

Nevada Cannabis Compliance Board

Meeting Minutes

September 19th, 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 at 9:00 a.m. on September 19, 2024.

Cannabis Compliance Board Members Present:

Adriana Guzmán Fralick, Chair

Riana Durrett, Vice Chair

Hon. Michael Douglas

Dr. Vicki Mazzorana

Jerrie Merritt

Chair Adriana Guzmán Fralick called the meeting to order and Executive Director James Humm took roll.

Chair Guzmán Fralick was present in Reno, Member Douglas, Member Merritt, Vice Chair Durrett, Member Douglas, Member Mazzorana were present in Las Vegas and Member Merritt was present via Zoom.

Instructions to join the meeting via Zoom and limiting public comment to three minutes per person were read aloud.

I. Public Comment

Puoy Premsrirut gave public comment on behalf of Mesa Oils and Redwood Cultivation. She addressed issues related to Agenda Item V. D, including an ongoing legal proceeding involving Medmen.

Tara Baker provided update on her cannabis waste disposal business, Eco Weed Disposal Solutions, stating that it is fully operational and available to assist with cannabis waste destruction.

Shanna Perry expressed concern about cannabis lounges and licensing requirements, focusing on infused products and the potential dangers of inadequate supply chain measures.

II. Meeting Minutes

1. Consideration of Approval of the August 15, 2024, Cannabis Compliance Board Meeting Minutes.

Member Douglas motioned to approve the meeting minutes.

Member Durrett seconded the motion.

All members said aye. Motion carried.

III. Consent Agenda

A. Consideration of Approval to Extend Final Inspection Deadline

1. Cheyenne Medical RD598 LLC (RD598)
2. Eaker Operating LLC (C091, P059)
3. Deep Roots Harvest Inc (RD401)
4. VC Consultants LLC (RD229)
5. Green Leaf Farms Holdings LLC (C162, P105)
6. Silver Dollar Distribution LLC (T101)
7. Higher*Archy LLC (CLI004)
8. Serenity Wellness Center LLC (CLA012)
9. NevadaPure LLC (CLA007)
10. FCWC Operations LLC (CLI003)
11. Global Harmony LLC (CLA004)
12. TGIG LLC (CLA009)
13. DED Ops NV LLC (CLA008)
14. Inyo Fine Cannabis Dispensary LLC (CLA006)
15. Integral Associates LLC (CLA010)

B. Complaint

1. Approval to Proceed with Disciplinary Action – Respondent A
The Board approved moving forward with disciplinary action against Respondent A.

C. Consideration of Approval for a Waiver Pursuant to NCCR 5.112

1. Waveseer's NCCR 5.112 waiver request related to Transfer of Interest ("TOI") #2400002
The Board approved Waveseer LLC's waiver request related to Transfer of Interest (TOI #2400002).

Member Mazzorana motioned to approve all items under A, B and C in the Consent Agenda, with the exception of items A-10 (NevadaPure LLC) and A-11 (FCWC Operations LLC), pulled for further discussion. Member Durrett seconded the motion. All members said aye. Motion carried

Consideration for pulled items (10 and 11):

Member Douglas emphasized the importance of establishing clearer guidelines for granting extensions, particularly for businesses facing financial challenges. He suggested the Board discuss this issue further in future meetings or workshops. Despite these concerns, he did not oppose the extension request for Nevada Pure LLC and FCWC Operations LLC.

Member Douglas motioned to approve the extension for items 10 and 11 setting the extension deadline for December 1st, 2025. The motion was seconded by Member Mazzorana. All members said aye. Motion carried

IV. Consideration for Approval of the Application for Certificate of Qualification for a Cannabis Receiver pursuant to NCCR 5.195

Application of Kevin Singer for a Certificate of Qualification

Chief David Staley presented the case, reminding the Board that Kevin Singer already served as a court-appointed receiver for multiple Nevada cannabis establishments, including The Harvest Foundation, Greenleaf Farms Holdings, and MJ Distributing, Singer successfully completed two cannabis receiverships.

Chief Staley noted that Singer managed Nevada cannabis businesses under receivership for several years without any compliance issues or concerns. His application for a Certificate of Qualification would streamline the process of appointing him as a receiver for future cases without requiring additional Board approval for each new receivership.

Senior Deputy Attorney General L. Kristopher Rath confirmed that should the Board approve the Certificate of Qualification, future receivership appointments for Mr. Singer could be expedited with the Chair's approval, without requiring a full hearing before the Board unless the Chair deemed it necessary.

