

IN THE SUPREME COURT OF THE STATE OF NEVADA

# 5 IN THE MATTER OF AN AMENDMENT 6 TO RULE OF PROFESSIONAL 6 CONDUCT 1.2 REGARDING MEDICAL 7 MARIJUANA

The Court issued an Order NATURE OF PROCEEDING: 9 scheduling a Public Hearing on the Petition for May 6, 2014 and requested 10 11 comment from the bar and public regarding the proposed amendment 12 ("Order"). In response to the Order, The City of Reno, by and through its 13 counsel, Fahrendorf Viloria Oliphant & Oster, LLP, hereby files its public 14 15 comment in support of the Board of Governors of the State Bar of Nevada 16 ("Board of Governors") petition to amend Nevada's Rule of Professional 17 18 Conduct 1.2(d) ("RPC 1.2(d)").

## PUBLIC COMMENT OF THE CITY OF RENO IN SUPPORT OF AN AMENDMENT TO RULE OF PROFESSIONAL CONDUCT 1.2 REGARDING MEDICAL MARIJUANA

<sup>22</sup> Submitted By:

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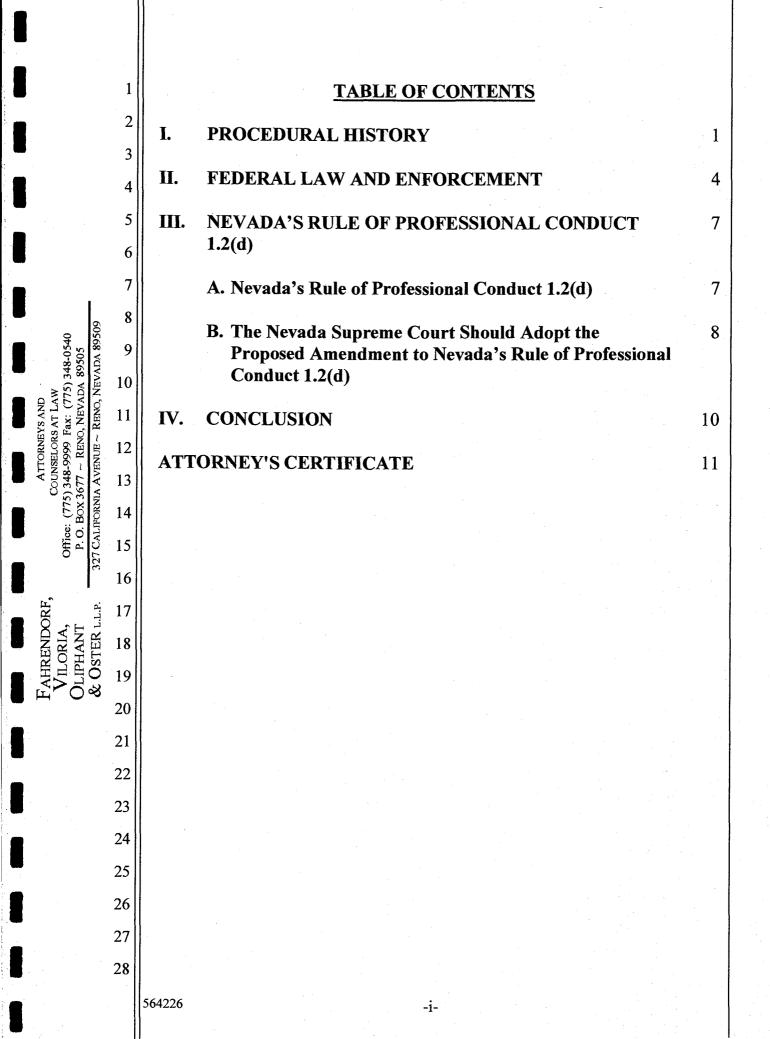
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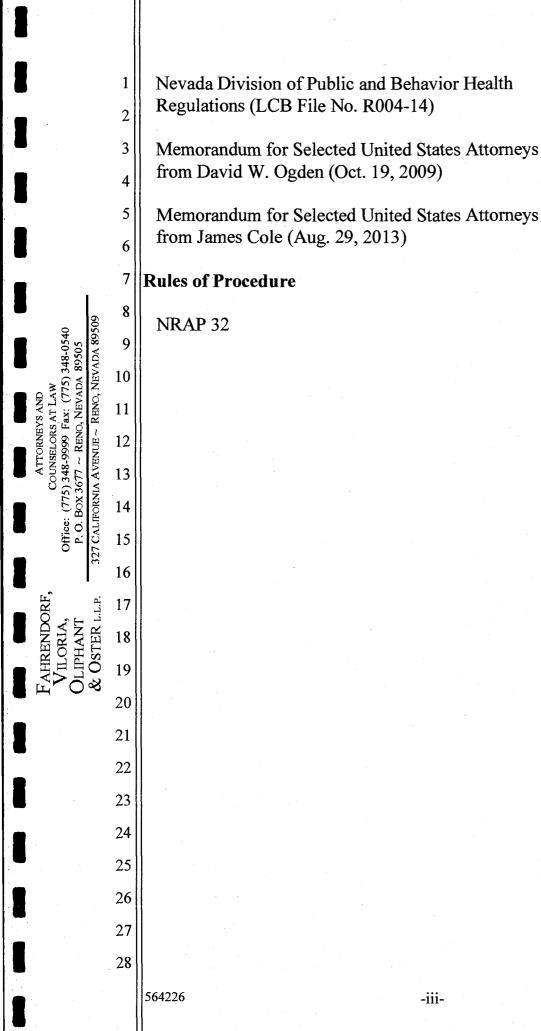
