

Nevada Cannabis Compliance Board

Meeting Minutes July 26, 2022

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 555 East Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway, Meeting Room 100, Carson City, Nevada beginning at 9:00 a.m. on July 26, 2022.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair
Jerrie Merritt
Riana Durrett
Bryan Young
Dennis Neilander

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

I. Public Comment.

Layke Martin, Executive Director of the Nevada Cannabis Association, commented on agenda item VIII. Ms. Martin recommended referring the matter to the Cannabis Advisory Commission for further analysis and recommendations. Ms. Martin also recommended that the Board schedule a workshop so that the public can participate and provide input.

Will Adler provided comment on behalf of the Sierra Cannabis Coalition who's focused solely on the prosperity of Nevada's cannabis licenses. Mr. Adler addressed the fair market value assessment that was recently released. Mr. Adler stated that the final amount released was \$2,074 per pound but the average amount currently is closer to \$700-\$1,000 per pound. This can put cultivators in a position to sell at a loss due to the 15% wholesale tax that must be paid. Mr. Adler recommended looking at the fair market value more frequently to keep up with real-time data and sales data.

II. Meeting Minutes

A. Consideration for approval of the June 28, 2022, Cannabis Compliance Board Meeting minutes.

Chair Douglas asked for corrections or a motion from the Board. Member Merritt made a motion to approve the minutes for agenda item II A. Member Young seconded the motion. Board Members said aye. Motion carried.

III. Consent Agenda

A. Complaints

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

1. As to Respondent A, the complaint alleged violations of NRS 678C, NCCR 4, and NCCR 6.
2. As to Respondent B, the complaint alleged violations of NCCR 4, NCCR 6, NCCR 9, and NCCR 10.
3. As to Respondent C, the complaint alleged violations of NRS 678B, NCCR 4, and NCCR 5.

Chair Douglas noted that the complaints were presented blindly to the Board. Member Durrett made a motion to approve service of disciplinary action for Respondent A, Respondent B and Respondent C under agenda item III A. Member Merritt seconded the motion. All Members said aye. Motion carried.

B. Conditional Approval of Request for Transfer of Interest

Chief of Investigations David Staley presented the matters to the Board.

1. Natural Medicine (CTOI# 2100022, 2100023, 2200019) (C052, RC052, P039, RP039, D089, RD089)

Chief Staley stated the applicant requested approval for internal dilutions of co-managers DF Investment LLC and Drifting Cloud LLC to allow other investors to come into Natural Medicine. Staff identified areas of concern regarding late payments. The applicant requested waivers of NCCR 5.112 and NCCR 5.125 pursuant to NCCR 5.110.

Jeff Bendavid appeared on behalf of Natural Medicine. Don Forman appeared as owner and operator of DF Investments LLC which is the majority holder. Mr. Bendavid stated a written explanation was provided as to the late filed returns from 2020 and offered to provide a detailed explanation of the transfers or any other matter.

Chair Douglas noted there was a plan of correction to avoid future problems. Member Durrett made a motion for approval of transfers under agenda item III B (1) with the conditions expressed by Chief Staley. Member Merritt seconded the motion. All Members said aye. Motion carried.

2. Green Life Productions (CTOI# 2100019, 2100020, 2100024) (C146, RC146, T035)

Chief Staley stated the TOIs requested approval for Curtis Thew to divest his interest and have it equally distributed amongst the remaining Green Life owners. Staff identified an area of concern regarding five late filed tax returns, but those can be address during the later TOI investigation.

Steve Cantwell, owner and operator, and Kouanin Villa appeared on behalf of Green Life Productions. Mr. Cantwell stated they were looking to transfer the 2% ownership to the rest of the owners.

Member Neilander asked how the business was going. Mr. Cantwell stated it was successful.

Member Durrett made a motion to approve the transfers with the understanding there may be discussion of the late tax filings related to other applications. Member Young seconded the motion. All Members said aye. Motion carried.

VIII. Petition Filed Pursuant to NRS 678A.460(1)(d)

A. Sala Consulting on behalf of RNBW Petition to amend NCCRs 1, 4, 5, 6, 9, 11, 13, and 16.

Chair Douglas called the next agenda item out of order.

Chris Anderson with Sala Consulting gave a brief summary on the petition. Mr. Anderson viewed the petition as a pilot to test the waters at bringing the illicit cannabis use that happens at many events under the CCB's purview for the benefit of the consumers and the State of Nevada. The goal was to allow a trial of cannabis sales and consumption offered by event organizers in conjunction with sales facilities. Proposed changes to NCCR 1 included adding definitions. Proposed changes to NCCR 4 included adding violations for offenses by temporary cannabis event permittees. Proposed changes to NCCR 5 included modifications to inspections for temporary cannabis events to comport with their transient nature and application requirements. Proposed changes to NCCR 6 included conforming changes to require temporary cannabis events to comply with visitor procedures, training, standard operating procedures, and security. Proposed changes to NCCR 9 included conforming changes to apply public health regulations to temporary cannabis events. Proposed changes to NCCR 11 included conforming changes to add events to the lab regulations. Proposed changes to NCCR 13 included an exception to delivery requirements to facilitate the response needed in an event setting. NCCR 16 was a proposed new chapter for temporary cannabis events. Some of the key provisions are ID checks, wrist-banding to prohibit polysubstance use, single sale products only, per sale limits, and maintaining onsite emergency medical services.

Member Neilander commented that AB322 from the last legislative session would have specifically addressed this, and it failed in the legislature. Member Neilander asked why it was brought before the CCB instead of back to legislature for another more specific authorization for this. Mr. Anderson responded that he did not think there was a lot in AB322 that compared to or could be used for these proposed regulations. Mr. Anderson said that he drew inspiration from California and Michigan. Mr. Anderson added that these proposed regulations are narrow in scope and a pilot program, not a full-blown cannabis events program which is what AB322 was. Member Neilander understood but thought that the fact that the legislature chose not to proceed with a more specific authorization gave him concern. Member Neilander did not know if the CCB had the staff and capacity to do this right now. The normal process would be that the CCB would have specific legislative authorization; there is no analysis on how this would affect the industry. Mr. Anderson commented that AB341 gave the CCB the authority to regulate public consumption and thought that the authority resided with the Board and also allowed for pilot programs. Member Durrett commented that discussions around this could proceed in preparation for the next legislative session. Member Durrett added that it may be hard to conceptualize but was in support of them happening. Mr. Anderson would support getting the staff and funding necessary to implement the program.

Chair Douglas asked if any other states have had these events. Mr. Anderson responded that California had done it, but he did not look to them as a model and could not say how successful or safe they were. Michigan has passed a

more robust regulatory regime, but he was not sure if they have had an event yet. Chair Douglas stated the concerns and feedback needed was to hear from law enforcement, local jurisdictions, and the public, and CCB resources. Chair Douglas agreed that these types of events will likely happen, and that this was a good starting point. Chair Douglas would like to see the matter referred to the Cannabis Advisory Commission to look at and include the public comment in the process; Chair Douglas noted that if it was not done right, it could kill the idea for a while.

Chair Douglas made a motion to deny the petition without prejudice and refer the matter to the Cannabis Advisory Commission. Member Neilander seconded the motion. Member Neilander added that that was why the Cannabis Advisory Commission was created and he would be especially interested in the public safety aspect. Member Durrett commented that social equity should also be taken into consideration. All Members said aye. Motion carried.

