

# Nevada Cannabis Compliance Board

## Meeting Minutes July 21, 2020

The Nevada Cannabis Compliance Board (CCB) held a public meeting on July 21, 2020, beginning at 9:00 a.m. In compliance with the Governor's Emergency Directive #006, dated March 22, 2020, the Meeting was conducted by means of electronic communication.

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

**Michael Douglas, Chair**  
**Jerrie Merritt**  
**Dennis Neilander**

**Tyler Klimas, Executive Director, called the meeting to order and took roll.** Chairman Michael Douglas and Member Jerrie Merritt were present in Las Vegas and Member Dennis Neilander was present in Carson City. Deputy Asheesh Bhalla confirmed that the meeting complied with open meeting requirements.

- I. Public Comment: Executive Director Klimas stated there was not in-person public participation at the meeting and this was in compliance with Governor Sisolak's Emergency Directive. Public comment was asked to be submitted online before 9:00pm July 20, 2020, to be read into the record during the first public comment period of the meeting. Klimas stated there will be brief recess later in the meeting to gather and read the public comment received after 9:00pm and during the meeting.

Tiana Bohner, Public Information Officer of the CCB, read the following public comments into the record.

Public comment was received from Cody Krecicki. Krecicki stated new licenses should be discussed. We all deserve a piece of the industry.

Public comment was received from Mitchell Stipp in regard to subsection 1 of Article VII, Section C of the meeting agenda. Stipp's firm represents NuVeda, LLC which has filed a complaint against CWNevada for breach of its joint venture agreements. NuVeda filed a motion for preliminary injunction before Department 1. For this reason, the matter before the CCB should be continued until after the hearing in Department 1 scheduled on August 13, 2020. The matter should be removed from the consent agenda because it is opposed. If the matter is heard by the CCB, NuVeda believed the settlement should be rejected unless the following concerns are addressed. 1. The licenses being revoked should be related to the alleged violation asserted by the state in the complaint. 2. CWNevada is still owned by Brian Padget and should not be permitted to operate any businesses under any remaining licenses pending their litigation. 3. CWNevada should not be permitted to operate, manage, control, or own any businesses which are regulated by the CCB.

Public comment was received from Dotan Melech, court-appointed receiver over CWNevada. Melech supported the Stipulation and Order for Settlement of Disciplinary Action. The disciplinary settlement strikes the balance to meet Department of Taxation Marijuana Enforcement Division's interest in regulating cannabis industry and the concerns of the Eighth Judicial District Court of Clark County. CWNevada is punished with revocation of six licenses/certificates and civil penalty of \$1.25 million. The six licenses can be roughly valued from \$4.5 million to \$6.75 million. The appointment of a receiver was also a punishment by the District Court. CWNevada is being forced to liquidate its assets to pay its debt and will be facing dissolution upon the conclusion of the receivership. The settlement will allow CWNevada to pay its outstanding taxes, civil penalties, and unpaid wages to former employees.

Public comment was received from Craig Slater, representing approximately sixty former employees of CWNevada. Each of his clients is owed wages and many submitted statements in support of the proposed disciplinary action. His clients relied on their wages to support their families and the failure to pay wages due wreaked havoc. They support the proposed resolution because it offers the only chance to recover the lost wages.

Public comment was received from Will Adler on behalf of Scientists for Consumer Safety. Adler provided comments on the public comment process. Adler believes the message is that public participation is not welcome

and feels that input provided in written form is disregarded. The opportunity for the public to participate through public comment creates a climate of transparency and trust, as it provides information to the newly created Board.

Public comment was received from Mitchell Stipp. NuVeda opposes the settlement between CWNevada and the state. If CCB approves, there should be a condition that CWNevada and its receiver shall not be permitted to own or operated any cannabis business except as permitted by the state to liquidate the remaining licenses of CWNevada. Stipp provided motion filed by the receiver for CWNevada. There is a hearing scheduled for July 23, 2020 on the receiver's request to re-impose the litigation stay previously lifted by the court. If NuVeda understands the settlement accurately, the settlement does not prevent CWNevada from owning or operating other cannabis businesses. An approval by the CCB should prohibit CWNevada and its receiver from owning or operating any cannabis business except those under the remaining licenses of CWNevada pending liquidation.