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	1	TABLE OF AUTHORITI	ES	
	2	United States Code		
ATTORNEYS AND Counselors at Law Office: (775) 348-9999 Fax: (775) 348-0540 P. O. Box 3677 ~ Reno, Nevada 89505 327 California Avenue ~ Reno, Nevada 89509	3 4	21 U.S.C. § 801 et seq.		4, 6, 7, 10
	5	21 U.S.C. § 841		4
	6	Nevada Constitutional Provisions		
	7			
	8	Nev. Const. Art. 4, Sec. 38		9
	9 10	Statutes		
	11	NRS 453A		1, 6, 10
	12	NRS 453A.116		1
	13	NRS 453A.322(3)(a)(5)		2
	14 15	NRS 453A.326(3)		2
	16	NRS 453A.370	• • •	1
FAHRENDORF, VILORIA, OLIPHANT & OSTER LILE	17	Reno Municipal Code		
	18 19	RMC 4.04.065		3
	20	RMC 18.02.114		2
	21	Nevada's Rules of Professional Conduct		
	22 23	RPC 1.2(d)	3	, 4, 6, 7, 8, 9, 10
	24	Other Authorities		
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	26	Colorado Rules of Professional Conduct Rule Change 2014(05)		Ŏ
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#### I. **PROCEDURAL HISTORY**

