

# **Nevada Cannabis Compliance Board Meeting Minutes December 12, 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 December 12, 2023.

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

**Adriana Guzmán Fralick, Chair**

**Riana Durrett, Vice Chair**

**Dr. Bryan Young**

**Hon. Michael Douglas**

**Jerrie Merritt**

**Chair Guzmán Fralick called the meeting to order, and Deputy Director Michael Miles took roll.** Chair Guzmán Fralick and Member Young were present in Carson City. Vice Chair Durrett, Member Douglas, and Member Merritt were present in Las Vegas.

Chair Guzmán Fralick introduced new Executive Director James Humm and welcomed him to the Cannabis Compliance Board.

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

## **I. Public Comment**

A'Esha Goins of Black Joy Consulting spoke on behalf of the NAACP Las Vegas. Ms. Goins stated that the NAACP supports legalization, good work conditions and access to the industry. Social equity being attached to consumption lounges is a concern. Access to capital has been a deterrent. The NAACP encourages the CCB to consider strategies that could bring in new business licenses for those left out of the industry. Ms. Goins was disenchanted with the way the industry handled the underserved community and looks forward to working with the new director.

Cristina Ulman, co-founder and President, spoke on behalf of the Chamber of Cannabis about their history, work they have done in legislature, and work in the industry. The past few years have not been good for the majority of the people working in the industry. Ms. Ulman stated there is the opportunity to improve the regulations. The Chamber would like to be a resource to the Board.

Abby Kaufmann, Secretary and Chairwoman of the Commerce Committee for the Chamber of Cannabis, stated that their organization centers around the guiding principles of justice, commerce, and community. Ms. Kaufmann noted that taxable cannabis sales are down over the last 2 years which was caused by multiple factors. The CCB determines how consumers buy cannabis and how operators are able to buy and sell cannabis from each other. Consumers are choosing to buy cannabis from unlicensed operators; operators have costs and are laying off employees and not paying bills. The Chamber will work to pursue legislative changes in 2025.

Bri Padilla, Executive Director of the Chamber of Cannabis, stated that she has interfaced with a significant majority of the state's operators and agreed with her colleagues' comments. She looked

forward to working with Director Humm and recommended leaning on Member Durrett's understanding of the industry and the Chamber's connection to the industry.

Chandler Cooks stated he is newly appointed to the Chamber of Cannabis and the owner of Greenwood Investment Group LLC which was awarded a prospective social equity cannabis consumption lounge license. Mr. Cooks spoke about the social equity licensees in Nevada and the disparity between the independent consumption lounge licenses and the retail attached licenses. The retail dispensary consumption lounges hold a considerable advantage in the market. Social equity should ensure that those licenses are given a fair chance to succeed. Social equity licensees often lack the initial capital and business acumen necessary to cultivate the venture within the time frame given. Mr. Cooks proposed extensions of time for these licenses to establish lounges and agency funded grants for social equity licensees to cover start-up costs, low-interest loans, or removal of \$200,000 requirement.

Nicole Buffong stated she serves on the Board of Directors for the Chamber of Cannabis and is the Western Regional Director for the advocacy group, Minorities for Medical Marijuana (MMM). Ms. Buffong noted the work they had done with consumption lounges and in legislature, specifically the justice component of SB 277. MMM is waiting on details from the CCB to be able to share with the community that is eager to work in the cannabis industry. To mitigate the unlicensed market, there must be an easier pathway to the licensed market especially for those that have committed drug offenses. Ms. Buffong will be serving on the Cannabis Advisory Commission subcommittee on Market Participation.

Timothy Eli Addo stated that he is a medical cannabis patient. Mr. Addo addressed his concerns with the consumption lounge application process, dealing with Ms. Goins, and legislators regarding this issue.

## **II. Meeting Minutes**

### **A. Consideration of approval of the October 24, 2023, Cannabis Compliance Board Meeting minutes.**

Chair Guzmán Fralick asked for a motion on the minutes. Member Young made a motion for approval of the minutes. Member Merritt seconded the motion. All Members said aye. Motion carried.

