

# **Nevada Cannabis Compliance Board**

## **Meeting Minutes**

**March 20, 2025**

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 March 20, 2025.

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

**Adriana Guzmán Fralick, Chair**

**Riana Durrett, Vice Chair**

**Dr. Vicki Mazzorana**

**Jerrie Merritt**

**Ondra Berry**

**Chair Adriana Guzmán Fralick called the meeting to order at 9:00 a.m. and Executive Director James Humm took roll.**

Chair Guzmán Fralick, Vice Chair Durrett, Member Merritt, Member Mazzorana, Member Berry and Executive Director Humm were present in Las Vegas.

Instructions to join the meeting via Zoom were read aloud.

### **I. Public Comment**

Ann Hall, representing Ecoweed Disposal Solutions said the company is available for compliant cannabis disposal needs and provided a contact number.

Rachel Lee of Sunflower Compassionate Company expressed appreciation for inclusion on the agenda and explained progress made with her company includes negotiations with potential investors. Ms. Lee explained her continuing education in the cannabis market and challenges getting funding as a social equity applicant. She said she has a non-profit called SafeSpace with a focus on children in foster care and seeks to create better opportunities for kids, teens and the homeless population.

Chandler Cooks from Greenwood Investment Group spoke regarding project Moulin Noir and a request for extension of the due date on application information. He explained that he experienced a troubling pattern because he is named as a social equity applicant and said that although this is supposed to provide an opportunity, negative results happen because of predatory offers. Mr. Cooks said he will not compromise and has a team of experts who act with integrity. He identified issues with securing funding from the right investors. He noted that the requested extension will allow him time to align with the right partners.

There were no additional in person or online comments.

## II. Consent Agenda

### A. Consideration of Approval to Extend Due Date for Required Application Information to February 28, 2026

1. ACON-A22-00046 Sunflower Compassionate Company LLC Social Equity Consumption Lounge Application Extension Request
2. ACON-A22-00071 Greenwood Investment Group, LLC Social Equity Consumption Lounge Application Extension Request
3. ACON-A22-00102 Firehouse 420 Inc Social Equity Consumption Lounge Application Extension Request
4. ACON-A22-00105 Kora Cannabis Lounge, LLP Social Equity Consumption Lounge Application Extension Request

Chair Guzmán Fralick advised the Board that Item A 4 is removed from the Consent Agenda and will not be heard and asked for a motion on Items A 1, 2 and 3.

Member Berry moved to approve **Consent Agenda Items A 1, 2 and 3.**

Member Durrett seconded the motion.

Members Merritt, Mazzorana and Chair Guzmán Fralick said aye.

Motion carried.

### B. Consideration of Approval of the Meeting Minutes

1. Cannabis Compliance Board Meeting Minutes February 20, 2025

Chair Guzmán Fralick asked for a motion to approve Consent Agenda Item B.

Member Merritt moved to approve **Consent Agenda Item B** as stated.

Member Mazzorana seconded the motion.

Members Durrett, Berry and Chair Guzmán Fralick said aye.

Motion carried.

### C. Request to withdraw TOI

1. Libra Wellness Center, LLC (C149, P094) (TOIs #2000012 - #2000076) request to withdraw proposed internal ownership restructuring

Chair Guzmán Fralick asked for a motion to approve Consent Agenda Item C.

Member Durrett moved to approve **Consent Agenda Item C** as stated.

Member Merritt seconded the motion.

Members Mazzorana, Berry and Chair Guzmán Fralick said aye.

Motion carried.

## III. Approvals and Resolutions

### A. Notice of Final Licensure

1. **Deep Roots Harvest Inc (RD401)**
2. **Essence Tropicana LLC (RD319)**

Marilyn Gray, CCB Program Officer, presented information to the board. Both establishments were granted conditional retail store licenses in the Henderson, Nevada jurisdiction in December 2018 by the Nevada Department of Taxation.

Item 1 Deep Roots Harvest Incorporated: On February 4, 2025, CCB conducted a pre-opening inspection and audit of the facility and noted the facility to be in compliance and with no deficiencies. CCB approved and issued final licensure for Deep Roots retail store facility on February 27 2025.

