

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

3
4 STATE OF NEVADA, CANNABIS
COMPLIANCE BOARD,

Case No. 2020-011

5 Petitioner,

6 vs.

7 KYND-STRAINZ, LLC,

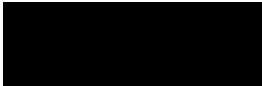

8 Respondent.
9

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 KYND-STRAINZ, LLC.
15 ("Kynd-Strainz" or "Respondent") has violated provisions of Chapters 678A through 678D
16 of the Nevada Revised Statutes ("NRS"), and Chapters 453A and 453D of the Nevada
17 Administrative Code ("NAC"), hereby issues its Complaint, stating the CCB's charges and
18 allegations as follows:

19 **JURISDICTION**

20 1. During all relevant times mentioned in this Complaint, Kynd-Strainz held,
21 and currently holds, the following license and certificate:

22 ID	License/Certificate	Last Issued / Renewed	Address
23 D110	Medical Dispensary 24 97519348303293892007	7/1/2020	
25 RD110	Adult-use Dispensary 26 46934338604709544132	7/1/2020	

27 2. During all relevant times mentioned in this Complaint, Kynd-Strainz is and
28 was registered as a domestic limited liability company in the State of Nevada. The Nevada

1 Secretary of State lists the Manager of Kynd-Strainz as The Canopy NV, LLC. Mr. Clint
2 Cates is listed as the Point of Contact for Kynd-Strainz with the CCB.

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

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

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

20 4. Effective July 1, 2020 and pursuant to NRS 678A.350, the CCB superseded
21 the Marijuana Enforcement Division of the Department of Taxation (the "Department") in
22 enforcing Nevada's laws and regulations for the cannabis industry.

23 5. As set forth below, the events at issue in this CCB Complaint occurred and/or
24 were discovered after July 1, 2020, but prior to the adoption of the Nevada Cannabis
25 Compliance Board's Regulations ("NCCR") on July 21, 2020, and the filing of the NCCR
26 with the Nevada Secretary of State on August 5, 2020. As a result, Kynd-Strainz is subject
27 to NRS Title 56 and NAC Chapters 453A and 453D for the violations asserted herein.
28 Therefore, Kynd-Strainz is subject to the jurisdiction of the CCB and subject to discipline
pursuant to NRS 678A through 678D and the relevant provisions of NAC 453A and 453D.
Violations are referenced herein to the statutes and regulations in effect at the time each
said violation occurred.

6. Pursuant to NRS 678A.500 and 678A.510(1), the CCB's Executive Director
has transmitted the details of the suspected violations of Kynd-Strainz to the Attorney

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

9 **FACTUAL ALLEGATIONS**

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

11 8. On July 8, 2020, as part of a routine inspection pursuant to NRS 678B.510(5),
12 CCB staff conducted an investigation of the Kynd-Strainz medical and adult-use
13 dispensary at [REDACTED]. The Board agents for this investigation
14 were Ashley Leano and Stephen Rudy.

15 9. During the course of the aforementioned investigation, CCB staff found that
16 Kynd-Strainz was not properly utilizing the State required seed to sale tracking system,
17 METRC. Specifically, eight inventory products were noted where the actual inventory
18 count could not be reconciled with the total recorded in METRC.

19 10. CCB inspectors also found that Kynd-Strainz was not able to provide a
20 Camera Malfunction Log for its security camera system when requested, as mandated by
21 regulations.

22 11. During the July 8, 2020, investigation, Kynd-Strainz was also unable to
23 provide CCB staff with required documentation of the semi-annual audit of the facility
24 security measures.

25 12. In addition, Kynd-Strainz was not properly or accurately completing its
26 required waste logs. First, the waste log did not include a column to identify the individual
27 witnessing the destruction or a column to identify the method of destruction. Second, the
28 destruction log was missing a total of 90 packages of cannabis from the destruction that

1 took place on June 18, 2020.

2 13. During the July 8, 2020, inspection, CCB staff also found that Kynd-Strainz
3 had an employee, Rachel Maness, who was working at the dispensary without a valid agent
4 card or a temporary authorization to work letter. Ms. Maness had applied for an agent
5 card in April 2020 and in May 2020 CCB sent her an email advising that her application
6 was not complete. In June 2020, CCB sent Ms. Maness another email stating that her
7 agent card application had been canceled due to her lack of response to the May 2020 email.
8 Despite the foregoing, Ms. Maness was still found working without a valid agent card on
9 July 8, 2020.