IV. Consideration the Proposed Settlement Agreements to Resolve Disciplinary Action

A. Cannabis Compliance Board vs. Health Care Options for Patients Enterprises, LLC (Case No. 2021-53)

Senior Deputy Attorney General Michael Detmer presented the settlement to the Board. Mr. Detmer stated the complaint was filed and served on the respondent on or about December 8, 2021. The alleged violations included five Category IV violations for failing to have necessary agent cards (for medical and adult-use cultivation licenses); one Category I violation for making a false statement to the Board and five Category V violations for failing to submit necessary reports (for adult-use production license); six Category V violations for failing to submit necessary reports (for medical production license); five Category IV violations for failing to have necessary agent cards (for medical and adult-use production licenses). During a subsequent TOI investigation, the CCB discovered multiple additional violations which HOPE was alleged to have committed but were not included within the complaint. When the violations that were discovered during the investigation are aggregated with those that are alleged in the complaint, the potential discipline could amount to possible suspension, revocation of the licenses, and a civil penalty of more than \$597,000. The terms of the settlement to resolve the violations include admission to five Category IV violations for failure to have agent cards as to its medical and adult-use licenses; as to the medical production license, six Category V violations for failing to submit necessary reports; as to adult-use production license, one Category II violation for unintentional false statement and five Category V violations for failing to submit required reports. Respondent agreed to pay \$130,000 civil penalty within 30 days if approved or according to the payment plan. A Plan of Correction was submitted and approved by CCB staff. The Attorney General's office requested approval of the settlement agreement.

Briana Martinez, counsel, and Dr. Howard Rubin appeared on behalf of HOPE. Ms. Martinez requested approval of the settlement agreement. Ms. Martinez stated that HOPE experienced mitigating circumstances which led to the violations but has taken strides to implement corrective measures. HOPE is committed to maintaining compliance and preventing any further violations.

Member Neilander made a disclosure that he is of counsel at the firm Kaempfer Crowell where Ms. Martinez is a member of the firm. Member Neilander does not have pecuniary interest, is prevented from having interest in cannabis, and did not think it would affect his ability to make independent judgment.

Chair Douglas asked Dr. Rubin if he was aware of the terms of the settlement. Dr. Rubin confirmed. Chair Douglas was concerned with what occurred. Chair Douglas made a motion to accept the stipulation and settlement. Member Durrett seconded the motion. All Members said aye. Motion carried. Chair Douglas noted that there was a typo on the settlement regarding a date on the payment plan. Mr. Detmer noted that it would be corrected.

B. Cannabis Compliance Board vs. Faith Cosby (Case No. 2022-58)

Senior Deputy Attorney General Emily Bordelove presented the settlement to the Board. Ms. Bordelove stated that Ms. Cosby was appearing remotely and represented herself pro se. Ms. Bordelove stated the complaint was filed and served on February 28, 2022. Ms. Cosby later contacted the CCB to discuss resolution. The Attorney General's office worked with Ms. Cosby to reach a resolution without her having to file an answer to the complaint. The parties agreed to resolve the case in a manner that was mutually agreeable to Ms. Cosby, the CCB and the Attorney General's office. The complaint concerned events that Essence Tropicana reported to the CCB. On or about April 15, 2021, a person under the age of 21 years entered the dispensary and attempted to purchase cannabis inside. The person had previously purchased cannabis through its drive-through. On or about April 15, 2021, Ms. Cosby worked as a guest consultant stationed at the reception to verify guest age on their identification cards. Video surveillance provided by Essence showed Ms. Cosby at reception where she greeted the underage person in question, scanned the underage person's ID and seemingly failed to notice the Veriscan notification that she was underage and allowed her to proceed into the dispensary. Video evidence showed another employee discovered the person was underage when

she attempted to purchase cannabis at the dispensary point-of-sale. According to Essence, the sale was not completed. The CCB settled separately with Essence regarding the underage sales in Case No. 2021-50. The employees involved in the underage sales through the drive-through have also been settled with the CCB. Ms. Bordelove stated that Ms. Cosby indicated she understood the seriousness of the violations, was in training at the time, did not realize the person was underage until after she left reception, and attempted to alert other staff of the issue as soon as she realized the error. Ms. Cosby indicated that she wanted to surrender her cannabis agent registration card as she no longer resides in Nevada and did not intend to return to work in the cannabis industry in Nevada in the future. As set forth in the settlement agreement, Ms. Cosby admitted to failing to verify age of a customer and allowing a person less than 21 years of age to enter and remain in a cannabis establishment. Ms. Cosby agreed to surrender her cannabis agent registration card to the CCB and must wait 9 years and 11 months to reapply. The Attorney General recommended and requested approval of the settlement agreement.

Chair Douglas asked Ms. Cosby if she agreed with the settlement agreement. Ms. Cosby responded that she agreed with what was stated but did not agree with one thing. Ms. Cosby stated that she was the one that noticed the customer was underage and went to tell another employee as soon as she saw that to let them know. Chair Douglas asked Ms. Cosby why she was settling. Ms. Cosby was unsure, stated she was in training, was with another customer, and told staff as soon she saw the big red X. Ms. Cosby stated the staff freaked out that she had let the customer in, but the customer was not able to purchase marijuana. Ms. Cosby admitted she made a mistake but stopped it.

Chair Douglas had concerns and asked counsel to respond. Ms. Bordelove stated that the allegation was that Ms. Cosby allowed a person under the age of 21 to enter the dispensary and that was taken into account in the settlement agreement. Ms. Bordelove added that the video provided by Essence showed another employee checking the ID at the point-of-sale. Ms. Cosby denied that. Ms. Bordelove added that it was possible that Ms. Cosby approached, but the CCB did not have that verifying information to support that.

Deputy Attorney General Asheesh Bhalla, counsel for the Board, stated that there was a stipulation before the Board, and it was not the time and place for a hearing. If there were concerns, Mr. Bhalla advised that the stipulation be denied and referred back to counsel. Chair Douglas stated he understood but did not want to accept something that was now being denied.

Member Durrett asked Ms. Cosby if she moved out of state. Ms. Cosby responded that she moved out of state but was currently in Las Vegas. She got the agent card and the job to help her family.

Senior Deputy Attorney General Ashley Balducci stated that they would be happy to withdraw the stipulation and order for settlement of disciplinary action at Ms. Cosby's request and have her answer in 20 days from the date of this hearing and proceed to a disciplinary action.

Member Neilander commented that he would prefer the Board take action to have the matter further investigated based on the comments heard. Ms. Balducci responded that the matter was investigated and proceeded to a complaint; at this point, it would be for Ms. Cosby to answer or respond to the complaint and request a hearing.

Chair Douglas had concerns with the due diligence of the investigation and did not want people to feel that they are ram-rodged into settlements. Chair Douglas did not want to proceed to answer but thought that further review was needed by the Attorney General's office before going forward with the complaint. Chair Douglas stated the Board could only act on the information provided to them and was not happy based on the recitation at this meeting. Chair Douglas asked counsel for options.

Ms. Balducci stated they could review the complaint and the administrative action and decide whether to proceed. Chair Douglas stated that would be his motion. Member Neilander seconded the motion. All Members said aye. Motion carried.

C. Cannabis Compliance Board vs. Seth Holycross (Case No. 2022-79) [The matter was trailed to a later time in the meeting.]

D. Cannabis Compliance Board vs. CSNLV, LLC (Case No. 2022-89) [The matter was trailed to a later time in the meeting.]

E. Cannabis Compliance Board vs. ACC Enterprises, LLC (Case No. 2022-97) Senior Deputy Attorney General L. Kristopher Rath requested to present agenda item IV E and item V in order to accommodate a court appearance for counsel.

Mr. Rath presented the settlement agreement that would resolve three different issues. Mr. Rath stated the previous owner, Mr. Misle, passed away in July 2021 and the Board voted to place a cannabis receiver over the business; the court appointed the same receiver, Mr. William Leonard. Mr. Leonard facilitated the transfer of interest of ACC's cannabis licenses to Strata Growth. The Court approved the settlement agreement contingent on the Board's approval and the Nevada Tax Commission's (NTC) approval. The NTC will meet later in the day to consider approval of the settlement agreement. Mr. Rath stated the first disciplinary matter to be resolved by the settlement agreement was the unauthorized transfers of interest prior to Mr. Misle's death. ACC admitted to one Category II violation to resolve that issue. Secondly, there was a failure to tag plants violation discovered during a July 2021 inspection; ACC admitted to a Category III violation to resolve this issue. Finally, there were issues concerning late tax filings; ACC admitted to three Category V violations to resolve this issue. ACC submitted a plan of correction for each issue which has been approved by CCB staff. The new owner, Strata, will adhere to the plan of correction if all approvals are received. There is a civil penalty in the amount of \$50,000 to be paid within 30 days of all approvals being obtained.

