation and Order by August 1,  
28 2022, payment would be due on and must be physically received by August 30, 2022, at 5:00 p.m., Pacific  
Time. Should the 30<sup>th</sup> day fall on a weekend or holiday recognized by the State of Nevada, receipt of payment  
would be due by 5:00 p.m., Pacific Time, on the next following business day.

- 1 a. CCB will allow a five-business day grace period for late payment<sup>7</sup>.
- 2 b. If payment is not physically received by the CCB at its Carson City office by
- 3 5:00 p.m., Pacific Time, on the last day of the grace period, ACC shall be
- 4 deemed to be in default, and shall pay all amounts due under this Stipulation
- 5 and Order, as well as an additional late payment penalty of fifty thousand
- 6 dollars (\$50,000), and shall have its licenses C130 and RC130 immediately
- 7 suspended, with such suspension remaining in place until all amounts due
- 8 under this Stipulation and Order are paid in full (inclusive of the \$50,000 late
- 9 payment penalty, for a total of \$100,000). The CCB will enter an order of
- 10 default to this effect after default and all amounts due under this subsection
- 11 shall be immediately due and payable to CCB. If all amounts due under this
- 12 section are not paid within 90 days after the date of the order of default,
- 13 licenses C130 and RC130 shall be deemed voluntarily surrendered, regardless
- 14 of the person or entity who owns them at that time. ACC and Strata agree
- 15 they cannot and will not file any petition for judicial review and/or any action
- 16 in any forum for relief from this order of default and that CCB may file any
- 17 judicial action necessary to recover the amounts owed under this subsection,
- 18 along with its attorneys' fees and costs for recovery of amounts owed.
- 19 c. ACC may petition the CCB for an extension of 30-days to pay the civil
- 20 penalty. However, for the CCB to consider any such petition, the CCB must
- 21 receive said petition no later than 5 business days prior to the payment
- 22 deadline (which does not include any grace period). The CCB is not required
- 23 to grant such a petition. In such a petition, ACC must demonstrate to the
- 24 satisfaction of the CCB that there are extraordinary and unusual
- 25 circumstances necessitating the extension requested. The CCB may delegate
- 26 the decision as to whether to grant such a petition to the CCB Chair.
- 27

---

28 <sup>7</sup> 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 d. If an extension is granted under Paragraph 35(c), there shall be no grace  
2 period on the new payment date. If ACC does not pay and/or the CCB does  
3 not physically receive payment, by the new payment date, the provisions and  
4 penalties of Paragraph 35(b) apply.

5 36. Plan of Correction. Respondent represents and warrants that it has submitted  
6 and put in place a plan of correction, which CCB staff has approved, that will remedy and  
7 prevent the recurrence of the violations set forth in this Stipulation and Order. In  
8 summary, the plan of correction includes the following: (1) For untagged plants,  
9 Respondent destroyed the plants that could not be reconciled with METRC records and re-  
10 tagged the plants that could be validated in METRC; (2) With respect to seed-to-sale  
11 tracking issues with harvested cannabis and cannabis product, Respondent updated its  
12 policies and procedures to ensure that, on receipt of finished cannabis, its employees place  
13 the cannabis into approved packaging for wholesale or retail distribution and product  
14 labels and METRC tags will be affixed to each item at that time. The Packaging  
15 Supervisor/Manager will be responsible for overseeing this process and monitor the process  
16 to ensure all cannabis and cannabis product is properly tagged in compliance with seed-to-  
17 sale tracking requirements; (3) As to the timely payment of taxes: (a) the prior bookkeeper  
18 for ACC has been released and a new bookkeeper retained; (b) the bookkeeper and general  
19 manager will be jointly responsible for ensuring compliance with tax reporting and  
20 calendar reminders have been set up for deadlines; (c) the general manager will update the  
21 accounts payable accountant weekly regarding monthly sales to ensure funds are ready  
22 and available to pay taxes; (4) As to transfers of interest, Strata will put in place policies  
23 and procedures to ensure that no ownership interests will be transferred or altered without  
24 prior approval of the CCB. Respondent further represents and warrants that it is now, as  
25 of the date it has executed this Stipulation and Order, operating in full compliance with  
26 NRS Title 56 and NCCR and is current with the filing of State tax returns and the  
27 remittance related thereto, with the exception of the Tax Dispute, and will remain current  
28 while it is operating and will timely file all final tax returns with remittances.