Item 2 Essence Tropicana: On February 12, 2025, CCB conducted a pre-opening inspection and audit of the facility and noted the facility to be in compliance and with no deficiencies. CCB approved and issued final licensure for Essence Tropicana's retail store facility on February 27, 2025.

#### **IV. Request for Transfer of Interest**

Rachel Branner, Chief Compliance / Audit Investigator presented an overview of each request for transfer of interest.

##### **A. Pure Tonic Concentrates LLC (RD456) (TOI #2000004) transferring license RD456 to Lucid Management LLC**

Chief Branner stated Pure Tonic and Lucid have a board-approved management agreement permitting Lucid to operate as a dispensary while the TOI investigation is ongoing. No areas of concern were identified. Ms. Branner introduced Alicia Ashcraft, Stanley Johnson in Las Vegas and Jake Ward, owner of Pure Tonic appearing via Zoom. Ms. Ashcraft addressed the board and said there is no affirmative presentation, but Mr. Johnson started the facility and has been operating it since April 2024. She expressed appreciation to Investigator Dana Lauren for her work on the transfer request. Member Durrett asked which facilities are affected and if Mr. Johnson is purchasing from Pure Tonic. Mr. Johnson stated it will be only the Winnemucca retail store. Mr. Ward thanked the investigative team. Member Durrett asked what he do next and Mr. Ward said his focus will be on additional wholesale operations in Reno, and retail operations in Storey County, Nevada.

Chair Guzmán Fralick asked for a motion.

Member Mazzorana moved to approve **Agenda IV A, Pure Tonic Concentrates LLC (RD456) (TOI #2000004) transferring license RD456 to Lucid Management LLC**, subject to the condition the waiver of NCCR 5.112 expires on the next agenda.

Member Berry seconded the motion.

Members Durrett, Merritt and Chair Guzmán Fralick said aye.

Motion carried.

##### **B. iAnthus Capital Holdings Inc., Greenmart of Nevada NLV, LLC (C037, P018, RD504, RD507, RD511) (TOI #2400015) transferring all licenses to AP Nevada Management, Inc.**

Chief Branner provided a summary of the request and noted no areas of concern were identified during the investigation. Ms. Branner introduced Maggie McLetchie, Jared Kahn and Arash Yazdanpanah. Ms. McLetchie said there are no affirmative presentations and noted Erin McCarthy of Greenmart was available via Zoom. Mr. Kahn addressed the board and provided background on Nature's Chemistry (trade name) and its history obtaining licenses and branding in the state of Nevada. Ms. McLetchie thanked Chief Branner and Investigator David Vail for their work.

Chair Guzmán Fralick asked for a motion.

Member Durrett moved to approve **Agenda IV B, iAnthus Capital Holdings Inc., Greenmart of Nevada NLV, LLC (C037, P018, RD504, RD507, RD511) (TOI #2400015) transferring all licenses to AP Nevada Management, Inc.**

Member Berry seconded the motion.

Members Merritt, Mazzorana and Chair Guzmán Fralick said aye.

Motion carried.

**C. Ayr Wellness Inc (C005, C044, C092, C109, P004, P023, P060, D017, D050, D090, D110, RD547, T078) (TOIs #2400021 & #2400042) internal ownership restructure**

Chief Branner summarized the request for internal ownership restructure between two of Ayr Wellness' minority shareholders, Graticule Asia Macro Master Fund and FiSai Fund Holdco Limited Partnership. Ms. Branner provided details regarding the consolidation and specific ownership interests and noted that Ayr requested a waiver of NCCR 5.110 pursuant to NCCR 5.112 and if approved, CCB staff suggest the waiver is limited to expire the next time Ayr appears before the Board. No areas of concern were identified. Ms. Branner introduced Alicia Ashcraft in Las Vegas, and Steven Cohen, Brian Connolly, Craig Kelleher, Erich Griffin-Mauff who appeared via Zoom.

Ms. Ashcraft added that Mr. Connelly and Mr. Keller are from Millstreet Capital, Brad Asher is CFO of Ayr Wellness, appearing in lieu of Mr. Cohen and Mr. Griffin-Mauff from Capital Fund. She noted that the process took a year and a half because of debt restructuring and equity. Planned transaction details were provided to Chief Staley. She thanked him, Chief Branner, Investigator Maggie Adams and Senior Deputy Attorney General L. Kristopher Rath for their responsiveness and assistance in meeting the regulation requirements. Ms. Ashcraft said they did as required to submit the TOI application and noted that Investigator Michael Covington was fair and appropriate in his investigation.

