

BEFORE THE CANNABIS COMPLIANCE BOARD
STATE OF NEVADA

STATE OF NEVADA, CANNABIS
COMPLIANCE BOARD,

Case No. 2022-119

Petitioner,

vs.

GREEN CROSS OF NEVADA, LLC,

Respondent.

STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION

The Cannabis Compliance Board (the "CCB"), by and through its counsel, Aaron D. Ford, Attorney General for the State of Nevada, and L. Kristopher Rath, Esq., Senior Deputy Attorney General, hereby enters into this Stipulation and Order for Settlement of Disciplinary Action ("Stipulation and Order") with Respondent Green Cross of Nevada, LLC (hereinafter "GCN" or "Respondent"), by and through its counsel of record, Adam R. Fulton, Esq., of the law firm of Jennings & Fulton, Ltd. Pursuant to this Stipulation and Order, GCN and CCB (collectively, the "Parties") hereby stipulate and agree that CCB Case No. 2022-119 (the "Administrative Action") shall be fully and finally settled and resolved upon the terms and conditions set out herein.

PERTINENT FACTS

1. On or about December 29, 2022, the CCB initiated this disciplinary action via the service and filing of a Complaint for Disciplinary Action (the "Complaint"). The Complaint alleges, *inter alia*, that, contrary to Nevada law, the GCN medical cannabis production facility (P019) and adult-use cannabis production facility (RP019): failed to keep required records (including properly following seed-to-sale tracking requirements); failed to meet requirements for disposal of cannabis waste; and, failed to properly submit reports required by the Board.

1 2. GCN has not filed an Answer and/or a Request for a Hearing as of the date of
2 this Stipulation and Order. Rather, GCN requested and was granted one extension to file
3 its Answer in order to attempt to negotiate resolution of the Administrative Action. The
4 Parties entered into good faith negotiations to resolve the Administrative Action and
5 reached an agreement in principle for resolving this case. As a result, the CCB's Chair
6 approved a stipulation and order to stay the Administrative Action on January 23, 2023, to
7 allow the Parties to finalize this Stipulation and Order and for the CCB to consider
8 approval of this Stipulation and Order at its February 28, 2023, meeting. On February 24,
9 2023, the CCB's Chair approved a second stipulation and order extending this stay until
10 April 11, 2023, to allow Respondent to submit additional documents regarding its plan of
11 correction and then allow for the CCB to consider approval of this Stipulation and Order at
12 its March 28, 2023, meeting.

13 3. The Parties have engaged in good faith settlement negotiations to reach an
14 agreement that is mutually acceptable to Respondent, CCB staff, and counsel for the CCB,
15 for resolution of the Administrative Action, with the understanding that this Stipulation
16 and Order must be approved by majority vote of the members of the CCB to become
17 effective.

18 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

19 This Stipulation and Order is made and based upon the following acknowledgements
20 by the Parties:

21 4. GCN has entered into this Stipulation and Order on its own behalf and with
22 full authority to resolve the claims against it and is aware of GCN's rights to contest the
23 violations pending against it. These rights include representation by an attorney at GCN's
24 own expense, the right to file an Answer to the Administrative Action and demand for
25 hearing, the right to a hearing on any violations or allegations formally filed, the right to
26 confront and cross-examine witnesses called to testify against GCN, the right to present
27 evidence on GCN's own behalf, the right to have witnesses testify on GCN's behalf, the
28 right to obtain any other type of formal judicial review of this matter, and any other rights

1 which may be accorded to GCN pursuant to provisions of NRS Chapters 678A through
2 678D, the Nevada Cannabis Compliance Regulations (NCCR), and any other provisions of
3 Nevada law. GCN is waiving all these rights by entering into this Stipulation and Order.
4 If the CCB rejects this Stipulation and Order, or any portion thereof, all such waivers shall
5 be deemed withdrawn by GCN.