## **III. Consent Agenda**

### **A. Consideration for Approval to Extend Final Inspection Deadline**

1. Silver Dollar Distribution LLC (T101) (for possible action)
2. NevCann LLC (RC056) (for possible action)
3. Congeriem I (RD266) (for possible action)
4. Congeriem IV (RD597) (for possible action)
5. Congeriem V (RD602) (for possible action)
6. Congeriem II (RD593) (for possible action)
7. Congeriem III (RD594) (for possible action)
8. Wellness Connection of Nevada LLC (RD633) (for possible action)
9. TRNVP098 LLC (RD672) (for possible action)
10. TRNVP098 LLC (RD674) (for possible action)
11. TRNVP098 LLC (RD671) (for possible action)

- 12. TRNVP098 LLC (RD673) (for possible action)
- 13. TRNVP098 LLC (RD675) (for possible action)
- 14. Commerce Park Medical LLC (D027); Commerce Park Medical RD264 LLC (RD264) (for possible action)

Chair Guzmán Fralick asked if any Board Members wanted to pull an item for discussion. If not, she would take a motion for approval. Member Durrett asked to pull item III A (11) for TRNVP098 LLC (RD671). Member Douglas asked to pull item III A (1) for Silver Dollar Distribution LLC (T101) for discussion.

Chair Guzmán Fralick asked for a motion on items 2-10 and 12-14. Member Durrett made a disclosure that one of the owners in the Congeriem Group is on the Cannabis Policy Institute at UNLV of which she is the Director. Member Durrett did not think this would impact her judgment in any way. There was discussion by the Board on the date that extensions may be granted through. Member Douglas made a motion for approval of items 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, and 14 for an extension though the last day of November 2024. There was discussion on the motion by the Board regarding the deadline date. Chair Guzmán Fralick recommended using the November 30 date as indicated by Member Douglas. Chair Guzmán Fralick called for a vote. All Members said aye. Motion carried.

### **1. Silver Dollar Distribution LLC (T101)**

Rusty Graf appeared on behalf of Silver Dollar Distribution. Member Douglas noted that he was happy that the licensee has caught up on its indebtedness. Member Douglas asked what was going on with perfecting the license and the plan going forward. Mr. Graf responded that they had perfected the license but needed correspondence from the sheriff in that jurisdiction. As soon as the situation is resolved, Mr. Graf thought they would get their letter of compliance. The equipment and area have been inspected and the letter from the sheriff is pending.

Chair Guzmán Fralick called for a motion. Member Douglas made a motion to approve the extension until November 30, 2024. Member Merritt seconded the motion. All Members said aye. Motion carried.

### **2. TRNVP098 LLC (RD671)**

Shane Terry appeared on behalf of TRNVP098. Mr. Terry stated that the business relationship with White Pine is progressing, and specifics may be formalized in Q2 2024 and property locations in Ely are being considered. Chair Guzmán Fralick asked if there was a timeline for the locations in White Pine and Mr. Terry stated he was not sure of a timeline due to possible updates to existing regulations. Member Durrett asked if it will be necessary to build retail outside of the city, and why it hasn't already happened. Mr. Terry stated that they explored areas in White Pine, Great Basin National Park and determined that Ely is the only area that makes business sense if regulations change on January 1. He stated they won a total of seven conditional dispensary licenses in 2018 and finalized one in Winnemucca.

Chair Guzmán Fralick called for a motion. Member Durrett made a motion to approve the extension until November 30, 2024. Member Douglas seconded the motion. All Members said aye. Motion carried.

#### **IV. Consideration of Approval for a Conditional License for a Cannabis Consumption Lounge**

Chief Staley presented the item 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. No areas of concern were identified during the investigation.

##### **A. CR/P Las Vegas, LLC (D059, RD059)**

Ryan Johnson, Jessica Feingold, Alex McCaw, and Mark Nye appeared on behalf of CR/P Las Vegas, LLC dba Cookies Las Vegas. Mr. Johnson narrated a PowerPoint presentation introducing Cookies, their request for a conditional license for a cannabis consumption lounge and plans for operations, employment recruiting, diversity, training and compliance. Mr. McCaw discussed the proposed location, square footage and security plans. Member Douglas asked if food and live entertainment was planned. Mr. McCaw stated that their goals include offerings for tourists, to be open 24/7/365, VIP rooms, entertainment, sales and to collaborate with food truck vendors. Jessica Feingold provided an overview of their corporate and retail management teams and their compliance plan. Chair Guzmán Fralick asked if this is CR/P's first lounge. Ms. Feingold confirmed this will be their first lounge, co-located with their retail dispensary. Member Durrett asked if the general counsel and associate general counsel were based in Nevada. Ms. Feingold stated they are based in California and use Maggie McLetchie as local counsel.