John Savage, Council for Kevin Singer, thanked the Board for developing this certification process, and noted it will benefit both the courts and cannabis businesses by providing a more efficient mechanism to resolve business distress situations and transfer cannabis licenses.

Member Douglas remarked on the complexity of receiverships and how this new process would ease the burden on both the Board and the courts. He praised Singer's professionalism and experience and stated his support for the application.

Chair Guzmán Fralick asked for clarification on the timeline and procedures involved once the Certificate was granted. Mr. Rath explained that the Certificate would be valid immediately, and any further court appointments would only require approval by the Chair, unless otherwise directed by the Board.

Member Douglas made a motion to approve the Certificate of Qualification for Kevin Singer as a Cannabis Receiver. The motion was seconded by Member Durrett. All members said aye.
Motion carried

V. Requests for Transfers of Interest

A. The Harvest Foundation LLC (C086/RC086) (TOIs #2400018 & #2400019) and Desert Greens Uno LLC.

Chief David Staley presented the transfer application from The Harvest Foundation LLC to Desert Greens Uno LLC, owned by Shubham Pandey. The Harvest Foundation was placed into receivership due to financial and regulatory difficulties, and Kevin Singer, the court-appointed receiver, was managing the company's assets. Desert Greens Uno, a California-based company, sought to purchase The Harvest Foundation's non-operational cultivation licenses to expand into the Nevada market.

The Harvest Foundation faced regulatory violations which led to the suspension of its licenses, and the company was unable to continue operations.

Shubham Pandey presented his background, stated that Desert Greens Uno operated cannabis businesses in California and that he had extensive experience with cannabis compliance and cultivation.

Kevin Singer worked diligently to maintain the value of The Harvest Foundation's assets during the receivership process and sought Board approval to transfer the licenses to Desert Greens Uno as the highest bidder.

Chair Guzmán Fralick commended Kevin Singer for his efforts to preserve the value of licenses during receivership. She noted that transferring licenses to a qualified operator like Desert Greens Uno would benefit Nevada's cannabis market.

Member Douglas inquired about Desert Greens Uno's plans for the Nevada market and how they intended to ensure compliance. Shubham Pandey responded that his company had a strong compliance track record in California, and he planned to hire local Nevada staff to manage operations.

John Savage, counsel for Mr. Singer, emphasized that the sale was necessary to satisfy The Harvest Foundation's creditors and allow the business to move forward under new ownership.

Member Douglas made a motion to approve the transfer of The Harvest Foundation's cultivation licenses to Desert Greens Uno LLC. The motion was seconded by Dr. Mazzorana. All members said aye. Motion carried

B. GBS Nevada Partners LLC (D015/RD015) (TOI # 240005) request to restructure its ownership (for possible action)

Chief Staley presented the request from GBS Nevada Partners LLC to restructure its ownership. The application involved the divestiture of a 27.59% ownership stake held by Hammermeister NV LLC, to be redistributed to other existing members of GBS Nevada Partners.

The company operates several licenses in Nevada and seeks to streamline its ownership structure by consolidating shares internally.

As part of the request, GBS Nevada Partners also sought a waiver under NCCR 5.112 to avoid prior Board approval for ownership transfers of less than 5% in the future.

Alicia Ashcraft, Counsel for GBS Nevada Partners, provided additional information on the restructuring and thanked Michael Covington, the CCB investigator, for his thorough and efficient work on the matter.

Member Douglas expressed his support for the restructuring, and noted the company complied with all regulatory requirements.

Member Durrett asked whether there were any concerns related to the financial health of the company. Chief Staley confirmed that GBS Nevada Partners was financially stable, and no issues were identified during the investigation.

Member Douglas made a motion to approve the ownership restructuring and the waiver request for GBS Nevada Partners LLC. The motion was seconded by Member Durrett. All members said aye. Motion carried.

C. Greenpoint Nevada Inc.'s (C045/RC045, P027/RP027) (TOIs #19064 and #19064A) and APCO, LLC

Chief Staley presented the application for the transfer of licenses from Greenpoint Nevada Inc., a subsidiary of Chalice Brands, to APCO LLC. Greenpoint Nevada was part of Chalice's cannabis operations, which filed for bankruptcy protection in Canada. As part of the bankruptcy proceedings, Greenpoint's Nevada licenses were being sold to APCO LLC, a multi-state operator based in Oregon.

Chalice Brands ceased updating the CCB on changes to its officers and directors after entering bankruptcy, raising concerns about its compliance with Nevada regulations.

