

**IN THE SUPREME COURT OF THE  
STATE OF NEVADA**

NUVEDA, LLC,

Petitioner,

vs

EIGHTH JUDICIAL DISTRICT  
COURT OF THE STATE OF  
NEVADA, IN AND FOR THE  
COUNTY OF CLARK, THE  
HONORABLE ELIZABETH  
GONZALEZ, DISTRICT JUDGE,

Respondent,

SHANE TERRY,

Real Party in Interest.

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Supreme Court Case No. 82767

Case: A-20-817363-B

Lead Case: A-17-755479-B

Other Consolidated Cases with Lead  
Case:

A-19-791405-C and A-19-796300-B

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**APPENDIX FOR PETITION FOR WRIT OF PROHIBITION OR, IN THE  
ALTERNATIVE, PETITION FOR WRIT OF MANDAMUS (Volume VIII)**

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DATED this 9th day of June, 2021.

LAW OFFICE OF MITCHELL STIPP

A handwritten signature in black ink, appearing to read "Mitchell Stipp", is written over a horizontal line.

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# EXHIBIT 7



C011	89262643408539637228 ("Oakridge Medical Cultivation Certificate")	9680 S. Oakridge Avenue, Pahrump, NV 89048 ("Oakridge Facility")
P010	39084961615736303651 ("Oxbow Medical Production Certificate")	301 Oxbow Avenue, Unit #14, Pahrump, NV 89048 (hereinafter, "Oxbow Facility")
D010	43581723673753505053 ("Blue Diamond Medical Dispensary Certificate")	6540 Blue Diamond Road, Las Vegas, NV 89139 ("Blue Diamond Facility")

2. The Department also issued the following recreational marijuana establishment licenses to CWNevada at the following addresses (together with CW Medical Marijuana Certificates, collectively hereinafter ("CW Licenses/Certificates")):

ID	License Number	Address
RC0009	98257210716506396734 ("Ali Baba Recreational Cultivation License")	Ali Baba Facility
RP009	33109597595341895101 ("Ali Baba Recreational Production License")	Ali Baba Facility
T021	97595215455267957025 ("Ali Baba Recreational Distribution License")	Ali Baba Facility
RC010	80858076313151684223 ("Highland Recreational Cultivation License")	Highland Facility
RC011	73911129313774416305 ("Oakridge Recreational Cultivation License")	Oakridge Facility
T022	73727679080930887930 ("Oakridge Distribution License")	Oakridge Facility
RP010	58113349031251538626 ("Oxbow Recreational Production License")	Oxbow Facility
RD010	23003643426806888206 ("Blue Diamond Recreational Dispensary License")	Blue Diamond Facility

3. Brian Padgett, Timothy Smits Van Oyen, Jennifer Lazovich, Kenneth Kesick, Hershel "Hank" Gordon, and Richard Gordon are the current owners of record of CWNevada on file with the Department ("CWNevada's Owners").

4. On February 28, 2018, the Department began its investigation of CWNevada due to the late filing of tax returns and/or late payment and/or non-payment of taxes.

## NUVEDA'S APPENDIX 0504

1           5.       On June 13, 2019, the Receiver was appointed over CWNevada in the Eighth Judicial  
2 District Court case number A-18-773230-B, *Cima Group LLC v. CWNevada* (the "Cima Case")  
3 pursuant to the Order Appointing Temporary Receiver and Temporary Restraining Order entered in  
4 the Cima Case ("Temporary Receiver Order") to preserve and if possible maximize the value of  
5 CWNevada's assets (the "Receivership Estate") for the benefit of and distribution to CWNevada's  
6 creditors.

7           6.       The Receiver was also appointed as receiver over CWNevada in Eighth Judicial  
8 District Court case number A-17-755479-B (the "Receivership Action") by stipulation in open court  
9 on June 14, 2019 and the subsequent orders of the Court presiding over the Receivership Action  
10 ("Receivership Court") entered on June 26, 2019 ("Interim Receivership Order") and July 10, 2019  
11 ("Current Receivership Order"), which, *inter alia*, granted certain authority to the Receiver, including  
12 the authority to represent CWNevada in the Disciplinary Action.

