BEFORE THE CANNABIS COMPLIANCE BOARD STATE OF NEVADA

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Case No. 2023-003

vs.

CLARK NMSD, LLC (D186),

COMPLIANCE BOARD,

Respondent.

STATE OF NEVADA, CANNABIS

Petitioner,

STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION

The Cannabis Compliance Board (the "CCB" or "Board"), by and through counsel Aaron D. Ford, Attorney General of the State of Nevada, and Emily N. Bordelove, Esq., Senior Deputy Attorney General, hereby enters into this Stipulation and Order for Settlement of Disciplinary Action ("Stipulation and Order") with CLARK NMSD, LLC (D186¹) ("Respondent") by and through its counsel of record Brian Hardy Esq. of Marquis Aurbach Chtd. and Derek Connor Esq., of Connor & Connor PLLC. Pursuant to this Stipulation and Order, Respondent and the CCB (collectively, the "Parties") hereby stipulate and agree that Case No. 2023-003 (the "Administrative Action") shall be fully and finally settled and resolved upon the terms and conditions set out herein.

PERTINENT FACTS

- 1. The Respondent is a domestic limited liability company in the State of Nevada. The Nevada Secretary of State lists Pejman Bady, Pouya Mohajer, and Joseph Kennedy as its managers. Amanda Connor, Esq., is its current Point of Contact with the CCB. Respondent is licensed to operate an adult-use cannabis retail store under D186.
- 2. <u>Complaint</u>. On or about April 4, 2023, the CCB initiated this disciplinary action by serving and filing a Complaint for Disciplinary Action (the "Complaint"). The Complaint alleges, *inter alia*, that, contrary to Nevada law, Respondent: made false statements to the CCB; failed to maintain required surveillance systems and provide unobstructed

 $^{^1}$ Adult-use cannabis retail license, previously RD186, is now D186 as the medical license expired, and adult-use can operate as medical as well. References to actions predating this merger may use the old numbers.

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² See CCB Case No. 2023-004

³ Both NuVeda NV and NuVeda DE have the same natural person owners, consisting of Pejman Bady, Pouya Mohajer, and Joseph Kennedy.

surveillance video; failed to meet the requirements for the disposal of cannabis waste; failed to maintain updated Standard Operating Procedures ("SOPs"); failed to keep required records, including seed-to-sale tracking requirements; failed to tag cannabis products; failed to meet display sample requirements, thereby violating packaging requirements; and was unable to provide an Agent Card or Temporary Agent Card documentation for an employee.

- 3. Subject to agreed-upon extensions, Respondent filed its Answer and Request for a Hearing on July 18, 2023. The Parties stipulated to extend the associated deadlines for a Hearing to allow for continued settlement negotiations. Subsequently, CCB staff, working with CCB counsel from the Attorney General's Office, entered into good faith settlement negotiations with the Respondent through its counsel to attempt to resolve the violations at issue.
- 4. Request for TOI Withdrawal. During settlement negotiations, Respondent raised the issue of a pending application to transfer ownership interests in cannabis licenses ("TOI Application"). The subject application, submitted on April 8, 2022, under No. 2200017 ("TOI #2200017"), sought to transfer the cannabis establishment licenses held under Clark NMSD facility identification Nos. D186, RD186, D187, & RD187², from NuVeda LLC, a Nevada limited liability company ("NuVeda NV"), to NuVeda LLC, a Delaware limited liability company ("NuVeda DE"). Before the investigation into TOI #2200017 was completed, Respondent self-reported potential issues that could arise with the requested transfer and requested permission to withdraw TOI #2200017, keeping those licenses under NuVeda NV.
- 5. Yearly Audits & Inspections. During settlement negotiations, the CCB conducted routine audits and inspections of Respondent's facility. Those routine inspections did not result in violations resulted in minor alleged violations that did not, in

the CCB staff's opinion, warrant disciplinary action.⁴ However, the 2023 and 2024 audits resulted in Statements of Deficiencies ("SODs"), which alleged, among other violations, more serious violations of concern related to ongoing inventory issues, such as those in the Complaint, as follows.

- a. The SOD dated September 15, 2023 ("09/15/23 SOD") alleged that Respondent did not adequately support some of its inventory adjustment reasonings, did not obtain required approval to make adjustments, did not timely document cannabis disposal in the seed-to-sale tracking system ("METRC"), and during a walkthrough selected product showing as on hand in METRC was missing. Respondent submitted a Plan of Correction ("POC") on September 29, 2023, amended on October 31, 2023, providing proof of training and the training materials to address the allegations noted above, which the CCB approved on November 1, 2023.
- b. The SOD dated May 23, 2024 ("05/23/24 SOD") alleged ongoing inventory variances over time, despite a 2022 POC designed to prevent the reoccurrence. It alleged Respondent had negative inventory quantities in METRC (which is physically impossible), had not made required adjustments, did not investigate the cause of variances before adjusting in METRC, used various adjustment reasonings in METRC that did not follow its SOPs, had not submitted the required evidence of training for 11 employees hired in 2023, and an incomplete visitor log. Respondent submitted a POC dated June 7, 2024, which provided proof of training and the training materials to address the inventory violations noted above, which the CCB approved on July 11, 2024.
- c. Except as otherwise set forth herein, Respondent neither admits nor denies the allegations in the 09/15/23 SOD and 05/23/24 SOD.

⁴ Routine inspections in 2023 and 2024 resulted in Statements of No Deficiencies dated May 30, 2023, and April 26, 2024, respectively, and a spot check resulted in an SOD issued on September 3, 2024, and a POC approved on December 5, 2024.

