

Nevada Cannabis Compliance Board

Workshop Meeting Minutes August 24, 2023

The Nevada Cannabis Compliance Board (CCB) held a public workshop at 700 E. Warm Springs Rd., Las Vegas, Nevada and 1550 College Pkwy, Carson City, Nevada beginning at 10:00 a.m. on August 24, 2023.

Cannabis Compliance Board Members Present:

Riana Durrett

Deputy Director Michael Miles called the public workshop to order. Senior Deputy Attorney General L. Kristopher Rath and Chief of Inspection and Audit Kara Cronkhite were present on behalf of the CCB. Board Member Durrett joined the meeting.

The instructions to join the meeting via Zoom were read aloud.

I. Public Comment

Dan Steele appeared on behalf of A1 Labs LLC and spoke about the merit of his company. He was born in Carson City and his business associate is a taxpayer that owns multiple Arby's franchises. Che Brower stated he was born and raised in Nevada and added he was the first company in Carson City to be a part of the friendly recovery workplace program, runs a fundraiser for the Boys' and Girls' Club, and is part of the Green Dining District. Mr. Brower asked how they can apply for a medical grow facility.

II. Proposed Amendments and Additions to the Nevada Cannabis Compliance Regulations - Cannabis Receiver

- A. Regulation 1. Issuance of Regulations; Construction; Definitions.
- B. Regulation 5. Licensing, Background Checks, and Registration Cards.

Senior Deputy Attorney General L. Kristopher Rath presented the proposed changes to cannabis receiver regulations. The CCB initially presented changes in September 2021. The revised proposed changes take into account comments received from the workshop, from the Board members, and from the CCB's experience in dealing with receiverships.

Mr. Rath stated NCCR 1 added definitions for disabled and incapacitated. Under NCCR 5.170, the concepts are the same but the language has been clarified. A few responsibilities have been delegated to the executive director so that actions can be taken more quickly under emergency situations. Under NCCR 5.175, clarification has been added, provisions in which the Board can require a receiver, when a receiver may apply to the CCB, notification when a motion is filed in the Court, situations where the Board and Court may not agree on the approval of a specific receiver or no one is available or willing to act as a receiver, and allowance of the Chair to grant conditional approval for a receiver between Board meetings. Under NCCR 5.180, clarification has been added, provision for proof of insurance or ability to finance, and affirmation to ensure no conflict of interest. Under NCCR 5.190, additional duties for receiver were added and allowance for removal or replacement of receiver. NCCR 5.195 is a new section that provides for a certificate of qualification for a receiver to allow for approval on an expedited basis.

John Savage stated that he was counsel for three current cannabis receivers and has represented cannabis receivers in the past. Mr. Savage thought that the regulations looked good but could be clarified in some areas including in NCCR 5.175 regarding the timing of appointment of receiver by Court first and then by the Board and who can apply to the Board for placement of receiver. Mr. Savage noted that a Receiver may not have the contact information for the licensee point of contact.

Amanda Connor noted concerns in NCCR 5.170(1) regarding agent card requirements for owners of less than 5%. Mr. Rath commented that it could be clarified to say 5% or more on a diluted basis. Ms. Connor recommended adding that estate plans would not be made public or part of the public record. Ms. Connor asked how it would be determined that there is truly an ownership dispute. Ms. Connor asked if there were due process concerns with the summary suspension, automatic surrender, and extenuating circumstances. Ms. Connor recommended including proof of attempts to notify point of contact instead of must notify, since current contact information may be available. Ms. Connor recommended specifying Nevada cannabis experience as a requirement.

Candace Carlyon represented cannabis receivers and had a concern with NCCR 5.190(5), that the cannabis receiver is subject to disciplinary action for the violation of statutes and financial obligations. Ms. Carlyon commented when a receiver is appointed by the court, the liabilities of that receivership are those of the receivership estate and not the receiver personally. Ms. Carlyon noted that in most if not all of the cases, the businesses are not financially profitable and did not want to discourage having responsible receivers step up. Ms. Carlyon added that if there was an effort to impose personal liability on a receiver or sue a receiver, leave of the court would be required.

John Savage agreed with Ms. Carlyon and suggested adding clarifying language to NCCR 5.190(4). Mr. Rath noted that subsection 5 was strictly for receiver's malfeasance.

Brett Scolari with Strategies 360 supported the comments made, in particular regarding the experience of the receiver and engaging someone who does have Nevada cannabis experience.

