

Nevada Cannabis Compliance Board

Meeting Minutes April 18, 2024

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 700 E. Warm Springs Road, Las Vegas, Nevada and 4600 Kietzke Lane, Suite L235, Reno, Nevada beginning at 9:00 a.m. on April 18, 2024.

Cannabis Compliance Board Members Present:

Adriana Guzmán Fralick, Chair

Riana Durrett, Vice Chair

Hon. Michael Douglas

Jerrie Merritt

Dr. Vicki Mazzorana

Chair Guzmán Fralick called the meeting to order.

Executive Director James Humm took the roll. Chair Guzmán Fralick, Vice Chair Durrett, Member Douglas, Member Merritt, and Member Mazzorana were present in Las Vegas.

Chair Guzmán Fralick provided instruction regarding public conference limited to three minutes per person.

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

I. Public

Comment

Layke Martin – Nevada Cannabis Association- Commented on the METRC Bulletin with a distribution date 04/15/2024 raised concerns to us about the bulletin containing new rules and requirements and compliance deadlines that haven't gone through the regulatory process. Stating that they have a couple of other concerns about the items in the bulletin and are seeking clarity about the new requirements.

No public comments in Reno or online.

II.Meeting Minutes

A. Consideration of approval of the March 21, 2024, Cannabis Compliance Board Meeting minutes.

Chair Guzmán Fralick asked for a motion on the March 21, 2024, Solicitation of Input meeting minutes. Member Durrett made a motion for approval of the minutes. Member Merritt seconded the motion. All Members said aye. Motion carried.

III.Consent Agenda-Consideration of Approval for Disciplinary Action on Respondent A and B

Executive Director Humm gave an outline of the complaints:

Item 3A on the agenda concerned two complaints for disciplinary action pursuant to NRS 678A.510. The Attorney General has reviewed these violations and has recommended proceeding with these disciplinary actions. Director Humm requested Board approval to proceed with both disciplinary actions; if approved, he will authorize service of the complaints. As service is in the hands of the Executive Director, the CCB is not required to serve the complaints today, but service will proceed within a reasonable time. Once the complaints are out for service, the CCB will post the complaints on our

website. The names and full details of the complaints were not disclosed. However, the violations alleged were presented.

Respondent A Alleged Violations:

Multiple violations for Regulation 4

One violation of Regulation 5

Multiple violations of Regulation 6

Respondent B Alleged Violations:

Multiple violation of Regulation 4

Multiple violations of Regulation 6

Motion by Member Douglas:

Motioned to move forward with the disciplinary actions under agenda items 3a1 and 2. Member Durrett second motion. All Members said aye. Motion Carried.

IV. Request for Transfer of Interest

Chief David Staley presented the transfers of interest to the Board.

A. Wenger LLC (TOI 2300020) (T090) and JMS Logistics:

Chief Staley stated TOI 2300020 was filed requesting approval for the transfer 100% ownership of conditional cannabis distribution license T090 from Wenger LLC to Jason Smith dba JMS Logistics. No areas of concern were developed during this investigation.

Ralph S Wenger (owner) and Jason Smith (owner) were available for questions.

Both parties thanked the Board and shared their excitement to work with everyone.

No questions from the Board.

Motion to approve by Member Douglas.

Motion Seconded by Member Durrett.

All Members said Aye. Motion passed.

B. Dune Operating Holdings LLC (TOI 2200001) (C175, RC175) Correction to Board Approved ownership:

Chief Staley provided an overview of TOI 2200001 filed by Dune Operating Holdings LLC., (“C175, RC175”) This is an addendum to TOI 2200001 which was heard at the Board’s January 24th, 2023, Meeting. The Board approved the TOI which accidentally included the wrong capitalization table resulting in Dune Operating Holdings Inc ownership being recorded incorrectly. The company’s point of contact reached out to the CCB staff on February 20th, 2024, and started the process to correct the ownership percentage recorded in CCB records. Staff determined that any such changes even though caused by staff error should be provided to the Board to maintain appropriate transparency for licensure. This addendum includes the correct ownership capitalization table and CCB records will be updated upon Board approval. No areas of concern were developed during this investigation.

Brett Scolari attended via Zoom from the Reno office; Connor Yee attended via Zoom video call in. Brett Scolari thanked Chief Staley and his team for working with Dune to correct this error.

Motion made by Member Douglas to approve corrections.

Motion seconded by Member Merritt.

All Members said aye. Motion carried.

V. Consideration of License Agreements

Chief David Staley presented the License Agreements to the Board.

