

1 **BEFORE THE CANNABIS COMPLIANCE BOARD**
2 **STATE OF NEVADA**

3 STATE OF NEVADA, CANNABIS
4 COMPLIANCE BOARD,

5 Petitioner,

Case No. 2020-27

6 vs.

7 CANNEX NEVADA, LLC, now known
8 as LETTUCETEST, LLC,

9 Respondent.

10 **AGREEMENT ON PAYMENT OF CIVIL PENALTY AND WAIVER OF**
11 **APPEAL RIGHTS**

12 This matter came before the Cannabis Compliance Board (the “CCB” or
13 “Petitioner” or the “Board”) on February 15, 2024, for final adjudication of
14 disciplinary Case No. 2020-27 pursuant to NCCR 4.135. On March 4, 2024, the
15 CCB served Respondent Cannex Nevada, now known as Lettucetest (“Respondent”)
16 with its Final Order of the Cannabis Compliance Board Including Findings of Fact,
17 Conclusions of Law, and Imposing Discipline (hereinafter the “Final Order”).¹

18 Petitioner and Respondent (collectively, the “Parties”) hereby enter into this
19 Agreement on Payment of Civil Penalty and Waiver of Appeal Rights (the “Payment
20 Agreement”) because they desire to bring this disciplinary action to a final
21 conclusion and agree that Respondent will need additional time to pay the civil
22 penalty imposed by the CCB’s Final Order.

23 Accordingly, the Parties hereby agree as follows:

24 1. This Payment Agreement modifies only the following provision of the Final
25 Order:

26 The civil penalty in the amount of \$57,500 shall be paid to the CCB no
27 later than 5:00 p.m., Pacific Time, 30 days from the date this Final Order

28 ¹ On March 5, 2024, the CCB served Respondent with an errata to the final order which simply revised
a typographical error on the signature block of the CCB’s Chair, indicating the year of her signature
was 2024, instead of 2023.

1 is served on counsel for Respondent. Failure to pay by this deadline may
2 result in additional discipline against Respondent².

3 All other terms, conditions, provisions, and statements set forth in the Final Order
4 remain in full force and effect. The foregoing provision of the Final Order is only
5 modified as set forth in this Payment Agreement.

6 2. As this Payment Agreement modifies said single term of the Final Order, this
7 Payment agreement is subject to Board approval. This Payment Agreement shall be
8 effective upon a majority vote of the Board for its approval and the Board shall place
9 consideration of said approval on its agenda for the Board's April 18, 2024, meeting.
10 This Payment Agreement shall only become effective after the CCB has approved it.

11 3. The Parties agree that the civil penalty of \$57,500 imposed against
12 Respondent remains in place; however, Respondent shall have additional time to
13 make payment of said civil penalty in accordance with the Payment Schedule set
14 forth in this Payment Agreement, and in accordance with the terms of this Payment
15 Agreement. Respondent has requested, and Petitioner agrees, that payment of the
16 civil penalty shall commence after the date the 180-day suspension set forth in the
17 Final Order concludes. According to the Final Order, said suspension commenced
18 on March 4, 2024, and shall terminate on Saturday, August, 31, 2024 at 11:59 p.m.,
19 after which date Respondent may resume cannabis operations.

20 4. Accordingly, the Parties agree that Respondent shall make payment of the
21 \$57,500 civil penalty to the CCB in 8 equal monthly installments of \$7,187.50 (Seven
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28 ² See Final Order at page 53.

1 Thousand, One Hundred and Eighty-seven and 50/100 Dollars) on the last business
2 day of each month commencing on Monday, September 30, 2024, and continuing
3 according to the following Payment Schedule:
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5 Installment	Payment Deadline	Amount³
6 First Installment	Monday, September 30, 2024	\$7,187.50
7 Second Installment	Thursday, October 31, 2024	\$7,187.50
8 Third Installment	Wednesday, November 27, 2024 ⁴	\$7,187.50
9 Fourth Installment	Tuesday, December 31, 2024	\$7,187.50
10 Fifth Installment	Friday, January 31, 2025	\$7,187.50
11 Sixth Installment	Friday February 28, 2025	\$7,187.50
12 Seventh Installment	Monday, March 31, 2025	\$7,187.50
13 Eighth Installment	Wednesday, April 30, 2025	\$7,187.50

14 Respondent's payments must be physically received at the CCB's Carson City Office
15 no later than the date of the "Payment Deadline" listed for each installment above.