1           37.    Dismissal of District Court Action. After the CCB and NTC have approved  
2 this agreement, and within 14 days of the Receivership Court approving this settlement  
3 and approving the lifting of the stay on the District Court Action, counsel for ACC, counsel  
4 for the Receiver, and counsel for the Department shall execute and file a stipulation and  
5 order to dismiss the District Court Action, which shall state as follows:

6           It is hereby stipulated, by and between the parties hereto, and by the Receiver  
7 appointed over ACC, by and through their respective undersigned counsel of  
8 record, that the stay of this case is lifted, and that all of Plaintiff's claims and  
9 causes of action against Defendant in the above captioned matter are  
10 dismissed with prejudice, each side to bear their own attorneys' fees and costs.  
11 This case is dismissed, with prejudice.

12 This resolution of the District Court Action shall not include a return of any application  
13 fees for the 2018 applications at issue in the District Court Action.

14           38.    Resolution of the Tax Disputes. ACC, Strata, and the Department all  
15 mutually agree to settle and resolve the Tax Disputes, as defined in Paragraph 4 above. To  
16 resolve the Tax Disputes, pursuant to Strata's purchase agreement with ACC, Strata shall  
17 pay to the State of Nevada, Department of Taxation, the total amount of \$450,000.00 (four-  
18 hundred fifty-thousand dollars) ("Agreed Amount"), which shall include any penalties or  
19 interest accrued for late payment as follows: Strata will begin making monthly payments  
20 in the amount of \$12,500.00 for 36 months, until the \$450,000.00 is paid in full, beginning  
21 30 days after the date the Receivership Court approves this Stipulation and Order. Interest  
22 on the Agreed Amount will accrue, at the rate set forth in NRS 360.417, from the date the  
23 NTC verbally approves this Stipulation and Order until the Agreed Amount is paid in full.  
24 To avoid additional interest, the Agreed Amount can be prepaid. ACC and/or Strata  
25 understand and agree that a new Payment Agreement will need to be executed, Personal  
26 Guarantees will need to be executed and personal and business financial information will  
27 need to be provided to the Department by completing the Department's standard forms,  
28 and that liens will be recorded to secure the payment of the amount being paid through  
such payment plan. ACC/Receiver and Strata further understand and agree to their  
continued reporting and remitting obligations for all State taxes under the applicable

1 Nevada Revised Statutes, including but not limited to Chapter 363B, Chapter 372, Chapter  
2 372A, and Chapter 363C. ACC and Strata further understand and agree that payment of  
3 the Agreed Amount resolves only the Tax Disputes defined in Paragraph 4 herein and does  
4 not resolve any tax obligations accrued or accruing outside of the liabilities stated in the  
5 Claim or the Tax Disputes and agree that such unresolved tax obligations will be timely  
6 reported and paid.

7 39. ACC and Strata understand and agree that the payments required under  
8 Paragraphs 33, 35, and 38 shall have priority over any claims by any creditors of ACC  
9 and/or Strata and that the respective amounts owed by each must be paid to the State of  
10 Nevada prior to the payment of their other creditors. ACC and Strata further agree that it  
11 shall not be necessary or required for the CCB and/or the Department to make any creditor  
12 claims in the Receivership Action to obtain payment for any and all amounts owed to the  
13 State of Nevada under this Stipulation and Order, as ACC and Strata intend to pay these  
14 amounts as soon as possible in accordance with the terms set forth herein. The Parties  
15 agree to waive the notice requirements set forth in NRS 241.034, as the parties desire that  
16 this Stipulation and Order be submitted to the NTC for approval.