Chair Guzmán Fralick called for a motion. Member Young made a motion to approve the conditional license for CR/P's consumption lounge. Member Durrett 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. Green Mining Concepts, Inc. (TOI 19072 and 19072A) (C093, RC093, P048, RP048, D105, RD105)**

Chief Staley stated that TOIs 19072 and 19072A request approval for internal restructuring and a waiver of NCCR 5.110 pursuant to 5.112. If approved, the prior Board approval of transfers of less than 5 percent of Green Mining ownership will be waived. Chief Staley stated that Green Mining has adequately addressed the required items to allow this waiver and suggests that it expire on the next agenda date. Noted areas of concern include a lack of requested documentation, unapproved transfers of interest, and a balance due owed to the Nevada Department of Taxation of approximately \$963,985.00. These issues were initially identified in March 2023 and Green Mining submitted a letter addressing a plan to pay the \$940,500 owed to Taxation from the sale of its license, and requested that a civil penalty not be issued so that the issue could be cured. As of November 2023, the issue has not been resolved and the tax obligations had risen to \$963,000. Brian Hardy appeared on behalf of Green Mining Concepts, Adam Fulton on behalf of Mr. Barth and Pete Findley. Chair Guzmán Fralick asked for the tax status, negotiated and paid amounts. Mr. Hardy replied that the approval of sale of the license allowed money to pay down obligations of the company, including federal tax liabilities and pending litigation. They are currently in a payment plan with the Nevada Department of Taxation and in good standing.

Chair Guzmán Fralick asked about the documentation that was to be submitted within 60 days of the March 2023 approval. Mr. Hardy stated that this paperwork was not previously provided

by prior counsel and cannot provide documents they do not have. They disclosed that they had provided everything that they had. Mr. Fulton stated that this TOI has been in process since 2019. Member Douglas stated that it was pending since 2019 and that documents should be available. Member Douglas asked if there is a formal agreement/payment plan since nothing appears to be in writing. Mr. Hardy stated that there is a settlement agreement with Tax and was submitted to Accela in July 2023. Rachel Branner confirmed receipt of an agreement and an overview of terms. Member Durrett asked Chief Staley to clarify the discussion of disciplinary action. Chief Staley referred to the recommendations on the investigatory report page 12. Tim O'Reilly requested that the order confirm that the transfer complies with the contractual obligations and that any follow-up be part of the order. Member Douglas stated that he understood there were pending matters with the gaming industry. Chief Staley deferred to the Deputy Attorneys General and stated that CCB regulations allow approval of transfer of interest as the extent of the authority. Senior DAG L. Kristopher Rath stated the issue is approval or not of the TOI, however a request to return for status check is acceptable. Chair Guzmán Fralick confirmed there is no jurisdiction over contractual relations. Member Douglas stated that ownership shares are in an escrow account, and with a TOI approval these would be released to Mr. Barth.

Chair Guzmán Fralick called for a motion. Member Durrett made a motion to approve the request for transfer of interest and to include a status check on payment of the tax obligations in six months. (June 2024). Chief Staley reminded the Board of the waiver of 5.110 pursuant to 5.112. Member Durrett noted that her motion would include the requested waiver. Member Young seconded the motion. All Members said aye. Motion carried.

**B. MedMen Enterprises, Inc. (TOI 2100044- 2100047, 21060) (C025, RC025, P016, RP016, D078, RD078, D092, RD092, D178, RD178)**

Chief Staley stated that TOIs 2100044- 2100047 and 21060 were filed to request approval for restructuring to hold separate cannabis licenses and a request for waiver of NCCR 5.110 pursuant to 5.112. He noted that the company adequately addressed items required to allow approval of the waivers and staff suggests the waivers expire on the next TOI agenda date. Noted areas of concern include internal restructuring without Board approval. Alicia Ashcraft appeared on behalf of MedMen, and appearing via Zoom: Ellen Harrison, and Kimble Cannon. Ms. Ashcraft provided an overview on how MedMen was formed regarding entities and license applications, different owners and the public offering in 2018. Ms. Ashcraft stated that a search of MedMen records in conjunction with a sale of the facility revealed that it was not included on the approval letter with the other facilities in Nevada and have worked with CCB investigators to determine what may have occurred. Ms. Ashcraft noted they have gone through all of their records but were not able to find why it was not included.