16 Respondent may pay any installment prior to its due date without pre-payment
17 penalty.

18 5. Respondent acknowledges that it is critical to comply with the strict
19 requirements of the deadlines for payment set forth in the Payment Schedule set
20 forth in Paragraph 4, above. Respondent agrees that, should it fail to timely make

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26 ³ Each payment of \$7,187.50 shall be apportioned \$3,593.75 to L006 and \$3,593.75 to LR006, as long
27 as a separate medical cannabis license exists; however, Respondent may pay each installment with a
28 single payment of \$7,187.50. On reversion to a single adult-use license pursuant to S.B. 277, Section
3, 2023 Leg., 82th Sess. (Nv. 2023), the full amount of \$7,187.50 shall be apportioned to that single
license.

⁴ Thanksgiving falls on Thursday, November 28, 2024, and Family Day falls on Friday November 29,
2024, both of which are holidays recognized by the State of Nevada.

1 any installment payment under the Payment Schedule, the following penalties and
2 procedures will be in effect:

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- 4 a. The CCB will allow a 10-business day grace period for late payment.
- 5 b. If payment is not physically received by CCB at its Carson City office by
6 5:00 p.m., Pacific Time, on the last day of the grace period, Respondent
7 shall be deemed to be in breach of this Payment Agreement and shall be
8 assessed a \$5,000 penalty. The installment at issue with the \$5,000
9 penalty, and the next installment, must all be paid no later than the next
10 deadline on the payment schedule. Should Respondent fail to pay any
11 installment more than 90 days after it is due, then licenses L006 and
12 RL006 shall be deemed voluntarily surrendered and the CCB shall issue
13 an order to that effect. Respondent agrees that it cannot and will not file
14 any petition for judicial review and/or any action in any forum for relief
15 from such order of voluntary surrender and that the CCB may file any
16 judicial action necessary to recover the amounts owed under this Payment
17 Agreement, along with its attorneys' fees and costs for recovery of amounts
18 owed.
- 19 c. Respondent may petition the CCB Chair (or in the Chair's absence, the
20 Vice Chair) up to three times (but no more) for an extension to pay any of
21 the installments set forth in the Payment Schedule. However, for the CCB
22 Chair to consider any such petition, the CCB Chair must receive said
23 petition (with a copy to CCB's counsel) no later than 5 business days prior
24 to the installment deadline at issue (which does not include any grace
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1 period). The CCB Chair is not required to grant such a petition. In such a
2 petition, Respondent must demonstrate good cause to the satisfaction of
3 the CCB Chair that there are extraordinary and unusual circumstances
4 necessitating the extension requested and specify which installment
5 deadline or deadlines it is seeking an extension.
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7 d. If an extension is granted as set forth in Paragraph 5 (c), above, the CCB
8 Chair (or in the Chair's absence, the Vice Chair) shall, through counsel,
9 transmit a new Payment Schedule to Respondent's counsel which reflects
10 the extension granted, along with the new deadlines for any future
11 installments, which shall be set for the last business day of each
12 subsequent month.
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14 6. To pay each installment in the Payment Schedule, Respondent shall use the
15 following payment instructions:
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17 All payments made via mail must be made in the form of a check,
18 cashier's check, or money order payable to STATE OF NEVADA. Please
19 indicate the case name and/or case number on the memo line (e.g., "CCB
20 vs. Cannex, nka Lettuce Test, Case No. 2020-027") Do not include the
21 words "marijuana" or "cannabis" or "Cannabis Compliance Board"
22 anywhere on your payment. Include a copy of your statement or order
23 and mail to:

24 Standard Mail:

25 CCB Processing
26 P.O. Box 1948
27 Carson City, NV 89701
28 Attn: Mr. Steve Gilbert

Express or Overnight Courier:

CCB Processing
3850 Arrowhead Drive, Suite 100
Carson City NV 89706
Attn: Megan Pistoresi

To make a cash payment, please schedule an appointment on the CCB
website: <https://nvccbappts.as.me/schedule.php>.

