

# **Nevada Cannabis Compliance Board**

## **Meeting Minutes October 24, 2023**

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 October 24, 2023.

### **Cannabis Compliance Board Members Present:**

**Adriana Guzmán Fralick, Chair**

**Riana Durrett, Vice Chair**

**Jerrie Merritt**

**Bryan Young**

**Hon. Michael Douglas**

**Chair Guzmán Fralick called the meeting to order, and Executive Director Tyler Klimas took roll.** Chair Guzmán Fralick, Member Douglas, Member Merritt, Vice Chair Durrett, and Member Young were present in Las Vegas.

Instructions to join the meeting the meeting via Zoom for public comment were read aloud.

### **I. Public Comment**

Rachel Lee of Sunflower Compassionate Care Company spoke about the need for funding and grants for social equity applicants and recommended that monies received by the Department of Taxation fiscal year July 2022 to June 2023 be used. The program was supposed to make a place in the industry for those people impacted by the war on drugs. Ms. Lee commented on the use of a pesticide by a cannabis facility and has reached out to the Department of Agriculture but has not received a response.

Abby Kaufmann of the Chamber of Cannabis requested that the report that was submitted to the Governor in response to the executive order be made available to the public. Ms. Kaufmann did not think that the regulations set for discussion at the October board meeting reduce the burden or support economic potential. Ms. Kaufmann added that the majority of NCCRs set for discussion at meetings are not in response to industry stakeholders and requested a workshop dedicated to addressing NCCRs that limit the economic potential of legal operators. Ms. Kaufmann recommended increasing delivery limits.

Timothy Roberts addressed the legal amount that one can possess. Mr. Roberts would like to breed select cultivars that can more greatly benefit his son and to try to breed the next big thing. This would require at least 40 plants at his residence. Mr. Roberts recommended having a breeder card option for those people that want to breed cannabis plants. There are only eight grow houses in Nevada that do any legitimate breeding.

Paul Michael Burgess stated he wanted to directly speak to the Governor. Mr. Burgess stated that the schools in Nevada were the worst in the nation and should use AI to teach; he has the technology. Mr. Burgess added that the tax money from cannabis was supposed to go to the schools and people would like to know where that money is going.

Amber Jansen stated she was a patient and advocate for the community. Ms. Jansen wanted to bring to the Board's attention a couple of issues. Cannabis that has been purchased is extremely old (18 to 25 months) and noted that THC degrades which can also be accelerated by improper storage. Ms. Jansen asked the Board to have old products retested. The THC turns into CBN which does not have a psychoactive effect but is very sedative.

Gerardo Gonzalez paid respect to Cindy Brown, an advocate for the medical community. Mr. Gonzalez was proud that the union was back in Nevada to help and represent the cultivation workers, bud tenders, and employees who never got the pay they deserved. Mr. Gonzalez wanted to draw attention to the use of RAD machines and that the products treated by those machines should be labeled. Mr. Gonzalez noted that there are cannabis events going on in Nevada that have California brands; the product is moving across state lines. Mr. Gonzalez added that studies show that for tobacco radiated in chemicals, the radiation is the cause of cancer. Radiated cannabis is not helping patients.

Christine Gamez from the Chamber of Cannabis has not worked in cultivation but was trying to understand what they are going through. Ms. Gamez asked if the Board has observed shoppers or experienced what a consumer experiences. The labels that come in the exit bags are causing more roadblocks for consumers to go into a dispensary and have a positive experience. It takes a lot of guts to speak before the Board and not everyone has the transportation or means to come to the Board meeting to provide public comment. Ms. Gamez asked the Board to step out of their comfort zone and look to create better change for the people working in the industry.

## **II. Meeting Minutes**

- A. Consideration for approval of the August 24, 2023, Cannabis Compliance Board Workshop minutes.**
- B. Consideration for approval of the September 19, 2023, Cannabis Compliance Board Meeting minutes.**
- C. Consideration for approval of the September 26, 2023, Cannabis Compliance Board Solicitation of Comments on Laboratory Regulations minutes.**

Chair Guzmán Fralick asked DAG Chricy Harris to speak about the meeting minutes that Board members were not present for and asked for a motion on the minutes from the September 19<sup>th</sup> Board meeting. Member Douglas made a motion for approval of the CCB Board minutes for the September 19<sup>th</sup> meeting and for acceptance of items A and C workshop minutes for the record.

DAG Chricy Harris recommended going forward for a staff member who oversees the creation of the minutes to speak on the record as to the form and content of the minutes. Member Douglas did not think it was appropriate if there was not a quorum of members present at the meeting to approve the minutes, but thought it was appropriate to accept the minutes.

Chair Guzmán Fralick called for a vote on the minutes from the September Board meeting. Member Young seconded the motion for accepting agenda item 2B. Member Douglas accepted the amendment to his motion. All Members said aye. Motion carried.

Chair Guzmán Fralick asked for a motion on items 2A and C. Member Douglas made a motion to accept the reports for the record. Member Durrett seconded the motion. All Members said aye. Motion carried.

### **III. Consent Agenda.**

#### **A. Management Services Agreements**

1. Digipath Labs, Inc. (L015, RL015) and DPL NV, LLC.
2. Libra Wellness Center, LLC (C149, RC149) and ND International, LLC

Chair Guzmán Fralick noted the Member Durrett would like to pull item III A (3) from the consent agenda for discussion and asked for a motion on items 1 and 2. Member Douglas stated that these management agreements were different than ones that have been presented in the past as these are running the businesses. Member Douglas noted that there may be pending TOIs and made a motion to recommend approval with the condition that they come back in one year unless the TOI has been completed.

Adam Fulton, counsel for the entities, asked for clarification on the motion. Chief of Investigations David Staley recommended a possible one-year approval and then come back before the Board. Member Douglas was concerned that companies were coming into Nevada and running the business without the proper approvals. Chair Guzmán Fralick noted that she was not comfortable doing a one-year approval and then having to reapply again. Chair Guzmán Fralick recommended an approval with a condition to come back in one year for a status check. Mr. Fulton was agreeable to that condition.

