

# **Nevada Cannabis Compliance Board**

## **Meeting Minutes July 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 July 18, 2024.

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

**Adriana Guzmán Fralick, Chair**

**Riana Durrett, Vice Chair**

**Hon. Michael Douglas**

**Dr. Vicki Mazzorana**

Chair Guzmán Fralick called the meeting to order.

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

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:**

Tara Baker gave public comment on her new waste management company, Ecoweed Disposal Solutions. Should be up and running soon.

No public comment online.

No public comment in the north.

### **II. Meeting Minutes**

#### **A. Consideration of Approval of the June 20, 2024, Cannabis Compliance Board Meeting Minutes**

Chair Guzmán Fralick asked for a motion on the June 20, 2024, Cannabis Compliance Board Meeting Minutes. Member Douglas made a motion for approval of the minutes. Member Mazzorana seconded the motion. All Members said aye. Motion carried.

#### **B. Consideration of Approval of the June 28, 2024, Cannabis Compliance Board Meeting Minutes**

Chair Guzmán Fralick asked for a motion on the June 28, 2024, Cannabis Compliance Board Meeting Minutes. Member Mazzorana made a motion for approval of the minutes. Member Douglas seconded the motion. All Members said aye. Motion carried.

C. Consideration of Acceptance of the May 14, 2024, Regulatory Workshop Disciplinary Regulations

Chair Guzmán Fralick asked for a motion on the May 14, 2024, Regulatory Workshop Disciplinary Regulations Meeting Minutes. Member Douglas made a motion to accept the minutes. Member Mazzorana seconded the motion. All Members said aye. Motion carried.

III. **Consent Agenda Consideration of Approval to Extend Final Inspection Deadline**

**A. Deep Roots Harvest Inc. Petition to Extend the Twelve-Month Period for Final Inspection Consumption Lounge CLA005**

Steve Gilbert, Chief of Administration gave a briefing on Item 3. Item 3A&B consists of 2 petitions submitted by conditional licensees to extend the 12-month period for a final inspection by the CCB. Item number one is for Deep Roots Harvest, Inc. Which was approved for a conditional retail attached consumption lounge license in the Clark County jurisdiction after passing suitability by the board at the August 22, 2023, meeting. On June 21, 2024, through its legal counsel Deep roots, submitted a letter to the CCB requesting a six-month extension of the August 22, 2024, deadline for final inspection. Deep Roots reports even with significant progress it has made since last year, the County's administrative approval process has caused delays which are out of their control. Deep Roots, if granted this request is 6-month extension, it will be able to satisfy the conditions for its consumption to become operational by the 1st quarter of 25. Staff have communicated to DHR or Deep roots, that there are no concerns and ask that they are prepared to discuss their license at this meeting.

Lori Rogrich and Jon Marshall (Chief Operating Officer) were present for any questions on this topic on behalf of Deep Roots.

Chair Guzmán Fralick asked if they would prefer to have a 12-month extension instead of the 6-month extension. With the 6-month extension there would just be a requirement to check in with staff.

Lori Rogrich agrees that 12-months would be preferred.

Member Douglas asked what the location will be?

Jon Marshall stated that their property is part of their Blue Diamond facility with an outdoor patio. They are mostly having issues with air quality control since they will have an outdoor patio and some coverage for the patio so hide it from the public.

Chair Guzmán Fralick opened it up for a motion.

Member Douglas motioned to approve the extension request with a 12-month extension.

Member Mazzorana seconded the motion.

Chair Guzmán Fralick just added that she would like to see a 6-month check in.

All in favor. Motion passes.

The representative for item 3B is running late so we will be hearing that item after Item 4 on the agenda.

**IV. Consideration of Proposed Settlement Agreement to Resolve Disciplinary Action A. Cannabis Compliance Board vs. 3AP Inc., (Case No. 2024-009).**

Anthony Garasi, Senior Deputy Attorney General presented the 3AP Settlement Agreement. 3AP is a cannabis cultivation facility in Las Vegas. The complaint for this case was filed and served on May 14, 2024. After service of the complaint, the point of contact contacted me prior to the due date for the answer, and we engage settlement discussions. An extension to the answer was provided. Settlement discussions ensued. After those discussions between myself, 3AP's point of contact and 3AP's counsel, the parties were able to reach a settlement agreement, and principal pending the approval of settlement agreement and of course, approval today. No answers at this point to the complaints. The allegations and the complaints arise from a routine audit which commenced in May 2023. Key allegations in the complaint consist of disposal log discrepancies of metric, posting of tax permits, and the failure to report security malfunctions. To resolve these matters the respondent admitted to a category 4 violation, for failing to properly respond to the Board's request for documentation. Respondent also agreed to pay civil penalties of \$2,000 within 30 days of the approval of the settlement agreement. Meaning if it is approved today, payment will be due Monday, August 19<sup>th</sup>.

