

# **Nevada Cannabis Compliance Board**

## **Meeting Minutes**

### **October 17th, 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 October 17, 2024.

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

**Adriana Guzmán Fralick, Chair**

**Riana Durrett, Vice Chair**

**Hon. Michael Douglas**

**Jerrie Merritt**

**Dr. Vicki Mazzorana**

**Vice Chair Riana Durrett called the meeting to order and Executive Director James Humm took roll.**

Vice-Chair Durrett, Member Douglas, and Dr. Mazzorana were present in Las Vegas, and Member Merritt was present via video conference. Executive Director James Humm asked for Chair Guzmán Fralick to be marked present upon her arrival.

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

#### **I. Public Comment**

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

Shanna Perry, of Shannabis, stated she anticipates receiving a lobby license in November 2024 and explained that she is drafting a federal bill for 2025 to address packaging regulations and micro businesses. Ms. Perry expressed concern regarding Nevada's competitiveness in the national market.

Don Nassif, owner of Crown Air Quality, provided background on his air purification system business and shared that the business is moving into the marijuana industry.

#### **II. Meeting Minutes**

##### **A. Consideration of Approval of the September 19, 2024, Cannabis Compliance Board Meeting Minutes.**

Member Douglas motioned to approve the meeting minutes.

Member Mazzorana seconded the motion.

Members Douglas, Mazzorana, Merritt and Member Durrett said aye. Motion carried.

### **III. Consent Agenda**

#### **A. Consideration of Approval to Extend Final Inspection Deadline**

1. Green Therapeutics LLC (RD273)
2. ABCNV LLC (C120)
3. Commerce Park Medical RD264 LLC (RD264)
4. Essence Henderson LLC (RD348)
5. Essence Tropicana LLC (RD319)
6. GreenMart of Nevada NLV LLC (RD507)
7. GreenMart of Nevada NLV LLC (RD511)
8. Vertical Horizon LLC (C205, P136)
9. Tryke Companies SO NV LLC (CLA011)

Member Douglas motioned to approve Consent Agenda Item III (A), one through nine.

Member Mazzorana seconded the motion.

Members Douglas, Mazzorana, Merritt and Durrett said aye. Motion carried.

### **IV. Consideration of Proposed Settlement Agreement to Resolve Disciplinary Action**

#### **A. Cannabis Compliance Board vs. Matrix NV LLC (C150, RC150, T049, P095, RP095) (Case No. 2024-010)**

Senior Deputy Attorney General Anthony Garasi presented case 2024-010, and noted the subject of this matter are licenses C150, P095 and T049. Mr. Garasi stated that Matrix held dual cultivation and production licenses in addition to the distribution license, each of these licenses were included in the complaint and resolved by the settlement agreement. Two sets of dual licenses are combined; Matrix now holds licenses for cultivation (C150), production (P095) and distribution (T049).

Mr. Garasi provided additional background information regarding the issues, negotiations between the parties and terms of the settlement agreement. He noted terms set forth in the proposed settlement agreement which will resolve matters of concern and detailed category violations to be applied. Civil penalty totals were noted, and payment terms were provided.

Member Durrett asked for any questions from the Board and provided an opportunity for Matrix to present additional information. Member Douglas asked if Matrix complied with the requirements for outstanding renewal of cards and business licensing and inquired whether Matrix has financial difficulties that would require a payment plan. Mr. Garasi confirmed all requirements are current and deferred to Matrix counsel, Rusty Graf.

Rusty Graf advised the Board that David Tan of Matrix was present, and Chad Westom was also available to answer any questions. Mr. Graf said conversations were held regarding monies and since Matrix is not a large operator, a one-time payment of the full settlement amount would pose a financial burden. He advised the Board that the first payment was made to CCB prior to the approval of the settlement agreement in good faith. Mr. Graf provided details to assure the Board that the issues are addressed, and training is in place. Member Durrett noted that Matrix experienced a few management changes which may have contributed to the issues since 2020.

Member Durrett asked for a motion.

Member Mazzorana motioned to approve the settlement agreement to resolve the disciplinary action.

Member Merritt seconded the motion.

Members Douglas, Mazzorana, Merritt and Durrett said aye. Motion carried.

Vice Chair Durrett advised that Item VI will be taken out of order and heard next.

