

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

3
4 STATE OF NEVADA, CANNABIS
COMPLIANCE BOARD,

Case No. 2020-012

5 Petitioner,

6
7 vs.

8 BLOSSUM GROUP, LLC,


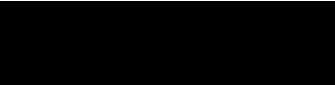
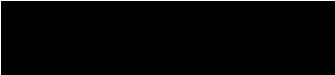
9 Respondent.

10 **COMPLAINT FOR DISCIPLINARY ACTION**

11 The Cannabis Compliance Board of the State of Nevada (the "CCB"), by and through
12 counsel, Aaron D. Ford, Attorney General of the State of Nevada, L. Kristopher Rath, Esq.,
13 Senior Deputy Attorney General, and Ashley A. Balducci, Esq., Senior Deputy Attorney
14 General, having a reasonable basis to believe that RESPONDENT BLOSSUM GROUP,
15 LLC ("Blossum" or "Respondent") has violated provisions of Chapters 453A, 453D, and
16 678A through 678D of the Nevada Revised Statutes ("NRS"), and Chapters 453A and 453D
17 of the Nevada Administrative Code ("NAC"), hereby issues its Complaint, stating the
18 CCB's charges and allegations as follows:

19 **JURISDICTION**

20 1. During all relevant times mentioned in this Complaint, Blossum held, and
21 currently holds, the following certificates and licenses:

22 ID	License/Certificate	Last Issued / Renewed	Address
23 RC059	Adult-use Cultivation 52188599373858371816	7/1/2020	
24 C059	Medical Cultivation 93508162879541088544	7/1/2020	
25 RP033	Adult-use Production 17757785646300938968	7/1/2020	

3 2. During all relevant times mentioned in this Complaint, Blossum is and was
4 registered as a domestic limited liability company in the State of Nevada. Hamid Rowshan
5 is a managing member of, and Point of Contact for, Blossum, with a business mailing
6 address of [REDACTED].

7 3. Laws 2019, c. 595, § 240, eff. July 1, 2020, states, in pertinent part, as follows:

8 1. The administrative regulations adopted by the Department of Taxation
9 pursuant to chapters 453A and 453D of NRS governing the licensing and
10 regulation of marijuana establishments and medical marijuana
11 establishments remain in force and are hereby transferred to become the
12 administrative regulations of the Cannabis Compliance Board on July 1, 2020.
13 On and after July 1, 2020, these regulations must be interpreted in a manner
14 so that all references to the Department of Taxation and its constituent parts
15 are read and interpreted as being references to the Cannabis Compliance
16 Board and its constituent parts, regardless of whether those references have
17 been conformed pursuant to section 244 of this act at the time of
18 interpretation...

19 3. Any action taken by the Department of Taxation or its constituent parts
20 pursuant to chapter 453A and 453D of NRS governing the licensing and
21 regulation of marijuana establishments and medical marijuana
22 establishments before July 1, 2020, remains in effect as if taken by the
23 Cannabis Compliance Board or its constituent parts on and after July 1, 2020.

24 4. Effective July 1, 2020 and pursuant to NRS 678A.350, the CCB superseded
25 the Department in enforcing Nevada's laws and regulations for the cannabis industry.

26 5. As set forth below, some of the events at issue in this CCB Complaint may
27 have occurred prior to July 1, 2020, when Blossum was licensed pursuant to NRS Chapters
28 453A and 453D and NAC Chapters 453A and 453D; the violations at issue herein were all
discovered on July 1, 2020. Therefore, Blossum is subject to the jurisdiction of the CCB and
subject to discipline pursuant to NRS 678A through 678D and the relevant provisions of
NRS Chapters 453A and 453D and NAC 453A and 453D¹. Violations are referenced herein
to the statutes and regulations in effect at the time each said violation occurred and/or was

¹ Because the Nevada Cannabis Compliance Board Regulations did not become effective until August 5, 2020, the relevant regulations in this Complaint are NAC 453A and 453D.

1 discovered to exist.