17 40. Contingency if Approval Denied. If approval of this Stipulation and Order is  
18 denied by the CCB and/or NTC, ACC and counsel for the CCB and the Department agree  
19 to resume settlement negotiations in good faith and attempt to reach an agreement to  
20 amend this Stipulation and Order and resubmit an amended Stipulation and Order to the  
21 CCB and/or NTC to review for approval at a subsequent regularly scheduled CCB and/or  
22 NTC meeting. If such an agreement cannot be reached, the Parties agree to proceed with  
23 the Administrative Action, which shall include the filing and service of a disciplinary  
24 complaint and a disciplinary hearing before the CCB or its assigned hearing officer. Should  
25 the Administrative Action proceed for the reasons set forth in this Paragraph, CCB  
26 preserves all its claims and arguments in the Administrative Action as set forth in its  
27  
28

1 Complaint (to be filed<sup>8</sup>) and ACC 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. 2022-97 or any other matter  
4 involving the CCB, or the Department, including the Administrative Tax Case and any  
5 administrative cases involving the Modified Business Tax and/or Commerce Tax.

6 41. Contingency if Approval Conditioned. If the CCB and/or NTC approves this  
7 Stipulation and Order, but said approval is contingent on certain conditions, the Parties  
8 will undertake further good faith negotiations to include said conditions in an amended  
9 stipulation and order for execution by the CCB Chair and/or the Executive Director for the  
10 Department. If ACC does not agree to the certain conditions imposed by the CCB and/or  
11 NTC, the Parties will undertake additional negotiations and attempt to reach an  
12 agreement to amend this Stipulation and Order and resubmit an amended stipulation and  
13 order to the CCB and/or NTC to review for approval at the next regularly scheduled  
14 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the  
15 Administrative Action, which shall include the filing and service of a disciplinary complaint  
16 and a disciplinary hearing before the CCB or its assigned hearing officer. Should the  
17 Administrative Action proceed for the reasons set forth in this Paragraph, the CCB  
18 preserves all its claims and arguments in the Administrative Action as set forth in its  
19 Complaint (to be filed<sup>9</sup>) and ACC preserves all its defenses and arguments it may assert.  
20 An unapproved Stipulation and Order shall not be admissible as evidence or referenced in  
21 argument at any disciplinary hearing in CCB Case No. 2022-97 or any other matter  
22 involving the CCB or the Department, including the Administrative Tax Case and any  
23 administrative cases involving the Modified Business Tax and/or Commerce Tax.

24 42. Closure of Disciplinary Action and Administrative Tax Case No. 512940. Once  
25

26 <sup>8</sup> Should the CCB proceed with a disciplinary complaint, said complaint will not be limited to the violations  
27 set forth in this settlement agreement and the CCB reserves its rights to include additional regulatory  
violations in any such disciplinary complaint.

28 <sup>9</sup> 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 this Stipulation and Order has been approved by all necessary entities and is fully  
2 performed by ACC and Strata, the Administrative Action and Administrative Tax Case will  
3 be closed and final.

4 43. Communications with CCB and NTC Members. ACC understands that this  
5 Stipulation and Order will be presented to the CCB and NTC in open session at a duly  
6 noticed and scheduled CCB and NTC meetings. ACC understands that the CCB and the  
7 NTC have the right to decide in their own discretion whether or not to approve this  
8 Stipulation and Order. The CCB and Department's counsel, which is the Nevada Attorney  
9 General and its staff attorneys, will recommend approval of this Stipulation and Order. In  
10 the course of seeking CCB acceptance of this Stipulation and Order, counsel for CCB may  
11 communicate directly with individual CCB members. In the course of seeking NTC  
12 approval of this Stipulation and Order, counsel for Department and NTC may communicate  
13 with individual members of the NTC and may communicate with the NTC via a NRS  
14 241.015(3)(b)(2) meeting. ACC acknowledges that such communications may be made or  
15 conducted *ex parte*, without notice or opportunity for ACC to be heard on its part until the  
16 public CCB and NTC meetings where this Stipulation and Order is discussed, and that  
17 such contacts and communications may include, but may not be limited to, matters  
18 concerning this Stipulation and Order, the Administrative Action, the Administrative Tax  
19 Case, the Tax Disputes and any and all information of every nature whatsoever related to  
20 these matters. ACC agrees that it has no objections to such *ex parte* communications. The  
21 CCB and Department agree that ACC and/or its counsel may appear at the CCB meeting  
22 and the NTC meeting where this Stipulation and Order is discussed and, if requested,  
23 respond to any questions that may be addressed to ACC and/or the Nevada Attorney  
24 General's staff attorneys. ACC agrees that, should the CCB decline to approve this  
25 Stipulation and Order, ACC will not contest or otherwise object to any CCB member, and/or  
26 CCB appointed hearing officer, hearing and adjudicating the Administrative Action based  
27 on the aforementioned *ex parte* communications with anyone from the Nevada Attorney  
28 General's Office. Similarly, should the NTC decline to approve this Stipulation and Order,