A. Blkbrd NV LLC (T002, T003) and Nabisix LLC – Management Services Agreement:

Chief Staley presented an overview of the management service agreements (“MSA”), starting with the receivership for Herbal Inc and Nabisix LLC. Herbal is currently under receivership and owns Blackbird NV LLC which owns cannabis distribution licenses T002 and T003. the MSA provides for Nabisix to manage Blackbird's distribution operation while Herbal proceeds through its receivership. Herbal has also filed a TOI application on February 16th, 2024, for the proposed acquisition of Blackbird by Nabisix and the TOI. Investigation is currently in process and CCB staff have reviewed the MSA and found the relationship between the two parties appropriate with no areas of concern developed during the investigation. Chief Staley, John Savage, Kevin Singer, David Edelblute, Vincent Young, Jun Lee, Sean Arroyo, Maxim Nazarov were present for any questions.

John Savage on behalf of Kevin Singer thanked the Board and Director Humm for their work on the matter.

Alicia Ashcraft thanked the CCB investigator Maggie Adams who worked on their matter.

Nabisix LLC (Vince Ning) presented a slide show describing their business in detail.

Member Durrett asked questions about their business purchasing and selling, asked about fees they charge percentage wise, banking and why Nevada for their business.

Member Douglas confirmed that they are asking for a two-year period and to possibly expand their business here.

Chair Guzmán Fralick asked for any other questions regarding the transaction. Member Douglas made a motion to approve. Alicia Ashcraft confirmed that they will be moving along very quick and a short term MSA. Member Mazzorana seconded. All Members said aye. Motion carried.

B. Pure Tonic Concentrates, LLC (RD456) and Lucid Management LLC – Management Services Agreement Update from February 15, 2024, Board Meeting:

Chief Staley stated item B is a status update on a previously approved MSA between Pure Tonic Concentrates LLC and Lucid Management LLC. This item is a follow-up to a status update from these companies provided at the Board's February 2024 meeting. During an investigation of a companion TOI application, A CCB agent developed areas of concern or areas of Interest or possible areas of concern regardless numerous personal and corporate tax liens in Washington State, revoked Nevada Secretary of State registration, status of the purchase of Pure Tonic by Lucid and lack of responsiveness to CCB agent information requests. Since the February 2024 Board Meeting, Lucid has provided much of the requested information and retained Nevada Cannabis counsel and are present here today to provide any additional information that may be requested by Board Members.

Chief Staley, Alicia Ashcraft and Stanley Johnson were present in Las Vegas for any questions. Jacob Ward and Kurt Stitser were present in Reno for any questions.

Alicia Ashcraft thanked investigator Rachel Prince and mentioned the items and requests for information that they are currently working on supplying. She plans on getting things moving right along so that the TOI can be moved to finality.

Mr. Johnson thanked everyone for the opportunity to get his house in order.

Chair Guzmán Fralick asked for any questions regarding the transaction.

Member Doulgas brought up concerns with the state business license that was revoked by the Nevada Secretary of State and also, mentioned the concern with the issue of the city of Winnemucca missing accurate information.

Alicia Ashcraft mentioned that the State Business License has been brought to a current status. With respect to the license in Winnemucca, they are still working on a clarification there because Mr. Johnson on behalf of Lucid Management and local government's understanding the purpose of who is there and running it verses who is actually owns it. Mr. Johnson has been working on getting this corrected. They are more than happy to help in getting this clarification.

Member Durrett asked Mr. Johnson how much time he spends in Winnemucca. Mr. Johnson stated that he spends 1 hour a year in Winnemucca and has local management. He stated he stayed in Winnemucca during the building. He is based in Washington.

Chair Fralick asked for clarification on what Queen Ababa's involvement at this point.

Mr. Johnson stated that Queen is the General Manager of his operations.

Chair Fralick asked for clarification on the tax lien in the state of Washington. Mr. Johnson stated that he was on the Board for Iron Horse Casino approving paychecks and things. The money was in trusts to pay the IRS and the lien has been cleared up. He stated that he could not find three of the liens that were mentioned to him.

Chair Fralick asked about the State tax liens:
Mr. Johnson stated that he couldn't find any of the State tax liens.
No further Discussion.

Chair Guzmán Fralick asked for a motion.
Member Doulgas asked what kind of motion they are looking for. The matter as stated was a progress report and to give direction to staff.
Chair Fralick confirmed that there is no motion and just made comment to staff that if there are any additional problems or issues that they can bring it back to the Board.