Mr. Rath added that the settlement also resolves a dispute between ACC and the Department of Taxation that arose from an earlier tax audit which ACC contested. Natasha Gabrael from the Attorney General's office was available to answer questions on the tax issues. The settlement also resolved the pending litigation between ACC and the Department of Taxation concerning disputes over the 2018 licensing round for marijuana retail store licenses. ACC is the plaintiff in that case and alleged the Department improperly rejected five of its applications. The Department denied the allegations and was defending the case through CCB counsel until it was stayed due to the receivership. This settlement resolves that litigation for a straight dismissal with prejudice and no payment to ACC by the state.

The CCB approved the transfers of the licenses to Strata Growth subject to approval of this global settlement agreement. The settlement involved extensive negotiations between multiple parties and the CCB staff and Attorney General's office support its approval.

Adam Fulton appeared on behalf of ACC. Steven Mack and Darren Kessler appeared on behalf of Strata Growth. William Leonard appeared as the receiver. John Savage appeared as counsel for receiver. Mr. Fulton echoed Mr. Rath's comments and thanked the staff for their work.

Member Neilander asked Mr. Leonard for an update on the business. Mr. Leonard stated the business was turning around but it was a difficult time. Strata Growth stepped in to assist and meet certain cash requirements. Member Neilander asked if the transition would be smooth with Strata. Mr. Leonard responded affirmatively. Mr. Mack added that Board had approved the management agreement and Strata has been managing the place. Strata will continue with the management.

Chair Douglas noted that the action by the Board is not final until after being heard by Taxation later that day. Member Neilander made a motion to approve agenda item IV E, conditioned upon Taxation's approval. Member Merritt seconded the motion. All Members said aye. Motion carried.

V. Request of Approval to Remove Cannabis Receiver over Licenses C130 and RC130.

Mr. Rath stated that assuming that NTC approves the settlement agreement, and all of the approvals are done, then the transfer of the licenses to Strata would become effective so there would no longer need to be a receiver over the licenses. The receiver would remain over ACC Enterprises but would not be a receiver over the licenses. The request is for Board approval contingent upon Taxation's approval, to remove the receivership over those two licenses so they can move forward under Strata with no receiver.

Adam Fulton stated that he had nothing further to add.

Member Neilander made a motion to remove agenda item V, to remove the receiver over the licenses as stated on the agenda. Member Young seconded the motion. All Members said aye. Motion carried. Chair Douglas noted that was conditioned upon Taxation's approval.

IV. Consideration of Approval to Resolve Disciplinary Action

D. Cannabis Compliance Board vs. CSNLV, LLC (Case No. 2022-89)

The Board came back to agenda item IV D. Mr. Rath stated the matter arose from a TOI investigation that was presented to the Board at the March 22, 2022, meeting. The Board approved the TOI and referred the matter back to CCB staff and the Attorney General's office for further review. The TOI investigation uncovered multiple failures to timely file tax returns from December 2018 through October 2021. The settlement took into account all the factors set forth in NCCR 4.030(2) and significant and unique situational factors including the illness and passing away of Mr. Indyg. The evidence showed that Mr. Indyg left Las Vegas by June of 2020 and was experiencing poor health during that time. However, there were a number of late tax returns prior to that date. As a result, the CCB only considered late tax returns from prior to June 2020 and the discipline agreed to was under the Nevada Administrative Code which was in effect prior to July 1, 2020, and that imposes lower penalties than the NCCR. The parties have agreed to settle the matter with CSNLV's admission to three Category V violations under NAC 453D.905(3)(f)(1) for failing to submit monthly tax reports; a formal warning for the first Category V violation and a civil penalty of the minimal amount \$2,500. Respondent agreed to waive the filing and service of the complaint to resolve these matters via settlement agreement only. Respondent submitted a plan of correction that was approved by CCB staff, implemented new standard operating procedures for addressing tax obligations, and the new owners have committed to being involved. The Attorney General's office requested and recommended approval of the settlement agreement.

Kimberly Maxson-Rushton appeared on behalf of CSNLV. Ms. Reuben and Ms. Indyg appeared as co-owners of CSNLV. Ms. Rushton requested approval of the settlement agreement and noted that the late tax returns were zero returns and were under the prior ownership.

Chair Douglas noted there was a plan of correction. Member Durrett asked if it was still under receivership. Ms. Rushton responded that it was not.

Member Neilander made a motion to approve item IV D as stated on the agenda. Member Young seconded the motion. All Members said aye. Motion carried.

Chair Douglas called for a recess at 10:18 a.m. The Board came back on the record at 10:29 a.m.

VI. Request for Transfer of Interest

Chief Investigator David Staley presented housekeeping notices prior to presenting the transfers of interest. Upon review, CCB staff found that TOI 21052 filed on April 22, 2021, for The Source Holding, LLC was only notification of under 5% ownership changes completed pursuant to a previously approved waiver of NCCR 5.110 pursuant to 5.112. The TOI number was assigned in error and has been removed from the pending TOI list. On December 14, 2021, the Board approved TOIs 2100003, 2100010-2100013 for Gravitas Nevada LTD to complete a restructuring of its cultivation, production, distribution, and dispensary licenses into new companies but with identical ownership to Gravitas. On July 4, 2022, Gravitas notified the CCB that only the transfer of its dispensary license was completed. CCB records have been updated to show that the cultivation, production, and distribution licenses will remain under Gravitas. On July 27, 2021, the Board approved TOI 19063 and 19063A. The proposed merger of SH Parent and Ceres Acquisitions Corp. did not occur. CCB record have been updated to reflect SH Parent's current license status.

A. BBMC, LLC (TOI# 19076, 19037, 19037A) (RC069, RP036, T014)

Chief Staley stated that agenda item VI A was for BB Marketing, LLC, BBMC, and Inter Reserve Enterprises, LLC. TOIs 19037 and 19037A were filed for approval of buyouts of minority shareholders in preparation for the proposed acquisition of BB Marketing membership interest in BBMC by Inter Reserve. TOI 19076 was filed to request approval for a proposed acquisition of BB Marketing membership by Inter-Reserve. Both BBMC and Inter Reserve have requested withdrawals of 19076 as the proposed acquisition was terminated. BBMC requested a waiver pursuant to NCCR 5.125 of the requirements of NCCR 5.110 regarding the need for minority owners to have a valid agent card. BBMC had adequately addressed the items required in NCCR 5.125 to allow the Board to approve such waiver. Staff suggest that if approved, the Board limit BBMC's 5.125 waiver to expire on such agenda date as BBMC's next TOI application. Staff identified areas of concern with TOIs 19037A, 19037 and 19076. It appeared that BBMC completed the proposed minority buyouts requested in TOIs in 19037A and 19037. An additional area of concern was BB Marketing and BBMC's inability or unwillingness to provide financial and other information requested by CCB Staff. A federal indictment was issued by the United States District Court of the Southern District of New York regarding the failed attempt by foreign nationals to acquire a Nevada retail cannabis license by donating money to Nevada political campaigns. Andrey Muraviev was identified for providing funds in the campaign finance violations and indicted for making illegal political contributions as foreign national and conspiring to make illegal

political contributions as a foreign national in the names of donors. This was identified as an area of concern because Muraviev is the sole owner of Inter Reserve who applied to acquire controlling interest of BBMC. Multiple requests were made by CCB staff to interview Muraviev and for Muraviev to appear at the December 2021 and July 2022 Board meetings. Muraviev has not complied with those requests on the advice of his criminal defense counsel. Another area of concern was that Muraviev has loaned or contributed approximately \$13 million to BB Marketing and BBMC to fund the buyout of BBMC minority shareholders, the buildout, and operations of BBMC. If the requested withdrawal was approved, it would appear that Muraviev may be able to exert influence over BBMC due to the outstanding loans and contributions.