Chair Guzmán Fralick asked for a motion.

Member Mazzorana moved to approve **Agenda IV C, Ayr Wellness Inc (C005, C044, C092, C109, P004, P023, P060, D017, D050, D090, D110, RD547, T078) (TOIs #2400021 & #2400042) internal ownership restructure** subject to the condition that the waiver of NCCR 5.112 expires on the next TOA agenda date.

Member Merritt seconded the motion.

Members Durrett, Berry, and Chair Guzmán Fralick said aye.

Motion carried.

**D. Medical Cannabis Healing LLC (C178, P112) (TOI #2400027) internal ownership restructure and addition of capital investors**

Chief Branner provided an overview and noted the request is for an internal transfer of interest and the introduction of new minority shareholders in an effort to raise capital. Ms. Branner reminded the board of an existing approved waiver of NCCR 5.110 pursuant to NCCR 5.112 and noted that Medical Cannabis Healing requested a new waiver. CCB staff suggests the new waiver is limited to expire the next time Medical Cannabis Healing appears before the Board. No areas of concern were identified, but staff identified an area of interest: Medical Cannabis Healing did not inform the CCB of new minority shareholders as required by NCCR 5.110. Ms. Branner introduced Tyler Morgan, President and G. Dallas Horton, CEO.

Mr. Horton addressed the Board and said it is understood that notice must be provided to the board regarding changes up to five percent, and letters will be filed in the future. He expressed his understanding of the error and apologized. Mr. Horton asked does the waiver protect the person if they receive 4.9 percent in a year, and more money is given the next year, or does the 4.9 percent apply once and then applications are needed?

Chief Branner responded that when an individual reaches above the 5 percent threshold an investigation will be conducted to confirm suitability, and this will be presented to the board.

Mr. Horton provided additional details regarding the operations and market and how they are currently navigating the challenges.

Chair Guzmán Fralick asked for a motion.

Member Durrett moved to approve **Agenda IV D, Medical Cannabis Healing LLC (C178, P112) (TOI #2400027) internal ownership restructure and addition of capital investors** subject to the approval of the waiver of NCCR 5.112.

Member Berry seconded the motion.

Members Merritt, Mazzorana, and Chair Guzmán Fralick said aye.

Motion carried.

**E. Nabisix, LLC (T003) (TOI #2500006) and 800 Stillwell LLC (T079) request to trade distribution licenses T003 and T079**

Chief Branner provided a summary of the request for approval of a trade of distribution licenses due to jurisdictional issues, noting that no areas of concern were identified during the investigation. Nabisix is a subsidiary of Sibon Holdings Inc. Ms. Branner introduced Alica Ashcraft, Vincent Ning of Sibon Jun Lee and Alexander Hose of Stillwell.

Ms. Ashcraft spoke on behalf of the applicants and stated each licensee owns a distribution license in Sparks and Reno and each would like to have the license in the other jurisdiction. The parties agree and wish to exchange licenses to realize operational efficiencies. Ms. Ashcraft thanked Chiefs Staley and Branner for their work on the request.

Chair Guzmán Fralick addressed Messrs. Ning and Hose and noted this is the first time this type of exchange was presented to the Board and thanked them for thinking outside the box and finding a way to collaborate.

Member Mazzorana asked how the licensees found each other. Ms. Ashcraft said that attorney-client privilege cannot be violated but they were her clients, she understood the difficulties they were having and proposed the solution.

Chair Guzmán Fralick asked Mr. Ning about his business. Mr. Ning thanked Ms. Ashcraft for her representation, said the business is going well, and there is no compromise to customer service or quality. Mr. Ning said this is a perfect fit and expressed appreciation for the opportunity with the board's approval.

Mr. Hose noted that Ms. Ashcraft recognized the opportunity and thanked her.

Member Durrett asked about the distribution center and how it will operate – that it should go directly from wholesaler to retailer and questioned why there are not enough products to go to retail.