VI. Consideration of Proposed Settlement Agreements to Resolve Disciplinary Action:

Attorney General Rath presented the Settlement Agreements for Circle S Farms. Both settlement agreements were for Circle S Farms. One is under their cultivation facility, and one is for the production facility.

A. CCB versus Circle S Farms LLC Case No. 2024-01 deals with the Cannabis Cultivation facility:

The CCB did not file a complaint, rather CCB were able to reach out to the licensee's counsel and complete good faith negotiations and go directly to these settlement agreements. As to the cultivation facility, the violations arose out of a routine inspection that was done in April 2023 as well as routine

audit that occurred from March through June 2023. During this inspection and audit CCB staff noted multiple violations which were memorialized in two statements of deficiency letters or SODs; the first one was issued in April 2023 and the second was issued in June of 2023. As noted in Paragraph 2 and 3 of the settlement agreement, these violations include the following:

The use Florel on Cannabis Crops which is not approved for crop production.

The failure to properly tag cannabis plants.

There were a few building disrepair issues.

There were also discrepancies between METRC data and the facilities clone logs and disposal logs.

Disposal logs that did not meet cannabis disposal requirements.

There are four separate and distinct Category 3 violations.

There are two Category 5 violations.

Mitigating factors are listed in paragraph 11 and these include several factors first fact that the Florel affected cannabis was collected by the licensee and voluntarily destroyed.

Circle S implemented corrective action via an approved plan of correction and Circle S cooperated with getting both of these matters resolved.

The plan of correction is detailed in paragraph 20, including the destruction of the Florel affected plants and a commitment to review all pesticides used at the facility to ensure compliance. There was a retagging of cannabis crop retagging of cannabis plants to comply with the law, a hiring of a compliance manager, the building disrepair issues were fixed, the destruction logs were updated, and monthly reconciliations between METRC and clone logs are now being performed technically. These violations occurred before SB 195 was in effect under the prior scheme though civil penalties for all those violations would have totaled about \$22,000; even under SB 195, they would still total \$72,500. Based on the violations found and full consideration of the mitigating factors and corrective action, the parties agreed to the following discipline:

Admission to one Category 3 violation for the use of unauthorized pesticides, soil amendments, fertilizers, or crop production aids.

Admission to a second Category 3 violation of failing to meet the requirements of disposal of cannabis waste.

Payment of a \$25,000.00 Civil Penalty within 30 days of approval.

The Attorney General recommends and requests the CCB approve the settlement agreement.

Amanda Connor and Derek Connor represented Circle S Farms and stated the following:

They appreciate everyone working with them to reach a settlement before a complaint was filed. Their client has taken several corrective actions and as noted promptly acted once they were aware of the issues.

Member Durrett asked for clarification on how the improper pesticides were used.

Derek Connor stated that it was a mistake by an employee who didn't understand the regulations were for plant products.

Member Durrett asked about them hiring compliance manager.

Amanda Connor clarified that they hired additional management staff to verify that they are in compliance now.

Member Douglas stated that he supports the settlement agreement. Mention the concerns with seed to sale compliance and wanted to verify that it won't be an issue in the future.

Amanda Connor stated that the compliance manager is going to be verifying that this is done correctly from now on.

Chair Guzmán Fralick asked if there was any further discussion from the Board. Member Douglas made a motion to approval of the settlement agreement. Member Mazzorana seconded. All Members voted aye. Motion Carried.

B. CCB vs Circle S Farms Case No. 2024-02 involving the production facility:

The violations arose out of a routine audit that occurred from March through June 2023. During that audit, the CCB staff noted multiple violations which were memorialized in an SOD, and this is discussed fully in paragraph 2 of the settlement agreement. Those violations included discrepancies between METRC and the facility's waste logs, discrepancies between METRC and production logs, and discrepancies between METRC and physical inventory. In some there were at least three separate and distinct Category 3 violations involving inventory control and seed to sale tracking. Mitigating factors are listed in paragraph 10. They include the fact that the facility implemented an approved plan of correction cooperated in the investigation and cooperated with CCB Counsel in resolving the violations without the need to serve and file a complaint. The plan of correction is detailed in paragraph 19 of the agreement. It includes the fact that the facility terminated the production manager responsible for the inventory issues, hired a new Director of Production and provided its staff with additional training related to the proper procedures for creating production runs and proper logging procedures. Again, technically these violations occurred before SB 195 was in effect; the total for three Category 3 violations would have been \$130,000, even under SB 195 the total would have been \$50,000. However, based on the violations found and considering the mitigating factors in corrective action, the parties agreed to admission for a single Category 3 violation for failure to follow seed to sale tracking requirements and payment of a \$10,000 civil penalty. Again, that's a substantial discount on the maximum potential even under SB 195 of \$50,000, based on that, the Attorney General recommends the Board approves the settlement agreement. Derek Connor and Amanda Connor were available for comment.