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ILORIA, **TNAH**  2 The procedural history of the legalization of medical marijuana in 3 Nevada is adequately addressed in the Board of Governor's Petition. In summary, the Nevada Constitution was amended in 2000 and directed the Nevada Legislature to enact legislation authorizing the use of marijuana for 7 medical purposes. 8

9 In 2013, Nevada's Legislature passed Senate Bill 374 which has been 10 codified in Nevada Revised Statutes Chapter 453A (the "Statute"). The 11 Statute regulates medical marijuana establishments which NRS 453A.116 12 13 defines as: (1) an independent testing laboratory; (2) a cultivation facility; 14 (3) a facility for the production of edible marijuana products or marijuana 15 dispensary infused products; medical marijuana (4)and а 16 17 ("Establishments").

The Nevada Division of Public and Behavioral Health (the "Health 19 Division") was required by NRS 453A.370 to adopt regulations related to 20 21 the certification of Establishments by April 1, 2014. The Health Division 22 has adopted such regulations<sup>1</sup> and therefore the State has taken all steps 23 necessary to regulate Establishments under State law. However, local 24 25 governmental jurisdictions are tasked with drafting applicable governmental 26

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27 LCB File No. R004-14 Effective April 1, 2014.

ordinances and rules related to Establishments, including without limitation, 1 2 zoning and business licensing ordinances and rules. In order to apply to the 3 Health Division for an Establishment registration, the applicant must provide 4 proof of licensure with the applicable local governmental authority or a letter 5 6 from the applicable local governmental authority certifying that the proposed 7 Establishment is in compliance with those restrictions and satisfies all 8 applicable building requirements.<sup>2</sup> Moreover, any Establishment registration 9 10 certificate issued by the Health Division is deemed provisional until such 11 time as the Establishment is in compliance with all applicable local 12 governmental ordinances or rules, and has been issued a business license for 13 14 the operation of the Establishment.<sup>3</sup> 15

On September 25, 2013, the Reno City Council ("Council") directed 16 staff to amend Title 4 and Title 18 to place a stay on the acceptance of 17 18 applications related to Establishments within the corporate limits of the City 19 of Reno. Council also adopted Resolution No. 7896, directing staff to not 20 accept any applications related to medical marijuana establishments. On 21 22 November 20, 2013, Council adopted Ordinance No. 6311, amending 23 Section 18.02.114 of the Reno Municipal Code to place a stay on the 24 acceptance of land use applications related to medical marijuana 25 26 NRS 453A.322(3)(a)(5). 27 NRS 453A.326(3).

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establishments within the land use jurisdiction of the City of Reno. On January 15, 2014, Council adopted Ordinance No. 6312, amending Section 4.04.065 of the Reno Municipal Code to place a stay on the acceptance of business license applications related to medical marijuana establishments operating within the corporate limits of the City of Reno. On April 16, 2014, Council voted to allow Establishments within the corporate limits of the City of Reno and directed staff to prepare applicable ordinances and rules related to such Establishments to present to Council in conjunction with ordinances repealing the previously adopted ordinances.

City of Reno staff is currently drafting such ordinances and rules 14 without the support of legal counsel due to RPC 1.2(d) and the State Bar of 15 Nevada Standing Committee on Professional Ethics and Responsibility's 16 17 ("Committee") opinion that an attorney may violate RPC 1.2(d) if that 18 attorney is involved in drafting regulations or ordinances for Establishments 19 or advising clients on how to proceed with such Establishments 2021 ("Opinion").<sup>4</sup> The Reno City Attorney's office was one of the parties who 22 requested the Opinion<sup>5</sup>, and because of the Opinion, has elected not to 23 advise City of Reno staff regarding the ordinances and rules necessary for 24 25 The Opinion only specifically refers to "public attorneys, in the course of their representation of state or local government entities." However, it can be assumed the same 26 opinion would be reached for private attorneys with both public and private clients.

the regulation of such Establishments. The Council therefore authorized the retention of Fahrendorf, Viloria, Oliphant & Oster, LLP ("FVOO") to represent it in this matter, and, if RPC 1.2(d) is amended, to advise the City of Reno with regards to the ordinances and rules related to the licensing and regulations of Establishments within the City of Reno boundaries. Therefore, the City of Reno requests this Court approve the Committee's Proposal so that its retained counsel may render such advice without violating RPC 1.2(d).

#### **II. FEDERAL LAW AND ENFORCEMENT**

13 Despite the recent changes in Nevada's law, marijuana is still classified as 14 a schedule I drug under the Controlled Substances Act (21 U.S.C. § 801 et 15 16 seq.) ("CSA"). The CSA prohibits the manufacture, possession, sale, and/or 17 distribution of marijuana (21 U.S.C. § 841). However, the U.S. Department 18 of Justice ("DOJ") has issued various memoranda to provide its U.S. 19 20 In October 2009, the DOJ adopted a Attorneys with guidance. 21 Memorandum from David W. Ogden which directed federal prosecutors to 22 not focus their prosecutor resources on "individuals whose actions are in 23 24 clear and unambiguous compliance with existing state laws providing for the 25 medical use of marijuana." See Memorandum for Selected United States 26 available Attorneys from David W. Ogden (Oct. 19, 2009), at 27

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http://blogs.usdoj.gov/blog/archives/192. However, the memorandum confirmed that marijuana remained illegal under federal law. See Id.