APCO LLC, led by Gary Zipfel, is in the process of acquiring Greenpoint's cultivation and production licenses as part of its expansion into Nevada. APCO has operations in Oregon and other states and successfully completed other cannabis acquisitions.

Russ Rotondi, Counsel for APCO, and John Savage, Counsel for Greenpoint, assured the Board that APCO had met all regulatory requirements and addressed concerns related to Chalice's previous lack of communication.

Member Douglas expressed concern about the failure of Chalice Brands to notify the CCB of changes in its management. He requested that staff review the situation and consider acting against Chalice's officers for failure to comply with state regulations.

Chair Guzmán Fralick noted that APCO demonstrated a clear understanding of Nevada's compliance requirements and expressed confidence in their ability to manage the licenses.

Member Douglas made a motion to approve the transfer of licenses from Greenpoint Nevada Inc. to APCO LLC. The motion was seconded by Dr. Mazzorana. All members said aye. Motion carried.

D. MedMen Enterprises Inc (D078/RD078, D092/RD092) (TOI #2400004) and Mint Nevada, LLC

Chief Staley presented the transfer application from MedMen Enterprises Inc. to Mint Nevada LLC. MedMen, which filed for bankruptcy protection and entered receivership, and was selling two dispensary licenses to Mint Nevada, a multi-state cannabis operator led by Eivan Shahara. Mint Nevada operates dispensaries in Arizona, Michigan, Illinois, and other states.

Eivan Shahara, on behalf of Mint Nevada, provided an overview of Mint's operations and their plans for Nevada. Mint is known for innovative cannabis offerings, including cannabis-infused restaurants. Shahara emphasized that Mint Nevada would maintain a strong local presence by hiring

Nevada-based staff and ensuring compliance with state regulations.

Alicia Ashcraft, counsel for Mint Nevada, confirmed that no injunctions were issued by the court which would prevent the transfer and the sale proceeds would be used to satisfy MedMen's creditors.

John Savage, counsel for MedMen, noted that MedMen's creditors were informed of the sale, and funds from the transaction would go toward settling outstanding debts.

Member Douglas raised concerns about MedMen's previous lack of local management and advised Mint Nevada to ensure that a strong local presence is maintained. Mr. Shahara confirmed that Mint Nevada had already begun hiring local staff and that he would personally oversee the transition.

Chair Guzmán Fralick and Member Douglas discussed the complexities of bankruptcy proceedings and the role of California receivership in relation to the Nevada licenses. They asked staff to further review the legal boundaries and provide guidance on handling future cases involving interstate receiverships.

Member Douglas made a motion to approve the transfer of licenses from MedMen Enterprises Inc to Mint Nevada LLC. The motion was seconded by Member Mazzorana. All members said aye. Motion carried.

VI. Consideration of License Agreements

A. Sixth Amendment to Lease between Integral Associates LLC and Fun City Retail Building (Chetak Development)

Chief David Staley presented the proposed Sixth Amendment to Lease between Integral Associates LLC, which operates under the Essence Cannabis brand, and Fun City Retail Building (Chetak Development). The lease amendment primarily adds a profit-sharing component based on the sales performance of the cannabis business.

Chief Staley explained the lease amendment introduces a profit-sharing model whereby a percentage of Integral Associates' monthly revenue would be paid to Fun City Retail Building, incentivizing both parties to enhance operational performance.

The amendment did not affect the duration or other key terms of the lease, and no concerns were raised by either party during the review process.

Senior Deputy Attorney General L. Kristopher Rath confirmed that the profit-sharing component complied with Nevada law and the Cannabis Compliance Board's regulatory requirements.

Member Douglas inquired whether similar lease amendments involving cannabis businesses were previously presented to the Board, to which Chief Staley responded that although this amendment was a common arrangement in other states, it is relatively new in Nevada.

Chair Guzmán Fralick praised the amendment as a potential win-win for both the tenant and the landlord, aligning incentives to improve the business's performance.

Member Douglas motioned to approve the Sixth Amendment to the Lease between Integral Associates LLC and Fun City Retail Building. The motion was seconded by Member Durrett. All members said aye. Motion carried.

VII. Petition Filed Pursuant to NRS 233B.100 & NCCR 4.145

A. Green Thumbs Industries (GTI) Petition to Request Amendments and/or Additions to Regulations 1, 6, and 11

Senior Deputy Attorney General L. Kristopher Rath provided introduction and background for Green Thumbs Industries (GTI), requested amendments to several Nevada cannabis regulations, and concerns of CCB staff regarding cannabis lot sizes, testing requirements, and aspergillus thresholds. The petition aimed to harmonize Nevada's cannabis regulatory framework with other states where GTI operates, such as Illinois and Pennsylvania, particularly regarding larger batch sizes and testing flexibility.