Chair Guzmán Fralick asked if there were any questions.

There were no questions.

Chair Guzmán Fralick asked if there were any comments:

Derek Connor thanked Mr. Rath and CCB staff for working with them on this settlement agreement.

Member Mazzorana made a motion to approve settlement agreement. Member Merritt seconded the motion. All Members voted aye. Motion carried.

VII. Consideration of Agreement on Payment of Civil Penalty and Waiver of Appeal Rights for Cannex Nevada LLC now known as Lettucetest LLC (2020-27)

Kimberly Rushton appeared with the law firm Cooper Levenson on behalf of Lettucetest LLC.

Kristopher Rath Senior Deputy Attorney General for the CCB gave a briefing. Agenda item 7A sought Board approval of a payment plan and waiver agreement between the CCB and LTL which was formerly known as Cannex Nevada LLC, Case No. 2020-27. The Board adjudicated this disciplinary matter on February 15, 2024, and issued its final order imposing disciplinary action on March 4, 2024. Subsequently CCB and Counsel discussed two key issues. One being that they will have a hard time paying this fee as they are not operational and second both sides wanted to have a final resolution of this case. The respondent shall be allowed to make payment of the Civil Penalty in monthly installments starting on September 30, 2024, which is about a month after the summary suspension expires. Second, there are certain penalties for late

payments and failure to pay, however respondent may seek a limited number of extensions for good cause. Third, the party has agreed that the violations found during a 2022 inspection were corrected and the CCB will not file a disciplinary action against LTL for that particular inspection though it may be introduced into evidence at any future disciplinary action. In exchange, LTL has waived the right to judicial review of the CCBs final order and has waived all rights to contest the CCBs final order. This agreement is entered into in good faith by both parties and should bring this lengthy matter to a conclusion on terms set forth. As a result, the Attorney General recommends and requests the Board approve this agreement. Mr. Rath and Kimberly Rushton were available for questions.

Kimberly Rushton stated that she wanted to take the opportunity to thank the Counsel for the Attorney General's Office and the new Executive Director for their willingness to work with them on this matter. It has been an extremely long matter and there was no interest in proceeding with it any further. Ms. Rushton added that as soon as they received the Order and reached out to the Director and to Counsel, they were willing to sit down and talk. They were understanding of the fact that without being operational the payment would be hard to meet and recognized that the face of where the company has come, it's commitment to compliance; that's why they are willing to move forward without the petition for judicial review and without prior SOD issued that occurred back in 2022. This demonstrated the cooperativeness that the industry and the CCB have, with its newly formed respect to these types of matters.

Chair Guzmán Fralick asked if there were any questions from the Board.
No questions from the Board.

Chair Guzmán Fralick asked for a motion.
Member Douglas made a motion to accept the stipulation.
Member Durrett seconded the motion.
No discussion.
Members voted aye. Motion carried.

VIII. Status Check on Conditional Transfer of Interest for MJ Distributing C202 LLC; MJ Distributing P133 LLC; and MJ Holdings, Inc. (continuation from March 21st, 2024)

Allison Herr Senior Deputy Attorney General presented item No. VIII to the Board. This is a continued hearing on the status check which was originally notified for March 21st, 2024. The previous appearance was continued to allow additional parties to be present and potentially to respond to the Board. MJ Holdings holds four cannabis establishment licenses through its subsidiary companies. These licenses are subject to a conditional transfer agreement requiring MJ to file a quarterly status report, which it has failed to provide. The agreement also required MJ to select a permanent CEO, COO, and a CFO, which it has failed to do. The agreement required MJ to name three board members which it failed to do; it failed to maintain compliance counsel which was previously documented by staff member David Staley's report that was reviewed prior to the March meeting. District Court Judge Maria Gall has made findings of fact on March 14th and April 1st independently confirming that MJ had no properly authorized directors or board members and no compliance counsel. Since MJ's last appearance, the District Court has converted the temporary receivership into a permanent receivership which became effective on April 1st. MJ's receiver has retained compliance counsel of the law firm of Connor and Connor who are present today along with the receiver Kevin Singer and his counsel John Savage. Additionally, former compliance counsel Brian Hardy and former point of contact