Derek Connor of Connor & Connor PLLC appeared on behalf of BBMC. Robert Frey and Jared Kahn, counsel, appeared via Zoom. Mr. Connor was present to address areas of concern with regard to the taxes and financials. Mr. Connor does not represent Muraviev or Inter Reserve. Mr. Connor requested that the Board consider approval of the TOIs that were not requested to be withdrawn. Mr. Connor added that a tax history and general ledger were provided; certain items that were requested do not exist, such as P&L statements for the last couple of years. The company is essentially bankrupt. Mr. Connor requested for the TOIs to be approved that have been pending since January 2018 to remove the minority shareholders.

Maggie McLetchie appeared on behalf of Inter Reserve. Ms. McLetchie does not represent Muraviev personally. Mr. Stephen Lenn appeared on behalf of Inter Reserve on the transactional and business issues. Ms. McLetchie understood the suitability concerns, but their position was that those suitability concerns are addressed because Inter Reserve does not wish to be an owner. Inter Reserve had a contractual right to terminate the agreement which predated the existence of the CCB. Inter Reserve offered to stipulate to withdrawal with prejudice pursuant to NCCCR 5 subsection 4. Inter Reserve and Muraviev indicated they did not want to be owners, but the investigation continued. Inter Reserve has provided extensive documents in regard to suitability, including financials, criminal matters involving Muraviev and his associates, and companies that have ownership by Muraviev. Ms. McLetchie stated they have been working to resolve the matter of the notes and have kept the CCB updated. Ms. McLetchie stated Inter Reserve and Muraviev have nothing to do with BBMC and all communications are through counsel. They are working to ensure that Inter Reserve and Muraviev have no loans or other relationship with BBMC or cannabis businesses in Nevada. The Board can approve transfers but does not have the ability to force a transfer to go forward. Ms. McLetchie understood the Board's role in suitability and why they may be interested in those issues, but the Board should limit the scope of what is looked at when there is a withdrawal of the transfer of interest. Ms. McLetchie requested the withdrawal as Inter Reserve and Muraviev do not wish to be owners in Nevada. Ms. McLetchie and Mr. Lenn are willing to continue to work with CCB staff.

Jared Kahn, corporate counsel for BBMC and BB Marketing, addressed a few comments and provided an update. Mr. Kahn stated BBMC and BB Marketing debts with Inter Reserve entities should be able to be resolved contingent upon a payment. They were entertaining a potential buyout of the company business and licenses but ran into a hurdle with the landlord. Selling of the licenses should settle and payoff the debts that BBMC has. Mr. Kahn stated they hoped to have the paperwork for the transfer of interest completed within 4-6 weeks to submit to the Board. Mr. Kahn added that he has spent hundreds of hours trying to resolve this matter.

Mr. Lenn stated that Inter Reserve has not been the impediment in unwinding the transaction. It is an understatement to say they are taking a big loss. Most of their investment will be lost.

Chief Staley had no additional comments but was available for questions.

Chair Douglas commented that while there are issues with Muraviev, what concerns the Board is the \$13 million loan outstanding and the influence or non-influence. Member Neilander asked for clarification on the missing financials. Chief Staley responded that it had been six months since the Board first heard this matter which they felt was an adequate time to attempt to unwind the transactions. In April, Chief Staley requested a detailed discussion of what negotiations had occurred. Mr. Kahn and Mr. Connor explained there were numerous failed negotiations, but nothing was provided to present to the Board. Income statements and balance sheets were requested beginning in April from BBMC and BB Marketing. A general ledger and a tax return for BBMC were provided. A general ledger provides the money coming in and going out but does not provide the requested information of an income statement and balance sheet, which would have been maybe 4 pages of information if provided. It may have been possible to create an income statement and balance sheet from the general ledger and tax return provided, but there would be no way to know if the conclusions were accurate.

Mr. Connor noted it was his recollection that the general ledger was initially provided months ago and not the previous week as Chief Staley had so stated. Chief Staley stated the requested income statement and balance sheet were not provided. Mr. Connor responded that if they had it, they would provide it. The company gave what they had and did not have money to pay someone to prepare those documents.

Member Neilander asked what involvement Muraviev currently had with Inter Reserve. Ms. McLetchie responded that Muraviev is the 100% owner of Inter Reserve but does not have a day-to-day management role. Ms. McLetchie reiterated that there is no ongoing relationship between Inter Reserve and BBMC. The only work is being done through counsel to try to unwind the transaction in a compliant way. Ms. McLetchie added that they did not have evidence of the transactions because none of them have been consummated. Ms. McLetchie and Mr. Lenn have spent a lot of time working on behalf of Inter Reserve to resolve the issue of the outstanding notes; they are working with Mr. Connor and Mr. Kahn on a potential agreement to take a reduced amount. Member Neilander understood asked again if Mr. Muraviev was the 100% owner. Ms. McLetchie responded that Muraviev is the 100% owner. Member Neilander asked if any agreement will need to be approved by Muraviev. Ms. McLetchie responded that there was a manager for Inter Reserve that had the authority to approve the transaction. Member Neilander asked if the manager reported to Muraviev. Ms. McLetchie responded that he reported to Muraviev.

Member Neilander didn't think it would serve the Board to not allow the other transfers of interest to go forward. It could be conditioned to all the transfers except for Inter Reserve's and ask the Attorney General's office to work with staff to determine if there is disciplinary action to see if unapproved transfers had occurred. Member Neilander did not support the request by Inter Reserve for a withdrawal at this time. Mr. Muraviev could file an application for suitability as a lender since that company has the ability to influence the licensee due to the level of debt. Member Neilander thought that the Board had the authority to require an application to be filed of a lender who may have the ability to exert control over the licensee. The withdrawal could be granted with prejudice or referred back.

Chair Douglas asked Chief Staley for a response to Member Neilander's comments. Chief Staley responded that he thought what Member Neilander proposed was to approve the TOI for the internal restructuring of BB Marketing and refer any potential areas of concern to the Attorney Generals for review. In regard to the TOI with Inter Reserve, the option would be to refer it back to staff or approve the withdrawal with prejudice and call Mr. Muraviev forward for a finding of suitability relative to the outstanding loans that BBMC owes to him. Chief Staley stated either action would work for staff, and he deferred to the Board to decide.

Ms. McLetchie commented that they would like the opportunity to brief any issues about the lender coming forward. Ms. McLetchie thought that Inter Reserve would be willing to withdraw with prejudice conditional upon unwinding the notes with BBMC within a certain time period.

Chair Douglas commented that the Board has been briefed a lot and there is still a hole, and appreciated the job that counsel was trying to do. Chair Douglas added that \$13 million loans don't just go away, and a 100% owner is still a 100% owner, and a manager reports. Chair Douglas asked Member Neilander to provide clarity.

Member Neilander asked Ms. McLetchie what the advantage was there for unwinding this if the withdrawal is granted with prejudice. Ms. McLetchie responded that she did not know that it gave Inter Reserve an advantage in the negotiations but thought that Inter Reserve had exercised its right to terminate the transaction. It was Inter Reserve's position that it was appropriate to allow it to withdraw its transfer. The negotiations are solely focused on expunging notes to Inter Reserve as quickly as possible.

Chair Douglas commented that no deals have been cut and the notes are still in play, and Muraviev's appearance of influence is still there. There have been 6 months to address this.

Member Durrett added that BBMC does need to submit a profit and loss statement, especially before it requests any other transactions. Member Neilander responded that that was an area of concern that could be addressed when referred back to staff.

Chief Staley reminded the Board that waivers had been requested and recommended that if approved, the waivers expired on the next agenda date for BBMC.