More recently, in August 2013, the DOJ issued a memorandum 4 confirming marijuana's illegality under federal law and identifying 5 6 prioritized areas of enforcement by federal prosecutors. See Memorandum 7 for Selected United States Attorneys from James Cole (Aug. 29, 2013) 8 http://www.justice.gov/opa/pr/2013/August/13-opa-974.html 9 available at 10 ("2013 Memorandum"). The 2013 Memorandum explains that the DOJ's 11 enforcement actions surrounding marijuana have focused on, and will 12 remain focused on, protecting eight specific federal priorities. Those 13 14 priorities include: (1) preventing the distribution of marijuana to minors; (2) 15 preventing revenue from the sale of marijuana from going to criminal 16 enterprises, gangs and cartels; (3) preventing the diversion of marijuana 17 18 from states where it is legal to other states; (4) preventing state-authorized 19 marijuana activity from being used as a cover or pretext for the trafficking of 20 other illegal drugs or other illegal activity; (5) preventing violence and the 21 22 use of firearms in the cultivation and distribution of marijuana; (6) 23 preventing drugged driving and the exacerbation of other adverse public 24 25 health consequences associated with marijuana use; (7) preventing the 26 growing of marijuana on public lands and the attendant public safety and 27

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environmental dangers posed by marijuana production on public lands; and, 1 2 (8) preventing marijuana possession or use on federal property ("Federal 3 Enforcement Priorities"). The 2013 Memorandum emphasized that states 4 5 that have legalized marijuana in some manner must establish strict regulatory schemes to ensure the Federal Enforcement Priorities are not 7 undermined. The 2013 Memorandum indicates that so long as states have 8 implemented strong and effective regulatory and enforcement systems, 9 10 "enforcement of state law by state and local law enforcement and regulatory 11 bodies should remain the primary means of addressing marijuana-related 12 13 activity."

14 The conflict between the CSA, the provisions of the Nevada 15 Constitution and NRS 453A, create a complex legal web which local 16 17 jurisdiction staff are being required to wade through without the help of 18 legal counsel as a result of RPC 1.2(d) and the Standing Committee's 19 Opinion. Local jurisdictions, such as the City of Reno, should be allowed to 20 21 receive the advice of counsel when drafting ordinances and rules to regulate 22 Establishments such that they comply with Nevada law and do not 23 undermine the Federal Enforcement Priorities. Consequently, the City of 24 25 Reno requests the Court immediately adopt the Board of Governors 26

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LORIA, PHANT ||proposed amendment to allow for the advice of counsel in this complex legal

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### III. NEVADA'S RULE OF PROFESSIONAL CONDUCT 1.2(d)

#### A. Nevada's Rule of Professional Conduct 1.2(d)

Nevada's Rule of Professional Conduct 1.2(d) states:

A lawyer shall not counsel a client to engage, or assist a client, in conduct that the lawyer knows is criminal or fraudulent, but a lawyer may discuss the legal consequences of any proposed course of conduct with a client and may counsel or assist a client to make a good faith effort to determine the validity, scope, meaning or application of the law.

Whether counseling clients with regards to marijuana establishments 13 authorized by state law violates RPC 1.2(d) has been addressed by several 14 15 states with varying results. In Colorado, Maine, and Connecticut, the ethics 16 committees concluded that attorneys who counsel clients with regards to 17 state authorized marijuana establishments may violate RPC 1.2(d) because 18 19 marijuana remains a schedule 1 drug under the CSA. Conversely, Arizona's 20and Washington's ethics committees reached opposite conclusions. Despite 21 the differing ethics opinions, states, as well as Connecticut, Rhode Island, 22 23 and Washington, have proposed an amendment to their rules of professional 24 conduct to allow lawyers to counsel and assist clients with regards to 25 marijuana establishments authorized by state law. 26

