

1 **BEFORE THE CANNABIS COMPLIANCE BOARD**
2 **STATE OF NEVADA**

3 STATE OF NEVADA, CANNABIS
4 COMPLIANCE BOARD,

5 Petitioner,

6 Vs.

Case No. 2025-009

7 MJ DISTRIBUTING C201 LLC AND MJ
8 DISTRIBUTING P132 LLC,
9 COLLECTIVELY OWNED BY VIREO
10 HEALTH OF NEVADA 1, LLC,

11 Respondents.

12 **STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION**

13 1. The Cannabis Compliance Board (the “CCB” or the “Board”), by and through
14 its counsel, Aaron D. Ford, Attorney General for the State of Nevada, and Allison L. Herr,
15 Senior Deputy Attorney General, enters into this Stipulation and Order for Settlement of
16 Disciplinary Action (“Stipulation and Order”) with Respondents MJ Distributing C201 LLC
17 and MJ Distributing P132 LLC (“Respondents”), by and through Lori Rogich, local counsel
18 for Vireo Health of Nevada 1, LLC, Respondents’ parent company; and Jared Kahn, counsel
19 for Caliente Partners Group, LLC, current management services provider and prospective
20 owner of cultivation entity number C201, and DB Processing, LLC, prospective owner of
21 production entity number P132, (collectively “the parties”). Under this Stipulation and
22 Order, the parties hereby stipulate and agree that CCB Case No. 2025-009 (the
23 “Administrative Action”) shall be fully and finally settled and resolved upon the terms and
24 conditions set out herein.

25 **PERTINENT FACTS**

26 2. Respondents are domestic limited liability companies in the State of Nevada,
27 and wholly owned subsidiaries of Vireo Health of Nevada I, LLC (“Vireo Nevada”).
28 Respondents held cultivation and production licenses at all times relevant herein.

1 Respondents through Vireo Nevada own an integrated cannabis facility in rural Lincoln
2 County, which includes an outdoor cultivation site and a production facility.

3 3. On or about February 28, 2023, the CCB approved a management services
4 contract between Vireo Nevada and Caliente Partners Group, LLC ("Caliente"). Under the
5 terms of this agreement and the approval granted by the CCB, Caliente assumed
6 managerial control of the day-to-day operations of cannabis entities C201 and P132,
7 including all aspects of regulatory compliance. This management services agreement
8 remains in full force and effect. Under the terms of the agreement, Caliente has invested
9 significant capital to improve and expand the infrastructure within the cannabis facility.
10 Further, Caliente has agreed to indemnify Vireo Nevada for any disciplinary measures
11 imposed by the CCB during the period in which Caliente exercises managerial control. In
12 its capacity as management services provider, Caliente falls under the jurisdiction of the
13 CCB as it acts on behalf of Vireo Nevada licenses for entity numbers C201 and P132.

14 4. During the period from June 22, 2023, to June 12, 2025, agents of the CCB
15 issued ten statements of deficiencies ("SOD") against Respondents¹. A summary of the
16 significant findings from each SOD is outlined in the paragraphs below:

17 a. During a requested facility modification inspection of the cultivation
18 facility on June 22, 2023, CCB inspectors noted unapproved modifications, and the
19 cultivation facility was being operated without a staff member certified with a
20 Restricted Use Permit from the Nevada Department of Agriculture.

21
22 ¹ The referenced SODs for the cultivation facility, entity number C201, include SOD letters dated
23 (1) July 6, 2023, arising from an inspection conducted on June 22, 2023; (2) May 13, 2024, arising
24 from an inspection conducted on April 24, 2024; (3) August 21, 2024, arising from an audit
25 commenced on April 25, 2024 and concluded on August 16, 2024; (4) November 13, 2024, arising
26 from an inspection conducted on October 16, 2024; and, (5) January 8, 2025, arising from an
27 inspection conducted on December 18, 2024. The referenced SODs for the production facility, entity
28 number P132, include SOD letters dated (6) May 13, 2024, concerning an inspection conducted on
April 24, 2024; (7) August 21, 2024, concerning an audit commenced on April 25, 2024, and
concluded on August 16, 2024; (8) November 14, 2024, arising from an inspection on October 15,
2024; (9) January 10, 2025, arising from an inspection conducted on December 18, 2024; and, (10)
June 13, 2025, concerning an audit commenced on February 24, 2025 and concluded on June 12,
2025.