2 6. Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director
3 has transmitted the details of the suspected violations of Blossum to the Attorney General
4 and the Attorney General has conducted an investigation of the suspected violations to
5 determine whether they warrant proceedings for disciplinary action. The Attorney General
6 has recommended to the Executive Director that further proceedings are warranted, as set
7 forth in this CCB Complaint. The Executive Director has transmitted this recommendation
8 and information to the CCB. Pursuant to NRS 678A.510(2)(b), the CCB has voted to
9 proceed with appropriate disciplinary action under NRS 678A.520 through 678A.600, and
10 has authorized service of this CCB Complaint upon Respondent pursuant to NRS
11 678A.510(1).

12 **FACTUAL ALLEGATIONS**

13 7. CCB incorporates all prior Paragraphs as though fully set forth herein.

14 8. On July 1, 2020, as part of a routine inspection pursuant to NRS 678B.510(5),
15 CCB staff conducted an inspection of the Blossum medical and adult-use cultivation and
16 production facilities at [REDACTED]. The lead inspector
17 for this investigation was Jason A. Banales.

18 9. During the course of the aforementioned investigation, CCB inspector Banales
19 observed a number of regulatory violations at the Blossum cultivation and production
20 facilities, including the following: (1) Holding multiple containers of unlabeled product,
21 specifically, keif in the cure room that had not been tagged or entered into METRC, and 22
22 other containers without labels that could not be reconciled in METRC; (2) Marijuana
23 product that was left unprotected from potential contamination by being stored in a chest
24 freezer with employee food; (3) Marijuana product improperly stored on the floor from a
25 delivery the prior day; (4) Improper waste procedures for marijuana – employees of the
26 facility reported that wastage of marijuana was accomplished without properly grinding
27 and mixing plant material with waste; (5) Employee Jerome Baily was observed working
28 with an agent card that had expired on May 28, 2019; (6) Soil amendment reports were not

1 available for review and inspection; (7) Lack of any certified pest inspector; (8) An untagged
2 mother plant; and (9) Disrepair issues, including holes in the walls, unsealed and
3 excessively dirty flooring, and inaccessible and unstocked hand sinks.

4 VIOLATIONS OF LAW

5 10. CCB incorporates all prior Paragraphs as though fully set forth herein.

6 A. Blossum's Production Facilities

7 11. As to license RP033 and certificate P033, Respondent Blossum violated NAC
8 453A.414(4) and (5), NAC 453D.426(5) and (6) and 453D.905(3)(d)(4) and (13) by holding
9 marijuana product that was unlabeled and without seed to sale tracking information.
10 Specifically, on inspection CCB staff found the following:

- 11 a. 3 unlabeled bags of trim/flower in a chest freezer;
- 12 b. 14 black oil jars in a flammables cabinet;
- 13 c. 3 yellow oil jars in a flammables cabinet;
- 14 d. 2 trim/shake jars in a flammables cabinet;

15 The foregoing unlabeled product could not be reconciled with seed to sale tracking data in
16 METRC. The foregoing findings constitute 4 Category III violations. The first violation
17 carries a \$2,500 fine and the second violation carries a \$5,000 fine or a license suspension
18 of not more than 10 days. The third violation carries a \$10,000 fine or a license suspension
19 of not more than 20 days. The fourth violation carries a suspension of not more than 30
20 days. In the alternative, should the CCB determine these violations constitute one
21 Category III violation, Blossum is subject to a \$2,500 fine.

22 12. As to license RP033 and certificate P033, Respondent Blossum violated NAC
23 453D.732(2)(d), (e)(10), NAC 453D.718(3), NAC 453D.446(1), NAC 453D.662(3) and (4),
24 NAC 453D.734, NAC 453D.905(3)(e)(11), and NAC 453D.905(3)(f)(6), by failing to properly
25 maintain a building used for marijuana manufacture, processing, and/or holding.
26 Specifically, the July 1, 2020, inspection found the following disrepair issues at its facility:

- 27 a. The floor in the Extraction Room had not been maintained and was
28 excessively dirty and in disrepair (not properly sealed);

- b. Components (5 gallon buckets of ethanol) were stored on the floor inhibiting the ability to clean the floor;
- c. In the Production Room, the hand sink was not accessible, as it was blocked by other items, and it was not stocked with paper towels. The restroom hand sink also was not stocked with paper towels; and
- d. Employee personal items were improperly stored – employee water bottles were stored over and next to extraction equipment allowing for contamination of marijuana product.

