

Nevada Cannabis Compliance Board

Emergency Meeting Minutes January 24, 2023

The Nevada Cannabis Compliance Board (CCB) held a via remote technology system Zoom on January 24, 2023, scheduled at 11:50 a.m.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair
Dennis Neilander
Jerrie Merritt
Bryan Young

Director Klimas called the meeting to order and took roll. Chairman Michael Douglas, Member Neilander, Member Merritt were present via video connection. Member Young joined the meeting via video connection shortly after roll call was taken.

I. Public Comment

There was no public comment.

II. Consideration of Emergency Order of Summary Suspension Pursuant to NCCR 4.105 (for possible action)

A. The CCB will consider whether to issue an Emergency Order of Summary Suspension for Helping Hands Wellness, Inc. (C147, RC147, P092, RP092) pursuant to NCCR 4.105.

Director Klimas introduced the agenda item. Kara Cronkhite, Chief of Audit and Inspections presented the matter to the Board.

Chief Cronkhite stated that on January 5, 2023, Board agents went to Helping Hands Wellness Center for a follow-up visit related to previous inspection and audit. The cultivation facility operates on the first floor and the production facility operates on the second floor. Chief Cronkhite stated that during the visit, Board agents uncovered unlabeled jars of kief, whole flower, concentrate, trim, and seeds concealed in a storage closet with no surveillance camera coverage. Board agents uncovered cannabis clones in the facility's attic, which had no surveillance camera coverage. Neither area is approved for cannabis storage. The cannabis and cannabis products that could not properly be accounted for in Metrc were destroyed that day in the presence of Board agents.

Chief Cronkhite stated Board agents reviewed surveillance footage for the facility which took an excessive time to receive. The various footage that was provided was inadequate and incomplete due to missing camera angles and cameras not functioning. Upon review of the surveillance footage, Board agents saw that during the December 7, 2022, inspection, an employee was concealing cannabis and cannabis products in the same storage closet where cannabis products were later found. This surveillance footage was shown to the Board.

Board agents observed and heard Helping Hands employees discussing a plan to conceal harvested cannabis in the facility's attic before allowing Board agents into the facility. This surveillance footage was shown to the Board.

Member Neilander asked if this was occurring while the agents were on the property. Chief Cronkhite responded that this occurred while Board agents were awaiting allowance to enter the facility. Chief Cronkhite added that there were several minutes where the employees saw that Board agents had arrived, did not allow agents to enter and began dumping chemicals, hiding product, moving clones and product around. Member Neilander noted that the employee was running.

Chief Cronkhite stated that Board agents observed a Helping Hands employee returning to the facility after Board agents had asked him to leave because he did not have an active cannabis agent card. Board agents observed and heard this employee on the phone about a plan to remove cannabis clones from the facility when Board agents were not there. This surveillance footage was shown to the Board with subtitles.

Member Merritt asked if he was not aware that the cameras were running. Chief Cronkhite responded that some cameras were not functioning, and some camera angles were not provided; it was possible he thought he was off camera or forgot that he was being recorded at all times.

Member Young asked if the person in the video was referring to the man that was asked to leave but came back. Chief Cronkhite responded that the person in the video was the person that was asked to leave. Chief Cronkhite added that there was video of him scratching out the expiration date on his agent card.

Chief Cronkhite stated that Board agents uncovered additional security concerns as the facility's key card access locks failed to activate properly resulting in unlocked internal doors that could be pushed open by anyone inside the facility. The security concerns extended to the production facility given that they are located on the second floor of the same facility and the presence of previously noted concealed cannabis and cannabis products in the attic. Board agents also observed an employee moving freely between cultivation and production despite only holding a cultivation agent card.

Chief Cronkhite stated that based on the foregoing evidence of concealment of cannabis and cannabis products, evidence of employees' intent to divert cannabis, clones and buds can easily be trimmed from existing plants, and lack of proper security measures in place, Helping Hands poses an immediate threat to the public health, safety, and welfare as the facility failed to properly secure cannabis and cannabis products which would allow for diversion of cannabis and for untracked and untested cannabis to enter the illicit market.

Member Neilander asked if there were previous issues with this company. Chief Cronkhite did not recall previous serious issues but noted that there were other issues with this investigation, including the moving of tags from harvested plants to untagged plants in the grow room and an employee rolling pre-rolls stuck his hand down the back of his pants and then continued rolling pre-rolls without washing his hands. Senior Deputy Attorney General L. Kristopher Rath did not recall any complaints or settlement agreements with this licensee.

Chair Douglas asked based on what was observed, what would need to be done at a minimum to secure the facility if a summary suspension was issued. Chief Cronkhite responded that they would need to respond with a corrective action plan; ensure that all locks are secured and functioning properly; all surveillance cameras functioning properly; close off attic space or storage areas or include cameras in those space; any employees that were observed conspiring to conceal evidence, hide plants, or divert plants may have action taken on their agent cards, receive training, or not be allowed at the facility. The facility should be immediately locked with access restricted to one single employee to maintain plants.

Member Young asked when the footage took place. Chief Cronkhite responded that the footage was from the initial inspection on December 7, 2022 when the inspectors first arrived at the facility and were waiting for access. Chief Cronkhite added that the footage was asked for at that time but was not provided until January. Member Young asked if they had been operating since then. Chief Cronkhite responded that they had and inspectors went out for a follow-up visit on January 5, 2023 which is when the products were found stored in the supply closet and attic.

Member Neilander asked about the cloning and why they would want to go outside of Metrc; were they selling illegally? Director Klimas thought that was a reasonable conclusion and it was unknown how many times clones had been cut from plants and not tagged. Chief Cronkhite added that it would be difficult to get clones to root and grow at home; it would be easier to do that in a facility. The clones are desirable to sell. It was unclear what the untagged clones would be used for. Chief Cronkhite stated there was also cannabis product found that was outside of the seed-to-sale tracking system; the intent for those products is unknown. It was concerning that employees wanted to move product out of the facility when CCB agents were not there.

There were no additional questions from the Board. Chair Douglas clarified if the request was for an emergency summary suspension. Chief Cronkhite responded affirmatively. Chair Douglas supported the proposition. Member Neilander stated that he also supported it and was prepared for a motion. Member Merritt and Member Young also supported the suspension.

Member Neilander made a motion that the evidence presented supported a public risk and the Board should move forward with a temporary suspension subject to the completion of a correction plan that is acceptable to Board staff and the Board, to include security, agent cards, surveillance, staff allowed in facility and any additional matters as detailed in the Order. Senior Deputy Attorney Generals Emily Bordelove and Mr. Rath noted that the security measures would be immediate with the plan of correction approved later. Member Young seconded the motion.

Chair Douglas noted that this was for an emergency suspension, and they are allowed to go through the normal procedure to reinstate; any disciplinary action would be considered separately from this and based upon these events. All Board Members present said aye. Motion carried.

III. Public Comment

There was no public comment.

IV. Adjournment

Meeting adjourned at 12:25 p.m.