Public comment was received from Will Adler on behalf of N2 Packaging LLC, a cannabis packaging company. N2 Packaging had previously entered the Nevada marketplace but was unable to continue operations after the Marijuana Enforcement Division expressed concern about N2 Packaging and their process. Nevada now requires a HACCP plan but does not allow for a third party group to submit a plan. Adler does not feel it is necessary for a company to have to submit a HACCP plan when using a reduced oxygen processing method to package cultivated marijuana products. If HACCP plans must be used, Adler requests companies be allowed to submit water activity scores and other unreported metrics to CCB to allow companies to prove ability to opt out of the required HACCP plan.

Public comment was received from the Riana Durrett on behalf of the Nevada Dispensary Association (NDA). Comments were provided on how to vet owners with less than five percent interest. NDA members request rules that provide a clear path to compliance and offered suggestions. Extend the new language that recognizes the infeasibility of requiring agent cards and approval of transfers for owners with less than five percent on a rolling basis to privately held companies. Allow the subject licensed cannabis establishment to apply for waivers under NCCR 5.112 and 5.125 on behalf of owners with less than five percent interest, and state "reasonable effort" to provide the identification and address of each owner. Provide the Board authority to grant the approval on a continuous or indefinite basis as the Board has authority to withdraw the approval. Alternatively, specify that time period for approval of waiver and that waiver extends to their owners with less than five percent interest and those individuals are not required to submit their own waiver. Specify a time period in which a cannabis establishment must disclose and update its ownerships in order to determine when it must apply for approval of transfers and agent cards.

Public comment was submitted by Dr. Tung. Two comments based on the text posted July 18, 2020. Number 1. 11.040.9 subsection (a) "Notify the appropriate Board Agent in writing within 24 hours." Modify the text to: (a) Notify the appropriate Board Agent in writing within 2 business days. As written the regulation demands testing facilities to operate 24/7. Two business days allows time for verification and serves the purpose of immediate notification. Number 2. 11.070(1)(d) modify the text to remove "batch, lot or production run number" as this information is embedded in the seed-to-sale identification tag and the tag is affixed to the sample package.

Public comment was submitted by Mona Lisa Samuelson. Samuelson stated medical cannabis patients' pleas for help are ignored because the Nevada Dispensary Association is unwilling to work on anything that may affect the current profit margins of their clientele. Patients do not have access to any of the basic cannabis products medicinal use requires and don't have any regulations to allow patients to obtain live plants and seeds. Medical patients have to beg for legislative protection because Nevada's regulatory policy for cannabis testing standards has failed them. Samuelson does not believe change will come with the Compliance Board because political games are still being employed. Political collusion between lawyers acting on behalf of well-monied investors has cost citizens. When regulators ignore legal responsibility to consumer safety in favor of big business dealings, it should be noted for the public to see.

Public comment was submitted by Jon Marshall on proposed change to regulation 13.020 (4) and (5). The proposed change looks to extend a distributor's possession time from 24-48 hours. He proposed that CCB keeps the 72 hour possession period. For those transporting product to remote locations, from Vegas, it is nearly impossible to make the trip and distribute the product in such a short amount of time.

Public comment was submitted by Jon Marshall regarding clarification of packaging and label requirements for production. Proposed change to 12.035, request that CCB allow manufacturers to put all pertinent information

included warnings, license info, net weights, potency, etc. on labeling affixed to packaging rather than on the packaging itself. It is nearly impossible to print directly onto the packaging of the majority of products sold in dispensaries.

Public comment was received from Omar Aly. Aly stated that there should be more licenses and allow the free market to decide price and who survives. The dispensaries claimed the process was unfair and rigged so they could delay competition and keep price gouging. Aly asked when will licensing be freely available to the public and not based on nepotism. The laws need change.

