

**SUPREME COURT OF NEVADA**

Case No. 79668

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GREENMART OF NEVADA NLV LLC,; and  
NEVADA ORGANIC REMEDIES, LLC

*Appellants,*

v.

SERENITY WELLNESS CENTER LLC; TGIG, LLC; NULEAF INCLINE  
DISPENSARY, LLC,; NEVADA HOLISTIC MEDICINE, LLC; TRYKE  
COMPANIES SO NV, LLC; TRYKE COMPANIES RENO, LLC; PARADISE  
WELLENESSE CENTER; GBS NEVADA PARTNERS, LLC; FIDELIS  
HOLDINGS, LLC; GRAVITAS NEVADA, LLC; NEVADA PURE, LLC;  
MEDIFARM, LLC; MEDIFARM IV LLC;  
and STATE OF NEVADA, DEPARTMENT OF TAXATION,

*Respondents,*

Appeal from the Eighth Judicial District Court,  
Clark County, Nevada  
District Court Case # A-19-786962-B  
The Honorable Elizabeth Gonzalez

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**APPELLANT'S APPENDIX – VOLUME 6**

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29	Nevada Wellness Center, LLC's Notice of Appeal	12/6/19	AA 007164 - AA 007166
26, 27	Nevada Wellness Center, LLC's Reply in Support of Motion to Amend the Findings of Fact and Conclusions of Law Granting Motion for Preliminary Injunction	9/30/19	AA 006493 - AA 006505
27, 28	Nevada Wellness Center, LLC's Reply in Support of Motion to Amend the Findings of Fact and Conclusions of Law Granting Motion for Preliminary Injunction	10/17/19	AA 006701 - AA 006816
2	Nevada Wellness Center, LLC's Summons to State of Nevada, Department of Taxation	1/22/19	AA 000373 - AA 000375
28, 29	Nevada Wellness Center, LLC's Supplement in Support of Reply in Support of Motion to Amend the Findings of Fact and Conclusions of Law Granting Motion for Preliminary Injunction	10/30/19	AA 006955 - AA 007057
29	Notice of Entry of Order and Order Denying MM Development Company Inc. and LivFree Wellness, LLC Development Company Inc. and LivFree Wellness, LLC's Motion to Alter or Amend Findings of Fact and Conclusions of Law Granting Preliminary Injunction	11/23/19	AA 007127 - AA 007130
23	Notice of Entry of Order and Order Granting Motion for Preliminary Injunction	8/28/19	AA 005544 - AA 005570
29	Notice of Entry of Order and Order Regarding Nevada Wellness Center, LLC's Motion to Alter or Amend Findings of Fact and Conclusions of Law Granting Preliminary Injunction	11/6/19	AA 007058 - AA 007067
20	Order Granting in Part Motion to Coordinate Cases for Preliminary Injunction Hearing	7/11/19	AA 004938 - AA 004940
22	Order Granting Preliminary Injunction (Findings of Fact and Conclusions of Law)	8/23/19	AA 005277 - AA 005300
46, 47	Preliminary Injunction Hearing, Defendant's Exhibit 2009 Governor's Task Force Report	n/a	AA 011408 - AA 011568
47	Preliminary Injunction Hearing, Defendant's Exhibit 2018 List of Applicants for Marijuana Establishment Licenses 2018	n/a	AA 011569 - AA 011575

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47	Preliminary Injunction Hearing, Defendant's Exhibit 5025 Nevada Organic Remedies, LLC's Organizational Chart	n/a	AA 011576 - AA 011590
47	Preliminary Injunction Hearing, Defendant's Exhibit 5026 Nevada Organic Remedies, LLC's Ownership Approval Letter	n/a	AA 011591, AA 011592
47	Preliminary Injunction Hearing, Defendant's Exhibit 5026 Nevada Organic Remedies, LLC's Ownership Approval Letter as Contained in the Application	n/a	AA 011593 - AA 011600
47	Preliminary Injunction Hearing, Defendant's Exhibit 5038 Evaluator Notes on Nevada Organic Remedies, LLC's Application	n/a	AA 011601 - AA 011603
47	Preliminary Injunction Hearing, Defendant's Exhibit 5045 Minutes of ther Legislative Commission, Nevada Legislative Counsel Bureau	n/a	AA 011604 - AA 011633
47	Preliminary Injunction Hearing, Defendant's Exhibit 5049 Governor's Task Force for the Regulation and Taxation of Marijuana Act Meeting Minutes	n/a	AA 011634 - AA 011641
47	Register of Actions for Serenity Wellness Center, LLC v. State of Nevada, Department of Taxation, Case No. A-18-786962-B	n/a	AA011642 - AA 011664
27	Serenity Wellness Center, LLC et al.'s Joinder to MM Development Company Inc. and LivFree Wellness, LLC Development Company Inc. and LivFree Wellness, LLC's's Motion to Amend the Findings of Fact and Conclusions of Law Granting Motion for Preliminary Injunction	9/30/19	AA 006506 - AA 006508
2	Serenity Wellness Center, LLC et al.'s Complaint	1/4/19	AA 000343 - AA 000359
0	Serenity Wellness Center, LLC et al.'s Corrected First Amended Complaint	7/11/19	AA 004907 - AA 004924
5, 6	Serenity Wellness Center, LLC et al.'s Ex Parte Motion for Leave to file Brief in Support of Motion for Preliminary Injunction in Excess of Thirty Pages in Length	4/10/19	AA 001163 - AA 001288

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20	Serenity Wellness Center, LLC et al.'s First Amended Complaint	7/3/19	AA 004889 - AA 004906
40	Serenity Wellness Center, LLC et al.'s Joinder to MM Development Company Inc. and LivFree Wellness, LLC Development Company Inc. and LivFree Wellness, LLC's Motion for Preliminary Injunction	5/20/19	AA 003603 - AA 003636
23	Serenity Wellness Center, LLC et al.'s Joinder to MM Development Company Inc. and LivFree Wellness, LLC Development Company Inc. and LivFree Wellness, LLC's Objection to Court's Exhibit 3	8/27/19	AA 005540 - AA 005543
27	Serenity Wellness Center, LLC et al.'s Joinder to Nevada Wellness Center, LLC's Motion to Amend the Findings of Fact and Conclusions of Law Granting Motion for Preliminary Injunction	10/7/19	AA 006528 - AA 006538
4	Serenity Wellness Center, LLC et al.'s Motion for Preliminary Injunction	3/19/19	AA 000769 - AA 000878
18	Serenity Wellness Center, LLC et al.'s Reply in support of Motions for Summary Judgment	5/22/19	AA 004395 - AA 004408
29	Serenity Wellness Center, LLC et al.'s Second Amended Complaint	11/26/19	AA 007131 - AA 007153
5	Serenity Wellness Center, LLC et al.'s Summons to State of Nevada, Department of Taxation	3/26/19	AA 001031 - AA 001034
19	Serenity Wellness Center, LLC et al.'s Supplemental Memorandum of Points and Authorities in Support of Preliminary Injunction	6/10/19	AA 004564 - AA 004716
6	State of Nevada, Department of Taxation's Answer to ETW Management Group, LLC et al.'s Amended Complaint	4/17/19	AA 001313 - AA 001326
19	State of Nevada, Department of Taxation's Answer to ETW Management Group, LLC et al.'s Second Amended Complaint	6/4/19	AA 004513 - AA 004526
5	State of Nevada, Department of Taxation's Answer to MM Development Company Inc. and LivFree Wellness, LLC Development Company Inc. and LivFree Wellness, LLC's First Amended Complaint	4/10/19	AA 001150 - AA 001162

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6	State of Nevada, Department of Taxation's Answer to Nevada Wellness Center, LLC's Complaint	5/2/19	AA 001342 - AA 001354
15	State of Nevada, Department of Taxation's Answer to Serenity Wellness Center, LLC et al.'s Complaint	5/20/19	AA 003637 - AA 003648
20	State of Nevada, Department of Taxation's Answer to Serenity Wellness Center, LLC et al.'s Corrected First Amended Complaint	7/15/19	AA 004949 - AA 004960
11	State of Nevada, Department of Taxation's Opposition to MM Development Company Inc. and LivFree Wellness, LLC Development Company Inc. and LivFree Wellness, LLC's Motion for Preliminary Injunction	5/20/19	AA 002704 - AA 002724
11-14	State of Nevada, Department of Taxation's Opposition to MM Development Company Inc. and LivFree Wellness, LLC Development Company Inc. and LivFree Wellness, LLC's Motion for Preliminary Injunction, Appendix	5/20/19	AA 002725 - AA 003444
24	State of Nevada, Department of Taxation's Opposition to Motion to Amend the Findings of Fact and Conclusions of Law Granting Motion for Preliminary Injunction	9/23/19	AA 005984 - AA 005990
28	State of Nevada, Department of Taxation's Opposition to Motion to Nevada Wellness Center, LLC's Amend the Findings of Fact and Conclusions of Law Granting Motion for Preliminary Injunction	10/24/19	AA 006827 - AA 006832
28	State of Nevada, Department of Taxation's Opposition to Nevada Organic Remedies, LLC's Application for Writ of Mandamus to Compel State of Nevada , Department of Taxation to Move Nevada Organic Remedies, LLC Into "Tier 2" of Successful Conditional License Applicants	10/24/19	AA 006889 - AA 006954
10	State of Nevada, Department of Taxation's Opposition to Serenity Wellness Center, LLC et al.'s Motion for Preliminary Injunction	5/9/19	AA 002273 - AA 002534
19-20	State of Nevada, Department of Taxation's Pocket Brief Regarding Regulatory Power Over Statutes Passed by Voter Initiative	6/10/19	AA 004717 - AA 004777

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20	State of Nevada, Department of Taxation's Supplement to Pocket Brief Regarding Regulatory Power Over Statutes Passed by Voter Initiative	6/24/19	AA 004879 - AA 004888
5	Stipulation and Order to Continue Hearing and Extend Briefing Schedule for Motion for Preliminary Injunction	4/8/19	AA 001144 - AA 001149
46	Transcripts for Hearing on Objections to State's Response, Nevada Wellness Center, LLC's Motion Re Compliance Re Physical Address, and Bond Amount Set	8/29/19	AA 011333 - AA 011405
29	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 1	5/24/19	AA 007170 - AA 007404
30	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 2 Volume 1	5/28/19	AA 007405 - AA 007495
30, 31	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 2 Volume 2	5/28/19	AA 007496 - AA 007601
31	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 3 Volume 1	5/29/19	AA 007602 - AA 007699
31, 32	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 3 Volume 2	5/29/19	AA 007700 - AA 007843
32, 33	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 4	5/30/19	AA 007844 - AA 008086
33	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 5 Volume 1	5/31/19	AA 008087 - AA 008149
33, 34	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 5 Volume 2	5/31/19	AA 008150 - AA 008369
34, 35	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 6	6/10/19	AA 008370 - AA 008594
35, 36	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 7	6/11/19	AA 008595 - AA 008847

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36	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 8 Volume 1	6/18/19	AA 008848 - AA 008959
36, 37	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 8 Volume 2	6/18/19	AA 008960 - AA 009093
37	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 9 Volume 1	6/19/19	AA 009094 - AA 009216
38	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 10 Volume 1	6/20/19	AA 009350 - AA 009465
38, 39	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 10 Volume 2	6/20/19	AA 009466 - AA 009623
39	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 11	7/1/19	AA 009624 - AA 009727
39, 40	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 12	7/10/19	AA 009728 - AA 009902
40, 41	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 13 Volume 1	7/11/19	AA 009903 - AA 010040
41	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 13 Volume 2	7/11/19	AA 010041 - AA 010162
41, 42	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 14	7/12/19	AA 010163 - AA 010339
42	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 15 Volume 1	7/15/19	AA 010340 - AA 010414
42, 43	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 15 Volume 2	7/15/19	AA 010415 - AA 010593
43	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 16	7/18/19	AA 010594 - AA 010698

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43, 44	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 17 Volume 1	8/13/19	AA 010699 - AA 010805
44	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 17 Volume 2	8/13/19	AA 010806 - AA 010897
44, 45	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 18	8/14/19	AA 010898 - AA 011086
45	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 19	8/15/19	AA 011087 - AA 011165
45, 46	Transcripts for the Evidentiary Hearing on Motions for Preliminary Injunction Day 20	8/16/19	AA 011166 - AA 011332

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing APPELLANT APPENDIX was filed electronically with the Nevada Supreme Court on the 13th day of January, 2020.

Electronic service of the foregoing document shall be made in accordance with the Master Service List as follows:

Michael V. Cristalli, Dominic P. Gentile, Ross J. Miller,  
and Vincent Savarese, III

**Clark Hill PLLC**

*Counsel for Respondents,*

*Serenity Wellness Center LLC, TGIG LLC, NuLeaf Incline Dispensary LLC,  
Nevada Holistic Medicine LLC, Tryke Companies So NV LLC, Tryke  
Companies Reno LLC, Fidelis Holdings, LLC, GBS Nevada Partners LLC,  
Gravitas Nevada Ltd., Nevada Pure LLC, MediFarm LLC, and MediFarm IV  
LLC*

Ketan D. Bhirud, Aaron D. Ford, Theresa M. Haar, David J. Pope,  
and Steven G. Shevorski

**Office of the Attorney General**

*Counsel for Respondent,*

*The State of Nevada Department of Taxation*

David R. Koch, Steven B. Scow, Daniel G. Scow, and Brody R. Wight

**Koch & Scow, LLC**

*Counsel for Appellant,*

*Nevada Organic Remedies, LLC*

Margaret A. McLetchie, and Alina M. Shell

**McLetchie Law**

*Counsel for Appellant*

*GreenMart of Nevada NLV LLC*

Eric D. Hone, Moorea L. Katz, and Jamie L. Zimmerman  
**H1 Law Group**  
*Counsel for Appellant,*  
*Lone Mountain Partners, LLC*

*/s/ David R. Koch*  
Koch & Scow



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Chair, Nevada Tax Commission  
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5.2. Part I – General Criteria Response

The IDENTIFIED CRITERIA RESPONSE must include:

- Electronic media (CD-R or thumb drive) containing only the Identified Criteria Response.
- Do not password protect electronic media or individual files.
- The response must contain separate PDF files for each of the tabbed sections as described below.

5.2.1. Tab I – Title Page

The title page must include the following:

Part I – Identified Criteria Response	
Application Title:	A Recreational Marijuana Establishment License
Applicant Name:	
Address:	
Application Opening Date and Time:	September 7, 2018
Application Closing Date and Time:	September 20, 2018

5.2.2. Tab II – Table of Contents

An accurate table of contents must be provided in this tab.

5.2.3. Tab III – Applicant Information Sheet (Page 2)

The completed Applicant Information Sheet signed by the contact person who is responsible for providing information, signing documents, or ensuring actions are taken pursuant to R092-17, Sec. 74 must be included in this tab.

5.2.4. Tab IV – Recreational Marijuana Establishment License Application (Attachment A)

The completed and signed Recreational Marijuana Establishment License Application must be included in this tab.

5.2.5. Tab V – Multi-Establishment Limitations Form (Attachment F)

If applicable, a copy of the Multi-Establishment Limitations Form must be included in this tab. If not applicable, please insert a plain page with the words “Not applicable.”

5.2.6. Tab VI – Identifier Legend (Attachment H)

If applicable, a copy of the Identifier Legend must be included in this tab. If not applicable, please insert a page with the words “Not Applicable”.



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- 5.2.7. **Tab VII – Confirmation that the applicant has registered with the Secretary of State**  
Documentation that the applicant has registered as the appropriate type of business and the Articles of Incorporation, Articles of Organization, Operating Agreements, or partnership or joint venture documents of the applicant must be included in this tab.
- 5.2.8. **Tab VIII – Documentation of liquid assets**  
Documentation demonstrating the liquid assets and the source of those liquid assets from a financial institution in this state or in any other state or the District of Columbia must be included in this tab and demonstrate the following criteria :
- 5.2.8.1. That the applicant has at least \$250,000 in liquid assets which are unencumbered and can be converted within 30 days after a request to liquidate such assets; and
- 5.2.8.2. The source of those liquid assets.
- Note: If applying for more than one recreational marijuana establishment license, available funds must be shown for each establishment application.*
- 5.2.9. **Tab IX – Evidence of taxes paid; other beneficial financial contributions**  
Evidence of the amount of taxes paid and/or other beneficial financial contributions made to the State of Nevada or its political subdivisions within the last five years by the applicant or the persons who are proposed to be owners, officers or board members of the establishment must be included in this tab.
- 5.2.10. **Tab X – Organizational structure and owner, officer or board member information**  
The description of the proposed organizational structure of the proposed recreational marijuana establishment and information concerning each owner, officer and board member of the proposed recreational marijuana establishment must be included in this tab and demonstrate the following criteria:
- 5.2.10.1. An organizational chart showing all owners, officers and board members of the recreational marijuana establishment including percentage of ownership for each individual.
- 5.2.10.2. An Owner, Officer and Board Member Attestation Form must be completed for each individual named in this application (Attachment B).
- 5.2.10.3. The supplemental Owner, Officer and Board Member Information Form should be completed for each individual named in this application. This attachment must also include the diversity information required by R092-17, Sec. 80.1(b) (Attachment C).
- 5.2.10.4. A resume, including educational level and achievements for each owner, officer and board member must be completed for each individual named in this application.
- 5.2.10.5. Narrative descriptions not to exceed 750 words demonstrating the following:
- 5.2.10.5.1. Past experience working with government agencies and highlighting past community involvement.



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- 5.2.10.5.2. Any previous experience at operating other businesses or non-profit organizations, including marijuana industry experience.
- 5.2.10.6. A Request and Consent to Release Application Form for Recreational Marijuana Establishment License(s) for each owner, officer and board member should be completed for each individual named in this application (Attachment D).
- 5.2.10.7. A copy of each individual's completed fingerprint submission form demonstrating he or she has submitted fingerprints to the Nevada Department of Public Safety. Agent cards will not be accepted.
- 5.2.11. **Tab XI – Financial plan**  
A financial plan must be included in this tab which includes:
  - 5.2.11.1. Financial statements showing the resources of the applicant, both liquid and illiquid.
  - 5.2.11.2. If the applicant is relying on funds from an owner, officer, board member or any other source, evidence that such person has unconditionally committed such funds to the use of the applicant in the event the Department awards a recreational marijuana establishment license to the applicant.
  - 5.2.11.3. Proof that the applicant has adequate funds to cover all expenses and costs of the first year of operation.
- 5.2.12. **Tab XII – Name, signage and advertising plan**  
A proposal of the applicant's name, signage and advertising plan which will be used in the daily operations of the recreational marijuana establishment on the form supplied by the Department (Attachment G) must be included in this tab.  
*Please note: This section will require approval, but will not be scored.*
- 5.2.13. **Application Fee**
  - 5.2.13.1. Include with this packet the \$5,000.00 non-refundable application fee per NRS 453D.230(1). License fee is not required until a conditional license has been awarded.

*Please note: Only cash, cashier's checks and money orders made out to the "Nevada Department of Taxation" will be accepted for payment of the nonrefundable application fee.*

**5.3. Part II – Non-identified Criteria Response**

The NON-IDENTIFIED CRITERIA RESPONSE must include:

- Electronic media (CD-R or thumb drive) containing only the Identified Criteria Response.
- Do not password-protect electronic media or individual files.



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- The response must contain separate PDF files for each of the tabbed sections as described below:

5.3.1. **Tab I – Title Page**

*Please note: Title page will not be viewed by Non-Identified Criteria evaluators.*

The title page must include the following:

Part II – Non-Identified Criteria Response	
Application Title:	A Recreational Marijuana Establishment License
Applicant Name:	
Address:	
Application Opening Date and Time:	<b>September 7, 2018</b>
Application Closing Date and Time:	<b>September 20, 2018</b>

5.3.2. **Tab II – Table of Contents**

An accurate table of contents must be provided in this tab.

5.3.3. **Tab III – Building/Establishment information**

Documentation concerning the adequacy of the size of the proposed recreational marijuana establishment to serve the needs of persons who are authorized to engage in the use of marijuana must be included in this tab. The content of this response must be in a **non-identified** format and include general floor plans with all supporting details

*Please note: The size or square footage of the proposed establishment should include the maximum size of the proposed operation. The start-up plans and potential expansion should be clearly stated to prevent needless misunderstandings and surrendering of certification.*

5.3.4. **Tab IV – Care, quality and safekeeping of marijuana from seed to sale plan**

Documentation concerning the integrated plan of the proposed recreational marijuana establishment for the care, quality and safekeeping of recreational marijuana from seed to sale must be included in this tab. The content of this response must be in a **non-identified** format and include:

- 5.3.4.1. A plan for verifying and testing recreational marijuana
- 5.3.4.2. A transportation or delivery plan
- 5.3.4.3. Procedures to ensure adequate security measures for building security
- 5.3.4.4. Procedures to ensure adequate security measures for product security

5.3.5. **Tab V – System and Inventory Procedures plan**



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A plan for the operating procedures for verification system and inventory control system must be included in this tab. The content of this response must be in a **non-identified** format and include:

- 5.3.5.1. A description of the operating procedures for the verification system of the proposed marijuana establishment for verifying age.
- 5.3.5.2. A description of the inventory control system of the proposed recreational marijuana establishment.

*Please note: Applicants should demonstrate a system to include thorough tracking of product movement and sales. The applicant shall demonstrate capabilities for an external interface via a secure API to allow third party software systems to report all required data into the State database to allow seamless maintenance of records and to enable a quick and accurate update on demand. The system shall account for all inventory held by an establishment in any stage of cultivation, production, display or sale as applicable for the type of establishment, and demonstrate an internal reporting system to provide the Department with comprehensive information about an establishment's inventory.*

5.3.6. **Tab VI** – *Operations and resources plan*

Evidence that the applicant has a plan to staff and manage the proposed marijuana establishment on a daily basis must be included in this tab. The content of this response must be in a **non-identified** format and include:

- 5.3.6.1. A detailed budget for the proposed establishment including pre-opening and first year operating expenses.
- 5.3.6.2. An operations manual that demonstrates compliance with the regulations of the Department.
- 5.3.6.3. An education plan which must include providing training and educational materials to the staff of the proposed establishment.
- 5.3.6.4. A plan to minimize the environmental impact of the proposed establishment.

5.3.7. **Tab VII** – *Community impact and serving authorized persons in need*

A proposal demonstrating the likely impact on the community and convenience to serve the needs of persons authorized to use marijuana must be included in this tab. The content of this response must be in a **non-identified** format and include:

- 5.3.7.1. The likely impact of the proposed recreational marijuana establishment in the community in which it is proposed to be located.
- 5.3.7.2. The manner in which the proposed recreational marijuana establishment will meet the needs of the persons who are authorized to use marijuana.



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**5.4. Electronic Media Requirements**

Electronic media submitted as part of the application must include:

- 5.4.1. A separate CD-R or thumb drive which contains only the Identified Criteria Response.
- 5.4.2. A separate CD-R or thumb drive which contains only the Non-Identified Criteria Response.
  - 5.4.2.1. The electronic files must follow the format and content section for the Identified Criteria Response and Non-Identified Criteria Response.
  - 5.4.2.2. All electronic files must be saved in "PDF" format with separate files for each required "Tab". Individual filenames must comply with the naming requirements specified in 5.1.5 of the General Submission Requirements.
  - 5.4.2.3. CD-Rs or thumb drives will be labeled as either Identified or Non-Identified Criteria Response. Identified Criteria Responses and Non-Identified Criteria Responses must not be saved to the same CD-R or thumb drive.
    - 5.4.2.3.1. Part I – Identified Criteria Response
    - 5.4.2.3.2. Part II – Non-Identified Criteria Response
  - 5.4.2.4. Seal the Identified Criteria Response and Non-Identified Criteria Response electronic media in separate envelopes and affix labels to the envelopes per the example below:

CDs or Thumb Drives	
Application	A Recreational Marijuana Establishment License
Applicant Name:	
Address:	
Contents:	Part I – Identified Criteria Response <b>OR</b> Part II – Non-Identified Criteria Response



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5.5. **Application Packaging and Instructions**

5.5.1. Recreational Marijuana Establishment License Applications may be mailed or dropped off in person at:

**Department of Taxation  
 Marijuana Enforcement Division  
 1550 College Parkway  
 Carson City, NV 89706**

- OR -

**Department of Taxation  
 Marijuana Enforcement Division  
 555 E. Washington Ave. Ste 1300  
 Las Vegas, NV 89101**

- 5.5.2. Applications dropped off in person at one of the two Taxation office's must be received no later than **5:00 p.m. on September 20, 2018.**
- 5.5.3. Applications mailed in to one of the two Taxation office's must be postmarked by the United States Postal Service not later than **September 20, 2018.**
- 5.5.4. If an application is sent via a different delivery service (i.e. UPS, FedEx, etc.) and does not arrive at one of the two Taxation offices by **5:00 p.m. on September 20, 2018**, the application will not be considered.
- 5.5.5. If mailing the application, combine the separately sealed Identified and Non-Identified Criteria Response envelopes into a single package suitable for mailing.
- 5.5.6. The Department will not be held responsible for application envelopes mishandled as a result of the envelope not being properly prepared.
- 5.5.7. Email, facsimile, or telephone applications will **NOT** be considered.



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**6. APPLICATION EVALUATION AND AWARD PROCESS**

*The information in this section does not need to be returned with the applicant's application.*

- 6.1. Applications shall be consistently evaluated and scored in accordance with NRS 453D, NAC 453D and R092-17 based upon the following criteria and point values.

*Grey boxes are the Identified Criteria Response. White boxes are Non-Identified Criteria Response.*

Nevada Recreational Marijuana Application Criteria	Points
The description of the proposed organizational structure of the proposed marijuana establishment and information concerning each owner, officer and board member including key personnel of the proposed marijuana establishment including the information provided pursuant to R092-17.	60
Evidence of the amount of taxes paid or other beneficial financial contributions made to the State of Nevada or its political subdivisions within the last five years by the applicant or the persons who are proposed to be owners, officers or board members of the proposed establishment.	25
A financial plan which includes: <ul style="list-style-type: none"> <li>▪ Financial statements showing the resources of the applicant, both liquid and illiquid.</li> <li>▪ If the applicant is relying on funds from an owner, officer or board member, or any other source, evidence that such source has unconditionally committed such funds to the use of the applicant in the event the Department awards a recreational marijuana establishment license to the applicant and the applicant obtains the necessary local government approvals to operate the establishment.</li> <li>▪ Proof that the applicant has adequate funds to cover all expenses and costs of the first year of operation.</li> </ul>	30
Documentation from a financial institution in this state or in any other state or the District of Columbia which demonstrates: <ul style="list-style-type: none"> <li>▪ That the applicant has at least \$250,000 in liquid assets which are unencumbered and can be converted within 30 days after a request to liquidate such assets.</li> <li>▪ The source of those liquid assets.</li> </ul>	10
Documentation concerning the integrated plan of the proposed marijuana establishment for the care, quality and safekeeping of marijuana from seed to sale, including: <ul style="list-style-type: none"> <li>▪ A plan for testing recreational marijuana.</li> <li>▪ A transportation plan.</li> <li>▪ Procedures to ensure adequate security measures for building security.</li> <li>▪ Procedures to ensure adequate security measures for product security.</li> </ul>	40
<i>Please note: The content of this response must be in a non-identified format.</i>	
Evidence that the applicant has a plan to staff, educate and manage the proposed recreational marijuana establishment on a daily basis, which must include: <ul style="list-style-type: none"> <li>▪ A detailed budget for the proposed establishment including pre-opening, construction and first year operating expenses.</li> <li>▪ An operations manual that demonstrates compliance with the regulations of the Department.</li> <li>▪ An education plan which must include providing educational materials to the staff of the proposed establishment.</li> <li>▪ A plan to minimize the environmental impact of the proposed establishment.</li> </ul>	30



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<i>Please note: The content of this response must be in a non-identified format.</i>	
A plan which includes: <ul style="list-style-type: none"> <li>A description of the operating procedures for the electronic verification system of the proposed marijuana establishment.</li> <li>A description of the inventory control system of the proposed marijuana establishment.</li> </ul>	20
<i>Please note: The content of this response must be in a non-identified format.</i>	
Documentation concerning the adequacy of the size of the proposed marijuana establishment to serve the needs of persons who are authorized to engage in the use of marijuana, including: <ul style="list-style-type: none"> <li>Building plans with supporting details.</li> </ul>	20
<i>Please note: The content of this response must be in a non-identified format.</i>	
A proposal demonstrating: <ul style="list-style-type: none"> <li>The likely impact of the proposed marijuana establishment in the community in which it is proposed to be located.</li> <li>The manner in which the proposed marijuana establishment will meet the needs of the persons who are authorized to use marijuana.</li> </ul>	15
<i>Please note: The content of this response must be in a non-identified format.</i>	
<b>Application Total</b>	<b>250</b>
Unweighted: <ul style="list-style-type: none"> <li>Review plan for all names and logos for the establishment and any signage or advertisement.</li> <li>Review results of background check(s). Applicant has until the end of the 90-day application period to resolve background check information which may cause the application to be rejected.</li> </ul>	

6.2. If the Department receives more than one application for a license for a retail marijuana store in response to a request for applications made pursuant to R092-17, Sec. 76 and the Department determines that more than one of the applications is complete and in compliance with R092-17, Sec. 78 and Chapter 453D of the NRS, the Department will rank the applications within each applicable locality for any applicants which are in a jurisdiction that limits the number of retail marijuana stores in order from first to last. Ranking will be based on compliance with the provisions of R092-17 Sec. 80, Chapter 453D of NRS and on the content of the applications relating to:

- 6.2.1. Operating experience of another kind of business by the owners, officers or board members that has given them experience which is applicable to the operation of a marijuana establishment.
- 6.2.2. Diversity of the owners, officers or board members.
- 6.2.3. Evidence of the amount of taxes paid and other beneficial financial contributions.
- 6.2.4. Educational achievements of the owners, officers or board members.
- 6.2.5. The applicant's plan for care, quality and safekeeping of marijuana from seed to sale.
- 6.2.6. The financial plan and resources of the applicant, both liquid and illiquid.
- 6.2.7. The experience of key personnel that the applicant intends to employ.
- 6.2.8. Direct experience of the owners, officers or board members of a medical marijuana establishment or marijuana establishment in this State.



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- 6.3. Applications that have not demonstrated a sufficient response related to the criteria set forth above will not have additional criteria considered in determining whether to issue a license and will not move forward in the application process.
- 6.4. Any findings from a report concerning the criminal history of an applicant or person who is proposed to be an owner, officer or board member of a proposed recreational marijuana establishment that disqualify that individual from serving in that capacity will also result in the disqualification of the application. The applicant will have the opportunity to resolve such an issue within the 90-day application period.
- 6.5. The Department and evaluation committee may also contact anyone referenced in any information provided for the owners, officers and board members of the proposed establishment; contact any applicant to clarify any response; solicit information from any available source concerning any aspect of an application; and, seek and review any other information deemed pertinent to the evaluation process. The evaluation committee shall not be obligated to accept any application, but shall make an award in the best interests of the State of Nevada per Regulation R092-17 and Chapter 453D of the NRS.
- 6.6. Clarification discussions may, at the Department's sole discretion, be conducted with applicants who submit applications determined to be acceptable and competitive per R092-17, Sec. 77-80 and NRS 453D.210. Applicants shall be afforded fair and equal treatment with respect to any opportunity for discussion and/or written clarifications of applications. Such clarifications may be permitted after submissions and prior to award for the purpose of obtaining best and final ranking of applications. In conducting discussions, there shall be no disclosure of any information derived from applications submitted by competing applicants. Any clarification given for the original application during the clarification discussions will be included as part of the application.
- 6.7. The Department will issue conditional recreational marijuana establishment licenses subject to final inspection in accordance with R092-17, Sec. 87 and subject to local jurisdiction to the highest ranked applicants up to the designated number of licenses the Department plans to issue.
- 6.8. If two or more applicants have the same total number of points for the last application being awarded a conditional license, the Department shall select the applicant which has scored the highest number of points as it is related to the proposed organizational structure of the proposed marijuana establishment and the information concerning each owner, officer and board member of the proposed marijuana establishment.
- 6.9. If the Department receives only one response within a specific jurisdiction; and, if the jurisdiction limits the number of a type of establishment to one; and, statewide, if there is not a limit on the number of a type of establishments to a request for applications for recreational marijuana establishments issued pursuant to R092-17, Sec. 76 (3) within 10 business days after the Department begins accepting responses to the request for applications; and, the



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Department determines that the response is complete and in compliance with the regulations, the Department will issue a conditional license to that applicant to operate a recreational marijuana establishment in accordance with R092-17.

- 6.10. The issuance by the Department of a recreational marijuana establishment license is conditional and not an approval to begin business operations until such time as:
  - 6.10.1. The marijuana establishment is in compliance with all applicable local government ordinances and rules; and
  - 6.10.2. The local government has issued a business license or otherwise approved the applicant for the operation of the establishment.
- 6.11. If the local government does not issue business licenses and does not approve or disapprove marijuana establishments in its jurisdiction, a recreational marijuana establishment license becomes an approval to begin business operations when the marijuana establishment is in compliance with all applicable local government ordinances and rules and has fulfilled all the requirements of the approval to operate by the Department.
- 6.12. Any license resulting from this application shall not be effective until approved by the Department.



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ATTACHMENT A  
RECREATIONAL MARIJUANA ESTABLISHMENT APPLICATION

GENERAL INFORMATION

Type of Marijuana Establishment: <input type="checkbox"/> Recreational Retail Marijuana Store						
Marijuana Establishment's proposed physical address if the applicant owns property or has secured a lease or other property agreement (this must be a Nevada address and cannot be a P.O. Box).						
City:	County:	State:	Zip Code:			
Proposed Hours of Operation :						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

APPLYING ENTITY INFORMATION

Applying Entity's Name:			
Business Organization: <input type="checkbox"/> Individual <input type="checkbox"/> Corp. <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Assoc. /Coop. <input type="checkbox"/> Other specify:			
Telephone #:		E-Mail Address:	
State Business License #:		Expiration Date:	
Mailing Address:			
City:		State:	Zip Code:

DESIGNEE INFORMATION

*Name of individual designated to manage agent registration card applications on behalf of the establishment.*

Last Name:	First Name:	MI:
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SUPPLEMENTAL REQUESTS

Does the applicant agree to allow the Nevada Department of Taxation (Department) to submit supplemental requests for information? <input type="checkbox"/> Yes <input type="checkbox"/> No
--



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ATTACHMENT A (continued)

Recreational Marijuana Establishment Owner (OR), Officer (OF), Board Member (BM) Names

For each owner, officer and board member listed below, please fill out a corresponding Establishment Principal Officers and Board Members Information Form (Attachment C).

Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM
Last Name:	First Name:	MI:	OR	OF	BM



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ATTACHMENT A (continued)

A marijuana agent identification card or recreational marijuana establishment license issued by the Nevada Department of Taxation (Department) pursuant to R092-17, Sec. 95 does not protect the applicant from legal action by federal authorities, including possible criminal prosecution for violations of federal law for the sale, manufacture, distribution, use, dispensing, possession, etc. of marijuana.

The acquisition, possession, cultivation, manufacturing, delivery, transfer, transportation, supplying, selling, distributing, or dispensing of "recreational" marijuana under state law is lawful only if done in strict compliance with the requirements of the State Medical & Recreational Marijuana Act(s) & Regulations (NAC- 453, NRS-453D, R092-17). Any failure to comply with these requirements may result in revocation of the marijuana agent identification card or Recreational Marijuana Establishment License issued by the Department.

The issuance of a license pursuant to section 80 of R092-17 of this regulation is conditional and not an approval to begin operations as a marijuana establishment until such time as all requirements in section 83 of R092-17 are completed and approved by the Department by means of a final inspection.

The State of Nevada, including but not limited to the employees of the Department, is not facilitating or participating in any way with my acquisition, possession, cultivation, manufacturing, delivery, transfer, transportation, supplying, selling, distributing, or dispensing of marijuana.

I attest that the information provided to the Department for this Recreational Marijuana Establishment License application is true and correct.

_____	_____
Print Name	Title
_____	_____
Signature	Date Signed
_____	_____
Print Name	Title
_____	_____
Signature	Date Signed



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ATTACHMENT B  
OWNER, OFFICER AND BOARD MEMBER ATTESTATION FORM

I, \_\_\_\_\_ (PRINT NAME)

Attest that:

I have not been convicted of an excluded felony offense as defined in NRS 453D; and

I agree that the Department may investigate my background information by any means feasible to the Department; and

I will not divert marijuana to any individual or person who is not allowed to possess marijuana pursuant to R092-17, Sec. 94 and 453D of the NRS; and

All information provided is true and correct.

\_\_\_\_\_  
Signature of Owner, Officer or Board Member      Date Signed

State of Nevada	
County of _____	
Signed and sworn to (or affirmed) before me on _____ (date)	
By _____ (name(s) of person(s) making statement)	
Notary Stamp	
	Signature of notarial officer

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ATTACHMENT C  
OWNER, OFFICER AND BOARD MEMBER INFORMATION FORM

Provide the following information for each owner, officer and board member listed on the Recreational Marijuana Establishment Application. Use as many sheets as needed.			
Last Name:	First Name:	MI:	<input type="checkbox"/> OR <input type="checkbox"/> OF <input type="checkbox"/> BM
Date of Birth:	Race:	Ethnicity:	
Gender:			
Residence Address:			
City:	County:	State:	Zip:
Describe the individual's title, role in the organization and the responsibilities of the position of the individual:			
Has this individual served as a principal officer or board member for a marijuana establishment that has had their establishment license or certificate revoked? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Has this individual previously had a medical marijuana establishment agent registration card or marijuana establishment agent registration card revoked? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Is this individual an attending provider of health care currently providing written documentation for the issuance of registry identification cards or letters of approval? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Is this individual employed by or a contractor of the Department? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Has a copy of this individual's signed and dated Recreational Retail Marijuana Store Principal Officer or Board Member Attestation Form been submitted with this application? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Is this individual a law enforcement officer? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Has a copy of this individual's fingerprints on a fingerprint card been submitted to the Nevada Department of Public Safety? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Has a copy of the Request and Consent to Release Application Form been submitted with this application? <input type="checkbox"/> Yes <input type="checkbox"/> No			







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ATTACHMENT D  
REQUEST AND CONSENT TO RELEASE APPLICATION FORM  
RECREATIONAL MARIJUANA ESTABLISHMENT LICENSE

I, \_\_\_\_\_, am the duly authorized representative of

\_\_\_\_\_ to represent and interact with the Department of Taxation (Department) on all matters and questions in relation to the Nevada Recreational Marijuana Establishment License(s) Application. I understand that R092-17, Sec. 242 makes all applications submitted to the Department confidential but that local government authorities, including but not limited to the licensing or zoning departments of cities, towns or counties, may need to review this application in order to authorize the operation of an establishment under local requirements. Therefore, I consent to the release of this application to any local governmental authority in the jurisdiction where the address listed on this application is located.

By signing this Request and Consent to Release Application Form, I hereby acknowledge and agree that the State of Nevada, its sub-departments including the Department of Taxation and its employees are not responsible for any consequences related to the release of the information identified in this consent. I further acknowledge and agree that the State and its sub-departments and its employees cannot make any guarantees or be held liable related to the confidentiality and safe keeping of this information once it is released.

\_\_\_\_\_  
Signature of Requestor/Applicant or Designee Date: \_\_\_\_\_

State of Nevada	
County of _____	
Signed and sworn to (or affirmed) before me on _____ (date)	
By _____ (name(s) of person(s) making statement)	
Notary Stamp	Signature of notarial officer



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ATTACHMENT E  
PROPOSED ESTABLISHMENT PROPERTY ADDRESS

*To be completed by the applicant for the physical address of the proposed marijuana establishment if the applicant owns property or has secured a lease or other property agreement.*

Name of Individual or Entity Applying for a Marijuana Establishment License:

Physical Address of Proposed Marijuana Establishment (must be a Nevada address, not a P.O. Box):

City:	County:	State:	Zip Code:
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Legal Description of the Property:



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ATTACHMENT F  
MULTI-ESTABLISHMENT LIMITATIONS FORM

NRS 453D.210 places a limitation on the total number of Recreational Retail Marijuana Store licenses that can be issued within each county, and R092-17, Sec. 80 (5) places limitations on the number of recreational marijuana retail stores located in any one governmental jurisdiction and a limitation on the number of licenses issued to any one person, group or entity. Due to these limitations, please list below all applications submitted from this business organization and/or persons as identified in the recreational marijuana establishment owner, officer and board member names section of Attachment A in the 10-day window of **September 7, 2018 – September 20, 2018.**

If this business organization were to not receive approval on all applications submitted, would the applicant still want approval on the applications determined by the ranking below?  Yes  No

Please list in order of preference for approval (use as many sheets as needed).

