# BEFORE THE CANNABIS COMPLIANCE BOARD STATE OF NEVADA

STATE OF NEVADA, CANNABIS COMPLIANCE BOARD,

Case No. 2024-015

Petitioner,

vs.

GWGA, LLC,

Respondent.

### STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION

The Cannabis Compliance Board (the "CCB" or the "Board"), by and through its counsel, Aaron D. Ford, Attorney General for the State of Nevada, and L. Kristopher Rath, Esq., Senior Deputy Attorney General, hereby enters into this Stipulation and Order for Settlement of Disciplinary Action ("Stipulation and Order") with Respondent GWGA, LLC (hereinafter "GWGA" or "Respondent"), by and through its counsel of record, Alicia R. Ashcraft, Esq., of the law firm Ashcraft & Barr, LLP. Pursuant to this Stipulation and Order, GWGA and the CCB (collectively, the "Parties") hereby stipulate and agree that CCB Case No. 2024-015 (the "Administrative Action") shall be fully and finally settled and resolved upon the terms and conditions set out herein.

#### PERTINENT FACTS

1. On or about September 23, 2024, the CCB initiated this disciplinary action via the service and filing of a Complaint for Disciplinary Action (the "Complaint"). The Complaint alleges, inter alia, that, contrary to Nevada law, the GWGA adult-use and medical cannabis cultivation facility (C024): (1) failed to comply with requirements for hand washing and employee hygiene; (2) failed to meet the requirements for disposal of cannabis waste; (3) failed to maintain hand washing facilities that were limited to hand washing only; (4) failed to properly use sanitizer as required; (5) allowed for an infestation of pests

that are not multigenerational; (6) failed to take steps designed to prevent contamination; and (7) allowed multiple issues of building disrepair.

- 2. GWGA has not filed an Answer and/or a Request for a Hearing as of the date of this Stipulation and Order. Rather, GWGA requested and was granted an extension to file its Answer in order to attempt to negotiate resolution of the Administrative Action. The Parties entered into good faith negotiations to resolve the Administrative Action and reached an agreement in principle for resolving this case.
- 3. The Parties have engaged in good faith settlement negotiations to reach an agreement that is mutually acceptable to Respondent, CCB staff, and counsel for the CCB, for resolution of the Administrative Action, with the understanding that this Stipulation and Order must be approved by a majority vote of the members of the CCB to become effective.

### ACKNOWLEDGEMENTS AND APPLICABLE LAW

This Stipulation and Order is made and based upon the following acknowledgements by the Parties:

4. GWGA has entered into this Stipulation and Order on its own behalf and with full authority to resolve the claims against it and is aware of GWGA's rights to contest the violations pending against it. These rights include representation by an attorney at GWGA's own expense, the right to file an answer to the Complaint, the right to a hearing on any violations or allegations formally filed, the right to confront and cross-examine witnesses called to testify against GWGA, the right to present evidence on GWGA's own behalf, the right to have witnesses testify on GWGA's behalf, the right to obtain any other type of formal judicial review of this matter, and any other rights which may be accorded to GWGA pursuant to provisions of NRS Chapters 678A through 678D, the Nevada Cannabis Compliance Regulations (NCCR), and any other provisions of Nevada law. GWGA is waiving all these rights by entering into this Stipulation and Order. If the CCB rejects this Stipulation and Order, or any portion thereof, all such waivers shall be deemed withdrawn by GWGA.