Public comment was received from Joshua Hicks and Laura Jacobsen of McDonald Carano regarding NCCR 4.140 Declaratory orders and advisory opinions. Per the regulation, declaratory orders are reserved for when the ruling would be significant to the regulation of cannabis and may involve the Board's construction of statute or regulation. The Board is empowered to set the matter for a hearing and/or solicit additional briefing prior to issuing its ruling. Contrary to the importance of any such ruling that may affect the entire industry, the petitioner is prohibited from obtaining judicial review. Industry-wide issues that involve the construction of regulations, statutes, and Nevada policy are the issues most deserving of judicial review. Request the Board consider allowing declaratory orders of industry wide importance to be submitted for a court's review.

Director Klimas read all of the additional public comments that were received after the deadline set in the agenda so that the Board is apprised of all public comment.

Public comment was received from Michael Cristalli. Regulation 5.112 addresses publicly traded companies, but there is a distinction between publicly traded companies and public companies. Any offering over 500 is a public offering. For example, Regulation D, Regulation A 1 and 2 offerings. The provision should cover all public companies not just publicly traded companies.

Public comment was received from Kimberly Maxson Rushton on behalf of RAD Source Technologies in response to Regulation 12.065 proposed draft regulation. RAD is the developer of the RS 420 line of x-ray irradiators which operates within parameters prescribed by the FDA to treat food products and is a safe alternative to gamma source irradiators. Regulation 12.065 was not included in the initial drafts of regulations posted. On July 3, 2020 Regulation 12.065 was included in the proposed regulations set for consideration. RAD requests that adoption be tabled pending further clarification of the regulatory intent and corresponding nexus to NRS 678A through D. Proposed regulation 12.065 states if any cannabis or cannabis product has been treated with irradiation at any time, the packaging must include labeling that contains the following statement "WARNING: this product contains ingredients that have been treated with irradiation" in bold lettering, along with the Radura symbol as used by the US Food and Drug Administration. The statutory requirements specific to label are primarily contained in NRS 678B.520 and 678D.420. Neither statute requires labeling in the manner suggested in Regulation 12.065 primarily because the warning is applicable to food and food products as overseen by US FDA. The regulation infers a public safety concern, however it has been proved that irradiation is beneficial in many ways. The regulation is not generally applicable but targets RAD and its cannabis customers. RAD requests the proposed regulation 12.065 be withdrawn until concerns are addressed. At a minimum, RAD requests that the term "warning" is removed. To avoid confusion and ensure general applicability, RAD recommends the regulations describe the multiple ways in which cannabis or cannabis product may be treated with irradiation.

Public comment was received from Will Adler representing Scientists for Consumer Safety (SCS). This was the third submission of identical comments recommending changes to Sections 4, 6, and 11 of the Regulations. Section 11 Publication of seed-to-sale tracking data changing "may" to "shall" regarding posting Metrc data. Retesting: it is the opinion of SCS that no retest ever invalidates a previously-failed quality assurance test and all test results are valid even if retested differently. Regulation 11.075 should include a new subsection 7. The cannabis testing facility selected to perform the retest will retest using full sampling and homogeneity protocols, unique packaging maintained for new sample and initial sample. Both samples will be retested and if the average of the three test scores is below the limit for quality assurance, the test will be declared safe and safe for sale. Proficiency testing 11.040 (8). Successful participation includes acceptable score of 85% of analyte that the cannabis testing facility reports to include quantitative results when applicable. An acceptable score of 75% or greater but less than 85% will require corrective action but not a full retesting of the lab's proficiency. Random Laboratory Assurance Checks (RLAC) 11.085 as presented should be replaced in its entirety with regulations that create a functional system of RLAC, with a random audit of every cannabis lab four times per year, including

retests performed with Board investigators present. Two failed RLACs within 24 months shall qualify as a category 1 violation and may be accompanied by revocation of license.

Public comment was received from Jesse Chatsworth. The final CCB regulation is a well rounded document. An overall observation to be addressed is the absence of provisions for pertinent qualifications and conduct protocols for Board Agents who are given power to perform audits, inspections and investigations. Board agents should be certified to such standards as ISO 19011:2018 and ANSI N45.2.23 and use standardized protocols to ensure objective and professional performance of such activities. Otherwise, there is no transparency or credibility for enforcement activities.