Arash Yazdanpanah was present for any questions the Board may have on this item.

Member Douglas asked about the civil penalty due date.

Arash Yazdanpanah asked for clarification on the due date of the \$2,000.00 civil penalty.

Anthony Garasi clarified that it would be due 30 days from approval date (today) due August 19<sup>th</sup>.

Chair Guzmán Fralick opened it up for a motion.

Member Douglas made a motion for approval of the Settlement Agreement for 3AP Inc.

Member Mazzorana seconded the motion.

All in favor. Motion carried.

**Item 3B was now heard.**

**B. The Venue at SoL Cannabis LLC Petition to Extend the Twelve-Month Period for Final Inspection Consumption Lounge CLA003**

Steve Gilbert, Chief of Administration gave a briefing on Item3B. Item3B is for The Venue at SoL Cannabis LLC. Which is approved for a conditional retailed consumption lounge in the

Washoe County jurisdiction after passing suitability by the board at the June 20, 2023, meeting. On June 24, 2024, The Venue submitted a letter to the CCB requesting an extension for its conditional license. Its 12-month deadline for final inspection was June 20, 2024. The venue did not specify a timeframe for an extension. Cannabis Consumption Lounges are not allowed in ordinance in unincorporated Washoe County. July 2023, the county voted 3 to 2 against allowing staff to draft new ordinances. The Venue reports that over the past 12 months County Commissioners have turned out and will be replaced later this year, and they anticipate the issue of the Consumption Lounge will again be brought forward to the County Commission after the November election. The venue has continued working with the Washoe County sheriff's office to establish a safe location for its lounge. Staff have communicated to The Venue that there are no areas of concern, and Alexander is present today to address any questions you may have.

Edward Alexander was present for any questions from the Board and gave a briefing on what The Venue has been up to.

Member Douglas asked about the appropriate parties getting authorized to start drafting language for allowance of lounges in Washoe County?

Edward Alexander stated that they have drafted language for allowance for about 14 months now. They are urging for adoption currently.

Member Mazzorana clarified that their extension is for 1 year.

Chair Guzmán Fralick opened it up for a motion.

Member Mazzorana moved to approve the motion for 12-months.

Member Douglas seconded the motion.

Member Durrett let the Chair know she is online.

All in favor. Motion carried.

## **V. Consideration of License Agreements**

### **A. Commerce Park Medical RD264 LLC (RD264), Main Street Tenant LLC, and Alpine Building LLC – Lease Agreement**

David Staley, Chief of Investigation gave a briefing on item 5A. Item Number 5, which consists of one lease agreement, item A1, is a lease agreement between Main Street Tenant LLC, a subsidiary of CPCM. Holding LLC and Alpine Building LLC. The lease agreement provides for CPCM to locate its dispensary (RD264) in Alpines facility on Main Street, Las Vegas, near Fremont Street. The lease agreement in part provides that CPCM will pay Alpine a percentage of revenue based on RD264 meeting net sales amounts. CCB staff have reviewed the agreement and found the relationship between the parties appropriate.

Amanda Conor was present to answer any questions on behalf of Commerce Park Medical and CPCM Holdings.

Chair Guzmán Fralick opened it up for questions.

Member Douglas asked about lease agreements involving cannabis companies requiring a percentage of the sales.

Amanda Connor stated that the percentage rent formula seems to be something used when signing lease agreements with cannabis companies as they are a high risk lease.

Chair Guzmán Fralick asked about how much vetting do we do on landlords that are receiving profit from cannabis companies thru lease agreements.

David Staley stated that the CCB always does a robust investigation for suitability of the proposed partners with MSAs.

Chair Guzmán Fralick opened it up for a motion.

Member Douglas made a motion to approve the lease agreement.

Member Mazzorana seconded the motion.

All in favor. Motion carried.

## **VI. Requests for Transfers of Interest**

**A. Verano Holdings Corp. (C098/RC098, C099/RC099, C122/RC122, P071/RP071, P077/RP077, D081/RD081, D111/RD111, D149/RD149, RD590, RD592, RD595, RD601, T048, T091) (TOIs #2300021 - #2300023)**

David Staley, Chief of Investigation gave a briefing on item 6A. Item number 6, A is a TOI application by Verano Holdings, Corp, LLC. TOI, number 2300021 through 2300023 were filed requesting approval for the removal of various tax blocking subsidiaries that are no longer needed within the corporate structure. Verano has also requested a waiver of NCCR. 5.110 Pursuant to 5.112 for transfers of less than 5%. Staff suggest that if approved, the board limit is 5.112 waiver to expire, and it's next to I agenda. No areas of concern were developed during this investigation.