1 b. During a routine inspection of the cultivation facility on April 24, 2024,
2 inspectors found 15,000 seedlings in an unapproved warehouse, connex freezers used
3 in an unapproved manner, and unsanitary equipment.

4 c. During a routine inspection of the production facility on April 24, 2024,
5 it was found to be lacking hot water, posing an imminent health hazard and resulting
6 in a voluntary closure. It was also determined that staff were wearing soiled and
7 unwashed lab coats during production, increasing the potential for contamination,
8 and no certified food protection manager was available or on site. These findings
9 underscore the potential risks to public health and safety.

10 d. During a routine audit of the production facility conducted between
11 April 25, 2024, and August 16, 2024, it was determined that the production facility
12 failed to submit Q2, Q3, Q4 2023, and Q1 2024 reports required under NRS
13 372A.285. The facility's Packaging Logs did not document specific packaging dates,
14 the quantity used from each METRC source tag, and exceeded the maximum weight
15 allowed for production runs. The facility used failed, unapproved cannabis lots to
16 make distillate that had to be pulled and destroyed.

17 e. A routine audit of the cultivation facility conducted during the same
18 period also found that the cultivation facility failed to submit Q2, Q3, Q4 2023, and
19 Q1 2024 reports required under NRS 372A.285. The cultivation facility failed to
20 reconcile wholesale prices in the seed-to-sale tracking system. It transferred
21 cannabis that failed quality assurance testing. It created plant batches that exceeded
22 the maximum limit, failed to tag plant batches as required, and did not reconcile its
23 records with the seed-to-sale tracking system, resulting in an 864-plant count
24 variance.

25 f. A routine inspection of the production facility on October 16, 2024,
26 determined that more than half of the security cameras were not operational,
27 resulting in a voluntary closure.

1 g. During a routine inspection of the cultivation facility on the same date,
2 inspectors found 25 individuals working onsite without agent cards. Of the 25
3 uncarded workers, two were under 21 years of age: one worker was 20 years old, and
4 the other was 16 years old. Materials modifications were made to the facility without
5 notice or approval from the CCB. The facility lacked hot water, posing an imminent
6 health hazard. Numerous security cameras were not operational. All of which
7 resulted in a voluntary closure.

8 h. A subsequent inspection of the production facility on December 18,
9 2024, revealed that the hot water was insufficient to meet the minimum required
10 temperature by regulation, and unapproved equipment was used, posing a risk of
11 contamination.

12 i. An inspection of the cultivation facility on the same date found the
13 same water temperature issue in the cultivation facility that was present in the
14 production facility. A scale was in use that had not been certified or calibrated by
15 the Nevada Department of Agriculture, as required by regulation.

16 j. A routine audit of the production facility, conducted between February
17 24, 2025, and June 12, 2025, identified issues with the installation of two cameras
18 and revealed that three cameras were obstructed. The Disposal Log did not
19 document the method of disposal, and the facility again exceeded the maximum
20 weight allowed for production runs, in addition to other errors found in entries in
21 the seed-to-sale tracking system. The facility failed to submit Q3 2024, Q4 2024, and
22 Q1 2025 reports required under NRS 372A.275.

23 5. Vireo Nevada has proposed to sell cannabis entity C201 to Caliente, and
24 cannabis entity P132 to DB Partners LLC ("DB Partners"). The transfer of interest
25 applications are pending before the Board and are currently scheduled to be heard on the
26 July 17, 2025, agenda.

27 6. On or about July 1, 2025, the Nevada Attorney General's Office notified Vireo
28 Nevada and Caliente, in its capacity as management services provider, of the Attorney

1 General's intent to initiate an administrative proceeding against Respondents. Since that
2 time, the Attorney General's Office, as counsel for the CCB, entered into good-faith
3 settlement negotiations with Vireo Nevada, Caliente, and DB Processing to attempt to
4 resolve the violations alleged. The parties were able to come to a mutually acceptable
5 resolution of this matter, which is acceptable to CCB staff and the Attorney General,
6 without the necessity of filing a Complaint for Disciplinary Action. Vireo Nevada has
7 agreed to waive the filing and service of a CCB Complaint, and all parties understand and
8 agree that this Stipulation and Order must be approved by a majority vote of the members
9 of the Board to become effective.

