1 BEFORE THE CANNABIS COMPLIANCE BOARD STATE OF NEVADA 2 3 STATE OF NEVADA, CANNABIS 4 COMPLIANCE BOARD, Case No. 2022-63 5 Petitioner, 6 VS. 7 NLV WELLNESS, LLC, 8 Respondent. 9 10 COMPLAINT FOR DISCIPLINARY ACTION 11 The Cannabis Compliance Board of the State of Nevada (the "CCB"), by and through 12 counsel, Aaron D. Ford, Attorney General of the State of Nevada, Ashley A. Balducci, Senior 13 Deputy Attorney General, and L. Kristopher Rath, Senior Deputy Attorney General having 14 a reasonable basis to believe that Respondent NLV Wellness, LLC ("NLV" or "Respondent") 15 has violated provisions of Chapters 678A through 678D of the Nevada Revised Statutes 16 ("NRS"), and the Nevada Cannabis Compliance Regulations ("NCCR"), hereby issues its 17 Complaint, stating the CCB's charges and allegations as follows: 18 JURISDICTION 19 1. During all relevant times mentioned in this Complaint, NLV held, and 20 currently holds, the following licenses: 21Last Issued / ID License Address Renewed 22 C145 Medical Cannabis 05/19/2022 **Cultivation Facility** 23 76526364910639240293 24 RC145 Adult-use Cannabis 05/03/2022 Cultivation Facility 25 31181717801815759371 26 2. During all relevant times mentioned in this Complaint, NLV is and was 27 registered as a Domestic Limited Liability Company in the State of Nevada. The Nevada

Secretary of State lists the managers of NLV as

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Salman Ali. The point of contact with the CCB for NLV is Salman Ali.

- 3. As NLV holds its licenses with CCB, it is subject to NRS Title 56 and the NCCR for the violations asserted herein. Therefore, NLV 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.
- 4. Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director has transmitted the details of the suspected violations of NLV to the Attorney General and the Attorney General has 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 Executive Director has transmitted this recommendation and information to the CCB. Pursuant to NRS 678A.510(2)(b), the CCB has voted to proceed with appropriate disciplinary action under NRS 678A.520 through 678A.600. Pursuant to NRS 678A.520(1), the CCB's Executive Director has authorized service of this Complaint upon Respondent.

COMPLIANCE HISTORY

- 5. CCB incorporates all prior Paragraphs as though fully set forth herein.
- 6. On April 22, 2019, the Department of Taxation's Marijuana Enforcement Division ("DOT") conducted a routine inspection/audit of the facility located at (the "NLV Facility"). This inspection/audit resulted in the following deficiencies in violation of Chapters 453A and 453D of the Nevada Administrative Code ("NAC"):
 - a. "Veg Room A" contained 647 cannabis plants, but Metrc (the State's seed-to-sale tracking system) reported 1,068 cannabis plants in "Veg Room A".
 - b. The storage area contained untagged 72 bags of cannabis buds, trim, and pre-rolls.
 - c. NLV could not print a security screen shot from the cameras inside

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the NLV Facility.

- d. Upon request, NLV could not provide information on the designated security manager for the NLV Facility, nor any security training documentation.
- e. An unknown liquid found in an unlabeled container in the hallway outside of the "Veg Room".
- f. The floor coverings in the "Veg Room" and "Flower Room A" were not completely sealed to the walls.
- g. Pipes leading to the outside of the "Veg Room" and "Flower Room A" were not sealed completely allowing for pest or debris access.
- h. The wall in the "Veg Room" had exposed insulation.
- i. Water damage to the wall below the air conditioner in the "Veg Room".
- j. The floor in the "Veg Room", "Flower Room B", and "Dry/Curing Room" exhibited missing and peeling portions of linoleum.
- k. A hole in the wall covered by duct tape in the "Dry/Curing Room".
- l. Incomplete sealed pipe connected to the fire sprinkler leading the outside of "Flower Room B" allowing for pest or debris access.
- m. Containers of usable marijuana stored directly on the floor.
- 7. On May 5, 2019, NLV submitted a plan to correct the deficiencies noted that the DOT approved on June 21, 2019.