There were no questions from the Board. Chair Guzmán Fralick called for a motion. Member Douglas made a motion for approval and waiver request of NCCR 5.110 pursuant to 5.112. Member Durrett seconded the motion. All Members said aye. Motion carried.

**C. Fidelis Holdings, LLC (TOI 2300005) (C132, RC132, C133, RC133, D159, RD159)**

Chief Staley provided an overview of TOI 2300005 and stated that no areas of concern were identified during the investigation. Daniel Brasov appeared via Zoom on behalf of Fidelis Holdings LLC and Fidelis Holdings Henderson LLC. Catherine Mizzi appeared in person on behalf of Fidelis Holdings. Mr. Brasov asked the Board in a formal request to join the two entities, retaining the original ownership, members and management as well as shared locations.

Member Douglas commented that it was nice to see something with no areas of concern. There were no questions from the Board. Chair Guzmán Fralick called for a motion. Member Douglas made a motion to approve the transfer of interest. Member Merritt seconded the motion. All Members said aye. Motion carried.

**D. Unifern L.L.C. (TOI 19062 and 2300018)**

Chief Staley provided an overview of TOI 19062 and 2300018 and request to transfer 25% ownership. No areas of concern were identified, but an area of interest was identified regarding an outstanding amount payable on the balance sheet. David Edelblute and Semyon “Sam” Shtayner appeared on behalf of Unifern. Member Douglas asked how a TOI approval would address existing financial issues. Mr. Edelblute stated that the outstanding receivables include back rent owed to the landlord and negotiations for lease extensions are in progress pending finalization. Additional outstanding amounts are personal loans to parent companies, subject to litigation and a June 2023 settlement agreement, pending reconciliation. Member Durrett asked Chief Staley when does CCB staff decide that litigation prevents an item from inclusion on the agenda. Chief Staley stated that this specific case included a disagreement over the 25% ownership, and that litigation would not typically impact a transfer of interest application. In this instance, the policy of the Board is to wait for the judicial process to be complete and ownership percentages sorted by the courts, then the TOI goes before the CCB. There was concern that the Board would approve a transfer when the interest was under litigation. Member Durrett thought that that was an issue that may be refined by the Board and could be discussed further by the Board at a later time.

Chair Guzmán Fralick called for a motion. Member Durrett made a motion to approve the requested transfer of interest. Member Young seconded the motion. All Members said aye. Motion carried.

**E. NNV Operations I, Inc. (TOI 2300027 – 2300030) and 21<sup>st</sup> street llc**

Chief Staley provided an overview of TOIs 2300027 - 2300030 request to sell the cannabis licenses to 21<sup>st</sup> street llc due to NNV entering a receivership in May 2022. There are areas of concern in this TOI related to past NNV operations, but those will be addressed later in the agenda under item VII. Jeff Barr and Alicia Ashcraft appeared on behalf of receiver Charles “Chuck” Shultz Jr. Ed Alexander appeared on behalf of 21<sup>st</sup> street llc. Mr. Barr provided information on the history of NNV Operations from the end of 2021, financial issues, death of the receiver and subsequent settlement with Nevada Department of Taxation and pending sale to a reputable operator. Mr. Alexander thanked Chief Staley and CCB staff for the process regarding receivership. Mr. Barr asked for approval.

There were no questions from the Board. Chair Guzmán Fralick called for a motion. Member Douglas made a motion to approve the requested transfer of interest. Member Merritt seconded the motion. All Members said aye. Motion carried.

**F. Crooked Wine Company, LLC (TOI 21044 and 21044A) (T002, T003)**

Chief Staley provided an overview of TOI 21044 and 21044A and the request to sell the distribution license to Herbal Inc. Areas of concern were identified regarding past unapproved transfers of a distribution license, but this issue will be presented as under agenda item VII. David Edelblute and John Savage appeared on behalf of court-appointed receiver, Kevin Singer.

There were no questions from the Board. Chair Guzmán Fralick called for a motion. Member Young made a motion to approve the requested transfer of interest between Crooked Wine Company and Herbal Inc. Member Douglas seconded the motion. All Members said aye. Motion carried.