10 7. In accordance with its indemnification obligations to Vireo Nevada, Caliente
11 stipulates and agrees to pay a \$50,000.00 civil penalty for the violations under the terms
12 and conditions established below. Vireo Nevada, as the current licensee, will accept the
13 imposition of a single disciplinary violation against each cannabis license: cultivation entity
14 number C201 and production entity number P132. Caliente and DB Processing as
15 prospective owners understand and acknowledge that should a transfer of interest be
16 approved allowing Vireo Nevada to transfer cultivation entity number C201 to Caliente,
17 and production entity number P132 to DB Processing, such transfers will be subject to the
18 terms and conditions of this agreement, and further acknowledge that the violations
19 imposed under this agreement could impact progressive discipline in the future, should
20 either prospective owner incur disciplinary measures after assuming ownership of the
21 respective licenses.

22 8. This Administrative Action was not initiated by the filing of a Complaint for
23 Disciplinary Action but rather through settlement negotiations as codified in NRS
24 678A.645(1).

25 **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

26 9. As used in this section, references to Caliente are intended to be in its capacity
27 as a management services provider unless specifically noted otherwise.
28

1 10. Respondents and Caliente enter into this Stipulation and Order with full
2 authority to resolve the claims against them. They are aware of the Respondents' rights to
3 contest the violations pending against them. These rights include representation by an
4 attorney at Respondents' own expense, the right to the filing and service of a disciplinary
5 complaint specifying the charges against Respondents and the right to file an Answer to
6 such complaint, the right to a hearing on any violations or allegations formally filed, the
7 right to confront and cross-examine witnesses called to testify against Respondents, the
8 right to present evidence on Respondents' behalf, the right to have witnesses testify on
9 Respondents' behalf, the right to obtain any other type of formal judicial review of this
10 matter, and any other rights which may be accorded to Respondents pursuant to provisions
11 of NRS Chapters 678A through 678D, NRS Chapter 233B, the Nevada Cannabis
12 Compliance Regulations (NCCR), and any other provisions of Nevada law. Respondents are
13 waiving all these rights by entering into this Stipulation and Order. If the Board rejects
14 this Stipulation and Order, or any portion thereof, all such waivers shall be deemed
15 withdrawn.

16 11. Should this Stipulation and Order be rejected by the Board or not timely
17 performed by the parties, it is agreed that presentation to and consideration by the Board
18 of this proposed stipulation, or other documents or matters pertaining to the consideration
19 of this Stipulation and Order shall not unfairly or illegally prejudice the Board or any of its
20 members from further participation, consideration, adjudication, and/or resolution of these
21 proceedings, and that no Board member shall be disqualified or challenged for bias.

22 12. Respondents and Caliente acknowledge that this Stipulation and Order shall
23 only become effective after it is approved by both the Board.

24 13. Respondents and Caliente enter this Stipulation and Order after being fully
25 advised of Respondents' rights and the consequences of this Stipulation and Order. This
26 Stipulation and Order embodies the entire agreement reached between the CCB, the
27 Respondents, and Caliente. It may not be altered, amended, or modified without the
28

1 express written consent of the parties, and all alterations, amendments, and/or
2 modifications must be in writing.

3 14. It is further stipulated and agreed that this Stipulation and Order, if approved
4 by the Board, resolves all of the allegations alleged or referenced in this Administrative
5 Action concerning the SODs issued between June 22, 2023, and June 13, 2025, and
6 identified in footnote 1, as well as any subsequent investigative activities directly related
7 thereto. The CCB acknowledges and agrees that no further action will be taken against
8 Respondents, Vireo Nevada, or their affiliates for any alleged acts contained in the ten
9 SODs.

10 15. To avoid the cost and uncertainty of a disciplinary hearing, Respondents and
11 Caliente have agreed to settle these matters. For purposes of settling these matters,
12 Respondents and Caliente acknowledge that the facts contained in the paragraphs in the
13 above "Pertinent Facts" section of this Stipulation and Order are true and correct. Without
14 waiving any constitutional rights against self-incrimination, Respondents and Caliente
15 further acknowledges that certain facts contained in the SODs could be found to constitute
16 violations of Title 56 of NRS (NRS Chapters 678A through 678D), and the NCCR, with
17 potential penalties including suspension of license and civil penalties in excess of \$200,000
18 for license C201 and in excess of \$200,000 for license P132 if these matters proceeded to an
19 administrative hearing.

20 16. The Executive Director for CCB and counsel for CCB have considered the
21 factors set forth in NCCR 4.030(2), including: the gravity of the violations; the economic
22 benefit or savings, if any, resulting from the violations; the size of the business of the
23 violator; the history of compliance with the NCCR and Title 56 of NRS by the violator;
24 actions taken to remedy and/or correct the violations; and the effect of the penalty on the
25 ability of the violator to continue in business.