Member Young seconded the motion. All Board Members said aye. Motion carried.

3. MMOF Fremont Retail, Inc. and GLP Las Vegas, LLC (D178, RD178)

Chief Staley stated the management services agreement for agenda item III A (3) provides for GLP to provide business marketing, human resources, accounting, administrative, financial, and construction consultancy service to support MMOF's dispensary operation pending the submission and completion of a TOI application. CCB Staff have reviewed the application and found the relationship between the parties appropriate.

Amanda Connor and John Mueller appeared on behalf of GLP. Alicia Ashcraft appeared on behalf of MMOF Fremont Retail. Ms. Connor stated Green Life is a team of successful and experienced cannabis entrepreneurs that successfully launch commercial operations throughout the country. Mr. Mueller is an owner and has worked to develop Green Life, a multi-state operator, and lessen the stigma of cannabis through education. Ms. Connor requested approval of the management services agreement; this will be in conjunction with a transfer of interest, similar to the previous MSAs. Ms. Connor added that they do not object to coming back before the Board for a status check. Mr. Mueller introduced himself and provided a brief background on the company.

Member Durrett asked who would be overseeing the operations in Nevada. Mr. Mueller responded that they were building a regional team and hopefully the vast majority of the MedMen crew will be coming along.

Member Douglas's concern was that the net revenue shall be maintained to fund the operation of the enterprise and no distribution of revenue or profit shall be made to MMOF. Member Douglas supported approval but would like it to come back in a year.

Chair Guzmán Fralick asked for a motion. Member Douglas made a motion for approval of the management services agreement with the condition that there is a status check in one year, unless the TOI has been completed. Member Young seconded the motion. All Board Members said aye. Motion carried.

**IV. Consideration of Approval for a Conditional License for a Cannabis Consumption Lounge**  
Chief of Investigations David Staley presented these items to the Board. Chief Staley noted that if approved, the applicant will need to complete necessary local approvals and a final inspection by the CCB.

**A. NevadaPURE, LLC (RD019)**

Chief Staley stated NevadaPURE operates a dispensary in Las Vegas and plans to operate its consumption lounge to support events, offering single serve products for groups. NevadaPURE has submitted all information required to move to a conditional license status. No areas of concern were identified during the investigation.

Biana Martinez appeared on behalf of NevadaPURE along with David Thomas, Matthew Gardiner, John DiBella and James Green. Ms. Martinez noted that NevadaPURE will be remodeling its existing building to incorporate the consumption lounge and has received county approvals on entitlements for the lounge.

Mr. Thomas gave an affirmative presentation and spoke about their history, that it is primarily locally owned, and operates as Shango. They are a vertically integrated company and serve as part of the community on the east side with 85% of the customers being locals. The population is about 60% minority, and their staff is reflective of that.

Member Douglas asked what the square footage of the proposed lounge will be in the existing enterprise and what the hours will be. The response was that it will be 5,000 square feet and the initial plans are to open at 8:00am and close at 2:00am with sales ending at midnight. Member Douglas asked if the venue is rented out, would the individuals be buying their product through the normal channels. Mr. Thomas responded that the lounge would sell product separately from the dispensary and everything consumed in the lounge has to be bought in the lounge. Member Douglas asked if there was a proposed opening date. Mr. Thomas replied that it was too early to tell, but they were hoping to start at the first of the year and open as soon as possible.

Member Durrett added that she has toured the facilities a number of times and thought that was the best way for policy makers, stakeholders, and interested parties to learn about the facilities and understand how complicated and difficult they are to run. Mr. Thomas noted that they give tours to many groups and also work with charities.

Mr. Thomas stated they would like to have events such as workshops, yoga, or artists and offer smoking and infused drinks. They also plan to offer the opportunity to watch sports such as hockey and football at the facility. Mr. Thomas added that they also give back to the community in charitable contributions.

There were no additional questions from the Board. Chair Guzmán Fralick noted that Member Merritt stepped out of the room [at 9:50am] and will not be present for the vote. Member Durrett made a motion to approve the conditional license for a cannabis

consumption lounge for NevadaPURE. Member Douglas seconded the motion. Members Durrett, Douglas, Young and Chair Guzmán Fralick said aye. Motion passed.

**B. Desert Evolution, LLC (RD010)**

Chief Staley stated Desert Evolution is requesting Board approval for a consumption lounge located at its Wallflower retail store in Las Vegas and plans to offer limited indoor then outdoor smokeable products while evaluating investing in a full scale indoor and outdoor lounge. Desert Evolution has submitted all information required to move to a conditional status and no areas of concern were identified during the investigation.

Amanada Connor and Brandon Kanitz appeared on behalf of Desert Evolution. A brief video presentation was shown that introduced the company and provided the location and plans for the lounge.

Member Douglas asked what the square footage of the lounge and what the hours of operation will be. Ms. Connor responded that they were still exploring what they are going to finalize based on Clark County codes and requirements, but there is a space within their dispensary that they have previously used for dispensary operations. Ms. Connor added that they are looking to do limited hours within their dispensary operational hours and potentially go to 24 hours at some point.

Chair Guzmán Fralick asked for the timeline to open phase one. Ms. Connor responded that they don't have a specific timeline and still need to obtain a special use permit approval from Clark County and go through the business licensing. Ms. Connor added that there is a 12-month condition in regulation.

Member Douglas asked if they had explored discussions with the county regarding outdoor consumption. Ms. Connor stated that Clark County approved outdoor with some conditions so they will work with the County on what would be permitted at their 2.5-acre parcel.

Member Durrett was thankful for the presentation to give the Board an idea of what it will look like.

Chair Guzmán Fralick noted that Member Merritt rejoined the meeting [at 10:16am] and asked for a motion.