Robert Yang are also here as requested by the Board to answer any questions that the Board may have about their previous involvement in the case. The receiver faces fairly monumental task in bringing the company to compliance. Since the last Board meeting, Nye County issued an Order to Show Cause against MJ Holdings as to why their special use permits should not be revoked that is still pending. Power to the facility has been terminated and at some point, prior to the receiver taking over, the facility was or became unsecure. This resulted in the loss of cannabis, cannabis products, and equipment. CCB staff met with the receiver at the property on April 10th and determined that the security cameras were not working due to the loss of power. As a result, the licenses have been placed on conditional status as both the cultivation and production facilities are non-operational. This matter is now being separately investigated by several different agencies and is still a developing matter. We expect that there will be disciplinary actions forthcoming for the Board. Allison Herr was available for questions as was Mr. Staley.

John Savage on behalf of Kevin Singer stated that when the receiver was initially appointed as a temporary receiver with only the power to review documents, the receiver had a team go out to the property for a visual observation and it was secure. There was an evidentiary hearing, an Order to Show Cause, on March 29th. The District Court Counsel did appear on behalf of MJ Holdings, but the court determined that there was not sufficient evidence to determine proper authority to engage counsel for MJ Holdings. The hearing did not go forward in any substantive manner. The court essentially converted the temporary receivership into a permanent receivership giving the receiver power and authority to take possession of the company's assets on March 29th. We had been made aware prior to that court hearing on March 29th, that Nye County had issued its Order to Show Cause for the special use permit that was placed on its agenda for April 2nd. Mr. Savage reached out to Brett Waggoner for Nye County on March 29th and requested a continuance of the Order to Show Cause hearing given the receiver's appointment. Mr. Savage spoke to Mr. Waggoner on April 1st and Mr. Waggoner shared that on March 28th he had been out to the property and that it was unsecure; he had gone into all the buildings and the greenhouse and that there was no product on site. Mr. Waggoner shared that with the Nye County Commissioners at the meeting on April 2nd and pursuant to the request, they have continued the Order to Show Cause to the May meeting. Shortly thereafter, the receiver engaged Connor and Connor as regulatory counsel. They went out to do inventory at the site on April 10th and discovered that there was no product and a lot of items missing. An incident report was submitted to the Board and a police report was submitted to the proper authorities; Mr. Savage believes Nye County was also informed. Mr. Savage mentioned that he spoke with Brian Hardy who was prior compliance counsel for the company. Mr. Hardy was present and can explain why he is no longer compliance counsel.

Member Durrett asked John Savage how the receivership proceedings were initiated.

John Savage stated that the receivership proceedings were initiated by a judgment creditor. The attorney had obtained a judgment out of an arbitration award and had moved for the receiver to marshal assets in favor of the judgement. The authority questions were raised.

Chair Guzmán Fralick asked if prior to March 28th was their staff on site?

John Savage replied that when the receiver went out before the March 29th hearing, the property was secure. The gates were locked, the receiver team could not enter so it didn't appear that there was staff there, but everything seemed to be secure; the receiver did not enter the property that day. Once the receiver got on site after the permanent appointment, he was joined by some of the former/current staff and there was an incident report dated March 11th from one of the employees who was involved with security noting that power was out; it looked like it was on an

internal form that was not submitted to the Board. Robert Yang was also present and may have more information as to what transpired prior to the receivership.

Member Douglas asked if the receiver had a hopeful plan based upon the status of the property from security to power, no product, some concerns about the bank accounts.

John Savage responded that the property was now secure, and they had engaged compliance counsel. They are working through the process, and have a status check next week with the court. They have looked into what the cost would be to bring the company back into compliance with the Board. It's a publicly traded company so they are also looking at SCC compliance issues and what that will cost and what possible resources there are. Most likely it would be a sale of the assets and if the licenses were able to survive any potential disciplinary actions transferring those licenses to new operators.

Chair Guzmán Fralick asked for any further questions.

Member Durrett asked Brian Hardy to come forward.

Member Durrett asked Brian Hardy to discuss why he is no longer counsel for MJ Holdings. Brian Hardy stated he was counsel previously, came before this Board with something that they believed, and we worked diligently with staff, and I commend Chief Staley and the Board for its vision and opportunity to be able to provide an outline of a plan that if followed would have led to success of this company. Mr. Hardy added that as soon as he was contacted by the Board, he made sure he notified everybody else that he was no longer counsel; they were aware of that as early as in February. Because of the breakdown in communication and because of the significant outstanding fees, he believed that this Board had made a decision that was going to allow this company to have the success that it needed and if it was followed would do so. Mr. Hardy believed that this Board gave them an opportunity. Mr. Hardy was not able to speak directly to the internal communications or anything like that with respect to the attorney client privilege, but available to answer any Board-based questions that I can.

