BEFORE THE CANNABIS COMPLIANCE BOARD STATE OF NEVADA

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STATE OF NEVADA, CANNABIS COMPLIANCE BOARD,

Petitioner.

Case No. 2022-96

VS.

PICKSY RENO LLC.,

Respondent.

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COMPLAINT FOR DISCIPLINARY ACTION

The Cannabis Compliance Board of the State of Nevada (the "CCB"), by and through counsel, Aaron D. Ford, Attorney General of the State of Nevada, Ashley A. Balducci Esq., Senior Deputy Attorney General, and Emily N. Bordelove, Esq., Senior Deputy Attorney General, having a reasonable basis to believe that PICKSY RENO LLC. ("PICKSY" or "Respondent") has violated provisions of Chapters 678A through 678D of the Nevada Revised Statutes ("NRS") and the Nevada Cannabis Compliance Regulations ("NCCR"), hereby issues its Complaint, stating the CCB's charges and allegations as follows:

JURISDICTION

1. During all relevant times mentioned in this Complaint, PICKSY held, and currently holds, the following licenses:

	ID	Licenses	Last Issued / Renewed	Address
	D106	Medical Dispensary	6/12/2021	1085 S Virginia St. Reno,
l		27187373761322173842		NV 89502
	RD106	Adult-use Retail Store	6/21/2021	1085 S Virginia St. Reno,
		01696915226901375362		NV 89502

- During all relevant times mentioned in this Complaint, PICKSY is and was 2. registered as a Domestic Limited Liability Company in the State of Nevada. The Nevada Secretary of State lists the manager of PICKSY as Stacie Jackson. The CCB's point of contact for PICKSY is Heather Cranny.
 - As PICKSY holds its licenses with CCB, it is subject to NRS Title 56 and the NCCR

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27 28 for the violations asserted herein. Therefore, PICKSY is subject to the jurisdiction of the CCB and subject to discipline pursuant to NRS 678A through 678D and the relevant provisions of the NCCR.

Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director has 4. transmitted the details of the suspected violations of PICKSY to the Attorney General, and the Attorney General conducted an investigation of the suspected violations to determine whether they warrant proceedings for disciplinary action. The Attorney General has recommended to the Executive Director that further proceedings are warranted, as set forth in this CCB Complaint. The CCB has authorized proceeding with disciplinary action against PICKSY, pursuant to NRS 678A.510(2)(b). Pursuant to NRS 678A.520(1), the CCB's Executive Director has authorized service of this Complaint upon PICKSY.

FACTUAL ALLEGATIONS

- The CCB incorporates all prior Paragraphs as though fully set forth herein. 5.
- On or about December 9, 2021, CCB agents Kristine Vasilevsky ("Agent Vasilevsky") and Sherri Gadbois ("Agent Gadbois") (collectively "CCB Agents") conducted a routine inspection/audit of PICKSY's medical dispensary and adult-use retail store at 1085 S. Virginia St., Reno, NV 89502.
- 7. At the December 9, 2021, routine inspection/audit, CCB Agents discovered that PICKSY could not locate the following cannabis and cannabis products reported in its current inventory under medical dispensary license #27187373761322173842 in METRC:

METRC Tag	Item	METRC Quantity	Physical Quantity	Variance
1A40403000000CA000000312	Dixie Birthday Cake Bar BDCB102417	48	0	48
1A40401000002CD000000008	VVG-OG #3 21/77%	9	0	9
1A40403000001FE000000224	Rove OG Full Gram	10	0	10

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METRC Tag	Item	METRC Quantity	Physical Quantity	Variance
1A4040300000273000001890	TCVG- Honeycomb-Jilly Tangie-0.5g	20	0	20
1A4040300000273000001895	TCVG- Honeycomb-Jilly Tangie-0.5g	20	0	20
		TOTAL	VARIANCE	107

At this routine inspection/audit, CCB Agents also discovered that PICKSY 8. reported multiple items in its waste log under its adult-use retail store license #01696915226901375362 that did not reflect what PICKSY reported in METRC as follows:

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	METRC Tag	Item	Issue
	1A40403000001B2000009624	Lush Aloha Punch	Log shows 2 packages destroyed on 11/05/2021 and then again 2 packages destroyed on 11/15/2021 but reported in METRC as only destroyed on 11/15/2021. Unable to validate which date package was actually destroyed.
	1A40403000001B2000009729	Summertime Citrus .5g Concentrate	Log shows 2 packages destroyed on 11/15/2021 but reported in METRC as only 1 package destroyed on 11/15/2021.
	1A40403000001B2000009321	Coconut Breeze .5g Concentrate	Log shows 1 package destroyed on 11/05/2021 and then again 1 destroyed on 11/15/2021 but reported in METRC as only 1 destroyed on 11/15/2021. Unable to validate which date package was actually destroyed.
	1A40403000002CF000025258	City Trees Jack	Waste log indicates .5g destroyed 11/23/2021, METRC package trace does not show any destroyed tag for time period.
	1A4040300000F43000013862	Sauced Alien Zookies	Waste log indicates .5g destroyed 11/23/2021, METRC package trace does not show any destroyed tag for time period.

At this routine inspection/audit, CCB Agents discovered that PICKSY had 9. for adult-use multiple items listed log retail store license on waste #01696915226901375362 that METRC shows in other facilities' inventories: Qualcan LLC adult-use retail store #15683084663955616276 and Cannavative Extracts LLC adult-use retail store #72326121663352213340 as follows:

١	METRC Tag	Item	Issue
	1A40403000001B2000009202	Lush Coconut Breeze	Waste log indicates .5g destroyed on 12/06/2021, METRC package trace shows this tag belonged to Qualcan LLC and was finished on 08/25/2021.
	1A40403000001B2000008747	1:1 Golden Sunlight	Waste log indicates .5g destroyed on 12/09/2021, METRC package trace shows this tag belonged to Qualcan LLC and was finished on 06/21/2021.
	1A4040300000273000051654	Resin 8 Raspberry	Waste log indicates .8g destroyed 11/29/2021, METRC package trace shows this tag belonged to Cannavative Extracts LLC and was finished on 10/15/2021.

10. At this routine inspection/audit, CCB Agents discovered that PICKSY failed to document items on its waste log that were reported in METRC as spoilage/waste, as follows:

METRC Tag	Item	Issue
1A404010000002C000002057	VADA Medical Sugar Free Milk Chocolate Bar	Reported in METRC as 35 destroyed on 12/03/2021 but not listed on facility's Waste Log.
1A404030000013E000033888	Haha Grape Beverage	Reported in METRC as 1 destroyed on 11/17/2021 but not listed on facility's Waste Log.
1A40403000054C7000095877	Display-Cookies GH Collin's Ave 3.5g	Reported in METRC as 1 destroyed on 11/29/2021 but not listed on facility's Waste Log.

- 11. At this routine inspection/audit, CCB Agents discovered that PICKSY's Package Adjustments Report from METRC had significant variances: seventy-three (73) API Key Errors and eighty-two (82) End of Month Count entry errors. These variances evidenced that from November 1, 2021, through December 15, 2021, PICKSY failed to establish and implement an inventory control system that identified a reduction in the inventory of the establishment as significant variances must be documented.
- 12. At this routine inspection/audit, CCB Agents discovered that PICKSY adjusted out ninety-two (92) packages from METRC inventory as Employee Testers/Samples without processing these transactions in the sale in its point-of-sale system.
 - 13. CCB Agents discovered that PICKSY failed to file quarterly monthly sales reports

- 14. CCB Agents discovered that PICKSY failed to file quarterly inventory for Q4 2019, Q1 2020, Q2 2020,² Q1 2021, Q2 2021, Q3 2021, & Q4 2021.
- 15. During the above inspection/audit PICKSY submitted to CCB Agents a screenshot of security surveillance video to confirm its surveillance system was operational. The submitted screenshot did not display the date and time of recorded events as required.
- 16. CCB Agents further discovered during this routine inspection/audit that PICKSY listed Alexander Scharf as an Owner and Board Member. However, Mr. Scharf has no cannabis establishment agent registration card.
- 17. Lastly, during this routine inspection/audit CCB Agents discovered that PICKSY's hand sink in its main packaging room only reached 50 degrees Fahrenheit. While there were other hand sinks in the facility, those other hand sinks were located in a break room and restrooms that were not convenient for washing hands to package bulk flower.