Member Douglas made a motion for the approval of the conditional license. Member Young seconded the motion. All Members said aye. Motion carried.

**C. TGIG, LLC (RD045)**

Chief Staley stated TGIG requested approval for a consumption lounge located in Las Vegas and plans to offer a full range of cannabis products. TGIG has submitted all information needed to move to a conditional license status and no areas of concern were identified during the investigation.

Demetrious Kouretas, owner, appeared on behalf of TGIG also known as The Grove. Mr. Kouretas stated they received their initial license in 2015 and are a vertically integrated company. The lounge will be located across from University Center Drive. There are 1700

square feet adjacent to the dispensary and the two locations will be joined. The timeline for construction is to start in January and finish by March Madness. Mr. Kouretas added that they will be going in front of Clark County next month for SUP approval and move forward from there. The proposed hours of operation are 24 hours.

Member Durrett noted that there was a small parking lot and asked if it was mostly rideshare. Mr. Kouretas confirmed that was correct.

There were no additional questions from the Board. Member Douglas made a motion for approval. Member Merritt seconded the motion. All Members said aye. Motion carried.

**D. Green Thumb Industries, Inc. (RD044)**

Chief Staley stated Green Thumb Industries, through its subsidiary Integral Associates, has requested approval for a consumption lounge located in Las Vegas under the name Cookies Lounge. Green Thumb has submitted all information required to move to a conditional license and no areas of concern were identified during the investigation.

Amanda Connor and Brendan Blume appeared on behalf of Green Thumb Industries. A brief video presentation was shown that introduced the company, the vision for the consumption lounge located adjacent to Cookies on the Strip, customer experience, compliance, and security measures.

Chair Guzmán Fralick asked what the timeline was. Ms. Connor responded that the timeline was dependent on local jurisdiction approvals and tenant improvements. Member Douglas asked what the hours of operation would be. Ms. Connor stated that they would look to mirror the retail store that they are adjacent to, 8:00am to 1:00am. The location is at Sahara and Las Vegas Blvd.

Member Durrett asked how much foot traffic they expected to get. Ms. Connor responded that they had not done a traffic study but were planning a large space of approximately 10,000 square feet and expect high tourism traffic. They are still working on the exact model for the lounge. Member Durrett asked if there were numbers related to tourism in Nevada. Ms. Connor did not think there were but thought it was a great research project.

Member Douglas asked if the proposed lounge was within the existing footprint. Ms. Connor thought it was in the existing footprint but would require tenant improvements.

Member Durrett made a motion to approve the conditional license for a consumption lounge for Green Thumb Industries. Member Young seconded the motion. All Members said aye. Motion carried.

**E. Curaleaf Holdings, Inc. (RD030)**

Chief Staley stated Curaleaf has requested approval for a consumption lounge located in Clark County which will provide consumption and connection with social events and interactive experiences. Curaleaf has submitted all information required to move to a conditional license status and no areas of concern were identified during the investigation.

Amanda Connor, KayAnn Tyssee, and Peter Clateman appeared on behalf of Curaleaf. A brief video presentation was shown that introduced the company and the location of the lounge.

Member Douglas asked for the square footage, hours of operation, proposed opening date, and plan to get people to come through the door. Ms. Connor responded that they will be working with Clark County to see what is permissible; they may put the lounge within the existing building or build new construction adjacent to it. The goal is to match the store's operational hours.

There were no additional questions from the Board. Member Douglas made a motion for approval. Member Merritt seconded the motion. All Members said aye. Motion carried.

**F. Higher\*Archy LLC (ACON-A22-00009)**

Chief Staley stated this was a request for approval from Higher\*Archy for an independent cannabis consumption lounge. Higher\*Archy intends to open and operate its proposed consumption lounge in Las Vegas. All the required information has been submitted and no areas of concern were identified during the investigation.

Adam Fulton and Tamara Smith appeared on behalf of Higher\*Archy. Mr. Fulton stated they were in the process of negotiating a lease on South Las Vegas Boulevard for a 9,000 square foot building. They have an agreement with Jardin to help with the management and concept of the consumption lounge. Mr. Fulton added that they hope to be open 24 hours a day but that will be contingent on different factors.

Member Douglas commented that the independents are a great experiment and wished Ms. Smith luck and looked forward to hearing more about what she will do.

Member Durrett asked what she anticipated it will look like. Ms. Smith responded that they would have live entertainment and consumption. Member Durrett asked how they anticipate being able to attract consumers when they may have to spend more at a lounge than at a dispensary. Ms. Smith replied that they will create an atmosphere and ambiance that is comfortable, new, and exciting. Mr. Fulton added that they have partnered with Jardin to address this issue and they will work on the pricing. They will try to provide an experience that is more than just marijuana.

Member Merritt expressed congratulations to Ms. Smith on being a woman of color in the industry. Member Merritt made a motion of approval for Higher\*Archy. Member Douglas seconded the motion. All Members said aye. Motion carried.

**V. Request for Transfer of Interest**

Chief Staley presented the transfers of interest to the Board.

**A. Higher\*Archy LLC (TOI# 230004 and 230004A)**

Chief Staley noted that Higher\*Archy just received conditional approval for its independent consumption lounge. TOIs 230004 and 230004A were filed to request approval for Tamara Smith to acquire the 40% ownership held by Darius Jones, leaving Ms. Smith as the 100% owner. No areas of concern were identified during the investigation.

Chair Guzmán Fralick asked for information on the transfer. Mr. Fulton responded that Ms. Smith had a partner that agreed to contribute finances to the operation but is no longer willing to do that. Ms. Smith secured financing through other traditional means in order to move forward on the project.

There were no additional questions from the Board. Member Durrett made a motion to approve the transfer of interest request. Member Merritt seconded the motion. All Members said aye. Motion carried.