- d. During the 2024 audit memorialized by the 05/23/24 SOD, Respondent submitted an incident report dated April 26, 2024, attributing certain inventory variances to possible theft and stated it would investigate the variances and provide the results to the CCB. Respondent represented to the CCB that it overhauled its inventory handling staff, dismissing employees and hiring and training new employees. Respondent also closed its facility on September 30, 2024, to complete a static inventory and its investigation. As of December 16, 2024, Respondent's facility has re-opened but is conducting limited operations.
- e. In light of the allegations in 09/15/23 SOD and 05/23/24 SOD, CCB staff and counsel proposed the Corrective Action Plan outlined in Paragraph 24 to help the facility establish good inventory practices after this static inventory and in the event of new ownership.
- 6. Respondent shares natural person ownership with the cannabis licenses currently held by Clark NMSD LLC (D187), Clark Natural Medicinal Solutions, LLC (C165 & P108), and Nye Natural Medicinal Solutions, LLC (C166, P107 & T065). To uniformly address the issues underlying these actions, the Parties have engaged in global settlement negotiations for these licenses under Stipulations and Orders in this Administrative Action and Case Nos. 2023-004, 2023-021, and 2024-006 ("Related Cases"). The Parties have engaged in good faith settlement negotiations to reach an agreement that is mutually acceptable to Respondent, CCB staff, and CCB counsel for resolution of the Administrative Action, with the understanding that this Stipulation and Order must be approved by a majority vote of the Board members of the CCB to become effective.
- 7. As set forth herein, Respondent stipulates to pay a \$40,000 civil penalty, voluntarily sell its Adult-use cannabis retail store license under D186 as outlined in Paragraph 21, and undertake the corrective actions as outlined in Paragraph 24, for the violations set forth herein in Paragraph 15, below, in lieu of the CCB proceeding to a disciplinary hearing on the violations alleged in the Complaint, which would be amended to include violations outlined in Paragraphs 4 & 5.

ACKNOWLEDGEMENTS AND APPLICABLE LAW

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

- 8. Respondent enters into this Stipulation and Order on its own behalf, with full authority to resolve the claims against it, and is aware of its rights to contest the violations pending against it. These rights include the right to attorney representation at its own expense, a hearing on any violations or allegations formally filed, to confront and cross-examine witnesses called to testify against it, to present evidence on its own behalf, to testify on its own behalf, to obtain any other type of formal judicial review of this matter, and any other rights which may be accorded to it under provisions of Title 56 of the Nevada Revised Statutes ("NRS") ("NRS Chapters 678A through 678D"), the Nevada Cannabis Compliance Regulations ("NCCR"), and any other provisions of Nevada law. Respondent waives all these rights by entering into this Stipulation and Order. If the Board rejects this Stipulation and Order, or any portion thereof, all such waivers shall be deemed withdrawn by Respondent.
- 9. If this Stipulation and Order is rejected by the Board or not timely performed by Respondent, the Parties agree that presentation to and consideration by the Board of the 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 Board Members from further participation, consideration, adjudication, or resolution of these proceedings and that no Board Member shall be disqualified or challenged for bias.
- 10. Respondent acknowledges that this Stipulation and Order shall only become effective after approval by a majority vote of the Board.
- 11. Respondent enters this Stipulation and Order after being fully advised of the consequences of this Stipulation and Order. This Stipulation and Order embodies the entire agreement between the Parties as it relates to the license held under D186.⁵ All alterations,

⁵ See Stipulation and Orders in the Related Cases for the agreements pertaining to the other licenses as part of the global settlement.

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⁶ The Complaint was filed prior to the effective date of NRS 678A.647.

amendments, and/or modifications to this Stipulation and Order must be in writing and require the express written consent of the Parties.

Resolved Violations. The Parties stipulate and agree that if the Board approves this Stipulation and Order, it resolves **only** the allegations set forth in this Administrative Action, which are (1) those violations alleged in the Complaint, and pursuant to NRS 678A.645(1), (2) those violations directly arising from the transfer described in TOI application #2200017 as noted in Paragraph 4; (3) any alleged violations noted in the SODs referenced in Paragraph 5 and associated footnotes; and (4) any Inventory Reconciliation Requests submitted to the CCB before December 31, 2024, ("Resolved Violations") except as otherwise set forth in this Paragraph and Paragraphs 28-29. Any violations the CCB may discover other than those noted above, including any discovered during the currently pending application for a cannabis consumption lounge and/or other TOI applications submitted prior to such approval date, are excluded from Resolved Violations, and the CCB reserves its rights to pursue separate disciplinary actions for such violations at its discretion.

