

CANNABIS COMPLIANCE BOARD STATE OF NEVADA



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NOTICE TO LICENSEES

Update to Management Services Agreements

This notice is to provide updated guidance regarding when to submit a Management Services Agreement, Lease Agreement, Licensing Agreement, or any other agreement or arrangement between a licensee and a non-licensed entity or individual that includes the rights of the non-licensee to receive a percentage of revenue.

The Board must approve the relationship between a licensee and another party when they have entered into an agreement that provides for the non-licensee to exercise a significant level of control over, or a participation in the profits of, a licensee or its operations.

NCCR 5.110(6)(c) and (d) provide the authority of the Board to review such agreements.

5.110 Requirements for transfer of all or a portion of ownership interest; reimbursement of costs to Board; notice to Board; disclosure of facts pertaining to representative capacity of certain persons to Board; permission of Board required for registering certain information in the books and records of the cannabis establishment; investigation.

6. A person without a valid cannabis establishment agent registration card for a cannabis establishment shall notify the Board prior to any:

- (a) Transfer or conveyance of any interest in or to a cannabis establishment, or any portion thereof; or
- (b) investment therein; or

(c) exercise of a significant level of control over; or

(d) participation in the profits thereof

→by or to any person acting as agent or trustee or in any other representative capacity for or on behalf of another person. Such notification must disclose of all facts pertaining to such action, including, without limitation, a description of the reason for the transfer and any contract or other agreement describing the transaction. Such person must be issued a cannabis establishment agent registration card for the cannabis establishment at issue, on approval by the Board of the proposed action

The Board will continue to review all agreements that provide the ability for another party to exercise a significant level of control over Licensee operations.

However, effective the date of this notice and until further notice, the Board will only need to review agreements that provide a participation in profits from the overall operations of a cannabis facility, and not a participation in profits from a specific product being licensed.

For example, if a Licensing Agreement provides for the Licensor to receive a percentage of revenue from the entire operations of a cannabis establishment, Board review and approval is required.

However, if the Licensing Agreement provides for the Licensor to only receive a percentage of revenue from the specific product being licensed, and not overall operations, Board review and approval is not required.

Questions regarding this notice should be directed to CCBinvestigations@ccb.nv.gov.