**B. JG Retail Services NV, LLC (TOI# 2300013) and Green Thumb Industries, Inc.**

Chief Staley stated TOI 2300013 was filed to request approval for Green Thumb Industries to acquire JG Retail Services and for waiver of NCCR 5.110 pursuant to 5.112. If approved the requirements for prior Board approval of transfers of interest of less than 5% of Green Thumb ownership will be waived. Staff suggest that if approved, the Board limit the waiver to expire at Green Thumb's next agenda date. No areas of concern were identified during the investigation.

Chair Guzmán Fralick asked if the location was in Reno or Sparks. Amanda Connor responded that it was in Sparks and zoned for Washoe County.

Member Douglas noted that he appreciated the report that was done by staff and their review of the monopoly analysis which indicated that this group has not exceeded the required number at this point.

There were no additional questions from the Board. Member Douglas made a motion for approval. Member Young seconded the motion and noted the waiver request. Member Douglas agreed to the waiver. Ms. Connor noted that the waiver was submitted but due to statutory changes, the waiver is no longer required. Chief Staley agreed. Chair Guzmán Fralick called for a vote. All Members said aye. Motion carried.

**C. Curaleaf Holdings, Inc. (TOI# 2300025)**

Chief Staley stated TOI 2300025 was filed to request approval for an internal restructuring that would add Lifebrook Investments Ltd. as an owner to facilitate Curaleaf's move from the Canadian Securities Exchange to the Toronto Stock Exchange. Curaleaf requested a waiver of NCCR 5.110 pursuant to 5.112. If approved the requirements for prior Board approval of transfers of interest of less than 5% of Curaleaf ownership will be waived. Staff suggest that if approved, the Board limit the waiver to expire on Curaleaf's next agenda date. No areas of concern were identified during the investigation.

Amanda Connor, KayAnn Tyssee, and Peter Clateman appeared on behalf of Curaleaf. Ms. Connor noted that Chief Staley summarized the proposed transaction well and requested approval of the transfer.

Member Douglas asked if this was going to a better financial market in Canada. Ms. Connor responded that this would allow them to uplist from the Canadian Securities Exchange to the Toronto Stock Exchange.

There were no additional questions from the Board. Chair Guzmán Fralick called for a motion. Member Douglas made a motion for approval of the transfer with waiver of 5.110. Member



Young seconded the motion. All Members said aye. Motion carried.

**D. Luff Enterprises NV, Inc. (TOI# 21018 and 2100053) and Range Brands, LLC.**

Chief Staley stated TOIs 21018 and 2100053 were filed to request approval for Range Brands to purchase Luff Enterprises. Range Brands requested a waiver of NCCR 5.110 pursuant to 5.112. If approved the requirements for prior Board approval of transfers of interest of less than 5% of Range Brands ownership will be waived. Staff suggest that if approved, the Board limit the waiver to expire at Range Brand's next agenda date. An area of concern was identified regarding Luff Enterprises because the company removed and added board members with ownership positions and non-management shareholders without prior Board approval. Chief Staley noted that most of these transactions involved shareholders of less than 5% but Luff did not have the appropriate waiver in place; one board member acquired 7.7%.

Alicia Ashcraft appeared on behalf of Range Brands. David Dlugolenski and Greg Rochlin were available via Zoom. Ms. Ashcraft thanked the CCB investigators for their work. Mr. Rochlin, co-CEO of Range Brands provided information on his and Mr. Dlugolenski's background.

Member Young asked for information on the areas of concern and what is being done to make sure that doesn't happen again. Ms. Ashcraft responded that the areas of concern were with respect to Luff Enterprises. Ms. Ashcraft explained that Luff Enterprises was under a management services agreement and then was non-operational. Range Brands remodeled the facility and then focused on its Canadian operations. Ms. Ashcraft added that they took responsibility and tried to address the reasons and correct the issues as quickly as possible. Ms. Ashcraft noted that Range Brands was not involved in those missteps.

Chair Guzmán Fralick commented that it was eight months after Luff's acquisition that the information was submitted to the CCB and asked if the information was submitted in response to CCB's inquiries or if it was discovered and then reported to the CCB. Ms. Ashcraft responded that there was some confusion as to whether a name change of the parent company was necessary as opposed to the operating company. In addition, the transaction involving an acquisition resulting in 7% ownership was for an individual that had previously been disclosed as an owner and officer; he had previously gone through the appropriate background checks.

Member Durrett asked if the new owners were aware that they could be on the hook for potential disciplinary action if it is found that these violations occurred. Ms. Ashcraft replied that they had not spoken specifically about that and did not think they would be responsible for addressing any civil penalties. Ms. Ashcraft added that if a violation was found that could potentially stay with the license and lead to incidents of progressive discipline, she could review that with them.

Member Durrett commented that there may need to be discussion between the Board and the licensees of who would pay the civil penalty if one was found. Ms. Ashcraft asked if the Board found the explanations insufficient and should the matter be referred to the Attorney General's office for a proceeding on the violations.

Member Durrett questioned that there were no financials on the purchasing company, but staff feels that they have sufficient liquid assets and capital to run the facility. Chief Staley stated that when staff analyzed it, there wasn't anything identified as an area of concern; the regulations and statutes require \$250,000 in liquid assets. Member Durrett thought that you also need to have

the ability to operate. Chief Staley noted that an evaluation of the business ability was done, and Mr. Rochlin detailed their experience; staff did not find any concerns.

Member Douglas commented that with the new ownership, he hoped that Nevada was not an afterthought and added that the Board has continuing jurisdiction over people that leave the industry in terms of their ability to come back. Member Douglas added that based on their expertise, they won't make the same mistake.

Chair Guzmán Fralick detailed the potential options for the Board. Chief Staley noted that it has been the policy of the CCB that violations flow to the license regardless of who owns it. Chief Staley added that most of the transfers were vague as it was dealing with a holdover from Taxation; the prior way of recognizing ownership is different than the way the CCB does it.