- 5. Should this Stipulation and Order be rejected by the CCB or not timely performed by GWGA, it is agreed that presentation to and consideration by the CCB of such proposed stipulation or other documents or matters pertaining to the consideration of this Stipulation and Order shall not unfairly or illegally prejudice the CCB or any of its members from further participation, consideration, adjudication, and/or resolution of these proceedings and that no CCB member shall be disqualified or challenged for bias.
- 6. GWGA acknowledges that this Stipulation and Order shall only become effective after the CCB has approved it.
- 7. GWGA enters this Stipulation and Order after being fully advised of GWGA's rights and as to the consequences of this Stipulation and Order. This Stipulation and Order embodies the entire agreement reached between the CCB and GWGA. It may not be altered, amended, or modified without the express written consent of the Parties, and all alterations, amendments and/or modifications must be in writing. The Parties stipulate and agree that this Stipulation and Order, if approved by the Board, resolves only the allegations set forth in the Administrative Action via the Complaint in Case No. 2024-015.
- 8. In an effort to avoid the cost and uncertainty of a disciplinary hearing, GWGA has agreed to settle these matters. For purposes of settling these matters, GWGA acknowledges that the facts contained in the paragraphs in the above "Pertinent Facts" section of this Stipulation and Order are true and correct. Without waiving any constitutional rights against self-incrimination, GWGA further acknowledges that certain facts contained in the CCB Complaint in Case No. 2024-015 could be found to constitute violations of Title 56 of NRS (NRS Chapters 678A through 678D), and the NCCR, with civil penalties of up to \$43,000 for license C024, if these matters proceeded to an administrative hearing.
- 9. In settling this matter, the Executive Director for CCB and counsel for CCB have considered the factors set forth in NCCR 4.030(2), including: the gravity of the violations; the economic benefit or savings, if any, resulting from the violations; the size of the business of the violator; the history of compliance with the NCCR and Title 56 of NRS

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by the violator; actions taken to remedy and/or correct the violations; and the effect of the penalty on the ability of the violator to continue in business. The Executive Director for CCB and counsel for CCB have also considered the appropriate mitigating factors in reaching the proposed settlement of this Administrative Action. The mitigating factors in Case No. 2024-015 include: (1) the fact that Respondent cooperated with the CCB's staff in formulating and expeditiously instituting a plan of correction (as set forth below) to prevent regulatory violations from occurring in the future; and (2) Respondent also cooperated with the CCB's counsel in resolving this matter shortly after the Complaint was filed. The CCB staff and counsel appropriately weighted each of the mitigating factors and the Parties stipulate and agree to the weight given to each factor. The two factors were weighed equally in further reducing the number of violations admitted to and reducing the total civil penalties. The Executive Director for CCB and counsel for CCB also took into account the size of the Respondent's business and the impact of the civil penalties on its ability to continue with its business and the Parties agree a reasonable civil penalty has been proposed in this Stipulation and Order, which Respondent has agreed to pay within 30 days of approval of this Stipulation and Order.

- 10. To resolve the Administrative Action, and only for those purposes and no other, GWGA specifically admits to the following three violations with respect to the Complaint in CCB Case No. 2024-015:
  - a. One violation of NCCR 4.050(1)(a)(14) for failing to meet the requirements for disposal of cannabis waste, which constitutes one Category III violation.
  - b. One violation of NCCR 4.050(1)(a)(20) for failing to comply with requirements for hand washing and employee hygiene, which constitutes a second Category III violation.
  - c. One violation of NCCR 4.055(1)(a)(10) for failing to maintain hand washing facilities that are limited to hand washing only, which

<sup>&</sup>lt;sup>1</sup> Most of the corrections were put in place within a week of the inspection.

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constitutes a Category IV violation.

As to the remaining allegations in the Complaint, GWGA neither admits nor denies those allegations and no civil penalties shall be assessed as to those remaining violations.

- 11. With respect to license C024, GWGA further agrees to pay a civil penalty in the amount of \$5,000 in consideration for its admitted violations in Paragraphs 10(a) through 10(c), above, and in consideration for the CCB's agreement to resolve the Administrative Action on the terms set forth herein.
- 12. If the CCB approves this Stipulation and Order, it shall be deemed and considered disciplinary action by the CCB against GWGA.
- 13. Both parties acknowledge that the CCB has jurisdiction to consider and order this Stipulation and Order because GWGA holds a privileged license regulated by the CCB as of July 1, 2020. GWGA expressly, knowingly, and intentionally waives the 14-day and/or 7-day notice requirements contained in the Nevada Open Meeting Law<sup>2</sup> and acknowledges that this Stipulation and Order may be presented to the CCB for its consideration and potential ratification at the CCB's meeting on November 21, 2024.