6 5. Should this Stipulation and Order be rejected by the CCB or not timely
7 performed by GCN, it is agreed that presentation to and consideration by the CCB of such
8 proposed stipulation or other documents or matters pertaining to the consideration of this
9 Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its
10 members from further participation, consideration, adjudication, and/or resolution of these
11 proceedings and that no CCB member shall be disqualified or challenged for bias.

12 6. GCN acknowledges that this Stipulation and Order shall only become effective
13 after the CCB has approved it.

14 7. GCN enters this Stipulation and Order after being fully advised of GCN's
15 rights and as to the consequences of this Stipulation and Order. This Stipulation and Order
16 embodies the entire agreement reached between the CCB and GCN. It may not be altered,
17 amended, or modified without the express written consent of the Parties, and all
18 alterations, amendments and/or modifications must be in writing. The Parties stipulate
19 and agree that this Stipulation and Order, if approved by the Board, resolves only the
20 allegations set forth in the Administrative Action via the Complaint in Case No. 2022-119.

21 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, GCN
22 has agreed to settle this matter. For purposes of settling this matter, GCN acknowledges
23 that the facts contained in the paragraphs in the above "Pertinent Facts" portion of this
24 Stipulation and Order are true and correct. Without waiving any constitutional rights
25 against self-incrimination, GCN further acknowledges that certain facts contained in the
26 CCB Complaint in Case No. 2022-119 could be found to constitute violations of Title 56 of
27 NRS (NRS Chapters 678A through 678D), and the NCCR, with penalties up to and
28 including revocation, suspension, and/or civil penalties of up to \$227,500 for P019 and

1 RP019, if this matter went to an administrative hearing.

2 9. In settling this matter, the Executive Director for CCB and counsel for CCB
3 have considered the factors set forth in NCCR 4.030(2), including: the gravity of the
4 violations; the economic benefit or savings, if any, resulting from the violations; the size of
5 the business of the violator; the history of compliance with the NCCR and Title 56 of NRS
6 by the violator; actions taken to remedy and/or correct the violations (including
7 Respondent's approved plan of correction, as set forth below); and the effect of the penalty
8 on the ability of the violator to continue in business.

9 10. To resolve the Administrative Action, and only for those purposes and no
10 other, GCN specifically admits to the following violations with respect to the Complaint in
11 CCB Case No. 2022-119 for licenses P019 and RP019:

- 12 a. One violation of NCCR 4.050(1)(a)(3), for failing to follow seed-to-sale
13 tracking requirements, which constitutes one Category III violation.
- 14 b. Two violations of NCCR 4.060(1)(a)(7), for failing to properly submit
15 reports required by the Board, which constitute two Category V
16 violations.

17 11. With respect to P019 and RP019, GCN further agrees to pay a civil penalty in
18 the amount of \$15,000¹ in consideration for its admitted violations in Paragraph 10, above,
19 and in consideration for the CCB's agreement to resolve the Administrative Action on the
20 terms set forth herein, within the time set forth in Paragraph 17, below.

21 12. If the CCB approves this Stipulation and Order, it shall be deemed and
22 considered disciplinary action by the CCB against GCN.

23 13. Both parties acknowledge that the CCB has jurisdiction to consider and order
24 this Stipulation and Order because GCN holds privileged licenses regulated by the CCB as
25 of July 1, 2020. GCN expressly, knowingly, and intentionally waives the 21-day and/or 5-
26 day notice requirements contained in the Nevada Open Meeting Law and acknowledges
27 that this Stipulation and Order may be presented to the CCB for its consideration and
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¹ To be apportioned \$7,500 to P019 and \$7,500 to RP019.

1 potential ratification at the CCB's meeting on March 28, 2023.

2 **STIPULATED ADJUDICATION**

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

6 14. Violations: As to licenses P019 and RP019, GCN is found to have committed
7 one Category III violation and two Category V violations, as set forth in Paragraphs 10(a)
8 through 10(b), above.