7. The Parties have also reached an agreement with respect to the CCB's

1 investigation of Respondent's cannabis establishment of March 25, 2022.
2 Specifically, on that date, CCB agents investigated Respondent's cannabis
3 establishment and then notified Respondent via a Statement of Deficiencies Letter
4 dated June 24, 2022 (the "2022 SOD"), that they had found certain deficiencies and
5 regulatory violations. After additional communications with Respondent, on July
6 12, 2023, CCB agents notified Respondent that CCB agents had reviewed
7 Respondent's plan of correction submitted on June 2, 2023, and found that plan of
8 correction acceptable.
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11 8. As the issues and violations noted in the 2022 SOD have been corrected via
12 the June 2, 2023, plan of correction, the CCB agrees that it shall not initiate a
13 disciplinary action against Respondent for the issues and violations set forth in the
14 2022 SOD. However, the CCB reserves its rights to initiate a disciplinary proceeding
15 against Respondent in the future, should the same issues and/or violations, or any
16 other issues or violations, be found in a future investigation, audit, or inspection.
17 The CCB also reserves the right to submit the 2022 SOD, and any documents
18 associated with it, into evidence at any future disciplinary proceedings against
19 Respondent as evidence of Respondent's compliance history or for any other purpose.
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21 9. In consideration for the agreements set forth in this Payment Agreement,
22 Respondent unequivocally waives any and all of its rights it has or may have to any
23 appeal of the Final Order, including but not limited to, any right to a Petition for
24 Judicial Review, a Petition for Writ of Mandamus, an Action for Declaratory Relief,
25 and/or any action whatsoever contesting or related to the Final Order. Respondent
26 specifically waives any rights whatsoever to contest, overturn, and/or modify any
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1 part of and/or all of the Final Order under Chapters 678A, 678B, 678C, 678D, and
2 233B of NRS, the NCCRs, any section or provision of the Nevada Administrative
3 Code, and/or any other provisions of Nevada or Federal Law.
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5 10. This Payment Agreement embodies the entire agreement reached between the
6 CCB and Respondent. It may not be altered, amended, or modified without the
7 express written consent of the Parties, and all alterations, amendments and/or
8 modifications must be in writing.

9 11. Respondent understands that this Payment Agreement will be presented to
10 the CCB in open session at a duly noticed and scheduled CCB meeting. Respondent
11 understands that the CCB has the right to decide in its own discretion whether or
12 not to approve this Payment Agreement. The CCB's counsel, which is the Nevada
13 Attorney General and its staff attorneys, will recommend approval of this Payment
14 Agreement. In the course of seeking CCB acceptance of this Payment Agreement,
15 counsel for CCB may communicate directly with individual CCB members.
16 Respondent acknowledges that such communications may be made or conducted *ex*
17 *parte*, without notice or opportunity for Respondent to be heard on its part until the
18 public CCB meeting where this Payment Agreement is discussed. Respondent agrees
19 that it has no objections to such *ex parte* communications. The CCB agrees that
20 Respondent and/or its counsel may appear at the CCB meeting where this Payment
21 Agreement is discussed and, if requested, respond to any questions that may be
22 addressed to Respondent and/or the Nevada Attorney General's staff attorneys.
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26 12. The Parties each agree to bear their own attorneys' fees and costs.
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1 13. Respondent represents that its owners, officers, and/or its directors, who are
2 responsible for and able to legally bind Respondent have read completely and
3 understand fully the terms of this Payment Agreement, that such terms are fully
4 understood and voluntarily accepted by Respondent in advance of and as
5 memorialized by the signing of this Payment Agreement, and that the Respondent's
6 signature to this Payment Agreement indicates same. Respondent further
7 represents that it has voluntarily entered into this Payment Agreement and that
8 any waivers and agreements provided for in this Payment Agreement have been
9 knowingly and voluntarily granted and without any duress or undue influence of
10 any nature from any person or entity. The Parties, and each of them, hereby
11 expressly acknowledge that they are each represented by counsel of their own choice
12 in this matter and have been advised by counsel accordingly.