13           7.       On June 13, 2019, the Receiver voluntarily agreed to allow the Department to place a  
14 hold on marijuana and marijuana products in CWNevada's METRC account, which is the State of  
15 Nevada's seed-to-sale tracking system, so that the Department could properly investigate  
16 CWNevada's pre-receivership conduct and preserve evidence.

17           8.       The Receiver has continued to cooperate with the Department and expended significant  
18 time, effort, and resources in an attempt to bring CWNevada back into regulatory compliance through  
19 various corrective actions.

20           9.       On October 17, 2019, the Department sent correspondence to the Receiver and  
21 CWNevada's Owners alleging multiple violations of chapters 453A and 453D of the NAC and NRS  
22 committed by CWNevada and Brian Padgett and requesting a response to the alleged violations. The  
23 Department received responses from Hershel "Hank" Gordon, Richard Gordan, Jennifer Lazovich,  
24 Timothy Smits Van Oyen, and the Receiver, but none of them had knowledge of or control over the  
25 management of CWNevada for the relevant time period. Brian Padgett, the majority owner and  
26 manager of CWNevada, requested an extension to respond that the Department granted, but he never  
27 provided a response to the alleged violations in the correspondence.

28



1           10.     On or about February 27, 2020, the Department served the Receiver, Brian Padgett,  
2 Timothy Smits Van Oyen, Jennifer Lazovich, Hershel “Hank” Gordon, and Richard Gordon with an  
3 Order of Destruction (“Order of Destruction”), which ordered the destruction of the untagged  
4 marijuana and marijuana products identified in Exhibit 1 of the Order of Destruction and gave notice  
5 that any party receiving the Order of Destruction “may request a hearing to contest this Order of  
6 Destruction within 30 days pursuant to NAC 453.908(3).”

7           11.     On or about March 11, 2020, the Department asserted tax liens against CWNevada in  
8 the total amount of \$1,509,841.69, which included interest calculated through March 31, 2020.

9           12.     On or about April 3, 2020, the Department filed its Complaint for Disciplinary Action  
10 and Notice of Hearing (“Original Disciplinary Complaint”) against CWNevada and Brian Padgett,  
11 individually, commencing disciplinary action for alleged violations of law (“Disciplinary Action”).

12           13.     On April 28, 2020, the Department filed its First Amended Complaint for Disciplinary  
13 Action and Notice of Hearing (“First Amended Complaint”), attached hereto as Exhibit “1”, amending  
14 the Original Disciplinary Complaint to include recommended discipline. The Department  
15 recommended revocation of ten of CWNevada’s Licenses/Certificates and civil penalties totaling  
16 approximately \$2,346,250.

17           14.     On or about May 4, 2020, the Receiver filed the Receiver’s Claim Evaluation Report  
18 in the Receivership Action, wherein the Receiver explained he had evaluated claims filed against  
19 CWNevada in the total amount of \$206,539,475.48 and, at that time, determined that claims against  
20 CWNevada should be allowed in the amount of \$31,506,686.72, which included the allowed claim  
21 submitted by the Nevada Labor Commissioner on behalf of CWNevada’s former employees in the  
22 amount of \$1,087,264.38, but did not include any claims filed by any of CWNevada’s Owners.

23           15.     On or about May 5, 2020, the Receivership Court’s Order Granting Receiver’s Motion  
24 for Clarification Regarding Authority and Standing to Participate in Disciplinary Proceedings on  
25 Behalf of CWNevada on Order Shortening Time was entered in the Receivership Action, which  
26 clarified that the Current Receivership Order “grants the Receiver the necessary authority and standing  
27 to participate on behalf of CWNevada” in the Disciplinary Action.

1           16.     On or about May 14, 2020, the Receiver filed the Receiver's Answer on Behalf of  
2 CWNevada, LLC to First Amended Complaint for Disciplinary Action ("CWNevada's Answer to  
3 Disciplinary Complaint").

4           17.     On or about May 22, 2020, the Receiver submitted renewal applications and remitted  
5 applicable renewal fees to the Department for the thirteen CW Licenses/Certificates that were set to  
6 expire on June 29, 2020 ("2020 Renewal Applications").

7           18.     On June 3, 2020, the Receiver sent correspondence to the Department acknowledging  
8 the Department's Proof of Claim for \$1,509.841.00 in back taxes owed by CWNevada that provided  
9 the basis for Violation Nos. 6, 7, 9, and 10 in the Department's First Amended Complaint and agreed  
10 not to contest the claim, but accept the claim as filed.