9 15. Formal Warning. In accordance with NCCR 4.060(2)(a)(1), the CCB hereby
10 issues a formal warning to GCN, as to its first Category V violation in the immediately
11 preceding three years: GCN shall timely submit all reports required by the Board and
12 properly keep all records required by the Board. Failure to do so in the future will invoke
13 additional progressive discipline and shall be considered an aggravating factor in
14 considering the amount of civil penalties in any future disciplinary actions.

15 16. Imposition of Civil Penalties. GCN shall pay a total civil penalty in the
16 amount of fifteen thousand dollars (\$15,000) within the time set forth in Paragraph 17
17 below, to be apportioned as set forth in Paragraph 11, above.

18 17. Payment of Civil Penalties. GCN must pay the total civil penalty set forth in
19 this agreement within 30 days of the date the CCB approves this Stipulation and Order².
20 GCN acknowledges that it is critical to comply with the strict requirements of the deadline
21 for payment. GCN agrees that, should it fail to make timely payment of the civil penalty,
22 the foregoing penalties and procedures will be in effect:

23 a. CCB will allow a five-business day grace period for late payment³.

24 b. If payment is not physically received by the CCB at its Carson City office by
25 5:00 p.m., Pacific Time, on the last day of the grace period, GCN shall be
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27 ² Should the CCB approve this Stipulation and Order at its March 28, 2023, meeting, payment would be
due on and must be physically received by Thursday, April 27, 2023.

28 ³ If a check or other form of payment is returned for insufficient funds, or otherwise rejected, the failed
payment will not be considered a payment and no additional time beyond the five-business day grace period
will be granted for payment.

1 deemed in default and deemed to have admitted all allegations in the CCB's
2 Complaint in Case No. 2022-119 and shall pay all penalties and receive all
3 discipline set forth under the "Relief Requested" section of the Complaint,
4 inclusive of the revocation of licenses P019 and RP019 (effective on the date
5 of the order of default) and civil penalties of \$227,500. The CCB will enter an
6 order of default to this effect after default and all amounts due under this
7 subsection shall be immediately due and payable to the CCB. GCN agrees it
8 cannot and will not file any petition for judicial review and/or any action in
9 any forum for relief from this order of default and that the CCB may file any
10 judicial action necessary to recover the amounts owed under this subsection,
11 along with its attorneys' fees and costs for recovery of amounts owed. In the
12 event of default under this Paragraph, GCN would not be eligible to apply for
13 reinstatement of its revoked licenses for nine (9) years after the date of
14 revocation of its licenses and any such application would not be granted
15 without prior payment of the full amount of \$227,500.

- 16 c. GCN may petition the CCB for an extension of 30-days to pay the civil
17 penalty. However, for the CCB to consider any such petition, the CCB must
18 receive said petition no later than 5 business days prior to the payment
19 deadline (which does not include any grace period). The CCB is not required
20 to grant such a petition. In such a petition, GCN must demonstrate to the
21 satisfaction of the CCB that there are extraordinary and unusual
22 circumstances necessitating the extension requested. The CCB may delegate
23 the decision as to whether to grant such a petition to the CCB Chair.
- 24 d. If an extension is granted under Paragraph 17(c), there shall be no grace
25 period on the new payment date. If GCN does not pay and/or the CCB does
26 not physically receive payment, by the new payment date, the provisions
27 and penalties of Paragraph 17(b) apply.

28 18. Plan of Correction. Respondent represents and warrants that it has submitted

1 and put in place a plan of correction, which CCB staff has approved, that will remedy and
2 prevent the recurrence of the violations set forth in this Stipulation and Order. In
3 summary, the plan of correction includes the following: (1) GCN has revised its standard
4 operating procedures (“SOPs”) for inventory management (and trained staff on the new
5 SOPs) to ensure accurate inventory control, including creating packaging logs and
6 assigning an inventory control manager; (2) GCN has updated its waste management SOPs
7 and trained its staff on the new SOPs, which include additional logs and procedures
8 regarding waste disposal, waste reporting, and METRC data entry involving waste; and (3)
9 GCN has engaged a CPA to review and audit all tax filings and make sure the tax reports
10 match the quarterly reports, with amendments when necessary. GCN has also instructed
11 its inventory staff to work closely with company accounting and the CPA to ensure all
12 future reports are filed accurately and timely. Respondent further represents and
13 warrants that it is now, as of the date it has executed this Stipulation and Order, operating
14 in full compliance with NRS Title 56 and NCCR.