26 17. The parties agree that a reasonable civil penalty has been recommended.
27 Caliente offered to pay a civil penalty of \$50,000 in consideration for its acknowledged role
28 in one Category II violation with regard to its management of the cultivation license and

1 one Category III violation with regard to its management of the production license, and in
2 consideration for the CCB's agreement to resolve the Administrative Action on the terms
3 set forth herein. The CCB's acceptance of this offer takes into account Respondents
4 admission to one violation against each license rather than multiple violations, which could
5 have been assessed if the CCB filed a Complaint instead of engaged in settlement
6 negotiations. Furthermore, the combined \$50,000 civil penalty for a more limited number
7 and scope of violations was considered favorable, as greater violations could negatively
8 impact Respondents' ability to sell the businesses and also negatively impact any
9 prospective new owner's ability to continue the businesses due to concerns of future higher
10 progressive discipline due to pre-existing violations.

11 18. The Executive Director for CCB and counsel for CCB have also considered the
12 appropriate mitigating factors under NRS 678A.647 in reaching the proposed settlement
13 of this Administrative Action. Those factors include:

14 a. Caliente first entered into a MSA and took over management and
15 operations of the licenses while they were inactive. Caliente has invested significant
16 capital into the licenses to make them productive with the intent of eventually
17 purchasing the licenses to own and operate outright. The cannabis establishments
18 now employ 27 persons, an increase of 100.0% percent under Caliente's management
19 since Respondents were not employing any persons to work at the facility;

20 b. Caliente's owner is a multi-state operator and is believed to be in good
21 standing in those states in which it owns cannabis licenses;

22 c. Caliente voluntarily closed the facilities under its management on at
23 least two occasions, to address regulatory concerns resulting in financial losses;

24 d. Caliente, as the management company for Respondent, cooperated with
25 CCB staff in formulating and instituting plans of correction to prevent regulatory
26 violations from continuing; and,

27 e. Respondents and Caliente then cooperated with the CCB's counsel in
28 resolving this matter without the need for a formal Complaint.

1 19. The Executive Director for CCB and counsel for CCB appropriately weighed
2 each of the mitigating factors, and the parties stipulate and agree to give equal weight to
3 each factor. The five factors were weighed equally in further reducing the number of
4 violations admitted to and reducing the total civil penalties. The Executive Director for the
5 CCB and counsel for CCB also considered the size of the Respondents' business and the
6 impact of the civil penalties on its ability to continue with its business. As a result, a
7 reasonable civil penalty has been proposed in this Stipulation and Order.

8 20. To resolve the Administrative Action, and only for those purposes and no
9 other, Respondents specifically admit to a single violation with respect to its cultivation
10 license (C201), to wit: one violation of NCCR 4.040(1)(8) allowing a person who is less than
11 21 years of age to work or volunteer at the cannabis establishment, a Category II violation.

12 21. To resolve the Administrative Action, and only for those purposes and no
13 other, Respondents specifically admit to a single violation with respect to its production
14 license (P132), to wit: one violation of NCCR 4.50(1)(a)(5) for failing to follow an approved
15 security plan, which constitutes a Category III violation.

16 22. As to the remaining allegations in the SODs, Respondents and Caliente
17 neither admit nor deny those allegations, and no civil penalties or violations of the NCCRs
18 shall be assessed as to those remaining alleged violations.

19 23. With respect to license C201, a civil penalty for \$30,000.00 shall be assessed
20 against the Respondents in consideration for their admitted violation in Paragraph 20,
21 above, and in consideration for the CCB's agreement to resolve the Administrative Action
22 on the terms set forth herein.

23 24. With respect to license P132, a civil penalty in the amount of \$20,000.00 shall
24 be assessed against the Respondents in consideration for their admitted violation in
25 Paragraph 21, above, and in consideration for the CCB's agreement to resolve the
26 Administrative Action on the terms set forth herein.

27 25. Caliente agrees to pay the total combined penalty of \$50,000 at a rate of
28 \$5,000 per month until paid in full, given its managerial control during the period in which

1 the subject violations occurred, and in keeping with its indemnification obligations to
2 Respondents and Vireo Nevada.