11           19.     On or about June 11, 2020, the Administrative Law Judge ("ALJ") issued an Order  
12 Bifurcating Proceedings, which bifurcated the Disciplinary Action, set the disciplinary hearing against  
13 Brian Padgett to commence on June 30, 2020, and stayed the proceeding against CWNevada to allow  
14 for the approval process of this Stipulation and Order ("Disciplinary Stay").

15           20.     On or about June 24, 2020, the Receiver completed destruction of CWNevada's  
16 untagged marijuana pursuant to the Department's Order of Destruction.

17           21.     Effective July 1, 2020 and pursuant to NRS 678A.350, the Cannabis Compliance Board  
18 (the "Board") will supersede the Department in enforcing Nevada laws and regulations for the cannabis  
19 industry and this Stipulation and Order must be approved and ordered by the Board to be effective.  
20 References herein to the Department shall be deemed to refer to the Board as may be required after  
21 the transition of authority. 2019 Nev. Stat., ch. 595, § 240, at 172.

#### 22                   **ACKNOWLEDGEMENTS AND APPLICABLE LAW**

23           This Stipulation and Order is made and based upon the following acknowledgements by the  
24 Parties:

25           22.     The Receiver has entered into this Stipulation and Order on behalf of CWNevada, with  
26 full authority, and he is aware of CWNevada's rights to contest violations pending against it. These  
27 rights include representation by an attorney at CWNevada's own expense, the right to a hearing on  
28 any violations or allegations formally filed, the right to confront and cross-examine witnesses called

1 to testify against CWNevada, the right to present evidence on CWNevada's own behalf, the right to  
2 testify on CWNevada's behalf, and any other rights which may be accorded to CWNevada pursuant  
3 to provisions of Chapters 233B, 453A, and 453D of the NRS and the NAC. CWNevada is waiving all  
4 these rights by entering into this Stipulation and Order, subject to approval of the Stipulation and Order  
5 by the Receivership Court and the Board.

6 23. Should this Stipulation and Order be rejected by the Board or not timely performed by  
7 CWNevada, it is agreed that presentation to and consideration by the Board of such proposed  
8 stipulation or other documents or matters pertaining to the consideration of this Stipulation and Order  
9 shall not unfairly or illegally prejudice the Board or any of its members from further participation,  
10 consideration, adjudication, or resolution of these proceedings and that no Board member shall be  
11 disqualified or challenged for bias.

12 24. This Stipulation and Order shall only become effective after approval by the  
13 Receivership Court and the Board.

14 25. The Receiver enters into this Stipulation and Order after being fully advised of  
15 CWNevada's rights and as to the consequences of this Stipulation and Order. This Stipulation and  
16 Order embodies the entire agreement reached between the Department and CWNevada. It may not be  
17 altered, amended, or modified without the express consent of the Parties.

18 26. In an effort to avoid the cost and uncertainty of a hearing, the Parties have agreed to  
19 settle this matter. In settling this matter, the Receiver makes no admission of wrongdoing; however,  
20 on behalf of CWNevada, the Department and the Receiver acknowledge that the facts contained in the  
21 paragraphs in the above "Pertinent Facts" portion of this Stipulation and Order are true and correct.  
22 The Receiver further acknowledges that certain facts contained in the First Amended Complaint may  
23 constitute violations of chapters 453A and 453D of the NRS and NAC if this matter went to a hearing.  
24 The Receiver is aware that upon his appointment, CWNevada was in possession of untagged marijuana  
25 products at multiple facilities and failed to pay taxes owed to the Department. If the Board approves  
26 this Stipulation and Order, it shall be deemed and considered disciplinary action by the Board against  
27 CWNevada.  
28

27. The Parties acknowledge that the Board has jurisdiction to consider and order this Stipulation and Order because CWNevada holds privileged licenses/certificates regulated by the Board as of July 1, 2020. The Receiver expressly, knowingly, and intentionally waives the 21-day notice requirement contained in NRS 241.034 and acknowledges that this Stipulation and Order may be presented to the Board for its consideration and potential ratification at the Board's meeting on July 21, 2020, if previously approved by the Receivership Court.