Member Durrett asked if the Board would ever force a receivership on a licensee. Deputy Director Miles responded that it would only be forced if there was a death or incapacity where there is no one to run the operations; the one time this happened, the licensee was required to get a receiver or face suspension. Mr. Rath noted that business operations may need to be suspended if all of the employees walked out or something had to happen quickly.

Member Durrett noted concerns with the section regarding counsel for receiver not having represented the licensee for the previous 5 years as the State Bar oversees the ethical conduct of attorneys. Mr. Rath responded that clarifying language or removal of that section could be considered.

Member Durrett recommended removal of the acts or emissions language.

III. Proposed Amendments and Additions to Nevada Cannabis Compliance Regulations - Events

Deputy Director Miles stated that these proposed regulations were brought forth as the result of a petition to the Board but the petitioner was not present to answer any specific questions. The proposed regulations were meant as a test case for large events.

A. Regulation 1. Issuance of Regulations; Construction; Definitions

Deputy Director Miles noted the definitions that were added and asked for public comment.

Leighton Koehler asked to speak on the underlying policy concept of the proposed event regulations. Mr. Koehler is general counsel for Planet 13 Holdings. Mr. Koehler argued that the statute states that an establishment that is not cannabis consumption lounge shall not allow any person to consume cannabis on the property or premises of the establishment. Mr. Koehler added that NRS 678B.645 allows the CCB to adopt regulations setting forth circumstances under which a person is authorized to consume cannabis or cannabis products but does not discuss the sale of cannabis at these locations. Mr. Koehler addressed other concerns including allowing consumption at events where attendees are 18 or older and the bills addressing consumption at large events that did not pass by Legislature. Mr. Koehler asked for the consumption lounge licensees to open and operate the lounges safely and properly.

Bri Padilla spoke on behalf of the Chamber of Cannabis and Lady Led Collabs. Ms. Padilla addressed her concerns with the pass-through requirement for lounges as limiting the viability of businesses of smaller size and the limitation of labs from participating in events in an educational capacity. Ms. Padilla thought it was unwise to allow consumption at an event where people over 18 years are allowed. Ms. Padilla would like to work with the Board to create safe events of all scales and not just these large public ones that may be run by out of state operators.

Member Durrett noted that the state law required sales to go through retail and that will apply unless the law is changed.

Deputy Director Miles noted that this was limited to events for 25,000 because the small event bills were shut down in the last two legislative sessions.

Scot Rutledge stated that there was nothing to preclude cannabis lounges from allowing events to occur. Mr. Rutledge recommended looking at these more broadly and how they might interact with existing lounges.

Todd Worz of Tap Root Brands supported changing the regulations to include temporary cannabis events. Mr. Worz has 22 years of experience in Las Vegas nightlife and hospitality, having opened 43 large scale venues. Mr. Worz thought that allowing cannabis at events will greatly benefit independent cultivators and producers. Mr. Worz added that there will always be cannabis consumption at public events; if regulated cannabis is limited or not accessible, the attendees will procure cannabis from the illicit market attendees. Cannabis sales at events should be treated the same as liquor sales at events. This would showcase Nevada as a progressive leader in the legal cannabis market.

Sequoah Turner of The Source supported approval of the regulations for consumption at events. Ms. Turner thought that this could be executed in a way that was safe for consumers and provided an opportunity for operators to compete. Ms. Turner understood the concerns of the smaller groups but felt that this would allow the opportunity for the industry to grow and continue to be safe and compliant.

Adam Cohen, owner and CEO of Jardin Premium Cannabis, provided comments in support of allowing sales and consumption at events. Cannabis is already being consumed at events and this would provide a legal and regulated mechanism to control it and combat the illicit market. This will increase tax revenue and boost the economy of Nevada. Mr. Cohen thought that the attendance number was too high and would be too restrictive. Opening it up will allow for more opportunity for lounges and dispensaries; Mr.

Cohen recommended having a petition process for a promoter to come to the CCB to get approval for consumption at an event.

Layke Martin of the Nevada Cannabis Association commented on NCCR 1.059 and recommended clarifying language be added regarding whether that means perfected or conditional licenses. Ms. Martin asked if a lounge or dispensary could participate in an event that was outside of their jurisdiction. Ms. Martin noted that a lot of members wanted to know if the number of attendees could be lowered. Ms. Martin recommended clarifying language regarding the destruction sold but partially consumed or unconsumed products; NCCR 16.035 mentioned only unused product.

Amanda Connor commented that if these regulations move forward, there should be consideration into how they work with the current statutory restrictions. The considerations included establishments attending and event in a different jurisdiction and the age requirement.