Public comment was received from the Nevada Dispensary Association (NDA). NDA thanks the CCB for changes made in response to written comments and provided additional comments. Remove the added language to 4.060(8) stating that non-payment of an invoice for a quality assurance test will be grounds for disciplinary action if this provision represents invoices issued by cannabis testing facilities. This is a contractual relationship between facilities that cannot be predetermined through regulation. A facility could be subject to discipline for refusing to pay an erroneous invoice. Request to address how an owner whose interests increase above five percent threshold requiring an agent card is received when that amount fluctuates. Revise 5.110(5) to allow for any one person, the person that is legally authorized to bind the company, to sign the relevant form notifying CCB of a transfer.

- II. Meeting Minutes – Consideration for approval of the June 18, 2020 Cannabis Compliance Board Regulatory Workshop meeting minutes  
Chairman Douglas asked if there were any corrections or additions to make to the minutes provided. Jerrie Merritt made motion to approve the minutes. Dennis Neilander seconded the motion. All in favor said aye. Motion carries.
- III. Introductory Remarks from Director Klimas  
Director Klimas dedicated the meeting to the 40 member staff of the CCB that make up the team today. Klimas appreciated the work the entire team has accomplished including the legal team from the Attorney General’s office. Klimas thanked the industry and licensees for their commitment to the transition to a new regulatory regime in the state. Klimas looked forward to building a strong partnership with the industry and public as we continue working to fulfill Governor Sisolak’s charge of becoming the gold standard to cannabis oversight.
- IV. Consideration for Adoption of Permanent Regulations of the Nevada Cannabis Compliance Board (NCCR 1-14)  
Director Klimas detailed the process for drafting the regulations, including the 12 day informal public input period and the public workshop, neither of which were required as the CCB is not required by statute to adhere to the Administrative Procedures Act as it pertains to the adoption of regulations. Minor changes were recently made. The document titles: Additional changes to NCCR 1-14 for Consideration for Adoption at the July 21, 2020 CCB Board meeting. This was made available to the public and sent out to industry prior to the meeting.

Director Klimas provided a description of the regulations in sections.

Regulations 1-3 includes the title of NCCR, a definitions section, and the Cannabis Compliance Board and the Cannabis Advisory Commission construction. There is a broader definition of “person” included in Regulation 1, which now allows the CCB to background check not only the individual but also the entity applying for the license where appropriate. It also clarifies our position that an entity can be issued a work card as an independent contractor to help deal with management contracts. There have been requests for facilities to enter into a management contract with another facility as a precursor to a sale or transfer of interest. This clarity in Regulation 1 will allow CCB to better facilitate those requests. Public input received on these regulations centered around mainly clarifications of definitions which CCB was able to accommodate.

No questions from the Board members regarding Regulations 1-3.

Regulations 4-5 includes disciplinary actions, other proceedings before the board, licensing and background checks, and registration cards. Regulation 4, which deals with disciplinary actions, penalties for violations, and the complaint and hearing process, includes an increase to civil penalty amounts and penalty category designations. There are mechanisms for members of the public to request an advisory opinion from the CCB along with the ability to petition the Board for a change in regulations. Regulation 4 outlines the service of

complaint and disciplinary hearing process as prescribed by NRS 678A. Deputy Director Michael Miles will detail the process for service of complaints during agenda item 6 as a discussion item.