3 26. If the Board approves this Stipulation and Order, it shall be deemed and
4 considered disciplinary action by the CCB against Respondents and will attach to entity
5 numbers C201 and P132 and to any new owners thereof. Caliente and DB Processing, as
6 prospective owners, understand and acknowledge that this disciplinary action could impact
7 progressive discipline against entity numbers C201 and P132 in the future should either
8 prospective owner incur disciplinary measures after assuming ownership of the respective
9 licenses.

10 27. All parties acknowledge that the CCB has jurisdiction to consider and order
11 this Stipulation and Order because Respondents held privileged licenses regulated by the
12 CCB at all times relevant herein. Respondents expressly, knowingly, and intentionally
13 waive the 14-day and/or 7-day notice requirements contained in the Nevada Open Meeting
14 Law and acknowledge that this Stipulation and Order may be presented to the Board for
15 its consideration and potential ratification at the Board's meeting on July 17, 2025.

16 **STIPULATED ADJUDICATION**

17 28. Based upon the above acknowledgments of the parties and their mutual
18 agreement, the parties stipulate and agree that the CCB shall impose the following terms
19 of discipline in this matter:

20 a. Violations. As to license C201, Respondents are found to have
21 committed one (1) Category II violation, as set forth in Paragraph 29 above. As to
22 license P132, Respondents are found to have committed one (1) Category III
23 violation, as set forth in Paragraph 30 above.

24 b. Imposition of Civil Penalties. Caliente shall pay a total civil penalty in
25 the amount of \$50,000 under the payment plan set forth in Paragraph 34 above and
26 subject to the additional terms below.

27 c. Payment of Civil Penalties. Caliente must pay the civil penalty set forth
28 in this agreement within the time frames set forth in this Paragraph and Paragraph

34. Payment to be rendered in equal installments over a ten-month period, on the fifteenth day of each month, or if the fifteenth day falls on a holiday or weekend, the first business day thereafter. If the CCB approves this Stipulation and Order at its July 17, 2025, Meeting, Caliente shall make its first monthly payment of \$5,000 no later than 5:00 p.m., Pacific Time, on the 10th calendar day of each month until paid in full, under the following schedule:

Installment	Payment Deadline	Amount of Payment
First Installment	Friday, August 15, 2025	\$5,000.00
Second Installment	Monday, September 15, 2025	\$5,000.00
Third Installment	Wednesday, October 15, 2025	\$5,000.00
Fourth Installment	Monday, November 17, 2025	\$5,000.00
Fifth Installment	Monday, December 15, 2025	\$5,000.00
Sixth Installment	Thursday, January 15, 2026	\$5,000.00
Seventh Installment	Monday, February 16, 2026	\$5,000.00
Eighth Installment	Monday, March 16, 2026	\$5,000.00
Ninth Installment	Wednesday, April 15, 2026	\$5,000.00
Tenth Installment	Friday, May 16, 2026	\$5,000.00

Caliente may pay any installment prior to its due date without pre-payment penalty.

29. Penalties for Failure to Comply with Payment Deadlines. Caliente acknowledges that it is critical to comply with the strict payment deadline requirements set forth in this agreement. Caliente agrees that, should it fail to timely make a payment by the deadline set forth in Paragraph 28 above, the following penalties and procedures will be in effect:

- a. CCB will allow a five-business-day grace period for late payment².

² If a check or other form of payment is returned for insufficient funds, or otherwise rejected, the failed payment will not be considered a payment and no additional time beyond the five business days grace period will be granted for payment.

1 b. If payment is not physically received by CCB at its Carson City or Las
2 Vegas office by 5:00 p.m., Pacific Time, on the last day of the grace period,
3 Respondents and Caliente shall be deemed to be in breach of this Stipulation and
4 Order, deemed to be in default, and shall pay all amounts due under this Stipulation
5 and Order, as well as an additional late payment penalty of Ten Thousand Dollars
6 (\$10,000). The CCB shall immediately notify Respondents³ of the non-payment and
7 give them the right to cure within five days of notice. If the non-payment is not cured,
8 its licenses C201 and P132 shall be immediately suspended, with such suspension
9 remaining in place until all amounts due under this Stipulation and Order are paid
10 in full and within 90 days of the order of default. The CCB will enter an order of
11 default to this effect, and all amounts due under this subsection shall be immediately
12 due and payable to CCB. If all amounts due under this section are not paid within
13 90 days after the date of the order of default, licenses C201 and P132 shall be deemed
14 voluntarily surrendered. The parties agree they cannot and will not file any petition
15 for judicial review and/or any action in any forum for relief from this order of default
16 and/or this Stipulation and Order, and that the CCB may file any judicial action
17 necessary to recover the amounts owed under this subsection, along with its
18 attorneys' fees and costs for recovery of amounts owed.