#### STIPULATED ADJUDICATION

Based upon the above acknowledgments of the Parties and their mutual agreement, the Parties stipulate and agree that the following terms of discipline shall be imposed by the CCB in this matter:

- 14. <u>Violations</u>: As to license C024, GWGA is found to have committed two Category III violations and one Category IV violation, as set forth in Paragraphs 10(a) through 10(c), above.
- 15. <u>Imposition of Civil Penalties</u>. GWGA shall pay a total civil penalty in the amount of Five Thousand Dollars (\$5,000) within the time set forth in Paragraph 16 below.
- 16. Payment of Civil Penalties. If the CCB approves this Stipulation and Order at its November 21, 2024, meeting, GWGA must pay the civil penalty set forth in this agreement no later than 5:00 p.m., Pacific Time, on Monday, December 23, 2024. If the

<sup>&</sup>lt;sup>2</sup> NRS 241.033.

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CCB approves this Stipulation and Order, or an Amended Stipulation and Order, at a CCB meeting which occurs after November 21, 2024, then GWGA must pay the civil penalty set forth in this agreement within 30 days of the date the CCB approves this (or an amended) Stipulation and Order, or the first business day thereafter, if the 30<sup>th</sup> day falls on a weekend or holiday recognized by the State of Nevada.

- 17. Penalties for Failure to Comply with Payment Deadline. GWGA acknowledges that it is critical to comply with the strict requirements of the deadline for payment set forth in this Agreement. GWGA agrees that, should it fail to timely make payment under this Stipulation and Order, the following penalties and procedures will be in effect:
  - a. CCB will allow a five-business day grace period for late payment<sup>3</sup>.
  - b. If payment is not physically received by CCB at its Carson City office by 5:00 p.m., Pacific Time, on the last day of the grace period, GWGA shall be deemed to be in breach of this Stipulation and Order, deemed to be in default, and deemed to have admitted all allegations in the CCB Complaint in Case No. 2024-015 and shall pay all penalties and receive all discipline set forth under the "Relief Requested" section of the Complaint, inclusive of the civil penalty of \$43,000, and shall have its license C024 immediately suspended, with such suspension remaining in place until all amounts due under this Stipulation and Order are paid in full and within 90 days of the order of default. The CCB will enter an order of default to this effect after default and all amounts due under this subsection shall be immediately due and payable to CCB. If all amounts due under this section are not paid within 90 days after the date of the order of default, license C024 shall be deemed voluntarily surrendered. GWGA agrees it cannot and will not file any petition for judicial review and/or any action in any forum for relief from this order

<sup>&</sup>lt;sup>3</sup> If a check or other form of payment is returned for insufficient funds, or otherwise rejected, the failed payment will <u>not</u> be considered a payment and no additional time beyond the five business days grace period will be granted for payment.

of default and/or this Stipulation and Order and that the CCB may file any judicial action necessary to recover the amounts owed under this subsection, along with its attorneys' fees and costs for recovery of amounts owed.