FACTUAL ALLEGATIONS

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

Routine Inspection/Audit and Summary Suspension on May 19, 2021

9. On or about May 19, 2021, Board Agents conducted a routine inspection/audit of the NLV medical and adult-use cannabis cultivation facility located at the NLV Facility. The Board Agents for this inspection/audit were Keoki Allen, Heather Withers, Erica Scott, Kristine Vasilevsky, and Fenton Harvey (the "Board Agents"). Salman Ali ("Ali"), one of

the owners, met with Board Agents shortly after their arrival.

- 10. During the course of this audit/inspection, Board Agents discovered 475 cannabis plants over 8" in height inside the "Veg Room" without Metrc tags and that had not been entered into the Metrc database (the State's seed-to-sale tracking system). Board Agents also discovered 20 bags containing 29,166 total grams of cannabis in the vault without Metrc package tags and that had not been entered into Metrc database. Board Agents further discovered 30 cannabis plants over 8" in height quarantined due to physical contamination and pending destruction per NLV in "Flower Room B" in the NLV Facility without Metrc tags and that had not been entered into the Metrc database. The above constitute multiple violations of NCCR 6.080 and NCCR 6.082.
- 11. Board Agents observed loose cannabis flower visible outside on grounds of the NLV Facility and used Metrc tags on a table and in letter box in the vault at the NLV Facility. Board Agents also observed inadequate cleaning and maintenance of cannabis processing and storage areas, such as loose cannabis flower and other debris throughout the NLV Facility in areas behind a grinding machine, on a shelf in vault area, and a lid in clone room; a green broz machine located on second floor soiled with old debris accumulation; and reuse of black bags that contained loose cannabis flower with old identification stickers not previously removed before reuse in violation of NCCR 10.040. Board Agents further observed the potable water line hook-up in severe disrepair and leaking with a catch pan underneath and without a backflow prevention device in violation of NCCR 10.065.
- 12. Board Agents noted the physical building in disrepair in violation of NCCR 10.055, 10.060, and 10.075, including but not limited to the following:
 - a. Ceiling tiles with holes, ceiling tiles not flush with ceiling runners in "Clone Room" and "Nutrient Room;"
 - b. Ceiling damage from apparent water leak from a ventilation fan in "Floor Room B" currently used a "quarantine" room by NLV Facility for plants removed from current harvest from March 21, 2021, due to

physical contamination, causing water to drip into an empty black grow tray;

- c. Accumulation of standing water in an empty black grow tray located in second "Veg Room" being used to segregate contaminated plants, from ceiling tile damage;
- d. Walls and base covering inside the only restroom soiled and in disrepair;
- e. A large penetration observed in second "Veg Room B" on wall adjacent to door; and
- f. Excessive clutter and storage of items such as wooden pallets, black taps, and tools located outside establishment but within secured premises. Items stored over time can cause potential pest harborage conditions in areas adjacent to the premises of the cannabis establishment.
- 13. In addition, NLV could not provide documentation of destruction logs from current or previous harvests upon request by Board Agents in violation of NCCR 6.080. Subsequent documentation received from NLV at a second visit to the NLV Facility showed 636 clones originally taken from mother plants on March 21, 2021. However, Board Agents counted only 506 vegetative plants during a physical inventory count in violation of NCCR 6.080. NLV did not provide destruction logs of plants destroyed due to regular and routine quality assurance of the current harvest inside the "Veg Room" in the NLV Facility in violation of NCCR 6.080. NLV also could not provide documentation of any person certified as an applicator of pesticides upon request by Board Agents in violation of NCCR 10.075.
- 14. Board Agents found two individuals eating in the lobby of the NLV Facility. One of the two individuals did not have a cannabis establishment agent registration card ("Agent Card") or temporary Agent Card to work or volunteer in the NLV Facility in their immediate possession nor did the individual sign-in the visitor log or wear a visitor badge in violation of NCCR 6.070. Per Ali, the individual without the Agent Card occasionally

provided assistance at the facility. Board Agents instructed the individual without the Agent Card or temporary Agent Card in their possession to leave the premises.