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:



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**ATTACHMENT G**  
**NAME, SIGNAGE, AND ADVERTISING PLAN FORM**

A recreational marijuana establishment must have all advertising plans approved by the Department as a requirement for approval to operate a recreational marijuana establishment. A recreational marijuana establishment shall not use:

- A name or logo unless the name or logo has been approved by the Department; or
- Any sign of advertisement unless the sign or advertisement has been approved by the Department.

Please demonstrate the Name, Signage and Advertising Plans for the proposed marijuana establishment. Additional pages and documents can be included to demonstrate the full advertising plans of the proposed establishment.





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ATTACHMENT I  
 FACILITY JURISDICTION FORM

Mark the jurisdiction(s) and number of stores in each jurisdiction for which you are applying. Only one application is necessary for multiple jurisdictions and licenses, however, you must submit attachments "A" & "E" for each jurisdiction, location and the appropriate application fee for each of the jurisdictions/locality and number of licenses requested.

No applicant may be awarded more than 1 (one) retail store license in a jurisdiction/locality, unless there are less applicants than licenses allowed in the jurisdiction.

<i>Jurisdiction</i>	<i>Indicate Number of Licenses Requested</i>	<i>Jurisdiction</i>	<i>Indicate Number of Licenses Requested</i>
Unincorporated Clark County		Unincorporated Washoe County	
City of Henderson		City of Reno	
City of Las Vegas		City of Sparks	
City of Mesquite		Lander County	
City of North Las Vegas		Lincoln County	
Carson City		Lyon County	
Churchill County		Mineral County	
Douglas County		Nye County	
Elko County		Pershing County	
Esmeralda County		Storey County	
Eureka County		White Pine County	
Humboldt County			



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ATTACHMENT J

FEDERAL LAWS AND AUTHORITIES

*(Apply outside of NAC 453, NAC 453A, NRS 453A, NRS 453D, R092-17)*

*The information in this section does not need to be returned with the applicant's application. The following is a list of federal laws and authorities with which the awarded Applicant will be required to comply.*

ENVIRONMENTAL:

- Archeological and Historic Preservation Act of 1974, PL 93-291
- Clean Air Act, 42 U.S.C. 7506(c)
- Endangered Species Act 16 U.S.C. 1531, ET seq.
- Executive Order 11593, Protection and Enhancement of the Cultural Environment
- Executive Order 11988, Floodplain Management
- Executive Order 11990, Protection of Wetlands: Farmland Protection Policy Act, 7 U.S.C. 4201 ET seq.
- Fish and Wildlife Coordination Act, PL 85-624, as amended
- National Historic Preservation Act of 1966, PL 89-665, as amended
- Safe Drinking Water Act, Section 1424(e), PL 92-523, as amended

ECONOMIC:

- Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended
- Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants or Loans

SOCIAL LEGISLATION:

- Age Discrimination Act, PL 94-135 Civil Rights Act of 1964, PL 88-352
- Section 13 of PL 92-500; Prohibition against sex discrimination under the Federal Water Pollution Control Act
- Executive Order 11246, Equal Employment Opportunity
- Executive Orders 11625 and 12138, Women's and Minority Business Enterprise Rehabilitation Act of 1973, PL 93, 112

MISCELLANEOUS AUTHORITY:

- Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646 Executive Order 12549 – Debarment and Suspension

# EXHIBIT C

# EXHIBIT C



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**Marijuana Establishment (ME) Application Score Review Meeting Procedures**

The Department of Taxation Marijuana Enforcement Division (MED) requires that all ME applicants who contact the MED may schedule a meeting with Chief Compliance Audit Investigator, Marijuana Program Supervisor or Marijuana Program Manager. Due to the need to verify identity and ensure the confidentiality required by NRS 453A.700 & R092-17 neither phone nor video-conferenced meetings will be supported.

**PURPOSE**

This document describes the strict adherence that must be followed for ME applicants to view the scoring information.

**SCOPE**

All ME Applicants

**PROCEDURE**

- The following staff persons are authorized to coordinate the meeting for the MED: Program Officer 3, Chief Compliance Audit Investigator, Marijuana Program Supervisor, Program Manager 2 or higher. The MED representative will ensure the legitimacy of the company representative to view the scoring information, including but not limited to, making a copy of their identification card.
- During the meeting, the company representative will be provided their average score for each category of their application, and the total overall score. A copy of the ME application will be provided to the company so they can compare the score with the maximum score available for that category.
- The company representative can make notes of the scoring information provided. No photocopies, scan, recordings, or photographs can be made of the information provided.
- MED staff will not discuss nor comment on the scores provided, nor discuss or comment on the MED's review process.
- No information will be provided on any other ME applicant not associated with the company representative.
- The meeting will be scheduled for up to but no longer than 30 minutes.
- A copy of the following documents will be maintained in the establishment hard copy file, and electronically; a copy of the establishment scoring information, copies of ID cards, and a copy of the MS Outlook appointment information.

# EXHIBIT D

# EXHIBIT D

AFFIDAVIT OF AMEI AMEI

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STATE OF NEVADA        )  
  ) ss:  
COUNTY OF CLARK        )

I, AMEI AMEI., first being duly sworn upon oath, hereby deposes and states as follows:

1. I am over the age of eighteen years old and I am currently an Associate Professor in Statistics, Department of Mathematical Sciences, at the University of Nevada Las Vegas.

2. I earned my PhD in Mathematics at Washington University in St. Louis, Missouri.

3. I make this Affidavit in support of Plaintiffs' Motion for Preliminary Injunction.

4. I swear, to the best of my knowledge, that the facts set forth herein are true and accurate, save and except any facts stated upon information and belief, and, as to such facts, I believe them to be true. I hereby reaffirm said facts as if fully set forth herein to the extent they are not recited herein. If called upon by this Court, I will testify as to my personal knowledge of the truth and accuracy of the statements contained therein.

5. I was retained by the law firm of Gentile Cristalli Miller Armeni Savarese as an expert in the field of statistics to analyze data regarding the 2018 recreational marijuana retail store applications for and awarding of licenses by the State of Nevada Department of Taxation.

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6. I analyzed data from (1) a sample of 2018 applicant's scores, (2) NAC 453D.272(5)(a)(b), (3) List of store licenses to sell marijuana in Nevada from the Department of Taxation as of March 1, 2019, (4) list of licenses awarded pursuant to the 2018 applications. The results are detailed in my Report attached to this affidavit.

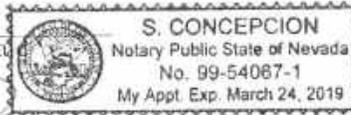
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Dated this 11 day of March, 2019.

  
\_\_\_\_\_  
AMZI AMEI

SUBSCRIBED AND SWORN to before me  
on the 11 day of ~~March~~ March, 2019.

  
NOTARY PUBLIC in and for said  
County and State



## DATA ANALYSIS OF SCORING AND ALLOCATION OF THE 2018 RECREATIONAL MARIJUANA RETAIL STORE APPLICATIONS

First of all, NRS 453D.210 gives criterion at county level, however the Regulation uses criterion at the level of jurisdiction and unincorporated area within each county.

Second, according to the Regulation: "To prevent monopolistic practices, the Department will ensure, in a county whose population is 100,000 or more, that the Department does NOT issue, to any person, group of persons or entity, the greater of (a) One license to operate a retail marijuana store or (b) more than 10% of the licenses for retail marijuana stores allocable in the county."

The criterion (a) and (b) result in the following specific allocation caps over each jurisdiction and unincorporated area within each county:

### 1) Excluding existing license

Clark County:  $\max(1, 10\% \cdot 31 = 3.1) = 3.1$ , cap is 3 licenses  
Washoe County:  $\max(1, 10\% \cdot 7 = 0.7) = 1$ , cap is 1 license  
Carson City County:  $\max(1, 10\% \cdot 2 = 0.2) = 1$ , cap is 1 license  
Remaining Counties: cap is 1 license

### 2) Including existing licenses

Clark County:  $\max(1, 10\% \cdot 79 = 7.9) = 7.9$ , cap is 7 licenses  
Washoe County:  $\max(1, 10\% \cdot 20 = 2) = 2$ , cap is 2 licenses  
Carson City County:  $\max(1, 10\% \cdot 4 = 0.4) = 1$ , cap is 1 license  
Remaining Counties: cap is 1 license

Here,  $\max(a,b)$  is a mathematical operation taking the maximum between the number a and b.

Essence have 8 newly awarded and 3 existing licenses allocated as follows:

- Washoe County: 2 newly awarded (Sparks 1, Reno 1) and 0 existing licenses. This allocation exceeded the cap of 1 according to the calculation formula given in 1) but did not exceed the cap of 2 according to the calculation formula given in 2).
- Clark County: 5 newly awarded (Clark County 2, City of Las Vegas 1, North Las Vegas 1, City of Henderson 1) and 3 existing licenses (Henderson 1, Las Vegas 1, unincorporated area 1). This allocation exceeded the cap of 3 according to the calculation formula given in 1) and also exceeded the cap of 7 according to the calculation formula given in 2) which includes all existing licenses.
- 1 in Carson City

There are no allocation data for the rest of the awarded companies such as The Source (7), Thrive (7), Taproot (7), Deep Roots (5), Greenmart(MPX) (4), NV Made (3), Sahara Wellness (1), Zen Leaf (1), Green therapeutics (1), Polaris MMJ (1).

Third, we want to calculate the probability of a certain company to obtain similar scores across all its applications based on a sample of 2018 applicants' scores.

It is known that the difference in contents between applications of a certain company to different jurisdiction or unincorporated area within a county is around 10% to 15%. We use the lower bound of 10% in the following analysis to be conservative.

The highest score one application can obtain is 250. Therefore, the difference between two application scores applied by one company should be uniformly distributed from 0 to 25 ( $250 * 10\% = 25$ ).

We know that one company had applied for 6 different jurisdictions and obtained the following scores: 207.66, 207.33, 209, 209.66, 209.66, 209.66. This can result in three independent differences in terms of scores such as 2, 2.33, and 0.66.

The probability of obtaining a difference in scores that is less than or equal to 2 is  $2/25 = 0.08$ . Similarly, the probability of obtaining a difference in scores that is less than or equal to 2.33 is  $2.33/25 = 0.0932$ ; the probability of obtaining a difference in scores that is less than or equal to 0.66 is  $0.66/25 = 0.0264$ . The probability of the above 3 independent events happening together is the product of the three probabilities, that gives 0.0002, which is extremely unlikely.

We know another company applied for 6 licenses and received 196.67 for all of its 6 applications. This can result in three independent differences in scores and all three differences are being less than 0.009. The probability of obtaining a difference in scores that is less than or equal to 0.009 is  $0.009/25 = 0.00036$ . The probability of resulting three differences that are all less than or equal to 0.009 is  $0.00036 * 0.00036 * 0.00036$ , that gives  $4.67e-11$ , which is equivalent to 0. This shows that the likelihood of a single company getting an exact same score over 6 applications is an impossibility.

Fourth, based on the information we have, four companies take up 48% ( $29/61 = 47.54\%$ ) of the awarded licenses. We could have conducted further statistical analyses if data related to the evaluating process were released to the public. For example, the list of companies with the number of licenses applied and the list of companies with the number of licenses awarded.

ANALYSIS RELIED UPON THE FOLLOWING DATA:

- (1) A sample of 2018 applicants' scores
- (2) NAC 453D.272 (5)(a)(b)
- (3) List of store licenses to sell marijuana in Nevada from Department of Taxation as of March 1, 2019
- (4) List of licenses awarded pursuant to the 2018 applications



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Amei Amei, PhD  
Associate Professor

AMEI AMEI  
CURRICULUM VITAE

Department of Mathematical sciences  
University of Nevada Las Vegas  
Las Vegas NV 89154

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## Appointment

07/2013- present	<b>Associate Professor in Statistics</b> Department of Mathematical Sciences, University of Nevada Las Vegas
08/2007- 07/2013	<b>Assistant Professor in Statistics</b> Department of Mathematical Sciences, University of Nevada Las Vegas
09/1999 - 07/2002	<b>Lecturer</b> Department of Mathematics, Inner Mongolia University, China

## Education

2002 - 2007	<b>PhD</b> , Mathematics (statistics concentration), Washington University in St.Louis <b>Advisor:</b> Stanley Sawyer
1996 - 1999 (with Honor)	<b>MS</b> , Mathematics, University of Science and Technology of China
1992 - 1996	<b>BS</b> , Mathematics, Inner Mongolia University, China

## Research Interest

Statistical Genetics, Statistical Association Tests, Statistical Inference of Stochastic Processes, Population Genetics, Mathematical Biology, Probability Theory, Diffusion Theory, Markov chain Monte Carlo (MCMC) Methods

## Publication

1. **A. Amei**, J. Xu, Inference of genetic forces using a Poisson random field model with non-constant population size (2019), *Journal of Statistical Planning and Inference*, (IF= 0.814), Acceptance.
2. **A. Amei**, S. Zhou, Inferring the distribution of selective effects from a time inhomogeneous model, (2019) *PLoS ONE*, (IF= 3.352), 14(1): e0194709.
3. X. Wang, **A. Amei**, S. de Belle, S. P. Roberts, Environmental effects on *Drosophila* brain development and learning, (2018), *Journal of Experimental Biology*, (IF= 3.41), 221, jeb169375.

4. J. Xu, G. Shan, **A. Amei**, J. Zhao, D. Young, S. Clark (2017), A modified Friedman test for randomized complete block designs. *Communications in Statistics-Simulation and Computation*, (IF= 0.491), Vol. 46, No. 2, 1508-1519.
5. H. Jin, P. S. Pinheiro, J. Xu, **A. Amei**, Cancer incidence among Asian populations in the United States, 2009-2011 (2016), *International Journal of Cancer*, (IF= 5.624), 138(9), 2136-2145.
6. G. Shan, **A. Amei**, D. Young (2015), Efficient noninferiority testing procedures for simultaneously assessing sensitivity and specificity of two diagnostic test. *Computational Mathematical Methods in Medicine*, (IF= 0.887), Vol. 2015, Article ID 128930, 7 pages.
7. **A. Amei**, B. T. Smith (2014), Robust estimates of divergence times and selection with a Poisson random field model: A case study of comparative phylogeographic data. *Genetics*, (IF= 4.808), Vol. 196, 225-233.
8. **A. Amei**, S. Lee, K. S. Mysore, Y. Jia (2014), Statistical inference of selection and divergence of the rice blast resistance gene *Pi-ta, G3: Genes, Genomes, Genetics*, (IF= 3.198), 4(12), 2425-2432.
9. J. Zhang, H. Liang, **A. Amei** (2014), Asymptotic normality of estimators in heteroscedastic error-in-variables model, *ASIA Advances in Statistical Analysis*, (IF= 1.272), 98, 165-195.
10. **A. Amei**, S. Sawyer (2012), Statistical inference of selection and divergence from a time-dependent Poisson random field model, *PLoS ONE*, (IF= 3.535), 7(4): e34413.
11. B. Smith, **A. Amei**, J. Klicka (2012), Evaluating the role of contracting and expanding rainforest in initiating cycles of speciation across the isthmus of Panama, *Proceedings of the Royal Society B*, (IF= 5.366), 279, 3520-3526.
12. R. Stutman, M. Codner, A. Mahoney, **A. Amei** (2012), Comparison of Breast Augmentation Incisions and Common Complications, *Aesthetic Plastic Surgery*, (IF= 1.269), Vol. 36, No. 5, 1096-1104.
13. T. Moazzeni, **A. Amei**, J. Ma, Y. Jiang (2012), Statistical model based SNR estimation method for speech signals, *Electronics Letters*, (IF= 0.914), Vol. 48, Issue 12, 727-729.
14. **A. Amei**, W. Fu, C. H. Ho (2012), Time series analysis for predicting the occurrences of large scale earthquakes. *International Journal of Applied Science and Technology*, Vol. 2, No. 7, 64-75.
15. T. Moazzeni, **A. Amei**, J. Ma, Y. T. Jiang (2012), On a new approach to SNR estimation of BPSK signals, *International Journal of Electronics and Telecommunications*, Vol. 58, No. 3, 273-278.
16. **A. Amei**, S. Sawyer (2010), A time-dependent Poisson random field model for polymorphism within and between two related biological species, *Annals of Applied Probability*, (IF= 1.833), Vol. 20, No. 5, 1663-1696.
17. M. Cheney, J. Liu, **A. Amei**, X. Zhao, S. Joo, S. Qian (2009), A comparative study on the uptake of polycyclic aromatic hydrocarbons by *Anodonta californiensis*, *Environmental Pollution*, (IF= 5.008), 157, 601-608.
18. Y. Cheng, **A. Amei** (1999), Integrate type of Darboux transformation, *Annals of Mathematics (China)* 20A: 6(1999) 667-672.

## Teaching

- STA 762 Regression Analysis II (Spring 2017)
- MATH 124 College Algebra (Spring 2017)
- STA 761 Regression Analysis I (Fall 2016)
- STA 755 Stochastic Modeling I (Spring 2010, 2013, 2015; Fall 2008, 2018)
- STA 756 Stochastic Modeling II (Spring 2009, 2019; Fall 2010, 2013, 2015)
- STAT 391 Applied Statistics for Biological Sciences (Spring 2008, 2011-2013, 2015, 2016, 2019; Fall 2009, 2011-2018; )
- STA 731 Probability Theory and Its Applications (Fall 2007, 2009, 2012, Spring 2016)
- STA 713 Experimental Design (Fall 2011, 2017)
- MATH 461/661 Probability Theory (Spring 2012; Fall 2008, 2010)
- STAT 411 Statistical Methods I (Spring 2011)

## Mathematical Contest

- 1<sup>st</sup> place, China Undergraduate Mathematical Contest in Modeling (CUMCM), 1996
- 3<sup>rd</sup> place, China Undergraduate Mathematical Contest in Modeling (CUMCM), 1995

## Award and Honor

- Faculty Opportunity Award, University of Nevada Las Vegas, 07/2013-12/2014, \$14,000
- Summer Stimulus Fund for Junior Faculty Research and Scholarship, University of Nevada Las Vegas, 06/2009-08/2009, \$10,000
- NSF EPSCoR RING TRUE III: Infrastructure Award, 11/2007-07/2008, \$30,000
- Travel Award, The 3rd Workshop for Women in Probability, Duke University, Durham, North Carolina, October 2012
- Travel Award, The 33rd Conference on Stochastic Processes and Their Applications, Berlin, Germany, July 2009
- Travel Award, The 2009 Seminar on Bayesian Inference in Econometrics and Statistics, Washington University in St. Louis, St. Louis, Missouri, May 2009
- Travel Award, The 11th Meeting of New Researchers in Statistics and Probability, University of Colorado and The National Center for Atmospheric Research (NCAR), Boulder, Colorado, July 2008

- Travel Award, The 2nd Workshop for Women in Probability, Cornell University, Ithaca, New York, October 2008
- Dissertation Fellowship, 2007, Washington University in St.Louis
- Research Assistantship, 2004-2006, Washington University in St.Louis
- University Fellowship, 2002-2004, Washington University in St.Louis
- Outstanding Young Teacher Award, 2001, Inner Mongolia University, China
- Outstanding Graduate Student of Anhui Province, 1999, Anhui Province, China
- “Guang Hua” Fellowship, 1998, University of Science and Technology of China, China
- “Guang Hua” Fellowship, 1993, 1994, 1995, Inner Mongolia University, China

### Presentation at professional meeting

- Genome-Wide Association Study of Schizophrenia Using Bayesian Variable Selection Methods, *Yale Biostatistics Department Seminar*, New Haven, Connecticut, October 2018 (invited)
- A Mathematical Population Genetics Model for Cancer Gene Detection, *2016 ICASA Applied Statistics Symposium*, Atlanta, Georgia, June 2016 (invited)
- Robust estimates of divergence times and selection with a Poisson random field model, *2014 ICASA and KISS Joint Applied Statistics Symposium*, Portland, Oregon, June 2014 (invited)
- A Poisson random field model to estimate mutation and selection, *First Joint Biostatistics Meeting*, Beijing, China, July 2010 (invited)
- Moran model based time inhomogeneous Poisson random field model and its application, 2008 Joint Statistical Meetings (JSM), Denver, CO, August 2008.
- Time-dependent Poisson random field model for polymorphism within and between two related biological species, *Eleventh Meeting of New Researchers in Statistics and Probability*, Boulder, CO July 2008
- Diffusion approximation to discrete time discrete state Markov chain and its applications, *Nevada Chapter of The American Statistical Association Spring Symposium*, Las Vegas, NV, April 2008
- Population genetics of polymorphism and divergence, *2008 ENAR (Eastern North American Region) Spring Meeting*, Arlington, VA, March 2008

## Conference and Workshop Attended

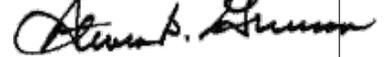
- 2018 Conference of Program in Quantitative Genomics, Harvard T.H.Chan School of Public Health, Boston, Massachusetts, November 2018
- Nevada Institute of Personalized Medicine 2018 Symposium, UNLV, November 2018
- NSF Noyce and S-Stem Grant Workshop, UNLV, November 2018
- The Nevada Chapter of the American Statistical Association Symposium, UNLV, October 2018, 2016, 2014, 2012, 2010, April 2011, and November 2008
- Mathematical aspects of computational biology workshop at MSRI , University of California, Berkeley, California, June 2006
- Computational Biology Retreat, Department of Genetics, School of Medicine, Washington University in St.Louis, St. Louis, Missouri, September 2005, 2004
- Seminar on Bayesian Inference in Econometrics and Statistics (SBIES), Olin School of Business, Washington University in St.Louis, St. Louis, Missouri, July 2005

## Professional Affiliation

Membership of American Statistical Association (ASA) Membership of Institute of Mathematical Statistics (IMS)

## Computational Skills

SAS, R, and C



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10 *Attorneys Helping Hands Wellness Center, Inc.*

11 **EIGHTH JUDICIAL DISTRICT COURT**  
12 **CLARK COUNTY, NEVADA**

13 SERENITY WELLNESS CENTER, LLC )  
14 a Nevada limited liability company; TGIG, )  
15 LLC, a Nevada limited liability company; )  
16 NULEAF INCLINE DISPENSARY, LLC, )  
17 a Nevada limited liability company; )  
18 NEVADA HOLISTIC MEDICINE, LLC, a )  
19 Nevada limited liability company; TRYKE )  
20 COMPANIES SO NV, LLC, a Nevada )  
21 limited liability company; TRYKE )  
22 COMPANIES RENO, LLC, a Nevada )  
23 limited liability company; PARADISE )  
24 WELLNESS CENTER, LLC, a Nevada )  
25 limited liability company; GBS NEVADA )  
26 PARTNERS, LLC, a Nevada limited )  
27 liability company; GRAVITAS NEVADA, )  
28 LLC, a Nevada limited liability company; )  
NEVADA PURE, LLC, Nevada limited )  
liability company; MEDIFARM, LLC, a )  
Nevada limited liability company; DOE )  
PLAINTIFFS I through X; and ROE )  
ENTITY PLAINTIFFS I through X, )

CASE NO: A-19-786962-B  
DEPT NO.: XI

**NOTICE OF ENTRY OF ORDER**

Plaintiff,

vs.

THE STATE OF NEVADA,  
DEPARTMENT OF TAXATION,

Defendants.

1 HELPING HANDS WELLNESS )  
2 CENTER, INC., a Nevada corporation. )  
3 )  
4 Applicants for Intervention

---

5 **NOTICE OF ENTRY OF ORDER**

6 **Please take notice** that the enclosed Order was signed by this court on the 12th day of  
7 April, 2019 and entered by the Court on the 15th day of April, 2019:

8 **1. Order Granting Helping Hands Wellness Center, Inc.’s Motion to Intervene**

9  
10 A copy of said Order is attached herewith.

11  
12 DATED: April 15, 2019.

13 /s/ Jared B. Kahn

14 Jared B. Kahn, Nevada Bar # 12603

15 JK Legal & Consulting, LLC

16 9205 W. Russell Rd., Suite 240

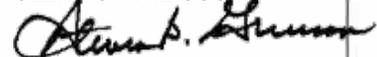
17 Las Vegas, NV 89148

18 (702) 708-2958 Phone

19 (866) 870-6758 Fax

20 jkahn@jk-legalconsulting.com

21 *Of Attorneys for Intervenor Defendant*  
22 *Helping Hands Wellness Center, Inc.*



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**ORDR**  
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*Attorneys Helping Hands Wellness Center, Inc.*

**EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA**

SERENITY WELLNESS CENTER, LLC )  
a Nevada limited liability company; TGIG, )  
LLC, a Nevada limited liability company; )  
NULEAF INCLINE DISPENSARY, LLC, )  
a Nevada limited liability company; )  
NEVADA HOLISTIC MEDICINE, LLC, a )  
Nevada limited liability company; TRYKE )  
COMPANIES SO NV, LLC, a Nevada )  
limited liability company; TRYKE )  
COMPANIES RENO, LLC, a Nevada )  
limited liability company; PARADISE )  
WELLNESS CENTER, LLC, a Nevada )  
limited liability company; GBS NEVADA )  
PARTNERS, LLC, a Nevada limited )  
liability company; GRAVITAS NEVADA, )  
LLC, a Nevada limited liability company; )  
NEVADA PURE, LLC, Nevada limited )  
liability company; MEDIFARM, LLC, a )  
Nevada limited liability company; DOE )  
PLAINTIFFS I through X; and ROE )  
ENTITY PLAINTIFFS I through X, )

CASE NO: A-19-786962-B  
DEPT NO.: XI

**ORDER GRANTING HELPING  
HANDS WELLNESS CENTER, INC.'S  
MOTION TO INTERVENE**

Plaintiff,

vs.

THE STATE OF NEVADA,  
DEPARTMENT OF TAXATION,

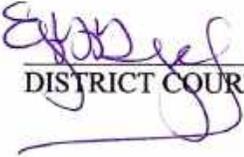
Defendants.

1 HELPING HANDS WELLNESS )  
2 CENTER, INC., a Nevada corporation. )  
3 Applicants for Intervention )  
4

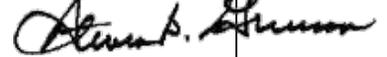
5 The Court, having considered the Helping Hands Wellness Center, Inc.'s Motion to  
6 Intervene as Defendants, and good cause appearing:

7 **IT IS HEREBY ORDERED** Helping Hands Wellness Center, Inc.'s Motion to  
8 Intervene is granted, and Helping Hands Wellness Center, Inc. shall intervene as a  
9 Defendant/Real Party in Interest in the above-captioned case as a necessary party to the action  
10 pursuant to NRCP 24 and NRS 12.130.  
11

12  
13 DATED this 12 day of April, 2019.

14  
15   
16 DISTRICT COURT JUDGE

17 Submitted By:   
18  
19 /s/ Jared B. Kahn  
20 Jared B. Kahn, Nevada Bar # 12603  
21 JK Legal & Consulting, LLC  
22 9205 W. Russell Rd., Suite 240  
23 Las Vegas, NV 89148  
24 (702) 708-2958 Phone  
25 (866) 870-6758 Fax  
26 jkahn@jk-legalconsulting.com  
27 Attorneys for  
28 *Helping Hands Wellness Center, Inc*



1 ANSC  
2 MARGARET A. MCLETCHE, Nevada Bar No. 10931  
3 ALINA M. SHELL, Nevada Bar No. 11711  
4 MCLETCHE LAW  
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7 Telephone: (702) 728-5300  
8 Email: maggie@nvlitigation.com  
9 *Counsel for Defendant, GreenMart of Nevada NLV LLC*

7 **EIGHTH JUDICIAL DISTRICT COURT**  
8 **CLARK COUNTY, NEVADA**

9 Serenity Wellness Center, LLC, et al.,

Case No.: A-19-786962-B

10 Plaintiffs,

Dept. No.: XI

11 vs.

**DEFENDANT GREENMART OF**  
**NEVADA NLV LLC'S ANSWER TO**  
**PLAINTIFFS' COMPLAINT**

12 STATE OF NEVADA, DEPARTMENT OF  
13 TAXATION; and NEVADA ORGANIC  
14 REMEDIES, LLC,

15 Defendants.

16 GREENMART OF NEVADA NLV LLC, a  
17 Nevada limited liability company,

18 Defendant in Intervention.

19 Defendant in Intervention GreenMart of Nevada NLV LLC, ("Defendant") by and  
20 through its undersigned counsel, McLetchie Law, hereby answers the Complaint filed by  
21 Plaintiffs Serenity Wellness Center, LLC; TGI, LLC; Nuleaf Incline Dispensary, LLC;  
22 Nevada Holistic Medicine, LLC; Tryke Companies SO NV, LLC; Tryke Companies Reno,  
23 LLC; Paradise Wellness Center, LLC; GBS Nevada Partners, LLC; Fidelis Holdings, LLC;  
24 Gravitas Nevada, LLC; Nevada Pure, LLC; and Medifarm, LLC (collectively "Plaintiffs"),  
25 as follows:

26 Defendant denies each and every allegation in the Complaint except those  
27 allegations which are hereinafter admitted, qualified, or otherwise answered.

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**I.**

**PARTIES, JURISDICTION, AND VENUE**

1. Answering paragraph 1 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

2. Answering paragraph 2 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

3. Answering paragraph 3 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

4. Answering paragraph 4 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

5. Answering paragraph 5 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

6. Answering paragraph 6 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

7. Answering paragraph 7 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

8. Answering paragraph 8 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and on that basis denies these allegations.

9. Answering paragraph 9 of the Complaint, Defendant is without sufficient knowledge or information as to the truth or falsity of the allegations contained therein, and

1 on that basis denies these allegations.

2 10. Answering paragraph 10 of the Complaint, Defendant is without sufficient  
3 knowledge or information as to the truth or falsity of the allegations contained therein, and  
4 on that basis denies these allegations.

5 11. Answering paragraph 11 of the Complaint, Defendant is without sufficient  
6 knowledge or information as to the truth or falsity of the allegations contained therein, and  
7 on that basis denies these allegations.

8 12. Answering paragraph 12 of the Complaint, Defendant is without sufficient  
9 knowledge or information as to the truth or falsity of the allegations contained therein, and  
10 on that basis denies these allegations.

11 13. Answering paragraph 13 of the Complaint, Defendant admits these  
12 allegations.

13 14. Answering paragraph 14 of the Complaint, Defendant is without sufficient  
14 knowledge or information as to the truth or falsity of the allegations contained therein, and  
15 on that basis denies these allegations.

16 15. Answering paragraph 15 of the Complaint, no response is required as the  
17 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
18 required, Defendant is without sufficient knowledge or information as to the truth or falsity  
19 of the allegations contained therein, and on that basis denies these allegations.

20 **II.**

21 **GENERAL ALLEGATIONS**

22 16. Answering paragraph 16 of the Complaint, no response is required as the  
23 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
24 required, Defendant is without sufficient knowledge or information as to the truth or falsity  
25 of the allegations contained therein, and on that basis denies these allegations.

26 17. Answering paragraph 17 of the Complaint, no response is required as the  
27 allegations contained therein are Plaintiffs' legal conclusions or statements regarding the  
28 contents of laws or regulations. To the extent a response is required and the allegations

1 accurately state the laws or regulations referenced therein, Defendant admits these  
2 allegations.

3           18. Answering paragraph 18 of the Complaint, no response is required as the  
4 allegations contained therein are Plaintiffs’ legal conclusions or statements regarding the  
5 contents of laws or regulations. To the extent a response is required and the allegations  
6 accurately state the laws or regulations referenced therein, Defendant admits these  
7 allegations.

8           19. Answering paragraph 19 of the Complaint, no response is required as the  
9 allegations contained therein are Plaintiffs’ legal conclusions or statements regarding the  
10 contents of laws or regulations. To the extent a response is required and the allegations  
11 accurately state the laws or regulations referenced therein, Defendant admits these  
12 allegations.

13           20. Answering paragraph 20 of the Complaint, no response is required as the  
14 allegations contained therein are Plaintiffs’ legal conclusions or statements regarding the  
15 contents of laws or regulations. To the extent a response is required and the allegations  
16 accurately state the laws or regulations referenced therein, Defendant admits these  
17 allegations.

18           21. Answering paragraph 21 of the Complaint, no response is required as the  
19 allegations therein reference a document that speaks for itself. To the extent a response is  
20 required and the allegations accurately state the contents of the document referenced therein,  
21 Defendant admits these allegations.

22           22. Answering paragraph 22 of the Complaint, Defendant admits these  
23 allegations.

24           23. Answering paragraph 23 of the Complaint, Defendant admits these  
25 allegations.

26           24. Answering paragraph 24(a)-(h) of the Complaint, no response is required as  
27 the allegations contained therein are Plaintiffs’ legal conclusions or statements regarding the  
28 contents of laws or regulations. To the extent a response is required and the allegations

1 accurately state the laws or regulations referenced therein, Defendant admits these  
2 allegations.

3           25. Answering paragraph 25 of the Complaint, no response is required as the  
4 allegations therein reference a document that speaks for itself. To the extent a response is  
5 required and the allegations accurately state the contents of the document referenced therein,  
6 Defendant admits these allegations.

7           26. Answering paragraph 26 of the Complaint, no response is required as the  
8 allegations contained therein are Plaintiffs' legal conclusions or statements regarding the  
9 contents of laws or regulations. To the extent a response is required and the allegations  
10 accurately state the laws or regulations referenced therein, Defendant admits these  
11 allegations.

12           27. Answering paragraph 27 of the Complaint, no response is required as the  
13 allegations contained therein are Plaintiffs' legal conclusions or statements regarding the  
14 contents of laws or regulations. To the extent a response is required and the allegations  
15 accurately state the laws or regulations referenced therein, Defendant denies these  
16 allegations.

17           28. Answering paragraph 28 of the Complaint, Defendant admits that the  
18 Department of Taxation announced it would issue recreational retail store licenses no later  
19 than December 5, 2018. Defendant denies these allegations to the extent that it imposes a  
20 legal obligation on the Department that is inconsistent or outside of the requirements set forth  
21 in Nev. Rev. Stat. § 453D.210.

22           29. Answering paragraph 29 of the Complaint, Defendant is without sufficient  
23 knowledge or information as to the truth or falsity of the allegations contained therein, and  
24 on that basis deny these allegations.

25           30. Answering paragraph 30 of the Complaint, Defendant is without sufficient  
26 knowledge or information as to the truth or falsity of the allegations contained therein, and  
27 on that basis deny these allegations.

28 ///



1 required, Defendant denies these allegations.

2           39. Answering paragraph 39 of the Complaint, no response is required as the  
3 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
4 required, Defendant denies these allegations.

5           40. Answering paragraph 40 of the Complaint, no response is required as the  
6 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
7 required, Defendant denies these allegations.

8           41. Answering paragraph 41 of the Complaint, no response is required as the  
9 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
10 required, Defendant denies these allegations.

11           42. Answering paragraph 42 of the Complaint, no response is required as the  
12 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
13 required, Defendant denies these allegations.

14           43. Answering paragraph 43 of the Complaint, no response is required as the  
15 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
16 required, Defendant denies these allegations.

17           44. Answering paragraph 44 of the Complaint, no response is required as the  
18 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
19 required, Defendant denies these allegations.

20           45. Answering paragraph 45 of the Complaint, no response is required as the  
21 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
22 required, Defendant denies these allegations.

23           46. Answering paragraph 46 of the Complaint, no response is required as the  
24 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
25 required, Defendant denies these allegations.

26           47. Answering paragraph 47 of the Complaint, no response is required as the  
27 allegations contained therein are Plaintiffs' legal conclusions. To the extent a response is  
28 required, Defendant denies these allegations.

1           48.     Answering paragraph 48 of the Complaint, no response is required as the  
2 allegations contained therein are Plaintiffs’ legal conclusions. To the extent a response is  
3 required, Defendant denies these allegations.

4           49.     Answering paragraph 49 of the Complaint, no response is required as the  
5 allegations contained therein are Plaintiffs’ legal conclusions. To the extent a response is  
6 required, Defendant denies these allegations.

7           50.     Answering paragraph 50(a)-(g) of the Complaint, no response is required as  
8 the allegations contained therein are not factual in nature and/or contain legal conclusions.  
9 To the extent a response is required, Defendant denies these allegations.

10          51.     Answering paragraph 51 of the Complaint, no response is required as the  
11 allegations contained therein are not factual in nature and/or contain legal conclusions. To  
12 the extent a response is required, Defendant denies these allegations.

13          52.     Answering paragraph 52 of the Complaint, no response is required as the  
14 allegations contained therein are Plaintiffs’ legal conclusions. To the extent a response is  
15 required, Defendant denies these allegations.

16          53.     Answering paragraph 53 of the Complaint, no response is required as the  
17 allegations contained therein are Plaintiffs’ legal conclusions. To the extent a response is  
18 required, Defendant denies these allegations.

19          54.     Answering paragraph 54 of the Complaint, no response is required as the  
20 allegations contained therein are Plaintiffs’ legal conclusions. To the extent a response is  
21 required, Defendant denies these allegations.

22          55.     Answering paragraph 55 of the Complaint, Defendant is without sufficient  
23 knowledge or information as to the truth or falsity of the allegations contained therein, and  
24 on that basis denies these allegations.

25          56.     Answering paragraph 56 of the Complaint, Defendant admits these  
26 allegations.

27          57.     Answering paragraph 57 of the Complaint, no response is required as the  
28 allegations contained therein are Plaintiffs’ legal conclusions. To the extent a response is









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**FIRST AFFIRMATIVE DEFENSE**

The Complaint and all the claims for relief alleged therein, fails to state a claim upon which relief can be granted.

**SECOND AFFIRMATIVE DEFENSE**

Plaintiffs have not been damaged directly, indirectly, proximately, or in any manner whatsoever by any conduct of Defendant.

**THIRD AFFIRMATIVE DEFENSE**

The State of Nevada, Department of Taxation is immune from suit when performing the functions at issue in this case.

**FOURTH AFFIRMATIVE DEFENSE**

The actions of the State of Nevada, Department of Taxation were all official acts that were done in compliance with applicable laws and regulations.

**SIXTH AFFIRMATIVE DEFENSE**

Plaintiffs’ claims are barred because Plaintiffs have failed to exhaust administrative remedies.

**SEVENTH AFFIRMATIVE DEFENSE**

The actions of the State of Nevada, Department of Taxation, were not arbitrary or capricious, and the State of Nevada, Department of Taxation had a rational basis for all the actions taken in the licensing process at issue.

**EIGHTH AFFIRMATIVE DEFENSE**

Plaintiffs have failed to join necessary and indispensable parties to this litigation under Nev. R. Civ. P. 19, as the Court cannot grant any of Plaintiffs’ claims without affecting the rights and privileges of those parties who received the licenses at issue as well as other third parties.

**NINTH AFFIRMATIVE DEFENSE**

The claims, and each of them, are barred by the failure of Plaintiffs to plead those claims with sufficient particularity.

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**TENTH AFFIRMATIVE DEFENSE**

Plaintiffs have failed to allege sufficient facts and cannot carry the burden of proof imposed on them by law to recover attorney’s fees incurred to bring this action.

**ELEVENTH AFFIRMATIVE DEFENSE**

Injunctive relief is not available to Plaintiffs, because the State of Nevada, Department of Taxation has already completed the task of issuing conditional licenses.

**TWELFTH AFFIRMATIVE DEFENSE**

Plaintiffs have no constitutional right to obtain privileged licenses.