Member Neilander made a motion to for approval of the TOIs 19076 and 19037 as stated on the agenda, and with respect to the item involving Inter Reserve, that is referred back to staff for further consideration; the approval is

conditioned that the Regulation 5 waivers are granted and set to expire on the next agenda date that the items are heard on the Board's agenda; and further conditioned that the staff work with the Attorney General's office in requiring Muraviev to file an application as a lender. To clarify, that would be a letter request that the entity can then respond to however they want to. Chief Staley noted that TOIs 19037 and 19037A are the TOIs relative to the internal transfers for BBMC. TOI 19076 was the proposed acquisition by Inter Reserve, which would be referred back to staff. Member Neilander amended his motion to reflect those records. Chair Douglas seconded the motion. All Members said aye. Motion carried.

B. Lighthouse Strategies, Inc. (TOI# 21016) (C101, RC101, P051, RP051, D138, RD138)

Chief Staley stated TOI 21016 was filed by Lighthouse to request approval for internal restructuring wherein one member Cresco Labs Nevada LLC converts equity to debt, several other investors convert debt to equity, and TM Investments I, LLC purchase approximately 14.8% ownership with capital contributions. Lighthouse requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding a review of owners related to transfers of under 5%. Staff suggest that if approved, the Board limit such waivers to expire on such agenda date as Lighthouse's next transaction. An early suitability review for a consumption lounge license was completed in conjunction with the TOI investigation. Lighthouse was deemed suitable for the TOIs and a potential lounge license. The suitability review did not include a review of the location or operations. Staff identified an area of concern due to 14 late filed tax returns with the Department of Taxation during the last three years.

Michael Hayford, President, appeared on behalf of Lighthouse Strategies. Ross Goodman was not present. Mr. Hayford provided an explanation of the late filed tax returns. There were incidents where the persons that were supposed to make the payments were in quarantine due to covid exposure and those payments were made at the next available date. There were incidents where the taxes with payment were timely filed and paid, but the person forgot to drop off the zero return; the zero returns were dropped off a couple of days later. And an internal review discovered that the taxes were short paid on two occasions; Lighthouse refiled and paid those taxes without any direction of the authority.

Chair Douglas commented that the licensee was responsible to ensure that the taxes are paid. There seemed to be a belief that if no taxes are due, then one doesn't need to file, but that is not the case. Chair Douglas was concerned that licensees disregard responsibilities that could subject them to losing a license.

Chair Douglas made a motion to approve the transfers of interest as stated and the waivers. Chief Staley added that the 5.110 waivers be conditioned to expire on such agenda date as Lighthouse's next appearance before the Board. Chair Douglas accepted that condition. Chair Douglas noted that the matter would not be referred for tax issues, but those needed to be done. Member Neilander seconded the motion. All Members said aye. Motion carried.

C. Herbal Care & FNM Holdings, LLC (TOI# 22005) (C105, RC105)

Chief Staley stated TOI 22005 was filed by Herbal Care to request approval for FNM Holdings, LLC to purchase Herbal Care. Staff identified areas of concern because Herbal Care filed late or incomplete tax returns with the Nevada Department of Taxation 39 times during the last three years and appeared to have completed an unapproved TOI during 2017. During January of 2021, Herbal Care entered in a stipulation and order for settlement of disciplinary action regarding a lapsed City of Reno business license, lack of timely notification, and various seed-to-sale tracking and other violations involving the importation of seeds into Nevada from an unapproved source. The settlement agreement may prevent the Board from taking further action regarding any further potential violations that occurred prior to January 2021 which would include most of the tax returns and the unapproved TOI.

Amanda Connor appeared on behalf of FNM Holdings, the proposed buyer. Mr. Urbina, Mr. Silvestri, and Mr. Neuman were also present. Ms. Connor was available to answer question on behalf of FNM Holdings and requested approval of the transfer.

Ed Humphrey appeared on behalf of Herbal Care, LLC. Mr. Humphrey stated the matter was being heard was the result of several years of working with the CCB to resolve disciplinary issues with Herbal Care. There was a provision in the settlement agreement to allow Mr. Johnson and Herbal Care to divest themselves of the license. They went through a marketing procedure, found a couple of potential buyers, and settled on FNM Holdings.

Chair Douglas had concerns with the liquidation of Mr. Mahoney as it appeared he was swept under the rug with process since he was unable to be found. Chair Douglas would like comment on the tax issues after the date of the agreement. Ms. Connor responded on behalf of FNM Holdings that they are new to Nevada's market, have spent the

day listening, and understand they need to be compliant operators. They have retained Ms. Connor's law firm for compliance and will look for other persons to assist as well. Ms. Connor requested the Board to allow the matter to move forward with the new operators.

Chair Douglas appreciated that and noted that the new business hasn't don't anything wrong, but the irregularities with the prior owner and how they are dealt with when they come before the Board are a continuing concern.

Member Neilander agreed and asked the new operators if they had any bump-ins with regulators in other jurisdictions. Mr. Urbina stated he had not. Member Neilander asked if they were excited about the opportunity. Mr. Urbina said they were, and they were ready to get started and bring boutique cannabis to the industry. Mr. Urbina has worked in California and Colorado. Member Neilander noted that the owners had very impressive backgrounds. Mr. Silvestri commented that they learned compliance was number one in Nevada.

Chair Douglas made a motion for approval of the TOIs and requested that the Attorney General's office review the Mahoney transaction and taxes by the prior owner. Member Neilander seconded the motion. All Members said aye. Motion carried.

D. Southern Nevada Growers (TOI# 21036) (C139, RC139, C142, RC142, P090, RP090, T076)

Chief Staley stated TOI 21036 was filed by Southern Nevada Growers to request approval for existing owner Steven Spielman to acquire 100% ownership by buying out all existing members. Staff identified an area of concern because Southern Nevada filed late or incomplete tax returns with the Department of Taxation 47 times during the last three years.

Amanda Connor and Steven Spielman appeared on behalf of Southern Nevada Growers. Ms. Connor stated that a response was provided regarding the late filed taxes and Mr. Spielman understands the seriousness. The businesses had been under minimal operations or temporarily shut down prior to covid. A prior member passed away who was the active on-site owner. Mr. Spielman will be bringing in new management to get the operations going. The person who oversaw the operations had a misunderstanding of some of the tax filings. The issue has been resolved and they received a letter of good standing from the Department of Taxation. Mr. Spielman will also bring in new staff to advise on tax filings. Ms. Connor requested approval of the transfer.

Chair Douglas noted that there was an indication that they were working with the Department of Taxation to resolve the outstanding tax issues. Chair Douglas asked for clarification. Chief Staley responded that there were tax issues, and the letter of good standing indicates that the licensee is in compliance as of the date of letter.

Member Neilander asked Mr. Spielman what his plans were for the operation to get running. Mr. Spielman responded that they will bring someone in that knows how to run the business, accounting, and bookkeeping. Mr. Spielman will not be the day-to-day operator. Member Neilander noted that Mr. Spielman had the financial ability to run a successful business and met that standard. Member Neilander noted that the person coming in will need to pay quick attention to the tax issues.

Member Neilander made a motion to approve agenda item VI D. Member Young seconded the motion. All Members said aye. Motion carried.

VII. Request for Consideration of Approval of Management Services Agreement

A. Just Quality & The Cure Company (C123, RC123)

Chief Staley stated that CCB Staff have reviewed the management services agreement between Just Quality and The Cure Company and found the relationship between the parties to be appropriate.

Adam Fulton appeared on behalf of Just Quality with Ronald Memo. Arthur Hodge appeared on behalf of The Cure Company. Mr. Fulton stated the management agreement was a precursor to a TOI that has been submitted and will allow the company to continue operations until such time as the TOI is processed.

Chair Douglas asked for a response regarding a fingerprinting issue. Mr. Fulton stated that they were working on getting all fingerprinting done before operations commence. Mr. Fulton added that they were still in the process of getting an SUP with the county for a new location which will be submitted to the CCB for approval. Chief Staley noted that Patrick Stad has a current agent card application on file.