Regulation 5 provides a more expansive and comprehensive licensing and approval structure for Cannabis companies, owners and employees and generally replaces and augments the provisions of NAC 453D.250 through NAC 453D.365. It better realizes the policy intent of AB 533 in reiterating that the cannabis industry is a privileged industry, placing the burden on the applicant to prove they are suitable, not placing the burden on the CCB to prove that they are unsuitable. Regulation 5 clarifies the procedure for waiving the licensing process for non-controlling owners and passive investors who hold less than 5 percent ownership stake of a company. The Board can deny the waiver, rescind the waiver, and has the authority to ask for any additional information as it deems necessary in carrying out Regulation 5. Regarding the waiver process, Regulation 5 envisions a single waiver form submitted by the company on behalf of all owners with less than 5 percent interest. Staff will likely recommend waivers to be effective for one year. CCB staff envisions the waiver submittals from those currently operating with shareholders to take place over a reasonable period of time. Policy regarding the timeline to get into compliance will be communicated to the industry through ListServ. Regarding the disclosure of the identification and address of owners with less than 5 percent, and the disclosure and frequency of those owners who may rise above 5 percent at any given time, CCB recognizes the different complexities of shareholder arrangements that exist, including brokerage firm accounts, and other passive investor accounts. There will be cases where that information can be harder to ascertain. The discretion for approval in any situation like that, understanding those situations do exist, would come in front of the Board to approve or not approve the waiver. CCB annual audits and inspections will begin to require a full reporting of ownership information.

Member Neilander commented that with respect to Regulation 5, part of the charge was to adopt provisions that have worked well within the gaming industry where they were applicable to cannabis. Neilander thought the regulation does that. Some of the language with respect to suitability and burden of proof on the applicant is taken directly from the Nevada Gaming Control Act. Neilander supports the regulation as written.

Chair Douglas added that this is not a document that is set in stone. The Board realizes there are concerns of the five percent and this is still being examined, the issue of how to deal with the less than five percent. Chair Douglas also wanted to pay attention to the proposed change to Regulation 5.095(3), if a person fails to renew its license by the expiration date, the license shall cease operation until its license is renewed. This came from the NRS's. One of the tenants of asking for renewal or additional licenses is compliance. Until you have submitted your license renewal and payment, you should not be operating. Once that is done, you may operate because it is deemed technically renewed pending review.

Director Klimas introduced Regulations 6-8. Regulation 6 outlines cannabis possession limits for patients and adult use consumers, requirements if an establishment has changes in operations, written requests to change locations, standard operating procedures, inventory control systems, outdoor cultivation requirements, cleanliness and health of agents, and restrictions on advertising. Regulation 7 outlines the requirements for cannabis sales facilities' operations, duties of agents before sale to consumer, proof of age, sales limits, restrictions on sales, advertising, storage, sources, and delivery requirements. Regulation 8 outlines the requirements for cannabis cultivation facilities including operations, samples, excise taxes, access, and storage. Testing facilities were removed from some of the other facility requirements currently in place, also clarified and extended other reporting dates. Various public health and safety measures were added, including placing a duty on cannabis sales facilities to not recommend products to women that are pregnant or breastfeeding. Regulations 6-8 mainly align with the 453A/D regulations on the same subject areas.

Chair Douglas asked if the Director or staff would make comment regarding McDonald Carano's comments of Subsection 6.087(2)(b)(4) and 6.085(1)(a), (6) and (7). Director Klimas responded that in 6.085, the suggested change they asked was to consider exempt cannabis testing facilities from some of the operations or requirements, some of which was done in Regulations 6-8. Testing facilities are very different than some of the other establishments and CCB will continue to look at this.

No further questions from the Board.

Director Klimas introduced Regulations 9-10. Regulation 9 outlines the requirements for production facilities including hand and arm contact with products, qualifications, extraction, training, use of ingredients, sanitation, temperature control, shelf life, testing, sinks, equipment and ventilation. Regulation 10 outlines the requirements

for minimum good manufacturing practices including quality control, ventilation and filtration, labeling and packaging, Standard Operating Procedures (SOPs), maintenance of equipment, hygiene, salvage of products, records, building requirements, water, plumbing, lighting, pesticides application, and waste. Regulation 9 and 10 remain largely unchanged from the 453A/D regulations. A food protection manager is now required to remain at facilities during all hours of operation, and some additional layers of approvals needed for menu item changes that are submitted to the Board for approval. The addition of time requirements for the food protection manager is in line FDA recommendations and local health district requirements.

No questions from the Board members.