10 VIOLATIONS OF LAW

11 14. CCB incorporates all prior Paragraphs as though fully set forth herein.

12 15. As to certificate D110 and license RD110, Respondent Kynd-Strainz violated
13 NRS 678C.430, NAC 453A.414(4), NAC 453D.426(6)(a), NAC 453D.905(3)(d)(4), and NAC
14 453D.905(3)(d)(19). Specifically, Kynd-Strainz failed to meet seed to sale tracking
15 requirements because it could not reconcile the actual inventory count of eight products to
16 the total it recorded in METRC. More specifically, CCB found the following discrepancies:

- 17 a. Cannapunch – Grand Daddy Grape Punch 8oz/10 serv: 18 recorded in
18 METRC and 0 counted in actual inventory – 1A404030000520A000011590
- 19 b. Orange 43 x Bubba Fest Infused Pre-Roll (tester): 9 recorded in METRC
20 and 0 counted in actual inventory – 1A404030000520A000011078
- 21 c. Dosi Face x Ghost Train Haze Infused Pre-Roll (tester): 9 recorded in
22 METRC and 0 counted in actual inventory - 1A404030000520A000011083
- 23 d. Kynd Critical Kush Infused Pre-Roll (tester): 20 recorded in METRC and
24 0 counted in actual inventory - 1A4040300000181000014749
- 25 e. Horchata 7 grams: 49 packages recorded in METRIC and 46 packages in
26 counted in actual inventory - 1A4040300002329000005473
- 27 f. Tahoe Hydro Fleetwood Pie 7g: 23 packages recorded in METRC and 21
28 packages counted in actual inventory – 1A4040300004651000001074

1 g. 500C-Colossal Key Lime Beast: 12 recorded in METRC and 10 counted in
2 actual inventory - 1A4040300001207000012844

3 h. Highly Edible Assorted Pucks Sweet Sativa 100mg: 23 recorded in METRC
4 and 19 counted in actual inventory - 1A404030000520A000013501

5 Kynd-Strainz's staff was unable to identify the locations of the missing product. The
6 foregoing violations constitute eight Category III violations. The first violation carries a
7 \$2,500 fine and the second violation carries a \$5,000 fine or a license suspension of up to
8 10 days. The third violation carries a \$10,000 fine or a license suspension up to 20 days.
9 The fourth violation carries a license suspension up to 30 days. The fifth and subsequent
10 violations require license revocation. In the alternative, should the CCB determine these
11 violations constitute one Category III violation, Kynd-Strainz is subject to a \$2,500 fine.

12 16. As to certificate D110 and license RD110, Respondent Kynd-Strainz violated
13 NAC 453A.420(1)(c)(6), NAC 453D.434(3) through (5) and NAC 453D.905(3)(d)(4) and (6).
14 Specifically, Kynd-Strainz was unable to produce a Camera Malfunction Log for its security
15 camera system when CCB staff requested this. This is another Category III violation,
16 requiring license revocation. In the alternative, should the CCB determine this constitutes
17 simply a second Category III violation, then Kynd-Strainz is subject to a \$5,000 fine or a
18 license suspension of up to 10 days.

19 17. As to certificate D110 and license RD110, Respondent Kynd-Strainz violated
20 NAC 453D.434(6)(a) and NAC 453D.905(3)(d)(4). Specifically, Kynd-Strainz was unable to
21 provide required documentation of the semi-annual audit of the facility security measures.
22 This is another Category III violation, requiring license revocation. In the alternative,
23 should the CCB determine this constitutes simply a third Category III violation, then
24 Kynd-Strainz is subject to a \$10,000 fine or a license suspension of up to 20 days.

25 18. As to certificate D110 and license RD110, Respondent Kynd-Strainz violated
26 NAC 453A.414(4)(d)(9)(III) and (IV), NAC 453D.426(5)(d)(9)(III) and (IV); NAC
27 453D.905(3)(d)(4) and (15). Specifically, Kynd-Strainz waste log did not include any
28 information on the individual who witnessed destruction and did not include any

1 information on the method of destruction. This constitutes another Category III violation,
2 requiring revocation. In the alternative, should the CCB determine this is simply the
3 fourth Category III violation, then Kynd-Strainz is subject to a license suspension up to 30
4 days.