Ms. Ashcraft responded that the northern location distribution center is still required to have storage capacity if direct site to site transport cannot be completed, and there must be a transition point. It was a challenge to find a location that met all the statutory distance separation requirements. She said the city of Sparks was great to work with and thanked the senior planners for their efforts in working to open the jurisdiction.

Chair Guzmán Fralick asked for a motion.

Member Berry moved to approve **Agenda IV E, Nabisix, LLC (T003) (TOI #2500006) and 800 Stillwell LLC (T079) request to trade distribution licenses T003 and T079 investors** with understanding that Nabisix shall be reflected as the owner of T079 and Stillwell will be reflected as the owner of T003.

Member Merritt seconded the motion.

Members Durrett, Mazzorana, and Chair Guzmán Fralick said aye.

Motion carried.

**F. Mystic Holdings, Inc. (C055, C184, P032, P120, D088, D106, RD222, RD591, CLA015) (TOI #2400051 - #2400053, #2400059 & #2400060 internal ownership restructure**

Chief Branner provided an overview of the TOI request for approval to dissolve Qualcan and distribute its licenses across three new entities, wholly owned subsidiaries of Mystic Holdings. Mystic Holdings requested a waiver of NCCR 5.110 pursuant to 5.112 and CCB staff suggest that if the waiver is approved, it is limited to expire the next time Mystic Holdings appears before the board. Ms. Branner noted that CCB staff identified an area of concern and provided details of the amount owed to the Department of Taxation. She introduced Heather Cranny, Lorenzo Barracco and Michael Cristali.

Mr. Cristali addressed the board on behalf of Mystic Holdings and introduced Lorenzo Barracco. Mr. Cristali summarized the history of Mystic Holdings and noted it is a publicly traded company listed on the US Exchange and that it is a Nevada-based company. Mr. Cristali said that the purpose is to take some of the entities out of Qualcan and put them into Skypoint. He reminded the board of a previous appearance when a TOI and receivership was discussed, and the amount of taxes paid. He stated that he is working with the Department of Taxation to reconcile the amounts, and payments continue to be made weekly.

Mr. Barracco said he understood the tax amount increased and does not agree with that; he said there is an ongoing discussion with the Department of Taxation, and he provided details regarding the amount paid, taxes due and date the payment is due. He stated he did not believe the payment made on March 19 was included. Mr. Barracco disputed the stated amount of tax liability and said updates are provided to the CCB weekly.

Chair Guzmán Fralick asked for clarification of how many licenses are under Qualcan.

Mr. Barracco responded that Qualcan has cultivation, production and two dispensary licenses under one LLC. Qualcan will go away, and Mystic remains.

Chair Guzmán Fralick asked what happens to the vendors with outstanding bills who dealt with Qualcan. Mr. Barracco said the vendors will be paid and the anticipated liabilities will be paid within three months.

Member Merritt noted that the Department of Taxation indicated each of the subsidiaries remitted payments that were returned for non-sufficient funds and asked for an explanation. Mr. Barracco said this concerned six or eight different checks from eight subsidiaries, during twelve months and emails with DOT clear up the issue. He explained previous issues and resolutions with bank accounts.

Mr. Cristalli addressed Member Merritt and said he was surprised by this issue and worked with DOT regarding the issue of a check marked as having insufficient funds, when in fact the check was not presented for payment.

Member Durrett commented that the correct approach is not to place blame on DOT but rather to provide a specific plan and assure that the issues will be addressed. Mr. Cristalli noted that the reconciliation between what they presented to the DOT and the CCB is different, and they have sent spreadsheets regularly and continue to be vigilant in their updates and payments, taking the issue very seriously.

Mr. Barracco proposed an approval conditional upon Qualcan paying all its taxes, so the transfer doesn't occur until taxes are paid and the other two entities have 30 to 60 days. He stated his intention to have tax liability cleared as soon as possible.

Member Berry clarified: Work with reconciliation, have cash flow ensuring profitability and establishing a plan will allow clarity in the path forward in 90 days and majority of the back taxes will be paid.

Additional discussion about payments, proposed remedies occurred between Mr. Cristalli, Mr. Barracco, Member Berry and the board and how to most appropriately move forward and structure a conditional approval.

Member Durrett expressed concern regarding establishments who did not pay tax being sent to the Attorney General's office for a complaint, and how to reconcile treating this case differently.