Will Adler, and Tiffany Newborn Johnson, Director of Government Affairs for Green Thumb Industries, both representing GTI, argued that Nevada's current lot size limits, which are smaller compared to other states, were driving up costs for operators and consumers. GTI proposed increasing lot sizes to align with states like Illinois, which allow larger batch sizes for testing.

GTI also requested changes to aspergillus testing thresholds, noting that Nevada's regulations are stricter than federal guidelines. They provided data from other states demonstrating lower risk with increased thresholds.

Chief Staley acknowledged the merits of GTI's proposals but expressed concerns about public safety risks, particularly regarding contamination and the integrity of testing results if lot sizes were increased without corresponding enhancements in testing protocols.

Mr. Adler explained that Nevada's cannabis testing regulations are outdated compared to other states. He argued that the 5-pound limit for testing flower and the 15-pound limit for trim are unnecessarily restrictive, leading to higher costs for producers without significant safety benefits. Adler also mentioned that the same petition was submitted in 2022 and was not heard and not workshopped.

Ms. Johnson highlighted GTI's experience in 15 other highly regulated markets and presented data showing that larger lot sizes and different testing protocols in other states did not compromise product safety. She emphasized that modernizing Nevada's regulations would result in cost savings and efficiency without harming consumers.

Antoinette Duncan, Director of Quality Control for GTI (via Zoom) provided data which showed no direct correlation between lot size and safety in other states with larger lot sizes. She stated that GTI's proposal to focus on final product testing would not increase the risk of contamination while eliminating unnecessary costs.

Arguments by GTI:

Lot Size Increase: Larger lot sizes for testing would reduce costs without compromising safety, as demonstrated in other states.

Concentrate Testing: Testing the entire concentrate production as a single unit would streamline the process and reduce costs.

Final Product Testing: Focusing testing only on final products, rather than intermediate products, would be more efficient and reduce redundancy.

Aspergillus Testing: Eliminating or reducing aspergillus testing would align Nevada's regulations with other states and reduce unnecessary product losses.

Member Durrett expressed procedural concerns regarding APA process and aspergillus testing and asked for information regarding different strains. Chief Cronkhite explained that out 200 strains, testing is performed on four known to cause harm.

Chair Guzmán Fralick expressed concerns about potential safety risks if lot sizes were increased, asking for more data on the relationship between lot size and product recalls, and asked why the petition is brought now rather than after the 2025 Legislative session. Mr. Adler responded that he submitted requests for workshops in 2024 but was rejected and acknowledged that this will not be a quick process, but it should be started now.

Chair Guzmán Fralick asked staff about the status of the prior petition which was dismissed without prejudice and Mr. Rath explained it was not in proper form and not from an interested party. Member Douglas said it was dismissed without prejudice to allow GTI to come back at a future date. He expressed concern with the ability of the legislature to amend things. Chair Guzmán Fralick asked Mr. Rath to explain the process should the petition be granted. Mr. Rath said if the petition is granted it will go through the public workshop process and the regulation process will need to be initiated, including working up a regulation and submitting it to the Legislative Counsel Bureau (LCB). He noted that any new regulation will not be put in place until after the legislative session unless it is an emergency or temporary regulation. He provided additional guidance regarding approval or denial.

Member Durrett asked if there would be negative impact if the board granted the petition for the purpose of holding a workshop for the legislative session. Deputy Attorney General Joseph Ostunio recommended tabling the matter. Mr. Rath interjected that denial without prejudice is the correct way to go under 233.B100 which states, "...Upon submission of such a petition, the agency shall within 30 days either deny the petition in writing, stating its reasons, or initiate regulation-making proceedings." Deputy Director Miles noted that if there is concern about the five-hundred-dollar fee, NAC regulations will be changed, and this fee will be removed. Mr. Rath opined that it may be better to rehear this after the legislative session.

Chief Cronkhite said if the petition was denied without prejudice, staff could work with the industry on the issue and work with the NCA on the study to gather information.

Chair Guzmán Fralick proposed the question being heard by the CAC who could provide a recommendation to the CCB or legislature for changes that Mr. Adler seeks. Mr. Adler expressed concern regarding the different committees and said if CCB takes the lead, he would be open to participate in that process and discussion. Chair Guzmán Fralick asked Director Humm if this can go forward in this manner. Director Humm said a subcommittee could take it on but due to the process and shortened time before legislature a formal recommendation could not be done in time through the CAC process. Director Humm agreed with Deputy Director Miles that a workshop may be faster, but that the legislature could reverse changes. Resources will be dedicated as needed.