1 ACC will not contest or otherwise object to any NTC member, and/or Department  
2 administrative law judge, hearing and adjudicating the Administrative Tax Case, or any  
3 other administrative tax case related to matters referenced herein, or appeals of the same  
4 to the NTC, based on the aforementioned *ex parte* communications with anyone from the  
5 Nevada Attorney General's Office.

6 44. Release. ACC and Strata, on behalf of and for their current and prior  
7 directors, officers, members, managers, managing members, partners, principals,  
8 employees, current and former agents, current and former attorneys, trustees, trusts,  
9 settlors, accountants, advisors, consultants, insurers, reinsurers, predecessors, successors,  
10 affiliates, subsidiaries, related entities, successors, direct or indirect owners, assigns, heirs,  
11 receivers, and anyone else over whom they exercise influence, and/or control, hereby  
12 release, now and forever, the State of Nevada, the Department (inclusive of the  
13 Department's Marijuana Enforcement Division and the NTC), the CCB, and all of their  
14 current and former members, staff, investigators, auditors, experts, hearing officers,  
15 agents, attorneys (including the Office of the Attorney General), accountants, advisors,  
16 consultants, insurers, reinsurers, predecessors, successors, related entities, successors,  
17 direct or indirect owners, assigns, from any and all manner of claims, actions, causes of  
18 action, charges, suits, rights, debts, dues, sums of money, accounts, reckonings, bonds, bills,  
19 specialties, covenants, contracts, controversies, agreements, promises, variances,  
20 trespasses, damages, judgments, executions, obligations, liabilities, and demands of any  
21 kind or nature, whether arising at law or in equity, whether liquidated or unliquidated,  
22 whether accrued or to accrue hereafter, whether absolute or contingent, whether foreseen  
23 or unforeseen, and whether or not heretofore asserted (collectively, the "Claims and  
24 Losses"), including without limitation any claim, obligation, or damages that are directly  
25 or indirectly related to any facts, conduct, administration, investigations, or violations that  
26 have been alleged or could have been alleged, as of the effective date of this Stipulation and  
27 Order, in the Administrative Action, the Administrative Tax Case and Tax Disputes, the  
28 District Court Action, and/or any litigation arising out of the foregoing, from the beginning

1 of time through and beyond the end of time (collectively, the "ACC Release"). The ACC  
2 Release may be pleaded as a full and complete defense to and may be used as the basis for  
3 an injunction prohibiting any action, suit, or other proceeding at law or in equity which  
4 may be instituted, prosecuted, threatened, initiated, or attempted in breach of the ACC  
5 Release set forth herein.