**THIRTEENTH AFFIRMATIVE DEFENSE**

Plaintiffs are not entitled to judicial review on the denial of a privileged license.

**FOURTEENTH AFFIRMATIVE DEFENSE**

Mandamus is not available to compel the members of the executive branch to perform non-ministerial, discretionary tasks.

**FIFTEENTH AFFIRMATIVE DEFENSE**

Declaratory relief will not give the Plaintiffs the relief they are seeking.

**SIXTEENTH AFFIRMATIVE DEFENSE**

Pursuant to the Nevada Rules of Civil Procedure, all possible affirmative defenses may not have been alleged herein insofar as sufficient facts were not available after reasonable inquiry upon the filing of this answer and, therefore, Defendant hereby reserves the right to amend this answer to allege additional affirmative defenses if subsequent investigation warrants.

**SEVENTEENTH AFFIRMATIVE DEFENSE**

Defendant expressly reserves the right to amend this Answer to bring counterclaims against Plaintiffs.

**PRAYER FOR RELIEF**

WHEREFORE, Defendant prays for judgment as follows:

1. Plaintiffs take nothing by way of their Complaint.
2. The Complaint, and all causes of action alleged against Defendant therein

1 be dismissed with prejudice.

2 3. For reasonable attorney’s fees and costs be awarded to Defendant.

3 4. For any such other and further relief the Court deems just and proper under  
4 the circumstances.

5

6 DATED this the 16<sup>th</sup> day of April, 2019.

7

8

/s/ Margaret A. McLetchie

9

MARGARET A. MCLETCHIE, Nevada Bar No. 10931

10

ALINA M. SHELL, Nevada Bar No. 11711

11

MCLETCHIE LAW

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Email: maggie@nvlitigation.com

16

*Counsel for Defendant, GreenMart of Nevada NLV LLC*

17

**CERTIFICATE OF SERVICE**

18

I hereby certify that on this 16<sup>th</sup> day of April, 2019, pursuant to Administrative Order 14-2 and N.E.F.C.R. 9, I did cause a true copy of the foregoing DEFENDANT GREENMART OF NEVADA NLV LLC’S ANSWER TO PLAINTIFFS’ COMPLAINT in *Serenity Wellness Center, LCL, et al. v. State of Nevada, Department of Taxation, et al.*, Clark County District Court Case No A-19-786962-B, to be served electronically using the Odyssey File & Serve system, to all parties with an email address on record.

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/s/ Pharan Burchfield

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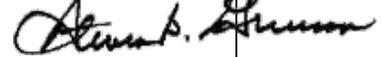
An Employee of McLetchie Law

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28



1 **NEO**  
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9 *Counsel for Defendant, GreenMart of Nevada NLV LLC*

7 **EIGHTH JUDICIAL DISTRICT COURT**  
8 **CLARK COUNTY, NEVADA**

9 Serenity Wellness Center, LLC, et al.,

Case No.: A-19-786962-B

10 Plaintiffs,

Dept. No.: XI

11 vs.

**NOTICE OF ENTRY OF ORDER**

12 STATE OF NEVADA, DEPARTMENT OF  
13 TAXATION; NEVADA ORGANIC  
14 REMEDIES, LLC; GREENMART OF  
15 NEVADA NLV LLC, a Nevada limited  
16 liability company,

17 Defendants.

18 TO: THE PARTIES HERETO AND THEIR RESPECTIVE COUNSEL OF RECORD:  
19 PLEASE TAKE NOTICE that on the 16<sup>th</sup> day of April, 2019, an Order Granting  
20 Motion to Intervene was entered in the above-captioned action. A copy of the Order Granting  
21 Motion to Intervene is attached hereto as **Exhibit 1**.

22 DATED this the 16<sup>th</sup> day of April, 2019.

23 /s/ Margaret A. McLetchie

24 MARGARET A. MCLETCHE, Nevada Bar No. 10931

25 ALINA M. SHELL, Nevada Bar No. 11711

26 MCLETCHE LAW

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28 Las Vegas, NV 89101

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*Counsel for Defendant, GreenMart of Nevada NLV LLC*

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 16<sup>th</sup> day of April, 2019, pursuant to Administrative Order 14-2 and N.E.F.C.R. 9, I did cause a true copy of the foregoing NOTICE OF ENTRY OF ORDER in *Serenity Wellness Center, LLC, et al. v. State of Nevada, Department of Taxation, et al.*, Clark County District Court Case No A-19-786962-B, to be served electronically using the Odyssey File & Serve system, to all parties with an email address on record.

/s/ Pharan Burchfield  
An Employee of McLetchie Law

INDEX OF EXHIBITS TO NOTICE OF ENTRY OF MOTION TO INTERVENE ON ORDER SHORTENING TIME	
Exhibit	Description
1	April 16, 2019 Order Granting Motion to Intervene

# EXHIBIT 1



1 **ORDER**  
2 MARGARET A. MCLETCHIE, Nevada Bar No. 10931  
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9 *Counsel for Defendant, GreenMart of Nevada NLV LLC*

7 **EIGHTH JUDICIAL DISTRICT COURT**  
8 **CLARK COUNTY, NEVADA**

9 Serenity Wellness Center, LLC, et al.,

Case No.: A-19-786962-B

10 Plaintiffs,

Dept. No.: XI

11 vs.

12 **ORDER GRANTING MOTION TO**  
13 **INTERVENE**

13 STATE OF NEVADA, DEPARTMENT OF  
14 TAXATION; NEVADA ORGANIC  
15 REMEDIES, LLC; GREENMART OF  
16 NEVADA NLV LLC, a Nevada limited  
17 liability company,

18 Defendants.

18 The Court, having reviewed GreenMart of Nevada NLV LLC's Motion to  
19 Intervene, and good cause appearing,

20 **IT IS HEREBY ORDERED:**

21 GreenMart of Nevada NLV LLC's Motion to Intervene is granted, and GreenMart  
22 of Nevada NLV LLC shall intervene as a Defendant in the above-captioned case as a  
23 necessary party to the action pursuant to Nev. R. Civ. P. 24 and Nev. Rev. Stat. § 12.130.

24 ///

25 ///

26 ///

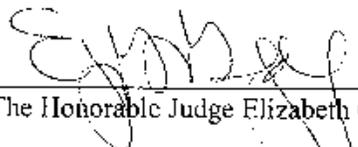
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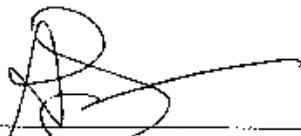


The proposed answer attached to the Motion to Intervene as Exhibit B shall be filed  
in this case.

April 15, 2019  
Date

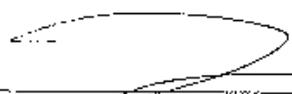
  
The Honorable Judge Elizabeth Gonzalez

Respectfully submitted by:



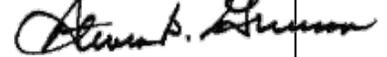
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12 **DISTRICT COURT**  
**CLARK COUNTY, NEVADA**

13 ETW MANAGEMENT GROUP, LLC, a )  
Nevada limited liability company; )  
14 GLOBAL HARMONY LLC, a Nevada )  
limited liability company, GREEN LEAF )  
15 FARMS HOLDINGS, LLC, a Nevada )  
limited liability company; GREEN )  
16 THERAPEUTICS LLC, a Nevada limited )  
liability company; HERBAL CHOICE )  
17 INC., a Nevada corporation; JUST )  
QUALITY, LLC, a Nevada limited )  
18 liability company; LIBRA WELLNESS )  
CENTER, LLC, a Nevada limited liability )  
19 company; ROMBOUGH REAL ESTATE )  
INC., dba MOTHER HERB, a Nevada )  
20 corporation; NEVCANN LLC, a Nevada )  
limited liability company; THC NEVADA )  
21 LLC, a Nevada limited liability company; )  
and ZION GARDENS LLC, a Nevada )  
22 limited liability company, )

Case No.: A-19-787004-B  
Dept. No.: XI

**ANSWER TO AMENDED COMPLAINT**

23 Plaintiffs, )  
24 v. )  
25 STATE OF NEVADA, DEPARTMENT )  
OF TAXATION, n Nevada administrative )  
26 agency; DOES 1 through 20, inclusive; )  
and ROE CORPORATIONS 1 through 20, )  
27 inclusive, )  
28 Defendants. )





1           18.    Answering Paragraph 18, the Department states that this is a legal  
2 conclusion to which no response is required. To the extent that a response is  
3 required, the Department denies the allegations contained therein.

4           19.    Answering Paragraph 19, the Department states that this is a legal  
5 conclusion to which no response is required. To the extent that a response is  
6 required, the Department denies the allegations contained therein.

7           20.    Answering Paragraph 20, the Department states that this is a legal  
8 conclusion to which no response is required. To the extent that a response is  
9 required, the Department denies the allegations contained therein.

10          21.    Answering Paragraph 21, the Department states that this is a legal  
11 conclusion to which no response is required. To the extent that a response is  
12 required, the Department denies the allegations contained therein.

13          22.    Answering Paragraph 22, the Department states that this is a legal  
14 conclusion to which no response is required. To the extent that a response is  
15 required, the Department denies the allegations contained therein.

16          23.    Answering Paragraph 23, the Department states that this is a legal  
17 conclusion to which no response is required. To the extent that a response is  
18 required, the Department denies the allegations contained therein.

19          24.    Answering Paragraph 24, the Department admits on May 8, 2017 the  
20 Department adopted temporary regulations.

21          25.    Answering Paragraph 25, the Department admits public meetings and  
22 workshops were held on numerous occasions including July 24, 2017, July 25, 2017  
23 July 26, 2017 and July 27, 2017 regarding the draft permanent regulations. The  
24 Department denies any remaining allegations contained in Paragraph 25.

25          26.    Answering Paragraph 26, the Department admits that on December 15,  
26 2017, a Notice of Intent to Adopt a Regulation was issued. The Department denies  
27 any remaining allegations contained in Paragraph 26.

28    ///

1           27. Answering Paragraph 27, the Department admits that a properly  
2 noticed meeting of the Nevada Tax Commission was held on January 16, 2018 and  
3 that adoption of the proposed regulation R092-17 was on the agenda. The  
4 Department further admits that numerous members of the industry and the public  
5 attended.

6           28. Answering Paragraph 28, the Department denies the allegations.

7           29. Answering Paragraph 29, the Department admits that permanent  
8 regulation R092-17 was adopted by the Nevada Tax Commission on January 16,  
9 2018. The Department denies any remaining allegations contained in Paragraph  
10 29.

11          30. Answering Paragraph 30, the Department states that this is a legal  
12 conclusion to which no response is required. To the extent that a response is  
13 required, the Department denies the allegations contained therein.

14          31. Answering Paragraph 31, the Department states that this is a legal  
15 conclusion to which no response is required. To the extent that a response is  
16 required, the Department denies the allegations contained therein.

17          32. Answering Paragraph 32, the Department states that this is a legal  
18 conclusion to which no response is required. To the extent that a response is  
19 required, the Department denies the allegations contained therein.

20          33. Answering Paragraph 33, the Department is without knowledge or  
21 information sufficient to form a belief as to the truth of the allegations set forth  
22 therein and, therefore denies the same.

23          34. Answering Paragraph 34, the Department states that this is a legal  
24 conclusion to which no response is required. To the extent that a response is  
25 required, the Department denies the allegations contained therein.

26          35. Answering Paragraph 35, the Department states that this is a legal  
27 conclusion to which no response is required. To the extent that a response is  
28 required, the Department denies the allegations contained therein.











- 1           7.     The Department's interpretation of the statutes and regulations it is  
2 authorized to execute is given great deference.
- 3           8.     The Department used an impartial and numerically scored competitive  
4 bidding process.
- 5           9.     Plaintiffs did not have a statutory entitlement to a license.
- 6           10.    The U.S. Constitution does not protect the right to engage in a business  
7 that is illegal under federal law.
- 8           11.    Plaintiffs do not have standing.
- 9           12.    Plaintiffs have failed to exhaust their administrative remedies.
- 10          13.    The Complaint fails to present a justiciable controversy.
- 11          14.    This Court lacks jurisdiction to hear Plaintiffs' claims.
- 12          15.    The Department is immune from liability pursuant to Nevada Revised  
13 Statutes 41.031, et. seq.
- 14          16.    Plaintiff failed to name the Department properly as required by NRS  
15 41.031(2).
- 16          17.    Plaintiffs' claims, including the declaratory and/or equitable claims are  
17 barred by the doctrines of waiver, ratification, estoppel, unclean hands and other  
18 equitable defenses.
- 19          18.    Plaintiffs' claims are barred by the applicable statute of limitations  
20 and/or the doctrine of laches.
- 21          19.    Plaintiffs' claims are barred based on impossibility.
- 22          20.    Plaintiffs' claims have been waived because of the wrongful acts,  
23 omissions and conduct of Plaintiffs.
- 24          21.    Plaintiffs would be unjustly enriched if awarded damages.
- 25          22.    The Department has no contractual relationship with Plaintiffs to give  
26 rise to any declaratory relief.
- 27          23.    The damages sustained by the Plaintiff, if any, were caused by the acts  
28 of unknown third persons who were not agents, servants, or employees of the

1 Department, and who were not acting on behalf of the Department in any manner or  
2 form, and, as such, the Department is not liable in any manner to Plaintiff.

3 24. The Department is not legally responsible for the actions and/or  
4 omissions of other third parties.

5 25. Plaintiffs fail to name a party necessary for full and adequate relief  
6 essential in this action.

7 26. Plaintiffs failed to comply with a condition precedent.

8 27. Plaintiffs have not suffered any damages attributable to the actions of  
9 the Department.

10 28. Plaintiffs have failed to timely protect and/or enforce their alleged  
11 rights.

12 29. Plaintiffs' claims are barred as Plaintiffs have failed, refused, or  
13 neglected to take reasonable steps to mitigate damages, therefore barring or  
14 diminishing the ability to recover.

15 30. The Department has an objective good faith belief that it acted  
16 reasonably and in good faith and the Department's actions were legally justified.

17 31. The Department substantially complied with NRS and NAC Chapter  
18 453D.

19 32. The Department, at all relevant times, acted with due care and  
20 circumspection in the performance of its duties; exercised the degree of skill and  
21 learning ordinarily possessed and exercised by members of its profession in good  
22 standing, practicing in similar localities and that at all times, used reasonable care  
23 and diligence in the exercise of its skills and the application of its learning, and at all  
24 times acted according to its best judgment and met the applicable standard of care.

25 33. Plaintiffs' claims for relief are barred as Plaintiff's alleged damages are  
26 speculative and cannot be calculated with any certainty or reliability.

27 34. Each purported claim for relief is barred by the doctrines of *res judicata*  
28 and/or collateral estoppel.

1           35. Each purported claim for relief is barred as Plaintiffs are estopped from  
2 pursuing any claim against the Department in accordance with equitable principles  
3 of jurisprudence.

4           36. The Department alleges that the damages, if any, alleged by the  
5 Plaintiffs were the result of independent intervening acts, over which the  
6 Department had no control, which resulted in the superseding cause of Plaintiffs  
7 alleged damages.

8           37. The Department avails itself of all affirmative defenses set forth in and  
9 or arising out of NRS Chapter 453D and NRS Ch. 360 and all applicable regulations  
10 and subparts.

11           38. All possible affirmative defenses may not have been alleged inasmuch as  
12 insufficient facts and other relevant information may not be available after  
13 reasonable inquiry and, pursuant to NRCP 11, the Department hereby reserves the  
14 right to amend these affirmative defenses as additional information becomes  
15 available. Additionally, one or more of these Affirmative Defenses may have been  
16 pled for the purposes of non-waiver.

17           DATED this 17th day of April, 2019.

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AARON D. FORD  
Attorney General

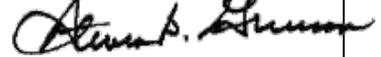
By: /s/ ROBERT E. WERBICKY  
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*Attorneys for State Defendant*  
NEVADA DEPARTMENT OF TAXATION

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**CERTIFICATE OF SERVICE**

I hereby certify that I am an employee of the Office of the Attorney General and that on the 17th day of April, 2019, I filed the foregoing ***ANSWER TO AMENDED COMPLAINT*** via this Court’s electronic filing system. Parties that are registered with this Court’s EFS will be served electronically.

/s/ Michele Caro  
An Employee of the Office of the Attorney General



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**DISTRICT COURT**  
**CLARK COUNTY, NEVADA**

ETW MANAGEMENT GROUP LLC, a Nevada limited liability company; GLOBAL HARMONY LLC, a Nevada limited liability company; GREEN LEAF FARMS HOLDINGS LLC, a Nevada limited liability company; HERBAL CHOICE INC., a Nevada corporation; JUST QUALITY, LLC, a Nevada limited liability company; LIBRA WELLNESS CENTER, LLC, a Nevada limited liability company; MOTHER HERB, INC., a Nevada corporation; NEVCANN LLC, a Nevada limited liability company; RED EARTH LLC, a Nevada limited liability company; THC NEVADA LLC, a Nevada limited liability company; and ZION GARDENS LLC, a Nevada limited liability company,

Plaintiffs,

vs.

Case No. : A-19-787004-B  
Dept. No.: XI

**NOTICE OF ENTRY OF ORDER  
GRANTING MOTION TO INTERVENE**

1 STATE OF NEVADA, DEPARTMENT OF  
2 TAXATION, a Nevada administrative agency;  
3 DOES 1 through 20, inclusive; and ROE  
4 CORPORATIONS 1 through 20. Inclusive,

5 Defendants.

6 INTEGRAL ASSOCIATES LLC, d/b/a  
7 ESSENCE CANNABIS DISPENSARIES, a  
8 Nevada limited liability company; ESSENCE  
9 TROPICANA, LLC, a Nevada limited liability  
10 company; ESSENCE HENDERSON, LLC, a  
11 Nevada limited liability company; CPCM  
12 HOLDINGS, LLC d/b/a THRIVE CANNABIS  
13 MARKETPLACE, COMMERCE PARK  
14 MEDICAL, LLC, a Nevada limited liability  
15 company; and CHEYENNE MEDICAL, LLC, a  
16 Nevada limited liability company,

17 Applicants for Intervention.

18 TO: ALL PARTIES AND THEIR COUNSEL OF RECORD.

19 YOU AND EACH OF YOU will please take notice that an **ORDER GRANTING MOTION**  
20 **TO INTERVENE** was hereby entered on the 22<sup>nd</sup> day of April, 2019. A copy of which is attached  
21 hereto.

22 DATED this 22<sup>nd</sup> day of April, 2019.

23 Respectfully submitted,

24 **MAIER GUTIERREZ & ASSOCIATES**

25 /s/ Joseph A. Gutierrez

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**CERTIFICATE OF SERVICE**

Pursuant to Administrative Order 14-2, a copy of the **NOTICE OF ENTRY OF ORDER GRANTING MOTION TO INTERVENE** was electronically filed on the 22<sup>nd</sup> day of April, 2019 and served through the Notice of Electronic Filing automatically generated by the Court's facilities to those parties listed on the Court's Master Service List and by depositing a true and correct copy of the same, enclosed in a sealed envelope upon which first class postage was fully prepaid, in the U.S. Mail at Las Vegas, Nevada, addressed as follows (*Note: All Parties Not Registered Pursuant to Administrative Order 14-2 Have Been Served By Mail.*):

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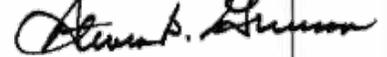
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25 *Dispensaries, Essence Tropicana, LLC, Essence Henderson, LLC, CPCM Holdings, LLC d/b/a*  
26 *Thrive Cannabis Marketplace, Commerce Park Medical, LLC, and Cheyenne Medical, LLC*

27 **DISTRICT COURT**  
28 **CLARK COUNTY, NEVADA**

18 ETW MANAGEMENT GROUP LLC, a  
19 Nevada limited liability company; GLOBAL  
20 HARMONY LLC, a Nevada limited liability  
21 company; GREEN LEAF FARMS HOLDINGS  
22 LLC, a Nevada limited liability company;  
23 HERBAL CHOICE INC., a Nevada  
24 corporation; JUST QUALITY, LLC, a Nevada  
25 limited liability company; LIBRA WELLNESS  
26 CENTER, LLC, a Nevada limited liability  
27 company; MOTHER HERB, INC., a Nevada  
28 corporation; NEVCANN LLC, a Nevada limited  
liability company; RED EARTH LLC, a Nevada  
limited liability company; THC NEVADA LLC,  
a Nevada limited liability company; and ZION  
GARDENS LLC, a Nevada limited liability  
company,

Plaintiffs,

vs.

STATE OF NEVADA, DEPARTMENT OF

Case No. : A-19-787004-B  
Dept. No.: XI

**ORDER GRANTING MOTION TO  
INTERVENE**

1 TAXATION, a Nevada administrative agency;  
2 DOES 1 through 20, inclusive; and ROE  
CORPORATIONS 1 through 20. Inclusive,

3 Defendants.

4 INTEGRAL ASSOCIATES LLC, d/b/a  
5 ESSENCE CANNABIS DISPENSARIES, a  
Nevada limited liability company; ESSENCE  
6 TROPICANA, LLC, a Nevada limited liability  
company; ESSENCE HENDERSON, LLC, a  
7 Nevada limited liability company; CPCM  
HOLDINGS, LLC d/b/a THRIVE CANNABIS  
8 MARKETPLACE, COMMERCE PARK  
MEDICAL, LLC, a Nevada limited liability  
9 company; and CHEYENNE MEDICAL, LLC, a  
Nevada limited liability company,

10 Applicants for Intervention.

11 The Court, having reviewed the Intervenor's Motion to Intervene, and good cause appearing,

12 IT IS HEREBY ORDERED:

13 Intervenor's Motion to Intervene is granted, and Integral Associates, LLC d/b/a Essence  
14 Cannabis Dispensaries, Essence Tropicana, LLC, Essence Henderson, LLC, CPCM Holdings, LLC  
15 d/b/a Thrive Cannabis Marketplace, Commerce Park Medical, LLC, and Cheyenne Medical, LLC  
16 shall intervene as Defendants in the above-captioned case as a necessary party to the action pursuant  
17 to NRCP 24 and NRS § 12.130. The proposed answer attached to the Motion to Intervene as Exhibit  
18 B shall be filed in this case.

19 DATED this 18 day of April, 2019.

20  
21 Respectfully submitted by:

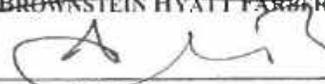
22 MAIER GUTERREZ & ASSOCIATES

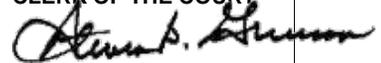
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24  
25 JASON R. MAIER, ESQ.  
Nevada Bar No. 8557  
26 JOSEPH A. GUTERREZ, ESQ.  
Nevada Bar No. 9046  
27 8816 Spanish Ridge Avenue  
Las Vegas, Nevada 89148  
28 *Attorneys for Applicants for Intervention*

  
DISTRICT COURT JUDGE

Reviewed as to form and content,

BROWNSTEIN HYATT FARRER SCHRECK, LLP

  
ADAM K. BULT, ESQ.  
Nevada Bar No. 9332  
100 North City Parkway, Suite 1600  
Las Vegas, Nevada 89106  
*Attorneys for Plaintiffs*



1 **NEO**  
2 **H1 LAW GROUP**  
3 Eric D. Hone, NV Bar No. 8499  
eric@h1lawgroup.com  
4 Jamie L. Zimmerman, NV Bar No. 11749  
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5 Moorea L. Katz, NV Bar No. 12007  
moorea@h1lawgroup.com  
6 701 N. Green Valley Parkway, Suite 200  
Henderson NV 89074  
7 Phone 702-608-3720  
Fax 702-608-3759

8 *Attorneys for Intervenor*  
9 *Lone Mountain Partners, LLC*

10 EIGHTH JUDICIAL DISTRICT COURT  
11 CLARK COUNTY, NEVADA

12 ETW MANAGEMENT GROUP LLC, a Nevada  
13 limited liability company; GLOBAL HARMONY  
14 LLC, a Nevada limited liability company; GREEN  
15 LEAF FARMS HOLDINGS LLC, a Nevada limited  
16 liability company; HERBAL CHOICE INC., a  
17 Nevada corporation; JUST QUALITY, LLC, a  
18 Nevada limited liability company; LIBRA  
19 WELLNESS CENTER, LLC, a Nevada limited  
20 liability company; MOTHER HERB, INC., a  
21 Nevada corporation; NEVCANN LLC, a Nevada  
22 limited liability company; RED EARTH LLC, a  
23 Nevada limited liability company; THC NEVADA  
24 LLC, a Nevada limited liability company; and  
25 ZION GARDENS LLC, a Nevada limited liability  
26 company,

27 Plaintiffs,

28 vs.

STATE OF NEVADA, DEPARTMENT OF  
TAXATION, a Nevada administrative agency;  
DOES 1 through 20, inclusive; and ROE  
CORPORATIONS 1 through 20, inclusive,

Defendants.

\_\_\_\_\_  
LONE MOUNTAIN PARTNERS, LLC, a Nevada  
limited liability partnership,

Applicant in Intervention.

Case No. A-19-787004-B

Dept. No. 11

**NOTICE OF ENTRY OF ORDER  
GRANTING LONE MOUNTAIN  
PARTNERS, LLC'S MOTION TO  
INTERVENE**

H1 LAW GROUP  
701 N. Green Valley Parkway, Suite 200  
Henderson, Nevada 89074  
Tel: 702-608-3720 Fax: 702-608-3759



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NOTICE IS HEREBY GIVEN that on the 17<sup>th</sup> day of April 2019, a copy of the attached Order granting Lone Mountain Partners, LLC's motion to intervene was entered.

Dated this 23<sup>rd</sup> day of April 2019.

H1 LAW GROUP

A handwritten signature in blue ink, appearing to read 'Eric D. Hone', written over a horizontal line.

Eric D. Hone, NV Bar No. 8499  
eric@h1lawgroup.com  
Jamie L. Zimmerman, NV Bar No. 11749  
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Lone Mountain Partners, LLC*

H1 LAW GROUP  
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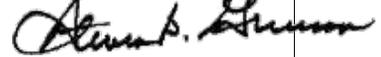
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**CERTIFICATE OF SERVICE**

The undersigned, an employee of H1 Law Group, hereby certifies that on the 23<sup>rd</sup> day of April 2019, she caused a copy of the foregoing **Notice of Entry of Order**, to be transmitted by electronic service in accordance with Administrative Order 14.2, to all interested parties, through the Court's **Odyssey E-File & Serve** system.

A handwritten signature in cursive script that reads "Bobbye Donaldson".

\_\_\_\_\_  
Bobbye Donaldson, an employee of  
H1 LAW GROUP



1 **ORDG**  
2 **H1 LAW GROUP**  
3 Eric D. Hone, NV Bar No. 8499  
eric@h1lawgroup.com  
4 Jamie L. Zimmerman, NV Bar No. 11749  
jamie@h1lawgroup.com  
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6 701 N. Green Valley Parkway, Suite 200  
Henderson NV 89074  
7 Phone 702-608-3720  
Fax 702-608-3759

8 *Attorneys for Intervenor*  
9 *Lone Mountain Partners, LLC*

10 EIGHTH JUDICIAL DISTRICT COURT  
11 CLARK COUNTY, NEVADA

12 ETW MANAGEMENT GROUP LLC, a Nevada  
13 limited liability company; GLOBAL HARMONY  
14 LLC, a Nevada limited liability company; GREEN  
15 LEAF FARMS HOLDINGS LLC, a Nevada limited  
16 liability company; HERBAL CHOICE INC., a  
17 Nevada corporation; JUST QUALITY, LLC, a  
18 Nevada limited liability company; LIBRA  
19 WELLNESS CENTER, LLC, a Nevada limited  
20 liability company; MOTHER HERB, INC., a  
21 Nevada corporation; NEVCANN LLC, a Nevada  
22 limited liability company; RED EARTH LLC, a  
23 Nevada limited liability company; THC NEVADA  
24 LLC, a Nevada limited liability company; and  
25 ZION GARDENS LLC, a Nevada limited liability  
26 company,

27 Plaintiffs,

28 vs.

29 STATE OF NEVADA, DEPARTMENT OF  
30 TAXATION, a Nevada administrative agency;  
31 DOES 1 through 20, inclusive; and ROE  
32 CORPORATIONS 1 through 20, inclusive,

33 Defendants.

34 LONE MOUNTAIN PARTNERS, LLC, a Nevada  
35 limited liability partnership,

36 Applicant in Intervention.

Case No. A-19-787004-B

Dept. No. 11

**ORDER GRANTING LONE  
MOUNTAIN PARTNERS, LLC'S  
MOTION TO INTERVENE**

H1 LAW GROUP  
701 N. Green Valley Parkway, Suite 200  
Henderson, Nevada 89074  
Tel: 702-608-3720 Fax: 702-608-3759



H1 LAW GROUP  
701 N. Green Valley Parkway, Suite 200  
Henderson, Nevada 89074  
Tel: 702-608-3720 Fax: 702-608-3759



1 The Court, having reviewed the Applicant Lone Mountain Partners, LLC's Motion to  
2 Intervene, and good cause appearing,

3 IT IS HEREBY ORDERED:

4 Applicant's Motion to Intervene is granted, and Lone Mountain Partners, LLC shall  
5 intervene as a Defendant/Real Party in Interest in the above-captioned case as a necessary party to  
6 the action pursuant to NRCP 24 and NRS 12.130.

7

8

\_\_\_\_\_  
DISTRICT COURT JUDGE

9

DATED: \_\_\_\_\_

10

Respectfully submitted by:

11

**H1 LAW GROUP**

12

13

14

Eric D. Hone, NV Bar No. 8499

eric@h1lawgroup.com

15

Jamie L. Zimmerman, NV Bar No. 11749

jamie@h1lawgroup.com

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Moorea L. Katz, NV Bar No. 12007

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Phone 702-608-3720

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19

*Attorneys for Intervenor*

20

*Lone Mountain Partners, LLC*

21

22

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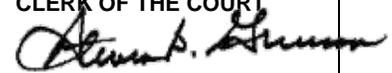
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1 David R. Koch (NV Bar #8830)  
2 Steven B. Scow (NV Bar #9906)  
3 Brody R. Wight (NV Bar #13615)  
4 Daniel G. Scow (NV Bar #14614)  
5 KOCH & SCOW LLC  
6 11500 S. Eastern Ave., Suite 210  
7 Henderson, Nevada 89052  
8 Telephone: 702.318.5040  
9 Facsimile: 702.318.5039  
10 [dkoch@kochscow.com](mailto:dkoch@kochscow.com)  
11 [sscow@kochscow.com](mailto:sscow@kochscow.com)

12 *Attorneys for Intervenor*  
13 Nevada Organic Remedies, LLC

14 **EIGHTH JUDICIAL DISTRICT COURT**

15 **CLARK COUNTY, NEVADA**

16 ETW MANAGEMENT GROUP LLC, et al.,  
17 Plaintiffs,  
18 vs.  
19 STATE OF NEVADA, DEPARTMENT OF  
20 TAXATION, a Nevada administrative agency;  
21 DOES 1 through 20, inclusive; and ROE  
22 CORPORATIONS 1 through 20, inclusive,  
23 Defendants,  
24 NEVADA ORGANIC REMEDIES, LLC  
25 Applicant for Intervention

Case No. A-19-787004-B  
Dept. No. 11

**NOTICE OF ENTRY OF ORDER**

26 PLEASE TAKE NOTICE that an *Order Granting Nevada Organic Remedies, LLC's*  
27 *Motion to Intervene* was entered in the above-referenced matter on April 26, 2019, a copy  
28 of which is attached hereto

DATED: April 26, 2019

KOCH & SCOW, LLC

By: /s/ David R. Koch  
David R. Koch, Esq.  
*Attorneys for Intervenor*  
*Nevada Organic Remedies*

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**CERTIFICATE OF SERVICE**

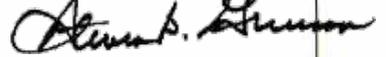
I, the undersigned, declare under penalty of perjury, that I am over the age of eighteen (18) years, and I am not a party to, nor interested in, this action. I certify that on April 26, 2019, I caused the foregoing document entitled: **NOTICE OF ENTRY OF ORDER** to be served as follows:

- Pursuant to EDCR 8.05(a) and 8.05(f), to be electronically served through the Eighth Judicial District court’s electronic filing system, with the date and time of the electronic service substituted for the date and place of deposit in in the mail; and / or;
- by placing same to be deposited for mailing in the United States Mail, in a sealed envelope upon which first class postage was prepaid in Henderson, Nevada; and / or
- Pursuant to EDCR 7.26, to be sent via facsimile; and / or
- hand-delivered to the attorney(s) listed below at the address indicated below;
- to be delivered overnight via an overnight delivery service in lieu of delivery by mail to the addressee (s); and or:
- by electronic mailing to:

- Adam Fulton ([afulton@jfnvlaw.com](mailto:afulton@jfnvlaw.com))
- Jared Jennings ([jjennings@jfnvlaw.com](mailto:jjennings@jfnvlaw.com))
- Vicki Bierstedt ([vickib@jfnvlaw.com](mailto:vickib@jfnvlaw.com))
- Norma Richter ([nrichter@jfnvlaw.com](mailto:nrichter@jfnvlaw.com))
- Adam Bult ([abult@bhfs.com](mailto:abult@bhfs.com))
- Travis Chance ([tchance@bhfs.com](mailto:tchance@bhfs.com))
- Logan Willson ([Logan@jfnvlaw.com](mailto:Logan@jfnvlaw.com))
- Paula Kay ([pkay@bhfs.com](mailto:pkay@bhfs.com))
- Vivienne Rakowsky ([vrakowsky@ag.nv.gov](mailto:vrakowsky@ag.nv.gov))
- Robert Werbicky ([rwerbicky@ag.nv.gov](mailto:rwerbicky@ag.nv.gov))
- Michele Caro ([mcaro@ag.nv.gov](mailto:mcaro@ag.nv.gov))
- Debra Turman ([dturman@ag.nv.gov](mailto:dturman@ag.nv.gov))
- David Pope ([dpope@ag.nv.gov](mailto:dpope@ag.nv.gov))
- Danielle Wright ([dwright2@ag.nv.gov](mailto:dwright2@ag.nv.gov))
- MGA Docketing ([docket@mgalaw.com](mailto:docket@mgalaw.com))
- Philip Hymanson ([Phil@HymansonLawNV.com](mailto:Phil@HymansonLawNV.com))
- Henry Hymanson ([Hank@HymansonLawNV.com](mailto:Hank@HymansonLawNV.com))
- Eric Hone ([eric@h1lawgroup.com](mailto:eric@h1lawgroup.com))
- Jamie Zimmerman ([jamie@h1lawgroup.com](mailto:jamie@h1lawgroup.com))
- Bobbie Donaldson ([bobbie@h1lawgroup.com](mailto:bobbie@h1lawgroup.com))
- Moorea Katz ([moorea@h1lawgroup.com](mailto:moorea@h1lawgroup.com))
- Margaret McLetchie ([maggie@nvlitigation.com](mailto:maggie@nvlitigation.com))
- Cami Perkins, Esq. ([cperkins@nevadafirm.com](mailto:cperkins@nevadafirm.com))

Executed on April 26, 2019 at Henderson, Nevada.

/s/ David R. Koch  
David R. Koch



1 David R. Koch (NV Bar #8830)  
2 Steven B. Scow (NV Bar #9906)  
3 Brody R. Wight (NV Bar #13615)  
4 Daniel G. Scow (NV Bar #14614)  
5 KOCH & SCOW LLC  
6 1500 S. Eastern Ave., Suite 210  
7 Henderson, Nevada 89052  
8 Telephone: 702.318.5040  
9 Facsimile: 702.318.5039  
10 [dkoch@kochscow.com](mailto:dkoch@kochscow.com)  
11 [sscow@kochscow.com](mailto:sscow@kochscow.com)

12 *Attorneys for Intervenor*  
13 Nevada Organic Remedies, LLC

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**EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA**

13 ETW MANAGEMENT GROUP LLC, et al.,  
14 Plaintiffs,  
15 vs.

Case No. A-19-787004-B  
Dept. No. 11

16 STATE OF NEVADA, DEPARTMENT OF  
17 TAXATION, a Nevada administrative agency;  
18 DOES 1 through 20, inclusive; and ROE  
19 CORPORATIONS 1 through 20, inclusive,

**ORDER GRANTING NEVADA  
ORGANIC REMEDIES, LLC'S  
MOTION TO INTERVENE**

19 Defendants,

20 NEVADA ORGANIC REMEDIES, LLC

21 Defendant Intervenor

22  
23  
24  
25 The Court, having reviewed the Intervenor's Motion to Intervene, and good cause  
26 appearing,

27 ///

28 ///

///

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IT IS HEREBY ORDERED:

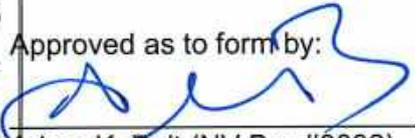
Intervenor's Motion to Intervene is granted, and Nevada Organic Remedies shall intervene as a Defendant in the above-captioned case as a necessary party to the action pursuant to NRCP 24 and NRS 12.130.

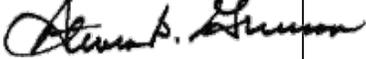
DATED this 24 day of April, 2019.

  
\_\_\_\_\_  
DISTRICT COURT JUDGE

Respectfully submitted by:

  
\_\_\_\_\_  
David R. Koch (NV Bar #8830)  
Steven B. Scow (NV Bar #9906)  
Brody R. Wight (NV Bar #13615)  
Daniel G. Scow (NV Bar #14614)  
*Attorneys for Intervenor*  
Nevada Organic Remedies, LLC

Approved as to form by:  
  
\_\_\_\_\_  
Adam K. Bult (NV Bar #9332)  
Travis F. Chance (NV Bar #13800)  
Adam R. Fulton (NV Bar #11572)  
*Attorneys for Plaintiffs*  
ETW Management Group LLC, et al



1 ANSC  
AARON D. FORD  
2 Attorney General  
Robert E. Werbicky (Bar No. 6166)  
3 Deputy Attorney General  
Office of the Attorney General  
4 555 E. Washington Ave., Ste. 3900  
Las Vegas, NV 89101  
5 (702) 486-3105 (phone)  
(702) 486-3416 (fax)  
6 rwerbicky@ag.nv.gov  
7 *Attorneys for Defendants*  
*State of Nevada Department of Taxation*

9  
10 DISTRICT COURT  
CLARK COUNTY, NEVADA

11 NEVADA WELLNESS CENTER, LLC, a  
12 Nevada Limited Liability Company,

Case No. A-19-787540-W  
Dept. No. XVIII

13 Plaintiff,

14 vs.  
15

16 STATE OF NEVADA, DEPARTMENT OF  
TAXATION; and DOES I through X; and ROE  
17 CORPORATIONS I through X, inclusive.

18 Defendants.

19 **ANSWER TO COMPLAINT AND PETITION FOR JUDICIAL REVIEW OR WRIT OF**  
20 **MANDAMUS**

21 The State of Nevada ex rel. Department of Taxation (the “Department”) answers Plaintiff’s  
22 Complaint as follows:

23 **I.**

24 **PARTIES & JURISDICTION**

25 1. Answering Paragraph 1, the Department is without sufficient knowledge and information  
26 to form a belief as to the truth of the allegations and therefore denies the same.

27 ...

28 ...



1           12.     Answering Paragraph 12, the Department states that because it was not involved with the  
2 medical marijuana licensing procedure, it is unable to form a belief as to the truth of the allegations  
3 contained in Paragraph 12.

4           13.     Answering Paragraph 13, the Department states that because the terms “substantially  
5 similar” and “factors” are vague and ambiguous and because the Department was not involved with the  
6 medical marijuana licensing procedure, the Department is unable to form a belief as to the truth of the  
7 allegations contained in Paragraph 13.

8           14.     Answering Paragraph 14, the Department states that because the term “major difference”  
9 is vague and ambiguous and because the Department was not involved with the medical marijuana  
10 licensing procedure, the Department is unable to form a belief as to the truth of the allegations  
11 contained in Paragraph 14.

12           15.     Answering Paragraph 15, the Department admits the allegations.