In an effort to avoid the cost and uncertainty of a disciplinary hearing, Respondent agrees to settle this matter. For purposes of settlement, Respondent acknowledges that the facts contained in the above "PERTINENT FACTS" portion are true and correct. Without waiving any constitutional rights against self-incrimination, Respondent further acknowledges that, if the CCB proceeded to a disciplinary hearing in this Administrative Action with the Complaint amended to include TOI application #2200017 as noted in Paragraph 4 and alleged violations contained in the SODs noted in Paragraph 5, certain facts contained therein could be found to constitute violations of Title 56 of NRS and the NCCR, with penalties up to and including an eighty (80) day suspension or revocation of the licenses and/or civil penalties of up to \$250,000 for D186.6

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Factors Considered. The CCB staff and its counsel considered the following

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- a. Factors under NCCR 4.030(2). CCB's Executive Director and CCB's counsel considered the factors 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 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 gravity of the violations in the Complaint were serious, as they include Category I violations, which are of a severity that makes a person ineligible to receive, renew, or maintain a license, and Category II violations, which are of a severity that creates a present threat to public health or safety. Given Respondent's closure of its facility as it investigated inventory issues and the current status of limited operations as outlined in Paragraph 5, Respondent offered to sell its license under D186 under the terms outlined in Paragraph 21. These terms provide that the proceeds of such a sale received after the Board approves this Stipulation and Order would go towards payment of its civil penalty of \$40,000. This civil penalty for a single violation from the proceeds of the voluntary sale of the licenses, as provided in Paragraph 21, was considered favorable versus Respondent's admissions to multiple violations, which could negatively impact Respondent's ability to continue in business under new owners, as it could dissuade potential buyers due to concerns of future higher progressive discipline due to pre-existing multiple violations. The Parties agree that a reasonable civil penalty has been recommended, given the history of non-compliance and the seriousness of the violations.
- b. <u>Mitigating Factors under NRS 678A.647</u>. The Executive Director for CCB and CCB's counsel have considered the appropriate mitigating factors ⁷ in reaching the

⁷ The CCB's staff and counsel do not concede that NRS 678A.647 is applicable to the violations in the Complaint, given they arose prior to the enactment of this legislation, which does not have any provisions

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allowing its retroactive application. ⁸ See NRS 678A.450(1)(b)(2) providing for a system to educate and advise licensees and registrants on Title

56 compliance as a potential an alternative to disciplinary action.

proposed settlement. These factors include the fact that the Respondent (1) selfreported the potential violation related to the TOI outlined in Paragraph 4, (2) submitted POCs the CCB approved and took action to correct the violations, such as overhauling inventory handling staff and closing its facility to complete a static inventory as outlined in Paragraph 5, and (3) through its counsel, Respondent cooperated with the CCB's counsel in resolving this matter. 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 three factors were weighed equally in reducing the number of violations admitted to.

- c. Furthermore, including the Corrective Action Plan outlined in Paragraph 24 into this settlement aligns with the education mechanisms the CCB is developing to educate and advise licensees on compliance to help prevent violations in the future.8
- Admitted Violations. Respondent, for the sole purpose of resolving this Administrative Action, specifically admits to the following violation for D186 one (1) Category III violation of NCCR 4.050(1)(a)(3) for failing to keep any required records, including seed-to-sale tracking requirements. As to the remaining allegations in the Resolved Violations, the Respondent neither admits nor denies those allegations, and no civil penalties shall be assessed for those remaining violations.
- With respect to D186, Respondent offered and agrees to pay a civil penalty of \$40,000, undertake the corrective actions as outlined in Paragraph 24, voluntarily sell its license under D186 as outlined in Paragraph 21, in consideration for its admitted violation in Paragraph 15 and the CCB's agreement to resolve the Administrative Action on the terms set forth herein.
 - 17. If the Board approves this Stipulation and Order, it shall be deemed and

18. The Parties acknowledge the CCB's jurisdiction to consider and order this discipline as Respondent holds privileged licenses regulated by the CCB as of July 1, 2020. Respondent expressly, knowingly, and intentionally waives the fourteen (14) calendar days and/or seven (7) calendar days notice requirements contained in Nevada Open Meeting Law and acknowledges that this Stipulation and Order may be presented to the CCB for its consideration and potential ratification at the CCB's January 16, 2025, Meeting.

STIPULATED ADJUDICATION

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

- 19. <u>Violations</u>. As to licenses under D186, Respondent is found to have committed one (1) Category III violation as set forth in Paragraph 15 above.
- 20. <u>Imposition of Civil Penalties</u>. Respondent shall pay a total civil penalty in the amount of \$40,000 within the time set forth in Paragraphs 22 & 23 below.
- 21. <u>Sale of Licenses</u>: Within ninety (90) days following the Board's approval of this Stipulation and Order, Respondent shall identify a buyer and submit to the CCB an application for a transfer of interest ("TOI Application") to sell its license under D186 under an asset purchase agreement. The CCB agrees that once Respondent submits a TOI Application to the CCB, Board Agents will exert reasonable efforts to complete their TOI investigation within 90 days of receipt of the TOI Application, contingent on Respondent and prospective buyer providing timely responses of Board Agents' requests for information to complete the TOI investigation. Respondent may request extensions to identify a buyer and submit to the CCB its TOI Application; however, such extensions must

⁹ A "timely response" will be considered a written response sent and received no later than three (3) business days after contact by the Board Agent sent to both the applicant and their identified counsel of record requesting information. Additional time to supplement a response with additional information will be considered timely subject to written consent to such time by the Board Agent handling the TOI investigation.

be in writing and shall not exceed an additional 180 days cumulatively. ¹⁰ If Respondent has not submitted a TOI Application to the CCB within this time frame, said licenses will be deemed voluntarily surrendered to the CCB. Additionally, Respondent may enter into a management services agreement ("MSA"), subject to CCB approval, during the pendency of the sale outlined in this Paragraph.