6       45. No Precedence. The Parties agree: (1) That this Stipulation and Order shall  
7 not constitute a precedent for any other issues or proceedings before the CCB or the  
8 Department or the NTC and/or in any other forum, other than those set forth in this  
9 Stipulation and Order; (2) That this Stipulation and Order shall not be admissible in any  
10 other proceeding or action with respect to proof of fact or any other matter and/or any other  
11 licensee and/or cannabis establishment, or taxpayer, except proceedings brought to enforce  
12 this Stipulation and Order under its terms and/or for the CCB's consideration of future  
13 disciplinary action against this Respondent. Furthermore, the CCB may consider the  
14 discipline imposed herein in any future disciplinary action against licenses C130 and  
15 RC130, as required under NCCR 4.030(2), along with the other factors set forth in NCCR  
16 4.030(2), and possible progressive discipline pursuant to NCCR 4.035 through 4.060. As  
17 every case concerns different facts and details, this Stipulation does not act as precedence,  
18 or persuasive authority, to bind the CCB to impose any particular penalty, to charge or  
19 allege any particular violation, and/or to impose any particular disciplinary action in the  
20 future for this Respondent, or any other respondent for violations of the same statutes  
21 and/or regulations addressed in this Stipulation and Order. Likewise, CCB is not bound by  
22 any previous settlement agreements it has approved in entering into this Stipulation and  
23 Order. Similarly, this Stipulation and Order will have no precedential effect before the  
24 Department or the NTC, or with regard to any matter involving the Department or NTC in  
25 any other forum, as administrative bodies are not bound by stare decisis. *Desert Irr., Ltd.*  
26 *v. State*, 113 Nev. 1049, 1058 (1997).

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

1           47.    Further Assurances. The Parties shall cooperate in executing such additional  
2 documents and performing such further acts as may be reasonably necessary to give effect  
3 to the purposes and provisions of this Stipulation and Order.

4           48.    Voluntary and Informed Agreement. ACC, the Receiver, and Strata represent  
5 that their owners, officers, directors, members, and/or managing members, who are  
6 responsible for and able to legally bind their respective entities have read completely and  
7 understand fully the terms of this Stipulation and Order, that such terms are fully  
8 understood and voluntarily accepted by them in advance of and as memorialized by the  
9 signing of this Stipulation and Order, and that their signatures to this Stipulation and  
10 Order indicates same. ACC, the Receiver, and Strata further represent that they have  
11 voluntarily entered into this Stipulation and Order to make a full, final, and complete  
12 compromise upon the terms and conditions set forth herein. ACC, the Receiver, and Strata  
13 further represents that any releases, waivers, discharges, covenants, and agreements  
14 provided for in this Stipulation and Order have been knowingly and voluntarily granted  
15 and without any duress or undue influence of any nature from any person or entity. The  
16 Parties, and each of them, hereby expressly acknowledge that they are each represented  
17 by counsel of their own choice in this matter and have been advised by counsel accordingly.

18           49.    Warranties of Authority. The Parties to this Stipulation and Order, and each  
19 of them, expressly warrant and represent to all other Parties that each has the full right,  
20 title, and authority to enter into and to carry out its obligations hereunder, with the sole  
21 exception of the required approval of this Stipulation and Order by the CCB, the NTC, and  
22 the Receivership Court. The Parties also expressly acknowledge the foregoing authority.

23           50.    Binding Effect. This Stipulation and Order shall be binding upon and inure  
24 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,  
25 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

26           51.    Construction. The headings of all Sections and Paragraphs of this Stipulation  
27 and Order are inserted solely for the convenience of reference and are not a part of the  
28 Stipulation and Order and are not intended to govern, limit, or aid in the construction or

1 interpretation of any term or provision of this Stipulation and Order. In the event of a  
2 conflict between such caption and the paragraph at the head of which it appears, the  
3 paragraph and not such caption shall govern in the construction of this Stipulation and  
4 Order.

5 52. Governing Law. This Stipulation and Order shall be governed by and  
6 construed in accordance with the laws of the State of Nevada, without reference to conflict  
7 of law principles.

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

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

20 55. Time is of the Essence. Time is of the essence in the performance of all terms  
21 of this Stipulation and Order.