13           16.     Answering Paragraph 16, the Department states that because the term “exceptional  
14 ranking” is vague and ambiguous and because the Department was not involved with the medical  
15 marijuana licensing procedure, the Department is unable to form a belief as to the truth of the  
16 allegations contained in Paragraph 16 except that the Department admits that around December 5,  
17 2018, the Plaintiffs were sent a notice of rejection setting forth the reasons why the Department did not  
18 approve their license application.

19           17.     Answering Paragraph 17, the Department denies the allegation.

20           18.     Answering Paragraph 18, the Department denies the allegation.

21           19.     Answering Paragraph 19, the Department admits Plaintiff submitted a letter with a subject  
22 line of Nevada Wellness Center, LLC - Petition for Redetermination with an enclosure entitled Appeal and  
23 Petition for Reconsideration to the Department on or about January 4, 2019. The Department denies the  
24 remainder of the allegations contained in Paragraph 19.

25           20.     Answering Paragraph 20, the Department admits Plaintiff met with the Department on or  
26 about January 17, 2019.

27           21.     Answering Paragraph 21, the Department admits the allegation.

28           22.     Answering Paragraph 22, the Department denies the allegations.







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**FOURTH CLAIM FOR RELIEF**  
**(Violation of Substantive Due Process)**

50. Answering Paragraph 50, the Department states that this incorporating reference does not require a response.

51. Answering Paragraph 51, the Department states that this is a legal conclusion to which no response is required. To the extent that a response is required, the Department denies the allegations contained therein.

52. Answering Paragraph 52, the Department states that this is a legal conclusion to which no response is required. To the extent that a response is required, the Department denies the allegations contained therein.

53. Answering Paragraph 53, the Department states that this is a legal conclusion to which no response is required. To the extent that a response is required, the Department denies the allegations contained therein.

54. Answering Paragraph 54, the Department states that this is a legal conclusion to which no response is required. To the extent that a response is required, the Department denies the allegations contained therein.

**FIFTH CLAIM FOR RELIEF**  
**(Equal Protection Violation)**

55. Answering Paragraph 55, the Department states that this incorporating reference does not require a response.

56. Answering Paragraph 56, the Department states that this is a legal conclusion to which no response is required. To the extent that a response is required, the Department denies the allegations contained therein.

57. Answering Paragraph 57, the Department states that this is a legal conclusion to which no response is required. To the extent that a response is required, the Department denies the allegations contained therein.

...



1 **SEVENTH CLAIM FOR RELIEF**

2 **(Petition for Writ of Mandamus)**

3 67. Answering Paragraph 67, the Department states that this incorporating reference does not  
4 require a response.

5 68. Answering Paragraph 68, the Department states that this is a legal conclusion to which no  
6 response is required. To the extent that a response is required, the Department denies the allegations  
7 contained therein.

8 69. Answering Paragraph 69, the Department states that this is a legal conclusion to which no  
9 response is required. To the extent that a response is required, the Department denies the allegations  
10 contained therein.

11 70. Answering Paragraph 70, the Department states that this is a legal conclusion to which no  
12 response is required. To the extent that a response is required, the Department denies the allegations  
13 contained therein.

14 71. Answering Paragraph 71, the Department states that this is a legal conclusion to which no  
15 response is required. To the extent that a response is required, the Department denies the allegations  
16 contained therein.

17 72. Answering Paragraph 72, the Department states that this is a legal conclusion to which no  
18 response is required. To the extent that a response is required, the Department denies the allegations  
19 contained therein.

20 **GENERAL DENIALS**

21 The Department denies any and all allegations in the Complaint not specifically admitted in this  
22 Answer.

23 The Department denies that Plaintiff is entitled to any of the relief prayed for in the Complaint.

24 **AFFIRMATIVE DEFENSES**

25 The Department denies any and all liability in this matter and asserts the following affirmative  
26 defenses:

- 27 1. Plaintiff has failed to state a claim for which relief can be granted.  
28 2. Plaintiff does not have a property right in a privilege license that they do not have.

- 1           3.     Plaintiff does not have a fundamental right to a privilege license.
- 2           4.     Chapter 453D does not provide for a hearing when a retail marijuana license is not issued.
- 3           5.     The Nevada Administrative Procedures Act, NRS Chapter 233B, does not provide for a
- 4 hearing when a retail marijuana license is not issued.
- 5           6.     The Department's actions were neither arbitrary, capricious, nor an abuse of discretion.
- 6           7.     The Department's interpretation of the statutes and regulations it is authorized to execute
- 7 is given great deference.
- 8           8.     The Department used an impartial and numerically scored competitive bidding process.
- 9           9.     Plaintiff did not have a statutory entitlement to a license.
- 10          10.    The U.S. Constitution does not protect the right to engage in a business that is illegal under
- 11 federal law.
- 12          11.    Plaintiff does not have standing.
- 13          12.    Plaintiff has failed to exhaust their administrative remedies.
- 14          13.    The Complaint fails to present a justiciable controversy.
- 15          14.    This Court lacks jurisdiction to hear Plaintiff's claims.
- 16          15.    The Department is immune from liability pursuant to Nevada Revised Statutes 41.031, et.
- 17 seq.
- 18          16.    Plaintiff failed to name the Department properly as required by NRS 41.031(2).
- 19          17.    Plaintiff's claims, including the declaratory and/or equitable claims are barred by the
- 20 doctrines of waiver, ratification, estoppel, unclean hands and other equitable defenses.
- 21          18.    Plaintiff's claims are barred by the applicable statute of limitations and/or the doctrine of
- 22 laches.
- 23          19.    Plaintiff's claims are barred based on impossibility.
- 24          20.    Plaintiff's claims have been waived because of the wrongful acts, omissions and conduct
- 25 of Plaintiff.
- 26          21.    Plaintiff would be unjustly enriched if awarded damages.
- 27          22.    The Department has no contractual relationship with Plaintiff to give rise to any
- 28 declaratory relief.

1           23.     The damages sustained by the Plaintiff, if any, were caused by the acts of unknown third  
2 persons who were not agents, servants, or employees of the Department, and who were not acting on  
3 behalf of the Department in any manner or form, and, as such, the Department is not liable in any manner  
4 to Plaintiff.

5           24.     The Department is not legally responsible for the actions and/or omissions of other third  
6 parties.

7           25.     Plaintiff failed to name a party necessary for full and adequate relief essential in this  
8 action.

9           26.     Plaintiff failed to comply with a condition precedent.

10          27.     Plaintiff has not suffered any damages attributable to the actions of the Department.

11          28.     Plaintiff has failed to timely protect and/or enforce their alleged rights.

12          29.     Plaintiff's claims are barred as Plaintiff has failed, refused, or neglected to take reasonable  
13 steps to mitigate damages, therefore barring or diminishing the ability to recover.

14          30.     The Department has an objective good faith belief that it acted reasonably and in good  
15 faith and the Department's actions were legally justified.

16          31.     The Department substantially complied with NRS and NAC Chapter 453D.

17          32.     The Department, at all relevant times, acted with due care and circumspection in the  
18 performance of its duties; exercised the degree of skill and learning ordinarily possessed and exercised  
19 by members of its profession in good standing, practicing in similar localities and that at all times, used  
20 reasonable care and diligence in the exercise of its skills and the application of its learning, and at all  
21 times acted according to its best judgment and met the applicable standard of care.

22          33.     Plaintiff's claims for relief are barred as Plaintiff's alleged damages are speculative and  
23 cannot be calculated with any certainty or reliability.

24          34.     Each purported claim for relief is barred by the doctrines of *res judicata* and/or collateral  
25 estoppel.

26          35.     Each purported claim for relief is barred as Plaintiff is estopped from pursuing any claim  
27 against the Department in accordance with equitable principles of jurisprudence.

28     ...

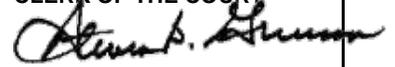


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**CERTIFICATE OF SERVICE**

I certify that I am an employee of the Office of the Attorney General, State of Nevada, and that on May 2, 2019, I filed the foregoing document via this Court’s electronic filing system. Parties that are registered with this Court’s EFS will be served electronically.

/s/ Danielle Wright  
Danielle Wright, an employee of the  
Office of the Nevada Attorney General



1 **JOIN**  
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6  
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10 *Attorneys for Plaintiffs*

11 **DISTRICT COURT**  
12 **CLARK COUNTY, NEVADA**

13 ETW MANAGEMENT GROUP LLC, a Nevada  
14 limited liability company; GLOBAL  
HARMONY LLC, a Nevada limited liability  
15 company; GREEN LEAF FARMS HOLDINGS  
LLC, a Nevada limited liability company;  
16 GREEN THERAPEUTICS LLC, a Nevada  
limited liability company; HERBAL CHOICE  
17 INC., a Nevada corporation; JUST QUALITY,  
LLC, a Nevada limited liability company;  
18 LIBRA WELLNESS CENTER, LLC, a Nevada  
limited liability company; ROMBOUGH REAL  
19 ESTATE INC. dba MOTHER HERB, a Nevada  
corporation; NEVCANN LLC, a Nevada limited  
20 liability company; RED EARTH LLC, a Nevada  
limited liability company; THC NEVADA LLC,  
21 a Nevada limited liability company; and ZION  
GARDENS LLC, a Nevada limited liability  
22 company,

23 *Plaintiffs,*

24 v.

25 STATE OF NEVADA, DEPARTMENT OF  
TAXATION, a Nevada administrative agency;  
26 DOES 1 through 20, inclusive; and ROE  
CORPORATIONS 1 through 20, inclusive,

27 *Defendants.*

28 **AND ALL RELATED MATTERS**

CASE NO.: A-19-787004-B  
DEPT NO.: XI

**JOINDER TO MOTION FOR  
PRELIMINARY INJUNCTION AND  
MOTION FOR PRELIMINARY  
INJUNCTION OR FOR WRIT OF  
MANDAMUS**

BROWNSTEIN HYATT FARBER SCHRECK, LLP  
100 North City Parkway, Suite 1600  
Las Vegas, NV 89106-4614  
702.382.2101

1 Plaintiffs ETW MANAGEMENT GROUP LLC (“ETW”), GLOBAL HARMONY LLC  
2 (“Global Harmony”), GREEN LEAF FARMS HOLDINGS LLC (“GLFH”), GREEN  
3 THERAPEUTICS LLC (“GT”), HERBAL CHOICE INC. (“Herbal Choice”), JUST QUALITY,  
4 LLC (“Just Quality”), LIBRA WELLNESS CENTER, LLC (“Libra”), ROMBOUGH REAL  
5 ESTATE INC. dba MOTHER HERB (“Mother Herb”), NEVCANN LLC (“NEVCANN”), RED  
6 EARTH LLC (“Red Earth”), THC NEVADA LLC (“THCNV”), ZION GARDENS LLC  
7 (“Zion”) (collectively, “Plaintiffs”), by and through their undersigned counsel of record Adam K.  
8 Bult, Esq. and Travis F. Chance, Esq., of the law firm of Brownstein Hyatt Farber Schreck, LLP,  
9 and Adam R. Fulton, Esq., of the law firm of Jennings & Fulton, Ltd., hereby file the instant  
10 Joinder to Motion for Preliminary Injunction and Motion for Preliminary Injunction or for Writ of  
11 Mandamus (the “Joinder”)

12 Pursuant to EDCR 2.20(d), and this Court’s directive at the Status Conference held on  
13 April 22, 2019, Plaintiffs hereby join, in full, the arguments, points, and authorities briefed in  
14 other related matters, as follows:

- 15 1. *Serenity Wellness Center, LLC, et al. v. The State of Nev., Dep’t of*  
16 *Taxation*, Case No. A-19-786962-B – Plaintiffs’ Motion for Preliminary  
17 Injunction, filed on March 19, 2019; and
- 18 2. *MM Dev. Co., Inc., et al. v. State of Nev., Dep’t of Taxation*, Case No. A-  
19 18-785818-W – Plaintiffs’/Counter-defendants’ Motion for Preliminary  
20 Injunction or for Writ of Mandamus, filed on May 6, 2019.

21 Plaintiffs hereby incorporate by reference the arguments and evidence set forth in the  
22 above filings as if fully set forth herein. In addition, Plaintiffs proffer the further evidence in  
23 support of the foregoing filings – more specifically, further evidence that the Defendant’s scoring  
24 of Plaintiffs’ applications was done arbitrarily and irrationally:

- 25 1. Affidavit of Paul Thomas (of ETW), attached hereto as **Exhibit A**;
- 26 2. Affidavit of Andy Zhang (of Red Earth), attached hereto as **Exhibit B**;
- 27 3. Affidavit of Ronald Memo (of Just Quality), attached hereto as **Exhibit C**;

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4. Affidavit of Ronald Doumani (of Herbal Choice), attached hereto as **Exhibit D**; and
5. Affidavit of John Heishman (of Global Harmony), attached hereto as **Exhibit E**.

Based upon the points and authorities set forth in the above filings, incorporated herein by reference, Plaintiffs respectfully request that this Court GRANT the above Motions and direct the Nevada Tax Commission to reconsider the licensing decisions of the Defendant issued in December 2018.

Alternatively, Plaintiffs request that this Court issue an injunction prohibiting the Department from taking further action upon the conditional licenses it issued in December 2018 during the pendency of this case.

DATED this 6th day of May, 2019.

BROWNSTEIN HYATT FARBER SCHRECK, LLP

*/s/ Adam K. Bult*

---

ADAM K. BULT, ESQ., Nevada Bar No. 9332  
TRAVIS F. CHANCE, ESQ., Nevada Bar No. 13800

JENNINGS & FULTON, LTD.  
ADAM R. FULTON, ESQ., Nevada Bar No. 11572

*Attorneys for Plaintiffs*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I am an employee of Brownstein Hyatt Farber Schreck, LLP and pursuant to NRCP 5(b), EDCR 8.05, Administrative Order 14-2, and NEFCR 9, I caused a true and correct copy of the foregoing **JOINDER TO MOTION FOR PRELIMINARY INJUNCTION AND MOTION FOR PRELIMINARY INJUNCTION OR FOR WRIT OF MANDAMUS** to be submitted electronically for filing and/or service with the Eighth Judicial District Court’s Electronic Filing System on the 6th day of May, 2019, to the following:

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David J. Pope, Esq.  
Vivienne Rakowsky, Esq.  
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*Attorneys for Defendants Integral Associates LLC d/b/a Essence Cannabis Dispensaries; Essence Tropicana, LLC; Essence Henderson, LLC; CPCM Holdings, LLC d/b/a Thrive Cannabis Marketplace; Commerce Park Medical, LLC; and Cheyenne Medical, LLC*

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*Attorneys for Intervenor Nevada Organic Remedies, LLC*

/s/ Paula Kay  
an employee of Brownstein Hyatt Farber Schreck, LLP

# **EXHIBIT A**

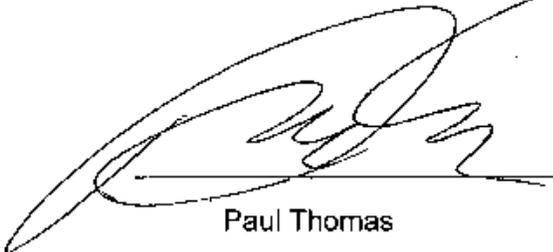
# **EXHIBIT A**



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litmus test was used in evaluating the Applications. Damon Hernandez also did not answer this question either. There was another Department employee on the phone during the meeting and I do not recall his name. He also was unable to answer my questions.



Paul Thomas

State of Nevada  
County of Clark

On May 3, 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared Paul Thomas known to be the person whose name is subscribed to the above instrument who acknowledged that he executed the same.

WITNESS my hand and official seal.

Signature Vicki Bierstedt  
Notary Public



# **EXHIBIT B**

# **EXHIBIT B**



1 10. This is deemed false as in a press release by Essence in December of  
2 2018, a Nevada based Marijuana Establishment, Essence is awarded two  
3 licenses in Clark County.

4 11. This was mentioned on the website address,  
5 [https://www.prnewswire.com/news-releases/essence-cannabis-dispensary-](https://www.prnewswire.com/news-releases/essence-cannabis-dispensary-awarded-record-number-of-new-licenses-in-the-state-of-nevada-300763339.html)  
6 [awarded-record-number-of-new-licenses-in-the-state-of-nevada-300763339.html](https://www.prnewswire.com/news-releases/essence-cannabis-dispensary-awarded-record-number-of-new-licenses-in-the-state-of-nevada-300763339.html),  
7  
8 "Essence applied for and was awarded eight licenses total, giving the Company  
9 retail expansion across the State, including: Sparks, Carson City, Reno, Clark  
10 County (qty. 2), City of Las Vegas, North Las Vegas, and the City of Henderson."

11 12. Other issue is the point system isn't broken down in a detailed manner  
12 in the application process that was given by the state.

13 13. If you review the grading system in the application it doesn't tell you  
14 what items in the Identified Criteria Response and Non-Identified Criteria  
15 Response are needed in each box that gives you the most points and what  
16 doesn't in each box.

17 14. In the Identified Criteria Response from the template for recreational  
18 marijuana license application given by the state, on page 17, for the fifth box it  
19 states:  
20

21 Documentation concerning the integrated plan of the proposed marijuana  
22 establishment for the care, quality and safekeeping of marijuana from seed to  
23 sale, including:

- 24  A plan for testing recreational marijuana.  
25  A transportation plan.  
26  Procedures to ensure adequate security measures for building security.   
27 Procedures to ensure adequate security measures for product security.  
28

1 Please note: The content of this response must be in a non-identified format. This  
2 box is worth 40 points, however it doesn't say how much of each documentation  
3 is worth, for example we don't know what plan for testing recreational marijuana  
4 is worth, we don't know what transportation plan is worth.

5  
6 15. In the Non-Identified Criteria Response from the template for  
7 recreational marijuana license application given by the state, on page 18, for the  
8 second box it states:

9 Documentation concerning the adequacy of the size of the proposed marijuana  
10 establishment to serve the needs of persons who are authorized to engage in the  
11 use of marijuana, including:

12   Building and construction plans with supporting details. *Please note: The  
13 content of this response must be in a non-identified format.*

14 It is not clear if we need to get a professional architect or engineer who will draw  
15 up a building and construction plans with supporting details or if we can make  
16 rough drawings for the plans. It also does not state if we need to do it for each  
17 individual building that we want or is it just one building. Also it makes no sense in  
18 us paying for a architect or engineer to create a building plan, if we aren't sure if  
19 we will get a license or not. Not only that but it is common practice for the state to  
20 approve the construction plan with the fire department and building department  
21 before it is approved. So it's not clear what is really needed in order to receive the  
22 full points.

23 16. In the template for recreational marijuana license application given by  
24 the state, on page 13, it states:

25  
26 5.3.3. **Tab III – Building/Establishment information** Documentation concerning  
27 the adequacy of the size of the proposed recreational marijuana  
28 establishment to serve the needs of persons who are authorized to engage  
in the use of marijuana must be included in this tab. The content of this  
response must be in a **non-identified** format and include building and  
general floor plans with all supporting details. *Please note: The size or*

1 square footage of the proposed establishment should include the maximum  
2 size of the proposed operation per the lease and property ownership. The  
3 start-up plans and potential expansion should be clearly stated to prevent  
needless misunderstandings and surrendering of certification. [REDACTED]

4 As mentioned above, it doesn't state how the point is graded, like is size of the  
5 establishment worth 2 points, etc.

6 17. In the template for recreational marijuana license application given by  
7 the state, on page 8, it states:

8 **Assembly Bill 422 (AB422):**

9 - Transfers responsibility for registration/licensing and regulation of  
10 marijuana establishments from the State of Nevada's Division of Public and  
11 Behavioral Health (DPBH) to the Department of Taxation. [REDACTED]

12 - Adds diversity of race, ethnicity, or gender of applicants (owners,  
13 officers, board members) to the existing merit criteria for the evaluation of  
marijuana establishment registration certificates. [REDACTED]

14 Diversity of race, ethnicity, or gender of applicants should be scored and is  
15 important for getting a marijuana license.

16 18. Base on the template for recreational marijuana license application  
17 given by the state, on page 18, it states:

18 6.2. If the Department receives more than one application for a license for a retail  
19 marijuana store in response to a request for applications made pursuant to R092-  
20 17, Sec. 76 and the Department determines that more than one of the applications  
21 is complete and in compliance with R092-17, Sec. 78 and Chapter 453D of the  
22 NRS, the Department will rank the applications within each applicable locality for  
23 any applicants which are in a jurisdiction that limits the number of retail marijuana  
stores in order from first to last. Ranking will be based on compliance with the  
provisions of R092-17 Sec. 80, Chapter 453D of NRS and on the content of the  
applications relating to:

24 6.2.1. Operating experience of another kind of business by the owners, officers  
25 or board members that has given them experience which is applicable to  
26 the operation of a marijuana establishment. [REDACTED]

27 6.2.2. Diversity of the owners, officers or board members. [REDACTED]

28 However base on this information diversity of race, ethnicity, or gender of

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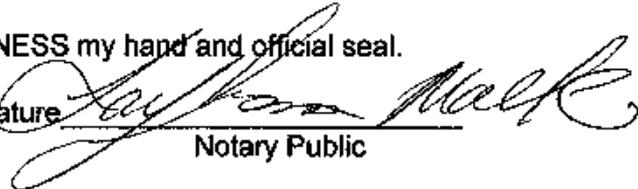
applicants isn't scored unless there is a tie in the application process. So no matter what diversity of race, ethnicity, or gender of applicants was never scored in the first place.

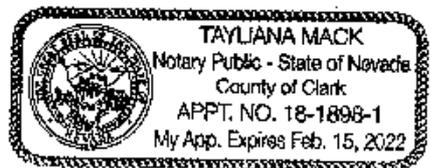
  
Andy Zhang

State of Nevada  
County of Clark

On May 6<sup>th</sup> 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared Andy Zhang known to be the person whose name is subscribed to the above instrument who acknowledged that she executed the same.

WITNESS my hand and official seal.

Signature   
Notary Public



# **EXHIBIT C**

# **EXHIBIT C**

**AFFIDAVIT OF RONALD A. MEMO**

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I, Ronald A. Memo, aver as follows:

1. I am over the age of 21 and have personal knowledge of the facts stated herein.

2. I am competent to testify to the facts set forth below.

3. I am the owner of Just Quality LLC ("Company").

4. The Company is a licensed medical marijuana establishment as defined in NRS 453a.116.

5. The Company submitted an application ("application") for a recreational retail marijuana store on or before September 20, 2018.

6. The Company was not awarded a license to operate a recreational retail marijuana store.

7. I personally attended a meeting with the Nevada department of taxation ("department") staff on January 10, 2019. Damon Hernandez attended the meeting as the department's representative. The purpose of the meeting was to receive information regarding the Company's application score and to ascertain the score for each individual category.

8. Damon Hernandez informed me that diversity was not taken into account by the department for any application that was submitted.

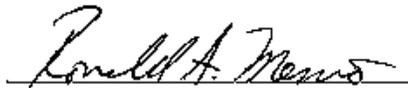
9. Damon Hernandez was asked how some of the applicants received two approvals for licensure in the same jurisdiction. He responded that he was not aware of any applicant receiving a second license in the same jurisdiction. I have seen a press release from Essence on PRnewswire that was also picked up by The Vegas Post claiming that Essence had been awarded two of their eight awarded dispensary licenses in Clark County, Nevada. This violates Attachment I page 33 of the application which states "No applicant may be awarded more than

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2890 Samel Street  
LAS VEGAS, NEVADA 89114  
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1 1 (one) retail store license in a jurisdiction/locality, unless there are less  
2 applicants than licenses allowed in the jurisdiction."

3 10. During the meeting I discovered a discrepancy between the scoring  
4 points as allocated on our application's (Version 5.4 – 06/22/2018) award criteria  
5 on pages 17 & 18 and what the state presented to us at our meeting. If you add  
6 up the Identified and the Non-Identified points from the application it is 120 points  
7 for each category and 240 total, not the 250 points shown for the application total.  
8 However, the state scoring showed that there was a correction/adjustment of 5  
9 points each for the Identified and the Non-Identified, by adding 5 points to Taxes  
10 in the Identified raising the point scoring from 20 in the application to 25 as  
11 presented by the state; also, by adding 5 points to Electronic verification  
12 system/Inventory control system in the Non-Identified raising the point scoring  
13 from 15 in the application to 20 as presented by the state.

14  
15 

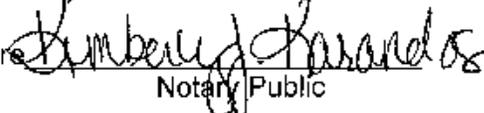
16 Ronald A. Memo

17 State of Nevada

18 County of Clark

19 On May 3 2019, before me, the undersigned, a notary public in and for said  
20 state, personally appeared Ronald A. Memo known to be the person whose name  
21 is subscribed to the above instrument who acknowledged that she executed the  
22 same.

22 WITNESS my hand and official seal.

23 Signature   
24 Notary Public



# **EXHIBIT D**

# **EXHIBIT D**



1 asked what criteria or litmus test was used in evaluating the Applications.  
2 **Damon Hernandez said that he was not at liberty to say as they were not**  
3 **allowed to answer any questions.** There was another Department employee  
4 on the phone during the meeting and I do not recall his name. Since we were told  
5 that we were not allowed to ask any questions I did not. However my partners did  
6 and the response was that they were not allowed to answer other than the  
7 information previously stated in this document. That was the extent of the  
8 dialogue within the room.

9 13. Before this meeting took place I made a significant financial investment  
10 based on what I thought was going to be a somewhat fair process. The prevailing  
11 thought as to the awarding round of these licenses was to correct the fact that  
12 some companies that owned both a grow/cultivation license and a dispensary  
13 license could shut out the growers that didn't also have a retail dispensary license  
14 (as is the case with my group). This dynamic certainly violates the competitive  
15 marketplace advantages upon which this country was built. Furthermore, I was  
16 told that if our company had a significant minority presence, that would benefit our  
17 company as there was a supposed attempt to diversify the ownership of  
18 dispensary licenses. I was aware of the fact that prior to the meeting a licensee  
19 was awarded multiple licenses in the same jurisdiction. On our application it  
20 explicitly stated that this would not be allowed. So I already had a feeling that the  
21 process was replete with the typical government machinations that accompany a  
22 process like this. Despite my cynicism I was still left speechless when we saw  
23 the score we received for our financial wherewithal. They gave us a zero. The  
24 criteria given to us beforehand was that the licensee had to show a liquid account  
25 totaling \$250,000. Given that we showed one account liquid with over \$2.5  
26 million dollars along with the banker stating that the money can be solely used at  
27 my discretion (to build dispensaries) I just had to laugh internally at the zero  
28 staring me in the face. Not only did I show personally ten times the necessary

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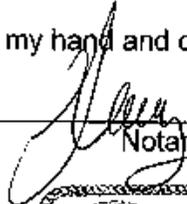
1 funds, my partners added more assets in the millions of dollars. The entire  
2 process, in my opinion, was a façade. Unfortunately all of these events only  
3 confirmed my suspicion that the process was at best severely incompetent but at  
4 its worst highly compromised.

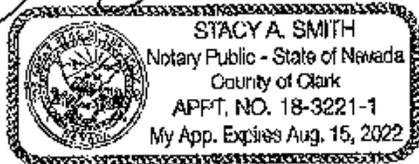
5  
6 Ronald Doumani 

7  
8 State of Nevada  
9 County of Clark

10 On May 6 2019, before me, the undersigned, a Notary Public in and for said  
11 State, personally appeared Ronald Doumani known to be the person whose name is  
12 subscribed to the above instrument who acknowledged that she executed the  
13 same.

14 WITNESS my hand and official seal.

15 Signature  \_\_\_\_\_  
16 Notary Public



18  
19  
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22  
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24  
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28

# **EXHIBIT E**

# **EXHIBIT E**

## AFFIDAVIT OF GLOBAL HARMONY LLC.

I, **Global Harmony LLC**, aver as follows:

1. I am over the age of 21 and have personal knowledge of the facts stated herein.
2. I am competent to testify to the facts set forth below.
3. I am an owner of **Global Harmony LLC**. (Company)
4. The Company is a licensed medical/recreational marijuana establishment as defined in NRS 453A.116.
5. The Company submitted an application ("Application") for a recreational retail marijuana store on or before September 20, 2018.
6. The Company was not awarded a license to operate a recreational retail marijuana store on this round.
7. I personally attended a meeting with the Nevada Department of Taxation ("Department") staff on 1/10/19 at 10:30am. Damon Hernandez attended the meeting as the Department's representative. The purpose of the meeting was to receive information regarding the Company's Application score and to ascertain the score for each individual category.
8. Damon Hernandez informed me that diversity was not taken into account by the Department for any application that was submitted.
9. I asked Damon Hernandez to explain the scoring procedure and to explain what caused a score to decrease in a given category on the Application and he was unable to answer my questions. I further asked what criteria or litmus test was used in evaluating the Applications. Damon Hernandez also did not answer this question either. There was another Department employee on the phone during the meeting and I do not recall his name. He also was unable to answer my questions.
10. On the "Evidence of Taxes" section of the application where there should be zero subjectivity we have the evidence to prove the our company

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GLOBAL HARMONY LLC. showed a significant amount more in taxes than another group and we received a lower score than them. This is an excellent example of gross negligence on the part of the application review process especially when the section scored is non-subjective and based solely on numbers.

11. We believe the State scored the application through a different matrix than the first round without properly notifying applicants. Leading applicants, that scored very high on the first round, to believe that they were on the correct path with the approach of their Sept 20th 2018 application. Our company along with many others that believed their application to be even stronger than the first round, only to receive a lower score on the Sept 20th 2018 round. Scoring through a different matrix, in our eyes, would be the only explanation to why very successful groups like ourselves would score lower this time around.

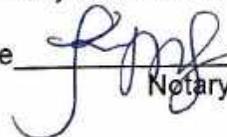
  
\_\_\_\_\_  
John Heishman

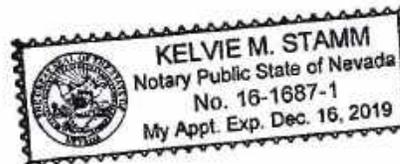
State of Nevada

County of Clark

On May 6<sup>th</sup> 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_ known to be the person whose name is subscribed to the above instrument who acknowledged that she executed the same.

WITNESS my hand and official seal.

Signature  \_\_\_\_\_  
Notary Public





1 Will Kemp, Esq. (#1205)  
2 Nathanael R. Rulis, Esq. (#11259)  
3 n.rulis@kempjones.com  
4 KEMP, JONES & COULTHARD, LLP  
5 3800 Howard Hughes Parkway, 17<sup>th</sup> Floor  
6 Las Vegas, Nevada 89169  
7 Telephone: (702) 385-6000  
8 *Attorneys for Plaintiffs*

6 **DISTRICT COURT**

7 **CLARK COUNTY, NEVADA**

8 MM DEVELOPMENT COMPANY, INC., a  
9 Nevada corporation; LIVFREE WELLNESS  
10 LLC, dba The Dispensary, a Nevada limited  
11 liability company

11 **Plaintiff,**

12 vs.

13 STATE OF NEVADA, DEPARTMENT OF  
14 TAXATION; and DOES 1 through 10; and ROE  
15 CORPORATIONS 1 through 10.

16 **Defendants.**

17 and

18 NEVADA ORGANIC REMEDIES, LLC

19 **Defendant-Intervenor.**

20 \_\_\_\_\_  
21 NEVADA ORGANIC REMEDIES, LLC.

22 **Counterclaimant,**

23 vs.

24 MM DEVELOPMENT COMPANY, INC., A  
25 Nevada corporation, LIVFREE WELLNESS,  
26 LLC, d/b/a The Dispensary, a Nevada Limited  
27 liability company

27 **Counter-Defendants**

Case No.: A-18-785818-W  
Dept. No.: IX

**PLAINTIFFS'/COUNTER-  
DEFENDANTS' MOTION FOR  
PRELIMINARY INJUNCTION OR  
FOR WRIT OF MANDAMUS**

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1 NOW APPEAR Plaintiffs/Counter-Defendants MM Development Company, Inc. d/b/a/  
2 Planet 13 (“MM”) and LivFree Wellness, LLC d/b/a The Dispensary (“LivFree”) (“Plaintiffs”),  
3 by and through their counsel of record, and hereby move the Court to enter an injunction or  
4 issue a writ of mandamus directing the State of Nevada Department of Taxation (“DOT”) to  
5 stop processing the conditional marijuana licenses issued in December 2018 and requiring the  
6 Nevada Tax Commission to consider appeals from the denial of licenses to MM and LivFree.

## 7 I. STATEMENT OF FACTS

### 8 A. Arbitrary And Capricious Irregularities In The Grading Process

#### 9 1. Statutory and Regulatory Background

10 Nevada voters first passed a medical marijuana initiative allowing physicians to  
11 recommend cannabis for an inclusive set of qualifying conditions and created a limited non-  
12 commercial medical marijuana patient/caregiver system. Senate Bill 374, which was enacted in  
13 2013, expanded this program and established a for-profit regulated medical marijuana industry.  
14 Adult-use legalization passed through the ballot box in November 2016.

15 In 2014, Nevada accepted medical marijuana business applications and a few months  
16 later approved 182 cultivation licenses, 118 licenses for the production of edibles and infused  
17 products, 17 independent testing laboratories and 55 medical marijuana dispensary licenses.  
18 The number of dispensary licenses was then increased to 66 by legislative action in 2015.

19 The Nevada State Legislature then passed a number of bills during the 2017 legislative  
20 session that affected the licensing, regulation and operation of recreational marijuana  
21 establishments in Nevada. One of those bills, Assembly Bill 422, transferred responsibility for  
22 the registration, licensing and regulation of marijuana establishments from the State of Nevada’s  
23 Division of Health and Human Services (“DHHS”) to the DOT.<sup>1</sup>

24  
25  
26  
27  
28 <sup>1</sup> The DHHS licensed medical marijuana establishments until July 1, 2017 when the state’s  
medical marijuana program merged with adult-use marijuana enforcement under the DOT.

1           **2.     The 2018 Retail Marijuana Application Process**

2           On August 16, 2018, the DOT announced a competitive application process for retail  
3 marijuana store licenses. That application window opened on September 7, 2018 and closed  
4 September 20, 2018. Applicants were required to pay a non-refundable \$5,000 application fee  
5 for each application.<sup>2</sup> The licenses awarded in that round were announced on December 5,  
6 2018, and remain conditional until the applicant passes all local jurisdictional requirements and  
7 passes a final state inspection. The applicants were notified that conditional license holders  
8 would have 12 months to become operational, with the understanding that failure to obtain full  
9 licensure could result in termination of the conditional license by the DOT.

10           If the DOT received more than one application for a license for a recreational marijuana  
11 dispensary and the DOT determined that more than one application was complete and in  
12 compliance with R092-17, Sec. 78 and NRS 453D, the DOT was required to grade and rank the  
13 applications within each applicable locality in order from first to last. Applications were  
14 supposed to be scored (250 points being the highest possible score) on a group of criteria based  
15 on compliance with the provisions of R092-17 Sec. 80 (later enacted as NAC 453D) and NRS  
16 453D relating to:

- 17           •     **Operating experience** at another kind of business by the owners, officers or  
18           board members which is applicable to the operation of a marijuana establishment  
              **(60 points)**
- 19           •     **Diversity** of the owners, officers or board members
- 20           •     Evidence of the amount of **Nevada taxes paid “by the applicant”** and other  
21           beneficial financial contributions **(25 points)**
- 22           •     A financial plan, which includes **financial statements** showing the resources of  
23           the applicant; including \$250,000 liquid **(40 points)**
- 24           •     The applicant’s **plan for care, quality and safekeeping** of marijuana from seed  
25           to sale **(40 points)**

26 \_\_\_\_\_  
27 <sup>2</sup> DOT employee Steve Gilbert said that the DOT received 462 applications for retail marijuana  
28 licenses. **Ex. 1; Gilbert Affidavit.** For 462 applications, the DOT got **\$2,310,000** in non-  
refundable application fees.

- 1 • The applicant's **staffing plan** and how it was going to manage the proposed  
2 marijuana establishment on a daily basis, including a detailed budget for the first  
3 year, an operations manual that demonstrated compliance with Department  
4 regulations and a plan for educating the staff (**30 points**)
- 5 • The **operating procedure plan** for the marijuana establishment and the  
6 inventory control system (**20 points**)
- 7 • Likely **community impact**, including educational achievements of the owners,  
8 officers or board members (**15 points**)
- 9 • Detailed building and construction plans (**20 points**)<sup>3</sup>

10 There was also an express anti-monopoly provision that prevented the same applicant from  
11 winning more than one license in one jurisdiction (e.g., Clark County). According to the  
12 Application form released by the DOT, highlighted in all red and all capital letters, "**No**  
13 **applicant may be awarded more than 1 (one) retail store license in a jurisdiction/locality,**  
14 **unless there are less applicants than licenses allowed in the jurisdiction.**" Ex. 2, p. 7 (Bold  
15 in original).

#### 16 1. The Prior (2014) Application Process

17 Prior to the 2018 application process with the DOT, Plaintiffs were previously scored  
18 and ranked in the 2014 licensing in conjunction with medical marijuana establishment permit  
19 applications. In 2014, **MM received a score of 203.58 and was ranked as the fourth-highest**  
20 **applicant** for a medical marijuana dispensary in unincorporated Clark County while **LivFree**  
21 **was ranked as the highest applicant for Henderson with a score of 208.3; the highest**  
22 **applicant for Reno with a score of 207; and the fifth-highest applicant in unincorporated**  
23 **Clark County with a score of 201.64.**

24 The factors used for the 2014 rankings were substantially similar to the factors to be  
25 used by the DOT for the 2018 rankings for the allocated licenses. The only major difference  
26 between the factors assessed for the 2014 rankings and the 2018 rankings was the addition of  
27 diversity of race, ethnicity or gender of applicants (owners, officers, board members) to the

28 <sup>3</sup> Ex. 2; DOT Recreational Marijuana Establishment Application 7-2-18 (the "Application"),  
pgs. 17-18.

1 existing merit criteria. MM, for one, figured to have its scores greatly increased by the addition  
2 of the diversity consideration as its board members included African-American women, a  
3 Hispanic and a disabled veteran. GBS Nevada Partners (dba Showgrow) was 3% owned by  
4 African-Americans and had high hopes. NWC, which is **100% owned by African-Americans**,  
5 should have enormously benefitted from the addition of diversity as a factor. That, however,  
6 was not the result.

7  
8           2.     The 2018 Results

9           On or about December 5, 2018, despite their prior exceptional ranking, MM and LivFree  
10 were informed that all 12 of their applications (6 each) to operate recreational marijuana retail  
11 stores were denied. The DOT improperly granted “conditional” licenses to applicants that were  
12 ranked substantially lower than Plaintiffs on the 2014 rankings. Based on public information  
13 and the Gilbert Affidavit, it appears that the DOT also improperly granted more than one  
14 recreational marijuana store license per jurisdiction to certain applicants. For example,  
15 according to a December 11, 2018 press release from Essence Cannabis Dispensary: “Essence  
16 applied for and was awarded eight licenses total, giving the Company retail expansion across  
17 the State, including: Sparks, Carson City, Reno, **Clark County (qty. 2)**, City of Las Vegas,  
18 North Las Vegas, and the City of Henderson.” Ex. 3; Essence Press Release.<sup>4</sup>

19           The entire industry was shocked because of the gross disparity between the 2014  
20 rankings and the 2018 rankings, and because no one anticipated that any single applicant would  
21 get more than 2 or 3 licenses – much less the 11 that Verano got throughout Nevada (5 just in  
22 Clark County). To quote the Las Vegas Medical Marijuana Association, “distribution should  
23 have been more disbursed.”<sup>5</sup> Instead, just 4 groups somehow usurped 32 licenses:  
24  
25

26 <sup>4</sup> The Gilbert Affidavit tries to make a distinction between “Essence Henderson LLC” and  
27 “Essence Tropicana LLC” but those entities have the same owners. Ex. 1, ¶¶ 16, 18.