Director Klimas introduced Regulation 11. Regulation 11 outlines the requirements for cannabis testing facilities including qualifications, accreditation, general laboratory standards and practices, chain of custody, records, proficiency testing, research and development, quality assurance, required tests, homogeneity, pesticides, sampling, certificates of analysis, and retesting. This regulation contains minor enhancements and changes from prior regulations in order to address some of the issues we've faced recently with lab testing in the state. It also includes opportunities for the Board to release information to the public on testing facilities and testing results that were previously not released.

No questions from the Board members.

Director Klimas introduced Regulation 12-13. Regulation 12 outlines the requirements for packaging and labeling of cannabis products including stamp or mold requirements, labeling, product disclosures and warnings. Regulation 13 outlines the requirements for Cannabis Distributors including duties of the distributor, storage of cannabis and cannabis products, distribution amounts, and multiple deliveries. CCB will issue guidance if these regulations are adopted that will allow for a 12-month work through period for existing packaging. This will come as a Listserv and will help with establishments transition to the new wording for warning requirements. Also, stemming from recent feedback, we made a change to allow for the storage time for distributors to be increased from 24 to 48 hours. The timeframe was analyzed by CCB staff. This change will provide for more flexibility when traveling long distances within the state. All product stored will need to be documented in the seed to sale tracking system.

Chair Douglas commented that there seems to be a lot of public comment regarding the items within 12 and 13. This has been vetted, and is probably not the end of the vetting as the Board attempts to improve.

Director Klimas introduced Regulation 14. Regulation 14 requires cannabis establishments to create and maintain policies and procedures prohibiting discrimination and harassment in the workplace. The original draft had Regulations 1-15, but the initial draft's number 14 was removed after discussions with the Department of Public and Behavioral Health. This regulation dealt exclusively with DPBH, and after consulting with their deputy attorney general, they felt comfortable that those requirements were contained in their own regulations and that they would prefer to leave them as such. We had no issues with that but that is the reason the original Regulation 14 has now been removed.

Member Neilander commented that he intends to support the regulations as discussed today, but understanding that this is an evolving and new industry. He recognized the Board will be constantly looking at the regulations and how they are implemented, and will make changes as necessary. This is a great step to revamp the way this has been regulated.

Chairman Douglas supported Member Neilander's comments that this is an evolution. The law went into effect July 1 and we were charged with implementing new regulation or piggy-backing on regulations that had been in effect. The comments from the industry are appreciated and their suggestions have been heard. With time, areas of concern can be clarified while maintaining obligation to comply with Nevada Revised Statutes. Some of the statutes that have been provided from Legislature create trepidation on how to regulate. A big concern is the the five percent or less rulings because of the underlying of what a licensee has to comport with in terms of interest, crimes, child support. At this point the Board is not free to enforce the requirements on those here are five percent or less.

Member Neilander made motion to adopt Regulations 1-14 as stated in the materials with the changes that are supplemented in Item 4. Member Merritt seconded. All members said aye, motion carries.

V. Extended Review Period of Transfers of Interest

Director Klimas stated the extended review period on transfers of interest was put into place by Marijuana Enforcement Division in October 2019 as a result of potential unsuitable actors trying to gain access to the cannabis industry in Nevada and lack of vetting allowed under NAC 453 A and D. There are 92 outstanding distinct pending transfers of interest (TOI) requests, or 55 if parent companies are combined. Work on preparing to process the transfers has been ongoing. If the Board takes action to lift the extended review period, it will take some time to process the requests in a phased approach. If the review period is lifted, there will be TOIs for the Board's consideration at the next Board meeting. With the approved regulations, CCB has the necessary tools to vet, investigate, and make appropriate recommendations to the Board. Director Klimas recommended to lift the extended review period.

No questions from the Board members. Member Neilander made motion to lift the restrictions, noting that there are now capabilities in place to adequately address these transfers and also ramping up of investigative staff to be able to adequately determine the suitability of the transfers and individuals involved. Member Merritt seconded. All members said aye, motion carries.