Item (c), above, constitutes a Category IV violation and carries a fine of \$1,250. The remaining three violations constitute 3 Category V violations. The first Category V violation requires a warning. The second Category V violation and carries a fine of \$750. The third Category V violation carries a fine of \$1,250 or a license suspension of not more than 3 days.

B. Blossum's Cultivation Facilities

13. As to license RC059 and certificate C059, Blossum violated NAC 453A.414(4) and (5), NAC 453D.426(5) and (6) and 453D.905(3)(d)(4), (5) and (13) by holding marijuana product that was unlabeled and without seed to sale tracking information. Specifically, on inspection CCB staff found the following:

- a. Unlabeled kief in the cure room that had not yet been tagged and entered into METRC; and
- b. 1 untagged mother plant.

The foregoing findings constitute 2 Category III violations. The first violation carries a \$2,500 fine and the second violation carries a \$5,000 fine or a license suspension of not more than 10 days.

14. As to license RC059 and certificate C059, Respondent Blossum violated NAC 453D.662(4), NAC 453D.662(3)(b), and NAC 453D.905(3)(e)(9) by improperly storing marijuana products in a freezer with employee food, leaving them susceptible to

1 contamination, and improperly storing marijuana on the floor, again leaving it susceptible
2 to contamination. These acts constitute two Category IV violations. The first violation
3 carries a fine of \$1,250. The second violation carries a fine of \$2,500 or a license suspension
4 of not more than 7 days.

5 15. As to license RC059 and certificate C059, Respondent Blossum violated NAC
6 453D.745(1)(b), NAC 453D.745(3), and NAC 453D.905(3)(d)(15) by failing to meet the
7 requirements for disposal of marijuana waste. Specifically, Blossum employees reported
8 that their procedure for marijuana wastage involved only the addition of chemicals to
9 marijuana product and they did not grind the marijuana product and add waste material
10 to it as required by NAC 453D.745(3). These acts constitute a Category III violation. As a
11 third Category III violation, this violation carries a fine of \$10,000 or a license suspension
12 of up to 20 days.

13 16. As to license RC059 and certificate C059, Respondent Blossum violated NAC
14 453D.330(11), 453D.438(2), and NAC 453D.905(3)(e)(1) by allowing employee Jerome Baily
15 to work at its cultivation facility without a valid agent card. Specifically, Mr. Baily was
16 observed working at the Blossum cultivation facility on July 1, 2020, with an agent card
17 that had expired on May 28, 2019. This is a Category IV violation. As the third Category
18 IV violation, this violation carries a fine of \$5,000 or a license suspension up to 10 days.

19 17. As to license RC059 and certificate C059, Respondent Blossum violated NAC
20 453D.605(1)(a) and 453D.905(3)(d)(4) and (16) by failing to keep required records on soil
21 additives. Specifically, Blossum could not produce soil amendment reports upon request,
22 despite its use of a variety of soil additives on a lot by lot basis. This is a Category III
23 violation. As a fourth Category III violation, this violation requires a license suspension
24 up to 30 days.

25 18. As to license RC059 and certificate C059, Respondent Blossum violated NAC
26 453D.740(4) and NAC 453D.905(3)(f)(6) by failing to have an employee who is a certified
27 pest control applicator on staff. This is a Category V violation and carries a warning for
28 this first Category V violation.

1 19. As to license RC059 and C059, Respondent Blossum violated NAC
2 453D.732(2)(d), (e)(10), NAC 453D.734, and NAC 453D.905(3)(f)(6), by failing to properly
3 maintain a building used for marijuana manufacture, processing, and/or holding.
4 Specifically, the July 1, 2020, inspection found the following disrepair issues at its facility:

- 5
- 6 a. The wall behind the mop sink was in disrepair and had water damage;
- 7 b. A hole in the wall of the "Mature Room 2" sealed with duct tape;
- 8 c. A hole in the wall behind a pipe in the supply closet;
- 9 d. Chips in the floor of the "Mature Room 2"; and
- 10 e. Improper sealing of the cure room floor.