**VI. Consideration of Approval for a Conditional License for a Cannabis Cultivation and Production Establishment**

**A. The True Harmony Company, LLC (Application #MCF-A24-00002 and #MPF-A24-00003)**

Division Chief of Investigations David Staley presented a request for approval for conditional licenses for True Harmony for medical, cultivation and production licenses in White Pine County. Mr. Staley provided details on the application and new licensing round in White Pine County as well as background on Silver Lion Farms, its ownership and affiliation. Mr. Staley noted that no areas of concern were identified during the investigation and introduced Robert Kurilko, Catherine Linamen and John DeJoria.

Member Durrett asked for an affirmative presentation. Bob Kurilko greeted the Board and introduced additional speakers present on behalf of True Harmony.

Member Douglas congratulated Mr. Kurilko and asked about the anticipated production date.

Mr. Kurilko said they are ready to go and want to start in November 2024. Member Durrett asked about the existing hemp operation, and Mr. Kurilko explained their focus will be on cannabis and the last amount of hemp was sold. Ms. Durrett asked about the supply in Nevada and how True Harmony will stand out in the market to which Mr. Kurilko replied they intend to fill the void for extraction in the higher end. He provided detail regarding the size of the facility and plans to build over time. Mr. Kurilko explained that he has a seasoned individual to lead their compliance efforts.

Member Durrett asked for a motion.

Member Mazzorana made a motion to approve the conditional license for cannabis cultivation and production establishment for True Harmony Company LLC.

Member Merritt seconded the motion.

Members Douglas, Mazzorana, Merritt and Vice Chair Durrett said aye. Motion carried.

Member Durrett called a two-minute recess at 9:38 a.m.

Meeting resumed at 9:40 a.m.

Chair Guzmán Fralick opened discussion for Item V(A).

**V. Petition for Additional Retests Filed Pursuant to NCCR 11.075(7)**

**A. Matrix NV LLC (C150)**

Chief of Health and Safety Kara Cronkhite presented an overview of the retests performed after the initial failure of laboratory analysis. Chief Cronkhite stated that Matrix provided a list of 50 retests that were completed and request approval for an additional 50 retests. Information was provided regarding CCB staff review of the number of tests utilized, approved, pending submission to assigned laboratory and responses. Chief Cronkhite noted that a detailed plan to address failures was provided by Matrix.

She noted that of the 19 lots which failed retesting, 17 have been submitted and approved to be sent to extraction and the remaining two are eligible for approval for extraction.

Chief Cronkhite explained that the Board has discretion to:

- grant the petition and allow all requested retests
- grant the petition in part and allow some retests
- deny with prejudice
- deny without prejudice and allow the licensee to file a second petition before the end of 2024,
- deny in part and allow the licensee to request to remediate or send failed cannabis to extraction or
- any other action the Board deems appropriate

Chief Cronkhite advised that Chad Westom was available to answer questions.

Chair Guzmán Fralick asked for an affirmative presentation.

David Tuttleman, Matrix Managing Member and Founder addressed the Board and said Matrix is committed to the licensing and testing efforts and noted that many changes were made to the environment and organization to benefit the quality of product in the marketplace.

Chair Guzmán Fralick asked for clarification on the number of retests requested and response regarding waste of product and the downside for this request. Mr. Tuttleman replied that pure flower is a good commodity, and they have designed the business to have secondary use through extraction and will manage the product with compliance. He said that the market demand for the product is great, and they wish to have a consistent flow of product and ability to retest before the end of the year. Chair Guzmán Fralick opened the matter for discussion.

Member Durrett noted that not many facilities request retests beyond 50. Mr. Tuttleman expressed his belief that the regulation is appropriate, and Matrix has implemented many corrective measures to mitigate mold and microbial growth. He said they will appreciate the approval of additional retests which will allow the sale of flower rather than sending product to extraction.

Mr. Tuttleman addressed the board and said they are fully committed to compliance and testing to ensure quality product is available in the market.

Chair Guzmán Fralick asked for additional comments or recommendations. Member Durrett expressed support for 10 more tests in 2024. Mr. Westom said that he was unsure if that is an adequate amount and suggested splitting the difference, approving 20 more tests through 2024, renewing the amount of allowed retests in January 2025. Member Durrett said she will support 20 tests through 2024 and advised that Mr. Tuttleman and Mr. Westom work closely with Chief Cronkhite for additional guidance.