- c. GWGA may petition the CCB for an extension of 30 days to pay the civil penalty. However, for the CCB to consider any such petition, the CCB must receive said petition no later than 5 business days prior to the payment deadline set forth in Paragraph 16 (which does not include any grace period). The CCB is not required to grant such a petition. In such a petition, GWGA must demonstrate to the satisfaction of the CCB that there are extraordinary and unusual circumstances necessitating the extension requested. The CCB may delegate the decision as to whether to grant such a petition to the CCB Chair.
- d. If an extension is granted under Paragraph 17(c), there shall be no grace period on the new payment date. If GWGA does not pay by the new payment date, the provisions and penalties of Paragraph 17(b) apply.
- 18. Plan of Correction. Respondent represents and warrants that it has submitted and put in place a plan of correction, which CCB staff has approved, that will remedy and prevent the recurrence of the violations set forth in this Stipulation and Order. In summary, the plan of correction regarding the Administrative Action includes the following: (1) Respondent re-trained its entire staff on hand washing requirements; (2) Respondent installed a new and approved handwashing sink; (3) Respondent updated its standard operating procedures for use of sanitizers and re-trained its staff on the proper use of sanitizers; (4) Respondent removed the humidifier outlet tube resting on the grow table to prevent contamination; (5) Respondent cleaned the building, repaired areas in disrepair, and instituted a daily inspection of general cleaning by managers; and (6) Respondent updated its standard operating procedures for disposal of cannabis waste.

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- Contingency if Approval Denied. If approval of this Stipulation and Order is 19. denied by the CCB, GWGA and counsel for the CCB agree to resume settlement negotiations in good faith and attempt to reach an agreement to amend this Stipulation and Order and resubmit an amended Stipulation and Order to the CCB to review for approval at a subsequent regularly scheduled CCB meeting. If such an agreement cannot be reached, the Parties agree to proceed with the Administrative Action, with GWGA to timely file its Answer and Request for Hearing, and the matter to proceed to a disciplinary hearing before the CCB's assigned hearing officer in the ordinary course. Should the Administrative Action proceed for the reasons set forth in this Paragraph, CCB preserves all its claims and arguments in the Administrative Action as set forth in its Complaint and GWGA preserves all its defenses and arguments it may set forth in its Answer, and withdraws all waivers set forth herein. An unapproved Stipulation and Order shall not be admissible as evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2024-015 or any other matter involving the CCB.
- Contingency if Approval Conditioned. If the CCB approves this Stipulation 20. and Order, but said approval is contingent on certain conditions, the Parties will undertake further good faith negotiations to include said conditions in an amended stipulation and order for execution by the CCB Chair. If GWGA does not agree to the certain conditions imposed by the CCB, the Parties will undertake additional negotiations and attempt to reach an agreement to amend this Stipulation and Order and resubmit an amended stipulation and order to the CCB to review for approval at a subsequent regularly scheduled meeting. If such an agreement cannot be reached, the Parties agree to proceed with the Administrative Action, with GWGA to timely file its Answer and Request for Hearing, and the matter to proceed to a disciplinary hearing before the CCB's assigned hearing officer in the ordinary course. Should the Administrative Action proceed for the reasons set forth in this Paragraph, CCB preserves all its claims and arguments in the Administrative Action

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as set forth in its Complaint and GWGA preserves all its defenses and arguments it may set forth in its Answer, and withdraws all waivers set forth herein. An unapproved Stipulation and Order shall not be admissible as evidence or referenced in argument at any disciplinary hearing in CCB Case No. 2024-015 or any other matter involving the CCB.

- 21. <u>Closure of Disciplinary Action</u>. Once this Stipulation and Order is fully performed by GWGA, the Administrative Action will be closed.
- GWGA understands that this Communications with CCB Members. 22. Stipulation and Order will be presented to the CCB in open session at a duly noticed and scheduled CCB meeting. GWGA understands that the CCB has the right to decide in its own discretion whether or not to approve this Stipulation and Order. The CCB's counsel, which is the Nevada Attorney General and its staff attorneys, will recommend approval of this Stipulation and Order. In the course of seeking CCB acceptance of this Stipulation and Order, counsel for CCB may communicate directly with individual CCB members. GWGA acknowledges that such communications may be made or conducted ex parte, without notice or opportunity for GWGA to be heard on its part until the public CCB meeting where this Stipulation and Order is discussed, and that such contacts and communications may include, but may not be limited to, matters concerning this Stipulation and Order, the Administrative Action and any and all information of every nature whatsoever related to these matters. GWGA agrees that it has no objections to such ex parte communications. The CCB agrees that GWGA and/or its counsel may appear at the CCB meeting where this Stipulation and Order is discussed and, if requested, respond to any questions that may be addressed to GWGA and/or the Nevada Attorney General's staff attorneys. GWGA agrees that, should the CCB decline to approve this Stipulation and Order, GWGA will not contest or otherwise object to any CCB member, and/or CCB appointed hearing officer, hearing and adjudicating the Administrative Action based on the aforementioned ex parte communications with anyone from the Nevada Attorney General's Office.
- 23. Release. Respondent agrees that the State of Nevada, the CCB, the Office of the Attorney General, and each of their members, staff, attorneys, investigators, experts,