13 14. The Parties to this Payment Agreement, and each of them, expressly warrant
14 and represent to all other Parties that each has the full right, title, and authority to
15 enter into and to carry out its obligations hereunder, with the sole exception of the
16 required approval of this Payment Agreement by the CCB. The Parties also
17 expressly acknowledge the foregoing authority.

18 15. This Payment Agreement shall be binding upon and inure to the benefit of the
19 Parties hereto and the Parties' respective successors, predecessors, parents,
20 affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

21 16. This Payment Agreement shall be governed by and construed in accordance
22 with the laws of the State of Nevada, without reference to conflict of law principles.
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1 17. The Parties consent to the jurisdiction of the Eighth Judicial District Court of
2 the State of Nevada, in and for Clark County, to resolve any disputes related to the
3 terms or enforcement of this Payment Agreement. The successful or prevailing
4 Party or Parties in such action shall be entitled to recover reasonable attorney fees,
5 costs, and expenses actually incurred in initiating or responding to such proceeding,
6 in addition to any other relief to which it may be entitled.
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8 18. This Payment Agreement is the result of negotiations among the Parties who
9 have each negotiated and reviewed its terms. In the event a Court ever construes
10 this Agreement, the Parties expressly agree, consent, and assent that such Court
11 shall not construe this Agreement or any provision hereof against any Party as its
12 drafter for purposes of interpreting any ambiguity or uncertainty in this Payment
13 Agreement.
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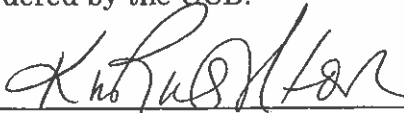
15 19. Time is of the essence in the performance of all terms of this Payment
16 Agreement.
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18 20. If any portion of this Payment Agreement, or its application thereof to any
19 person or circumstance, shall be deemed to any extent to be invalid, illegal, or
20 unenforceable as a matter of law, all remaining clauses of this Payment Agreement
21 and its application thereof shall be not affected and shall remain enforceable to the
22 fullest extent permitted by law.
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24 21. This Payment Agreement may be executed in counterparts, each of which
25 when so executed and upon delivery to counsel of record for the Parties shall be
26 deemed an original ("Counterparts"). This Payment Agreement shall be deemed
27 executed when Counterparts of this Payment Agreement have been executed by all
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1 the Parties and/or their counsel; such Counterparts taken together shall be deemed
2 to be the Agreement. This Payment Agreement may be executed by signatures
3 provided by electronic facsimile or email, which signatures shall be binding and
4 effective as original wet ink signatures hereupon. All fully executed copies of this
5 Payment Agreement are duplicate originals, equally admissible in evidence.
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7 IN WITNESS WHEREOF, this Payment Agreement has been executed by the
8 Parties and attested by their duly authorized representatives as of the date(s) so
9 indicated. The Effective Date of this Payment Agreement shall be the date it is
10 ordered by the CCB.

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12 _____ Date: 4/2/24
13 Kimberly Rushton (Nev. Bar No. 5065)
14 Counsel for Respondent LTL

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16 _____ Date: 4/2/2024
17 (printed name Ric A. Rushton),
18 On behalf of Respondent LTL

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20 _____ Date: 4/3/2024
21 L. Kristopher Rath (Nev. Bar No. 5749)
22 Senior Deputy Attorney General
23 Counsel for Cannabis Compliance Board

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ORDER

WHEREAS, on the 18th day of April 2024, the Nevada Cannabis Compliance Board approved and adopted all the terms and conditions set forth above in the Payment Agreement.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 18th day of April, 2024.

STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD

By: 
Adriana Guzmán Fralick, Chair