VI. Process for Service of Complaints

Deputy Director Michael Miles provided a description of the new disciplinary process. When the Executive Director becomes aware that a licensee agent has violated, is violating or is about to violate Title 56 or any regulation, we will collect the facts and turn it over to the Attorney General's Office. The Attorney General's Office and CCB agents will investigate the claims and determine if disciplinary action is warranted. If warranted, the Attorney General's Office will prepare a complaint and return it with their recommendations to the Executive Director. Executive Director will add the approval for service of the complaints to a Board meeting agenda as Complaint A, B, and so on. At the agendaized Board meeting, the Executive Director will provide a brief summary of the violations alleged in the complaints. To protect any potential due process rights and to comply with NRS 678A.510 and 520, no facts or names will be discussed, and the Board will not see the actual complaint. The only action that will be decided is whether to serve the complaint. After permission to serve is granted, the complaint will be served on the licensee or agent and uploaded to the CCB website in full. The party can accept the discipline as listed in the complaint, and the Board will enter an order imposing that discipline at the next Board meeting. If the party chooses to oppose the complaint, the party will have 20 days to answer the complaint with a request for hearing. Once the answer and request for hearing served on the Board, the Board will schedule a hearing on the matter within 45 days and decide who hears the matter. If it is a hearing officer, the hearing officer, after hearing the matter, will submit their findings and recommendations to the Board for adjudication. The Board can accept the hearing officer's recommendation in whole or in part. In addition, they can choose to let both sides briefly present arguments and then decide on the hearing officer's recommendation. If the licensee or agent is unsuccessful, they can accept the discipline as assessed or they can file a petition for judicial review with the District Court pursuant to NRS 678.610.

No questions or further discussion by the Board members.

VII. Consent Agenda

A. Complaints

Director Klimas presented the Licensees for service of complaints. Director Klimas stated that the Licensees are listed as "A," "B," and "C" and if approved for service, the complaints will be released in their entirety. Chair Douglas requested clarification on what NRS 678.510 requires. Director Klimas briefly explained the procedural process. Deputy Director Miles stated it is similar to the procedural process of filing with the clerk, and being able to serve the complaint at that point. The Board would be giving permission to serve the complaint. Chair Douglas asked if the items are approved, then the names of the parties are inserted. Director Klimas and Deputy Director Miles confirmed that is correct.

Member Neilander commented that a change can be considered in the next legislative session to grant authority to the Attorney General's Office to effectuate service of a process if a majority of the Board members has reviewed the complaint. Understanding it is required under the law now, but it seems to be a process that the Board shouldn't need to do unless requested by the Attorney General's Office. Deputy Director Miles commented that a correction will be requested to legislation to change NRS 670A.510 (2) to say "The Board, through the Executive Director, shall promptly make a determination regarding service of these complaints."

Director Klimas stated that for Licensees A & B, complaints have already been submitted under the Department of Taxation but remain pending. Due to the jurisdiction change of July 1, 2020, the Board will need to approve service of complaints.

For Licensee A, the complaint will allege violations of NAC 453D.905(3)(b)(9) and NAC 453D.905(3)(d)(8).

For Licensee B, the complaint will allege violations of NRS 453A.340, NAC 453D.312, NAC 453D.400, NAC 453.434, NAC 453D.438, NAC 453D.446, NAC 453D.708, NAC 453D.720, NAC 453D.732, NAC 453D.734, NAC 453D.740, NAC 453.805 and 16 violations of NAC 453D.905.

For Licensee C, the complaint will allege two violations of NAC 453D.905.

Chair Douglas asked for a motion to accept the complaints under consent agenda A 1, 2, and 3 in whole or in part for service. Member Merritt made a motion to accept. Member Neilander seconded the motion. All members said aye. Motion carries.

#### B. Administrative Matters

Chair Douglas stated matter of the approval of Cannabis Compliance Board forms in on the agenda because the regulations have now been passed. Director Klimas responded in the affirmative and this would be an ongoing project as forms are updated. There are thirteen forms that correspond to the proposed and now adopted Regulations NCCR 1-14. There are updates to current forms and new forms to align with new requirements as a result of the regulations.