- a. Priority of Payment. Respondent understands and agrees that any proceeds it receives after the date of approval of this Stipulation and Order by the Board from the sale of licenses pursuant to an approved TOI and/or an MSA must first go towards paying the civil penalty of \$40,000 required under Paragraph 22. After the payment of such civil penalty, the remainder of any such proceeds may be utilized to pay all of Respondent's creditors, both in and out of the cannabis industry.
- 22. Payment of Civil Penalties. Respondent must pay the civil penalty set forth in this agreement within the time frames set forth in this Paragraph and Paragraph 23. If the CCB approves this Stipulation and Order on or after its January 16, 2025, Meeting, Respondent shall pay the civil penalty of \$40,000 no later than 5:00 p.m., Pacific Time, on the 21st calendar day¹¹ from its receipt of the proceeds from the sale of licenses as outlined in Paragraphs 26-27.
- 23. Penalties for Failure to Comply with Payment Deadlines. Respondent acknowledges that it is critical to comply with the strict requirements of the deadlines for payment set forth in this agreement under the Lump Sum Payment Option or the Payment Plan Option, whichever it should select. Respondent agrees that should it fail to timely make any installment payment under the Payment Plan Option (or fail to comply with the Lump Sum Payment Option, if applicable), the following penalties and procedures will be

¹⁰ i.e., after all extensions are granted, Respondent would have a maximum of 270 days from the date of Board approval of this Stipulation and Order to identify a buyer and submit to the CCB its TOI application.

¹¹ Should the due date fall on a Saturday, Sunday, or a holiday recognized by the State of Nevada, payment shall be due on the first following business day, to be received no later than 5:00 p.m., Pacific Time, on that day.

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a. The CCB will allow a five (5) <u>business day</u> grace period for late payment. 12

- b. If the CCB does not physically receive payment at its Carson City office by 5:00 p.m., Pacific Time, on the last day of the grace period, Respondent shall be deemed to be in breach of this Stipulation and Order, to be in default, to have admitted all allegations in the Complaint, and shall pay all penalties and receive all discipline set forth under the "Relief Requested" section of the Complaint, inclusive of the revocation of licenses D186 (effective on the date of the order of default) as well as an additional late payment penalty of \$40,000, for a total due of \$80,000. After default, the CCB will enter an order of default ("Default Order") to this effect, and all amounts due under this subsection shall be immediately due and payable to the CCB. If all amounts due under this section are not paid within ninety (90) days after the date of the Default Order, license D186 shall be deemed voluntarily surrendered. Respondent agrees it cannot and will not file any petition for judicial review and/or any action in any forum for relief from this order of default 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. Respondent may petition the CCB Chair (or in the Chair's absence, the Vice Chair) up to four times (but no more) for an extension of 30 days to pay any of the installments set forth in Paragraph 22 (or the lump sum, under the Lump Sum Payment Option). However, for the CCB to consider any such petition, the CCB must receive said petition no later than 5 business days prior to the installment deadline at issue (which does not include any grace period).

 The CCB is not required to grant such a petition. In such a petition, Respondent

¹² 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 (5) business day grace period will be granted for payment.

must demonstrate to the satisfaction of the CCB that there are extraordinary and unusual circumstances necessitating the extension requested and specify which installment deadline or deadlines it is seeking an extension. The CCB Chair or Vice Chair may delegate the decision as to whether to grant such a petition to the CCB's Executive Director. Should such an extension be granted, counsel for the CCB may forward a new payment schedule to Respondent or its counsel.

- d. If the CCB grants an extension under subsection (c) of this Paragraph, no grace period will apply to the new payment date. If Respondent does not pay by the new payment date, the provisions and penalties of subsection (b) of this Paragraph apply.
- 24. <u>Corrective Action Plan</u>. Respondent has submitted approved POCs to address and prevent violations set forth in this Stipulation and Order. These POCs detail employee training on inventory practices. To help the licensee maintain good inventory practices after the static closures outlined in Paragraph 5, CCB staff and counsel have developed the following "Corrective Action Plan," designed to help Respondent prevent the reoccurrence and accumulation of variances in Respondent's inventory. Respondent agrees to implement this Corrective Action Plan as follows:
 - a. <u>CONTENTS</u>. For each calendar month requiring a report ("Reporting Month"), Respondent will prepare the following eight (8) items for that month to use to identify, investigate, and address any inventory variances that arose that month:
 - 1. a monthly inventory report based on the inventory report required under NCCR 6.135^{13}
 - 2. that month's destruction log,
 - 3. that month's visitor log,
 - 4. the facility adjustment log downloaded from METRC showing all adjustments done that month,

¹³ See Exhibit 1 for an example. The .xlsx file version has been provided to the Respondent

- 5. the facility adjustment log downloaded from METRC comparing "overpulled" and "underpulled" adjustments,
- 6. any investigation reports documenting the Respondent's investigation into significant variances¹⁴ in product inventory,
- 7. surveillance video depicting Respondent's employees conducting the physical inventory, as detailed in item #1, and
- 8. all surveillance videos for its facility for the entirety of each reporting month. To help ensure Respondent is preparing and reviewing these items in a timely manner, for each Reporting Month, Respondent will submit items #1-7 to the CCB audit team at <u>AuditInspections@ccb.nv.gov</u> by 5:00 PM Pacific Time on the 5th business day after the end of the Reporting Month. ¹⁵ Respondent will refrain from deleting item #8 from its system until after the CCB informs it that those videos are no longer required.
- b. <u>DURATION</u>. Respondent agrees to implement the Corrective Action Plan starting the month after the Board approves this Stipulation and Order. ¹⁶ Respondent agrees to continue preparing and submitting items 1-7 and saving item 8 each month until it has six (6) consecutive months in which its Monthly Inventory report under item # 1 shows a total inventory variance of 2% or less.
- c. <u>SCOPE</u>: This Corrective Action Plan is <u>in addition</u> to statutory and regulatory requirements and does not override or excuse adherence to those requirements. While following this Corrective Action Plan Respondent must still adhere to the CCB's requirements when submitting Inventory Reconciliation Requests.
- d. APPLICATION TO NEW OWNERS. Except as provided herein, in the event of the

¹⁴ A significant variance that should be investigated for the purpose of item 6 is an inventory variance in a package tag of at least 10 eaches for products measured in eaches or at least 56 grams for products measured in grams.