- 15. Board Agents found several personal items stored above frozen cannabis products, such as open water bottles and food located on top of a freezer located in entrance/break room area in violation of NCCR 10.035.
- 16. On May 20, 2021, the Board entered a Findings of Fact, Conclusions of Law, and Emergency Order of Summary Suspension finding a threat to the public's health and safety due to the large amount of untagged cannabis at the NLV Facility.
- 17. After NLV submitted several plans of correction and destroyed the untagged cannabis, the CCB approved lifting the summary suspension on June 23, 2021, which allowed NLV to resume operations. Ali, with counsel present, appeared before the Board at the July 27, 2021, meeting.

Metrc Cleanup Request on August 30, 2021

18. On August 30, 2021, NLV requested a Metrc Cleanup from the CCB wherein NLV identified inventory that needed the weights adjusted down to account for moisture loss. The CCB approved the Metrc Cleanup which adjusted the weights down on December 28, 2021. On December 30, 2021, NLV destroyed 39 packages of flower listed on the Metrc Cleanup. NLV submitted a destruction log, video, and pictures that depicted each of the packages being weighed on the scale prior to the destruction. Upon review of the pictures, Board Agent, Erica Scott, found that 5 of the packages weighed less (four out of the five weighed over 100 grams less) than what NLV reported in Metrc and on the destruction log provided to the CCB on January 13, 2022, as set forth in the following chart:

Metrc Tag	Strain	Metrc &	Destruction	Variance
		Destruction	Weights	(g)
		Log Weights	Verified (g)	
		(g)		
1A4040300004075000000588	GG#4	2,258	2,170	-88
1A4040300004075000000601	GG#4	2,258	2,126	-132

1A4040300004075000000732	God Bud	2,256	2,078	-178
1A4040300004075000000738	Blueberry	1,074	922	-152
	Runtz			
1A4040300004075000000741	Cherry	1,198	1,034	-164
	Banana		F	
	Punch			

19. NLV could not explain the variances, but NLV attributed the variances to human error that NLV claimed resulted from inadvertent mis-weighing of the packages. NLV submitted a plan of correction that the CCB approved.

Routine Inspection on July 19, 2022

- 20. On July 19, 2022, Board Agents, Fenton Harvey and Bruce Nisberg, returned to NLV to conduct a routine inspection at the NLV Facility.
- 21. During this routine inspection, Board Agents discovered over 470 cannabis plants without Metrc tags in violation of NCCR 6.082. Board Agents also discovered: (1) holes in the walls in the upstairs staging area; (2) black mold-like growth extending upwards from the coving onto the drywall in the Propagation/Clone Room that contained cannabis plants; (3) rust and other unknown substances along the floor and where the coving adheres to the floor in Propagation/Clone Room and other areas in the NLV Facility; and (4) access points to the outside of the NLV Facility were not sealed with gaps in the door sweeps in violation of NCCR 10.055 and 10.060. Board Agents further discovered an individual working or volunteering in the NLV Facility with an expired Temporary Agent Card in violation of NCCR 6.070(6).

VIOLATIONS OF LAW

- 22. CCB incorporates all prior Paragraphs as though fully set forth herein.
- 23. As to licenses C145 and RC145, Respondent NLV violated NCCR 4.035(1)(a)(3) for making a false statement to the Board or Board Agents as set forth in Paragraphs 18-19. This is either one category I violation, which carries a civil penalty of up to \$90,000 and a 30-day suspension or five separate category I violations, which carry a

civil penalty of up to \$90,000, a suspension of not more than 30 days, and revocation. NCCR 4.035(2)(a)(1)-(2). Alternatively, Respondent NLV violated NCCR 4.040(1)(a)(1) for making an unintentional false statement to the Board or Board Agents. This is either one category II violation, which carries a civil penalty of up to \$25,000 and a suspension of not more than 20 days or five separate category II violations, which carry a civil penalty of up to \$100,000, a suspension of not more than 50 days, and revocation. NCCR 4.040(2)(a)(1)-(3).