Chair Guzmán Fralick asked for a motion.

Member Durrett motioned to approve twenty retests through the end of 2024.

Member Merritt seconded.

Member Douglas stated he cannot support twenty retests and that ten would be adequate through the end of 2024.

Chair Guzmán Fralick, Member Durrett, Member Mazzorana in favor. Member Douglas opposed. Motion carries.

## **VII. Consideration of License Agreements**

### **A. Management Agreement between Paradise Wellness Center LLC dba Las Vegas Releaf (D138) and GLP Las Vegas, LLC**

Chief Compliance Audit Investigator Rachel Branner provided an overview of the management service agreement request, the combined medical and adult-use cannabis dispensary licenses and the concurrent Transfer of Interest (TOI). Ms. Branner introduced Amanda Connor, John Mueller (via Zoom) and Michael Hayford to the Board.

Chair Guzmán Fralick opened the item for discussion.

John Mueller, CEO of GL Partners Inc., addressed the Board and said they are excited about the Nevada Market.

Member Durrett asked to confirm if GL Partners will be the purchaser; Amanda Connor responded that the license will be acquired by a subsidiary of GL Partners through a pending TOI, subject to Board approval.

Chair Guzmán Fralick asked for additional questions or a motion.

Member Durrett motioned to approve the proposed relationship under item 7 A.

Member Douglas seconded the motion.

Chair Guzmán Fralick asked for discussion. Member Douglas asked for a one-year check to make sure the TOI went through or that the management agreement remained in place. Ms. Connor said that her client would be agreeable to return to discuss the issue if the TOI is not approved.

Member Durrett amended the motion to approve the proposed relationship under item 7 A to include a one-year status check.

Ms. Connor provided additional information: there is no change in name, subject to approval and licensing and there may be a name change pending the TOI approval.

Chair Guzmán Fralick asked for a vote on the motion.

All said aye. Motion carried.

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

### **A. Jushi Holdings Inc (P087) (TOI #2400011) and Dune Operating Holdings, LLC**

Chief Compliance Audit Investigator Rachel Branner provided an overview of the transfer of interest request and requested waivers of NCCR 5.110 pursuant to 5.112. Ms. Branner noted both companies have adequately addressed the required items which will permit Board approval.

Melissa Waite of Dickinson Wright, on behalf of Jushi Holdings, introduced President Jon Barack and Connor Yee.

Connor Yee introduced Matthew Dyson and addressed the Board, requesting TOI approval to add to Dune's existing cultivation license to allow them to compete in the market.

Chair Guzmán Fralick asked for any additional questions or comments, or motion.

Member Douglas made a motion for approval, noting the request for waiver of NCCR 5.110 pursuant to NCCR 5.112

Member Durrett seconded the motion.

All said aye. Motion carried.

## **IX. Items for discussion**

### **A. Discipline and Tracking for Non-Response to CCB**

Chair Guzmán Fralick opened discussion regarding the authority to take permitted action following non-response to CCB Staff and Agents, and to discuss what form of action is needed under rules and regulations. The discussion on non-response sanctions and process was opened.

Member Douglas said it is the licensee's obligation to respond to requests from CCB, and it is a waste of time to send multiple requests for response. CCB should be advised if there is a change in point of contact. He said that other agencies have a penalty; many say that you cannot be involved with the business for a year or two when you are non-responsive. He asked Chief Staley for input.

Chief Staley said that many licensees provide the necessary information because they are interested in completing an application and receiving approval. Certain circumstances result in entities becoming non-responsive due to executives leaving, or if there is a contentious TOI application there may be lack of response to CCB requests. Chief Staley discussed team investigations and balance of workload by each CCB agent, and the multiple attempts to gather information from non-responsive entities. He stated that there may not be a clear path to disciplinary action against individuals who do not respond.

Senior Deputy Attorney General L. Kristopher Rath explained that buyers, sellers and owners are technically required to have agent cards, and different violations such as obstructing an investigation or failure to properly and timely respond could be applied but the businesses may not care. Mr. Rath opined that other potential solutions could include denial of transfer of interest or requiring a receiver.

Member Douglas said the intent must be to make sure the non-responsive individual does not come back into the industry in a year and does the same thing; they should be prohibited from coming back into the industry. Mr. Rath responded that a suitability investigation could be in place if they try to buy another license. He noted that non-responses for CCB audits and investigations occur and are referred to the Deputy Attorney Generals to investigate the possibility of issuing a complaint, which are filed under the context of non-response.