Member Merritt made a motion to approve the Cannabis Compliance Board Forms. Member Neilander seconded. All members said aye. Motion carries.

#### C. Resolutions

Chair Douglas stated that for agenda item C, the approval of Recommended Stipulation and Order for Settlement of Disciplinary Action, Member Neilander had a representation for the record. Member Neilander stated he had a disclosure and intended to abstain on this item. Member Neilander is of counsel with the law firm Kaempfer Crowell, does not have pecuniary interest in the law firm, and has no knowledge of the matter. The law firm has represented one of these companies in the past. Member Neilander deals exclusively in the gaming industry and is prohibited from having involvement in the cannabis industry. Member Neilander would like to avoid any appearance of impropriety. The arrangement with the law firm is shared office space, but out of abundance of caution, Neilander stated he will abstain from the matter. Deputy Bhalla stated that is a sufficient disclosure. Chair Douglas asked for confirmation that for quorum purposes, Member Neilander is counted, however for purposes of action, the two remaining members are sufficient to take action. Deputy Bhalla confirmed that is correct.

Chair Douglas stated the matter for approval is recommended Stipulation and Order for Settlement of Disciplinary Action regarding CWNevada, LLC (C009, RC009, C010, P009, RP009, C011, RC011, D010, RD010, T021, T022).

Senior Deputy Attorney General Ashley Balducci presented the matter to the Board. Deputy Balducci stated that at 11:47 p.m. last night, she received an ex parte application for temporary restraining order, a motion for preliminary injunction on OST against the Department of Taxation filed by CWNevada Majority Shareholders, LLC. This entity is not licensed or regulated by the Board.

Chair Douglas stated the Board has received information that the Court has approved the good-faith settlement as to this matter subject to the Board taking a position, and then a brand new lawsuit has been brought by this group. The Board has received papers from the receiver and the attorney for the secondary; one asking to hold the action and the other wishes to go forward to resolve. Chair Douglas asked for recommendation from Deputy Balducci. Deputy Balducci recommended the Board take action as CW Shareholders LLC is not licensed or regulated by this Board and the other litigation is completely different licenses. Chair Douglas stated the matter has been delayed long enough and the Board should state whether it approves.

Chair Douglas asked for questions and Member Merritt had none. Chair Douglas made motion to accept the order for settlement that has been provided this date as to the underlying action; that the parties have litigated and the Court has approved the good-faith settlement. Deputy Balducci added that the parties who objected also had an opportunity through receivership court to object at that time as well. Member Merritt seconded. Chair Douglas asked to approve the Board accepting the order of settlement. Member Merritt and Chair Douglas said aye to approve acceptance.

VIII. Next Meeting Date

Chair Douglas noted that the next meeting date is August 25, 2020.

IX. Items for Future Agendas

Chair Douglas asked Neilander to restate his recommendation for future items. Member Neilander provided a recap of the notion of service of process, that is something to be put in the next legislative package or for further discussion. It seems to be a perfunctory matter the Board should not have to act on. Member Merritt did not have items to add. Chair Douglas would like an update from the Director on license renewals, in regard to how many are out of compliance at this time. Director Klimas added that an ongoing item will be the transfers of interest, and further discussion on timelines and timeframes so that the industry and Board have clarity.

X. Public Comment

Tiana Bohner read two public comments into the record.

Public comment received from Jennifer Gallerani. She asked to verify that the CCB has received a formal application from Blackbird Logistics to nominate their CEO for a position with CCB as an industry representative.

Public comment received from Dale Walsh. Walsh stated that his public comment from the workshop was not taken into consideration in the final proposed regulations. "Clearly" was put in front of "detectable" in section 8.015 (3)(b). This does not change the fact that the part of the regulation that addresses odor remains subjective and open to interpretation and potential disagreement. It needs to be objective with measurable criteria.

XI. Adjournment

Member Merritt made motion to adjourn. Member Neilander seconded. Meeting adjourned at 11:27 a.m.