Chair Guzmán Fralick asked for additional questions or comments; there were none. She noted that this is a transaction for a change in structure which does not pose an issue, but the nonpayment of tax is a violation of statutory provision and because of this, it should be sent to the Attorney General's office to determine if a complaint should be filed. Chair Guzmán Fralick asked for a motion.

Member Durrett said out of fairness to the industry, it should be treated in the same manner as other licensees and moved to approve the requested transfers and refer to the Attorney General's office for investigation and to report to the board about the tax liability. Member Berry seconded the motion.

Member Durrett amended the motion to grant the requested transfers under **Agenda IV F** and approve the requested waiver of 5.110 pursuant to 5.112 until the hearing agenda and refer the case to the Attorney General's office to report on tax liabilities.

Member Berry seconded the amended motion.

Members Merritt, Mazzorana, and Chair Guzmán Fralick said aye.

Motion carried.

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

Chair Guzmán Fralick thanked Executive Director Humm for his hard work with the Nevada Legislature and extended appreciation to CCB staff.

### **A. Update on Nevada's 83rd Legislative Session and CCB's BDR from Executive Director James Humm**

Executive Director Humm commented that the Department of Taxation and Executive Director Hughes are great to work with and when there is an issue, the DOT and Deputy Attorneys General provide necessary reports to aid in resolving disputes.

Mr. Humm provided a legislative update on CCB's presentation to the legislature and summarized status on AB76, sponsored by CCB noting that no fiscal impact is identified. After engaging with stakeholders and industry members, CCB submitted a substantive amendment for committee review, clarified questions and provided an additional amendment on March 18, 2025. He summarized the four cannabis-related Assembly Bills (AB149, AB203, AB307, AB308) CCB is watching, eight Senate Bills (SB25, SB41, SB81, SB157, SB168, SB198, SB309, SB356) and he said he can provide the list of bills to the board for review.

Mr. Humm noted that CCB's budget was presented on March 14, 2025 and provided an overview on positions requested, equipment and reclassification requests and adjustments made.

AB203 removes the minimum requirement of \$200,000 dollars and Mr. Humm confirmed that none of the \$200,000 dollars currently under regulation comes to CCB; it is used for operational and startup costs.

Mr. Humm acknowledged additional bill draft requests include provisions relating to cannabis, but language is not yet published and/or presented and said CCB is willing to engage as subject matter experts and advise bill sponsors when requested.

Chair Guzmán Fralick thanked Mr. Humm for his update.

Member Durrett asked if other privileged licenses can be revoked in the labor bill (SB198). Mr. Humm said he does not believe so and deferred to the legal team who responded in the negative. Member Durrett expressed concerns and discussion continued regarding proposed language.

Member Durrett asked for clarification on the taxation bill; Mr. Humm said it would create a tax permit. Deputy Director Miles commented if there were arrears the Department of Taxation would advise CCB that the tax permit is suspended and if the licensee does not have the necessary permits and licenses, the matter would be brought before the board, and a suspension could be ordered for the licensee. He summarized that the bill is to return tax collection to the Department of Taxation rather than CCB collecting it at during annual license renewal.

### **B. PSA for upcoming 4/20 holiday**

Executive Director Humm reminded everyone that cannabis holiday 420 is observed on April 20 and to buy safe, buy legal and go to local dispensaries where everything is tested and safe so everyone can have a safe, fun holiday. He implored everyone to avoid the illicit market and patronize sanctioned dispensaries and lounges and said Nevada licensees are incredible.



Chair Guzmán Fralick said she hopes there will be a billboard message with “have a safe and happy 420, buy legal.” Mr. Humm said there is a small marketing budget; he realizes the public service announcements are important and CCB is looking into external digital messaging.

Chair Guzmán Fralick closed Item V B; returned to Item V A at the request of Member Durrett who asked if tax permits exist in other industries. Executive Director Humm said they have permits for most other industries.

**VI. Next Meeting Date**

The Next Board Meeting is scheduled for April 17, 2025.

**VII. Items for Future Agendas**

There were no matters stated for future agenda items.

**VIII. Public Comment**

No additional public comment was presented during this period.

**IX. Adjournment**

Meeting adjourned at 11:03 a.m.