Vice-Chair Durrett expressed support for additional testimony before the legislative session from all sides regarding this issue.

Chair Guzmán Fralick opened the matter for Public Comment:

Adam Fulton with Jennings and Fulton, and Kimberly Maxson-Rushton with Cooper Levenson law warned that larger lot sizes could increase the risk of microbial contamination and highlighted studies from 2013 and 2023 that support Nevada's current regulations. They also cautioned that eliminating aspergillus testing could lead to undetected mold contamination, potentially causing harm to consumers. Both Mr. Fulton and Ms. Maxon-Rushton recommended denial of the petition.

Vice-Chair Durrett asked which paragraph in the report mentions sample size and results: that five pounds will get consistent results, and over 5 pounds will be inconsistent.

Chief Cronkite provided response on lot size sampling methodologies, potency and purity of lots and test results and the variability based on sample size.

Chair Guzmán Fralick asked for additional public comment; there was none in person in Las Vegas or Carson City.

Timothy Eli Addo called to address concerns regarding the petition from consumer and cultivation employee perspectives and said he believes the request for lot size increase is based on profit.

Abby Kaufmann, Executive Director of the Chamber of Cannabis expressed concern that the three minute time limit for public comment is inconsistent. She said she is not supporting or opposing the petition until it is further discussed with membership but opposes CCB denying petitions from interested parties based on timeline to implement changes due to the APA process.

Abdou Mekebri, PHD Analytical Chemistry and Biochemist explained plant homogeneity and testing of one or more than one plant will not provide the same results due to different factors including water, contamination and smaller lot sizes will be more accurate.

Chair Guzmán Fralick allowed petitioners to make a final comment before the board vote. Ms. Johnson noted that thirty-eight states do not use five pound lots as a standard, reliance on the Bo-Tech report does not provide more scientific evidence for using five-pound lots or not and it warrants discussion and that smaller cultivators should be able to do five-pound lots if they choose. She said there should not be a mandatory maximum, just increase the maximum for those who would be able to meet that requirement. Mr. Adler agreed and concluded by expressing appreciation for the continued discussion.

Chair Guzmán Fralick brought discussion to the board for discussion and vote.

Member Durrett stated that comments received that the increase is about money rather than public health are not accurate and noted that in the previous legislative session the preamble was revised to indicate that an illegal market issue exists. She noted that she would like the issue heard in any capacity prior to legislative session. Member Mazzorana agreed with Member Durrett to continue the discussion regarding lot size and testing.

Chair Guzmán Fralick opined that she was in favor of denying the matter without prejudice and rehearing it when additional science and documentation is available for consideration, allowing GTI to refile after further consideration of public health and safety concerns. The Chair emphasized that the decision was not a rejection of GTI's proposals but a need for more data and analysis before making a final determination.

Chair Guzmán Fralick moved to deny the petition without prejudice.
The motion was seconded by Member Durrett. Chair Guzmán Fralick, Member Durrett and Member Merritt in favor. Member Douglas and Member Mazzorana opposed. Motion carried.

VIII. Petition filed Pursuant to NRS 678B.633

A. Cameron Bush

This item was discussed in a closed session per request of Cameron Bush and is to remain confidential.

Vice Chair Durrett moved to approve the petition with the condition that it is verified by the employer in writing or via phone call that they will employ Mr. Bush upon approval of the petition. The Motion was seconded by Member Mazzorana. All members said aye. Motion carried.

IX. Briefing from the Chair and Executive Director (for discussion only)

Chair Guzmán Fralick did not provide a briefing. Executive Director James Humm stated that the CCB will continue discussions with interested parties regarding lot size. He reminded that CCB sent a communication regarding the October 15, 2024, deadline for the Nevada CCB item catalog in Metric and said that existing items will be grandfathered in but updates are required. New items for the catalog will require review and approval. updates on ongoing initiatives, recent developments, and future plans for the Cannabis Compliance Board (CCB). His briefing touched on several key areas, including regulatory updates, enforcement action and the Board's strategic direction.

X. Next Meeting Date

The next Board meeting is scheduled for October 17th, 2024.

XI. Items for Future Agendas

There were no matters stated for future agenda items.

XII. Public Comment

No additional public comment was presented during this period.

XIII. Adjournment

Meeting adjourned at around 12:30 pm