- 24. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.080(7)(d)(9), (10)(a)-(b) and NCCR 4.050(1)(a)(3), (14) by failing to keep any required records, including seed-to-sale tracking requirements and/or failing to meet requirements for the disposal of cannabis waste as set forth in Paragraph 13. This is a first category III violation, which carries a civil penalty of up to \$10,000. NCCR 4.050(2)(a)(1).
- 25. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.082(1), (4) and 4.050(1)(a)(4), (23) for failing to tag plants as required and/or failing to tag cannabis or cannabis product as required for the 475 untagged cannabis plants over 8" in height inside the "Veg Room" as set forth in Paragraph 10. This is a second category III violation, which carries a civil penalty of up to \$30,000 and/or a suspension of not more than 10 days. NCCR 4.050(2)(a)(2).
- 26. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.080(8)(a), 6.082(1), (4), and 4.050(1)(a)(3), (12)-(13) for failing to keep any required records, including seed-to-sale tracking requirements and/or violating packaging or labeling requirements including seed-to-sale tracking system requirements and/or storing or delivering an unapproved cannabis product or a cannabis product outside the seed-to-sale tracking system for the 475 untracked cannabis plants over 8" in height inside the "Veg Room" as set forth in Paragraph 10. This is a third category III violation, which carries a civil penalty of up to \$90,000 and/or a suspension of not more than 20 days. NCCR 4.050(2)(a)(3).
- 27. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.082(1), (4) and 4.050(1)(a)(23) for failing to tag cannabis or a cannabis product as required for the 20 untagged bags containing 29,166 total grams of cannabis in the vault as set for in

Paragraph 12. This is a fourth category III violation, which carries a civil penalty of up to \$90,000 and a suspension of not more than 60 days. NCCR 4.050(2)(a)(4).

- 28. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.080(8)(a), 6.082(1), (4), and 4.050(1)(a)(3), (12)-(13) for failing to keep any required records, including seed-to-sale tracking requirements and/or violating packaging or labeling requirements including seed-to-sale tracking system requirements and/or storing or delivering an unapproved cannabis product or a cannabis product outside the seed-to-sale tracking system for the 20 untracked bags containing 29,166 total grams of cannabis in the vault as set for in Paragraph 10. This is a fifth category III violation, which carries the penalty of revocation. NCCR 4.050(2)(a)(5).
- 29. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.082(1), (4) and 4.050(1)(a)(4), (23) for failing to tag plants as required and/or failing to tag cannabis or cannabis product as required for the 30 cannabis plants over 8" in height quarantined due to physical contamination and pending destruction per NLV in "Flower Room B" as set forth in Paragraph 10. This is a sixth category III violation, which carries the penalty of revocation. NCCR 4.050(2)(a)(5).
- 30. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.080(8)(a), 6.082(1), (4), and 4.050(1)(a)(3), (12)-(13) for failing to keep any required records, including seed-to-sale tracking requirements and/or violating packaging or labeling requirements including seed-to-sale tracking system requirements and/or storing or delivering an unapproved cannabis product or a cannabis product outside the seed-to-sale tracking system for the 30 cannabis plants over 8" in height quarantined due to physical contamination and pending destruction per NLV in "Flower Room B" as set forth in Paragraph 10. This is a seventh category III violation, which carries the penalty of revocation. NCCR 4.050(2)(a)(5).
- 31. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.082(1), (4) and 4.050(1)(a)(4), (23) for failing to tag plants as required and/or failing to tag cannabis or cannabis product as required for the over 470 cannabis plants as set forth in Paragraph 21.

This is an eighth category III violation, which carries the penalty of revocation. NCCR 4.050(2)(a)(5).