Member Douglas thanked counsel for their professionalism.

Member Durrett noted that one thing that worked out nicely is that this was conditional and thought that Chief Staley and his staff are working so diligently with this license to hammer out all the details but then have the safety net if it didn't go through.

Brian Hardy agrees.

Chair Guzmán Fralick asked Mr. Yang if he was being represented or if he had any comments to make.

Mr. Yang stated that since he is the point of contact for MJ Holdings that if they have any questions, he would be glad to answer.

Chair Guzmán Fralick, asked do you have any control over the facility or are you just the point of contact.

Mr. Yang replied to no.

Chair Guzmán Fralick asked when did they find out the property was compromised?

Mr. Yang responded that he was told by ex-employees that everything was gone. He didn't know that the products would be gone. He remembered they had 400 something pounds of trim because he facilitated the testing, and they all came back failing and it would be destroyed. They submitted a request to destroy via Accela, but somebody apparently went in and stole everything.

Mr. Yang did not go out to the farm to see what was stolen or what was not. He stated that he wouldn't even know what's supposed to be there or was not supposed to be there. He was told that everything was gone but he didn't know the products would be gone and the people operating on the farm were pointing fingers at each other. He doesn't know where it went.

Chair Guzmán Fralick asked if there was nobody working there now.

Mr. Yang responded that nobody was working there after the temporary receivership was processed.

Chair Guzmán Fralick asked if there were any questions from Board members?

Member Mazzorana asked what assets does MJ Holdings has if everything is gone other than the actual license?

Mr. Yang responded that his understanding was that MJ Holdings has the license at the farm and the trailer park, and probably some equipment, and land.

Chair Guzmán Fralick, asked if the land was owned by MJ Holdings.

Mr. Yang responded on the note.

Chair Guzmán Fralick asked for any additional questions/ comments.

Mr. Yang stated that he got involved as a creditor. He tried to oversee because when MJ Holdings got the conditional TOI Paris and Alder were ruled as a condition that they can no longer be involved with the company. The company was left with personnel that were inexperienced in running a public company. Mr. Yang tried to help them as much as he can and submitted all the conditions that Mrs. Herr said they didn't do. They had personnel for CEO, COO, and CFO submit to Mr. Hardy to submit to the CCB. He received an email back from Chief Staley acknowledging receipt of these changes. The court ruled that all the personnel were inappropriately named. They did not know that they weren't doing it right. They were not intentionally doing anything wrong. They didn't know how to run the company. Ultimately the board decided that the MJ Distributing license holder, which is a private company, should separate itself from the public company. The public company is the one that owes all the money. Mr. Yang and Mr. Hardy sat down with someone who was going to buy the company and pay the CCB fees so that they could sell the license.

Chair Guzmán Fralick asked for any other comments or questions.

No further comments or questions.

IX. Approvals and Resolutions

A. Notice of Final Licensure - presented by Steve Gilbert. Informational item presented as a notice to the board of establishments that have been issued their final license since the last board meeting.

1. Notice of Final Licensure Wellness Connection of Nevada LLC (P109) (for discussion only)

Wellness Connection of Nevada LLC which was awarded its conditional medical production license P109 by the division of public and Behavioral Health on November 3rd, 2014, and its conditional adult use production license RP109 by the Department of Taxation on September 17, 2018. These licenses were awarded in the Clark County jurisdiction. On February 29th, 2024, the CCB conducted a pre-opening inspection and audit of the facility. The inspection and audit results revealed the facility was in compliance with NCCRs and NRS; a statement of no deficiency was issued on February 29th, 2024, demonstrating

Wellness has met the regulatory operational requirements to become operational. As a result, the CCB approved and issued final licensure to Wellness production facility on March 13, 2024.

2. MM Development Company Inc. (ID #CLA001)

MM Development Company Inc. applied for and was granted a conditional adult use retail attached consumption Lounge license in the Clark County jurisdiction after passing suitability by the Board at its June 20th, 2023, meeting. On April 1st, 2024, the CCB conducted a pre-opening inspection and audit of the adult use retail attached consumption Lounge facility. The inspection and audit results revealed the facility was in compliance with NCCRs and NRS. A statement of no deficiency was issued on April 3rd, 2024, indicating they admit regulatory requirements to become operational. As a result, the CCB approved and issued final licensure to MM development for its adult use retail attached consumption Lounge license on April 4th, 2024.