VIOLATIONS OF LAW

18. The CCB incorporates all prior Paragraphs as though fully set forth herein.

A. CATEGORY I VIOLATIONS

19. As to licenses D106 & RD106, PICKSY violated NCCR 4.035(1)(a)(13), 4.035(1)(a)(15), & 6.120(1)(d). Specifically, as outlined in Paragraph 12 above, PICKSY adjusted out ninety-two (92) packages from METRC inventory as Employee Testers/Samples without processing the transaction in its point-of-sale system, thereby offering cannabis or cannabis product as "free" without purchase thus either selling cannabis not found in the seed-to-sale tracking system or diverting cannabis or cannabis products. A violation of NCCR 4.035(1)(a)(13) or 4.035(1)(a)(15) constitutes, at minimum, one (1) Category I violation under NCCR 4.035(2)(a)(1), which carries a civil penalty of not more than \$90,000 and a suspension for not more than thirty (30) days of PICKSY's licenses

¹ Given NCCR became effective on August 5, 2020, only violations that occurred after the effective date will be pursued. However, the CCB includes these violations here to show Respondent's history of non-compliance.

² See footnote 1.

D106 & RD106. Pursuant to NCCR 4.035(2)(b) a single violation of NCCR 4.035(1)(a)(15) for diversion of cannabis or cannabis products requires revocation of PICKSY's licenses D106 & RD106. Alternatively, the CCB may choose to treat these actions as violations of NCCR 4.055(1)(a)(3), for failing to keep required records, a Category III violation under NCCR 4.055(2). Under this alternative, this one (1) Category III violation carries a civil penalty of not more than \$10,000 under NCCR 4.055(2)(a)(1).

B. CATEGORY II VIOLATIONS

20. As to licenses D106 & RD106, PICKSY violated NCCR 4.040(1)(a)(14) & 6.085(2). Specifically, as outlined in Paragraph 15 above, PICKSY submitted a screenshot of security surveillance video to CCB Agents that lacked the required display of the date and time of recorded events, thereby failing to maintain required security alarm and surveillance systems. Such a violation constitutes at least one (1) Category II violation which carries a civil penalty of not more than \$25,000 and a suspension for not more than twenty (20) days of PICKSY's licenses D106 & RD106 under NCCR 4.040(2)(a)(1).

C. CATEGORY III VIOLATIONS

1. Licenses D106 & RD106

- 21. As to licenses D106 & RD106, PICKSY violated NCCR 4.050(1)(a)(3), 4.050(1)(a)(14), & 6.080(6)(d)(9). Specifically, as set forth in Paragraph 10, PICKSY failed to document items on its waste log that it reported in METRC as spoilage/waste, thereby failing to keep any required records, and failing to meet requirements for the disposal of cannabis waste. Such violations constitute, at minimum, one (1) Category III violation, carrying a civil penalty of \$10,000 under NCCR 4.050(2)(a)(1). In the alternative, if the CCB chooses to treat the violation in Paragraph 19 as a Category III violation, the civil penalties for the two (2) Category III violations in Paragraphs 19 & 21 amount to \$40,000 and a suspension for not more than ten (10) days of PICKSY's licenses D106 & RD106 under NCCR 4.050(2)(a)(1)-(2).
- 22. As to licenses D106 & RD106, PICKSY violated NCCR 4.050(1)(a)(3), 6.080(7)(b)
 & (8). Specifically, as set forth in Paragraph 11, PICKSY's Package Adjustments Report

from METRC has significant variances in the form of: 1) seventy-three (73) API Key Errors and 2) eighty-two (82) End of Month Count entry errors, thereby failing to keep required records, including seed-to-sale tracking requirements. Such violations constitute, at minimum, two (2) additional Category III violations for each type of error, under NCCR 4.050(2). The three (3) Category III violations listed in Paragraphs 21-22 carry civil penalties totaling \$130,000 and suspension of licenses D106 & RD106 for thirty (30) days under NCCR 4.050(2)(a)(1)-(3). In the alternative, if the CCB chooses to treat the violation in Paragraph 19 as a Category III violation, the total civil penalties for the four (4) Category III violations in Paragraphs 19 & 21-22 amount to \$220,000 and a suspension for not more than ninety (90) days of PICKSY's licenses D106 & RD106 under NCCR 4.050(2)(a)(1)-(4).