Member Neilander made a motion to approve the relationship of the management services agreement under agenda item VII A between Just Quality and The Cure Company. Member Young seconded the motion. All Members said aye. Motion carried.

B. MJ Distributing & MJ Holdings (C202, RC202, P133, RP133)

Chief Staley stated that CCB Staff have reviewed the management services agreement between MJ Distributing and MJ Holdings and found the relationship between the parties to be appropriate. A full background investigation of the entities will be included when the pending TOI application is reviewed. This MSA is a precursor to that TOI.

Allyson Johnson appeared on behalf of MJ Distributing. Adam Fulton appeared on behalf of MJ Holdings. Chief Compliance Officer Charles Watson was available for questions. Mr. Fulton stated the MSA was applied for so they could begin operations. The company will move the license to Amargosa Valley, and they are working with Nye County. They will operate under the management agreement until the TOI is processed.

Member Neilander made a motion to approve the relationship of the management services agreement under agenda item VII B between MJ Distributing and MJ Holdings. Member Merritt seconded the motion. All Members said aye. Motion carried.

Chair Douglas called for agenda item IV C to be heard.

IV. Consideration of the Proposed Settlement Agreement to Resolve Disciplinary Action

C. Cannabis Compliance Board vs. Seth Holycross (Case No. 2022-79)

Senior Deputy Attorney General Ashley Balducci stated that agenda item IV C would be presented by Forrest Zimmerman. Mr. Zimmerman is a law student with level two certification of limited practice under Supreme Court Rule 49.3 under Ms. Balducci's supervision.

Mr. Zimmerman presented the settlement agreement for Case No. 2022-79. The complaint was filed and served on April 15, 2022. The Respondent reached out to the CCB after receipt and generally admitted to the allegations and requested leniency. Given the respondent's representations, the Attorney General's office negotiated a settlement with Mr. Holycross who represented himself pro se in this matter. The events at issue in the complaint occurred at a cannabis cultivation facility where the respondent is employed. As set forth in the settlement agreement to resolve the matter, the respondent admitted to one Category II violation for allowing an underage person to enter or remain in a cannabis establishment, agreed to pay \$1,000 civil penalty within 30 days of Board approval, and submitted a plan of correction that was approved by CCB staff. The Attorney General recommend and request approval of the order and settlement.

Mr. Seth Holycross appeared remotely on his own behalf. Mr. Holycross apologized for what he did, met with the company and his team to make sure that all employees are aware of the updated procedures. Mr. Holycross walked them through the security protocol about signing in visitors and checking IDs.

Chair Douglas asked Mr. Holycross if he was in accord with the stipulation and order. Mr. Holycross answered affirmatively. Chair Douglas noted the plan of correction.

Member Neilander made a motion to approve agenda item IV C. Member Young seconded the motion. All Members said aye. Motion carried.

VIII. Petition Filed Pursuant to NRS 678A.460(1)(d)

A. Sala Consulting on behalf of RNBW Petition to amend NCCRs 1, 4, 5, 6, 9, 11, 13, and 16.

[This agenda item was heard earlier in the meeting.]

Chair Douglas called for agenda item X to be heard next.

IX. Consideration of Proposed Adoption, Amendment, and/or Repeal of the Nevada Cannabis Compliance Regulations

A. Regulation 12. Packaging and labeling of cannabis products.

1. NCCR 12.065 Cannabis treated with radiation.

[Agenda item IX A was trailed to later in the meeting.]

X. Consideration for Approval to Extend September 1, 2022, Final Inspection Deadline

A. Green Leaf Farms Holdings, LLC (C162, RC162, P105, RP105)

Chief of Administration Steve Gilbert presented the petition submitted by a conditional licensee to extend the September 1, 2022, deadline to receive the final inspection by the CCB. Green Leaf Farms Holdings were issued provision medical licenses C162 and P105 in November 2014 and conditional licenses RC162 and RP105 in June 2017. Final licenses were issued in May and July of 2017 respectively. Green Leaf was operational and therefore did not receive the October 12, 2020, notice from the CCB regarding the mandatory deadline of February 5, 2022, to be inspected and have approvals from the CCB and the appropriate local government. Green Leaf was evicted on May 23, 2021, by the property owner for non-payment of rent. On September 1, 2021, Green Leaf was notified that its medical and adult-use cultivation and production license were being reverted to conditional status as Green Leaf did not meet the requirements to be licensed as operational and that a new facility must be inspected and approved by the CCB and local government by September 1, 2022, or the licenses will be deemed surrendered. On May 3, 2022, Green Leaf submitted a request for a one-year extension of the September 1, 2022, deadline. Green Leaf submitted a change of location request on June 16, 2022, which is currently under review. Staff identified no areas of concern.

Mark Bradley, CEO of Green Leaf Farms, stated that it took 16 months to find a location and got the SUP approved by North Las Vegas in February. The lease was signed in June, but there was work that needed to be done in the building by the landlord prior to moving in. Mr. Bradley stated they are ready, willing, and able to get into the building.

Member Neilander made a motion to approve the extension to May 5, 2023. Chair Douglas stated it was through February 5, 2023. Chief Gilbert confirmed that previous extensions were through February 5, 2023. Member Neilander amended his motion to approve the extension through February 5, 2023. Member Merritt seconded the motion. All Members said aye. Motion carried.

XI. Approvals and Resolutions

A. Notice of Final Licensure

1. Moms Meds Management, L.L.C. (C203, P135)

Chief Gilbert stated Moms Meds Management was issued provisional medical cultivation and production licenses on April 11, 2018, for the Mineral County jurisdiction. A pre-opening audit and inspection was conducted on May 12, 2022, and the facility was found to be in compliance. Final licensure was issued on June 24, 2022, for its medical cultivation license and on July 7, 2022, for its medical production license.

2. Nevada Wellness Center West, LLC (RD505)

Chief Gilbert stated Nevada Wellness obtained the conditional retail store license RD505 via the July 28, 2020, licensure settlement agreement. At the August 25, 2020, Board Meeting, the transfer of interest #21001 was conditionally approved to transfer one of GreenMart of Nevada NLV conditional licenses to Nevada Wellness. On April 25, 2022, a pre-opening audit and inspection was conducted, and a statement of deficiencies was issued. Nevada Wellness corrected the deficiencies, and an approved plan of correction was issued to Nevada Wellness on May 18, 2022. Nevada Wellness filed a transfer of interest application to transfer interest to a wholly owned subsidiary, Nevada Wellness Center West, LLC, that was approved on June 15, 2022. Final licensure was issued on June 24, 2022, to Nevada Wellness Center West, LLC.

Chair Douglas called for a recess at 12:00 p.m. The Board came back on the record at 12:10 p.m.

Chair Douglas came back to agenda item IX A.

IX. Consideration of Proposed Adoption, Amendment, and/or Repeal of the Nevada Cannabis Compliance Regulations

A. Regulation 12. Packaging and labeling of cannabis products

1. 12.065 Cannabis treated with radiation

Chief of Audit and Inspection Kara Cronkhite provided an introduction. Chief Cronkhite stated that need for Regulation 12.065 arose when facilities began using new and unique methods to pre-treat or remediate cannabis. The requirement to label treatment methods on packaging or labeling is similar to what is required by the FDA for consumable food items. A scientific article provided by industry expressed the need for labeling for the purpose of consumer awareness. Chief Cronkhite read the proposed language into the record. Since all new equipment and processes must be pre-approved by CCB Agents, there's no additional burden on licensees or staff. The language clarifies that the approval process specifically for the purpose of treatment of cannabis is what will be required on the label. This should reduce confusion regarding the application of certain chemicals or thermal processes which may not be required on the label. Chief Cronkhite added that it was important to not only label cannabis which has been remediated, but also treated prior to testing. Some cultivators who regularly fail testing are now treating all cannabis prior to testing. Distinguishing on the label whether a product has been pre-treated or remediated would create a negative connotation for the remediated cannabis items. The language "to ensure compliance with testing standards" was removed in order to reduce the amount of language on the label. The language is now consistent with other labeling requirements such as extraction processes. The label can be affixed to or included with the package. Further clarification could be addressed through policy.