28 <sup>5</sup> Essence confirmed it was awarded 8 licenses. Ex. 3. The Review Journal also reported on  
December 11, 2018 that Tap Roots got 7 licenses and Green Growth 7 licenses. December 11,  
2018 Las Vegas Review-Journal, Section B, p. 6B.

<u>Trade Name</u>	<u>Corporate Name</u>	<u>Licenses</u>
Lone Mountain Partners/ Zen Leaf	Verano Holding	11
Essence	Integral Associates, LLC	8
Nevada Organic Remedies/ The Source	Green Growth Brands	7
Greenroots	Tap Root Holdings	6
		<b>Total: 32</b>

In stark contrast, in 2014, the most successful applicant group won only 4 licenses.

**B. The DOT Failed To Consider Diversity In Grading And Scoring The Applications**

**1. Nevada Assembly Bill 422 Requires the DOT Consider “Diversity of Race, Ethnicity, or Gender of Applicants to the Existing Merit Criteria”**

The Nevada State Legislature passed a number of bills during the 2017 session which affect the licensing, regulation and operation of marijuana establishments. Assembly Bill 422 required that the DOT **shall** consider “[t]he diversity on the basis of race, ethnicity or gender of the applicant or the persons who are proposed to be owners, officers or board members” of the proposed marijuana establishment.<sup>6</sup> A.B. 422, 79th Leg. (Nev. 2017). The DOT applied this mandate from the legislature to the retail marijuana application evaluation criteria by adopting its own set of regulations.

**2. The DOT Adopts R092-17, Which Includes Diversity as Part of the Grading of Retail Marijuana License Applications**

Applications were supposed to be scored based on a group of application criteria based on compliance with the provisions of R092-17 Sec. 80, NAC 453D.272, NRS 453D and on the content of the applications relating to, among other criteria, “[t]he diversity of the owners, officers or board members of the proposed marijuana establishment.” R092-17 Sec.

<sup>6</sup> The DOT’s application packet says shall “[i]ndicates a mandatory requirement.” Ex. 2, P. 7.

1 80.1(b) (Bold added); NAC 453D.272(1)(b). Hence, under both state law and the DOT's own  
2 regulation, the DOT was explicitly required to consider and rank the applicants, at least in part,  
3 based on the diversity of the owners, officers or board members.

4 **3. The DOT Informed All Applicants That Diversity Was to be Considered as**  
5 **Part of the Grading and Scoring**

6 In multiple places within the 2018 retail marijuana license application packet that the  
7 DOT distributed and required all applicants to utilize (July 6, 2018 release date), the diversity of  
8 owners, ownership groups and board members was supposed to be part of the grading criteria.  
9 On page 8 of the Application, the DOT acknowledged that legislative changes relevant to this  
10 application included:

11 **Assembly Bill 422 (AB422):**

12 **- Adds diversity of race, ethnicity, or gender of applicants (owners, officers,**  
13 **board members) to the existing merit criteria for the evaluation of**  
14 **marijuana establishment registration certificates.**

15 **Ex. 2, P. 8 (Bold added).** Additionally, on page 11 of the Application, the DOT specified that  
16 any applications must include, as part of the Identified Criteria Response:

17 5.2.10.3. The supplemental Owner, Officer and Board Member Information  
18 Form should be completed for each individual named in this application. **This**  
19 **attachment must also include the diversity information required by R092-**  
20 **17, Sec. 80.1(b) (Attachment C).**

21 **Ex. 2, P. 11 (Bold added).** Finally, on page 18 of the Application – for a third time – the DOT  
22 informed all applicants that if it had to score the applications:

23 Ranking will be based on compliance with the provisions of R092-17 Sec. 80,  
24 Chapter 453D of NRS and on the content of the applications relating to:

25 ...

26 **6.2.2. Diversity of the owners, officers or board members.**

27 **Ex. 2, P. 18 (Bold added).** The DOT clearly understood that it was required to consider  
28 diversity of owners, ownership groups and board members as part of grading the retail  
marijuana license applications.

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1           **4. The DOT Admits That It Did NOT Consider Diversity in Grading the Retail**  
2           **Marijuana License Applications**

3           Despite the clear and mandatory requirement that the DOT utilize diversity in the  
4           grading of the retail marijuana license applications, DOT employees have confessed that  
5           diversity was not considered:

6           7. I personally attended a meeting with the Nevada Department of Taxation  
7           (“Department”) staff on January 10, 2019. Damon Hernandez attended the  
8           meeting as the Department’s representative. The purpose of the meeting was to  
9           receive information regarding the Company’s Application score and to ascertain  
10          the score for each individual category.

11          10. **Damon Hernandez informed me that diversity was not taken into**  
12          **account by the Department for any application that was submitted.**

13          **Ex. 4; Paul Thomas Aff. (Bold added).** Ditching diversity was a direct violation of AB 422’s  
14          requirements, the DOT’s own regulation R092-17, NAC 453D.272(1)(a), and what it thrice  
15          stated in its own application packet. Assembly Bill 422 added race as a “merit criteria.” The  
16          Legislature did not authorize the DOT to relegate diversity to less than an afterthought as a tie-  
17          breaker. Based on its own employees’ admissions, the DOT failed to follow clear legislative  
18          direction as well as its own adopted regulations.

19          **C. Applications Were Graded By Six Temporary Contractors From Manpower – Not**  
20          **By The DOT**

21          The DOT was responsible for reviewing the applications and allocating new licenses to  
22          jurisdictions. It was required to rank the applications in accordance with applicable regulations  
23          and statutes. The highest-ranking applications were to be awarded licenses. The DOT  
24          delegated all ranking and scoring responsibilities to six (6) temporary contractors from an  
25          outside employment agency – Manpower (the “Manpower Employees”). In marked contrast,  
26          the previous 2014 grading was done by the DHHS and utilized 20 to 25 people (primarily  
27          professional-level state employees with college degrees).

28          Until discovered in this litigation, none of the applicants knew who did the 2018 scoring.  
While fighting a preservation order sought in this case, the DOT made the stunning revelation

1 that Manpower Employees graded the license applications. Essentially, six temporary workers  
2 – with sketchy “qualifications” – went to the DOT offices and reviewed the electronic  
3 applications. This haphazard procedure was the substitute for DOT employees doing the  
4 grading.

5 The DOT refuses to discuss or provide any information about potential major  
6 deficiencies in the process, such as: failure to maintain a control log or hours log for the  
7 applications and the review thereof by the Manpower Employees. The DOT absolutely refuses  
8 to acknowledge the applicants due process rights and continues to keep secret things like: who  
9 worked on each application, was it signed in or checked out when worked on, how long was the  
10 review, what were the dates and times of the review, was supplementation of the packets  
11 allowed by the DOT to favored applicants after the deadline for the applications.

12 These licenses are likely worth tens of millions of dollars each. They will generate tens  
13 of millions in tax revenue over the next few years. Yet the DOT improperly delegated its duty  
14 to grade the applications to a temporary agency. The DOT refused to disclose the names or  
15 qualifications of the six graders but Plaintiffs gleaned information on their own that raises even  
16 more concern. For example, why did the DOT let a former food inspector with absolutely no  
17 marijuana experience whatsoever serve as the “Marijuana” specialist that graded complex seed-  
18 to-sale plans, staffing plans and operating procedure plans? Why did the DOT let a former  
19 sales-person from Office Max grade the financial plans? See Section II(A)(6), *infra*. Why  
20 didn’t the DOT apprise the Manpower graders that one of the winning applicants (i.e., Nevada  
21 Organic Remedies, which submitted plans for care, quality and safekeeping that were  
22 immaculately prepared by well-paid consultants) actually had a poor compliance history and  
23 had just been caught selling marijuana to minors? Instead of answering these and other simple  
24 questions, the DOT has refused to provide any meaningful information, including the identity,  
25 scores and sub-part scores of winning applicants.

26 **D. Failure To Acknowledge The Anti-Monopoly Legislative Intent**

27 The medical marijuana statute states, “To prevent monopolistic practices, the DOT shall  
28 ensure ... that it does not issue, to any one person, group of persons or entity, the greater of ...

1 more than 10 percent of the medical marijuana establishment registration certificates otherwise  
2 allocable in the county.” NRS 453A.326(2). The DOT attempted to mirror this language in  
3 R092-17A, Sec. 80, but now ignores the oligopoly it is creating by giving a select group of  
4 applicants an astounding 86% of the new licenses in Nevada in 2018. See also NAC  
5 453D.272(5) (“To prevent monopolistic practices, the Department will ensure ... that it does not  
6 issue, to any one person, group of persons or entity, the greater of ... more than 10 percent of  
7 the medical marijuana establishment registration certificates otherwise allocable in the  
8 county.”). Adding insult to injury, the DOT favors 11 licenses being pilfered by the suspect  
9 Verano group (a multi-billion-dollar Illinois conglomerate) instead of being given to worthy  
10 Nevada businesses.

11 **E. The Lack Of Clarity And Transparency**

12 The DOT is a tax agency, with a set of rules and regulations designed to empower its  
13 agents to collect taxes in an efficient manner. Because the DOT was responsible for allocation  
14 of highly-valued licenses in which the public has great interest, serious concerns were raised  
15 during the public comment period that the proposed framework of the contemplated application  
16 process did not adequately address transparency nor allow for a fair allocation of licenses. **Ex.**  
17 **5**; January 15, 2018 Public Comment Letter from For Fairness in the Cannabis Industry, LLC  
18 (“FFCI”). Hence, the DOT has been on notice since January 2018 that the proposed regulations  
19 did not give sufficient disclosure of the application scoring standards and would result in a  
20 process that was contrary to the public interest.

21 The DOT did nothing to address these potential infirmities. Assigning a tax regulator,  
22 acclimated to secrecy, to draft regulations for an award of valuable licenses appears to have  
23 conflicted with the public’s interest in transparency and fairness. Even members of the Nevada  
24 Tax Commission<sup>7</sup> announced serious misgivings about the manner in which the DOT bungled  
25

26 \_\_\_\_\_  
27 <sup>7</sup> The Nevada Tax Commission is the head of and oversees the DOT. NRS 360.120 (2). As  
28 Commissioner Kelesis said, “[The Tax Commission] is the head of the Department, and we are  
the head of the Division.” **Ex. 6**, 65:10-12.

1 the application scoring process. **Ex. 6**; Transcript of Jan. 14, 2019 State of Nevada Tax  
2 Commission Open Meeting, pp. 61-65. Commissioner George Kelesis criticized “[r]egulations  
3 that were applied beyond the scope of the regulation” by the DOT in its grading of the  
4 applications. *Id.*, 62:20-21. Commissioner Kelesis also complained about “things that were  
5 changed” in the regulations on which the Tax Commission did not rule. *Id.*, 62:21-22. He was  
6 specifically disquieted about how the DOT handled and graded announced buyouts by Canadian  
7 corporations. *Id.*, 62:23-63:15. He also railed on the indefensible decision to dump the grading  
8 on unqualified Manpower Employees, stating:

9 I found probably one of the most distressing parts – and I don’t know if the  
10 Commission is aware of this or not, if you are aware of it. But our graders were  
11 hired through Manpower.

12 Now, I checked the Manpower drop-down box. And I’m telling you guys,  
13 nowhere in there does it say: “Hire marijuana graders.” It doesn’t say it. So why  
14 are we even going to Manpower? I know we budgeted so we could have this  
15 Department handle these items. So who trained these people in Manpower?  
16 Who oversaw these people in Manpower?

17 *Id.*, 63:16-64:1. Commissioner Kelesis concluded by lamenting, “**I’m troubled across the**  
18 **board with this whole thing.**” *Id.*, 64:6-7 (Bold added). When Commissioner Kelesis finds  
19 out that the Manpower accounting contingent was led by a former sales clerk from Office Max  
20 and that a retired food safety inspector graded the complex marijuana procedure plans, he will  
21 be far more than “troubled.”

22 A multitude of the denied applicants have expressed great consternation regarding how  
23 the applications were scored. At the Nevada Tax Commission Meeting on January 14, 2019,  
24 some of the denied applicants took the time to extemporize their fears, including that the DOT  
25 has repeatedly refused to provide detailed scoring or demonstrate where points were lost for  
26 each category to applicants – as required by Section 93 of R097-012. **Ex. 6**, 54:23-56:16.  
27 Additional public comments documented the **statistical impossibility** of certain aggregate  
28 scores that have been provided to applicants. **Ex. 6**, 56:17-57:6 (in receiving identical scores  
for differing locations and applications, “this kind of result ... speak to data manipulation and  
nothing else. If I got this kind of data in a medical journal article that I were to review, I would

1 send it immediately back to investigate fraud.”); 58:12-13 (“scoring from 20 of the 28  
2 [applications] were identical to the second decimal place.”). The DOT remains mute.

## 3 II. ARGUMENT

### 4 A. Eight Fundamental Flaws In The 2018 Determination Require A Re-Determination

5 There were eight fundamental flaws in the 2018 grading process, any one of which  
6 requires a scoring re-determination: (1) failure to score diversity; (2) wildly inconsistent grading  
7 of financial plans; (3) improper allowance of fraudulent information, trade secrets, “business  
8 plans” and operating procedures of others to be expropriated by winning applicants; (4) failure  
9 to properly score for educational achievements; (5) failure to require the “physical address” for  
10 the proposed dispensary and staggeringly inconsistent grading of physical address-related  
11 criteria, such as generic building plans; (6) hiring of inexperienced and unqualified temporary  
12 workers to grade applications; (7) documented bias in favor of certain winning applicants; and  
13 (8) improper allowance of taxes and financial applications from entities other than the applicant.  
14 Any one of these serious mix-ups requires a scoring re-calculation.

#### 15 1. Diversity Was Not Scored

16 NRS 453D and NAC 453D both required that applications be scored on diversity.  
17 Section 80 of the Approved Regulations requires ranking based on numerous categories, the  
18 second being “[t]he diversity of the owners, officers, or board members of the proposed  
19 marijuana establishment.” The DOT did not give any points for diversity. **Ex. 4**; Thomas Aff.  
20 This substantially prejudiced applicants with abundant diversity (e.g., MM and NWC – Frank  
21 Hawkins’ group) and rewarded applicants with absolutely no diversity (e.g., the Verano group  
22 that received 11 licenses). Re-determination is required because the DOT blatantly disregarded  
23 the express dictate of NRS 453D and Section 80.

24 NWC is a good example of an applicant that got short shrift because of the DOT  
25 diversity miscue. NWC is **100% owned by African-Americans**. If the legislative dictate to  
26 grade on diversity had been followed, NWC should have gotten significantly more points on its  
27 2018 evaluation than on its 2014 evaluation. NWC did not – because the DOT did not give any  
28 points whatsoever for diversity. This violated the express language of AB 422 and its

1 legislative history. As Senator Tick Segerblom explained, “this criterion would look at  
2 diversifying because currently most of the dispensary owners are **white males** and we are trying  
3 to expand this into the community.” S. Daily Journal, 79th Leg., at 240 (Nev. 2017).

4 The winning applicants have a stunning lack of diversity. For example, Verano won 11  
5 licenses. Verano is owned by Verano Holdings, LLC, a Chicago-based cannabis operator. But  
6 there is no diversity across Verano’s management team:



7  
8  
9  
10 **George Archos**  
Founder/CEO



11 **Sam Dorf**  
Co-Founder/ Chief  
Growth Officer



12 **Ron Goodson**  
President/COO



13 **Tim Tennant**  
Chief Marketing  
Officer



14 **Anthony Marsico**  
Exec. VP Retail



15 **Darren Weiss,**  
Esq.  
General Counsel



16 **Chris Fotopoulos**  
Exec. VP Legal  
Real Estate



17 **Maria Johnson**  
Dir. National Sales



18 **Cary Millstein**  
Dir. International  
Markets



19 **Cathy Lindfors**  
Dir. Human  
Resources

20 It is hard to imagine a less diverse group than that assembled by Verano.

## 21 **2. The Manpower “Accountants” Gave Wildly Inconsistent Grades to 22 Financial Plans**

23 In 2014, LivFree was ranked as the highest applicant for Henderson with a score of  
24 208.3, the highest applicant for Reno with a score of 207 and the fifth-highest applicant for  
25 Clark County with a score of 201.64. While reviewing its 2018 ranking, LivFree discovered  
26 that it only got a paltry 12.67 out of 40 potential points for its financial plan (30 potential points  
27 for the financial statements and 10 more-or-less automatic points for proof of \$250,000 in liquid  
28 assets). The grade given to LivFree (12.67) was almost 20 points lower than the **average** grade  
of 31.5 for all applicants in the jurisdictions where LivFree applied.

The LivFree application that got a 12.67 rating included the financials of **both** Steve  
Menzies and Don Forman. Ex. 7; Dietz Dec., ¶ 11. Menzies and Forman are both centi-

1 millionaires.<sup>8</sup> Only Don Forman's financials supported another application by Natural  
 2 Medicine ("NM") that got a full 40 points. Id., ¶ 12. NM's "Owner Financials Summary" was  
 3 \$124,601,651.72. Id., ¶ 3. The total net worth on the LivFree "Owner Financials Summary"  
 4 was \$217,812,655.00. Id., ¶ 5. Hence, the LivFree net worth was over \$93 million greater than  
 5 the NM net worth. The Manpower "accountants" rated the financial section of NM, which had  
 6 a listed net worth of \$124,601,651.72, at 40 points but radically shaved this rating by 27.33  
 7 points when evaluating the far greater net worth of LivFree's owners of \$217,812,605.00  
 8 (including both NM owner Forman and Menzies). Ex. 7; Dietz Dec. Put another way, when  
 9 you have one centi-millionaire you get 40 points for financial strength, but when you have two  
 10 you only get 12.67 points. This inexplicable blunder in and of itself prevented LivFree from  
 11 being a winning applicant because adding another 27.33 points to its grading would have  
 12 elevated it above the winning applicants in 5 of the 6 jurisdictions where LivFree applied:

Application (by jurisdiction)	LivFree Score w/ faulty 12.67 points	LivFree Score w/ correct 40 points	Lowest Winning Score (per jurisdiction)	Highest Winning Score (per jurisdiction)
Reno (RD 292)	190.50	217.83	213.66	227.84
Unincorporated Clark County (RD 293)	190.17	217.50	210.16	227.84
North Las Vegas (RD 294)	190.54	217.87	214.50	227.17
Lyon County (RD 295)	190.17	217.50	196.49	196.49
Las Vegas (RD 296)	190.17	217.50	208.00	227.84
Nye County (RD 297)	190.50	217.83	222.99	222.99

28 <sup>8</sup> A "centi-millionaire" is someone with a net-worth over \$100 million.

1 In other words, if Manpower had only provided an “accountant” that understood that  
2 \$217,812,655.00 is more than \$124,601,651.72, LivFree would have won in Reno, Clark  
3 County, North Las Vegas, Lyon County and the City of Las Vegas. Now that the DOT has the  
4 irrefutable proof submitted herein that LivFree should get 5 licenses if its financial plan had  
5 been competently rated, the DOT should tell the Court exactly how it intends to fix this glaring  
6 mistake.<sup>9</sup>

7  
8 This stunning 27.33-point grading discrepancy between the financial plans of the NM  
9 and LivFree applications in and of itself proves that the financial sections were the subject of  
10 arbitrary and capricious ratings. There is no possible acceptable explanation for grading a  
11 financial plan for owners with a \$124 million net worth at 40 points, then drastically reducing  
12 the grade to 12.67 points when the net worth increases by over \$93 million to \$217,812,655.00.  
13 There is no other logical conclusion than the financial grading by the Manpower “accountants”  
14 was arbitrary and capricious.

15 **3. Improper Allowance of Fraudulent Information, Trade Secrets, “Business  
16 Plans” and Operating Procedures of Others to Be Attributed to Winning  
17 Applicants**

18 The third fundamental flaw was the allowance of fraudulent information and trade  
19 secrets of others to be attributed to winning applicants. The business partners of Verano (which  
20 won 11 licenses) have explicitly claimed that the Verano applications were riddled with fraud.  
21 In a recently-filed lawsuit, Naturex, LLC (“Naturex”), owner and operator of the medical and  
22 retail marijuana dispensary “Zen Leaf,”<sup>10</sup> laid bare the fraudulent basis on which the DOT  
23 awarded 11 licenses to Verano Holdings, LLC (“Verano”) and/or Lone Mountain Partners, LLC  
24 (“Lone Mountain”). According to Naturex, Verano controls the business operations of Lone  
25 Mountain and, to a certain extent, Naturex. **Ex. 8; Naturex, LLC, et al. v. Verano Holdings,**

26 <sup>9</sup> If the DOT refuses to rectify the arithmetic mistake on the LivFree applications by immediately  
27 providing LivFree with 5 conditional licenses, LivFree reserves the right to seek a writ of  
28 mandamus compelling it to do so.

<sup>10</sup> See Ex. 8, ¶20.

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1 LLC, et al., Case No. A-19-787873-C, Complaint, ¶ 4. On Verano's website, it represents it  
2 owns the Nevada dispensary "Zen Leaf", but the dispensary is actually owned by Naturex. Id.

3 Verano was supposed to submit license applications on Naturex's behalf but instead  
4 engaged in fraud and subterfuge. Ex. 8, ¶¶41-45. According to Naturex, **Verano and/or Lone**  
5 **Mountain's license applications claimed the Zen Leaf dispensary that Verano did not own**  
6 **and stole the Naturex "financials, business plans, business designs", etc.** Ex. 8, ¶44.

7 Naturex claims that:

8 47. [Verano/Lone Mountain's] Licenses are premised on the fact they will  
9 use the "Zen Leaf" brand for the dispensaries, which is in fact a fictitious firm  
10 name belonging to Plaintiff Naturex. On information and belief, **Defendants'**  
11 **misappropriated the fictitious firm name "Zen Leaf" for Defendant Lone**  
12 **Mountain's Application.**

13 48. On further information and belief, in furtherance of Defendants' Lone  
14 Mountain Application submittal, **Defendants' misappropriated, without**  
15 **permission, Plaintiffs' trade secrets and proprietary information** belonging  
16 to Plaintiff Naturex, such as **Plaintiffs' Standard Operating Procedures**  
17 **("SOPs"), financials, business plans, business designs, business models, and**  
18 **other personal and confidential financial information** belonging to Plaintiff  
19 Naturex (the "Naturex Proprietary Information").

20 Ex. 8, ¶¶47-48 (Bold added). As said above, because the applicant's plan for seed-to-sale care  
21 (40 points), operating procedure plan (20 points) and staffing plan (30 points) were potentially  
22 worth 90 points out of a possible 250 points (i.e., 36% of the total points), the Naturex  
23 allegation that Verano stole its "business plans" and procedures (if true) would require that all  
24 11 of the winning Verano conditional licenses be stricken. Plaintiffs emphasize that Verano's  
25 long-time business partner, not Plaintiffs, are leveling these damning charges against Verano.

26 The scandalous allegations by Naturex demonstrate more flaws and provide a brief  
27 glimpse into the opaque application grading process that the DOT seems bound and determined  
28 to keep secret. If an applicant can use stolen business plans and claim a dispensary that is not  
its own to become the largest winner (11 licenses), the Manpower graders were obviously  
scoring fiction and not reality. The DOT does not care.

1           **4. Processing Applications Without the “Physical Address” Where the**  
2           **Proposed Dispensary Will Be Located**

3           A license application submitted pursuant to Section 78 of the Approved Regulations  
4 “must include,” among other things, the following:

5           a. The physical address where the proposed marijuana establishment will be  
6 located (Section 78(1)(b)(5) of the Approved Regulations);

7           ...

8           c. Proof that the physical address of the prospective marijuana  
9 establishment is owned by the applicant or that the applicant has the written  
10 permission of the property owner to operate the proposed marijuana  
11 establishment on that property (NRS.210(5)(b) . . . .

12 Many applicants (e.g., LivFree) were diligent in obtaining actual locations and providing the  
13 “physical address” and/or proof of property owner permission with their applications. MM  
14 went much farther. Because MM was moving its existing dispensary to a new location, it put its  
15 actual operational dispensary building in its application as a proposed location. This is what  
16 MM stated in 5.3.3 Tab III – Building/Establishment Information:

17           Company has included two sets of plans in this non-identified section. **The first**  
18 **set of plans is for a leased 4600 sq. ft. facility, already built as shown, and**  
19 **has been operated as a fully compliant Nevada licensed marijuana**  
20 **dispensary, and has previously passed Nevada Department of Taxation**  
21 **inspection and approvals.**

22 **Ex. 9; Relevant Portion of MM Development’s Application (Bold added).** In other words,  
23 instead of generic plans and specifications for an as yet-to-be-determined location, MM put in  
24 an actual built-out dispensary site that had been operating for years.

25           Directly contradicting its own regulations, the DOT accepted and processed applications  
26 from winning bidders that did not have any “physical address” whatsoever. This was  
27 effectuated through a “Revised Applications” issued on or about July 30, 2018 (less than 45  
28 days before applications would be accepted). This purported “amendment” completely  
eliminated requirements a. and c. above. Importantly, neither the Approved Regulations nor  
NRS Chapter 453D were properly amended to reflect the changes to the Revised Applications

1 and applicants were not given proper notice of the revisions (as license applications were due to  
2 be submitted to the DOT less than 45 days after the Revised Application was released).<sup>11</sup>

3 The DOT's abandonment of the "physical address" requirement precluded graders from  
4 realistically evaluating community impact at proposed locations – a key component of the  
5 grading. The Application Criteria provided by the DOT states that 15 points will be awarded  
6 for the "likely impact of the proposed marijuana establishment in the community in which it is  
7 proposed to be located":

A proposal demonstrating: <ul style="list-style-type: none"><li>• The likely impact of the proposed marijuana establishment in the community in which it is proposed to be located.</li><li>• The manner in which the proposed marijuana establishment will meet the needs of the persons who are authorized to use marijuana.</li></ul> <i>Please note: The content of this response must be in a non-identified format.</i>	15
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12 There was no way to differentiate between competing applications if the grader did not know  
13 where in "the community" that the proposed establishment was to be. Gutting this requirement  
14 by eliminating the required "physical address" penalized applicants such as LivFree and MM  
15 (which did in fact include a physical address for its proposed establishment). Again, where  
16 winning applicants were separated from losing applicants by less than 1 point, the 15 points  
17 assigned to this category in and of itself would have elevated many "losers" into "winners."

18 The DOT's eradication of the physical address requirement also raises serious questions  
19 as to how graders could meaningfully score up to 20 points for "[b]uilding and construction  
20  
21

22  
23 <sup>11</sup> The DOT determination that no address was required is a violation of Nevada law and the  
24 promulgated regulations, as it prevented the DOT from performing the necessary statutory  
25 checks of requisite permission to operate in the physical address and to ensure the distance from  
26 schools and community centers. For example, NRS 453D.210 provides that the DOT may only  
27 issue a license if the "physical address where the proposed marijuana establishment will  
28 operate" is owned by the applicant or the applicant has landlord approval. NRS  
453D.210(5)(b). That statute also requires that any marijuana establishment may not be located  
within one thousand feet of a school or three hundred feet of a "community facility." NRS  
453D.210(5)(c). Additionally, NAC 453D.265(3) requires, as part of any application, "[t]he  
physical address where the proposed marijuana establishment will be located and the physical  
address of any co-owned or otherwise affiliated marijuana establishments."

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1 plans with supporting details” because building plans cannot be produced with “details” without  
2 a specific location. The application criteria awarded 20 points in this category:

Documentation concerning the adequacy of the size of the proposed marijuana establishment to serve the needs of persons who are authorized to engage in the use of marijuana, including: <ul style="list-style-type: none"><li>▪ Building and construction plans with supporting details.</li></ul> <i>Please note: The content of this response must be in a non-identified format.</i>	20
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3  
4  
5 While the subpart scoring for winning applicants is not yet available, there is convincing  
6 evidence that the Manpower graders also acted arbitrarily and capriciously in this area. MM,  
7 which submitted an **actual built-out location** instead of non-specific “building and construction  
8 plans with supporting details”, only got 15.33 points in this category. There is no way that an  
9 actual building at a specific address that already operated as a dispensary for years could  
10 honestly be graded lower than generic building plans at unknown locations. If MM had gotten  
11 the full 20 points that it deserved in this category for its Clark County application (or even 2  
12 more points), it would have been a winning bidder.

13 Because the Approved Regulations expressly stated that an application “must include” a  
14 proposed address, the DOT did not have discretion to cancel this critical requirement. Plaintiffs  
15 are informed and believe that substantially all of the winning applications did not have the  
16 “physical address” required by law.

17  
18 **5. Failure to Properly Score Educational Achievements (Community Contributions)**

19 The fifth fundamental flaw was the failure to properly score for educational  
20 achievements. The Manpower Employees completely and improperly disregarded this  
21 category. The applications by a prestigious group of physicians devoted to the scientific study  
22 of marijuana were all rejected. Dr. Nick Spirtos explained why the DOT erred in under-scoring  
23 the community impact portion of these applications:

24 ... our group of five physicians has published the absolute only work regarding  
25 the successful use of a cannabis product made in Nevada to reduce the chronic  
26 opiate injections in patients with chronic pain. We demonstrated a 75 percent  
27 reduction in opiate use, presented it at the American Society of Clinical  
28 Oncology in June of this last year in Chicago.

And so you understand how bizarre – I’ll use the word “bizarre” the scoring was,  
**we scored less than the average for our impact on this community.** That, in

1 and of itself, should give you some idea the extent that the application process  
2 was not fair, just and unbiased.

3 **Ex. 6, 57:8-20 (Bold added).**

4 Dr. Page Bady also testified at the January 2019 Tax Commission meeting that he – a  
5 local physician for 20 years and the former medical director of DaVita Health Care Partners (a  
6 publicly-traded \$18 billion-dollar company) – received lower-than-average scores for the  
7 “impact on the community” portion of the application. **Ex. 6, 58:24-59:6.** Dr. Bady explained:

8 **We scored lower than average on impact on the community.** I don’t know  
9 what’s going on in there. I don’t want to accuse anyone of anything, but it’s  
difficult to maneuver.

10 And it had a quality that we used to experience in a publicly-traded company,  
11 and I wanted to bring that quality and sophistication into this industry when we  
have to fight these kind of obstacles.

12 **Ex. 6, 59:3-59:10 (Bold added).** It is mind-boggling that the Verano group (sharp Chicago  
13 entrepreneurs) got 11 licenses while dedicated Nevada doctors like Dr. Spirtos and Dr. Bady  
14 were not recognized for the extensive marijuana-related benefits they have bestowed on this  
15 community. These grading results demonstrate that Manpower’s scoring of the applications  
16 was arbitrary and capricious and in violation of DOT’s own regulations as well as Nevada  
17 statutes.<sup>12</sup>

18 **6. Applications Were Graded By Six Manpower Employees That Did Not**  
19 **Have Adequate Experience**

20 There were 462 applicants that each paid a \$5,000 filing fee; meaning that the DOT  
21 collected \$2,310,000 to grade applications. Unlike the 2014 applications that were competently  
22 graded by dozens of permanent DHHS state employees, the DOT farmed out the **entire** grading  
23 function to Manpower – a temporary help agency. Manpower than provided six (6) employees  
24

25 <sup>12</sup> The actual scores did not reflect the operational history of Nevada dispensary operators or the  
26 compliance history (or lack thereof) that was known to the DOT at the time the applications  
27 were submitted. One applicant that was caught selling marijuana to minors was awarded 7 new  
28 licenses. See Section II(A)(7), *infra*. Both MM and LivFree have outstanding compliance  
records with the DOT. Only the DOT can shed further light on what actions it took, if any, to  
adjust the scores of applicants with poor compliance histories.

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1 to the DOT who actually did the grading of the applications. While this slapdash evaluation  
2 process by inadequate staff was doomed to failure at the outset, the outrageous grading that  
3 occurred was also the result of the complete and total lack of experience of the persons actually  
4 hired by Manpower.

5 The six Manpower employees are depicted below with their names and the job  
6 description provided by the DOT:



11  
12  
13  
14

**Tina Banaszak**  
(Manpower Employee #1)  
"Accountant" I  
(former Office Max salesperson)



15  
16  
17

**Donette [Last Name Unknown]**  
**Manpower Employee #2**  
"Accountant" I



19  
20

**Manpower Employee #3**  
"Accountant" I



21  
22

**Manpower Employee #4**  
Personnel Officer I



25  
26  
27

**Duane T. Lemons**  
(Manpower Employee #5)  
Fire & Life Safety Inspector



28

**Richard Elloyan**  
(Manpower Employee #6)  
Marijuana/Health Inspector II  
(Country-Western singer)

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1 DOT describes Richard Elloyan as a “marijuana” specialist. Ex. 10. In actuality,  
 2 Elloyan is a former restaurant food inspector that retired from the DHHS in 2015.<sup>13</sup> While he is  
 3 an aspiring country western singer,<sup>14</sup> Mr. Elloyan has never owned or operated a marijuana  
 4 facility and has no known experience whatsoever with marijuana. Some doubt he ever set foot  
 5 in a marijuana dispensary or marijuana cultivation facility before being hired in this matter.

6 It is truly outrageous that DOT would allow Manpower to foist a food safety inspector  
 7 into the key position of the grading process by calling him a “Marijuana” specialist. The  
 8 catastrophic result is that there was and could be no adequate grading of the highest potential  
 9 point totals of the applications. More fully, the plan for seed to sale care and quality and  
 10 safekeeping (40 points), the staffing plan (30 points) and the operating procedure plan (20  
 11 points) were all evaluated solely on review of tendered plan documents -- there were no  
 12 interviews of applicants or inspection of existing facilities. In other words, if an applicant hired  
 13 a clever consultant that drafted and submitted pretty procedures that would purportedly be  
 14 followed, it could get sky high ratings in these categories.

15 The application prepared by the DOT makes it clear that 90 points (36% of the  
 16 maximum score of 250) could be gained in these three categories:

Documentation concerning the integrated plan of the proposed marijuana establishment for the care, quality and safekeeping of marijuana from seed to sale, including: <ul style="list-style-type: none"> <li>▪ A plan for testing recreational marijuana.</li> <li>▪ A transportation plan.</li> <li>▪ Procedures to ensure adequate security measures for building security.</li> <li>▪ Procedures to ensure adequate security measures for product security.</li> </ul> <i>Please note: The content of this response must be in a non-identified format.</i>	40
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17  
 18  
 19  
 20  
 21 ///  
 22 ///  
 23 ///

24  
 25 <sup>13</sup> Mr. Elloyan’s formal title from 2005 to 2009 while working for DHHS was an  
 26 “Environmental Health Specialist.” He inspected restaurants in Northern Nevada for potential  
 health code violations.

27 <sup>14</sup> If the Court favors country music, it can hear Mr. Elloyan give several performances by  
 28 entering “Richard Elloyan” and “YouTube” in its internet search engine. The performance from  
 the 2016 Genoa Cowboy Festival is a good example.

1	Evidence that the applicant has a plan to staff, educate and manage the proposed recreational marijuana establishment on a daily basis, which must include:	30
2	<ul style="list-style-type: none"> <li>• A detailed budget for the proposed establishment including pre-opening, construction and first year operating expenses.</li> </ul>	
3	<ul style="list-style-type: none"> <li>• An operations manual that demonstrates compliance with the regulations of the Department.</li> </ul>	
4	<ul style="list-style-type: none"> <li>• An education plan which must include providing educational materials to the staff of the proposed establishment.</li> </ul>	
	<ul style="list-style-type: none"> <li>• A plan to minimize the environmental impact of the proposed establishment.</li> </ul>	

5	A plan which includes:	20
6	<ul style="list-style-type: none"> <li>• A description of the operating procedures for the electronic verification system of the proposed marijuana establishment.</li> </ul>	
7	<ul style="list-style-type: none"> <li>• A description of the inventory control system of the proposed marijuana establishment.</li> </ul>	
	<i>Please note: The content of this response must be in a non-identified format.</i>	

8 A person that had never worked for the marijuana industry would be completely incompetent to  
 9 rate these respective plans.

10 Employing its typical hide the ball tactics, DOT has refused to inform applicants what  
 11 their **specific** scores were in the 3 above categories and have relegated them to learning only  
 12 their **combined** score in the 3 categories. Likewise, the DOT refuses to inform applicants of  
 13 what the grading was for any of the winning applicants in these 3 categories or the combined  
 14 score of winning applicants in these categories. However, it is glaringly apparent that allowing  
 15 a food inspector to grade sophisticated marijuana operational plans and procedures created  
 16 inconsistent grades. For example, the MM and LivFree gradings for these three categories in  
 17 2018 appear below:

Applicant	Application Jurisdiction	2018 Score (out of 90)
MM	- All jurisdictions	74.67
	- Reno	82.50
LivFree	- Clark County	82.17
	- Lyon County	82.17
	- City of Las Vegas	82.17
	- Nye County	82.17
	- North Las Vegas	82.20

26 How two of the best dispensary operators in Nevada could get less than the full 90 points is  
 27 unfathomable. Giving MM 74.67 when MM operates the largest store in Nevada (i.e., Planet  
 28 13, which has about 10% of all Nevada sales) is beyond insulting. As the previous high

1 rankings of MM and LivFree in 2014 prove, when someone that knew something about  
2 marijuana did the grading in 2014, MM and LivFree got more points than they were given by  
3 “marijuana” specialist Elloyan. These three categories and the pertinent criteria were word-for-  
4 word identical in 2014 and 2018 – only the grader changed. The DOT charged \$2,310,000 to  
5 the applicants to grade the applications. Plaintiffs respectfully submit that this was ample  
6 money to hire someone who knew something about marijuana operations to grade the respective  
7 plans as opposed to a food safety inspector.

8 The purported “accountants” provided by Manpower are equally distressing. First, as  
9 said in Section II(A)(2), these accountants graded one centi-millionaire’s financial strength at 40  
10 points but slashed the financial plan grade to a mere 12.67 points when another centi-millionaire  
11 was added to the finances. This eye-opening gaffe probably occurred because none of the  
12 Manpower “accountants” were actually CPAs.

13 Manpower Employee #1 has been identified as Tina Banaszak. While listed as an  
14 “accountant”, Ms. Banaszak was actually a salesperson at Office Max from July 2010 to May  
15 2012. Ex. 11. Banaszak is not listed as a Nevada CPA Licensee by the Nevada State Board of  
16 Accountancy. Her only accounting experience appears to be as an “Owner/Office  
17 Administrator” of a construction firm between September 1997 to November 2008. Ex. 11.  
18 The fact that the Manpower “accountants” mistakenly rated applicants 27.33 points lower when  
19 their net worth was \$93 million higher than applicants rated at 40 points alone calls into  
20 question the true skill set of these “accountants.” Ex. 7; Dietz Dec, ¶¶ 11-12.

#### 21 7. Improper Bias

22 The seventh fundamental flaw was an improper bias in favor of certain winning  
23 applicants. For example, one of the applicants that won 7 of the licenses was caught early in  
24 2018 selling marijuana to minors. Ex. 12; 5/2/18 Kara Cronkhite email. When dedicated DOT  
25 investigators launched an inquiry, DOT higher-ups ordered them to stop the investigations and  
26 white-wash the violations by removing them from the DOT logs:  
27  
28

1 Please remove the investigation SODs<sup>15</sup> regarding self-reported **incidents of**  
2 **sales to a minor** for the following: **Integral, Nevada Organic Remedies,**  
3 **Henderson Organic Remedies.**  
4 Per Jorge [Pupo], this should be a letter similar to an APOC. It should state  
5 something to the effect of:  
6 We received your incident report.  
7 The corrective actions taken were deemed appropriate (or not).  
8 No further action is necessary at this time (or please take the following actions to  
9 remedy the issue.)  
10 **These investigations should be removed from the log.**  
11 Once the new letter is drafted, please send to me [Kara Cronkhite] and Damon  
12 [Hernandez] to review.