Chair Guzmán Fralick asked if Board members had any questions for Mr. Gilbert.
No questions.

The meeting went to recess at 10:39 a.m. and came back on to record at 10:47 a.m.

X. Petition filed Pursuant to Senate Bill 277 Section 4.5(1)

A. Timothy Roberts

This is a petition filed by Mr. Timothy Roberts. This is an item for possible action to be had in an open forum. Chair Guzmán Fralick, asked if Mr. Roberts had a presentation for us. Timothy Roberts waived his right to a closed meeting. Mr. Roberts thanked the Board for seeing him today. He did not have much to add other than that he loves this industry. He is part of the Chamber of Cannabis and speaks on cannabis compliance, runs the homeless homegrown project, and his son is a medical marijuana patient. After getting out of prison Mr. Roberts stated that he has post-traumatic stress disorder from doing 12 years. Medical marijuana has helped Mr. Roberts over the last several years. Mr. Roberts hopes that the Cannabis Compliance Board can find it in their hearts to issue him an agent card so that he can work in the industry.

Chair Guzmán Fralick asked questions from Board Members.

Member Durrett asked where he is currently employed.

Mr. Roberts is currently part of the Teamsters Union.

Member Durrett asked if he was able to use medical marijuana while on probation.

Mr. Roberts responded yes.

Member Durrett asked how often he has to check in with his parole officer.

Mr. Roberts stated that he sees his parole officer about once a month.

Member Durrett asked if Mr. Roberts considered getting any letters of support.

Mr. Roberts replied that he didn't know it was necessary.

Member Durrett asked follow-up questions.

Member Durrett asked when was his most recent conviction?

Mr. Roberts responded that he was arrested in 2008 and that was 13 years after the crime, they came and arrested me.

Chair Guzmán Fralick asked about Mr. Roberts wanting to switch jobs into cannabis.

Mr. Roberts stated that he wants to apply but can't until he gets an agent card.

Chair Guzmán Fralick asked for clarification on if there is someone who will hire him once he gets the card.

Mr. Roberts replied that he can't put them on the record, but he does have people who want him to get the agent's card.

Chair Guzmán Fralick asked if there was a cannabis employer who would be willing to hire him.

Mr. Roberts responded, yes. Not in a consumption lounge but as a bartender.

Member Durrett stated that she would be in favor of continuing this discussion and letting Mr. Roberts return once he has letters of support from the community.

Chair Guzmán Fralick added that the industry relies on the CCB to do their due diligence on background checks and approvals. So, a potential employer that knows your background and vouches for you and wants to put you to work with all of that understanding that kind of takes some of that from the Board and on to your employer. Then they know they are hiring you with all that comes with it. Not having a potential employer say to the Board we are going to hire him, with everything that comes with it.

Mr. Roberts discussed changing the type of application he has submitted if needed and saying that he can come back with a letter from Silver Sage Wellness.

Member Douglas asked staff to let them know if they can limit the nature of a card within as he is requesting because it does make a big difference.

Anthony Garasi mentioned that the new legislation allows the Board to put whatever conditions it wants on the waiver application into each individual applicant as they see fit.

Mr. Rath read SB 277.

Mr. Gilbert confirmed that agent cards are specific to cultivation, production, and dispensary.

Chair Guzmán Fralick did not feel comfortable approving a waiver without having an actual employer and recommended reverting back to staff to put on a future agenda when Mr. Roberts has someone who is willing to vouch for him.

Member Mazzorana stated that she appreciates that Mr. Roberts has done a lot to turn his life around. The Board wants him to be successful. Member Mazzorana agrees with the Chair that they need to get someone to state that they will hire him.

Chair Guzmán Fralick, moved to table this item for future agenda.

Member Durrett seconded.

All members voted aye. Motioned carried.

The Board went into closed session for Agenda item X(B). Member Merritt left the meeting at approximately 11:30 a.m.

B. Dawn Kuskie.

Chair Guzmán Fralick back on the record asked for a motion / decision on petitioner Dawn Kuskie.

Chair Guzmán Fralick wanted the record to reflect that Member Merritt has left the meeting.