 $^{^{15}}$ Under the above example, items 1-7 for February 2025 should be submitted by Friday, March 7, 2025,5:00 PM PT.

¹⁶ For example, if approved at the January 16, 2025, Board meeting, the first Reporting Month is February of 2025.

voluntary sale contemplated under Paragraph 21, the new holders of the Adult-use cannabis retail store license under D186 will continue following this Corrective Action Plan until the facility's inventory meets the requirement under Subsection B above. New holders of the license would be exempt from continuing the Corrective Action Plan if they hold another cannabis establishment license in Nevada whose inventory variances did not trigger the requirement to submit an Inventory Reconciliation Request in the last 12 months prior to the submission of the MSA or TOI application (whichever earliest) pursuant to Paragraph 21.

- 25. Contingency if Approval Denied. If the Board does not approve this Stipulation and Order, the Parties 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 Board for review for approval at a subsequent regularly scheduled CCB meeting. If the Parties cannot reach such an agreement, they agree to proceed with the Administrative Action and to proceed to a disciplinary hearing before the CCB's assigned hearing officer pursuant to the Stipulations and Orders filed therein. Should the Administrative Action proceed for the reasons outlined in this Paragraph, the CCB preserves all its claims and arguments in the Administrative Action as outlined in its Complaint, and Respondent preserves all its defenses and arguments it set forth in its Answer and Request for Hearing 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 Case No. 2023-003 or any other matter involving the CCB.
- 26. <u>Contingency if Approval Conditioned</u>. If the Board approves this Stipulation and Order but said approval is contingent on certain conditions, the Parties agree to undertake further good faith negotiations to include said conditions in an amended Stipulation and Order for execution by the CCB Chair. If Respondent does not agree to the specific 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 Board for review for approval at its next regularly scheduled meeting. If the Parties cannot reach such an agreement, those provisions regarding proceeding with an Administrative action outlined in "Contingency if Approval Denied" above will apply.

- 27. <u>Closure of Disciplinary Action</u>. Once Respondent fully performs this Stipulation and Order, the Administrative Action will be closed.
- 28. Current Owners. The CCB agrees not to pursue disciplinary actions, seek civil penalties, or seek agent card revocations against Respondent's current owners based solely on the Resolved Violations outlined in Paragraph 12 and/or Resolved Violations outlined in the Stipulations and Orders in the Related Cases. Current owners include only natural persons Pejman Bady, Pouya Mohajer, & Joseph Kennedy and do not include any employees, volunteers, independent contractors, and/or other past or future owners of Respondent. The CCB agrees that the cooperation and affirmative actions of the current owners through Respondent to reach a resolution in this matter will be considered mitigating factors for any future disciplinary actions against the current owners. Further, while CCB staff may reference the administrative history of this matter, including this Stipulation and Order and alleged violations described in Paragraphs 4 & 5 in future suitability investigations relating to any license applications including, but not limited to, the currently pending application for a cannabis consumption lounge and/or TOI applications submitted after the Board approves this Stipulation and Order, such references may not form the sole basis for the denial of any such applications.
- 29. Withdrawal of Pending TOI application. In consideration of Respondent's admission under D186 in this matter and the admission of one (1) Category V violation for licenses under D187 in Case No. 2023-004, pursuant to NCCR 5.000(4), the CCB grants Respondent's request to withdraw TOI #2200017, without prejudice. These admissions represent the only violations to be assessed against Respondent for the attempted transfer outlined in TOI #2200017. The CCB reserves its rights to pursue separate disciplinary proceedings, at its discretion, for any violations arising from transfers of ownership not

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included in TOI #2200017 (i.e., transfers that occurred before or after TOI #2200017 was submitted on April 8, 2022).

- Communications with CCB Members. Respondent understands that this Stipulation and Order will be presented to the Board in an open session at a duly noticed and scheduled public meeting. Respondent understands that the Board has the right to decide at its own discretion whether or not to approve this Stipulation and Order. The Nevada Attorney General and its staff attorneys, as CCB's counsel, will recommend approval of this Stipulation and Order. While seeking the Board's approval, CCB's counsel may communicate directly with individual Board Members. Respondent acknowledges that such communications may be made or conducted *ex parte*, without notice or an opportunity for Respondent to be heard on its part until the public meeting where this Stipulation and Order is presented and that such communications may include, but are not limited to, matters concerning this Stipulation and Order, the Administrative Action, and any and all information of every nature whatsoever related to these matters. Respondent agrees that it has no objections to such ex parte communications. The CCB agrees that the Respondent and/or its counsel may appear at the public meeting where this Stipulation and Order are presented and, if requested, respond to any questions that may be addressed to the Respondent and/or the Attorney General's staff attorneys. Respondent agrees that should the Administrative Action proceed pursuant to "Contingency if Approval Denied" or "Contingency if Approval Conditioned" above, it will not contest or otherwise object to any Board Member and/or CCB appointed hearing officer hearing and adjudicating the Administrative Action based on the aforementioned ex parte communications with anyone from the Office of the Attorney General.
- **Release**. Respondent and all signatories to this Stipulation and Order agree 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

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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 because of, the CCB's investigation of the matters outlined in its Complaint, the matters outlined in this Stipulation and Order, or the administration of this matter.