11 These constitute 5 Category V violations. The first violation herein is the second Category
12 V violation and carries a fine of \$750. The second violation herein carries a fine of \$1,250
13 or a license suspension of not more than 3 days. The third violation herein carries a fine of
14 \$2,500 or a license suspension of not more than 7 days. The fourth violation herein carries
15 a fine of \$5,000 or a license suspension of not more than 10 days. The fifth violation herein
16 carries a fine of \$10,000 or a license suspension of not more than 20 days.

17 **DISCIPLINE AUTHORIZED**

18 Pursuant to the provisions of NRS 678A.600, NAC 453A.332, NAC 453D.312, NAC
19 453D.405, NAC 453D.900, and NAC 453D.905, the CCB has the discretion to impose the
20 following disciplinary actions:

- 21 1. Suspend the licenses and certificates of Blossum;
- 22 2. Impose a civil penalty of not more than \$35,000 for each separate violation of
23 Chapter 453D on the licenses and certificates of Blossum;
- 24 3. Issue an order for the destruction of all untagged cannabis and cannabis
25 products outside the seed to sale tracking system described in Paragraphs 11 and 13, above;
26 and
- 27 4. Take such other disciplinary action as the CCB deems appropriate.
- 28 The CCB may order one or any combination of the discipline described above.

1
2 **RELIEF REQUESTED**

3 Based on the foregoing, counsel for the CCB respectfully requests the CCB impose
4 the penalty of suspension as to Blossum's license RC059 and certificate C059 for 30 days.

5 In addition, counsel for the CCB requests the CCB impose civil penalties against
6 Blossum's license RC059 and certificate C059 in the amount of \$20,750.00².

7 As to Blossum's license RP033 and certificate P033, counsel for the CCB respectfully
8 requests the CCB impose the penalty of suspension for 30 days.

9 In addition, counsel for the CCB requests the CCB impose civil penalties against
10 Blossum's license RP033 and certificate PO33 in the amount of \$45,750.

11 In sum, counsel for the CCB requests total civil penalties for Blossum's licenses and
12 certificates in the amount of \$66,500.

13 Counsel for the CCB further requests the amount expended for CCB's time and
14 effort, pursuant to NAC 453A.352(4) and 453D.200(3), in the amount of \$8,214.00 in costs
15 to date. In sum, counsel for the CCB respectfully requests the CCB order a 30 day
16 suspension of Blossum's certificates and licenses and fines, penalties and costs in the total
17 amount of \$74,714.00. CCB reserves its rights to seek additional costs incurred as this
18 matter proceeds through hearing and rehearing, if applicable.

19 In addition, counsel for the CCB requests the CCB issue an order for the destruction
20 of all untagged and unlabeled cannabis and cannabis products outside the seed to sale
21 tracking system described in Paragraphs 11 and 13, above. The CCB cannot determine the
22 origin of untagged and unlabeled cannabis or whether the untagged/unlabeled product has
23 been tested. Only properly tagged and labeled cannabis products can be transported by a
24 cannabis distributor. NAC 453D.870(2)(d). Cannabis and cannabis products outside the
25 State approved Seed to Sale Tracking System are subject to easy diversion for illegal sale
26 and are in violation of 453D.905(3)(d)(4), (5), (13), (14), and (19), NAC 453D.430 and NAC

27
28 ² In the alternative, counsel requests civil penalties against license RC059 and certificate C059 in the amount of \$5,750, should the CCB determine the violations in Paragraph 11 constitute 1 Category III violation, rather than 4 Category III violations.

1 453D.426(6)(a). Counsel for the CCB respectfully requests that said order of destruction
2 require Blossum to provide CCB with a plan for destruction of the subject
3 untagged/unlabeled cannabis and cannabis products outside the seed to sale tracking
4 system within 30 days of the order, which plan must include procedures for the proper
5 destruction of the untagged/unlabeled cannabis, including the date of the destruction, the
6 videotaping of the destruction, the witnessing by CCB staff of the destruction, and complete
7 documentation of the destruction.