15 19. Contingency if Approval Denied. If approval of this Stipulation and Order is
16 denied by the CCB, GCN and counsel for the CCB agree to resume settlement negotiations
17 in good faith and attempt to reach an agreement to amend this Stipulation and Order and
18 resubmit an amended Stipulation and Order to the CCB to review for approval at a
19 subsequent regularly scheduled CCB meeting. If such an agreement cannot be reached, the
20 Parties agree to proceed with the Administrative Action, with GCN to timely file its Answer
21 and Request for Hearing, and the matter to proceed to a disciplinary hearing before the
22 CCB’s assigned hearing officer in the ordinary course. Should the Administrative Action
23 proceed for the reasons set forth in this Paragraph, CCB preserves all its claims and
24 arguments in the Administrative Action as set forth in its Complaint and GCN preserves
25 all its defenses and arguments it may set forth in its Answer, and withdraws all waivers
26 set forth herein. An unapproved Stipulation and Order shall not be admissible as evidence
27 or referenced in argument at any disciplinary hearing in CCB Case No. 2022-119 or any
28 other matter involving the CCB.

1 20. Contingency if Approval Conditioned. If the CCB approves this Stipulation
2 and Order, but said approval is contingent on certain conditions, the Parties will undertake
3 further good faith negotiations to include said conditions in an amended stipulation and
4 order for execution by the CCB Chair. If GCN does not agree to the certain conditions
5 imposed by the CCB, the Parties will undertake additional negotiations and attempt to
6 reach an agreement to amend this Stipulation and Order and resubmit an amended
7 stipulation and order to the CCB to review for approval at its next regularly scheduled
8 meeting. If such an agreement cannot be reached, the Parties agree to proceed with the
9 Administrative Action, with GCN to timely file its Answer and Request for Hearing, and
10 the matter to proceed to a disciplinary hearing before the CCB's assigned hearing officer in
11 the ordinary course. Should the Administrative Action proceed for the reasons set forth in
12 this Paragraph, CCB preserves all its claims and arguments in the Administrative Action
13 as set forth in its Complaint and GCN preserves all its defenses and arguments it may set
14 forth in its Answer, and withdraws all waivers set forth herein. An unapproved Stipulation
15 and Order shall not be admissible as evidence or referenced in argument at any disciplinary
16 hearing in CCB Case No. 2022-119 or any other matter involving the CCB.

17 21. Closure of Disciplinary Action. Once this Stipulation and Order is fully
18 performed by GCN, the Administrative Action will be closed.

19 22. Communications with CCB Members. GCN understands that this Stipulation
20 and Order will be presented to the CCB in open session at a duly noticed and scheduled
21 CCB meeting. GCN understands that the CCB has the right to decide in its own discretion
22 whether or not to approve this Stipulation and Order. The CCB's counsel, which is the
23 Nevada Attorney General and its staff attorneys, will recommend approval of this
24 Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and
25 Order, counsel for CCB may communicate directly with individual CCB members. GCN
26 acknowledges that such communications may be made or conducted *ex parte*, without notice
27 or opportunity for GCN to be heard on its part until the public CCB meeting where this
28 Stipulation and Order is discussed, and that such contacts and communications may

1 include, but may not be limited to, matters concerning this Stipulation and Order, the
2 Administrative Action and any and all information of every nature whatsoever related to
3 these matters. GCN agrees that it has no objections to such *ex parte* communications. The
4 CCB agrees that GCN and/or its counsel may appear at the CCB meeting where this
5 Stipulation and Order is discussed and, if requested, respond to any questions that may be
6 addressed to GCN and/or the Nevada Attorney General's staff attorneys. GCN agrees that,
7 should the CCB decline to approve this Stipulation and Order, GCN will not contest or
8 otherwise object to any CCB member, and/or CCB appointed hearing officer, hearing and
9 adjudicating the Administrative Action based on the aforementioned *ex parte*
10 communications with anyone from the Nevada Attorney General's Office.