hearing officers, consultants and agents are immune from any liability for any decision or action taken in good faith in response to information and data acquired by the CCB. Respondent agrees to release the State of Nevada, the CCB, the Office of the Attorney General, and each of their members, staff, attorneys, investigators, experts, hearing officers, consultants and agents from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known or unknown, in law or equity, that Respondent ever had, now has, may have or claim to have against any and/or all of the persons, government agencies or entities named in this Paragraph, arising out of, or by reason of, CCB's investigation of the matters set forth in the Complaint, the matters set forth in this Stipulation and Order, and/or the administration of CCB Case No. 2024-015.

24. No Precedent. The Parties agree: (1) That this Stipulation and Order shall not constitute a precedent for any other issues or proceedings before the CCB and/or in any other forum, other than those set forth in this Stipulation and Order; and (2) That this Stipulation and Order shall not be admissible in any other proceeding or action with respect to proof of fact or any other matter and/or any other licensee and/or cannabis establishment, except proceedings brought to enforce this Stipulation and Order under its terms and/or for the CCB's consideration of future disciplinary action against this Respondent.

Furthermore, the CCB may consider the discipline imposed herein in any future disciplinary action against Respondent, as required under NCCR 4.030(2), along with the other factors set forth in NCCR 4.030(2), and possible progressive discipline pursuant to NCCR 4.035 through 4.060. As every case concerns different facts and details, this Stipulation does not act as precedent, or persuasive authority, to bind CCB to impose any particular penalty, to charge or allege any particular violation, and/or to impose any particular disciplinary action in the future for this Respondent, or any other respondent, for violations of the same statutes and/or regulations addressed in this Stipulation and Order. Likewise, CCB is not bound by any previous settlement agreements it has approved in entering into this Stipulation and Order.

- 25. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys' fees and costs.
- 26. <u>Further Assurances</u>. The Parties shall cooperate in executing such additional documents and performing such further acts as may be reasonably necessary to give effect to the purposes and provisions of this Stipulation and Order.
- 27. Voluntary and Informed Agreement. The Respondent represents that its owners, officers, and/or its directors, who are responsible for and able to legally bind GWGA have read completely and understand fully the terms of this Stipulation and Order, that such terms are fully understood and voluntarily accepted by Respondent in advance of and as memorialized by the signing of this Stipulation and Order, and that the Respondent's signature to this Stipulation and Order indicates same. Respondent further represents that it has voluntarily entered into this Stipulation and Order to make a full, final, and complete compromise upon the terms and conditions set forth herein. Respondent further represents that any releases, waivers, discharges, covenants, and agreements provided for in this Stipulation and Order have been knowingly and voluntarily granted and without any duress or undue influence of any nature from any person or entity. The Parties, and each of them, hereby expressly acknowledge that they are each represented by counsel of their own choice in this matter and have been advised by counsel accordingly.
- 28. <u>Warranties of Authority</u>. The Parties to this Stipulation and Order, and each of them, expressly warrant and represent to all other Parties that each has the full right, title, and authority to enter into and to carry out its obligations hereunder, with the sole exception of the required approval of this Stipulation and Order by the CCB. The Parties also expressly acknowledge the foregoing authority.
- 29. <u>Binding Effect</u>. This Stipulation and Order shall be binding upon and inure to the benefit of the Parties hereto and the Parties' respective successors, predecessors, parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.
- 30. <u>Construction</u>. The headings of all Sections and Paragraphs of this Stipulation and Order are inserted solely for the convenience of reference and are not a part of the

Stipulation and Order and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision of this Stipulation and Order. In the event of a conflict between such caption and the paragraph at the head of which it appears, the paragraph and not such caption shall govern in the construction of this Stipulation and Order.