Member Durrett made a motion to approve the petition under conditions that HR, manager, owner submits a letter stating that the petitioner's employment is still available, that Lucid provides an update 1 year from today for the status of employment, and that this approval is limited to Lucid; and that if the petitioner were to move companies, she would have to come back and put it in front of the Board, and that if there is any future criminal activity, she would have to inform the Board.

Chair Guzmán Fralick made a friendly amendment to the motion, that when Lucid submits their letter stating they are ready to hire Dawn Kuskie, that they acknowledge Dawn Kuskie's background full disclosure.

Member Durrett accepted this amendment including that Lucid states they accept the responsibility on their part.

Member Douglas seconded the motion.

Chair Guzmán Fralick asked for any discussion on the motion.

Member Mazzorana agreed that if we obtain the requirements, that this only pertains to Lucid.

All Members present voted aye. Motion carried.

XI. Briefing from the Chair and Executive Director

Executive Director Humm thanked the Chair. At the last meeting the Chair asked for a briefing from the CAC subcommittee meeting on rescheduling and descheduling. Director Humm asked Ashley Balducci to come and join us since she used to be the chair of that subcommittee. Director Humm wanted to express our sincere and heartfelt thank you to Ashley. She joined strictly as a volunteer not in her official role as Senior Deputy Attorney General.

Ashley Balducci greeted the Chair and Members of the Board. Ms. Balducci thanked the subcommittee members on federal rescheduling descheduling who volunteered their personal time and expertise to the study and the report. She appreciated the members' participation and contribution. After the passage of Senate Bill 277, the subcommittee had only a couple of months to conduct the study and prepare a report for the Cannabis Advisory Commission's consideration, vote, and subsequent transmittal to the Nevada Legislature on or before March 1st, 2024. The subcommittee held seven public meetings in total and had various guest speakers attend the subcommittee meetings to assist in the study including the bill sponsor for Sen Senate Bill 277. The subcommittee appreciated the time and expertise of the guest speakers who included Howard Sklamberg the former Deputy Commissioner of the FDA, Shane Pennington an attorney and partner at Porter Wright LLC, and Dr. Gillian Schauer the executive director of CANNRA. The subcommittee held seven meetings because it wanted to give the public ample opportunity to make comments. They also wanted to hear from the bill sponsor to ensure the study and Report met the mandates of Senate Bill 277. Prior to the final meeting and the vote on the report by the subcommittee, the subcommittee published a draft report that was discussed in a public meeting as well. The final report is intended to give an overview of the federal and state scheduling processes and delves into topics potentially affected by either rescheduling or descheduling of cannabis on a federal and state level. The subcommittee had limited time to conduct the study and draft the report so the subcommittee selected topics for the study. For the topics that the subcommittee did not have an opportunity to explore, the subcommittee recommended future studies. The report focuses on three potential scenarios: Federal descheduling of cannabis by Congress; administrative Federal rescheduling of cannabis to a schedule three controlled substance; and descheduling of cannabis from the state's uniform Controlled Substances Act. The potential effects studied were banking, taxes, insurance research, and Criminal Justice Reform. The report outlines the potential effects the three potential scenarios would have on these selected topics with particular attention to Federal and Nevada. The report further provided recommendations to the manner in which cannabis is regulated in tax in Nevada to ensure the continued growth and success of the Cannabis industry under the three potential scenarios. Overall, the study and report explain how Federal descheduling of cannabis by Congress albeit unlikely at this time, would have the greatest potential effect on the topics. On the topic selected for the study by the subcommittee, Ms. Balducci provided a rather condensed version of the study and the report the public meetings draft report and final report are all publicly available on the CCB website if you'd like to review them. Ms. Balducci thanked the Board for the opportunity to serve as chair on the subcommittee on rescheduling descheduling and appear today to present.

Executive Director Humm reminded everyone that on Tuesday April 30th the CCB will host a Lab Regs workshop at the CCB buildings.

Director Humm thanked Amber Virkler for everything she has done and welcomed Amber Powell to the team.

XII. Next Meeting Date

The next Board meeting is scheduled for May 16, 2024.

XIII. Items for Future Agendas

Chair Guzmán Fralick mentioned having a legislative session soon and at that point we will have several future agenda items.

XIV. Public Comment

Gerardo Gonzalez from Talkin and Tokin gave public comment about letters getting approved to get people in the industry. Thanked the board for keeping the doors open and letting people come in to see the process.

Timothy Eli Addo gave public comments about issues he wanted to address regarding the consumption lounge application process.

XV. Adjournment

Meeting adjourned at 11:50 a.m.