19 c. Caliente, on behalf of the Respondents, may petition the CCB for an
20 extension of 30 days to its monthly payment schedule. However, for the CCB to
21 consider any such petition, the CCB must receive said petition no later than five (5)
22 business days prior to the payment deadline (which does not include any grace
23 period). The CCB is not required to grant such a petition. In such a petition, Caliente
24 must demonstrate to the satisfaction of the CCB that there are extraordinary and
25

26 ³ A request for transfer of interest is now pending before the Board and is expected to be heard on
27 July 17, 2025. Should this application be approved, the licenses will be transferred to the new
28 owners during the term of this agreement. In that event, the new owner will assume the place of
the Respondent and take on its obligations under this agreement. As prospective owners, Caliente
and DB Processing have acknowledged this obligation.

1 unusual circumstances necessitating the extension requested and specify which
2 installment deadline or deadlines it is seeking an extension for. The CCB may
3 delegate the decision as to whether to grant such a petition to the CCB Chair.
4 Caliente is limited to three requests for an extension.

5 30. Plan of Correction. Caliente, as manager for Respondents, represents and
6 warrants that it has submitted and implemented a plan of correction, approved by CCB
7 staff, to remedy and prevent the recurrence of the violations outlined in this Stipulation
8 and Order. Caliente further represents and warrants that it is now, as of the date it has
9 executed this Stipulation and Order, operating in full compliance with NRS Title 56 and
10 NCCR.

11 31. Contingency if Approval Denied. If approval of this Stipulation and Order is
12 denied by the Board or the District Court in the creditor action, the parties and counsel for
13 the CCB agree to resume settlement negotiations in good faith and attempt to reach an
14 agreement to amend this Stipulation and Order and resubmit an amended Stipulation and
15 Order to the Board for approval at a subsequent regularly scheduled Board meeting. If such
16 an agreement cannot be reached, the parties agree to proceed with the Administrative
17 Action, which shall include the filing and service of a disciplinary Complaint, Respondents'
18 timely Answer and Request for Hearing upon service of the Complaint, and the matter
19 proceeding to a disciplinary hearing before the CCB's assigned hearing officer in the
20 ordinary course. Should the Administrative Action proceed for the reasons set forth in this
21 Paragraph, CCB preserves all its claims and arguments in the Administrative Action, and
22 Respondents preserve all their defenses and arguments they may set forth in their Answer,
23 and withdraw all waivers set forth herein. An unapproved Stipulation and Order shall not
24 be admissible as evidence or referenced in argument at any disciplinary hearing or any
25 other matter involving the CCB.

26 32. Contingency if Approval Conditioned. If the Board and/or the District Court
27 in the creditor action approves this Stipulation and Order, but said approval is contingent
28 on certain conditions, the parties will undertake further good faith negotiations to include

1 said conditions in an amended stipulation and order for execution by the CCB Chair. If
2 Respondents do not agree to the certain conditions imposed by the Board, the parties will
3 undertake additional negotiations and attempt to reach an agreement to amend this
4 Stipulation and Order. They will then resubmit an amended stipulation and order to the
5 Board for review and approval at a subsequent regularly scheduled meeting. If such an
6 agreement cannot be reached, those same provisions regarding proceeding with the
7 Administration Action outlined in the Contingency if Approval Denied section above will
8 apply.

9 33. Closure of Disciplinary Action. Once this Stipulation and Order is fully
10 performed, the Administrative Action will be closed with prejudice.

11 34. Communications with Board Members. Vireo Nevada and Caliente
12 understand that this Stipulation and Order will be presented to the Board in open session
13 at a duly noticed and scheduled Board meeting. Vireo Nevada and Caliente understand
14 that the Board has the right to decide at its discretion whether to approve this Stipulation
15 and Order. The CCB's counsel, which is the Nevada Attorney General and its staff
16 attorneys, will recommend approval of this Stipulation and Order. In the course of seeking
17 Board acceptance of this Stipulation and Order, counsel for CCB may communicate directly
18 with individual Board members. Vireo Nevada and Caliente acknowledge that such
19 communications may be made or conducted ex parte, without notice or opportunity for them
20 to be heard on its part until the public Board meeting where this Stipulation and Order is
21 discussed, and that such contacts and communications may include, but may not be limited
22 to, matters concerning this Stipulation and Order, the Administrative Action, and any and
23 all information of every nature whatsoever related to these matters. Vireo Nevada and
24 Caliente agree that they have no objection to such ex parte communications. The CCB
25 agrees that Vireo Nevada, Caliente, and/or their respective counsel may appear at the
26 Board meeting where this Stipulation and Order is discussed and, if requested, respond to
27 any questions that may be addressed to the or the Nevada Attorney General's staff
28 attorneys. Vireo Nevada and Caliente agree that, should the CCB decline to approve this