13 **Ex. 12, (Bold added).** This allowed Nevada Organic Remedies to falsely claim in their  
14 applications that they had a fantastic “integrated plan ... for the care, quality and safekeeping of  
15 marijuana from seed-to-sale” (40 points) and an “operational manual that demonstrates  
16 compliance with the regulations of the Department” (30 points) when Nevada Organic  
17 Remedies was actually being investigated for selling marijuana to minors just months earlier.  
18 Similarly, by ordering that the May 2018 “investigations should be removed from the log” (i.e.,  
19 completely hidden), the DOT concealed the actual negative compliance history of Nevada  
20 Organic Remedies from the graders. This allowed Nevada Organic Remedies to get 7 licenses  
21 by furnishing graders with pretty plan documents that promised compliance that trumped its  
22 actual poor compliance history.<sup>16</sup>

23 <sup>15</sup> “SODs” stands for statements of deficiency. “APOC” stands for a plan of correction.

24 <sup>16</sup> Rumors are rampant regarding the interactions with the DOT higher-ups and winning bidders,  
25 and this will likely be a hot focus of discovery. For now, Plaintiffs only note that the  
26 remarkable May 2, 2018 email from Kara Cronkhite ordering a cover-up of sales to minors  
27 involved the exact same applicant that was engaged in another questionable incident. In  
28 October 2018, while attending the Cannabis World Congress and Business Exposition in  
Boston, Massachusetts, Kara Cronkhite, Steve Gilbert, and Jorge Pupo reportedly fraternized  
with Amanda Connor, Esq. Connor is the attorney that was reportedly paid \$150,000 per  
application to prepare the 7 winning Nevada Organic Remedies applications. While it is  
unknown whether the pending applications by Nevada Organic Remedies were discussed in  
Boston, there is a definite appearance of impropriety for its attorney to interact with DOT  
higher-ups at the exact same time that applications were being graded (i.e., the month after their  
September 20, 2018 submittal and before the awards on December 5, 2018). Raising more

1           **8. Improper Allowance and Evaluation of Nevada Taxes Paid and Other**  
2           **Financial Contributions**

3           The eighth fundamental flaw was the improper allowance and evaluation of the amount  
4 of taxes paid and other beneficial financial contributions as purportedly belonging to the  
5 applicant when they were not. Section 80 of the Approved Regulations provided that the  
6 amount of Nevada taxes and other financial contributions “by the applicant” be scored – not  
7 taxes by entities purportedly related to “the applicant”:

8           f. The amount of taxes paid and other beneficial contributions, including,  
9 without limitation, civic or philanthropic involvement with this State or its  
10 political subdivisions, **by the applicant** or the owners, officers, or board  
11 members of the proposed marijuana establishment . . . .

12 (Bold added). This clearly limited the Nevada taxes paid to “the applicant” or to individuals  
13 that were owners, officers or board members. It did not include Nevada taxes paid by  
14 completely different business entities that were purportedly somehow related to the applicant.

15           The winning applicants engaged in gross manipulation (allowed by DOT) to drastically  
16 increase the amount of taxes and other financial contributions that the applicants had  
17 purportedly paid. This allowed for a drastic inflation of the grades for newly-formed applicants  
18 that had actually paid no Nevada taxes whatsoever. This was primarily done by the artifice of  
19 having completely separate entities claim taxes and contributions that were actually paid by  
20 other entities.

21           Essence is a good example of an applicant shifting other entities’ taxes to a completely  
22 separate and distinct entity. Essence is one of the leading dispensaries in the County and is  
23 owned and operated by Integral Associates, LLC, which was formed on April 29, 2014. Ex. 13;  
24 4/29/14 Nev.Sec.State filing. Essence created two brand-new LLCs called Essence Henderson,  
25 LLC and Essence Tropicana, LLC on December 29, 2017. Ex. 14; 12/29/17 Nev.Sec.State  
26 filings. Essence issued a press release on December 11, 2018 proclaiming that it won 8 licenses  
27 total, including **two in unincorporated Clark County. Ex. 3.**

28 alarm, Amanda Connor’s dispensary clients received at least 16 conditional licenses in the 2018  
application process.

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1           When complaints were raised with the DOT that giving Essence more than one license  
2 in Clark County blatantly violated the “anti-monopoly” provision that precluded the same  
3 applicant from having multiple licenses in one jurisdiction, DOT responded with an affidavit  
4 arguing that Essence did not in fact violate this provision because Integral Associates, LLC,  
5 Essence Henderson, LLC and Essence Tropicana, LLC were “different” entities. Ex. 1;  
6 12/13/18 Gilbert Aff.; ¶¶ 15-16; “The information [that Essence won multiple entities in the  
7 same jurisdiction], attributed by MM to ‘press reports’ related to the breakdown of licenses  
8 awarded in Clark County, is inaccurate;” and then describing the true winner as Essence  
9 Henderson, LLC and Essence Tropicana LLC and not Integral Associates, LLC.

10           Despite proclaiming that these were separate entities for the anti-monopoly provisions,  
11 DOT and the Manpower graders took the tax and financial contributions of Integral Associates,  
12 LLC, and used it to highly score the financial plan for the purported completely different  
13 entities of Essence Henderson, LLC and Essence Tropicana LLC. Because the two new  
14 Essence entities were not even formed until the final days of 2017, they could have paid no  
15 Nevada taxes whatsoever and made no Nevada financial contribution whatsoever prior to the  
16 date that their applications for licenses were filed in 2018. Given the number of points awarded  
17 for tax payments and financial contributions (25 points in this subpart), it would have been  
18 impossible for these entities to be winning applicants unless they were awarded points for taxes  
19 actually paid by Integral Associates, LLC.<sup>17</sup> Hence, applicants are “separate” applicants to the  
20 DOT when the “anti-monopoly” provision is applied but the “same” applicant when taxes paid  
21 are shuffled from one completely different legal entity to another. This legerdemain allowed  
22 winning applicants that had actually paid no Nevada taxes whatsoever to prevail by falsely  
23 usurping the taxes paid by other entities.

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27 <sup>17</sup> It would have been “impossible” because MM has been informed it was less than one point  
28 away from a winning application in the City of Las Vegas. Hence, if winning applicants merely  
lost 1 point, MM would have been a winning applicant (just as it was in 2014).

1 **B. The Tax Commission Has Jurisdiction To Process The Pending Appeals Of**  
2 **Denials/Grants Of Retail Marijuana Licenses**

3 MM and LivFree timely submitted recreational marijuana retail store license  
4 applications and received rejections on or around December 5, 2018. All of Plaintiffs' license  
5 applications were denied. Plaintiffs submitted Appeals and Petitions for Redetermination, dated  
6 January 3, 2019, which were emailed (to 'nevadaolt@tax.state.nv.us') and sent via Certified  
7 Mail and FedEx to the Department of Taxation.

8 On January 10, 2019, Plaintiffs received correspondence from the DOT, in which the  
9 DOT stated: "As there is no allowance for an appeal of the denial of your application for the  
10 issuance of a retail marijuana store license, no further action will be taken by the Department on  
11 your Notice of Appeal." **Ex. 15**; Jan. 10, 2019 Correspondence. The Deputy Executive  
12 Director of the Marijuana Enforcement Division (who is **not** an attorney) made this decision  
13 that the Nevada Tax Commission had no ability to hear Plaintiffs' appeals. There was no  
14 identifiable input from the Tax Commission. But Tax Commissioner Kelesis is 100% correct  
15 that Nevada statutes provide for Plaintiffs' appeals and a hearing before the Nevada Tax  
16 Commission.

17 NRS 360.245(1)(b) provides that any person or entity, "who is aggrieved" by a decision  
18 from the DOT "**may appeal** the decision by filing a notice of appeal with the Department  
19 within 30 days after service of the decision upon that person or business or legal entity."  
20 Moreover, "[t]he Nevada Tax Commission, as head of the Department, **may review all**  
21 **decisions made by the Executive Director** [of the Department] that are not otherwise appealed  
22 to the Commission pursuant to this section." NRS 360.245(3). Accordingly, the statutes  
23 governing the DOT and the Nevada Tax Commission give the Nevada Tax Commission the  
24 authority to hear and consider Plaintiffs' appeals.

25 Multiple Tax Commissioners have already said that they welcome an appeal;  
26 Commissioner Kelesis said:

27 And we're going to go from the issuance of the license directly to the court. It's  
28 like they're skipping us. Somebody is under the distinct impression that we, as a  
Commission, do not have jurisdiction over this. I suggest they read 360 real

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close. **We are the head of the Department, and we are the head of the Division, and it comes to us.**

Ex. 6, 65:6-12 (Bold added). Commissioner Kelesis didn't quit with his statements at the January Tax Commission meeting. In March, he said:

MEMBER KELESIS: I'm not familiar with how they worded their petitions. But in the past if there is a denial and the appeal of the denial is brought to us and we hear that. And there's nothing in the regulations that says that should be stopped for any reason. **So I'm wondering why we haven't seen any of the appeals.**

Ex. 16; 3/4/19 Tax Commission Transcript, 107:5-10 (Bold added). The Nevada Tax Commission believes it should be hearing appeals over the DOT's unpardonable grading. This Court should issue a writ of mandamus directing the DOT to send appeals to the Tax Commission.

### III. CONCLUSION

Press reports suggest that marijuana licenses may be worth as much as \$30 Million or more per license. While the DOT should have appropriately graded applications regardless of their worth, the sloppy, haphazard and unlawful way in which these valuable property interests were dished out to a few favored applicants is stunning. While Plaintiffs believe that the cult-like secrecy of the DOT is concealing many more serious discrepancies, the eight problem areas discussed herein dictate that an injunction and/or writ of mandamus be issued.

DATED this 6<sup>th</sup> day of May, 2019.

**KEMP, JONES & COULTHARD LLP**



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Nathanael R. Rulis (NV Bar No. 11259)  
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Las Vegas, Nevada 89169  
*Attorneys for Plaintiffs/Counter-Defendants*

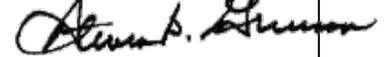
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**CERTIFICATE OF SERVICE**

I hereby certify that on the 6<sup>th</sup> day of May, 2019, I served a true and correct copy of the foregoing **Plaintiffs'/Counter-Defendants' Motion for Preliminary Injunction or Writ of Mandamus** via the Court's electronic filing system only, pursuant to the Nevada Electronic Filing and Conversion Rules, Administrative Order 14-2, to all parties currently on the electronic service list.

  
An employee of Kemp, Jones & Coulthard, LLP



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4 KEMP, JONES & COULTHARD, LLP  
5 3800 Howard Hughes Parkway, 17<sup>th</sup> Floor  
6 Las Vegas, Nevada 89169  
7 Telephone: (702) 385-6000  
8 *Attorneys for Plaintiffs*

6 **DISTRICT COURT**

7 **CLARK COUNTY, NEVADA**

8 MM DEVELOPMENT COMPANY, INC., a  
9 Nevada corporation; LIVFREE WELLNESS  
10 LLC, dba The Dispensary, a Nevada limited  
11 liability company

11 Plaintiff,

12 vs.

13 STATE OF NEVADA, DEPARTMENT OF  
14 TAXATION; and DOES 1 through 10; and ROE  
15 CORPORATIONS 1 through 10.

16 Defendants.

17 and

18 NEVADA ORGANIC REMEDIES, LLC

19 Defendant-Intervenor.

20 \_\_\_\_\_  
21 NEVADA ORGANIC REMEDIES, LLC.

22 Counterclaimant,

23 vs.

24 MM DEVELOPMENT COMPANY, INC., A  
25 Nevada corporation, LIVFREE WELLNESS,  
26 LLC, d/b/a The Dispensary, a Nevada Limited  
27 liability company

27 Counter-Defendants  
28 \_\_\_\_\_

Case No.: A-18-785818-W  
Dept. No.: IX

**PLAINTIFFS'/COUNTER-  
DEFENDANTS' APPENDIX TO  
MOTION FOR PRELIMINARY  
INJUNCTION OR FOR WRIT OF  
MANDAMUS**

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Plaintiffs/Counter-Defendants MM Development Company, Inc. (“MM”) and LivFree Wellness, LLC d/b/a The Dispensary (“LivFree”) (collectively, “Plaintiffs”), by and through their counsel of record, hereby submit this Appendix to Motion for Preliminary Injunction or for Writ of Mandamus:

Ex.	Exhibit Description	App. Pages
1	Dec. 13, 2018 Affidavit of Steve Gilbert	1-4
2	Recreational Marijuana Establishment License Application Form	5-39
3	Dec. 11, 2018 Essence Press Release	40-43
4	Affidavit of Paul Thomas	44-46
5	Jan. 15, 2018 Public Comment Letter to Nevada Tax Commission	47-53
6	Jan. 14, 2019 Nevada Tax Commission Transcript	54-73
7	Affidavit of Tia Dietz	74-77
8	Complaint, <u>Naturex, LLC, et al. v. Verano Holdings, LLC, et al.</u> , Case No. A-19-787873-C	78-110
9	MM Development Company, Inc. Building/Establishment Information Application Tab	111-125
10	Dec. 21, 2018 Email from Robert Werbicky, Esq. re Manpower Employee Position Designations	126-128
11	Tina Banaszak LinkedIn Profile	129-131
12	May 2, 2018 Email from Kara Cronkhite re SODs for Sale to Minors	132-133
13	Integral Associates, LLC Secretary of State Information	134-137
14	Essence Henderson, LLC and Essence Tropicana, LLC Secretary of State Information	138-142
15	Jan. 10, 2019 Letters from Jorge Pupo re Notices of Appeal	143-145
16	Mar. 4, 2019 Tax Commission Transcript	146-160

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DATED this 6<sup>th</sup> day of May, 2019.

**KEMP, JONES & COULTHARD LLP**

/s/ Nathanael Rulis

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Nathanael R. Rulis (NV Bar No. 11259)  
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**CERTIFICATE OF SERVICE**

I hereby certify that on the 6<sup>th</sup> day of May, 2019, I served a true and correct copy of the foregoing **Plaintiffs’/Counter-Defendants’ Appendix to Motion for Preliminary Injunction or Writ of Mandamus** via the Court's electronic filing system only, pursuant to the Nevada Electronic Filing and Conversion Rules, Administrative Order 14-2, to all parties currently on the electronic service list.

/s/ Ali Augustine  
An employee of Kemp, Jones & Coulthard, LLP

# Exhibit 1



**AFFIDAVIT OF STEVE F. GILBERT**

DEC 13 2018

1  
2 STATE OF NEVADA )  
3 COUNTY OF CLARK )

ss:

BY:   
LAUREN KIDD, DEPUTY

4 I, Steve F. Gilbert, being sworn, deposes and says:

- 5 1. I make this Affidavit in opposition to MM Development, Inc.'s ("MM") Emergency Motion for
- 6 Order Requiring the SMC to Preserve and/or Immediately Turn Over Relevant Electronically
- 7 Stored Information From Servers, Stand-Alone Computers, and Cell Phones And Order
- 8 Shortening Time;
- 9 2. I am currently a Health Program Manager for the Nevada Department of Taxation, Marijuana
- 10 Enforcement Division;
- 11 3. In that position, I oversaw the scoring of the applications seeking recreational licenses for retail
- 12 stores in 2018;
- 13 4. The State of Nevada Department of Taxation (the "Department") did not hire an out-of-state
- 14 marijuana consultant to process or rate the license applications;
- 15 5. The Department did hire temporary contract workers through a staffing agency with offices in
- 16 Carson City pursuant to an existing contract;
- 17 6. The temporary workers consisted of administrative assistants and six (6) individuals who rated
- 18 the applications;
- 19 7. These individuals worked in State offices on State computers with limited access to State
- 20 computer systems;
- 21 8. These individuals affirmed in writing they didn't have any personal or business relationships y
- 22 to the marijuana industry;
- 23 9. These individuals also signed a Confidentiality/Non-Compete Agreement (the "Agreement")
- 24 acknowledging they were "a contracted employee serving a state agency of the Executive
- 25 Department";
- 26 10. In the Agreement the individuals agreed not to disclose Confidential Information<sup>1</sup> to anyone
- 27 outside the Department or those inside the Department who don't have a need to know, unless
- 28

<sup>1</sup> Defined in the Agreement as "all written and oral information and materials provided by the Nevada Department of Taxation pertaining to [their] duties during [their] employment with the Division."

Attorney General's Office  
555 E. Washington, Suite 3900  
Las Vegas, NV 89101

- 1 otherwise directed by the Department;
- 2 11. To my knowledge, there is no relevant electronically stored information in any servers or stand-  
 3 alone computers, hard drives, laptops, tablets, thumb drives, and similar devices outside the  
 4 control of the Department or the State;
- 5 12. The Department intends to preserve all information held by the State and has asked the laptops  
 6 used by the temporary employee be preserved and segregated;
- 7 13. To my knowledge, the Department has not received a public records request from MM  
 8 regarding any relevant information;
- 9 14. To my knowledge, the Department has not received a written request from MM for their score  
 10 total;
- 11 15. The information, attributed by MM to "press reports" related to the breakdown of licenses  
 12 awarded in Clark County, is inaccurate;
- 13 16. The actual breakdown is as follows:

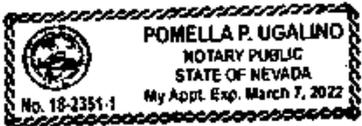
	Essence Henderson LLC	Essence Tropicana LLC	Nevada Organic (Green Growth)	Greenroots (Tap Roots)
16 Unincorporated Clark County	1	1	1	0
17 City of Henderson		1	1	0
18 City of Las Vegas		1	1	0
19 City of North Las Vegas	1		1	0

- 23 17. Greenroots was awarded six licenses (one each in Lyon, Humboldt, White Pine, Lander,  
 24 mineral, and Storey Counties);
- 25 18. Essence Tropicana LLC was also awarded a license in Reno; Essence Henderson LLC  
 26 was awarded licenses in Sparks and Carson City; Nevada Organics was awarded licenses in Reno,  
 27 Carson City, and Nye County;
- 28 19. In 2014 there were 198 applications seeking 66 licenses;

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- 20. In 2018 there were 462 applications seeking 61 licenses;
  - 21. 17 separate entities received the 61 provisional licenses issued statewide;
  - 22. Of these 17 entities, 9 entities received their first retail store license;
- Further, your Affiant sayeth naught.

STEVE F. GILBERT  
Health Program Manager  
Nevada Department of Taxation,  
Marijuana Enforcement Division



SUBSCRIBED and SWORN to before me  
this 31<sup>st</sup> day of December, 2018.

Pomella P. Ugalino CLARK COUNTY NV  
Notary in and for said County and State

Attorney General's Office  
555 E. Washington, Suite 3900  
Las Vegas, NV 89101

# Exhibit 2



BRIAN SANDOVAL  
*Governor*  
JAMES DEVOLLD  
*Chair, Nevada Tax Commission*  
WILLIAM D. ANDERSON  
*Executive Director*

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# **Recreational Marijuana Establishment License Application**

## **Recreational Retail Marijuana Store Only**

**Release Date: July 6, 2018**

**Application Period: September 7, 2018 through September 20, 2018**

***(Business Days M-F, 8:00 A.M. - 5:00 P.M.)***

For additional information, please contact:

Marijuana Enforcement Division  
State of Nevada Department of Taxation  
1550 College Parkway, Suite 115  
Carson City, NV 89706

[marijuana@tax.state.nv.us](mailto:marijuana@tax.state.nv.us)



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Fax: (702) 486-3377

**APPLICANT INFORMATION**

Provide all requested information in the space next to each numbered question. The information in Sections V1 through V10 will be used for application questions and updates. Type or print responses. **Include this applicant information sheet in Tab III of the Identified Criteria Response (Page 10).**

V1	Company Name:
V2	Street Address:
V3	City, State, ZIP:
V4	Telephone: (        ) _____ - _____ ext: _____
V5	Email Address:
V6	Toll Free Number: (        ) _____ - _____ ext: _____
<b>Contact person who will provide information, sign, or ensure actions are taken pursuant to R092-17 &amp; NRS 453D</b>	
V7	Name:
	Title:
	Street Address:
	City, State, ZIP:
V8	Email Address:
V9	Telephone number for contact person: (        ) _____ - _____ ext: _____
V10	Signature: _____ Date: _____



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**1. TERMS AND DEFINITIONS**

*For the purposes of this application, the following acronyms/definitions will be used.*

<b>TERMS</b>	<b>DEFINITIONS</b>
<b><i>Applicant</i></b>	Organization/individual submitting an application in response to this request for application.
<b><i>Awarded applicant</i></b>	The organization/individual that is awarded and has an approved conditional license with the State of Nevada for the establishment type identified in this application.
<b><i>Confidential information</i></b>	Any information relating to building or product security submitted in support of a recreational marijuana establishment license.
<b><i>Department</i></b>	The State of Nevada Department of Taxation.
<b><i>Edible marijuana products</i></b>	Products that contain marijuana or an extract thereof and are intended for human consumption by oral ingestion and are presented in the form of foodstuffs, extracts, oils, tinctures and other similar products.
<b><i>Enclosed, locked facility</i></b>	A closet, display case, room, greenhouse, or other enclosed area equipped with locks or other security devices which allow access only by a recreational marijuana establishment agent and the holder of a valid registry identification card.
<b><i>Establishment license approval to operate date</i></b>	The date the State Department of Taxation officially gives the approval to operate based on approval of the local jurisdiction and successful fulfillment of all approval-to-operate instructions between the Department and the successful applicant.
<b><i>Conditional establishment license award date</i></b>	The date when applicants are notified that a recreational marijuana establishment conditional license has been successfully awarded and is awaiting approval of the local jurisdiction and successful fulfillment of all approval-to-operate instructions.
<b><i>Evaluation committee</i></b>	An independent committee comprised of state officers or employees and contracted professionals established to evaluate and score applications submitted in response to this request for applications.
<b><i>Excluded felony offense</i></b>	A crime of violence or a violation of a state or federal law pertaining to controlled substances if the law was punishable as a felony in the jurisdiction where the person was convicted. The term does not include a criminal offense for which the sentence, including any term of probation, incarceration or supervised release, was completed more than 10 years before or an offense involving conduct that would be immune from arrest, prosecution or penalty, except that the conduct occurred before April 1, 2014 or was prosecuted by an authority other than the State of Nevada.



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<b><i>Facility for the production of edible marijuana products or marijuana infused products</i></b>	A business that is registered/licensed with the Department and acquires, possesses, manufactures, delivers, transfers, transports, supplies, or sells edible marijuana products or marijuana-infused products to recreational marijuana retail stores.
<b><i>Identifiers or Identified Criteria Response</i></b>	A non-identified response, such as assignment of letters, numbers, job title or generic business type, to assure the identity of a person or business remains unidentifiable. Assignment of identifiers will be application-specific and will be communicated in the application in the identifier legend.
<b><i>Marijuana Testing Facility</i></b>	Means an entity licensed to test marijuana and marijuana products, including for potency and contaminants.
<b><i>Inventory control system</i></b>	A process, device or other contrivance that may be used to monitor the chain of custody of marijuana used for recreational purposes from the point of cultivation to the end consumer.
<b><i>Marijuana</i></b>	All parts of any plant of the genus Cannabis, whether growing or not, and the seeds thereof, the resin extracted from any part of the plant and every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin. "Marijuana" does not include the mature stems of the plant, fiber produced from the stems, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture or preparation of the mature stems (except the resin extracted there from), fiber, oil or cake, or the sterilized seed of the plant which is incapable of germination. "Marijuana" does not include industrial hemp as defined in NRS 557.040, and grown or cultivated pursuant to Chapter 557 of NRS.
<b><i>Marijuana-infused products</i></b>	Products that are infused with marijuana or an extract thereof and are intended for use or consumption by humans through means other than inhalation or oral ingestion. The term includes topical products, ointments, oils and tinctures.
<b><i>May</i></b>	Indicates something that is recommended but not mandatory. If the applicant fails to provide recommended information, the Department may, at its sole discretion, ask the applicant to provide the information or evaluate the application without the information.
<b><i>Medical use of marijuana</i></b>	The possession, delivery, production or use of marijuana; the possession, delivery or use of paraphernalia used to administer marijuana, as necessary, for the exclusive benefit of a person to mitigate the symptoms or effects of his or her chronic or debilitating medical condition.



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<b><i>Must</i></b>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of an application as non-responsive.
<b><i>NAC</i></b>	Nevada Administrative Code. All applicable NAC documentation may be reviewed via the internet at: <a href="http://www.leg.state.nv.us/NAC/CHAPTERS.HTML">http://www.leg.state.nv.us/NAC/CHAPTERS.HTML</a>
<b><i>Non-Identified Criteria Response</i></b>	A response to the application in which no information is included pertaining to identifiable information for any and all owners, officers, board members or employees and business details (proposed business name(s), D/B/A, current or previous business names or employers). Identifiers that must be removed from the application include all names; specific geographic details including street address, city, county, precinct, ZIP code, and their equivalent geocodes; telephone numbers; fax numbers; email addresses; social security numbers; financial account numbers; certificate/license numbers; vehicle identifiers and serial numbers including license plate numbers; Web Universal Resource Locators (URLs); Internet Protocol (IP) addresses; biometric identifiers including finger and voice prints, full-face photographs and any comparable images; previous or proposed company logos, images or graphics; and, any other unique identifying information, images, logos, details, numbers, characteristics, or codes.
<b><i>NRS</i></b>	Nevada Revised Statutes. All applicable NRS documentation may be reviewed via the internet at: <a href="http://www.leg.state.nv.us/NRS/">http://www.leg.state.nv.us/NRS/</a> .
<b><i>Pacific Time (PT)</i></b>	Unless otherwise stated, all references to time in this request for applications and any subsequent award of license are understood to be Pacific Time.
<b><i>Recreational marijuana retail store</i></b>	Means an entity licensed to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities and retail marijuana stores, and to sell marijuana and marijuana products to consumers.
<b><i>Recreational marijuana establishment</i></b>	Means a marijuana cultivation facility, a marijuana testing facility, a marijuana product manufacturing facility, a marijuana distributor, or a retail marijuana store.
<b><i>Recreational marijuana establishment agent</i></b>	Means an owner, officer, board member, employee or volunteer of a marijuana establishment, an independent contractor who provides labor relating to the cultivation, processing or distribution of marijuana or the production of marijuana or marijuana products for a marijuana establishment or an employee of such an independent contractor. The term does not include a consultant who performs professional services for a recreational marijuana establishment.



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<b><i>Recreational marijuana establishment agent registration card</i></b>	A registration card that is issued by the Department pursuant to R092-17, Sec. 94 to authorize a person to volunteer or work at a recreational marijuana establishment.
<b><i>Recreational marijuana establishment license</i></b>	A license that is issued by the Department pursuant to NRS 453D and R092-17 to authorize the operation of a recreational marijuana establishment.
<b><i>Shall</i></b>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of an application as non-responsive.
<b><i>Should</i></b>	Indicates something that is recommended but not mandatory. If the applicant fails to provide recommended information the Department may, at its sole discretion, ask the applicant to provide the information or evaluate the application without the information.
<b><i>State</i></b>	The State of Nevada and any agency identified herein.
<b><i>Will</i></b>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of an application as non-responsive.



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**2. APPLICATION OVERVIEW**

The Nevada State Legislature passed a number of bills during the 2017 session which affect the licensing, regulation and operation of recreational marijuana establishments in the state. In addition, the Department of Taxation has approved regulations effective February of 2018. Legislation changes relevant to this application include but are not limited to the following:

**Assembly Bill 422 (AB422):**

- Transfers responsibility for registration/licensing and regulation of marijuana establishments from the State of Nevada’s Division of Public and Behavioral Health (DPBH) to the Department of Taxation.
- Adds diversity of race, ethnicity, or gender of applicants (owners, officers, board members) to the existing merit criteria for the evaluation of marijuana establishment registration certificates.

**LCB File No. Regulation R092-17:**

- On or before November 15, 2018, a person who holds a medical marijuana establishment registration certificate may apply for one or more licenses, in addition to a license issued pursuant to section 77 of the regulation, for a marijuana establishment of the same type or for one or more licenses for a marijuana establishment of a different type.

**No applicant may be awarded more than 1 (one) retail store license in a jurisdiction/locality, unless there are less applicants than licenses allowed in the jurisdiction.**

The Department is seeking applications from qualified applicants in conjunction with this application process for recreational marijuana retail store license. If a marijuana establishment has not received a final inspection within 12 months after the date on which the Department issued a license, the establishment must surrender the license to the Department. The Department may extend the period specified in R092-17, Sec. 87 if the Department, in its discretion, determines that extenuating circumstances prevented the marijuana establishment from receiving a final inspection within the period.

**3. APPLICATION TIMELINE**

The following represents the timeline for this project. All times stated are in Pacific Time (PT).

<b>Task</b>	<b>Date/Time</b>
Request for application date	July 6, 2018
Opening of 10-day window for receipt of applications	September 7, 2018
Deadline for submission of applications	September 20, 2018 – 5:00 p.m.
Application evaluation period	September 7, 2018 – December 5, 2018
Conditional licenses award notification	Not later than December 5, 2018
Anticipated approximate fully operational deadline	12 months after notification date of conditional license



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## 4. APPLICATION INSTRUCTIONS

The State of Nevada Department of Taxation is seeking applications from qualified applicants to award recreational marijuana retail store licenses.

The Department anticipates awarding a recreational marijuana retail store license in conjunction with this application as determined by the applicant's establishment type, geographic location and the best interest of the State. Therefore, applicants are encouraged to be as specific as possible regarding services provided, geographic location, and information submitted for each application merit criteria category.

Pursuant to section 78 subsection 12 of R092-17, the application must include the signature of a natural person for the proposed marijuana establishment as described in subsection 1 of section 74 of R092-17.

## 5. APPLICATION REQUIREMENTS, FORMAT AND CONTENT

### 5.1. General Submission Requirements

- 5.1.1. Applications must be packaged and submitted in counterparts; therefore, applicants must pay close attention to the submission requirements. Applications will have an Identified Criteria Response and a Non-Identified Criteria Response. Applicants must submit their application separated into the two (2) required sections, Identified Criteria Responses and Non-Identified Criteria Responses, recorded to separate electronic media (CD-Rs or USB thumb drives).
- 5.1.2. The required electronic media must contain information as specified in Section 5.4, and must be packaged and submitted in accordance with the requirements listed at Section 5.5.
- 5.1.3. Detailed instructions on application submission and packaging are provided below. Applicants must submit their applications as identified in the following sections.
- 5.1.4. All information is to be completed as requested.
- 5.1.5. Each section within the Identified Criteria Response and the Non-Identified Criteria Response must be saved as separate PDF files, one for each required "Tab". The filename will include the tab number and title (e.g., 5.2.1 Tab I – Title Page.pdf).
- 5.1.6. For ease of evaluation, the application must be presented in a format that corresponds to and references the sections outlined within the submission requirements section and must be presented in the same order. Written responses must be typed and placed immediately following the applicable criteria question, statement and/or section.
- 5.1.7. Applications are to be prepared in such a way as to provide a straightforward, concise delineation of information to satisfy the requirements of this application.
- 5.1.8. In a Non-Identified Criteria Response, when a specific person or company is referenced the identity must remain confidential. A person may be addressed through their position, discipline or job title, or assigned an identifier. Identifiers assigned to people or companies must be detailed in a legend (Attachment H) to be submitted in the Identified Criteria Response section.
- 5.1.9. Materials not requested in the application process will not be reviewed.



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**5.2. Part I – General Criteria Response**

The IDENTIFIED CRITERIA RESPONSE must include:

- Electronic media (CD-R or thumb drive) containing only the Identified Criteria Response.
- Do not password protect electronic media or individual files.
- The response must contain separate PDF files for each of the tabbed sections as described below.

**5.2.1. Tab I – Title Page**

The title page must include the following:

<b>Part I – Identified Criteria Response</b>	
Application Title:	A Recreational Marijuana Establishment License
Applicant Name:	
Address:	
Application Opening Date and Time:	<b>September 7, 2018</b>
Application Closing Date and Time:	<b>September 20, 2018</b>

**5.2.2. Tab II – Table of Contents**

An accurate table of contents must be provided in this tab.

**5.2.3. Tab III – Applicant Information Sheet (Page 2)**

The completed Applicant Information Sheet signed by the contact person who is responsible for providing information, signing documents, or ensuring actions are taken pursuant to R092-17, Sec. 94 must be included in this tab.

**5.2.4. Tab IV – Recreational Marijuana Establishment License Application (Attachment A)**

The completed and signed Recreational Marijuana Establishment License Application must be included in this tab.

**5.2.5. Tab V – Multi-Establishment Limitations Form (Attachment F)**

If applicable, a copy of the Multi-Establishment Limitations Form must be included in this tab. If not applicable, please insert a plain page with the words “**Not applicable.**”

**5.2.6. Tab VI – Identifier Legend (Attachment H)**

If applicable, a copy of the Identifier Legend must be included in this tab. If not applicable, please insert a page with the words “**Not Applicable.**”



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5.2.7. Tab VII – Confirmation that the applicant has registered with the Secretary of State
Documentation that the applicant has registered as the appropriate type of business and
the Articles of Incorporation, Articles of Organization, Operating Agreements, or
partnership or joint venture documents of the applicant must be included in this tab.

5.2.8. Tab VIII– Documentation of liquid assets
Documentation demonstrating the liquid assets and the source of those liquid assets
from a financial institution in this state or in any other state or the District of Columbia
must be included in this tab and demonstrate the following criteria :

- 5.2.8.1. That the applicant has at least \$250,000 in liquid assets which are
unencumbered and can be converted within 30 days after a request to liquidate
such assets; and
5.2.8.2. The source of those liquid assets.

Note: If applying for more than one recreational marijuana establishment license,
available funds must be shown for each establishment application.

5.2.9. Tab IX – Evidence of taxes paid; other beneficial financial contributions
Evidence of the amount of taxes paid and/or other beneficial financial contributions made
to the State of Nevada or its political subdivisions within the last five years by the
applicant or the persons who are proposed to be owners, officers or board members of the
establishment must be included in this tab.

5.2.10. Tab X – Organizational structure and owner, officer or board member
information

The description of the proposed organizational structure of the proposed
recreational marijuana establishment and information concerning each owner,
officer and board member of the proposed recreational marijuana establishment
must be included in this tab and demonstrate the following criteria:

- 5.2.10.1. An organizational chart showing all owners, officers and board members of
the recreational marijuana establishment including percentage of ownership
for each individual.
5.2.10.2. An Owner, Officer and Board Member Attestation Form must be completed
for each individual named in this application (Attachment B).
5.2.10.3. The supplemental Owner, Officer and Board Member Information Form
should be completed for each individual named in this application. This
attachment must also include the diversity information required by R092-17,
Sec. 80.1(b) (Attachment C).
5.2.10.4. A resume, including educational level and achievements for each
owner, officer and board member must be completed for each
individual named in this application.
5.2.10.5. A narrative description not to exceed 750 words demonstrating the
following:
5.2.10.5.1. Past experience working with government agencies and
highlighting past community involvement.



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5.2.10.5.2. Any previous experience at operating other businesses or non-profit organizations, including marijuana industry experience.

5.2.10.6. A Request and Consent to Release Application Form for Recreational Marijuana Establishment License(s) for each owner, officer and board member should be completed for each individual named in this application (Attachment D).

5.2.10.7. A copy of each individual's completed fingerprint submission form demonstrating he or she has submitted fingerprints to the Nevada Department of Public Safety.

5.2.11. Tab XI - Financial plan

A financial plan must be included in this tab which includes:

5.2.11.1. Financial statements showing the resources of the applicant, both liquid and illiquid.

5.2.11.2. If the applicant is relying on funds from an owner, officer, board member or any other source, evidence that such person has unconditionally committed such funds to the use of the applicant in the event the Department awards a recreational marijuana establishment license to the applicant.

5.2.11.3. Proof that the applicant has adequate funds to cover all expenses and costs of the first year of operation.

5.2.12. Tab XII - Name, signage and advertising plan

A proposal of the applicant's name, signage and advertising plan which will be used in the daily operations of the recreational marijuana establishment on the form supplied by the Department (Attachment G) must be included in this tab.

Please note: This section will require approval, but will not be scored.

5.2.13. Application Fee

5.2.13.1. Include with this packet the \$5,000.00 non-refundable application fee per NRS 453D.230(1).

Please note: Only cash, cashier's checks and money orders made out to the "Nevada Department of Taxation" will be accepted for payment of the nonrefundable application fee.

5.3. Part II - Non-identified Criteria Response

The NON-IDENTIFIED CRITERIA RESPONSE must include:

- Electronic media (CD-R or thumb drive) containing only the Identified Criteria Response.
Do not password-protect electronic media or individual files.



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- The response must contain separate PDF files for each of the tabbed sections as described below:

5.3.1. **Tab I – Title Page**

*Please note: Title page will not be viewed by Non-Identified Criteria evaluators.*

The title page must include the following:

<b>Part II –Non-Identified Criteria Response</b>	
Application Title:	A Recreational Marijuana Establishment License
Applicant Name:	
Address:	
Application Opening Date and Time:	<b>September 7, 2018</b>
Application Closing Date and Time:	<b>September 20, 2018</b>

5.3.2. **Tab II – Table of Contents**

An accurate table of contents must be provided in this tab.

5.3.3. **Tab III – Building/Establishment information**

Documentation concerning the adequacy of the size of the proposed recreational marijuana establishment to serve the needs of persons who are authorized to engage in the use of marijuana must be included in this tab. The content of this response must be in a **non-identified** format and include building and general floor plans with all supporting details

*Please note: The size or square footage of the proposed establishment should include the maximum size of the proposed operation per the lease and property ownership. The start-up plans and potential expansion should be clearly stated to prevent needless misunderstandings and surrendering of certification.*

5.3.4. **Tab IV – Care, quality and safekeeping of marijuana from seed to sale plan**

Documentation concerning the integrated plan of the proposed recreational marijuana establishment for the care, quality and safekeeping of recreational marijuana from seed to sale must be included in this tab. The content of this response must be in a **non-identified** format and include:

- 5.3.4.1. A plan for verifying and testing recreational marijuana
- 5.3.4.2. A transportation or delivery plan
- 5.3.4.3. Procedures to ensure adequate security measures for building security
- 5.3.4.4. Procedures to ensure adequate security measures for product security

5.3.5. **Tab V – System and Inventory Procedures plan**



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A plan for the operating procedures for verification system and inventory control system must be included in this tab. The content of this response must be in a non-identified format and include:

- 5.3.5.1. A description of the operating procedures for the verification system of the proposed marijuana establishment for verifying age.
5.3.5.2. A description of the inventory control system of the proposed recreational marijuana establishment.

Please note: Applicants should demonstrate a system to include thorough tracking of product movement and sales. The applicant shall demonstrate capabilities for an external interface via a secure API to allow third party software systems to report all required data into the State database to allow seamless maintenance of records and to enable a quick and accurate update on demand. The system shall account for all inventory held by an establishment in any stage of cultivation, production, display or sale as applicable for the type of establishment, and demonstrate an internal reporting system to provide the Department with comprehensive information about an establishment's inventory.

5.3.6. Tab VI- Operations and resources plan

Evidence that the applicant has a plan to staff and manage the proposed marijuana establishment on a daily basis must be included in this tab. The content of this response must be in a non-identified format and include:

- 5.3.6.1. A detailed budget for the proposed establishment including pre-opening, construction and first year operating expenses.
5.3.6.2. An operations manual that demonstrates compliance with the regulations of the Department.
5.3.6.3. An education plan which must include providing training and educational materials to the staff of the proposed establishment.
5.3.6.4. A plan to minimize the environmental impact of the proposed establishment.

5.3.7. Tab VII - Community impact and serving authorized persons in need

A proposal demonstrating the likely impact on the community and convenience to serve the needs of persons authorized to use marijuana must be included in this tab. The content of this response must be in a non-identified format and include:

- 5.3.7.1. The likely impact of the proposed recreational marijuana establishment in the community in which it is proposed to be located.
5.3.7.2. The manner in which the proposed recreational marijuana establishment will meet the needs of the persons who are authorized to use marijuana.