2. License D106

23. As to license D106, PICKSY violated NCCR 4.050(1)(a)(3), 6.080(6)(a), & 6.080(7). Specifically, as set forth in Paragraph 7, PICKSY failed to establish and implement an inventory control system when it could not locate items under five (5) different product lines under its medical license #27187373761322173842. Such violations constitute, either one (1) or five (5) additional Category III violations for license D106, if the CCB chooses to treat each product line as a separate violation. At minimum, this fourth (4th) Category III violation for license D106, carries additional civil penalties of \$90,000 and a suspension of sixty (60) days of PICKSY's license D106 under NCCR 4.050(2)(a)(4). Alternatively, these fourth (4th) through ninth (9th) Category III violations for license D106 carry additional civil penalties of \$90,000, an additional suspension of sixty (60) days, and revocation of license D106 under NCCR 4.050(2)(a)(4)-(5). In an additional alternative, if the CCB chooses to treat the violation in Paragraph 19 as a Category III violation, this fifth (5th) Category III violation for license D106 carries additional civil penalties of revocation of license D106 under NCCR 4.050(2)(a)(5).

3. License RD106

24. As to license RD106, PICKSY violated NCCR 4.050(1)(a)(3), 6.080(6)(a), & 6.080(7). Specifically, as set forth in Paragraphs 8-9, under its adult-use retail store license

#01696915226901375362 PICKSY failed to establish and implement an inventory control system when: 1) five (5) product lines it recorded on its waste log were not reflected in METRC; and 2) three (3) product lines on its waste log belonged to other facilities. Such violations constitute either two (2) or eight (8) additional Category III violations for license RD106, if the CCB chooses to treat each product line issue as separate violations. Under either the fourth (4th) and fifth (5th), fourth (4th) through eleventh (11th) Category III violations, or if the violation in Paragraph 19 is considered a Category III violation, the additional associated civil penalties are \$90,000, an additional suspension of sixty (60) days, and revocation for license RD106 under NCCR 4.050(2)(a)(4)-(5).

D. CATEGORY IV VIOLATIONS

- 25. As to licenses D106 & RD106, PICKSY violated NCCR 4.055(1)(a)(1), 5.130(1)-(2), & 6.087(2)(a). Specifically, as set forth in Paragraph 16, CCB Agents observed that one of PICKSY's listed owners, Alexander Scharf, failed to register as a cannabis establishment owner, thus failing to display or have in his immediate possession a cannabis establishment agent registration card or proof of temporary registration. Such violation constitutes one (1) Category IV violation, carrying a civil penalty of \$5,000 under NCCR 4.055(2)(a)(1).
- 26. As to licenses D106 & RD106, PICKSY violated NCCR 4.055(1)(a)(10) & 6.095(1)(a)(3). Specifically, as set forth in Paragraph 17, CCB Agents observed that PICKSY's hand sink in its main packaging room only reached 50 degrees Fahrenheit, thus failing to maintain hand-washing facilities. As the second (2nd) Category IV violation, the total civil penalties for PICKSY's Category IV violations from Paragraphs 25-26 amount to \$15,000 and a seven (7) day suspension of licenses D106 & RD106 under NCCR 4.055(2)(a)(1)-(2).

E. CATEGORY V VIOLATIONS

27. As to licenses D106 & RD106, PICKSY violated NCCR 4.060(1)(a)(7) & 6.135. Specifically, as set forth in Paragraph 13, PICKSY failed to file monthly sales reports for Q1 2021, Q2 2021, Q3 2021, & Q4 2021, thereby failing to properly submit monthly sales reports. Such violations constitute, at minimum, one (1) or, at maximum four (4) Category

V violations, if the CCB chooses to treat each missing report as a separate violation under NCCR 4.060(2). At minimum, this one (1) Category V violation carries civil penalties of a warning under NCCR 4.060(2)(a)(1). Alternatively, these four (4) Category V violations carry civil penalties of \$17,500 and a suspension of ten (10) days for licenses D106 & RD106 under NCCR 4.060(2)(a)(1)-(4).