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2 the proposed amendment to its rule of professional conduct. On March 24, 3 2014, the Colorado Supreme Court amended Rule 1.2 to expressly allow 4 lawyers to counsel a client regarding Colorado's medical marijuana and 5 6 personal marijuana use statutes, regulations, orders, and other state or local 7 provisions implementing them. See Colorado Rules of Professional Conduct 8 Rule Change 2014(05) attached hereto as Exhibit "1." 9 10 The Nevada Supreme Court Should Adopt the **B**. Proposed Amendment to Nevada's Rule of Professional 11 Conduct 1.2(d). 12 The Board of Governors of the State of Nevada has proposed that 13 14 RPC 1.2(d) be amended as follows: 15 A lawyer shall not counsel a client to engage, or assist a client, 16 in conduct that the lawyer knows is criminal or fraudulent, but a lawyer may discuss the legal consequences of any proposed & OSTER L.L.P. 17 course of conduct with a client and may counsel or assist a 18 client to make a good faith effort to determine the validity, scope, meaning or application of the law. Notwithstanding any 19 other provision of these rules, a lawyer shall not be in violation 20 of these rules or subject to discipline for engaging in conduct, or for counseling or assisting a client to engage in conduct, that 21 by virtue of a specific provision of Nevada state law and 22 implementing regulations is either (a) permitted, or (b) within an affirmative defense to prosecution under state criminal law, 23 solely because that same conduct, standing alone, may violate 24 federal law. 25 26 27 28 564478 -8-

On March 6, 2014, Colorado's Supreme Court heard argument about

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The Standing Committee on Ethics and Professional Responsibility of the State Bar of Nevada ("Standing Committee") has recommended a change to RPC 1.2(d) which would expressly allow "a lawyer to counsel or assist a client in an effort to comply with the mandate of Nev. Const. Art. 4, Sec. 38 or the exercise of any right conferred thereunder notwithstanding any conflicting provision of federal law." In addition, the Standing Committee has recommended the addition of Rule 8.6 which contains the same language as the Board of Governors addition to RPC 1.2(d).

Both proposed amendment have well defined limits and only authorizes attorneys to counsel clients in areas which are permitted under state law. The City of Reno therefore supports the proposed amendments. As stated by the Board of Governors, "(t)he Nevada bar requires guidance in navigating RPC 1.2(d) from both the public and private." The need for amendment to RPC 1.2(d) is immediate as the State of Nevada has adopted regulations allowing for Establishments, but such Establishments require local government entity authorization. The local jurisdictions, such as the City of Reno, require access to legal counsel's advice when drafting ordinances and rules to regulate Establishments such that they comply with 24 Nevada law, continue to establish the strict regulatory scheme demanded by 25 26 the federal government, and do not undermine the Federal Enforcement 27

Priorities. After such rules and regulations are established, the local governmental agencies, and private individuals seeking to operate an Establishment, will continue to need legal counseling in addressing issues that may arise when such Establishments are operating. The proposed amendment of RPC 1.2(d) before the Court will expeditiously and directly provide attorney's the ability to ethically counsel their clients regarding state authorized Establishments, and should be immediately adopted.

#### **IV. CONCLUSION**

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The conflict between the CSA, the provisions of the Nevada 12 13 Constitution and NRS 453A, create a complex legal web which clients, both 14 public and private require immediate legal guidance. Local jurisdictions, 15 such as the City of Reno, should be allowed to receive the advice of counsel 16 17 when drafting ordinances and rules to regulate Establishments authorized by 18 state law, such that they comply with Nevada law and do not undermine the 19 Federal Enforcement Priorities. Consequently, the City of Reno requests the 20 21 Court immediately adopt the Board of Governors proposed amendment to 22 RPC 1.2(d), or the Standing Committee's change to RPC 1.2(d) and the 23 24 /// 25 11 26 11 27

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, , , ,	1	addition of Rule 8.6, to allow for the advice of counsel in this complex legal				
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2	3	DATED this $29$ day of April , 2014.				
	4					
	5	FAHRENDORF, VILORIA,				
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#### ATTORNEY CERTIFICATION

2 1. I hereby certify that this brief complies with the formatting 3 requirements of NRAP 32(a)(4), the typeface requirements of NRAP 4 32(a)(5) and the type style requirements of NRAP 32(a)(6) because: 5

a. This brief has been prepared in a proportionally spaced typeface using Microsoft Word in 14 point Times New Roman font.