1 Stipulation and Order, Vireo Nevada and Caliente will not contest or otherwise object to
2 any Board member, and/or CCB appointed hearing officer, hearing and adjudicating the
3 Administrative Action based on the aforementioned ex parte communications with anyone
4 from the Nevada Attorney General's Office.

5 35. Release. Vireo Nevada and Caliente agree that the State of Nevada, the CCB,
6 the Office of the Attorney General, and each of their members, staff, attorneys,
7 investigators, experts, hearing officers, consultants and agents are immune from any
8 liability for any decision or action taken in good faith in response to information and data
9 acquired by the CCB. Vireo Nevada and Caliente agree to release the State of Nevada, the
10 CCB, the Office of the Attorney General, and each of their members, staff, attorneys,
11 investigators, experts, hearing officers, consultants and agents from any and all manner of
12 actions, causes of action, suits, debts, judgments, executions, claims and demands
13 whatsoever, known or unknown, in law or equity, that Respondents ever had, now has, may
14 have or claim to have against any and/or all of the persons, government agencies or entities
15 named in this Paragraph, arising out of, or by reason of, CCB's investigation of the matters
16 set forth in this Stipulation and Order, and/or the administration of CCB Case No. 2025-
17 009.

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

26 37. Furthermore, the CCB may consider the discipline imposed herein in any
27 future disciplinary action against Respondents, or their assigns, as required under NCCR
28 4.030(2), along with the other factors set forth in NCCR 4.030(2), and possible progressive

1 discipline pursuant to NCCR 4.050(2) and NCCR 4.055(2). As every case concerns different
2 facts and details, this Stipulation does not act as precedent, or persuasive authority, to bind
3 CCB to impose any particular penalty, to charge or allege any particular violation, and/or
4 to impose any particular disciplinary action in the future for these Respondents, or any
5 future owners, for violations of the same statutes and/or regulations addressed in this
6 Stipulation and Order. Likewise, CCB is not bound by any previous settlement agreements
7 it has approved in entering this Stipulation and Order.

8 38. Attorneys' Fees and Costs. The parties agree to bear their own attorneys' fees
9 and costs.

10 39. Further Assurances. The parties shall cooperate in executing such additional
11 documents and performing such further acts as may be reasonably necessary to give effect
12 to the purposes and provisions of this Stipulation and Order.

13 40. Voluntary and Informed Agreement. Respondents represents that its owners,
14 officers, and/or its directors and receiver, who are responsible for and able to legally bind
15 Respondents have read completely and understand fully the terms of this Stipulation and
16 Order, that such terms are fully understood and voluntarily accepted by Respondent in
17 advance of and as memorialized by the signing of this Stipulation and Order, and that the
18 Respondent's signature to this Stipulation and Order indicates same. Respondent further
19 represents that it has voluntarily entered this Stipulation and Order to make a full, final,
20 and complete compromise upon the terms and conditions set forth herein. Respondent
21 further represents that any releases, waivers, discharges, covenants, and agreements
22 provided for in this Stipulation and Order have been knowingly and voluntarily granted
23 and without any duress or undue influence of any nature from any person or entity. The
24 parties, and each of them, hereby expressly acknowledge that they are each represented by
25 counsel of their own choice in this matter and have been advised by counsel accordingly.

26 41. Warranties of Authority. The parties to this Stipulation and Order, and each
27 of them, expressly warrant and represent to all other parties that each has the full right,
28 title, and authority to enter into and to carry out its obligations hereunder, with the sole

1 exception of the required approval of this Stipulation and Order by the Board. The parties
2 also expressly acknowledge the foregoing authority.

3 42. Binding Effect. This Stipulation and Order shall be binding upon and inure
4 to the benefit of the parties hereto and the parties' respective successors, predecessors,
5 parents, affiliates, shareholders, employees, heirs, executors, assigns, and administrators.