Member Douglas made a motion for approval of the TOI without stating whether there are violations or not. Chief Staley noted the request for waiver of NCCR 5.110 pursuant to 5.112. The amendment to the motion was accepted. Member Young seconded the motion. All Members said aye. Motion carried.

Chair Guzmán Fralick called for a recess at 11:17am. The Board came back on the record at 11:32am.

## **VI. Consideration of Proposed Settlement Agreement to Resolve Disciplinary Action**

### **A. Cannabis Compliance Board vs. Greenway Health Community, LLC (Case No. 2023-01)**

Senior Deputy Attorney General L. Kristopher Rath presented the proposed settlement agreement to the Board. The complaint was filed and served on February 28, 2023. The allegations in the complaint arose from a routine audit inspection and investigation that commenced in February 2022 and continued through April 2022. The key allegations included failure to immediately admit regulatory personnel into its premises and obstruction of regulatory personnel from performing their duties, failure to comply with seed-to-sale tracking requirements, failure to properly respond to agent's request for video surveillance footage, failure to notify CCB of changes in employment status of employees, and failure to timely submit required reports. During the disciplinary process, the parties began negotiating a potential resolution to the matter and came to a mutually agreeable resolution. To resolve the matter, the Respondent admitted to one Category III violation for failure to comply with seed-to-sale tracking requirements, one Category III violation for failure to comply with cannabis tagging requirements, one Category III violation for activity which violates the law of the state, one Category IV violation for failure to properly respond to Board agent's request for video surveillance footage, and one Category V violation for failure to submit required reports to the Board. Respondent agreed to pay civil penalty of \$50,000 within 30 days of approval of the settlement agreement or pursuant to a payment plan over 11 months. Mitigating factors were considered and are detailed in the settlement. The Attorney General recommends and requests approval of the settlement agreement.

Charlies Gianelloni appeared on behalf of Greenway Health Community. Mr. Gianelloni stated that Mr. Rath detailed the terms of the settlement agreement. Mr. Gianelloni thanked Mr. Rath and the Board for taking into account the size of the business with respect to the settlement amount. Mr. Gianelloni and Michelle Norgard were available to answer any questions.

Member Durrett asked what kind of impact the settlement amount will have on the business and that it won't put Greenway out of business. Mr. Gianelloni responded that if the amount was due in full today, it would put them out of business. With the 11-month payment plan, that will allow them to bring in production lines and other things to give them a chance and continue to operate. Member Durrett noted that she would be inclined to accept the offer based on those representations and recommended discussion of a program, similar to probation, for licensees with diversion issues.

Member Douglas appreciated Member Durrett's sentiments, but thought it was very important and paramount that licensees follow the rules for seed-to-sale tracking requirements and allowing agents to enter the premises. Member Douglas appreciated the concern about continuing the operation, but the licensee can't continue the operation if they violate the rules.

Chair Guzmán Fralick echoed Member Douglas's sentiments and noted that the Board needs to keep in front of mind the health and welfare of the citizens and visitors of Nevada.

Member Young made a motion to approve the settlement agreement for agenda item VI A. Member Douglas seconded the motion. All Members said aye. Motion carried.

**B. Cannabis Compliance Board vs. Michael Quattlebaum (Case No. 2023-014)**

Senior Deputy Attorney General Emily Bordelove presented the settlement agreement with Michael Quattlebaum. The complaint was filed and served on March 19, 2023. The complaint outlines the allegations that involve generally that surveillance footage appeared to show Mr. Quattlebaum, before a CCB inspection, appearing to conceal containers of liquid in the cultivation facility, speaking to another facility employee who did not have an agent card about leaving the facility before CCB agents saw her, and moving clones out of one facility room. The disciplinary process was stayed to allow for settlement discussions. Settlement discussions indicated that Mr. Quattlebaum's actions could be attributed to overzealousness in last minute cleaning of the facility. Mr. Quattlebaum did not have a supervisory position in relation to the uncarded employee. The evidence available did not indicate that Mr. Quattlebaum's actions directly resulted in diversion of cannabis plants or introduction of untested cannabis into the market. Mitigating factors were taken into account and are detailed in the settlement agreement. The terms of the settlement including \$1,500 civil penalty, 14-day suspension, and required Metrc cultivation class align with the penalty for the Category II violation as outlined in the complaint. The agreed penalties align with how the Board has treated prior agent card settlements. The Attorney General recommends and requests approval of the settlement agreement.

Rusty Graf appeared on behalf of Michael Quattlebaum. Mr. Graf noted that Mr. Quattlebaum was an employee and not a supervisor or manager. Mr. Graf added that the video showed Mr. Quattlebaum being overly diligent in cleaning. The clones were infested with insects and that's why they were in a different room. Mr. Graf stated that the penalties were appropriate and the fine and suspension were significant for Mr. Quattlebaum.

Chair Guzmán Fralick asked if Mr. Quattlebaum had any comment. Mr. Quattlebaum stated that he was not trying to do anything nefarious, was just trying to do his job. Mr. Quattlebaum was sorry for the inconvenience.

Member Douglas was concerned with the presentation. If the individual did not do anything wrong, then why is the Board looking at this. If the individual did something and admits to it, then they can go forward and accept the settlement.

Mr. Graf explained that was not the intention of the presentation. Mr. Graf stated that Mr. Quattlebaum is contrite and accepts his actions; as the head grower, he is responsible for the grow and was trying to be productive.

Member Douglas noted that what was put in the complaint and the settlement agreement is more than just cleaning up. When it is phrased that the respondent didn't do anything wrong, Member Douglas had a concern with that and would not accept it and move forward. Mr. Graf argued that the initial request was for a one-year suspension and/or lifetime of his license. Ms. Bordelove was diligent in trying to get to this to the point it's at and the suspension puts it in line with other Category II violations. Ms. Bordelove noted that the overzealous cleaning was not in relation to the entirety of the actions.