Chair Guzmán Fralick said there are different actions available depending on the circumstance. Mr. Rath replied that Order to Show Cause may be another to consider and provides the ability to call them to find out what is going on, and discipline would be handled separately.

Member Durrett expressed that she would like to hear feedback from the industry and attorneys before making any decisions and expressed support for trying order to show cause first. Chair Guzmán Fralick replied that process is in place for the complaints that are issued, and the streamlined process can be used right away, and order to show cause may be more cumbersome and prolong things. Chair Guzmán Fralick noted that complaints issued by CCB are administrative in nature, not filed by the court.

Chief Staley said that denying a TOI for non-response by the seller could negatively impact the seller by prohibiting them from entering in the industry.

Member Douglas commented that something should be sent out letting them know that repercussions exist for non-action and non-response.

Chief Staley noted that new language can be added to existing notices to indicate that future suitability could be impacted by the lack of response. Mr. Staley expressed that CCB statutes and regulations

speak to the license rather than to the agent card which is specific to an individual. He noted that if that individual is non-responsive, there is no action in place to address that issue.

Member Durrett suggested regulation reform requiring agent responsibility to respond. Mr. Rath said that disciplinary actions can be taken against an agent card for failure to respond or obstructing an investigation under existing regulations.

Chair Guzmán Fralick asked for additional discussion; there was none and opened Item B.

## **B. Establishing a CCB policy for extension requests.**

### **1. Maximum number of extensions**

Member Douglas noted that Member Durett also expressed concern regarding extensions and said that extension requests can be due to location suitability in jurisdictions or zoning waivers or moratoriums, but on occasion the extensions go for two and three years with no changes, and additional extensions are requested. He said that if a license is issued, the business should go forward in a reasonable amount of time.

Chair Guzmán Fralick asked for recommendations for action. Member Douglas noted that Member Durrett previously mentioned standards or guidelines should be in place rather than simply denying the request for extension. He suggested that approval have a notation on record for a status recheck and if there is no action, vacate the license. Chair Guzmán Fralick asked for the process following a warning of multiple extensions.

Senior Deputy Attorney General L. Kristopher Rath responded that the final inspection is due within 12 months, and if an extension is not granted the license is deemed voluntarily surrendered. Executive Director Humm asked for clarification regarding use of the surrendered license; Mr. Rath confirmed that it could not be used by anyone else unless granted through a licensing round.

Chief of Administration Steve Gilbert advised the Board that there are sixty-four licenses in conditional status; of these, eleven have a moratorium-related issue (county or local jurisdiction) and an additional twelve are dealing with local jurisdiction requirements, causing need to request an extension. He explained the extension process began in 2020 when a blanket extension for one year was granted to 145 licenses, representing 66 entities. Currently 64 licenses and 43 entities remain, 19 are consumption lounges with conditional licenses.

Member Douglas opined that CCB is bound to grant extensions, but these should be granted with notice for 12-month progress check and if there is none, another extension should not be given.

Chair Guzmán Fralick asked for recommendations. Member Douglas said that when extensions are granted, it must be made clear under what circumstances they would not be renewed so the requestor is put on notice for the recheck.

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

Chair Guzmán Fralick expressed appreciation for the market study and said it was delivered timely for the legislative session.

Executive Director Humm thanked CCB Staff and the Board for their work and thanked True Harmony staff for their responsiveness to requests. Mr. Humm noted that all discussions will be considered and legislative policy regarding Board members will be put forward.

**XI. Next Meeting Date**

The next Board meeting is scheduled for November 21, 2024.

**XII. Items for Future Agendas**

No additional discussion was presented.

**XIII. Public Comment**

Shanna Perry, of Shannabis, presented the Board with written information and expressed her intent to lobby the Nevada legislature in 2025 regarding transfers and micro business licensing. She expressed concern with lounge licensing and allocation to the minority community and for equity. Ms. Perry said the creation of micro licenses for an existing company that may want to add edibles could help. She opined that CBD is a counterfeit industry and she has worked to expose this since 2018 and intends to submit a federal bill to separate medical, recreational and environmental impact.

There was no additional Public Comment.

**XIV. Adjournment**

Meeting adjourned at 10:47 a.m.