Rebecca Perrick from Lady Led Collabs stated she has a health background and experience in managing events. Ms. Perrick thought that an 18 years and over event or 25,000 attendees at event was not realistic to manage. Ms. Perrick recommended there should be a number between a couple hundred and 25,000 that would be realistic.

Jason Gehringer stated that smaller events that the community puts together helps to build the community. The impact that would have has a value that should be added to the conversation.

Katree Saunders is a vice president of Pardon Me, Please and added that she has been affected by the war on drugs. Ms. Saunders addressed her concerns with the cannabis consumption lounge, her personal history, and the illicit market.

Bri Padilla commented in regard to NCCR 10.080, there should be a differentiation between open product and non-opened product. Ms. Padilla would like the Board to consider a donation program to medical patients or allow the operator to develop that program and submit it for Board approval.

Brett Scolari noted that at this time, there are 40 cannabis consumption lounges with six in conditional status. The proposed regulations are putting the cart before the horse. Mr. Scolari echoed the comments of Layke Martin and Amanda Connor. Mr. Scolari recommended not issuing special permits to cannabis sales facilities but would limit them to cannabis consumption lounges since they will have the expertise. Mr. Scolari added that alcohol has been clearly separated from cannabis by Legislature and this would bring them together.

Deputy Director Miles commented that alcohol and cannabis would be kept in separate spaces, similar to a beer garden; a cannabis consumption lounge could be in strip mall next to a bar.

B. Regulation 4. Disciplinary and Other Proceedings Before the Board.

Deputy Director Miles stated that Category III and Category V violations were added for any problems that may come up with events.

Abad Piza called in and provided general comments. Mr. Piza stated that minorities, technology, working for themselves were being held back in the cannabis industry. Mr. Piza added that cannabis touches every industry and the government is destroying things; the cannabis industry should be opened up.

C. Regulation 5. Licensing, Background Checks, and Registration Cards.

Deputy Director Miles stated that NCCR 5.041 was created for the application for a temporary cannabis event permit. Temporary cannabis event permit was added to NCCR 5.070 regarding inspections.

Bri Padilla commented that the fee was small based on the size of the event and recommended a tiered or tabled fee based on the thumbprint. In NCCR 5.041 regarding the physical address limitation, Ms. Padilla would like to see a type of special permit request for enclosed spaces that follow the guidelines. Deputy Director Miles noted those are statutory limits.

D. Regulation 6. Production and Distribution of Cannabis.

Deputy Director Miles stated additions were made to NCCR 6.070 regarding persons authorized to be there, to NCCR 6.072 regarding training required, to NCCR 6.075 regarding adjusting public view requirements for events, and to NCCR 6.085 regarding security considerations.

There were no public comments.

E. Regulation 9. Production of Cannabis Products.

F. Regulation 10. Minimum Good Manufacturing Practices for Cultivation and Preparation of Cannabis and Cannabis Products for Administration to Humans.

G. Regulation 11. Cannabis Independent Testing Lab.

H. Regulation 13. Cannabis Distributors.

Deputy Director Miles stated that temporary cannabis events language was added to these regulations.

There were no public comments.

I. Regulation 16. Temporary Cannabis Event.

Deputy Director Miles stated Regulation 16 was created for temporary cannabis events and listed all the sections. Deputy Director Miles noted that these were based on Regulation 15.

Tina Ulman, President of the Chamber of Cannabis, noted concerns with NCCR 16.065 regarding the disposal of unused cannabis. Ms. Ulman added that the industry was struggling and the state should do something so that operators don't lose more money.

Brett Scolari commented that NCCR 16.015 contemplates interaction and visual requirement regarding visible signs of over consumption. Mr. Scolari thought that might be troublesome in a large, noisy, and potentially dark event.

IV. Public Comment

Hadhinah Felice of the Chamber of Cannabis stated that industry professionals at these cannabis events and their coordinators could provide opportunities for education and open conversations about cannabis to address any concerns and misunderstandings. The events emphasize the importance of responsible consumption. Cannabis events will generate revenue and adhere to regulations.

Tina Ulman thanked the CCB for holding the workshop and noted that an out of state operator brought the petition to the CCB; industry leaders, operators, and professionals would not want to start with the large events. If you are concerned about safety, it makes sense to start small.

Amanda Connor thanked the CCB for the drafting of the regulations and holding the workshop. Ms. Connor noted that under SB 328, the CCB is subject to the Administrative Procedures Act. The bill contained language regarding regulations that were proposed prior to the effective date. Ms. Connor would like to know what regulations are pre-SB 328 and what are after.

V. Adjournment

Meeting adjourned at 11:36 a.m.