- 28. As to licenses D106 & RD106, PICKSY violated NCCR 4.060(1)(a)(7) & 6.080(7)(c). Specifically, as set forth in Paragraph 14, PICKSY failed to file quarterly inventory reports for Q1 2021, Q2 2021, Q3 2021, & Q4 2021, thereby failing to properly submit quarterly physical inventory reports. Such violations constitute, at minimum, one (1) or, at maximum, four (4) Category V violations, if the CCB chooses to treat each missing report as a separate violation under NCCR 4.060(2). At minimum, as the second (2nd) Category V violation, the civil penalties in Paragraphs 27-28 total \$2,500 under NCCR 4.060(2)(a)(1)-(2). Alternatively, as the fifth (5th) through eighth (8th) Category V violations, the civil penalties in Paragraphs 27-28 total \$157,500 and suspension of PICKSY's Licenses D106 and RD106 for eighty (80) days under NCCR 4.060(2)(a)(1)-(6).
- 29. The CCB reserves its rights to pursue any separate disciplinary actions against the individual agent cards of the employees and/or agents of Respondent who participated in and/or perpetrated the acts and omissions set forth in this Complaint.

DISCIPLINE AUTHORIZED

Pursuant to the provisions of NRS 678A.600, NCCR 4.020, 4.030, 4.035 through 4.060, and 5.100, the CCB has the discretion to impose the following disciplinary actions:

- Suspend PICKSY's licenses D106 & RD106 for one hundred and sixty-seven (167)
 days as a result of PICKSY's violations of NRS Title 56 and the NCCR;
- 2. Additionally, revoke PICKSY's licenses D106 & RD106 as a result of PICKSY's separate violations of NRS Title 56 and the NCCR;
- 3. Impose a civil penalty of not more than \$90,000 for each separate violation of NRS Title 56 and the NCCR on PICKSY's licenses pursuant to NCCR 4.030(1)(a) and;
 - 4. Take such other disciplinary action as the CCB deems appropriate.

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The CCB may order one or any combination of the discipline described above.

RELIEF REQUESTED

Based on the foregoing, counsel for the CCB respectfully requests the CCB impose the penalty of suspending licenses D106 & RD106 for one hundred and sixty-seven (167) days and impose civil penalties against PICKSY in the amount of \$417,500 for licenses D106 & RD106.

Additionally, for license D106, counsel for the CCB requests the CCB impose additional civil penalties of \$90,000, suspend the license for an additional sixty (60) days, and revoke that license for the additional violations associated with it.

Additionally, for license RD106, counsel for the CCB requests the CCB impose additional civil penalties of \$90,000, suspend the license for an additional sixty (60) days, and revoke that license for the additional violations associated with it.

NOTICE TO RESPONDENT

PLEASE TAKE NOTICE, that Respondent has a right to request a hearing on the charges set forth herein, pursuant to NRS 678A.510 through 678A.590. Failure to demand a hearing constitutes a waiver of the right to a hearing and to judicial review of any decision or order of the Board, but the Board may order a hearing, even if the Respondent so waives its right. NRS 678A.520(2)(e).

PLEASE TAKE NOTICE, you, as the Respondent, must Answer this Complaint within twenty (20) days after service of this Complaint, unless granted an **extension**. Pursuant to NRS 678A.520(2), in the Answer Respondent:

- (a) Must state in short and plain terms the defenses to each claim asserted.
- (b) Must admit or deny the facts alleged in the Complaint.
- (c) Must state which allegations the Respondent is without knowledge or information to form a belief as to their truth. Such allegations shall be deemed denied.
- (d) Must affirmatively set forth any matter which constitutes an avoidance or affirmative defense.
 - (e) May demand a hearing. Failure to demand a hearing constitutes a waiver of the

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27 28 right to a hearing and to judicial review of any decision or order of the Board, but the Board may order a hearing even if the Respondent so waives its right.

Failure to Answer or to appear at the hearing constitutes an admission by the Respondent of all facts alleged in the Complaint. The Board may take action based on such an admission and on other evidence without further notice to the **Respondent**. NRS 678A.520(3).