**VI. Kevin Singer’s Application for a Cannabis Establishment Agent Registration Card for a Cannabis Receiver as Court-Appointed Receiver for Blkbrd NV, LLC (T002 and T003) in Eighth Judicial District Court Case No. A-23-875887-B)**

Senior DAG L. Kristopher Rath presented an overview and request to consider Kevin Singer’s application for a cannabis receiver agent card. Attorney Rath stated that the only area of concern identified was an unapproved transfer of interest that took place in April 2021, but stated that Mr. Singer is in negotiations and if approved as receiver, the settlement negotiations can continue. Member Douglas asked Mr. Singer if there are any existing concerns. Mr. Singer said there are no concerns and that he works with a well-versed staff and has excellent legal counsel to assist.

Chair Guzmán Fralick called for a motion. Member Douglas made a motion to approve the appointment of Kevin Singer as receiver. Member Merritt seconded the motion. All Members said aye. Motion carried.

**VII. Consideration of Proposed Settlement Agreements to Resolve Disciplinary Action**

**A. Cannabis Compliance Board vs. Crooked Wine Company, LLC / Blkbrd NV, LLC (Case No. 2023-34)**

Senior DAG L. Kristopher Rath presented the proposed settlement agreement and noted that agenda item VII (A) is related to prior agenda items V (F) and VI. Mr. Rath provided an overview of the April 2021 sale of Crooked Wine and distribution licenses and MSA, unapproved TOI violations and accepted discipline on the licenses. The parties agreed to settle the matter for an admission to one category 2 violation and a civil penalty of \$8,500.00. Mr. Rath requested approval by the Board of the presented civil penalty agreement. Chair Guzmán Fralick acknowledged the unique nature due to the involvement of a license for distribution tied to a liquor distribution license. Member Douglas requested that future stipulation documents concluding matters include a line after “Nevada Cannabis Compliance Board after being apprised of the underlying facts...” since the Board is responsible to make a decision based on the understanding of those facts. Mr. Rath stated that could be included in future settlement agreements.

Chair Guzmán Fralick called for a motion. Member Young made a motion to approve the proposed settlement agreement. Member Merritt seconded the motion. All Members said aye. Motion carried.

## **B. Cannabis Compliance Board vs. NNV Operations I, Inc. (Case No. 2021-54)**

Senior DAG Emily Bordelove presented an overview of the complaint filed in November 2021 and alleged violations of six instances of non-payment of wholesale marijuana tax, three instances of non-payment of modified business tax from July 2020 to June 2021 and additional non-payment of taxes that preceded the CCB. CCB and Nevada Department of Taxation entered into a global settlement agreement with NNV and its receiver and there is an agreement to pay a lump sum of \$350,000.00 to Taxation which resolves the tax liability. This was approved by the Nevada Tax Commission. NNV admitted to one category III violation and seven category V violations and will pay a lump sum payment of \$22,500.00 to CCB and accept a warning in consideration for its admitted first category V violation. Ms. Bordelove noted the terms of the plan of correction. Ms. Bordelove requested approval of the settlement proposal. Jeff Barr appeared on behalf of Charles Shultz and along with Alicia Ashcraft thanked the Board for consideration and approval. Ed Alexander thanked the Board for expediting the process.

Chair Guzmán Fralick called for a motion. Member Durrett made a motion to approve the proposed settlement agreement. Member Douglas seconded the motion and requested additional language be included in future orders. Member Douglas requested the record show that CCB did not approve the tax settlement, but the Department of Taxation approved the amount disputed of \$824,000 and resolved to \$350,000. Ms. Bordelove acknowledged verbiage will be included in future orders.

Chair Guzmán Fralick acknowledged the motion, the second, and the stated comments for the record and asked for a vote. All Members said aye. Motion carried.

## **VIII. Briefing from the Chair**

Chair Guzmán Fralick welcomed new Executive Director Humm and wished staff, industry members and the public a very merry holiday season.

## **IX. Next Meeting Date**

The next Board meeting is scheduled for January 18, 2024.

## **X. Items for Future Agendas**

No specific items were identified.

## **XI. Public Comment**

Rachel Lee of Sunflower Compassionate Care Company spoke about social equity applicants, those who are eligible under social equity programs and asked if CCB, Members or investigators can check on people impacted by the war on drugs and their mental health issues, PTSD and depression.

## **XII. Adjournment**

Meeting adjourned at 11:03 a.m.