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

27 57. Counterparts and Copies. This Stipulation and Order may be executed in  
28 counterparts, each of which when so executed and upon delivery to counsel of record for the

1 Parties shall be deemed an original ("Counterparts"). This Stipulation and Order shall be  
2 deemed executed when Counterparts of this Stipulation and Order have been executed by  
3 all the Parties and/or their counsel; such Counterparts taken together shall be deemed to  
4 be the Agreement. This Stipulation and Order may be executed by signatures provided by  
5 electronic facsimile or email, which signatures shall be binding and effective as original  
6 wet ink signatures hereupon. All fully executed copies of this Stipulation and Order are  
7 duplicate originals, equally admissible in evidence.

8       58. Receivership. The CCB, the NTC, the Department, and Strata acknowledge  
9 that the Receiver is executing this Stipulation and Order on behalf of ACC, and may  
10 execute other documents and instruments in connection with this Stipulation and Order,  
11 solely in the Receiver's capacity as the court-appointed receiver for ACC and not in any  
12 other capacity. The CCB, the NTC, the Department, and Strata further acknowledge and  
13 agree that, notwithstanding anything contained in this Stipulation and Order to the  
14 contrary, neither the Receiver, nor any of its officers directors, shareholders, trustees,  
15 partners, employees, members, managers, agents and/or attorneys (collectively, the  
16 "Receiver Parties") shall incur any personal liability or culpability whatsoever under this  
17 Stipulation and Order or any other documents executed in relation thereto, whether or not  
18 executed by any of the Receiver Parties. Any remedy that the CCB, the NTC, the  
19 Department, and Strata might have against ACC under this Stipulation and Order is  
20 limited to claims or other remedies against the Receivership Estate, and not the Receiver  
21 Parties personally.

22       59. Responsible Persons. Notwithstanding any provisions of this Stipulation and  
23 Order, no Parties waive any rights or defenses they may have related to NRS 360.297.

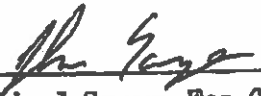
24       IN WITNESS WHEREOF, this Stipulation and Order has been executed by the  
25 Parties and attested by their duly authorized representatives as of the date(s) so indicated.  
26 The Effective Date of this Stipulation and Order shall be the latest date of the date it is  
27 ordered by the CCB, approved by the NTC, or approved by the Receivership Court.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28



Date: 7/13/2022

William A. Leonard, Jr.  
Receiver for Respondent ACC



Date: 7/13/2022

John J. Savage, Esq. (Nevada Bar No. 11455)  
Receiver for Respondent ACC



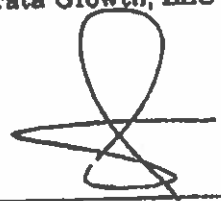
Date: 7/8/22

Adam Fulton, Esq. (Nevada Bar No. 11572)  
Counsel for Respondent ACC



Date: 7-11-22

Darren Kessler, Manager  
For Strata Growth, LLC



Date: 7-12-22

Steven Mack, Esq. (Nevada Bar No. 4000)  
Counsel for Strata Growth, LLC

Date: \_\_\_\_\_

Shellie Hughes, Executive Director,  
Nevada Department of Taxation

1 LKR Rath

2 Date: July 12, 2022

3 L. Kristopher Rath (Nevada Bar No. 5749)  
4 Senior Deputy Attorney General  
5 Counsel for Cannabis Compliance Board

6 Natasha Gebrael

7 Date: July 12, 2022

8 Natasha M. Gebrael (Nevada Bar No. 14367)  
9 Deputy Attorney General  
10 Counsel for Nevada Department of Taxation

11  
12 **ORDER**

13  
14 WHEREAS, on the 26<sup>th</sup> day of July, 2022, the Nevada Cannabis Compliance Board  
15 approved and adopted all the terms and conditions set forth in the Stipulation and Order  
16 for Settlement of Disciplinary Action with ACC.

17 IT IS SO ORDERED.

18 SIGNED AND EFFECTIVE (with respect to the CCB and with the contingencies set  
19 forth herein) this 26<sup>th</sup> day of July, 2022.

20 STATE OF NEVADA,  
21 CANNABIS COMPLIANCE BOARD

22 By: Michael L. Douglas  
23 HON. MICHAEL L. DOUGLAS, CHAIR  
24  
25  
26  
27  
28