11 23. Release. Respondent agrees that the State of Nevada, the CCB, the Office of
12 the Attorney General, and each of their members, staff, attorneys, investigators, experts,
13 hearing officers, consultants and agents are immune from any liability for any decision or
14 action taken in good faith in response to information and data acquired by the CCB.
15 Respondent agrees to release the State of Nevada, the CCB, the Office of the Attorney
16 General, and each of their members, staff, attorneys, investigators, experts, hearing
17 officers, consultants and agents from any and all manner of actions, causes of action, suits,
18 debts, judgments, executions, claims and demands whatsoever, known or unknown, in law
19 or equity, that Respondent ever had, now has, may have or claim to have against any and/or
20 all of the persons, government agencies or entities named in this Paragraph, arising out of,
21 or by reason of, CCB's investigation of the matters set forth in the Complaint, the matters
22 set forth in this Stipulation and Order, and/or the administration of CCB Case No. 2022-
23 119.

24 24. No Precedence. The Parties agree: (1) That this Stipulation and Order shall
25 not constitute a precedent for any other issues or proceedings before the CCB and/or in any
26 other forum, other than those set forth in this Stipulation and Order; and (2) That this
27 Stipulation and Order shall not be admissible in any other proceeding or action with respect
28 to proof of fact or any other matter and/or any other licensee and/or cannabis establishment,

1 except proceedings brought to enforce this Stipulation and Order under its terms and/or for
2 the CCB's consideration of future disciplinary action against this Respondent,.

3 Furthermore, the CCB may consider the discipline imposed herein in any future
4 disciplinary action against Respondent, as required under NCCR 4.030(2), along with the
5 other factors set forth in NCCR 4.030(2), and possible progressive discipline pursuant to
6 NCCR 4.035 through 4.060. As every case concerns different facts and details, this
7 Stipulation does not act as precedence, or persuasive authority, to bind CCB to impose any
8 particular penalty, to charge or allege any particular violation, and/or to impose any
9 particular disciplinary action in the future for this Respondent, or any other respondent,
10 for violations of the same statutes and/or regulations addressed in this Stipulation and
11 Order. Likewise, CCB is not bound by any previous settlement agreements it has approved
12 in entering into this Stipulation and Order.

13 25. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys'
14 fees and costs.

15 26. Further Assurances. The Parties shall cooperate in executing such additional
16 documents and performing such further acts as may be reasonably necessary to give effect
17 to the purposes and provisions of this Stipulation and Order.

18 27. Voluntary and Informed Agreement. The Respondent represents that its
19 owners, officers, and/or its directors, who are responsible for and able to legally bind GCN
20 have read completely and understand fully the terms of this Stipulation and Order, that
21 such terms are fully understood and voluntarily accepted by Respondent in advance of and
22 as memorialized by the signing of this Stipulation and Order, and that the Respondent's
23 signature to this Stipulation and Order indicates same. Respondent further represents that
24 it has voluntarily entered into this Stipulation and Order to make a full, final, and complete
25 compromise upon the terms and conditions set forth herein. Respondent further represents
26 that any releases, waivers, discharges, covenants, and agreements provided for in this
27 Stipulation and Order have been knowingly and voluntarily granted and without any
28 duress or undue influence of any nature from any person or entity. The Parties, and each

1 of them, hereby expressly acknowledge that they are each represented by counsel of their
2 own choice in this matter and have been advised by counsel accordingly.

3 28. Warranties of Authority. The Parties to this Stipulation and Order, and each
4 of them, expressly warrant and represent to all other Parties that each has the full right,
5 title, and authority to enter into and to carry out its obligations hereunder, with the sole
6 exception of the required approval of this Stipulation and Order by the CCB. The Parties
7 also expressly acknowledge the foregoing authority.