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**5.4. Electronic Media Requirements**

Electronic media submitted as part of the application must include:

- 5.4.1. A separate CD-R or thumb drive which contains only the Identified Criteria Response.
- 5.4.2. A separate CD-R or thumb drive which contains only the Non-Identified Criteria Response.
  - 5.4.2.1. The electronic files must follow the format and content section for the Identified Criteria Response and Non-Identified Criteria Response.
  - 5.4.2.2. All electronic files must be saved in “PDF” format with separate files for each required “Tab”. Individual filenames must comply with the naming requirements specified in 5.1.5 of the General Submission Requirements.
  - 5.4.2.3. CD-Rs or thumb drives will be labeled as either Identified or Non-Identified Criteria Response. Identified Criteria Responses and Non-Identified Criteria Responses must not be saved to the same CD-R or thumb drive.
    - 5.4.2.3.1. Part I – Identified Criteria Response
    - 5.4.2.3.2. Part II – Non-Identified Criteria Response
  - 5.4.2.4. Seal the Identified Criteria Response and Non-Identified Criteria Response electronic media in separate envelopes and affix labels to the envelopes per the example below:

<b>CDs or Thumb Drives</b>	
Application	A Recreational Marijuana Establishment License
Applicant Name:	
Address:	
Contents:	Part I – Identified Criteria Response <b>OR</b> Part II – Non-Identified Criteria Response



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5.5. **Application Packaging and Instructions**

5.5.1. Recreational Marijuana Establishment License Applications may be mailed or dropped off in person at:

**Department of Taxation  
Marijuana Enforcement Division  
1550 College Parkway  
Carson City, NV 89706**

- OR -

**Department of Taxation  
Marijuana Enforcement Division  
555 E. Washington Ave. Ste 1300  
Las Vegas, NV 89101**

5.5.2. Applications dropped off in person at one of the two Taxation office's must be received no later than **5:00 p.m. on September 20, 2018.**

5.5.3. Applications mailed in to one of the two Taxation office's must be postmarked by the United States Postal Service not later than **September 20, 2018.**

5.5.4. If an application is sent via a different delivery service (i.e. UPS, FedEx, etc.) and does not arrive at one of the two Taxation offices by **5:00 p.m. on September 20, 2018**, the application will not be considered.

5.5.5. If mailing the application, combine the separately sealed Identified and Non-Identified Criteria Response envelopes into a single package suitable for mailing.

5.5.6. The Department will not be held responsible for application envelopes mishandled as a result of the envelope not being properly prepared.

5.5.7. Email, facsimile, or telephone applications will **NOT** be considered.



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**6. APPLICATION EVALUATION AND AWARD PROCESS**

*The information in this section does not need to be returned with the applicant's application.*

6.1. Applications shall be consistently evaluated and scored in accordance with NRS 453D, NAC 453D and R092-17 based upon the following criteria and point values.

*Grey boxes are the Identified Criteria Response. White boxes are Non-Identified Criteria Response.*

<b>Nevada Recreational Marijuana Application Criteria</b>	<b>Points</b>
The description of the proposed organizational structure of the proposed marijuana establishment and information concerning each owner, officer and board member of the proposed marijuana establishment including the information provided pursuant to R092-17.	60
Evidence of the amount of taxes paid or other beneficial financial contributions made to the State of Nevada or its political subdivisions within the last five years by the applicant or the persons who are proposed to be owners, officers or board members of the proposed establishment.	25
A financial plan which includes: <ul style="list-style-type: none"> <li>▪ Financial statements showing the resources of the applicant, both liquid and illiquid.</li> <li>▪ If the applicant is relying on funds from an owner, officer or board member, or any other source, evidence that such source has unconditionally committed such funds to the use of the applicant in the event the Department awards a recreational marijuana establishment license to the applicant and the applicant obtains the necessary local government approvals to operate the establishment.</li> <li>▪ Proof that the applicant has adequate funds to cover all expenses and costs of the first year of operation.</li> </ul>	30
Documentation from a financial institution in this state or in any other state or the District of Columbia which demonstrates: <ul style="list-style-type: none"> <li>▪ That the applicant has at least \$250,000 in liquid assets which are unencumbered and can be converted within 30 days after a request to liquidate such assets.</li> <li>▪ The source of those liquid assets.</li> </ul>	10
Documentation concerning the integrated plan of the proposed marijuana establishment for the care, quality and safekeeping of marijuana from seed to sale, including: <ul style="list-style-type: none"> <li>▪ A plan for testing recreational marijuana.</li> <li>▪ A transportation plan.</li> <li>▪ Procedures to ensure adequate security measures for building security.</li> <li>▪ Procedures to ensure adequate security measures for product security.</li> </ul> <i>Please note: The content of this response must be in a <b>non-identified</b> format.</i>	40
Evidence that the applicant has a plan to staff, educate and manage the proposed recreational marijuana establishment on a daily basis, which must include: <ul style="list-style-type: none"> <li>▪ A detailed budget for the proposed establishment including pre-opening, construction and first year operating expenses.</li> <li>▪ An operations manual that demonstrates compliance with the regulations of the Department.</li> <li>▪ An education plan which must include providing educational materials to the staff of the proposed establishment.</li> <li>▪ A plan to minimize the environmental impact of the proposed establishment.</li> </ul>	30



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<i>Please note: The content of this response must be in a <b>non-identified</b> format.</i>	
A plan which includes: <ul style="list-style-type: none"> <li>▪ A description of the operating procedures for the electronic verification system of the proposed marijuana establishment.</li> <li>▪ A description of the inventory control system of the proposed marijuana establishment.</li> </ul> <i>Please note: The content of this response must be in a <b>non-identified</b> format.</i>	20
Documentation concerning the adequacy of the size of the proposed marijuana establishment to serve the needs of persons who are authorized to engage in the use of marijuana, including: <ul style="list-style-type: none"> <li>▪ Building and construction plans with supporting details.</li> </ul> <i>Please note: The content of this response must be in a <b>non-identified</b> format.</i>	20
A proposal demonstrating: <ul style="list-style-type: none"> <li>▪ The likely impact of the proposed marijuana establishment in the community in which it is proposed to be located.</li> <li>▪ The manner in which the proposed marijuana establishment will meet the needs of the persons who are authorized to use marijuana.</li> </ul> <i>Please note: The content of this response must be in a <b>non-identified</b> format.</i>	15
<b>Application Total</b>	<b>250</b>
Unweighted: <ul style="list-style-type: none"> <li>▪ Review plan for all names and logos for the establishment and any signage or advertisement.</li> <li>▪ Review results of background check(s). Applicant has until the end of the 90-day application period to resolve background check information which may cause the application to be rejected.</li> </ul>	

6.2. If the Department receives more than one application for a license for a retail marijuana store in response to a request for applications made pursuant to R092-17, Sec. 76 and the Department determines that more than one of the applications is complete and in compliance with R092-17, Sec. 78 and Chapter 453D of the NRS, the Department will rank the applications within each applicable locality for any applicants which are in a jurisdiction that limits the number of retail marijuana stores in order from first to last. Ranking will be based on compliance with the provisions of R092-17 Sec. 80, Chapter 453D of NRS and on the content of the applications relating to:

- 6.2.1. Operating experience of another kind of business by the owners, officers or board members that has given them experience which is applicable to the operation of a marijuana establishment.
- 6.2.2. Diversity of the owners, officers or board members.
- 6.2.3. Evidence of the amount of taxes paid and other beneficial financial contributions.
- 6.2.4. Educational achievements of the owners, officers or board members.
- 6.2.5. The applicant's plan for care, quality and safekeeping of marijuana from seed to sale.
- 6.2.6. The financial plan and resources of the applicant, both liquid and illiquid.
- 6.2.7. The experience of key personnel that the applicant intends to employ.
- 6.2.8. Direct experience of the owners, officers or board members of a medical marijuana establishment or marijuana establishment in this State.



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- 6.3. Applications that have not demonstrated a sufficient response related to the criteria set forth above will not have additional criteria considered in determining whether to issue a license and will not move forward in the application process.
- 6.4. Any findings from a report concerning the criminal history of an applicant or person who is proposed to be an owner, officer or board member of a proposed recreational marijuana establishment that disqualify that individual from serving in that capacity will also result in the disqualification of the application. The applicant will have the opportunity to resolve such an issue within the 90-day application period.
- 6.5. The Department and evaluation committee may also contact anyone referenced in any information provided for the owners, officers and board members of the proposed establishment; contact any applicant to clarify any response; solicit information from any available source concerning any aspect of an application; and, seek and review any other information deemed pertinent to the evaluation process. The evaluation committee shall not be obligated to accept any application, but shall make an award in the best interests of the State of Nevada per Regulation R092-17 and Chapter 453D of the NRS.
- 6.6. Clarification discussions may, at the Department's sole discretion, be conducted with applicants who submit applications determined to be acceptable and competitive per R092-17, Sec. 77-80 and NRS 453D.210. Applicants shall be afforded fair and equal treatment with respect to any opportunity for discussion and/or written clarifications of applications. Such clarifications may be permitted after submissions and prior to award for the purpose of obtaining best and final ranking of applications. In conducting discussions, there shall be no disclosure of any information derived from applications submitted by competing applicants. Any clarification given for the original application during the clarification discussions will be included as part of the application.
- 6.7. The Department will issue conditional recreational marijuana establishment licenses subject to final inspection in accordance with R092-17, Sec. 87 and subject to local jurisdiction to the highest ranked applicants up to the designated number of licenses the Department plans to issue.
- 6.8. If two or more applicants have the same total number of points for the last application being awarded a conditional license, the Department shall select the applicant which has scored the highest number of points as it is related to the proposed organizational structure of the proposed marijuana establishment and the information concerning each owner, officer and board member of the proposed marijuana establishment.
- 6.9. If the Department receives only one response within a specific jurisdiction; and, if the jurisdiction limits the number of a type of establishment to one; and, statewide, if there is not a limit on the number of a type of establishments to a request for applications for recreational marijuana establishments issued pursuant to R092-17, Sec. 76 (3) within 10 business days after the Department begins accepting responses to the request for applications; and, the



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Department determines that the response is complete and in compliance with the regulations, the Department will issue a conditional license to that applicant to operate a recreational marijuana establishment in accordance with R092-17.

- 6.10. The issuance by the Department of a recreational marijuana establishment license is conditional and not an approval to begin business operations until such time as:
  - 6.10.1. The marijuana establishment is in compliance with all applicable local government ordinances and rules; and
  - 6.10.2. The local government has issued a business license or otherwise approved the applicant for the operation of the establishment.
- 6.11. If the local government does not issue business licenses and does not approve or disapprove marijuana establishments in its jurisdiction, a recreational marijuana establishment license becomes an approval to begin business operations when the marijuana establishment is in compliance with all applicable local government ordinances and rules and has fulfilled all the requirements of the approval to operate by the Department.
- 6.12. Any license resulting from this application shall not be effective until approved by the Department.



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**ATTACHMENT A  
RECREATIONAL MARIJUANA ESTABLISHMENT APPLICATION**

**GENERAL INFORMATION**

Type of Marijuana Establishment: <input type="checkbox"/> Recreational Retail Marijuana Store						
Marijuana Establishment's Proposed Physical Address (this must be a Nevada address and cannot be a P.O. Box)						
City:	County:	State:	Zip Code:			
Proposed Hours of Operation :						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

**APPLYING ENTITY INFORMATION**

Applying Entity's Name:			
Business Organization:	<input type="checkbox"/> Individual	<input type="checkbox"/> Corp.	<input type="checkbox"/> Partnership
	<input type="checkbox"/> LLC	<input type="checkbox"/> Assoc. /Coop.	<input type="checkbox"/> Other specify:
Telephone #:	E-Mail Address:		
State Business License #:	Expiration Date:		
Mailing Address:			
City:	State:	Zip Code:	

**DESIGNEE INFORMATION**

*Name of individual designated to manage agent registration card applications on behalf of the establishment.*

Last Name:	First Name:	MI:
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**SUPPLEMENTAL REQUESTS**

Does the applicant agree to allow the Nevada Department of Taxation (Department) to submit supplemental requests for information? <input type="checkbox"/> Yes <input type="checkbox"/> No
--



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ATTACHMENT A (continued)

Recreational Marijuana Establishment Owner (OR), Officer (OF), Board Member (BM) Names

For each owner, officer and board member listed below, please fill out a corresponding Establishment Principal Officers and Board Members Information Form (Attachment C).

Table with 6 columns: Last Name, First Name, MI, OR, OF, BM. It contains 12 empty rows for data entry.



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ATTACHMENT A (continued)

A marijuana agent identification card or recreational marijuana establishment license issued by the Nevada Department of Taxation (Department) pursuant to R092-17, Sec. 95 does not protect the applicant from legal action by federal authorities, including possible criminal prosecution for violations of federal law for the sale, manufacture, distribution, use, dispensing, possession, etc. of marijuana.

The acquisition, possession, cultivation, manufacturing, delivery, transfer, transportation, supplying, selling, distributing, or dispensing of "recreational" marijuana under state law is lawful only if done in strict compliance with the requirements of the State Medical & Recreational Marijuana Act(s) & Regulations (NAC- 453, NRS-453D, R092-17). Any failure to comply with these requirements may result in revocation of the marijuana agent identification card or Recreational Marijuana Establishment License issued by the Department.

The issuance of a license pursuant to section 80 of R092-17 of this regulation is conditional and not an approval to begin operations as a marijuana establishment until such time as all requirements in section 83 of R092-17 are completed and approved by the Department by means of a final inspection.

The State of Nevada, including but not limited to the employees of the Department, is not facilitating or participating in any way with my acquisition, possession, cultivation, manufacturing, delivery, transfer, transportation, supplying, selling, distributing, or dispensing of marijuana.

I attest that the information provided to the Department for this Recreational Marijuana Establishment License application is true and correct.

Print Name Title

Signature Date Signed

Print Name Title

Signature Date Signed



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ATTACHMENT B
OWNER, OFFICER AND BOARD MEMBER ATTESTATION FORM

I, \_\_\_\_\_ (PRINT NAME)

Attest that:

I have not been convicted of an excluded felony offense as defined in NRS 453D; and

I agree that the Department may investigate my background information by any means feasible to the Department; and

I will not divert marijuana to any individual or person who is not allowed to possess marijuana pursuant to R092-17, Sec. 94 and 453D of the NRS; and

All information provided is true and correct.

Signature of Owner, Officer or Board Member Date Signed

Form with fields for State of Nevada, County of, Signed and sworn to (or affirmed) before me on (date), By (name(s) of person(s) making statement), Notary Stamp, and Signature of notarial officer.



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ATTACHMENT C
OWNER, OFFICER AND BOARD MEMBER INFORMATION FORM

Provide the following information for each owner, officer and board member listed on the Recreational Marijuana Establishment Application. Use as many sheets as needed.
Last Name: First Name: MI: [ ] OR [ ] OF [ ] BM
Date of Birth: Race: Ethnicity:
Gender:
Residence Address:
City: County: State: Zip:
Describe the individual's title, role in the organization and the responsibilities of the position of the individual:
Has this individual served as a principal officer or board member for a marijuana establishment that has had their establishment license or certificate revoked? [ ] Yes [ ] No
Has this individual previously had a medical marijuana establishment agent registration card or marijuana establishment agent registration card revoked [ ] Yes [ ] No
Is this individual an attending provider of health care currently providing written documentation for the issuance of registry identification cards or letters of approval? [ ] Yes [ ] No
Is this individual employed by or a contractor of the Department? [ ] Yes [ ] No
Has a copy of this individual's signed and dated Recreational Retail Marijuana Store Principal Officer or Board Member Attestation Form been submitted with this application? [ ] Yes [ ] No
Is this individual a law enforcement officer? [ ] Yes [ ] No
Has a copy of this individual's fingerprints on a fingerprint card been submitted to the Nevada Department of Public Safety? [ ] Yes [ ] No
Has a copy of the Request and Consent to Release Application Form been submitted with this application? [ ] Yes [ ] No



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ATTACHMENT C (continued)

Has an ownership or financial investment interest in any other MME or ME. [ ] Yes [ ] No
If yes, list the person, the other ME(s) and describe the interest.

Table with 4 columns: NAME, OTHER MARIJUANA ESTABLISHMENT, MME / ME ID#, INTEREST DESCRIPTION. The table contains multiple empty rows for data entry.



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ATTACHMENT C (continued)

For each owner (OR), officer (OF) and board member (BM) that is currently serving as an owner, officer or board member for another medical marijuana establishment or marijuana establishment, please fill out the information below.

Table with 4 columns: NAME, OTHER MARIJUANA ESTABLISHMENT, MME / ME ID#, Capacity (OR, OF, BM). The table contains 20 empty rows for data entry.



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ATTACHMENT D
REQUEST AND CONSENT TO RELEASE APPLICATION FORM
RECREATIONAL MARIJUANA ESTABLISHMENT LICENSE

I, \_\_\_\_\_, am the duly authorized representative of \_\_\_\_\_ to represent and interact with the Department of Taxation (Department) on all matters and questions in relation to the Nevada Recreational Marijuana Establishment License(s) Application. I understand that R092-17, Sec. 242 makes all applications submitted to the Department confidential but that local government authorities, including but not limited to the licensing or zoning departments of cities, towns or counties, may need to review this application in order to authorize the operation of an establishment under local requirements. Therefore, I consent to the release of this application to any local governmental authority in the jurisdiction where the address listed on this application is located.

By signing this Request and Consent to Release Application Form, I hereby acknowledge and agree that the State of Nevada, its sub-departments including the Department of Taxation and its employees are not responsible for any consequences related to the release of the information identified in this consent. I further acknowledge and agree that the State and its sub-departments and its employees cannot make any guarantees or be held liable related to the confidentiality and safe keeping of this information once it is released.

\_\_\_\_\_ Date: \_\_\_\_\_
Signature of Requestor/Applicant or Designee

Form containing fields for State of Nevada, County of, Signed and sworn to (or affirmed) before me on (date), By (name(s) of person(s) making statement), Notary Stamp, and Signature of notarial officer.



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ATTACHMENT E
PROPOSED ESTABLISHMENT PROPERTY ADDRESS

To be completed by the applicant for the physical address of the proposed marijuana establishment.

Name of Individual or Entity Applying for a Marijuana Establishment License:

Physical Address of Proposed Marijuana Establishment (must be a Nevada address, not a P.O. Box):

City:

County:

State:

Zip Code:

Legal Description of the Property:



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**ATTACHMENT F  
MULTI-ESTABLISHMENT LIMITATIONS FORM**

NRS 453D.210 places a limitation on the total number of Recreational Retail Marijuana Store licenses that can be issued within each county, and R092-17, Sec. 80 (5) places limitations on the number of recreational marijuana retail stores located in any one governmental jurisdiction and a limitation on the number of licenses issued to any one person, group or entity. Due to these limitations, please list below all applications submitted from this business organization and/or persons as identified in the recreational marijuana establishment owner, officer and board member names section of Attachment A in the 10-day window of **September 7, 2018 – September 20, 2018**.

If this business organization were to not receive approval on all applications submitted, would the applicant still want approval on the applications determined by the ranking below?  Yes  No

**Please list in order of preference for approval (use as many sheets as needed).**

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:

Type of Establishment: Recreational Retail Marijuana Store <input type="checkbox"/>			
Recreational Marijuana Establishment's Proposed Physical Address (Must be a Nevada address, not a P.O. Box.):			
City:	County:	State:	Zip Code:



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**ATTACHMENT G**  
**NAME, SIGNAGE, AND ADVERTISING PLAN FORM**

A recreational marijuana establishment must have all advertising plans approved by the Department as a requirement for approval to operate a recreational marijuana establishment. A recreational marijuana establishment shall not use:

- A name or logo unless the name or logo has been approved by the Department; or
- Any sign of advertisement unless the sign or advertisement has been approved by the Department.

Please demonstrate the Name, Signage and Advertising Plans for the proposed marijuana establishment. Additional pages and documents can be included to demonstrate the full advertising plans of the proposed establishment.



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ATTACHMENT H
IDENTIFIER LEGEND FORM

In a Non-Identified Criteria Response, when a specific person or company is referenced, the identity must remain confidential. A person may be addressed through their position, discipline or job title, or be assigned an identifier. Identifiers assigned to people or companies must be detailed in a legend (Attachment H) to be submitted in the Identified Criteria Response section (use as many sheets as needed).

Table with 2 columns: Criteria Response Identifier, Actual Person or Company (for Department verification outside the evaluation process). Includes example rows for Owner A, Owner B, and Construction Company A.



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**ATTACHMENT I  
FACILITY JURISDICTION FORM**

Mark the jurisdiction(s) and number of stores in each jurisdiction for which you are applying. Only one application is necessary for multiple jurisdictions and licenses, however, you must submit attachments “A” & “E” for each jurisdiction, location and the appropriate application fee for each of the jurisdictions/locality and number of licenses requested.

**No applicant may be awarded more than 1 (one) retail store license in a jurisdiction/locality, unless there are less applicants than licenses allowed in the jurisdiction.**

<i>Jurisdiction</i>	<i>Indicate Number of Licenses Requested</i>
Unincorporated Clark County	
City of Henderson	
City of Las Vegas	
City of Mesquite	
City of North Las Vegas	
Carson City	
Churchill County	
Douglas County	
Elko County	
Esmeralda County	
Eureka County	
Humboldt County	

<i>Jurisdiction</i>	<i>Indicate Number of Licenses Requested</i>
Unincorporated Washoe County	
City of Reno	
City of Sparks	
Lander County	
Lincoln County	
Lyon County	
Mineral County	
Nye County	
Pershing County	
Storey County	
White Pine County	



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ATTACHMENT J

FEDERAL LAWS AND AUTHORITIES

*(Apply outside of NAC 453, NAC 453A, NRS 453A, NRS 453D, R092-17)*

*The information in this section does not need to be returned with the applicant's application. The following is a list of federal laws and authorities with which the awarded Applicant will be required to comply.*

ENVIRONMENTAL:

- Archeological and Historic Preservation Act of 1974, PL 93-291
- Clean Air Act, 42 U.S.C. 7506(c)
- Endangered Species Act 16 U.S.C. 1531, ET seq.
- Executive Order 11593, Protection and Enhancement of the Cultural Environment
- Executive Order 11988, Floodplain Management
- Executive Order 11990, Protection of Wetlands Farmland Protection Policy Act, 7 U.S.C. 4201 ET seq.
- Fish and Wildlife Coordination Act, PL 85-624, as amended
- National Historic Preservation Act of 1966, PL 89-665, as amended
- Safe Drinking Water Act, Section 1424(e), PL 92-523, as amended

ECONOMIC:

- Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended
- Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants or Loans

SOCIAL LEGISLATION:

- Age Discrimination Act, PL 94-135 Civil Rights Act of 1964, PL 88-352
- Section 13 of PL 92-500; Prohibition against sex discrimination under the Federal Water Pollution Control Act
- Executive Order 11246, Equal Employment Opportunity
- Executive Orders 11625 and 12138, Women's and Minority Business Enterprise Rehabilitation Act of 1973, PL 93, 112

MISCELLANEOUS AUTHORITY:

- Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646 Executive Order 12549 – Debarment and Suspension

# Exhibit 3



## IN THE PRESS

*PR Newswire - December 11, 2018*

# ESSENCE CANNABIS DISPENSARY AWARDED RECORD NUMBER OF NEW LICENSES IN THE STATE OF NEVADA

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LAS VEGAS, Dec. 11, 2018 /PRNewswire/ — Essence, Las Vegas’ largest marijuana dispensary and cultivation operation, is pleased to announce it was awarded a record number of new dispensary licenses in the state of Nevada, one of the only limited license, adult-use cannabis markets in the U.S.

App. 0041

Essence applied for and was awarded eight licenses total, giving the Company retail expansion across the State, including: Sparks, Carson City, Reno, Clark County (qty. 2), City of Las Vegas, North Las Vegas, and the City of Henderson.



“We’re honored to be awarded eight new dispensary licenses by the state of Nevada,” said Essence co-founder Armen Yemenidjian. “This solidifies our position in a market that sees over 40 million visitors a year and we look forward to the opportunity to continue serving customers and patients in both Northern and Southern Nevada.”

The Essence Las Vegas Strip location was named Business Insider’s number one dispensary in Nevada and top-25 dispensary in the United States; a 17-time Leafly List Winner; top-10 dispensary in Nevada by High Times Magazine, and the Las Vegas Review-Journal’s “Best of Las Vegas.” The Essence retail brand is renowned for superb service along with the widest selection of quality cannabis products in Las Vegas. It currently operates three high-traffic locations across the Las Vegas Valley, including the first and only dispensary on the Las Vegas Strip, and two state-of-the-art cultivation and processing facilities, Desert Grown Farms and Cannabiotix NV. Essence, Desert Farms and Cannabiotix NV are owned by Integral Associates, LLC, which recently entered into a definitive agreement to be acquired by Green Thumb Industries Inc., pending regulatory approvals.

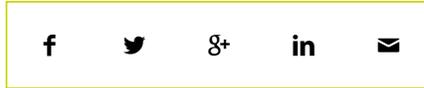
### About Integral Associates, LLC:

Integral Associates, LLC, is one of the largest retail and wholesale cannabis operators in the State of Nevada. Founded in 2016, Integral Associates operates Essence Cannabis Dispensary, Desert Grown Farms and Cannabiotix NV. Essence Cannabis Dispensary is the first and only cannabis dispensary on the famed Las Vegas Strip and offers the widest selection of quality cannabis products in Las Vegas. With three open locations across Las Vegas and Henderson, Essence offers legal, safe, and confidential services to a wide consumer base throughout Nevada. Desert Grown Farms and Cannabiotix NV are world-class cultivation and processing facilities totaling 95,000 square feet. Desert Grown Farms has an award-winning genetics library of over 100 strains and Cannabiotix NV has been a recognized High Times Cannabis Cup award winner several times over.

Essence, Desert Farms and Cannabiotix NV are owned by Integral Associates, LLC, which recently entered into a definitive agreement to be acquired by Green Thumb Industries Inc., pending regulatory approvals. For more information, please visit: <https://essencevegas.com> [<https://essencevegas.com/>]

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[Originally Posted on PR Newswire \[https://www.prnewswire.com/news-releases/essence-cannabis-dispensary-awarded-record-number-of-new-licenses-in-the-state-of-nevada-300763339.html\]](https://www.prnewswire.com/news-releases/essence-cannabis-dispensary-awarded-record-number-of-new-licenses-in-the-state-of-nevada-300763339.html)



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# Exhibit 4

**AFFIDAVIT OF PAUL THOMAS**

I, PAUL THOMAS, aver as follows:

1. I am over the age of 21 and have personal knowledge of the facts stated herein.

2. I am competent to testify to the facts set forth below.

3. I am the owner of ETW Management Group, LLC ("Company").

4. The Company is a licensed medical marijuana establishment as defined in NRS 453A.116.

5. The Company submitted an application ("Application") for a recreational retail marijuana store on or before September 20, 2018.

6. The Company was not awarded a license to operate a recreational retail marijuana store.

7. I personally attended a meeting with the Nevada Department of Taxation ("Department") staff on January 10, 2019. Damon Hernandez attended the meeting as the Department's representative. The purpose of the meeting was to receive information regarding the Company's Application score and to ascertain the score for each individual category.

8. I applied for multiple recreational retail marijuana stores in various jurisdictions. My applications for each jurisdiction were the same.

9. During the meeting I was informed that I received different scores for my applications even though they were the same.

10. Damon Hernandez informed me that diversity was not taken into account by the Department for any application that was submitted.

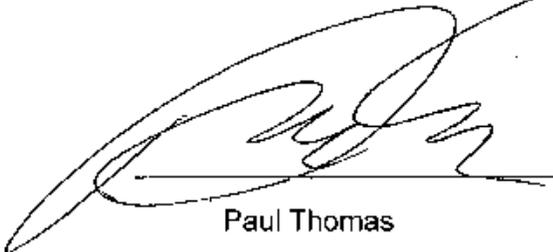
11. The total score for the Company did not account for all possible points that was provided for on the Application.

12. I asked Damon Hernandez to explain the scoring procedure and to explain what caused a score to decrease in a given category on the Application and he was unable to answer my questions. I further asked what criteria or

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litmus test was used in evaluating the Applications. Damon Hernandez also did not answer this question either. There was another Department employee on the phone during the meeting and I do not recall his name. He also was unable to answer my questions.



Paul Thomas

State of Nevada

County of Clark

On May 3, 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared Paul Thomas known to be the person whose name is subscribed to the above instrument who acknowledged that he executed the same.

WITNESS my hand and official seal.

Signature Vicki Bierstedt  
Notary Public



# Exhibit 5

**PEEL BRIMLEY LLP**  
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FROM THE DESK OF:  
 JEFFERSON W. BOSWELL, ESQ.  
 jboswell@peelbrimley.com  
 PARTNER

January 15, 2018

Members of the Nevada Tax Commission  
 c/o Mr. James Devolld  
 Chairperson, Nevada Tax Commission  
 1550 College Parkway, Ste. 115  
 Via Hand Delivery  
 Via Email: [jdevolld@tax.state.nv.us](mailto:jdevolld@tax.state.nv.us)  
[jim.devolld@lpins.net](mailto:jim.devolld@lpins.net)  
 Via Facsimile: 702-486-2373  
 Via Facsimile: 775-684-2020

Re: Opposition to Certain Provisions of LCB File No. R092-17  
 Our Client: For Fairness in the Cannabis Industry, LLC  
 Our File No.: 2118-001

Dear Mr. Devolld and Members of the Nevada Tax Commission,

Our firm represents For Fairness in the Cannabis Industry, LLC (“FFCI”), a group of cannabis industry business owners (and other interested parties) who want to make certain the issuance of new retail licenses is fair, impartial and transparent. For the reasons set forth in this letter, FFCI urges the Nevada Tax Commission/Department of Taxation (the “Department”) to further revise LCB File No. R092-17 (the “Proposed Regulation”), before implementing the same.

**I. THE PROPOSED REGULATION IS NOT IMPARTIAL.**

By way of Ballot Question 2 in the 2016 election, Nevada voters directed the Department to utilize “an impartial and numerically scored competitive bidding process” to determine which applicants would be issued a license. However, Sections 76 to 80 of the Proposed Regulation do not employ an impartial process. Instead, for the reasons discussed below, the Proposed Regulation exhibits a significant bias in favor of existing retail licensees, to the detriment of other marijuana establishments (i.e., cultivation and production licensees).

**A. Amount of Taxes Paid Unfairly Disadvantages Cultivation and Production Licensees.**

Subsection 12 of Section 78 of the Proposed Regulation requires, as part of the application process, that an applicant for a marijuana establishment license submit, “[e]vidence of the amount of taxes paid or other beneficial financial contributions made, to this State or its political subdivisions within the last 5 years by the applicant or the person who are proposed to be owners, officers or board members of the proposed marijuana establishment.” This requirement is repeated in Section 80(1)(f), and the Department is required to use this criterion (and others) to “rank the applications.”

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Nevada Tax Commission  
Department of Taxation

FFCI Opposition to Certain Provisions  
of the Proposed Regulation  
January 15, 2018  
Page 2

When licenses for marijuana establishments were initially issued, it made sense to consider “the taxes paid or other beneficial financial contributions” of owners, officers and board members of the marijuana establishments, because there was no historical data to draw from. However, given the growth in the marijuana industry in Nevada and the taxes already paid by existing license holders, considering the “taxes...or other beneficial contributions” of “owners, officers or board members” only serves to reward the applicants with the wealthiest owners, officers or board members.

Instead, the Proposed Regulation (especially Section 78, which grants a preference for existing marijuana establishments) should only look to the taxes and other beneficial contributions made in the name of the *APPLICANT* for licensure, and not the owners, officers and/or board members of such entities.

In addition to the preference given to those “owners, officers or board members” who make substantial beneficial contributions and/or pay higher taxes, the Proposed Regulation is partial to retail marijuana establishments, to the detriment of other marijuana establishments. By way of an illustrative example, if a cultivator or production licensee sell \$100 of marijuana/marijuana product to a retail licensee, the cultivation/production licensee will pay an excise tax of \$15. As a conservative estimate, the retail licensee would likely sell that same marijuana/marijuana product for ~\$200. Accordingly, the retail licensee would pay an excise tax of \$20, plus sales tax of \$16.20 (at the current rate of 8.1%). Stated differently, a cultivation or production licensee will pay a total of \$15 of taxes on wholesale sales, while a retail licensee will pay a total of \$36.20 for the very same product. Given this structure (wholesale vs. retail) and how and when taxes are collected and paid, a cultivation or production licensee can never compete with the holder of a current retail license with respect to the amount of taxes paid.

Because of this inequity, we believe the Proposed Regulation should be crafted to consider, not just financial contributions to the State of Nevada and its political subdivisions, but also the amount of capital that an applicant has invested in its operations to stimulate Nevada’s economy. As the Department is certainly aware, the costs to construct and operate a retail establishment pale in comparison the costs to construct and operate a compliant cultivation or production facility.<sup>1</sup>

FFCI is hopeful the Department will follow the charge of Nevada voters and employ a fair, impartial and transparent process for the allocation of new retail licenses, rather than simply empower current retailers to further control the market (discussed *infra*).

---

<sup>1</sup> Members of FFCI have collectively invested millions of dollars to construct and operate their cultivation/production facilities.

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Department of Taxation

FFCI Opposition to Certain Provisions  
of the Proposed Regulation  
January 15, 2018  
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**B. The Proposed Regulation Considers Only Experience in the “Type” of Marijuana License Sought, Not Experience with Other Types of Marijuana Establishments.**

Section 80(1)(h) of the Proposed Regulation demonstrates a bias in favor of current retail license holders. In ranking applicants, this Section permits the Department to consider, among other things, “[t]he experience of key personnel that the applicant intends to employ in operating the type of marijuana establishment for which the applicant seeks a license.” In other words, if a cultivation or production licensee is applying for a retail license, the Department will disregard the applicant’s experience in Nevada in operating compliant production or cultivation facilities because such experience is not germane to the operation of a retail marijuana establishment. This blatant bias in favor of retail licensees does not comport with the charge of Nevada voters – to employ a fair, impartial and transparent method to issue new licenses.

Rather than limiting this criterion to the “type of marijuana establishment,” the Department should consider “the experience of key personnel ...in operating any marijuana establishment in this State.” This minor revision will greatly balance the perceived bias in favor of current retail licensees, and authorize the Department to consider the merits of an applicant’s experience operating any type of marijuana establishment in Nevada, and not just retail dispensaries.

**C. The Application Factors Should Be Weighted at the Time the Proposed Regulation is Adopted, Not Left to Arbitrary, Unfettered Criteria Presented at some Later Time.**

Section 76(2) of the Proposed Regulation contemplates that “[w]hen the Department issues a request for applications pursuant to this section, the Department will include in the request the point values that will be allocated to each applicable portion of the application.” Additionally, throughout the Proposed Regulation, the Department is empowered to consider “any other criteria the Department determines to be relevant.” *See, e.g.*, Section 78(1)(l). As written, however, there is no indication of what “other criteria” the Department may consider, nor is there a limit on the weight the Department may give to such additional criteria.

While some latitude is certainly understandable and acceptable to consider relevant factors at the time a request for applications is issued, such discretion should not be unlimited. Instead, FFCI strongly urges the Department to revise the Proposed Regulation to indicate the minimum and maximum weights that will be considered in evaluation of the various criteria on an application. By way of example, the Proposed Regulation could be revised with language that a certain criterion (i.e., experience in the marijuana industry) would be weighted at least X percent (X%), but no more than Y percent (Y%). This clarification would considerably reduce the ambiguities in the Proposed Regulation.

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#### D. Recommended Changes.

As currently presented, the Proposed Regulation do not meet the charge of Nevada's voters, because they do not provide for the impartial evaluation of applications for licensure. By considering taxes and other financial contributions of an applicant (and a host of its owners, officers, directors, employees, etc.), the Proposed Regulation benefits existing retail license holders, and those well-heeled and well-connected individuals. To rectify this perceived impropriety, the Department should consider the taxes, contributions, and capital investments of the *applicant* only. Furthermore, an applicant for a retail license should not be penalized for possessing a cultivation or production license. Instead, the Department should employ a fairer criterion, specifically, an applicant's experience with ANY Nevada marijuana license (cultivation, production or retail), and not further grant a bias to existing retail licensees. Finally, the Department should indicate the relative weights of the various factors it will or may consider before the Proposed Regulation is adopted, not at some future time without the benefit of public comment and participation in the process. FFCI echoes the Nevada voters who approved Question 2, and calls upon the Department to utilize an impartial and fair process to allocate additional retail licenses.

## II. THE PROPOSED REGULATION ENCOURAGES (RATHER THAN INHIBITS) MONOPOLISTIC PRACTICES.

While the Proposed Regulation marginally attempts to inhibit monopolistic practices, because many sections of the Proposed Regulation are vague and ambiguous we believe they will lead to and not prevent monopolistic practices.

#### A. *The Proposed Regulation is Vague and Ambiguous.*

Section 80(5) of the Proposed Regulation provides (with emphasis added):

To prevent monopolistic practices, the Department will ensure, in a county whose population is 100,000 or more, that the Department does not issue, to any person, group of persons or entity, the greater of

- (a) One license to operate a retail marijuana store; or
- (b) More than 10 percent of the licenses for retail marijuana stores *allocable* in the county.

While FFCI believes the objective of this provision is noble, the language of subpart (b), as presented, is problematic. Will the Department limit a current retail license holder to 10 percent of the OVERALL number of retail marijuana stores in a given county, or 10 percent of the *then-available* retail marijuana store licenses?

FFCI encourages the Department to clarify this language so that the cannabis industry and Nevada citizens have a better understanding of how the Department intends to enforce its mandate to prevent monopolistic practices regarding marijuana establishments.

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**B. The Proposed Regulation does not Address Inconsistent Vertical Integration, which Threatens the Market.**

One of FFCI's primary concerns is that the Proposed Regulation encourages (rather than deters) monopolization of sales channels in the marijuana industry. With very few exceptions, substantially all retail license holders also own and operate cultivation facilities. Because the initial costs to build a storefront dispensary are substantially lower than the cost to build a compliant cultivation or production facility, most retail license holders constructed their dispensaries, and began purchasing marijuana products wholesale from other cultivation and production licensees.

However, as many of these retail establishments realized profits, they have since constructed their own cultivation facilities and, in large part, have ceased buying marijuana products from unrelated marijuana establishments. This "vertical integration" means that retail license holders control the sales channels, and threaten to freeze out unrelated or unaffiliated cultivation and production license holders. Nothing in the Proposed Regulation checks the ability of such vertically integrated retail license holders from impairing other unrelated production/cultivation licensees from competing in the marketplace.

There are currently 88 active cultivation licenses statewide, and only 58 retail dispensary licenses. Such retail dispensary licenses are not distributed evenly. In fact, some licensees control as many as five of the currently issued retail dispensary licenses. The Proposed Regulation would allow this small syndicate of vertically integrated marijuana establishments to put more than 30 non-vertically integrated marijuana establishments at risk. Because there is no limit to the number of marijuana plants allowed with a cultivation license, vertically integrated operators will soon have no reason to make wholesale purchases from independent/unrelated cultivation or production licensees.

To combat the monopolization of the marijuana industry, most states with legal marijuana take substantial measures to prevent license holders from controlling all sales channels in ways detrimental to the overall market. By way of example, when an applicant in Arizona or Florida is issued a marijuana establishment license, such licensees are permitted to operate cultivation, production and dispensaries under one license. On the other end of the spectrum, Washington and Oregon licensed marijuana establishments can operate either a cultivation/production facility, or a dispensary, but (unlike Nevada) cannot operate both. Colorado takes a different approach, requiring vertically integrated dispensaries to purchase at least thirty percent (30%) of their inventory from a cultivator they do not own, operate or control.

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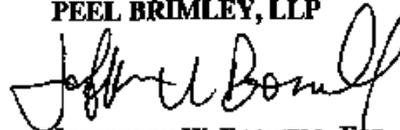
Nevada is the only known state that allows some licensees to be vertically integrated while others are not. The Proposed Regulation does not address the very real concerns of vertical integration and the consequences of such unchecked monopolization of the marijuana industry. FFCI respectfully requests that the Proposed Regulations be revised to address these concerns. FFCI proposes that all marijuana establishments in good standing be considered for at least one retail license, before existing retailers are allocated even more retail licenses.