No Precedent. The Parties agree 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 (b) 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. However, in such future disciplinary action against Respondent, if the voluntary sale of licenses is completed as provided in Paragraph 21 above, the CCB will agree to consider the fact that Respondent is under new ownership as a mitigating factor when imposing any progressive discipline. As every case concerns different facts and details, this Stipulation does not act as precedence 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 (except as set forth in this Stipulation and Order) for violations of the same statutes and/or regulations addressed in this Stipulation and Order. Likewise, the CCB is not bound by any previous settlement agreements it has approved in entering into this Stipulation and Order.

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- 33. Attorneys' Fees and Costs. The Parties each agree to bear their own attorneys' fees and costs.
- 34. **Further Assurances**. The Parties shall cooperate in executing any additional documents and performing any further acts as may be reasonably necessary to give effect to the purposes and provisions of this Stipulation and Order.
- 35. Voluntary and Informed Agreement. Respondent represents that its owners, officers, and/or its directors, who are responsible for and able to legally bind Respondent, 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.
- 36. Warranties of Authority. 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 Board. The Parties also expressly acknowledge the foregoing authority.
- 37. **Binding Effect**. 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.
- 38. <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

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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.

- 39. 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.
- 40. Jurisdiction and Forum Selection. 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.
- 41. **Interpretation**. This Stipulation and Order results from 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.
- **Time is of the Essence**. Time is of the essence in the performance of all terms of this Stipulation and Order.
- **Severability.** If any portion of this Stipulation and Order, or its application thereof to any person or circumstance, is held 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.
- Counterparts and Copies. This Stipulation and Order may be executed in counterparts, each of which, when so executed and upon delivery to counsel of record for

the Parties and/or the Parties, shall be deemed an original ("Counterparts"). This Stipulation and Order is considered fully executed when Counterparts of this Stipulation and Order have been signed by all the Parties and/or their counsel; such Counterparts taken together shall be deemed to be the Agreement. This Stipulation and Order may be executed by signatures provided by electronic facsimile or email, which signatures shall be binding and effective as original wet ink signatures hereupon. All fully signed copies of this Stipulation and Order are duplicate originals, equally admissible in evidence. /// /// /// /// /// /// /// /// /// /// ///

1	IN WITNESS WHEREOF, this Stipulation and Orde	er has been	signed by the Parties
2	and attested by their duly authorized representatives as	of the date	(s) so indicated. The
3 4	Effective Date of this Stipulation and Order shall be the da		
567	PRINTED NAME Amondo Como on behalf of CLARK NMSD, LLC (D186) Respondent	Date:	1/4/2015
8 9 10	Pejman Bady, Current owner of Respondent CLARK NMSD, LLC (D186)	Date:	
11 12	Pouya Mohajer, Current owner of Respondent CLARK NMSD, LLC (D186)	Date:	
13 14 15	Joseph Kennedy, Current owner of Respondent CLARK NMSD, I	Date:	
16 17 18	Brian Hardy, Esq. (Bar No. 10068) Attorneys for Respondent CLARK NMSD, LLC (D186, RD186)	Date:	Jan. 14, 2025
19 20 21 22	Derek Connor Esq. (Bar No. 12194) Attorneys for Respondent CLARK NMSD, LLC (D186)	Date:	01/14/2025
23 24 25 26	Emily N. Bordelove, Esq. (Bar No. 13202) Senior Deputy Attorney General Attorneys for the Cannabis Compliance Board	Date:	01/15/2025
27 28			

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$\begin{vmatrix} 1 \\ 2 \end{vmatrix}$	OBBUB
2	ORDER 100 ACM
3	WHEREAS, on 16th day of January , 2025, the Nevada Cannabis
4	Compliance Board approved and adopted all the terms and conditions set forth in the
5	Stipulation and Order for Settlement of Disciplinary Action with CLARK NMSD, LLC
6	(D186).
7	IT IS SO ORDERED.
8	SIGNED AND EFFECTIVE this 16thday of January , 2025.
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10	STATE OF NEVADA, CANNABIS COMPLIANCE BOARD
11	By: Al.O7
12	ADRIANA GUZMÁN FRALICK, CHAIR
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EXHIBIT "1"

EXHIBIT "1"

Monthly Inventory Count Report Overview

Completing this Monthly Inventory Report is part of the agreed to Corrective Action Plan to assist the licensee in identifying and identifying inventory discrepancies. This provides an overview on how to use and read these fiveworksheets

Monthly Worksheet

this is based on the Quarterly Inventory Report submitted under NCCR 6.080(8)(c). It requires you to input some additional information (e.g., Category in Column D). But all calculations in the new Table in the top right are done **AUTOMATICALLY** by the worksheet based on the inventory information you input in the rows

- See Below for a guide on reading this Table.
- -To review the specific packages that make up each type of inventory variance, refer to the next four sheets

Total Variance Analysis

Missing Excess Negative METRC Inventory

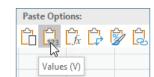
The data in these sheets AUTOPOPULATES from the 'Monthly Worksheet', pulling the specific variances identified and sorting them for review