Craig Varn in house legal counsel for Verano Holdings was present on zoom to answer any questions.

Mr. Tipton and Mr. Archers are not on the phone just for clarification. So I should be able to answer any questions that you may have, though.

Chair Guzmán Fralick asked, how is business?

Craig Varn stated that it depends on which state and we're trying, I think we're doing well. We're down to about 8 different licenses in this application. We did close down one of our cultivation facilities, but we're still operating. So, everything is positive as far as I'm concerned.

Chair Guzmán Fralick asked how many states they are in.

Craig Varn stated they are in 13.

Member Douglas made a motion to approve the TOI with waiver of NCCR 5.100 pursuant to 5.112. Also, to include that it is valid until the item comes back in front of the board.

Member Mazzorana seconded the motion.

All in favor. Motion carried.

## **VII. Petition filed Pursuant to Senate Bill 277 Section 4.5(1)**

### **A. Zhida Cao**

Mr. Cao was present with interpreter Hong Yao Bu.

Chair Guzmán Fralick asked if Mr. Cao had any presentations with him for today's meeting.

Mr. Cao stated that he did not have a presentation for the meeting as he had submitted the paperwork requested by the CCB.

Chair Guzmán Fralick asked what it is that Mr. Cao would like the Board to do today?

Mr. Cao stated that he had a criminal record while he was young and now, he is trying to get the agent card approved so that he can get back to work.

Chair Guzmán Fralick confirmed that Mr. Cao wants his item heard in an open meeting. Steve Gilbert, Chief of Administration, gave a briefing on Mr. Cao's history. Pursuant to Senate Bill 277 4.5(1), Mr. Cao submitted a petition for an exemption from the prohibitions resulting from the conviction of an excluded felony offense. Mr. Cao submitted an agent card application on February 20, 2024. The agent card application was submitted for the role of an employee, and the cultivation category. Mr. Cao signed the required electronic waiver giving the Cannabis Compliance Board the authority to review the criminal history obtained from the Nevada Department of Public Safety, and the FBI. Mr. Cao fingerprints to the Nevada Criminal History Repository on February 22, 2024, and the CCB issued a temporary agent card as an employee in the cultivation category on February 26, 2024.

Mr. Cao was then hired by a licensed cultivation establishment. On May 20, 2024, the CCB received Mr. Cao's criminal history results from the Nevada Department of Public Safety and the FBI. On May 29, 2024, the CCB issued and mailed, the disposition letter requesting supporting documentation on several charges listed in his criminal history result. Upon receipt of those supporting documents, it was determined that Mr. Cao met the criteria for an excluded felony. On June 14, 2024, The CCB issue and mail the denial letter to Mr. Cao indicating his application for a cannabis establishment agent card was being denied due to his criminal history background report. June 23, 2024, Mr. Cao submitted all the necessary documents to petition for an exemption from the excluded felony offense.

Chair Guzmán Fralick clarified with Mr. Cao that we were all caught up to date on the investigation for his exemption to be excluded from the felony offense.

Mr. Cao stated that he has a pending employer that would like to hire him back when he gets the agent card. He also has a letter from the company stating that they would hire him back.

David Staley read / described the letter aloud for the meeting.

Member Douglas asked how long Mr. Cao has been in Nevada.

Mr. Cao stated that he has been in Nevada for 3 and a half months.

Chair Guzmán Fralick asked if his new employment will involve him handling money or credit cards?

Mr. Cao stated that he will be working in the cultivation only.

Member Douglas made a motion to accept the petition for exemption from excluded felony offense with restriction / limitation that it is limited to cultivation.

Member Mazzorana seconded the motion.

All in favor.

Motion carried.

#### **VIII. Briefing from the Chair and Executive Director**

Director Humm gave a thank you to the team and the attorneys. Also, gave info on the White Pine licensing round being opened.

#### **IX. Next Meeting Date: August 15th, 2024**

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

#### **XI. Public Comment**

Timothy Eli Abdo gave public comment to thank Director Humm for showing great leadership and being able to have difficult conversations based on social equity licensing.

Katree Saunders gave public comment in relation to their application for petition and was looking for clarification if they need to fill out multiple applications for each dispensary. Also had questions on the radiated weed QR codes.

Chair Guzmán Fralick clarified that public comment isn't for CCB to interact with so someone will reach out and answer those questions.

#### **XII. Adjournment**

Meeting adjourned at 10:05am.