8 **NOTICE TO RESPONDENT**

9 **PLEASE TAKE NOTICE**, that Respondent has a right to request a hearing on the
10 charges set forth herein, pursuant to NRS 678A.510 through 678A.590. **Failure to**
11 **demand a hearing constitutes a waiver of the right to a hearing and to judicial**
12 **review of any decision or order of the Board, but the Board may order a hearing**
13 **even if the respondent so waives his or her right. NRS 678A.520(2)(e).**

14 **PLEASE TAKE NOTICE**, you, as the respondent, **must answer this Complaint**
15 **within 20 days after service of this Complaint**, unless granted an extension. Pursuant
16 to NRS 678A.520(2), in the answer Respondent:

- 17 (a) Must state in short and plain terms the defenses to each claim asserted.
- 18 (b) Must admit or deny the facts alleged in the complaint.
- 19 (c) Must state which allegations the respondent is without knowledge or information
20 form a belief as to their truth. Such allegations shall be deemed denied.
- 21 (d) Must affirmatively set forth any matter which constitutes an avoidance or
22 affirmative defense.
- 23 (e) May demand a hearing. **Failure to demand a hearing constitutes a waiver**
24 **of the right to a hearing and to judicial review of any decision or order of**
25 **the Board**, but the Board may order a hearing even if the respondent so waives his
26 or her right.

27 **Failure to answer or to appear at the hearing constitutes an admission by**
28 **the respondent of all facts alleged in the Complaint. The Board may take action**

1 based on such an admission and on other evidence without further notice to the
2 respondent. NRS 678A.520(3).

3 The Board shall determine the time and place of the hearing as soon as is reasonably
4 practical after receiving the respondent's answer. The Board shall deliver or send by
5 registered or certified mail a notice of hearing to all parties at least 10 days before the
6 hearing. The hearing must be held within 45 days after receiving the respondent's answer
7 unless an expedited hearing is determined to be appropriate by the Board, in which event
8 the hearing must be held as soon as practicable. NRS 678A.520(4).

9 Respondent's answer and Request for Hearing must be either: mailed via registered
10 mail, return receipt; or delivered in person; or emailed to:

11 Tyler Klimas, Executive Director
12 Cannabis Compliance Board
13 555 E. Washington Avenue, Suite 4100
14 Las Vegas, Nevada 89101
15 tklimas@ccb.nv.gov

16 If served by email, Respondent must ensure that it receives an acknowledgement of receipt
17 email from CCB as proof of service.

18 As the respondent, you are specifically informed that you have the right to appear
19 and be heard in your defense, either personally or through your counsel of choice at your
20 own expense. At the hearing, the CCB has the burden of proving the allegations in the
21 Complaint. The CCB will call witnesses and present evidence against you. You have the
22 right to respond and to present relevant evidence and argument on all issues involved. You
23 have the right to call and examine witnesses, introduce exhibits, and cross-examine
24 opposing witnesses on any matter relevant to the issues involved.

25 You have the right to request that the CCB issue subpoenas to compel witnesses to
26 testify and/or evidence to be offered on your behalf. In making this request, you may be
27 required to demonstrate the relevance of the witness's testimony and/or evidence.

28 If the respondent does not wish to dispute the charges and allegations set forth
herein, within 30 days of the service of this Complaint, Respondent may pay the civil
penalties and costs set forth above in the total amount of \$74,714.00 and discontinue its

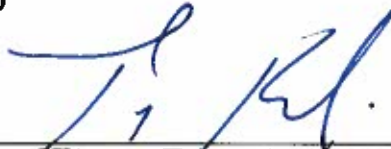
1 operations for 30 days during which its license is suspended, on notice to:

2 Tyler Klimas, Executive Director
3 Cannabis Compliance Board
4 555 E. Washington Avenue, Suite 4100
5 Las Vegas, Nevada 89101


6 YOU ARE HEREBY ORDERED to immediately cease the activity described above
7 which is a violation of Nevada law.

8 DATED: August 25, 2020.

9 STATE OF NEVADA, CANNABIS COMPLIANCE
10 BOARD

11 By: 
12 Tyler Klimas, Executive Director
13 555 E. Washington Avenue, Suite 4100
14 Las Vegas, Nevada 89101
15 (702) 486-2300

16 AARON D. FORD
17 Attorney General

18 By: 
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27
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