- -Any changes to the data must be done in the 'Monthly Worksheet'
- -The data is automatically sorted based on the relative size/magnitude of the inventory variance.
- -You can 'Filter' the data only., it cannot be sorted in the sheet
- -To 'Sort' the data in any other way, you must copy and paste it into a new sheet and apply the sort parameters there
- -The sheets also show "Breakdowns" of the variance type by Category of Product

Monthly Worksheet

- Download your current METRC inventory to copy and paste the following columns into the corresponding columns in the Monthly Worksheet:

From METRC	Monthly Worksheet					
Tag	Package Label					
Item	Item Name					
Quantity	Quantity In METRC					



-When inputting the copied data from METRC inventory to the Monthly Worksheet, paste it as Values

- -When completing the physical inventory, please remember:
 - 1) All "Quantity on Hand" must be 0 or greater. It is impossible to have "negative" quantities on hand.
 - 2) All inventory entries require a "Unit of Measure" of either "grams" or "each"
 - -The sheet will alert you if you enter negative physical quantities or do not enter a "Unit of Measure"

How to read the Summary at the top right corner of the 'Monthly Worksheet'

See the example data below and the explanations with fomulas showing how the numbers are calculated:

tne	e example data below and the explanations with formulas showing how the numbers are calculated:									
	G H I J	K	L	M						
1	EXAMPLE			EXPLANATION/ FORMULAS						
2	TOTAL # OF PACKAGES REPORTED	21	0	Taken from how many rows are completed in the Monthly Worksheet (KL3)						
3		Unit of N	1easure							
4		Each Grams		All figures separated by Each or Grams						
5	# Packages in Physical Inventory	168	42	(#) Rows filled out in the Worksheet						
6	METRC Inventory Quantities	6,607.0 9,897.00		Adds "Quantity in METRC" (Column H)						
7	Quantity of Missing Cannabis	-5.0 -3.50		Adds all Negative numbers in "Variances" (Column I)						
8	Missing Cannabis as % of Inventory	0.08% 0.04%		"Missing Cannabis" (÷)"METRC Inventory Quantities"; (K8÷K7) or (L8÷L7)						
9	# of Packages Missing Cannabis	5	1	(#) Rows with negative numbers in "Variances"(Column I)						
10	Quantity of Excess Cannabis	13.0	19.50	Adds all Positive numbers in "Variances" (Column I)						
11	Excess Cannabis as % of Inventory	0.20% 0.20%		"Excess Cannabis"(÷)"METRC Inventory Quantities"; (K11÷K7) or (L11÷L7)						
12	# of Packages with Excess Cannabis	10	5	(#) Rows with positive numbers in "Variances" (Column I)						
13	Variances by Quantity	18.0	23.00	"Quantity of missing cannabis" (+) "Quantity of excess cannabis"; (K8 +K11) or (L8 +L1						

14	Variances as % of Inventory	0.27%	0.23%	"Variance Quantity" (\div) by "METRC Inventory Quantities"; (K14 \div K7) or (L14 \div L7)			
15	TOTAL VARIANCE %	0.26%		"Variances as % of Inventory" added & weighed as %; (K15 x(K6÷KL3))+(L15x(L6÷KL3))			
16		Each	Grams	"Negative Quantity in METRC" more was used than what was originally started with			
17	Negative Quantity in METRC	-3.0	-7.00	Adds all Negative numbers in "Quantity in METRC" (Column H)			
18	# Packages with Negative Quantities in METRC	3	2	(#) Rows with a negative number in "Quantity in METRC" (Column H)			

Total Variance Analysis

- -This sheet pulls all packages from the 'Monthly Worksheet' with ANY inventory variance.
- -It is sorted by the relative value of the variance. For example, variances of '-1' and '+1' both sort as the absolute value 1.
- -The table to the right shows a breakdown of the variances by category

Missing

- -This sheet pulls packages from the 'Monthly Worksheet' with Negative Variances, meaning that these packages have less product in METRC than what is physically on hand.
- -It is sorted by value, so the larger variances are at the top
- -The tables to the right shows breakdowns by category and amounts

Excess

- -This sheet pulls packages from the 'Monthly Worksheet' with Positive Variances, meaning that these packages have excess cannabis (i.e., less product in METRC than what is physically on hand)
- -It is sorted by value, so the larger variances are at the top
- -The tables to the right shows breakdowns by category and amounts

Negative METRC Inventory

- -This sheet pulls packages from the Monthly Worksheet where METRC shows **Negative Amounts**, meaning METRC recorded that more was used/sold from these packages than what they started with (i.e., the facility continued to pull from this package AFTER the packages had already run out)
- -These are recorded as "positive variances" (i.e., more on hand than in METRC) because the negative quantity in METRC is subtracted from the "0" quantity on hand. This does not mean there is "excess" cannabis in these packages. It means that these package tags were "overused" in METRC
- -It is sorted by value, so the larger variances are at the top
- -The tables to the right shows breakdowns by category and amounts

Monthly Inventory Report

Reporting Month:		
Taxpayer ID Number:		
Adult-Use License Number (20 digits):		
Establishment Type:		
Establishment ID #:		
Entity Name:		
Doing business as (DBA):		
Are you Affiliated?		
Date Inventory was completed:		
Total # of packages recorded in Metrc:		<u> </u>
Report completed by:	Employee name(s)	Agent Card number(s)
		<i>K</i>)