Chair Douglas asked for comment on the use of ionizing radiation. Chief Cronkhite responded that was initially included because there was expressed concern that non-ionizing radiation could include sunlight. Chief Cronkhite added that the word "ionizing" could be removed and still get the message across and be consistent with the intention. Chair Douglas asked if that would leave radiation in and remove just "ionizing." Chief Cronkhite responded affirmatively.

Chair Douglas asked for Member Young to provide comment. Member Young stated that it was a label issue. There has been a lot of public comment since the workshop 16 months ago. The comments from the public have been universally in support of labeling in regard to post-harvest treatment. In terms of ionizing radiation versus removing ionizing, Member Young was concerned that if it only says radiation, that includes everything such as sunlight and radio. If ionizing radiation is left in, that is a specific type of treatment. Member Young noted there are a lot of different methods of treatment post-harvest and the language supports all of the current methods as well as methods that may not have been approved yet. Member Young recommended keeping ionizing radiation but was open to further comments from the Board or public.

Member Durrett asked if there could be confusion about the word "treatment" and what is the common understanding of "treatment." Chief Cronkhite responded that one would be approved for the process specifically. Extraction could remediation product. But if one wanted to treat cannabis either pre-testing or after failure and to remediate with an extraction process and it was used specifically for that purpose, then that would be the treatment purpose. Member Durrett asked if there would be two approvals needed in that case. Chief Cronkhite responded that in her experience, all of the equipment that has been used for remediation or pre-treatment of cannabis has been used solely for that purpose. Remediation is typically when they want to keep the product as usable cannabis and radio frequency, RAD Source machines, or ozone devices are used. Those are used specifically and solely for the purpose of treating cannabis.

Kimberly Maxson-Rushton of Cooper Levenson and Joel Schwarz of Hone Law appeared on behalf of RAD Source Technologies. Mr. Schwarz stated they were litigation counsel in the underlying legal action that led to the issuance of a writ. Mr. Schwarz stated that they have spent a year and half before the CCB trying to solve a problem that doesn't exist. The problem that supposedly exists is that the public needs a label to tell them there has been decontamination or remediation. A product that might have potentially been unsafe is now rendered safe and usable for a reason that Mr. Schwarz does not comprehend. Mr. Schwarz claimed there was no evidence that there has ever been a problem to the consumers with the product they are consuming as a result of decontamination and remediation treatments, but they still need to give the public a label to suggest that there might be a problem. Mr. Schwarz stated they have presented studies and data to show that RAD Source is safe and effective. Mr. Schwarz added that a court order stated it was safe and effective treatment and the findings of fact by the court indicated that marijuana and edible marijuana products do not constitute food regulated by the FDA. Mr. Schwarz stated it should be regulated like medicine, which Ms. Rushton has previously pointed out the FDA's position, and not like food. Mr. Schwarz recommended there be a regulation focused solely on a problematic product that is

going to consumers.

Chair Douglas commented on the statement regarding only having a regulation if there is a problematic product going to the consumer. Chair Douglas noted that this was aimed at material that supposedly has a problem and as being treated post-harvest; this was for things that fail and that is why they are paying money to the company to fix the problem so the product can go forward. Chair Douglas had a problem with what Mr. Schwarz's statement. Mr. Schwarz stated that the way the regulation was written, it was not just for product that failed, remediated, and then passed. It applied to anything that has been treated post-harvest so that it can pass without failing. Mr. Schwarz claimed that there isn't sterile cultivation, and every grower will have the presence of potential pathogens. Mr. Schwarz added that post-harvest treatment was vital to ensuring consumer safety. The label suggests that there is something wrong when the treatment has been done to protect the consumer.

Mr. Schwarz stated that the "approved by Board" language was problematic as there is no process for the approval and was outside the statutory authority that has been granted. Mr. Schwarz stated he could see it leading to additional litigation if the regulation passed and is adopted as written. Ms. Rushton stated that the court order also specified that any regulation that was promulgated by the CCB along this line had to use the term radiation and none of the subcategories. Ms. Rushton noted that remediation was for product that has failed testing and been treated in order to pass lab testing whereas decontamination was a process that is used before the lab testing is conducted. This carves out the post-harvest treatment but there is no requirement for any treatment or processes used in growing. Ms. Rushton added that there needed to be further clarification on the term "label" and if that was on the product or the packaging, or a handout

Ms. Rushton stated in accordance with NRS 678A.460(1)(b) and regulations adopted by the Board, a notice of adoption, amendment or repeal of a regulation must include the time, place, and manner of proceedings, and reference to the authority under which the action is proposed. Ms. Rushton claimed there wasn't a reference in the notice to the statutory authority. Ms. Rushton added the express terms, or an informative summary of the proposed action must be included. Ms. Rushton stated they needed to appear at the meeting to understand what the intent was. Ms. Rushton stated that as the petitioner, they brought the matter to the Board's attention, have presented scientific evidence, white papers, FDA notice of the repeal of federal regulation, letters from academic institutions and businesses, studies on cannabis using RAD's technology that demonstrate safety and effectiveness, and the court order that indicated the Marijuana Enforcement Division was arbitrary and capricious in attempting to single out RAD. Ms. Rushton stated that the CCB was singling out RAD again and has not presented scientific evidence. Based on the foregoing, Ms. Rushton requested that the regulation be repealed.

Member Young asked if they thought the consumer had a right to know that their product had been treated. The consumer has asked for this; do they have a say in their right to know. Ms. Rushton recommended that the if the CCB wanted to include a notice for customer awareness, and the information could be added to the packaging sent to the dispensary and then would be available to the consumer. Ms. Rushton thought that there were ways to provide that information to the consumer without making it look like a warning. Member Young noted that there could be a positive aspect to the notice; Member Young read an article that encouraged the consumer to look at how a product is treated post-harvest, especially immune-suppressed patients. Those customers may only want to use products that have been treated and if that information is not available, then they customers wouldn't know. Ms. Rushton responded that she agreed that patients should consult with their doctor regarding treatment, and that is why the language "for your health and safety" was recommend to be included in the packaging.

Member Durrett asked if this language would go on the package or the label. Chief Cronkhite responded it would be for the label and that is because if everything isn't treated, then they wouldn't be able to pre-order all of the packaging. Member Durrett asked what message the CCB wants to get across, that it failed at some point and has been remediated or advise consumers that these processes may have been used. Chief Cronkhite responded that the message to get across is that processes have been used so that the consumer can make their own decision on whether not they want to use it.

Jill Ellsworth spoke on behalf of Willow Industries which is a national leader in cannabis killstep and decontamination technology to treat cannabis with ozone. Willow supports the Board's efforts to improve transparency around cannabis decontamination and remediation and believe providing information on product labels was an appropriate and effective way to educate patients and adult consumers. Consumers deserve to know how products were produced so that they can make informed decisions. It is a positive step towards applying standards that are commonplace in other industries. The details of what goes onto the label are important so that it

does not confuse or cause fear. Ms. Ellsworth thought that the label should explain the method of treatment used and the reasoning for the treatment. Ms. Ellsworth recommended adding the removed language back in or the following replacement language: “To protect public health and safety, this product has undergone treatment using [method of treatment].”

Denise Parker stated that as a consumer, she wants to know what treatment is being used because she would be concerned.

Amanda Connor provided public comment as a compliance attorney and not on behalf of any individual client. Ms. Connor stated that the proposed language as it is may lead to some confusion. Ms. Connor did not think it was clear that if you requested to extract a product because it failed for microbials, and then it goes through a process that qualifies as a chemical or thermal process, that there was an exemption of why that product wouldn't have to have the labeling. The proposed language did not make it clear who the burden was on for labeling: cultivation, production, or the dispensary.