8 29. Binding Effect. This Stipulation and Order shall be binding upon and inure
9 to the benefit of the Parties hereto and the Parties' respective successors, predecessors,
10 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

11 30. Construction. The headings of all Sections and Paragraphs of this Stipulation
12 and Order are inserted solely for the convenience of reference and are not a part of the
13 Stipulation and Order and are not intended to govern, limit, or aid in the construction or
14 interpretation of any term or provision of this Stipulation and Order. In the event of a
15 conflict between such caption and the paragraph at the head of which it appears, the
16 paragraph and not such caption shall govern in the construction of this Stipulation and
17 Order.

18 31. Governing Law. This Stipulation and Order shall be governed by and
19 construed in accordance with the laws of the State of Nevada, without reference to conflict
20 of law principles.

21 32. Jurisdiction and Forum Selection. The Parties consent to the jurisdiction of
22 the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to
23 resolve any disputes related to the terms or enforcement of this Stipulation and Order. The
24 successful or prevailing Party or Parties in such action shall be entitled to recover
25 reasonable attorney fees, costs, and expenses actually incurred in initiating or responding
26 to such proceeding, in addition to any other relief to which it may be entitled.

27 33. Interpretation. This Stipulation and Order is the result of negotiations among
28 the Parties who have each negotiated and reviewed its terms. In the event a Court ever


1 construes this Agreement, the Parties expressly agree, consent, and assent that such Court
2 shall not construe this Agreement or any provision hereof against any Party as its drafter
3 for purposes of interpreting any ambiguity or uncertainty in this Stipulation and Order.

4 34. Time is of the Essence. Time is of the essence in the performance of all terms
5 of this Stipulation and Order.

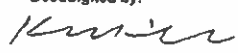
6 35. Severability. If any portion of this Stipulation and Order, or its application
7 thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal,
8 or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order
9 and its application thereof shall be not affected and shall remain enforceable to the fullest
10 extent permitted by law.


11 36. Counterparts and Copies. This Stipulation and Order may be executed in
12 counterparts, each of which when so executed and upon delivery to counsel of record for the
13 Parties shall be deemed an original ("Counterparts"). This Stipulation and Order shall be
14 deemed executed when Counterparts of this Stipulation and Order have been executed by
15 all the Parties and/or their counsel; such Counterparts taken together shall be deemed to
16 be the Agreement. This Stipulation and Order may be executed by signatures provided by
17 electronic facsimile or email, which signatures shall be binding and effective as original
18 wet ink signatures hereupon. All fully executed copies of this Stipulation and Order are
19 duplicate originals, equally admissible in evidence.

20 IN WITNESS WHEREOF, this Stipulation and Order has been executed by the
21 Parties and attested by their duly authorized representatives as of the date(s) so indicated.
22 The Effective Date of this Stipulation and Order shall be the date it is ordered by the CCB.

23
24  Date: 3-14-23
25 Adam R. Fulton (Nev. Bar No. 11572)
26 Counsel for Respondent GCN
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DocuSigned by:

Date: 3/14/2023
003C1PCF57594XZ
Kam Thindal
(printed name _____),
On behalf of Respondent GCN


Date: 3/27/2023
L. Kristopher Rath (Nev. Bar No. 5749)
Senior Deputy Attorney General
Counsel for Cannabis Compliance Board

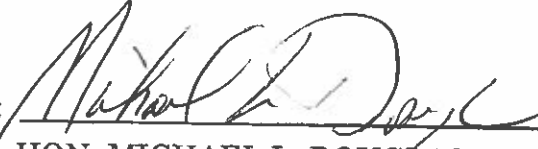
ORDER

WHEREAS, on the 28th day of March, 2023, the Nevada Cannabis Compliance Board approved and adopted all the terms and conditions set forth in the Stipulation and Order for Settlement of Disciplinary Action with GCN.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 28th day of March, 2023.

**STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD**

By: 
HON. MICHAEL L. DOUGLAS, CHAIR