TOTAL # OF PACKAGES REPORTED	()				
	Unit of Measure					
	Each	Grams				
# Packages in Physical Inventory	0	0				
METRC Inventory Quantities	0.0	0.00				
Quantity of Missing Cannabis	0.0	0.00				
Missing Cannabis as % of Inventory	0.00%	0.00%				
# of Packages Missing Cannabis	0	0				
Quantity of Excess Cannabis	0.0	0.00				
Excess Cannabis as % of Inventory	0.00%	0.00%				
# of Packages with Excess Cannabis	0	0				
Variances by Quantity	0.0	0.00				
Variances as % of Inventory	0.00%	0.00%				
TOTAL VARIANCE %	0.0	0%				
	Each	Grams				
Negative Quantity in METRC	0.0	0.00				
# Packages with Negative Quantities in METRC	0	0				

#	Package Label	Item Name	Category	Quantity on Hand	Unit of Measure	Date Verified	Quantity in Metrc	Variance	Optional Note
1								0.00	
2			1					0.00	
3					•			0.00	
4								0.00	
5								0.00	
6					Y .			0.00	
7								0.00	
8					` /	A		0.00	
9								0.00	
10								0.00	
11								0.00	
12								0.00	
13						70		0.00	
14						4		0.00	
15								0.00	
16								0.00	
17								0.00	
18								0.00	
19								0.00	
20								0.00	
21								0.00	
22								0.00	
23								0.00	
24								0.00	
25								0.00	
26								0.00	
27								0.00	
28								0.00	
29								0.00	

No Packages with Variances between Physical and METRC Inventory

Columns A-J Autopopulated from data input in 'Monthly Worksheet'

Item Name

"0" Entry = Blank in 'Monthly Worksheet' Package Label

###

No data

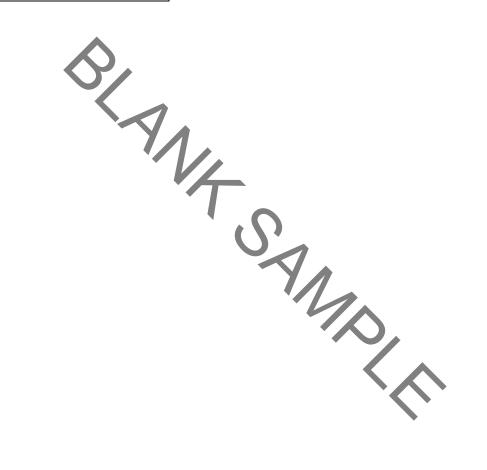
To Copy all the data below to Paste into another Sheet					Click here to select the data below,	and then 'right click' and Select 'Copy'			
	Category	Quantity on Hand	Unit of Measure	Date Verified	Quantity in Metro	Variance	Optional Note	Single Material Variance	

Click here to select the data below.



Breakdown by Categories

Categories	# Of Packages with Variances
No data	

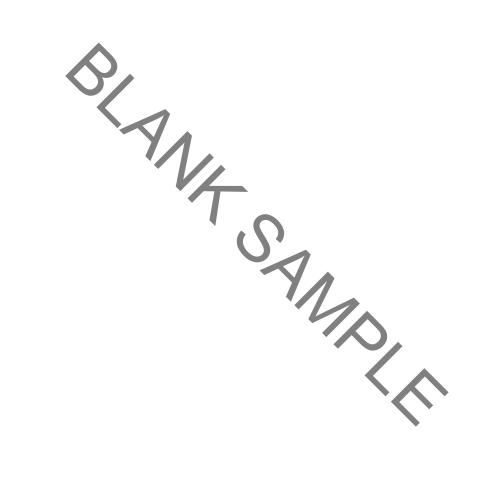


No Packages Missing Quantities on hand compared to METRC

Columns A-J Autopopulated from data input in 'Monthly Worksheet'

To Copy all the data below to Paste into another Sheet Click here to select the data below, and then 'right click' and Select 'Copy'

###	Package Label	Item Name	Category	Quantity on Hand	Unit of Measure	Date Verified	Quantity in Metrc	Variance	Optional Note	Single Material Variance
No data	0	0	No data	0.0	1/0/1900	1/0/1900	0.0	0.0	0	



Breakdown by Categories

Categories	Missing Cannabis
No data	0.00
Total	0.00

Categories	# of Packages with Missing Cannabis			
No data				



No Packages with Excess Quantities on Hand compared to METRC

Category

Columns A-J Autopopulated from data input in 'Monthly Worksheet'
"0" Entry = Blank in 'Monthly Worksheet'

Item Name

Package Label

###

No data

	To Copy all the data below to Paste into another Sheet Click!		Click here to select the data below.	and then 'right click' and Select 'Copy'		
Quantity on Hand	Unit of Measure	Date Verified	Quantity in Metrc	Variance	Optional Note	Single Material Variance

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Breakdown by Categories

Categories	Extra Cannabis		
No data	0.00		
Total	0.00		

Categories	# of Packages with Extra Cannabis				
No data					



No Packages with Negative Inventory in METRC

Columns A-J Autopopulated from data input in 'Monthly Worksheet'

To Copy all the data below to Paste into another Sheet Click here to select the data below, and then 'right click' and Select 'Copy'

###	Package Label	Item Name	Category	Quantity on Hand	Unit of Measure	Date Verified	Quantity in Metrc	Variance	Optional Note	Single Material Variance
No data	0	0	No data	0.0			0.0	0.0	0	



Breakdown by Categories

Categories	Negative in METRC
No data	0.00
Total	0.00

Categories	# of Packages with Negative Cannabis Inventory in METRC
No data	