2. I further certify that this brief complies with the page- or type-volume limitations of NRAP 32(a)(7) because, excluding the parts of the brief exempted by NRAP 32(a)(7)(C), it is:

a. Proportionately spaced, has a typeface of 14 points or more, and contains 2024 words.

3. I hereby certify that I have read this Public Comment, and to the best 16 of my knowledge, information, and belief, it is not frivolous or interposed for any improper purpose. I further certify that this brief complies with all applicable Nevada Rules of Appellate Procedure. I understand that I may be subject to sanctions in the event that the accompanying brief is not in 22

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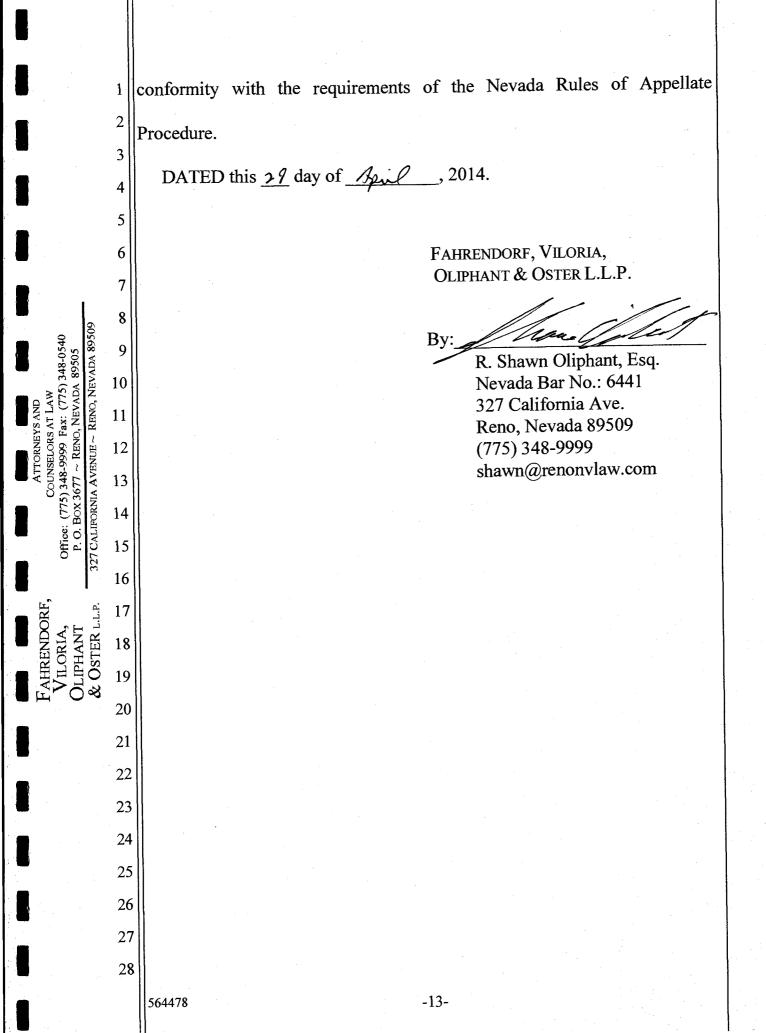
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## EXHIBIT "1"

## **EXHIBIT "1"**

#### RULE CHANGE 2014(05)

#### **Colorado Rules of Professional Conduct**

#### Rule 1.2. Scope of Representation and Allocation of Authority Between Client and Lawyer

Comment

[14] A lawyer may counsel a client regarding the validity, scope, and meaning of Colorado constitution article XVIII, secs. 14 & 16, and may assist a client in conduct that the lawyer reasonably believes is permitted by these constitutional provisions and the statutes, regulations, orders, and other state or local provisions implementing them. In these circumstances, the lawyer shall also advise the client regarding related federal law and policy.

Amended and Adopted by the Court, En Banc, March 24, 2014, effective immediately. Justice Coats and Justice Eid would not approve Comment [14].

By the Court:

lan F. Rico Nancy E. Rice, Chief Justice