Amber Jensen stated that she was speaking on behalf of patients and consumers. Ms. Jensen stated that she wanted to know what was in her cannabis. Ms. Jensen spoke about clean cannabis that is organically grown. While cannabis can't be certified organic, the remediation and decontamination voids any kind of organic process. Ms. Jensen added that growers should not need this process; there are plenty of cultivators that don't need to decontaminate or remediate. If they are remediating the product, it's because they know they are going to fail. If cultivators follow practices for clean flower, they don't need to remediate. Ms. Jensen wants to know that the product is treated and how it was treated. Ms. Jensen added that she worked at a facility that used ozone treatment and it ruined their product, so they pulled it off the market.

Tanya Haven commented that her concern was how much of the “magic” of growing and packaging cannabis will be given out to the public. Ms. Haven thought that there were secrets to cannabis that should be kept.

Matthew Levin appeared on behalf of Circle S Farms. Mr. Levin stated they had the RAD machine in their facility. Mr. Levin showed the FDA approved Radura symbol that should be placed on every item that has been irradiated for food or consumption. Mr. Levin was unable to locate the symbol on a package in any grocery store. This regulation was trying to bring awareness to a public that is not familiar with the process and expect them to make a determination that this is a safe or unsafe practice. The people in the room can't even come to a conclusion of whether it is a safe or unsafe practice, what kind of label should be provided, where the label should be. Mr. Levin thought there was a lack of clarity in all directions and the labeling needed to be tabled until there was a common ground and a complete understanding. Without proper labeling, it will confuse the consumer and harm the industry.

Salpy Boyajian appeared on behalf of Flower One. Ms. Boyajian was in support of the RAD Source machine. Ms. Boyajian stated that it was apparent from the meeting that there was not enough clarity, and it would cause confusion to the consumer. Flower One used the process and believed in the process. Ms. Boyajian thought that the way it was worded would cause confusion and potentially brand it as if is unsafe.

Pejman Bady thought that the regulation still needed further discussion to fine tune its intent and use. As a license holder, Dr. Bady took responsibility for not being present at the prior workshop regarding this matter. Dr. Bady noted that the regulatory body for cannabis has changed three times since 2013 with significant number of new regulations each time. Dr. Bady stated the language as written is confusing. Dr. Bady stated if any patient presents to him with a question about medication, he would like to be able to have enough information to be able decipher its benefits, contradict indications, and adverse effects on the patient directly and indirectly. Synthetic medications provide a pamphlet with all the details pertaining to the medication. With cannabis, Dr. Bady felt it was important to have the details of the treatment during the life cycle of the plant, chemically, thermally, and otherwise with the details of the processes. A label alone does not provide adequate information. Dr. Bady thought the regulation needed more work due to those issues. Dr. Bady gave credit to the CCB for its work and responsiveness.

Chair Douglas commented that the Board had nothing one way or the other with RAD Source and this ordinance and it's clear from the lawsuit that this Board wasn't part of it. The question is public education and people having some idea of what might be there. Chair Douglas noted that a statement was made in regard to NRS 678A, rulemaking, and whether or not the Board has followed required procedure to make a decision. Chair Douglas asked for clarification on that from Board counsel.

Deputy Attorney General Asheeh Bhalla responded that the statute says that we have to have a reference to the authority under which the action is proposed; it does not state the specific statutory section. Mr. Bhalla believed that the notice included a reference to the authority of the Board to promulgate regulations. It was Mr. Bhalla's advice that the Board is within compliance to act on this regulation here. Mr. Bhalla deferred to staff and counsel if he overlooked anything.

Chair Douglas noted that there was public comment from University of Nevada Cooperative Extension Horticulture Hemp Program stated "When human consumption is on the table, and a plant is being regulated like it is medicine, the importance of regulatory disclosure in radiation should be a primary concern for any producer. The plant material and structure has been compromised from its original form, in order to pass these tests, therefore, the same due diligence in respect for human bodies is only fair. To add to your current proposed regulations, it would also seem only fair that if certain plant compounds are being required as image based definitions, it would make sense that this notification should also use an image based logo to show, in a recognizable matter, that this product has been radiated."

Chair Douglas noted that we are trying to notify the consumer of what they are receiving, and not trying to tell secrets or anything else. The aim is to protect the public and the industry.

Member Durrett asked when it would go on the label, at production or the dispensary. Chief Cronkhite responded that it would need to go on both labels as the dispensary would not necessarily know if it was treated unless the label leaving cultivation or production stated so and it would end up needing to be on the label for the end consumer. Chief Cronkhite added that other sections could be revised in NCCR to include that the disclosure must be on there if applicable. Member Durrett commented that she and industry should have weighed in on this sooner. Member Durrett recognized that the public wanted the disclosure but did not feel that it was more important than any other matters provided to consumers like soil amendments. Chief Cronkhite stated that soil amendments include anything that was added to the soil including nutrients, pesticides, anything while its growing and post-harvest. Member Durrett recommended that it be included on the soil amendment or provided in the list of disclosures.

Member Neilander asked Member Young if he felt the Board should go forward or spend more time working on it. Member Young responded that no matter what the Board does, there are certain members of the industry that will never be satisfied. Member Young noted that the CCB tried to take a broader approach; the issue is specifically labeling for post-harvest remediation and dealing with a vast minority of the industry. Member Young noted that 85% of the industry would not require the label. Member Young noted that they could spend more time on it but did not think that they would ever appease everybody and there were enough questions from other Board members that they should spend more time on it but did not think another workshop was required.

Member Neilander commented that a lot of work has been done and we have come a long way. Member Neilander also wanted to give credit to the consumers and include a label that provides information to check it out further; people do that. Member Neilander noted the Board may not get to a point of agreement, but that he wanted to do it in the fairest manner.

Member Merritt noted that the consumer has a right to know. Member Merritt added that the information provided with medications is used by the consumer to look into, but she sometimes wished that information was provided on the label. The Board has a responsibility to make sure the information is available to the consumer.

Chair Douglas asked, based on the discussion, if the Board should bring it back in 60 or 90 days. Member Young responded that he would support a motion to table the matter and revisit in 60 days. Member Neilander responded that he would second that motion. Chair Douglas took Member Young's statement as a motion and Member Neilander's second and added the matter would be noticed again. All Members said aye. Motion carried.

XII. Briefing from the Chair and the Executive Director

Chair Douglas commented that on the Channel 5 rants this morning some individuals were ranting about cannabis and where is the money that was supposed to go to schools. Chair Douglas noted that operators for the most part have been providing it and the state has been collecting it. The rest is up to legislature. Chair Douglas added that there was concern in the industry of what the CCB is doing, how we're doing it, to keep the public safe.

Executive Director Klimas noted that there was a notice of adoption for the August board meeting. One clarifies the local's role per the legislation and any potential limits to the number of licenses. The second clarifies the grandfathering discussion. The third item clarifies the "continually monitoring" of the security cameras.

XIII. Next Meeting Date

The next Board meeting is scheduled for August 23, 2022.

XIV. Items for Future Agendas

Board Members may provide items for future agendas.

XV. Public Comment

Denise Parker spoke about hemp being described as a biohazard and provided a brief history of hemp, its uses, and benefits. Ms. Parker recommended using the hemp that is thrown away at cultivation facilities.

A'Esha Goins with Black Joy Consulting appeared on behalf of CEIC. Ms. Goins wanted to comment on agenda item VIII and thanked Member Neilander for bringing up Assembly Bill 322. Ms. Goins stated that the bill was set in place to be a true pathway to ownership because of the low entry level for persons. Ms. Goins noted that the bill made it through the assembly finance committee, was held in Ways and Means, and had bipartisan approval. Ms. Goins thought that the bill could be presented next session and could get through depending on the industry's commitment. Ms. Goins noted that the person asking for this pilot program was already established in the industry. Ms. Goins stated it was intended to be a true pathway to ownership for social equity applicants.

Tanya Haven supported Denise Parker's comments and recommended finding something better to do with the leftover leaves/hemp.

XVI. Adjournment

Meeting adjourned at 1:17 p.m.