Chair Guzmán Fralick had confidence that the CCB staff would bring an agreement that was thoughtful and conscientious and considered all of the violations surrounding the issue. Chair Guzmán Fralick was comfortable approving of the agreement. Member Durrett was comfortable with settlement.

Member Durrett made a motion to approve the settlement agreement between Cannabis Compliance Board and Michael Quattlebaum. Member Young seconded the motion. Members Merritt, Durrett, Young and Chair Guzmán Fralick said aye. Member Douglas said nay. Motion carried.

## **VII. Consideration of Approval for Cannabis Receiver Applications**

### **A. Request to Remove Kevin Singer as Cannabis Receiver of License Nos. C035 and RC035)**

Mr. Rath stated that Mr. Singer was the court appointed receiver over Green Cross of America. The Board approved his cannabis receiver agent card on January 25, 2022, during which Green Cross was under summary suspension and other disciplinary matters. Mr. Singer assisted in resolving these matters with a settlement agreement, facilitated the sale of the license and payment of civil penalties. The court issued an Order approving Mr. Singer's final accounting. Mr. Singer has made a formal written request for his removal as cannabis receiver over the licenses. Mr. Rath recommended the Board approval the request.

Kevin Singer stated that he hoped this case was a testament that court receiverships can work with the Board. With the help of staff, they were successful in selling the license and transferring to a responsible party and getting over \$300,000 in fines paid.

Chair Guzmán Fralick asked if this was the first case for cannabis that Mr. Singer did in Nevada from beginning to end. Mr. Singer responded affirmatively.

Member Douglas made a motion to allow the removal of Kevin Singer as cannabis receiver over licenses C035 and RC035. Member Merritt seconded the motion. All Members said aye. Motion carried.

**B. Kevin Singer's Application for a Cannabis Establishment Agent Registration Card of a Cannabis Receiver as Court-Appointed Receiver for Green Leaf Farms Holdings, LLC (C162, RC162, P102, RP105) in Eight Judicial Court Case No. A-21-832595-B)**

Mr. Rath stated Mr. Singer applied for a cannabis receiver agent card for Green Leaf Farms Holdings which holds four licenses. Judge Williams ordered the appointment of Mr. Singer as receiver over Green Leaf subject to CCB's approval of his cannabis receiver agent card. Mr. Rath detailed the litigation and court proceedings with Green Leaf and Belmont NV, LLC which was Green Leaf's landlord. Belmont evicted Green Leaf in May 2021 and eventually received a judgment against Green Leaf for over one million dollars in April 2022. Green Leaf has been non-operational since the eviction. Green Leaf opposed Belmont's receivership motion which was denied and filed a motion to stay the Court's order appointing receiver to the Nevada Supreme Court. The emergency motion was denied and the CCB may consider Mr. Singer's application for a cannabis receiver agent card. Mr. Singer and his counsel, John Savage, were present to answer questions. The parties subject to the litigation were noticed and are present if the Board would like to hear their comments regarding Mr. Singer's application.

Chair Guzmán Fralick reiterated that the item for action was Mr. Singer's application for a cannabis establishment registration card for a cannabis receiver as a court-appointed receiver.

Mr. Savage appeared on behalf of Kevin Singer and did not have anything to add to Mr. Rath's summary. Mr. Singer stated that Mr. Rath's summary was comprehensive and thorough.

Chair Guzmán Fralick asked if there were questions from the Board. Mark Bradley asked if Green Leaf had a chance to speak. Chair Guzmán Fralick responded yes if it had to do with the receiver's qualifications. Mr. Bradley stated it had to do with the entire thing. Chair Guzmán Fralick stated the Board only had jurisdiction over Mr. Singer's qualifications and whether or not he is qualified to be a receiver. Mr. Bradley wanted to provide the background and was not sure if a receivership would help or hurt them. Chair Guzmán Fralick noted that the Board received all of the documentation from all of the litigation and the issue for the Board was whether or not Mr. Singer qualifies to be a receiver.

Mr. Bradley detailed the background as a licensee and the circumstances that led to the litigation. Mr. Bradley thought that a receiver would delay things and cost more money. Mr. Bradley asked the Board to table this matter and let the court run its course. Mr. Bradley did not have anything against Mr. Singer's qualifications. Mr. Bradley wanted to get open and start generating money.

Mr. Savage added that he appreciated Mr. Bradley's interest in trying to make the receivership successful and looked forward to working with him. Mr. Savage noted that the court order stated Mr. Singer is appointed to and effective upon the CCB's approval of his application for a cannabis establishment registration card for cannabis receiver in an open meeting. Mr. Savage appreciated Chair Guzmán Fralick's comment's that the jurisdiction of the Board is limited to whether or not Mr. Singer is qualified to act as receiver; Mr. Bradley agreed that Mr. Singer was well qualified and had no disputes to his qualifications. Mr. Savage believed that Mr. Singer satisfied the statutory requirements to have his agent card issued.

Mr. Singer added that he has been doing receiverships for 23 years and has served on over 515 of these cases. He is a neutral party and will be working with both parties to try to resolve the case and get on a track that gets a good result for everyone.

Member Douglas made a motion for approval of Kevin Singer as receiver. Member Douglas noted that Mr. Singer is well qualified to be a receiver and requested that any changes in litigation should be brought to the Board's attention. Member Young seconded the motion. All members said aye. Motion carried.

### **VIII. Consideration of Request for Waiver of Ventilation Requirements Pursuant to NCCR 15.055(10)**

#### **A. Cheyenne Medical Sammy Davis RD263, LLC**

Chief of Inspection and Audit Kara Cronkhite presented the request for a waiver of ventilation requirements of Cheyenne Medical Sammy Davis RD263 to the Board. Chief Cronkhite stated that Cheyenne Medical filed the petition on October 2, 2023, requesting a waiver to the ventilation requirements as permitted in NCCR 15.055. The facility provided a detailed plan demonstrating how they will meet or exceed ventilation requirements. CCB staff's review has revealed that the proposed plan exceeds the ventilation requirements as outlined in NCCR 15.055. No areas of concern were identified. Chief Cronkhite detailed the actions the Board may take.