6 43. Construction. The headings of all Sections and Paragraphs of this Stipulation
7 and Order are inserted solely for the convenience of reference and are not a part of the
8 Stipulation and Order and are not intended to govern, limit, or aid in the construction or
9 interpretation of any term or provision of this Stipulation and Order. In the event of a
10 conflict between such caption and the paragraph at the head of which it appears, the
11 paragraph and not such caption shall govern in the construction of this Stipulation and
12 Order.

13 44. Governing Law. This Stipulation and Order shall be governed by and
14 construed in accordance with the laws of the State of Nevada, without reference to conflict
15 of law principles.

16 45. Jurisdiction and Forum Selection. The parties consent to the jurisdiction of
17 the Eighth Judicial District Court of the State of Nevada, in the Creditor Action to resolve
18 any disputes related to the terms or enforcement of this Stipulation and Order. The
19 successful or prevailing party or parties in such action shall be entitled to recover
20 reasonable attorney fees, costs, and expenses actually incurred in initiating or responding
21 to such proceeding, in addition to any other relief to which it may be entitled.

22 46. Interpretation. This Stipulation and Order is the result of negotiations among
23 the parties who have each negotiated and reviewed its terms. In the event a Court ever
24 construes this Agreement, the parties expressly agree, consent, and assent that such Court
25 shall not construe this Agreement or any provision hereof against any party as its drafter
26 for purposes of interpreting any ambiguity or uncertainty in this Stipulation and Order.

27 47. Time is of the Essence. Time is of the essence in the performance of all terms
28 of this Stipulation and Order.

48. 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.

49. 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 shall be deemed an original ("Counterparts"). This Stipulation and Order shall be deemed executed when Counterparts of this Stipulation and Order have been executed 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 executed copies of this Stipulation and Order are duplicate originals, equally admissible in evidence.

IN WITNESS WHEREOF, this Stipulation and Order has been executed by the parties and attested by their duly authorized representatives as of the date(s) so indicated. The Effective Date of this Stipulation and Order shall be the date it is ordered by the Board.

Signed by: Tyson Macdonald
43067NFA2520402

Date: 7/16/2025

Printed Name Tyson Macdonald
On behalf of VIREO HEALTH OF NEVADA I, LLC
Respondent

Lori Rogich

Date: 7/16/2025

Lori Rogich, Esq.
Attorney for VIREO HEALTH OF NEVADA I, LLC

DocuSigned by:

Michael Cook

898B239C3B8C4EE

Date: 7/16/2025

Print Name Michael Cook

On behalf of CALIENTE PARTNERS GROUP, LLC

Signed by:

Doranna Buxton

DAFB1A7FA3C5432

Date: 7/16/2025

Printed Name Doranna Buxton

On behalf of DB PROCESSING, LLC

DocuSigned by:

Jared Kahn

E8B4BD61BD1D446

Date: 7/16/2025

Jared Kahn, Esq.

Attorney for CALIENTE PARTNER GROUP, LLC

And DB PROCESSING, LLC

Date:

James Humm, Executive Director

Nevada Cannabis Compliance Board

Date:

Allison L. Herr, Senior Deputy Attorney General

Attorney for the Nevada Cannabis Compliance Board

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Print Name _____
On behalf of CALIENTE PARTNERS GROUP, LLC

Date: _____

Printed Name _____
On behalf of DB PROCESSING, LLC

Date: _____

Jared Kahn, Esq.
Attorney for CALIENTE PARTNER GROUP, LLC
And DB PROCESSING, LLC

Date: _____


James Humm, Executive Director
Nevada Cannabis Compliance Board

Date: 07/16/2025


Allison L. Herr, Senior Deputy Attorney General
Attorney for the Nevada Cannabis Compliance Board

Date: _____

ORDER

WHEREAS, on the 17th day of July, 2025, the Nevada Cannabis Compliance Board approved and adopted all the terms and conditions set forth in the Stipulation and Order for Settlement of Disciplinary Action with MJ DISTRIBUTING C201 LLC AND MJ DISTRIBUTING P132 LLC, COLLECTIVELY OWNED BY VIREO HEALTH OF NEVADA 1, LLC, in Case 2054-009.

IT IS SO ORDERED.

SIGNED AND EFFECTIVE this 17th day of July, 2025.

**STATE OF NEVADA,
CANNABIS COMPLIANCE BOARD**

By: 
Adriana Guzmán Fralick, Chair