- 31. Governing Law. This Stipulation and Order shall be governed by and construed in accordance with the laws of the State of Nevada, without reference to conflict of law principles.
- 32. <u>Jurisdiction and Forum Selection</u>. The Parties consent to the jurisdiction of the Eighth Judicial District Court of the State of Nevada, in and for Clark County, to resolve any disputes related to the terms or enforcement of this Stipulation and Order. The successful or prevailing Party or Parties in such action shall be entitled to recover reasonable attorney fees, costs, and expenses actually incurred in initiating or responding to such proceeding, in addition to any other relief to which it may be entitled.
- 33. <u>Interpretation</u>. This Stipulation and Order is the result of negotiations among the Parties who have each negotiated and reviewed its terms. In the event a Court ever construes this Agreement, the Parties expressly agree, consent, and assent that such Court shall not construe this Agreement or any provision hereof against any Party as its drafter for purposes of interpreting any ambiguity or uncertainty in this Stipulation and Order.
- 34. <u>Time is of the Essence</u>. Time is of the essence in the performance of all terms of this Stipulation and Order.
- 35. Severability. If any portion of this Stipulation and Order, or its application thereof to any person or circumstance, shall be deemed to any extent to be invalid, illegal, or unenforceable as a matter of law, all remaining clauses of this Stipulation and Order and its application thereof shall be not affected and shall remain enforceable to the fullest extent permitted by law.
- 36. <u>Counterparts and Copies</u>. This Stipulation and Order may be executed in counterparts, each of which when so executed and upon delivery to counsel of record for the

1	Parties shall be deemed an original (" <u>Counterparts</u> "). This Stipulation and Order shall be
2	deemed executed when Counterparts of this Stipulation and Order have been executed by
3	all the Parties and/or their counsel; such Counterparts taken together shall be deemed to
4	be the Agreement. This Stipulation and Order may be executed by signatures provided by
5	electronic facsimile or email, which signatures shall be binding and effective as original
6	wet ink signatures hereupon. All fully executed copies of this Stipulation and Order are
7	duplicate originals, equally admissible in evidence.
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9	IN WITNESS WHEREOF, this Stipulation and Order has been executed by the
10	Parties and attested by their duly authorized representatives as of the date(s) so indicated.
11	The Effective Date of this Stipulation and Order shall be the date it is ordered by the CCB.
12	aline Rithrift
13	Date: 05 November 2024
14	Alicia R. Ashcraft, Esq. (Nev. Bar No. 6890) Counsel for Respondent GWGA
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17	Sandra liffany Date: 11/5/2021
18 Sandra Tiffany,	Sandra Tiffany, On behalf of Respondent GWGA
19	On behalf of Respondent GWGA
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21 22	MO) Rath Date: 11/5/2024
23	L. Kristopher Rath (Nev. Bar No. 5749) Senior Deputy Attorney General
Counsel for Cannabis Compliance Board	
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28	ORDER
20	WHEREAS, on the 211st day of November 2024, the Nevada Cannabis Compliance

1	Board approved and adopted all the terms and conditions set forth in the Stipulation and
2	Order for Settlement of Disciplinary Action with GWGA.
3	IT IS SO ORDERED.
4	SIGNED AND EFFECTIVE this 22 day of November, 2024.
5	STATE OF NEVADA,
6	CANNABIS COMPLIANCE BOARD
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8	By:
9	Adriana Guzmán Fralick, Chair
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