Amanda Connor appeared on behalf of Cheyenne Medical with Mitchell Britten, the manager and owner who can answer any questions. Ms. Connor stated they worked diligently in collaboration with a certified engineer to develop the proprietary ventilation plan that exceeds the intent to of the regulation ventilation requirements. They requested approval of the waiver.

Mr. Britten stated it was a straightforward ventilation system that married an air exchange system with air scrubbers that are built specifically for removing smoke and odor particulates. It will allow the facility to not waste pre-conditioned air during the hot summer months.

Member Douglas asked if the proposed system addressed the external air and odor; local entities may have those concerns. Ms. Connor responded that they were working with Clark County on an approved odor control plan to address the indoor and outdoor odor control requirements. Mr. Britten added that the system exhausts less of the smoke air outside and handles that within the building. Indoor air quality sensors will test, and filtration can be added in the series.

Chair Guzmán Fralick asked for the timeline of implementation. Mr. Britten responded that they were fairly far along and hoped to open in December.

Member Young asked if the system would have odor remediation. Mr. Britten stated that it has intake and exhaust filtration; it will pull through to remove odors and then push through to remove particulate.

Member Douglas made a motion for approval of the waiver. Member Young seconded the motion. All Members said aye. Motion carried.

## **IX. Petition for Additional Retests Filed Pursuant to NCCR 11.075(7)**

### **A. Green Life Productions, LLC (C146)**

Chief Cronkhite stated Green Life Productions (GLP) filed the petition on September 12, 2023, requesting an additional 50 retests after failing initial laboratory analysis. The facility provided a list of previous 50 retests completed; CCB staff determined that they have only used 45 retests as some fails were for things that do not count toward the 50 limit. CCB staff request additional information from GLP, including any corrective actions taken to address contamination within the facility. GLP provided a response on September 17, 2023, that was determined to be minimal to reduce or eliminate aspergillus contamination within the facility; the plan fails to address certain conditions, specifically surrounding decaying plant matter in the grow beds. Chief Cronkhite detailed the actions the Board may take.

Scot Rutledge of Argentum Partners appeared on behalf of GLP along with Kouanin Cantwell and Steve Cantwell. Mr. Rutledge noted that the initial request was for 50 retests, but they are now only requesting 10 retests.

Mr. Cantwell stated that they were requesting 10 retests and wanted to use the conversation as a catalyst for some regulation changes and workshops regarding aspergillus testing. Mr. Cantwell stated that of the 44 retests, 28 passed and 16 failed. Of the 16 that failed, 8 were confirmed failed for aspergillus. Mr. Cantwell added that if the test is positive for aspergillus it fails; there is not a count that is allowed. Mr. Cantwell noted that Oregon stopped testing for it and California doesn't have standardization. Mr. Cantwell stated it was a burden on organic cultivators since they grow in soils and explained that they get different test results from different labs from lots grown in the same room. Mr. Cantwell did not think there was a problem with their facility and since they are cultivation only, they can't send it for extraction.

Chair Guzmán Fralick asked for confirmation that they were only requesting 10 retests. Mr. Cantwell confirmed and added 15 would be better. Mr. Rutledge noted that 50 retests were initially requested because that is what is the standard in the regulation.

Member Young asked if any changes were made within the facility to decrease the risk of contamination, or did they think it was the environment and there was nothing they could do. Mr. Cantwell explained that a dehumidifier was down in July and a lot of the double fails occurred during August; the dehumidifier was fixed. Mr. Cantwell added that data shows that the outdoor heat affects the indoor levels. The strains that were super dense or lacked anti-fungal terpene profiles were affected. Mr. Cantwell stated they were one of the highest passing cultivators in the state even with the fails.

Member Durrett asked Chief Cronkhite for clarification. Chief Cronkhite stated that there is no count for E. coli or salmonella; those fail with any detection. Chief Cronkhite added that she has spoken with several other states through CANNRA and no one is trying or wanting to reduce or remove aspergillus testing. The one state that did remove it was required to; it was not their desire to do so. Aspergillus may not be uniform throughout a lot so with retesting, there is a chance that aspergillus may be missed. Chief Cronkhite noted that aspergillus is everywhere, but they are only testing for the four strains that have been shown to be pathogenic and causing harm to humans. Studies are regularly coming out that

demonstrate that it is a risk factor for inhalation with consuming cannabis. Chief Cronkhite did not believe that it was the laboratory's contamination causing their fails. The statewide average failure for aspergillus is 3.36%; GLP has 20.8% failure.

Mr. Cantwell responded that a lot of people who fail either have a production license and/or buyer remediate. Mr. Cantwell added that mycotoxins are also tested for; and high levels of mycotoxin would be found in the cannabis if aspergillus was a problem. Mr. Cantwell thought it was only a risk for people that are immuno-compromised.

Member Douglas asked to make a motion. Member Douglas made a motion to approve 15 retests. Member Young seconded the motion. All Members said aye. Motion carried.

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

- A. NCCR 1.145 "Physician" defined.
- B. NCCR 1.230 "Taxpayer" defined.
- C. NCCR 5.025 Submission of application by a person who holds a medical cannabis establishment registration certificate of a cannabis establishment of same type; issuance of license; refund of fee if application not approved.
- D. NCCR 5.030 Submission of application by a person who holds medical cannabis establishment registration license for a cannabis establishment of same type or different type; submission of application by person in response to request for applications.
- E. NCCR 10.010 Establishment of minimum good manufacturing practices.
- F. NCCR 11.070(9)(a) and (b) Testing: Selection of representative samples and random samples; segregation period for entire lot; duties of testing laboratory; disposal of lot if sample fails test; release of lot if sample passes test; filing of electronic copy of certificate of analysis for tests performed by testing laboratory; grounds for disciplinary action for failure to comply.
- G. NCCR 12.030 Cannabis cultivation facility: Required labeling before sale of cannabis to another cannabis establishment.
- H. NCCR 12.035 Cannabis production facility: Required labeling of cannabis products before sale to retail store.
- I. NCCR 12.040 Cannabis sales facility and cannabis consumption lounge: Required labeling of usable cannabis.
- J. NCCR 12.045 Cannabis sales facility and cannabis consumption lounge: Required labeling of cannabis products.