**III. Conclusion.**

FFCI urges the Department to further revise the Proposed Regulation to comport with the charge given by Nevada voters. The Proposed Regulation should provide for the impartial evaluation and award of marijuana establishment licenses, and not simply rubber-stamp the application of current retail license holders. Should the Department proceed with these unfair and biased Proposed Regulations, it is highly likely that the current trend of vertical-integration will further consolidate the marijuana industry in Nevada to the detriment of the industry and Nevada's citizens. FFCI and its members stand ready and willing to work with the Department to revise the Proposed Regulation, to bring it into conformance with the scope and directives of Question 2, and to promote a fair and level playing field for marijuana establishments.

Should you have any questions, please do not hesitate to contact the undersigned.

Respectfully,  
**PEEL BRIMLEY, LLP**



**JEFFERSON W. BOSWELL, ESQ.**  
*Attorneys for For Fairness in  
the Cannabis Industry, LLC*

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**Client File**

# Exhibit 6

**CERTIFIED COPY**

STATE OF NEVADA  
TAX COMMISSION  
VIDEO CONFERENCE OPEN MEETING  
MONDAY, JANUARY 14, 2019  
CARSON CITY, NEVADA

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THE BOARD: MELANIE YOUNG, Executive Director  
JIM DEVOULD, Chairman  
CRAIG WITT, Member  
RANDY BROWN, Member  
TONY WREN, Member  
GEORGE KELESIS, Member  
ANN BERSI, Member  
FRANCINE LIPMAN, Member

FOR THE DEPARTMENT: SHERRILIE HUGHES, Chief Deputy Executive Director  
TINA PADOVANO, Executive Assistant

ATTORNEY GENERAL'S OFFICE: JENNIFER CRANDELL, Special Counsel

REPORTED BY: NICOLE J. HANSEN, CCR #446

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1 Governor's recommended budget. And we'll be able to  
2 present that at the next meeting. Thank you.

3 CHAIR DEVOLLD: Okay. Thanks so much.

4 Our next meeting is March 4th, 2019.

5 I would ask for any public comment in Las  
6 Vegas. Is there any public comment?

7 COMMISSIONER BERSI: There is public comment,  
8 Mr. Chairman.

9 CHAIR DEVOLLD: Thank you.

10 DR. SPIRTOS: Good morning. My name is Nick  
11 SpiRTOS, and I'd like to comment about the marijuana  
12 retail application process. I have three, maybe four  
13 comments regarding that process.

14 In my opinion, it was manipulated by an  
15 individual or individuals who were either allowed to make  
16 changes to the language in the regulations or made them  
17 unilaterally, and thus calling into serious question any  
18 of the results of that process.

19 In my opinion, in an effort approaching the  
20 Nixon White House, this person or group of people are  
21 going to great lengths to deny applicants information  
22 that is rightfully theirs regarding their conduct.

23 Most egregious and recent example of this is  
24 the refusal to provide us scores, as required by Section  
25 93 or R097-012, where it specifically states: If an

1 applicant who receives an application score from the  
2 Department -- pursuant to Subsection 1 -- wishes to  
3 review the scores assigned to each criterion in the  
4 application to generate that application score, the  
5 applicant may submit to the Department a request to  
6 review scoring information. Such a request must include  
7 the name of the owner, operator, board member of the  
8 applicant who reviews scoring information on behalf of  
9 applicant.

10           Upon receipt of the request to review the  
11 scoring information pursuant to Subsection 2, the  
12 Department will designate an employee of the Department  
13 to respond to the request and schedule and conduct the  
14 review of scoring information.

15           Before conducting the review, the employee  
16 designated by the Department shall confirm that the  
17 identity of the person attending the review matches the  
18 person named in the request and make a copy of a  
19 document.

20           We were denied this. We were flat-out told  
21 we are not going to receive the individual scores  
22 associated with these sections in the application. We  
23 were given an aggregate score. And when I asked one that  
24 was supposed to be one person assigned by the Department  
25 when, in fact, three people showed up: Two in person and

1 Steve Gilbert on the phone. Not an individual. And  
2 frankly, I think, the one individual was there to  
3 continue the pattern of intimidation that's been ongoing  
4 with the marijuana program.

5 If you make a complaint, all of a sudden, you  
6 get an audit. If you make a second complaint, you get  
7 two audits. It's insanity, but we were denied our  
8 scores. I scheduled time out of my surgical schedule. I  
9 appeared. I made all of the proper requests, and I was  
10 told, "We're just not going to do this." And the basis  
11 of that was: Well, then, you'll then be able to discover  
12 the tools of how we come up with these scores.

13 I wasn't asking for any of their tools. I'll  
14 speak to that in a moment. I just wanted our scores by  
15 the category. And again, denied. And that's consistent  
16 with this whole process.

17 I'd also like to comment that in receiving  
18 scores related to the identical applications but with  
19 different locations with different levels of public  
20 access, different size spaces, we received scores that  
21 were identical, identical to the second decimal place.

22 And being aware of other similar results, I  
23 would tell you that I have a significant mathematical and  
24 statistical background. And this kind of result, in and  
25 of themselves, speak to data manipulation and nothing

1 else. If I got that kind of data in a medical journal  
2 article that I were to review, I would send it  
3 immediately back to investigate fraud.

4 There is no way these applications could be  
5 identically scored in a fair-and-unbiased manner when  
6 you've got identical scores to the second decimal place.

7 I would also like to comment that in  
8 receiving -- the last comment I'd like to make is our  
9 group of five physicians has published the absolute only  
10 work regarding the successful use of a cannabis product  
11 made in Nevada to reduce the chronic opiate injections in  
12 patients with chronic pain. We demonstrated a 75 percent  
13 reduction in opiate use, presented it at the American  
14 Society of Clinical Oncology in June of this last year in  
15 Chicago.

16 And so you understand how bizarre -- I'll use  
17 the word "bizarre" the scoring was, we scored less than  
18 the average for our impact on this community. That, in  
19 and of itself, should give you some idea the extent that  
20 the application process was not fair, just and unbiased.

21 I'll leave those comments at this point, and  
22 hopefully, others will add to it. Thank you.

23 CHAIR DEVOLLD: Could you please restate your  
24 name and spell it for the record, please?

25 MR. SPIRTOS: Nicola: N-I-C-O-L-A, middle

1 initial M. Last name: S-P-I-R-T-O-S. Forgive my cold.

2 CHAIR DEVOLLD: Thank you, Mr. Spirtos.

3 Is there any other public comment in Las  
4 Vegas?

5 DR. BADDY: Yes. My name is Page Baddy:  
6 B-A-D-Y. 2700 Las Vegas Boulevard, Unit 2709.

7 I want to agree with Dr. Spirtos's comments.  
8 We applied, in 2014, scored highest amount amongst any  
9 applicants that were not publicly traded.

10 We possess seven current licenses. We also  
11 had the largest number of applications: 28 applications  
12 from anybody else in the state. Our scoring from 20 of  
13 the 28 were identical to the second decimal point.

14 The way that criteria for the applications --  
15 as we were informed -- would give more weight for people  
16 who have dispensary experience because this application  
17 was for dispensaries.

18 Our eight applications from our dispensaries  
19 applications scored lower than our 20 other applications  
20 that were just from our cultivation and productions,  
21 which is -- and they're all identical -- statistically  
22 impossible. Since then, we have formed the Nevada  
23 Cannabis Medical Association.

24 I'm a local physician of 20 years. I was a  
25 medical director for Davita Health Care Partners, a

1 publicly-traded \$18 billion-dollar company. We have  
2 Harvard-trained physicians in our group, and we sit on  
3 the Governor's Task Force for Opiates. We scored lower  
4 than average on impact on the community. I don't know  
5 what's going on in there. I don't want to accuse anyone  
6 of anything, but it's difficult to maneuver.

7 And it had a quality that we used to  
8 experience in a publicly-traded company, and I wanted to  
9 bring that quality and sophistication into this industry  
10 when we have to fight these kind of obstacles.

11 I just wanted to thank the Commission for  
12 hopefully taking the time to investigate this. Look. I  
13 might be absolutely wrong. Everybody's baby seems to be  
14 the prettiest baby in the world, right? All we ask is to  
15 have a thorough investigation on how these were applied.  
16 Thank you.

17 CHAIR DEVOLLD: Thank you.

18 DR. THANOS: Good morning. I'm Dr. Nicholas  
19 Thanos.

20 CHAIR DEVOLLD: Could you spell your last  
21 name for me, please?

22 DR. THANOS: I'm sorry. Thanos. T, as in  
23 Tom, H-A-N-O-S. And I'm also concerned about how it is  
24 that we're denied the information regarding why our  
25 applications were turned down when the regulation

1 specifically allow us access.

2           Subparagraph four states: If the Department  
3 denies an application for issuance or renewal of the  
4 license for marijuana establishment or revokes such a  
5 license, the Department will provide notice to applicant  
6 or marijuana establishment that includes, without  
7 limitation, the specific reasons for the denial or  
8 revocation.

9           Not only didn't we get the specific reasons,  
10 but we've been denied access to the breakdown of our  
11 scores. It doesn't make any sense.

12           I'd also like to inquire of the Commissioners  
13 if they were apprised of any of the changes that were  
14 made to the retail marijuana applications that differ  
15 from the regulations in R097-012.

16           If they were, if there were changes, were  
17 they formally approved, and when did this happen? If  
18 they weren't, under whose authority were they made?  
19 Because the scoring system includes stuff that was not --  
20 there were changes made between the time that we got  
21 applications and the time the scoring system was done.  
22 There's some discrepancies here and, you know, someone  
23 needs to look into this, please. Thank you.

24           CHAIR DEVOLLO: Thank you.

25           Are there any other public comments in Las

1 Vegas?

2 COMMISSICNER BERSI: One is coming,  
3 Mr. Chairman.

4 CHAIR DEVOLLD: Thank you. Is there new  
5 public comment on the telephone?

6 Is there any public comment in Carson City?  
7 Okay.

8 Are there any items for future agendas?

9 COMMISSIONER KELESIS: Mr. Chairman, this is  
10 George.

11 CHAIR DEVOLLD: Commissioner Kelesis?

12 COMMISSIONER KELESIS: Yes, I do have couple  
13 of questions. If the Commission could be patient with  
14 me, I want to give a little bit of background why I'm  
15 making those requests. I know you are familiar with it,  
16 Mr. Chairman, as well as I know Ms. Crandall is familiar  
17 with it. So, for my fellow Commissioners, I'm making  
18 these requests, but let me give you a little context of  
19 how it happened.

20 In December, when these licenses began to be  
21 issued or notified, at least in Southern Nevada, there  
22 was quite an uproar among a number of the companies,  
23 individuals, whatever you want to call it, that owned the  
24 marijuana establishments.

25 I placed a call to our Chairman. I asked him

1 if he was aware of what was happening. Our Chairman at  
2 the time was not aware. And Mr. DeVold started looking  
3 into it. He spoke with Mr. Anderson, spoke with  
4 Mr. Pupa.

5 At one point, it was my understanding we were  
6 going to have an informational item set at this meeting  
7 so at least the public can have an understanding of why  
8 and what, in fact, happened in the course of all of this.  
9 That was taken off, unbeknownst to me.

10 I found out after the fact -- which I  
11 personally found distressing, because when I looked at  
12 these items -- and there's an e-mail I sent to the  
13 Chairman that I want to make part of the record so that  
14 way, it's accessible to all of the Commissioners. That  
15 way, if anybody wants to add something, add something,  
16 don't add something. It's completely up to you, but it's  
17 available to the public that way as well.

18 I found things that, you know, quite  
19 honestly, smacked me in the face immediately:  
20 Regulations that were applied beyond the scope of the  
21 regulation, things that were changed that I know we did  
22 not rule on as a Commission. This is public knowledge.  
23 There's public information. Two companies were  
24 announcing mergers in October and November with companies  
25 that had applied. They received an inordinate amount of

1 licenses.

2 And my question is: On September 5th, when  
3 the grading was closed, did they all put everybody on  
4 notice that they were going to do this merger in mid  
5 October-November?

6 They were Canadian companies. How did we  
7 take into account the fact that in Canada, you can bank  
8 marijuana and you can go to a banking institution. Was  
9 that taken into account? Whereas the folks down here  
10 can't bank it. They work off cash completely. Not just  
11 what Dr. Spirtos said. I've heard that from other  
12 people, people who I know have contributed to the  
13 community, scored lower than a publicly-traded Canadian  
14 company. It makes no sense to me what has been  
15 happening.

16 I found probably one of the most distressing  
17 parts -- and I don't know if the Commission is aware of  
18 this or not, if you are aware of it. But our graders  
19 were hired through Manpower.

20 Now, I checked the Manpower drop-down box.  
21 And I'm telling you guys, nowhere in there does it say:  
22 "Hire marijuana graders." It doesn't say it. So why are  
23 we even going to Manpower? I know we budgeted so we  
24 could have this Department handle those items. So who  
25 trained these people in Manpower? Who oversaw these

1 people in Manpower?

2 In fact, were these scores aggregated? They  
3 weren't supposed to be aggregated. The one regulation  
4 clearly states County. That's it. That's the monopoly  
5 provision. It doesn't say Las Vegas, North Las Vegas,  
6 City of Henderson. Who made those changes? So I'm  
7 troubled across the board with this whole thing.

8 So my request is this, Mr. Chairman: That we  
9 have a special meeting as soon as possible, have this as  
10 an action item so we can address these problems. And I  
11 will give Paulina the e-mail so it can be distributed  
12 among the Commissioners.

13 And just one last thing in closing. I've  
14 been on this Commission probably the longest of  
15 everybody. And I'll say this. We have successfully  
16 prevailed in numerous, numerous court battles. I've  
17 always believed the reason why we have been successful is  
18 because the matter is brought to the Commission, and I'll  
19 give you the example. Live entertainment tax. Cal  
20 Anderson. I could go through them.

21 We have had extensive, detailed hearings, and  
22 then we've gone -- and then if they wanted to appeal it,  
23 they appeal it to the Court. Somewhere here though,  
24 what's happening is people are denied licenses. And it's  
25 just not these two people I heard it from. I've heard it

1 from the countless people down here. They're not being  
2 provided their scores. They're not making these things  
3 available to them. So how can they even exercise their  
4 procedure or their substantive due process rights when we  
5 don't even give them the information?

6 And we're going to go from the issuance of  
7 the license directly to the court. It's like they're  
8 skipping us. Somebody is under the distinct impression  
9 that we, as a Commission, do not have jurisdiction over  
10 this. I suggest they read 360 real close. We are the  
11 head of the Department, and we are the head of the  
12 Division, and it comes to us.

13 So that's why I'm asking for the action item  
14 as soon as possible, not to wait, because it seems like  
15 anytime -- and I am frustrated and disappointed. I'm  
16 told we're going to have something. I don't even get the  
17 courtesy of a phone call told we're taking it off. I got  
18 to go find out myself. Well, you know, that's an insult.

19 So, having said that, that's my request for a  
20 special meeting. And I'll give Ms. Oliver the e-mail.

21 CHAIR DEVOLLD: Thank you, Commissioner  
22 Kelesis. I believe I did call you, so we'll discuss that  
23 later. I'll make sure that it's on a future agenda.  
24 Thank you.

25 Is there any other items for future agendas?

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Very good. The meeting is adjourned. We have a non-meeting afterwards. So after both rooms have been cleared, can you please let me know? Thank you.

MS. HUGHES: And just so the public is aware, a non-meeting is an opportunity for attorneys to meet with the Commission about ongoing litigation, and that's what this meeting is about.

(The meeting concluded at 10:36 a.m.)

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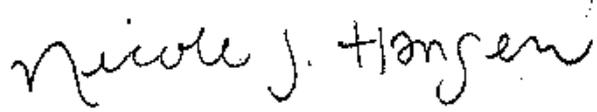
STATE OF NEVADA )  
 )  
CARSON TOWNSHIP)

I, NICOLE J. HANSEN, Official Court Reporter for the State of Nevada, Nevada Tax Commission Meeting, do hereby Certify:

That on the 14th day of January, 2019, I was present at said meeting for the purpose of reporting in verbatim stenotype notes the within-entitled public meeting;

That the foregoing transcript, consisting of pages 1 through 66, inclusive, includes a full, true and correct transcription of my stenotype notes of said public meeting.

Dated at Reno, Nevada, this 14th day of January, 2019.



NICOLE J. HANSEN, NV CCR #446

# Exhibit 7

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2 Nathanael R. Rulis, Esq. (#11259)  
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4 KEMP, JONES & COULTHARD, LLP  
5 3800 Howard Hughes Parkway, 17<sup>th</sup> Floor  
6 Las Vegas, Nevada 89169  
7 Telephone: (702) 385-6000  
8 *Attorneys for Plaintiffs*

9 **DISTRICT COURT**  
10 **CLARK COUNTY, NEVADA**

11 MM DEVELOPMENT COMPANY, INC., a  
12 Nevada corporation; LIVFREE WELLNESS  
13 LLC, dba The Dispensary, a Nevada limited  
14 liability company

15 Plaintiff,

16 vs.

17 STATE OF NEVADA, DEPARTMENT OF  
18 TAXATION; and DOES 1 through 10; and ROE  
19 CORPORATIONS 1 through 10.

20 Defendants.

21 and

22 NEVADA ORGANIC REMEDIES, LLC

23 Defendant-Intervenor.

24 \_\_\_\_\_  
25 NEVADA ORGANIC REMEDIES, LLC.

26 Counterclaimant,

27 vs.

28 MM DEVELOPMENT COMPANY, INC., A  
Nevada corporation, LIVFREE WELLNESS,  
LLC, d/b/a The Dispensary, a Nevada Limited  
liability company

Counter-Defendants

Case No.: A-18-785818-W  
Dept. No.: IX

**DECLARATION OF TIA DIETZ**

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I, Tia Dietz, declare under penalty of perjury as follows:

1. I am over the age of 18 years and am competent to testify as to the matters set forth in this declaration.

2. I am the President of Operations for the Griffin Company and Bullpen, I was involved in preparing the 2018 retail marijuana license applications for Natural Medicine (“NM”) and LivFree Wellness LLC, dba The Dispensary (“LF”). Additionally, I reviewed and am familiar with the applications filed with the Nevada Department of Taxation for NM and LF and the scores both NM and LF received.

3. In the “Owner Financials Summary” section of its applications, NM’s listed net worth was **\$124,601,651.72**.

4. The vast majority of NM’s net worth listed in the financial summary was from the personal finances of Don Forman.

5. In the “Owner Financials Summary” section of its applications, LF’s listed net worth was **\$217,812,655.00**.

6. The vast majority of LF’s net worth listed in the financial summary was from the personal finances of Mr. Forman and Steve Menzies. Mr. Forman’s finances were included in LF’s application, the same as in NM’s.

7. The only differences from the financial sections of NM and LF was that NM had a Statement of Commitment and a living trust statement from Mr. Forman showing money from other sources and proof that the applicant has adequate funds. Per application sections 5.2.11.2 applicant is relying on funds from an Owner and the Owner has unconditionally committed funds and 5.2.11.3 proof of adequate funds, which was needed because NM was relying on Mr. Forman’s funds in the event they were awarded a license whereas LF had funds

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available to commit to new licenses, a balance sheet from LF's operations showing cash on hand and total assets was included in LF's application.

8. NM's application contains Mr. Forman's living trust statement with total assets at \$2,264,647.77 and \$850,530.23 in available cash (sufficient to cover 3 applications at \$250,000 apiece).

9. LF's application contains a LF balance statement showing total assets of \$8,062,482 and \$1,942,000 in available cash (sufficient to 6 applications at \$250,000 apiece).

10. Mr. Forman's assets and finances also supported the LF application.

11. The LF application received a score of 12.67 out 40 points for the financial summary that included **both** Steve Menzies and Don Forman.

12. The NM application received a score of 40 out of 40 points for the financial summary that listed the assets of Don Forman.

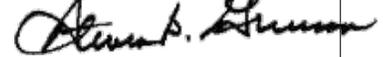
13. If LF had received an additional 27.33 points in that section (equal to NM's score) it would have received licenses in 5 of 6 jurisdictions in which it applied for licenses.

14. I declare under penalty of perjury that the foregoing is true and correct.

Dated this 6 day of May, 2019.

  
Tia Dietz

# Exhibit 8



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**COMP**  
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*Attorneys for Plaintiffs*

**EIGHTH JUDICIAL DISTRICT COURT  
CLARK COUNTY, NEVADA**

NATUREX, LLC, a Nevada limited liability company; and, BB MARKETING, LLC, a Nevada limited liability company,

Plaintiffs,

vs.

VERANO HOLDINGS, LLC, an Illinois limited liability company; LONE MOUNTAIN PARTNERS, LLC, a Nevada limited liability company; NEVADA NATURAL TREATMENT SOLUTIONS, LLC, a Nevada limited liability company; SCYTHIAN BIOSCIENCES CORP., a Canadian corporation; GEORGE ARCHOS, an individual; SAM DORF, an individual; CARL ROSEN, an individual; JULIE NAGLE, an individual; DOES I-X; and ROE COMPANIES I-X;

Defendants.

CASE NO: A-19-787873-C  
DEPT NO.: Department 8

**COMPLAINT FOR:**

- 1. USURPATION OF CORPORATE OPPORTUNITY**
- 2. BREACH OF FIDUCIARY DUTY**
- 3. FRAUD**
- 4. BREACH OF DUTY OF LOYALTY**
- 5. MISAPPROPRIATION OF TRADE SECRETS**
- 6. BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING**
- 7. IMPOSITION OF CONSTRUCTIVE TRUST**
- 8. TORTIOUS INTERFERENCE WITH BUSINESS RELATIONS**
- 9. CIVIL CONSPIRACY**
- 10. MISAPPROPRIATION OF CORPORATE ASSETS (EMBEZZLEMENT)**
- 11. DECLARATORY RELIEF**

*Arbitration Exemption Claims:*

- *Involves Declaratory Relief*
- *Involves Equitable or Extraordinary Relief*
- *Involves Claims in Excess of \$50,000*

1 Plaintiffs NATUREX, LLC, and BB MARKETING, LLC, by and through their  
2 Counsel, Jared B. Kahn, Esq., of JK Legal & Consulting, LLC, hereby complains and alleges  
3 against Defendants VERANO HOLDINGS, LLC, LONE MOUNTAIN PARTNERS, LLC,  
4 NEVADA NATURAL TREATMENT SOLUTIONS, LLC, SCYTHIAN BIOSCIENCES  
5 CORP., GEORGE ARCHOS, SAM DORF, CARL ROSEN, and JULIE NAGLE, the  
6 following:  
7

8 **I. THE PARTIES, JURISDICTION AND VENUE**

9 1. At all material times herein, Plaintiff Naturex, LLC (“Naturex”) was a limited  
10 liability company operating pursuant to the laws of the State of Nevada.

11 2. At all material times herein, Plaintiff BB Marketing, LLC (“BBM”) was a  
12 limited liability company operating pursuant to the laws of the State of Nevada.

13 3. Naturex and BBM are collectively referred herein as “Plaintiffs”.

14 4. At all material times herein, Defendant VERANO HOLDINGS, LLC (“Verano”)  
15 was a limited liability company operating pursuant to the laws of the State of Illinois. On  
16 information and belief, Defendant Verano owns or maintains an interest and controls the  
17 business operations of Defendant Lone Mountain, Defendant Nevada Natural Treatment  
18 Solutions, LLC and Naturex. On Verano’s website, it represents it owns the Nevada dispensary  
19 “Zen Leaf”, which the dispensary is actually owned by Naturex. Verano further represents it  
20 owns a marijuana cultivation facility in Nevada, which on information and belief, is actually  
21 owned by Defendant Lone Mountain Partners, LLC.  
22

23 5. At all material times herein, Defendant LONE MOUNTAIN PARTNERS, LLC  
24 (“Lone Mountain”) was a limited liability company operating pursuant to the laws of the State  
25 of Nevada.  
26

27 6. At all material times herein, Defendant NEVADA NATURAL TREATMENT  
28

1 SOLUTIONS, LLC (“NNTS”) was a limited liability company operating pursuant to the laws of  
2 the State of Nevada.

3 7. At all material times herein, Defendant SCYTHIAN BIOSCIENCES CORP  
4 (“SCYTHIAN”) was a Canadian corporation, and on information and belief, maintained  
5 ownership and a controlling interest in Verano, and will financially benefit from the  
6 wrongdoings alleged herein.  
7

8 8. At all material times herein, Defendant GEORGE ARCHOS (“ARCHOS”) was  
9 an individual residing in the State of Illinois and routinely and continuously maintained  
10 ownership and operated companies doing business in the State of Nevada, particularly  
11 Defendants Lone Mountain, Verano and NNTS.

12 9. At all material times herein, Defendant SAM DORF (“DORF”) was an  
13 individual residing in the State of Illinois and routinely and continuously maintained ownership  
14 and operated companies doing business in the State of Nevada, particularly Defendants Lone  
15 Mountain, Verano and NNTS.  
16

17 10. At all material times herein, Defendant CARL ROSEN (“ROSEN”) was, on  
18 information and belief, an individual residing in the State of New York and routinely and  
19 continuously maintained ownership and operated companies doing business in the State of  
20 Nevada, particularly Defendants Lone Mountain, Verano and NNTS.  
21

22 11. At all material times herein, Defendant JULIE NAGLE (“NAGLE”) was, on  
23 information and belief, an individual residing in the State of Illinois and routinely and  
24 continuously maintained ownership and operated companies doing business in the State of  
25 Nevada, particularly Defendants Lone Mountain, Verano and NNTS.

26 12. Lone Mountain, Verano, NNTS, Scythian, Archos, Dorf, Rosen and Nagle are  
27 referred collectively herein as “Defendants”.  
28

1           13. The true names and capacities, whether individual, corporate, association or  
2 otherwise of the Defendants DOES I through X and/or ROE COMPANIES I through X,  
3 inclusive, are unknown to Plaintiffs, who therefore sue said Defendants by such fictitious  
4 names. Plaintiffs are informed and believe, and thereupon allege, that each of the Defendants  
5 designated herein as DOES and/or ROE COMPANIES are responsible in the same manner for  
6 the events and happenings herein referred to, and in some manner, caused the injuries and  
7 damages to Plaintiffs alleged herein. Plaintiffs will seek leave of the Court to amend this  
8 Complaint to insert the true names and capacities of said Defendants DOES I through X and/or  
9 ROE COMPANIES I through X, inclusive when the same have been ascertained by Plaintiffs,  
10 together with the appropriate charging allegations, and to join such Defendants in this action.  
11

12           14. All of the acts alleged herein took place in the County of Clark, State of Nevada,  
13 where Naturex, BBM, Verano, Lone Mountain, NNTS and the individual Defendants subject of  
14 this action conducted their business affairs and caused the harm alleged herein.  
15

16           **II. PERTINENT FACTS AND ALLEGATIONS**

17           **a. The Department of Taxation Retail Dispensary Licensing Applications**

18           15. The Department of Taxation, pursuant to Nevada State Legislature Assembly  
19 Bill 422, transferred responsibility for the registration, licensing and regulation of marijuana  
20 establishments from the State of Nevada’s Division of Public and Behavioral Health to the  
21 Department of Taxation (the “Department”).  
22

23           16. Pursuant to Section 80(3) of Adopted Regulation of the Department of Taxation,  
24 LCB File No. R092-17, the Department being responsible for allocation the licenses of retail  
25 marijuana dispensaries, issued a public notice for an application period wherein the Department  
26 sought applications from qualified applicants to award sixty-four (64) retail marijuana  
27 dispensary licenses throughout various jurisdictions in Nevada (the “Applications”).  
28

1           17.     The application period for those retail dispensary licenses was only available to  
2 existing State of Nevada licensed marijuana entities, which opened on September 7, 2018 and  
3 closed on September 20, 2018 (the “Application Period”).

4           18.     Despite repeated assurances relied upon by Defendants that Plaintiffs would  
5 submit an application on behalf of Naturex during the Application Period, as further detailed  
6 below, Defendants instead through a concerted effort nefariously conspired for Naturex to not  
7 submit an application, and instead, Defendants submitted an application on behalf of  
8 Defendants’ other licensed cultivation entity Lone Mountain.  
9

10           19.     On December 5, 2018, the Department issued conditional licenses to those  
11 applicants who scored and ranked high enough in each jurisdiction. On information and belief,  
12 Defendant Lone Mountain was awarded eleven (11) retail dispensary licenses (the “Licenses”).  
13

14                   **b. The Naturex Ownership and Partnership Between Plaintiffs and Defendants**

15           20.     Naturex owns and operates a lawfully licensed medical and retail marijuana  
16 dispensary doing business as “Zen Leaf” in Clark County, Nevada.

17           21.     Prior to April 2016, Naturex was owned by BBM (or its member entities),  
18 Kessler and Wyloge.

19           22.     In or around April 2016, pursuant to a Membership Interest Purchase Agreement  
20 and for valuable consideration, Defendant NNTS purchased fifty percent (50.0%) of the  
21 membership interest in Naturex. Plaintiff BBM and another member comprised of the  
22 remaining fifty (50.0%) membership interest of Naturex.  
23

24           23.     Subsequent to the acquisition by NNTS of the membership interest in Naturex,  
25 the Parties acted accordingly and operated the Zen Leaf dispensary collaboratively, particularly,  
26 BBM and NNTS each acted as Managers of the entity dividing up operational and managerial  
27 duties, acted in concert for the benefit of the entity Naturex, and regularly and routinely  
28

1 communicated and agreed upon the decisions in the best interest of Naturex – until the  
2 Application Period.

3 24. Until the Application Period, the Managers of Naturex, BBM and NNTS  
4 (controlled by Verano), would operate and make business operation decisions together for the  
5 benefit of Naturex and its members.

6 25. The Membership Interest Purchase Agreement provided for a supply and  
7 inventory provision such that the dispensary would be required to purchase inventory, as  
8 applicable, from both the BBM affiliated cultivation facility and from the Defendant’s affiliated  
9 cultivation facility (the “Inventory Purchase Agreement”).  
10

11 **c. Defendants’ Bad Faith and Fraudulent Conduct in Pursuit of the Licenses**

12 26. During the summer of 2018, it was decided between the Managers of Naturex  
13 that Defendants would take the lead on and control the Applications to be submitted on behalf  
14 of Naturex.  
15

16 27. Defendants hired their own “licensing consultants” known as Sara and Troy, who  
17 would be tasked with preparing, compiling and submitting the Naturex Applications.

18 28. On July 31, 2018, Defendants contacted Erin Buckner, who is a licensing and  
19 compliance consultant for Plaintiffs, for the purpose of Ms. Buckner providing assistance for  
20 compiling the BBM ownership documents necessary for the Applications. The information  
21 requested would include personal and financial information of the owners of BBM, for purposes  
22 of submitting such information for the Naturex Applications.  
23

24 29. In August 2018, Defendants again contacted Ms. Buckner to seek her assistance  
25 in obtaining similar personal and financial documents from the remaining owners of Naturex for  
26 Defendants to submit the Naturex Applications.

27 30. On September 5, 2018, Defendant Dorf contacted Ms. Buckner and requests she  
28

1 start “feeding us the info for the app” and seeking additional inquiries of associations and  
2 donations the members of Naturex made.

3 31. On September 7, 2018, Defendant Dorf contacted Ms. Buckner to “run through  
4 everything” with Defendants’ application team. Ms. Buckner advised the application team on  
5 various matters regarding portions for completing the Applications. Ms. Buckner then created a  
6 Dropbox folder to share with the Defendants and their application team. Defendants then  
7 tasked Ms. Buckner with completing all parts of the “unidentified portion” of the Applications.  
8

9 32. On September 10, 2018, Defendants reveal there are certain ownership issues  
10 with Defendants’ ownership structure and membership interests in Naturex, such that certain  
11 individuals are not supposed to be owners of Defendants any longer, however, Defendants had  
12 not yet taken the appropriate steps to inform the State of Nevada and process a Change of  
13 Ownership. Defendant Dorf informs Ms. Buckner he desires to immediately file a Change of  
14 Ownership to adjust the ownership interests of the Defendants so it will be pending before the  
15 State of Nevada during the review of the Applications. Ms. Buckner is then asked to prepare  
16 personal biographies and resumes for the owners of BBM and Naturex – besides Defendants -  
17 which Ms. Buckner completes and delivers to Defendants by September 11, 2018. Ms. Buckner  
18 also prepares and delivers the Organizational Chart for Plaintiffs necessary for the Applications.  
19

20 33. On September 11, 2018, counsel for Plaintiffs informs Defendants their  
21 ownership predicament cannot be avoided and all current-owners known to and licensed by the  
22 State of Nevada listed for Naturex for Defendants’ ownership structure must be submitted for  
23 the Naturex Applications.  
24

25 34. On September 12, 2018, Defendant Dorf again contacts Ms. Buckner for  
26 assistance preparing Defendants Dorf and Archos’ fingerprint cards, which Ms. Buckner  
27 completes such task.  
28

1           35.    On September 14, 2018, Defendant Dorf contacts Ms. Buckner for assistance to  
2 completing proposed “Board Member” information for the Naturex Applications.

3           36.    On September 18, 2018, after Defendants repeatedly failed to respond to Ms.  
4 Buckner’s repeated email communications seeking information regarding the Defendants to  
5 complete the “unidentified portion” of the Naturex Applications, Ms. Buckner delivers a full  
6 table of contents for the “unidentified portion” to Defendants with indications of missing  
7 information she required from Defendants. Defendants did not respond.  
8

9           37.    On September 19, 2018, Defendants contacted the principal of BBM to request  
10 the principal owner obtain his stepfather’s tax returns and approval to include him on the  
11 application as a Board Member of the entity because of his notable financial successes for  
12 purposes of improving the Naturex Applications’ financials in order to receive a better score  
13 and ranking for the application review. The principal of BBM was unable to acquire his  
14 stepfather’s financials for purposes of the Naturex Application nor did the principal of BBM  
15 offer such assistance. At the time BBM received the request the day prior to the expiration of  
16 the Application Period, Plaintiffs were still of the belief and understanding the Defendants were  
17 submitting the Naturex Applications on behalf of Naturex. The Defendants communications the  
18 day prior to the expiration of the Application Period never revealed an intent Defendants would  
19 not be submitting the Naturex Applications, but in fact, such communications requesting the  
20 aforementioned financials indicated to Plaintiffs the Naturex Applications were still be prepared  
21 by Defendants for purpose of submitting Naturex Applications.  
22  
23

24           38.    On the morning of September 20, 2018, the last day for submitting the  
25 Applications during the Application Period, Defendants informed Plaintiffs the Defendants  
26 would not be submitting the Applications. Defendants claimed the Applications would be  
27 incomplete without locations specified in the Application materials – albeit an incorrect analysis  
28

1 and unsubstantiated excuse proffered by Defendants, to which Plaintiffs reasonably relied on  
2 such misrepresentation at the time.

3 39. Defendants receive prior advice from Defendants' personal counsel and  
4 corporate counsel for the Plaintiffs informing Defendants that actual locations and land use  
5 approvals were not required for the Applications, yet, despite the repeated advice, Defendants'  
6 claimed the lack of sufficient locations to identify in the Applications rendered the submittal of  
7 the Applications pointless.  
8

9 40. Despite the extensive efforts by the Plaintiffs and compliance with all requested  
10 items to be completed for the Naturex Applications, and despite the fact locations would not be  
11 required for the Applications, Defendants purposefully, with an intent to cause financial harm  
12 and to eliminate Plaintiffs from applying for the Applications, instead applied for the  
13 Applications through their cultivation facility Lone Mountain with the express and deliberate  
14 intent to cut out Plaintiffs from the Licenses.  
15

16 41. Defendants had made repeated representations – in hindsight misrepresentations  
17 – to Plaintiffs that Defendants would submit the Applications on behalf of Naturex.

18 42. Plaintiffs relied upon the Defendants representations by extensively providing  
19 the necessary materials required for the Applications to be submitted on behalf of Naturex, and,  
20 relied upon Defendants to submit the Naturex Applications rather than Plaintiffs completing the  
21 Naturex Applications and submitting themselves.  
22

23 43. As a result of the detrimental reliance upon the Defendants intentional  
24 misrepresentations fraudulently inducing Plaintiffs not to submit the Naturex Applications,  
25 Plaintiffs did not submit any Applications during the Application Period.

26 44. Instead of submitting the Naturex Applications, Defendants intentionally  
27 concealed the fact Defendants instead submitted the Applications on behalf of Lone Mountain  
28

1 without including Plaintiffs, yet, on information and belief, the Lone Mountain Application  
2 would reference the “Zen Leaf” dispensary actually owned by Naturex.

3 45. Until late-November 2018, Defendants repeatedly communicated to Plaintiffs  
4 that Applications were not submitted, and it was not until late-November 2018 that an employee  
5 of Defendants informed a co-owner of BBM that Defendants did indeed submit Applications.  
6 Upon Plaintiffs confronting Defendants with such information, Defendants acknowledged it  
7 submitted Applications on behalf of their cultivation entity Lone Mountain and purposefully did  
8 not include Plaintiffs.  
9

10 46. Upon discovery of Defendants’ award of the Licenses, Plaintiffs repeatedly  
11 confronted Defendants whether they intended to include Plaintiffs in the newly awarded  
12 dispensary licenses, to which Defendants refuse.  
13

14 47. Defendants’ Licenses are premised on the fact they will use the “Zen Leaf” brand  
15 for the dispensaries, which is in fact a fictitious firm name belonging to Plaintiff Naturex. On  
16 information and belief, Defendants’ misappropriated the fictitious firm name “Zen Leaf” for  
17 Defendant Lone Mountain’s Application.

18 48. On further information and belief, in furtherance of Defendants’ Lone Mountain  
19 Application submittal, Defendants’ misappropriated, without permission, Plaintiffs’ trade  
20 secrets and proprietary information belonging to Plaintiff Naturex, such as Plaintiffs’ Standard  
21 Operating Procedures (“SOPs”), financials, business plans, business designs, business models,  
22 and other personal and confidential financial information belonging to Plaintiff Naturex (the  
23 “Naturex Proprietary Information”).  
24

25 49. As a result of Defendants’ repeated assertions and conduct, Plaintiffs relied upon  
26 such representations and did not submit any Applications for Naturex. Naturex is now not  
27 eligible to obtain additional recreational dispensary licenses.  
28

1           50.     On information and belief, subsequent to the Defendants’ receipt of the Licenses,  
2 Defendants have utilized, at Naturex’ cost but without Plaintiffs’ approval, certain Naturex  
3 employees to perform services for the benefit of Defendants for the Licenses and for  
4 Defendants’ other businesses, evidencing Defendants’ intent to utilize corporate assets for  
5 Defendants’ own use in furtherance of the usurped corporate opportunity.  
6

7           51.     Defendants have asserted the value of just the existing Naturex “Zen Leaf”  
8 dispensary at Fifteen Million Dollars (\$15,000,000.00). Defendants were awarded, on  
9 information and belief, ten (10) new recreational dispensaries, gaining an estimated One  
10 Hundred Fifty Million Dollars (\$150,000,000.00) in equity.

11           52.     As a result of Defendant’s conduct, Plaintiff will suffer damages by losing 50.0%  
12 of the \$150,000,000.00 in equity, therefore, the damages are in excess of Seventy-Five Million  
13 Dollars (\$75,000,000.00).  
14

15           53.     As a result of Defendants’ conduct, Plaintiffs are entitled to fifty percent (50.0%)  
16 of the value of the equity obtained by the awarded Licenses, or otherwise, Plaintiffs are entitled  
17 to their respective fifty percent (50.0%) ownership interest in the newly awarded Licenses.

18           54.     Pursuant to the Inventory Purchase Agreement, the Zen Leaf dispensary and the  
19 dispensaries for the Licenses – had they been submitted as part of the Naturex Application -  
20 would ordinarily have been obligated to purchase inventory from BBM’s affiliated cultivation  
21 entity, however, due to Defendants’ usurpation and fraudulent conduct to attempt to evade its  
22 obligations due to Plaintiffs, BBM will suffer damages by not having an Inventory Purchase  
23 Agreement with the Licenses despite that the dispensary licenses should have been awarded to  
24 Naturex. As a result, BBM will suffer damages in excess of Fifty Million Dollars  
25 (\$50,000,000.00).  
26

27           55.     On information and belief, Defendants are attempting to selling one or more of  
28