5 19. As to certificate D110 and license RD110, Respondent Kynd-Strainz violated
6 NAC 453A.414(4)(d)(9), NAC 453D.426(5)(d)(9), and NAC 453D.905(3)(d)(4) and (15).
7 Specifically, wastage was improperly recorded because a total of 90 packages were missing
8 from the waste logs for the destruction of product that took place on June 18, 2020. This is
9 another Category III violation requiring revocation. In the alternative, should the CCB
10 determine only a single Category III violation for the violations set forth in Paragraph 15,
11 above, then the allegations in this Paragraph still constitute a fifth Category III violation,
12 which requires license revocation.

13 20. As to certificate D110 and license RD110, Respondent Kynd-Strainz violated
14 NAC 453A.406; NAC 453D.418(6); NAC 453D.905(3)(d)(2); NAC 453D.905(3)(e)(1).
15 Specifically, Kynd-Strainz employee Rachel Maness was permitted to work at the Kynd-
16 Stranz facility without a valid agent card or temporary authorization to work letter, as set
17 forth in Paragraph 13 above. This constitutes both a Category III violation and a category
18 IV violation. The Category III violation requires license revocation. The Category IV
19 violation carries a \$1,250 fine.

20 **DISCIPLINE AUTHORIZED**

21 Pursuant to the provisions of NRS 678A.600, NAC 453A.332, NAC 453D.312,, NAC
22 453D.900, and NAC 453D.905, the CCB has the discretion to impose the following
23 disciplinary actions:

- 24 1. Revoke the certificate and license of Kynd-Strainz;
- 25 2. Suspend the certificate and license of Kynd-Strainz;
- 26 3. Impose a civil penalty of not more than \$35,000 for each separate violation of
27 NRS Title 56 and NAC Chapters 453A and 453D on the certificate and license of Kynd-
28 Strainz; and

1 (c) Must state which allegations the respondent is without knowledge or information
2 form a belief as to their truth. Such allegations shall be deemed denied.

3 (d) Must affirmatively set forth any matter which constitutes an avoidance or
4 affirmative defense.

5 (e) May demand a hearing. **Failure to demand a hearing constitutes a waiver**
6 **of the right to a hearing and to judicial review of any decision or order of**
7 **the Board**, but the Board may order a hearing even if the respondent so waives his
8 or her right.

9 **Failure to answer or to appear at the hearing constitutes an admission by**
10 **the respondent of all facts alleged in the Complaint. The Board may take action**
11 **based on such an admission and on other evidence without further notice to the**
12 **respondent. NRS 678A.520(3).**

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

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

21 Tyler Klimas, Executive Director
22 Cannabis Compliance Board
23 555 E. Washington Avenue, Suite 4100
24 Las Vegas, Nevada 89101
25 tklimas@ccb.nv.gov

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

28 As the respondent, you are specifically informed that you have the right to appear
and be heard in your defense, either personally or through your counsel of choice at your
own expense. At the hearing, the CCB has the burden of proving the allegations in the

1 Complaint. The CCB will call witnesses and present evidence against you. You have the
2 right to respond and to present relevant evidence and argument on all issues involved. You
3 have the right to call and examine witnesses, introduce exhibits, and cross-examine
4 opposing witnesses on any matter relevant to the issues involved.

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

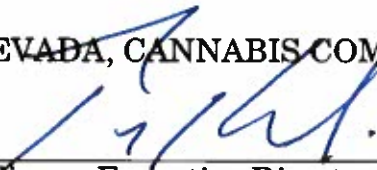
8 If the respondent does not wish to dispute the charges and allegations set forth
9 herein, within 30 days of the service of this Complaint, Respondent may pay the civil
10 penalties and costs set forth above in the total amount of \$19,110.75 and surrender
11 certificate D110 and license RD110 to:

12 Tyler Klimas, Executive Director
13 Cannabis Compliance Board
14 555 E. Washington Avenue, Suite 4100
15 Las Vegas, Nevada 89101


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

18 DATED: August 25, 2020.

19 STATE OF NEVADA, CANNABIS COMPLIANCE BOARD

20 By: 
21 Tyler Klimas, Executive Director
22 555 E. Washington Avenue, Suite 4100
23 Las Vegas, Nevada 89101
24 (702) 486-2300

25 AARON D. FORD
26 Attorney General

27 By: 
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