- 32. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.070(3)-(6) and 4.055(1)(a)(1) for failing to display or have in the immediate possession of each cannabis establishment agent a cannabis establishment agent registration card or proof of temporary registration as set forth in Paragraphs 14 and 21. These are two separate category IV violations, which carry civil penalties of up to \$15,000 and/or a suspension of not more than 7 days. NCCR 4.055(2)(a)(1)-(2).
- 33. As to licenses C145 and RC145, Respondent NLV violated NCCR 6.080(7)(a), (d), (8)(c), (9), 10.035(2), 10.040(2)(b), 10.055, 10.065(1)-(2), 10.075, and 4.060(1)(a)(6) for failing to comply with any other requirements not described in another category of violations as set forth in Paragraphs 11, 12, 13, 15, and 21. These are at least six separate category V violations, which carry a warning, civil penalties of up to \$77,500, and/or a suspension of not more than 40 days. NCCR 4.060(2)(a)(1)-(6).

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:

- 1. Revoke NLV's cultivation licenses;
- 2. Suspend NLV's cultivation licenses;
- 3. Impose a civil penalty of not more than \$90,000 for each separate violation of NRS Title 56 and the NCCR on the cultivation licenses of NLV; and
 - 4. Take such other disciplinary action as the CCB deems appropriate.

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 revocation, civil penalties against NLV in the amount of \$402,500, and a written warning regarding NLV's first category V violation, for C145 and RC145.

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 his or her right. NRS 678A.520(2)(e).

PLEASE TAKE NOTICE, you, as the Respondent, must answer this Complaint within 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 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 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 his or her 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 10 days before the hearing. The hearing must be held within 45 days after

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receiving the 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 East Warm Springs Road, Ste. 100 Las Vegas, Nevada 89119 tklimas@ccb.nv.gov

If served by email, Respondent must ensure that it receives an acknowledgement of receipt email from CCB as proof of service. Respondent is also requested to email a copy of its Answer and Request for a Hearing to Senior Deputy Attorneys General list below at abalducci@ag.nv.gov and lrath@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 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 30 days of the service of this Complaint, Respondent may pay the civil penalties set forth above in the total amount of \$402,500, and surrender its licenses on notice to:

1	Tyler Klimas, Executive Director Cannabis Compliance Board					
2	700 East Warm Springs Road, Ste. 100 Las Vegas, Nevada 89119					
3	YOU ARE HEREBY ORDERED to immediately cease the activity described above					
4	which is a violation of Nevada law.					
5	DATED: October 13, 2022.					
6	STATE OF NEVADA CANNABIS COMPLIANCE BOARD					
7 8	P					
9	By: Tyler Klimas, Executive Director					
10	Cannabis Compliance Board 700 East Warm Springs Road, Ste. 100					
11	Las Vegas, Nevada 89119					
12						
13	AARON D. FORD					
14	AARON D. FORD Attorney General					
15	By: LOS Reich					
16	Ashley A. Balducci (Bar No. 12687) Senior Deputy Attorney General					
17	L. Kristopher Rath (Bar No. 5749) Senior Deputy Attorney General					
18	555 E. Washington Ave, Suite 3900 Las Vegas, Nevada 89101					
19	(702) 486-3420 Attorneys for the Cannabis Compliance Board					
20	Tittorneys for the Cannabis Compilance Board					
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DECLARATION AND CERTIFICATE OF SERVICE OF COMPLAINT FOR DISCIPLINARY ACTION

(Service via Mail)

- I, Amber Virkler, hereby certify and affirm that:
- 1. I am over the age of 18 years old.
- 2. I am a Board Agent of the Cannabis Compliance Board ("CCB"), as defined in NCCR 1.068.
- 3. Pursuant to NRS 678A.520 and NCCR 4.075, I have served the Respondent herein with the Complaint for Disciplinary Action ("Complaint") in the above captioned matter as follows:

By placing a true and correct copy of the Complaint to be deposited for mailing in the United States Mail in a sealed envelope via registered or certified mail, prepaid in Las Vegas, Nevada, to Respondent's point of contact with the CCB under NCCR 2.050 at Respondent's address on file with the Board as follows:

Address on file with CCB:

Date of Service: October 13,2022

I declare under penalty of perjury that the foregoing is true and correct.

cc: Salman Ali,

via First Class Maii