Deputy Director Michael Miles stated the regulations for the Board's approval are a result of the workshop held pursuant to the Governor's executive order. These regulatory changes were considered not controversial at the meeting and received no objections. These changes are the start of the process of streamlining the regulations. Deputy Director Miles detailed the additional work the CCB was doing in regard to regulations and noted that the process for changing regulations will drastically slow down as the CCB will be using the Administrative Procedures Act to amend regulations. NCCR 1.445, 1.230, 5.025, 5.030, and 10.010 were asked to be completely repealed. NCCR 11.070 was to remove an antiquated process that is no longer in use. The changes to NCCR 12.030, 12.035, 12.040, and 12.045 are to replace to the 20-digit license number with the shorter cannabis establishment ID number.

Chair Guzmán Fralick asked for comments or discussion.



Amanda Connor noted that NCCR 5.025 had not been used recently but thought it may be applicable in situations where rural counties ask for a medical only license because they only permit medical licenses, and they are allowed to do so under statute. Ms. Connor thought there needed to be something in regulation that would allow them to convert if the local jurisdiction lifted moratoriums.

Deputy Director Miles stated that the statutes are changing, and everyone will be having a medical and adult use license. If the restriction is lifted, they would have access to adult use as well based on statutory changes.

Member Douglas asked if the CCB was comfortable that this would not impact each county's allowance for one license. Deputy Miles responded that he was because in the future, when they are granted that medical license, it would automatically grant the adult-use as well. Chair Guzmán Fralick asked if a process would need to be in there in order to carry it over until it falls under the new statute. Deputy Director Miles responded that as they renew, it would be updated. Deputy Director Miles noted that this process has not been used in several years and was created for the medical only licenses that were allowed one adult use license.

Member Douglas asked if this would impact any counties that may want the one license that they are entitled to. Deputy Director Miles responded that they would apply for a medical only, but it would automatically be medical and adult-use. Member Douglas was concerned that the CCB would be able to take necessary action if someone came forward.

Ms. Connor was concerned with the removal of the regulation; a process was still needed to allow for the dual license. Deputy Director Miles stated that the CCB approached it from a different way; it would be for the local jurisdiction to lift the moratorium and then it would be an adult-use and medical license. Executive Director Klimas stated these two could be held; the exercise was to remove antiquated regulations and streamline.

Member Young asked if a medical only license was issued in White Pine County, would they automatically be granted an adult-use license? Deputy Director Miles stated that it would be medical only until they renewed, and then it would be an adult-use and medical license regardless of any local jurisdiction restrictions. Member Douglas stated he supported the changes with the exception of NCCR 5.025 and 5.030.

There were no comments on NCCRs 10.010, 11.070(9)(a) and (b), 12.030, 12.035, 12.040, 12.045.

Chair Guzmán Fralick stated she would take a motion for the proposed adoption, amendment, and/or repeal of agenda items 10 A, B, E, F, G, H, I, and J. Member Douglas so moved. Member Young seconded the motion. All Members said aye. Motion approved.

Member Douglas made a motion to not repeal NCCR 5.025 and 5.030 at this time and send it back for further study. Member Young seconded the motion. All Members said aye. Motion carried.

## **XI. Briefing from the Chair and the Executive Director**

Chair Guzmán Fralick did not have a briefing except that it was nice to have the entire Board together. Executive Director Klimas agreed.

## **XII. Next Meeting Date**

The next Board meeting is scheduled for November 14, 2023.

## **XIII. Items for Future Agendas**

There were no matters stated for future agenda items.

## **XIV. Public Comment**

Amber Jansen provided public comment on Regulation 12, and NCCR 12.065 specifically, that was discussed in 2021. Ms. Jansen asked why cultivators were not using the Radura symbol and stated that the licensees hide it from consumers that they irradiate their product. Ms. Jansen stated it was important for consumers to know if products were radiated and would like a list of licensees that are radiating products.

Amanda Connor stated that there is a lot of discussion and ongoing work with packaging and labeling. Ms. Connor appreciates that the Board is receptive to industry input.

Timothy Eli Addo stated his concerns with the social equity issue and limiting the licenses to consumption lounges. The social equity applicants are struggling to find money and the already established entities could afford to lose business on their consumption lounge and bring in consumers for the retail. Mr. Addo asked the Board to name one successful program established within the social equity program.

Rachel Lee continued her earlier public comment. Ms. Lee added that she was not the only one who does not have the money and acknowledges that she signed an affidavit stating what she would be able to do. Ms. Lee detailed the financial struggles she has had and the organizations she is no longer able to support. Ms. Lee was disappointed that she has supported other cannabis licensees in the past but has not received support in return. Ms. Lee asked for the Department of Taxation or the CCB to help with the monies that are needed to help those that are impacted by the war on drugs.

Paul Michael Burgess spoke about a petition he sent to the Board and the closed session proceedings, and a later update regarding Mr. Burgess working with the industry and what the department thought about Delta-8 and Delta-9. Mr. Burgess addressed the concerns that he had contacting CCB staff and stated he had submitted documents for review. Director Klimas responded to him, but he stopped emailing Director Klimas. Mr. Burgess stated that he has spoken with the Deputy Director and Chief Staley but there was not an investigation going on. Mr. Burgess asked for a response and to look at his technology.

## **XV. Adjournment**

Meeting adjourned at 1:15 p.m.