

Nevada Cannabis Compliance Board

Special Board Meeting Minutes

December 27, 2024

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 700 E. Warm Springs Road, Las Vegas, Nevada at 9:00 a.m. on December 27, 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 at 9:00 a.m. and Executive Director James Humm took roll.

Chair Guzmán Fralick was present in Reno via Zoom; Vice Chair Durrett, Member Douglas, Member Merritt were present via Zoom; Member Mazzorana was expected late.

Instructions to join the meeting via Zoom were read aloud.

I. Public Comment

There were no public comments in Las Vegas or online.

II. Consideration of Approval for a Conditional License for a Cannabis Consumption Lounge

A. TBL LLC (ACON-A22-00093)

Chief of Investigations and Enforcement David Staley presented the matter to the Board, and said the applicant must complete local approvals and final inspection prior to opening. Chief Staley provided a brief overview of the areas of interest and concern identified during the investigation and introduced Michael Cristalli on behalf of Mystic Holdings, Lorenzo Barracco, CEO and Chairman and Heather Cranny should there be any questions.

Chair Guzmán Fralick asked for affirmative presentations from counsel and involved parties. Mr. Cristalli provided information to the Board regarding the existing taxation issues, and insufficient funds and said the issues are resolved and banking is stable. He provided details regarding payment of outstanding tax liabilities, sales and use tax against the company and subsidiaries and asked to ensure the information is updated. He assured the Board they are working with the Department of Taxation and CCB staff regarding the satisfied tax liabilities and how the liabilities will be addressed.

Chief Staley said CCB received a report on December 24 from the Department of Taxation about a balance due and no approved payment plan. He noted there is a new system in place and no representative from Taxation was available to provide a more recent update.

Lorenzo Barracco provided a summary detail of the amount owed to the Department of Taxation, shared screen shots of the amounts and payments made. He noted that payment records showed cleared the morning of the meeting and discussed the amounts paid by subsidiaries each month. Mr. Barracco advised that the principal amounts are nearly all paid but is unsure of interest and penalties.

Mr. Cristalli confirmed that cash flow is now available in operations and will be allocated to tax liabilities.

Member Douglas asked Mr. Cristalli to share the presentation with the Board. Mr. Cristalli provided information on the background of Mystic Holdings and Qualcan as a licensee and the current licenses, locations and acquisition timelines. A brief overview was discussed on litigation regarding property and receivership and associated hearings. Mr. Cristalli commented on summary suspensions and becoming operational once the suspension was lifted. He noted that there was a court-approved sale to Qualcan or its designee, and the legal remedies for rehearing or En Bank Reconsideration are exhausted. An additional itemized summary of expenses was displayed for consideration.

Chair Guzmán Fralick asked for the intended location of the consumption lounge. Mr. Cristalli replied that all use permitting is granted and displayed a visual of a location on Desert Inn near Joe W. Brown Drive in Las Vegas. Mr. Barracco discussed the purchase of the building, the location, design and issued permits.

Member Douglas asked for the intended opening date. Mr. Barracco said he anticipates four months after the drawings are approved by the county and hopes for that approval in the next four to six weeks.

Mr. Cristalli asked for the Board to consider the multiple locations of operation by the company. He advised that there is a location purchased in Carson City, architectural drawings are complete as are the approvals for planning, zoning and development, for a ground-up construction. He summarized the Tonopah, Carson City, and Las Vegas purchases, expenses and construction and said they are invested in the operations and communities and will work with CCB and the Board in the continued operations. Mr. Barracco said they underestimated the amount of cash that was needed and confirmed that an inventory now exists that will allow them to be compliant.

Chair Guzmán Fralick asked for additional questions or motion. There were no additional questions from the Board.

Member Douglas disclosed that Michael Cristalli was a law clerk in his office approximately twenty-five years ago, but this does not impact his motion or feelings regarding the motion.

Member Douglas made a motion to approve the conditional license for a cannabis consumption lounge, and that all terms and conditions must be met when it comes back for final approval. All tax issues must be satisfied when it gets to final status. Member Durrett seconded the motion. Member Douglas, Member Merritt, Member Durrett said aye. Motion carried.

III. Requests for Transfers of Interest

A. **The Hempire Company LLC (C184) (P120) (TOI #2400040)** transfer (via its cannabis Receiver, Kevin Singer) its cannabis cultivation and production licenses to Tonopah Farm LLC aka Mystic Holdings, Inc. (D088, D106, C055, D591, P032, & D222) with request for waiver under NCCR 5.112

Chief of Investigations and Enforcement David Staley presented an overview of the matter to the Board, noting Hempire is under receivership and Kevin Singer's guidance since November 2023 and Tonopah Farm manages Hempire's operation through a March 2024 Board-approved management service agreement. He noted that if approved, CCB staff suggests that the 5.110 waiver should expire at the next TOI agenda date. Chief Staley advised that Michael Cristalli, Lorenzo Barracco and Heather Cranny were available to answer questions.

Chair Guzmán Fralick asked Mr. Cristalli for any additional information. Mr. Cristalli submitted the matter to the Board.

Chair Guzmán Fralick noted that Member Mazzorana joined via Zoom and asked for additional questions or motion. There were no additional questions from the Board.

Mr. Cristalli commented that the remaining tax liabilities are Sky Pointe sales and use and these must be paid prior to license renewal. He noted that these safeguards are in place for the Board to consider regarding tax payments which should not affect the TOI.

Member Douglas reaffirmed that CCB staff said there is an issue and would like a report within sixty days to show there are no tax liabilities. Mr. Cristalli said there are no tax liabilities on Hempire licenses, only on Sky Pointe.

Chair Guzmán Fralick asked Member Douglas if the information provided satisfied the request; Member Douglas confirmed.

Member Douglas motioned to approve Transfer of Interest #2400040 and request for waiver under NCCR 5.112, as well as a report from staff to the Board within 60 days regarding status of tax payments due.

Chair Guzmán Fralick asked for a second. Member Merrit seconded the motion. All in favor. Motion carried.

IV. Next Meeting Date: January 16th, 2025 (for discussion only)

V. Public Comment

No additional public comment was presented during this period.

VI. Adjournment

Meeting adjourned at 10:00 a.m.