The Board shall determine the time and place of the hearing as soon as is reasonably practical after receiving the Respondent's Answer. The Board may assign a hearing officer to conduct the hearing under NCCR 2.070, 4.095, and 4.110. The Board or its assigned hearing officer shall deliver or send by registered or certified mail a notice of hearing to all parties at least ten (10) days before the hearing. The hearing must be held within forty-five (45) days after receiving Respondent's Answer unless an expedited hearing is determined to be appropriate by the Board, in which event the hearing must be held as soon as practicable. NRS 678A.520(4). The Chair of the Board or the assigned hearing officer may grant one or more extensions to the 45-day requirement pursuant to the request of a party or an agreement by both parties.

Respondent's Answer and Request for Hearing must be either: mailed via registered mail, return receipt; or emailed to:

Tyler Klimas, Executive Director Cannabis Compliance Board 700 E. Warm Springs Rd, Suite 100 Las Vegas, NV 89119 tklimas@ccb.nv.gov

If serving its Answer and Request for Hearing via email, Respondent must ensure that it receives an acknowledgement of receipt email from the CCB as proof of service. Respondent is also requested to email a copy of its Answer and Request for Hearing to the Senior Deputy Attorney General at abalducci@ag.nv.gov and ebordelove@ag.nv.gov.

As the Respondent, you are specifically informed that you have the right to appear and be heard in your defense, either personally or through your counsel of choice at your own expense. At the hearing, the CCB has the burden of proving the allegations in the

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Complaint. The CCB will call witnesses and present evidence against you. You have the right to respond and to present relevant evidence and argument on all issues involved. You have the right to call and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any matter relevant to the issues involved.

You have the right to request that the CCB issue subpoenas to compel witnesses to testify and/or evidence to be offered on your behalf. In making this request, you may be required to demonstrate the relevance of the witness's testimony and/or evidence.

If the Respondent does not wish to dispute the charges and allegations set forth herein, within thirty (30) days of the service of this Complaint, Respondent may pay the civil penalties set forth above in the total amount of \$597,500 and surrender licenses D106 & RD106 on notice to:

Tyler Klimas, Executive Director Cannabis Compliance Board 700 E. Warm Springs Rd, Suite 100 Las Vegas, NV 89119

YOU ARE HEREBY ORDERED to immediately cease the activity described above which is a violation of Nevada law.

DATED: July 12, 2022.

STATE OF NEVADA, CANNABIS COMPLIANCE BOARD

By:

Tyler Klimas, Executive Director Nevada Cannabis Compliance Board 700 E. Warm Springs Rd, Suite 100 Las Vegas, NV 89119 (775) 687-6299

AARON D. FORD Attorney General

By:

Emil M. Bordelove (Bar No. 13202)
Senior Deputy Attorney General
Ashley A. Balducci (Bar No. 12687)
Senior Deputy Attorney General
Attorneys for the Cannabis Compliance Board

Certified Mail: 7014 2870 0001 8497 8680

1 DECLARATION AND CERTIFICATE OF SERVICE OF COMPLAINT FOR DISCIPLINARY ACTION 2(Service via Mail) 3 I, Amber Virkler, hereby certify and affirm that: 4 1. I am over the age of 18 years old. 5 2. I am a Board Agent of the Cannabis Compliance Board ("CCB"), as defined in NCCR 6 1.068. 3. Pursuant to NRS 678A.520 and NCCR 4.075, I have served the Respondent herein with 7 8 the Complaint for Disciplinary Action ("Complaint") in the above captioned matter as 9 follows: 10 By placing a true and correct copy of the Complaint to be deposited for mailing in 11 the United States Mail in a sealed envelope via registered or certified mail, prepaid 12 in Las Vegas, Nevada, to Respondent's point of contact with the CCB under NCCR 13 2.050 at Respondent's address on file with the Board as follows: Name of point of contact served: Heather Cranny 14 Address on file with CCB: 15 16 Date of Service: July 14, 2022 I declare under penalty of perjury that the foregoing is true and correct. 17 18 Executed on July 14, 2022 (date) (signature) 19 20 21CC: Heather Cranny, via First Class Mail 22 23 2425 2627

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