## **STIPULATED ADJUDICATION**

Based upon the above acknowledgments of the Parties and their mutual agreement, the Parties stipulate and agree that the following terms of discipline should be imposed by the Board in this matter:

28. Revocation of CW Licenses/Certificates. The following six CW Licenses/Certificates shall be revoked (“Revoked Licenses/Certificates”):

- a. Ali Baba Medical Cultivation Certificate (C009);
- b. Ali Baba Recreational Cultivation License (RC009);
- c. Oxbow Medical Production Certificate (P010);
- d. Oxbow Recreational Production License (RP010);
- e. Oakridge Distribution License (T022); and
- f. Oakridge Medical Cultivation License (C011).

29. Imposition of Civil Penalties. CWNevada shall pay a total civil penalty in the amount of one million two-hundred fifty thousand dollars (\$1,250,000.00).<sup>1</sup>

30. Liquidation of Remaining CW Licenses/Certificates. The Receiver agrees to use his best efforts to sell the following eight CW Licenses/Certificates (“Unrevoked Licenses/Certificates”) within six (6) months of the Effective Date of this Stipulation and Order (“Sale Deadline”) subject to approval by the Receivership Court:

- Blue Diamond Medical Dispensary Certificate (D010);
- Blue Diamond Recreational Dispensary License (RD010);
- Highland Medical Cultivation Certificate (C010);

<sup>1</sup> This represents a greater civil penalty than the recommended civil penalty of \$974,000 for the six Revoked Licenses/Certificates.

- d. Highland Recreational Cultivation License (RC010);
- e. Ali Baba Distribution License (T021);
- f. Ali Baba Medical Production Certificate (P009);
- g. Ali Baba Recreational Production License (RP009); and
- h. Oakridge Recreational Cultivation License (RC011).

“Best efforts” as used herein shall mean the Receiver diligently pursuing the sale of CWNevada’s Unrevoked Licenses/Certificates. It is understood that factors outside the Receiver’s control may cause the liquidation of CWNevada’s Unrevoked Licenses/Certificates to be delayed beyond the Sale Deadline, such as obtaining the necessary approvals from the Receivership Court, the Board’s approval of a new owner, and environmental conditions, including, but not limited to, Covid-19.<sup>2</sup> So long as the Receiver uses his best efforts to sell CWNevada’s Unrevoked Licenses/Certificates, any failure to sell CWNevada’s Unrevoked Licenses/Certificates by the Sale Deadline shall not be considered an event of default under this Stipulation and Order and no additional penalties will be imposed. The Board may inquire as to the Receiver’s efforts to comply with this Section and the Receiver agrees to provide any documentation necessary to support the Receiver’s contention that he is using his best efforts to sell the Unrevoked Licenses/Certificates.

If the sale of CWNevada’s Unrevoked Licenses/Certificates cannot occur by the Sale Deadline despite the Receiver’s best efforts to do so, the Receiver may petition the Board for an order granting an extension to sell CWNevada’s Unrevoked Licenses/Certificates upon a showing of good cause (“Petition for Extension”). The Department shall be allowed two weeks to oppose the Receiver’s

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<sup>2</sup> **When liquidating CWNevada’s Unrevoked Licenses/Certificates, the Receiver must abide by all orders of the Receivership Court**, including, but not limited to, the Current Receivership Order and the Order Granting, in Part, Receiver’s Motion to Approve Engagement of Brokerage Expert on Order Shortening Time (“Order Approving Brokerage Expert”), which was entered in the Receivership Action on May 14, 2020. Pursuant to the Order Approving Brokerage Expert, the Receiver engaged Alliance Global Partners (“A.G.P.”) to market and sell the CW Licenses/Certificates. A.G.P.’s marketing and sale process requires approximately two months to complete.

In the event this Stipulation and Order is approved by the Board at its initial meeting on July 21, 2020 as scheduled, the Receiver intends to file a motion with the Receivership Court to sell the Unrevoked Licenses/Certificates on order shortening time by August 4, 2020 (“Motion to Liquidate”). A.G.P. will begin its marketing and sale process upon the Receivership Court granting the Motion to Liquidate. If the Receivership Court grants the Motion to Liquidate and enters its order granting the Motion to Liquidate by August 21, 2020, it is estimated that A.G.P.’s marketing and sell process will be completed by October 21, 2020. The Receiver will then be required to file a motion with the Receivership Court to approve any sale(s) that resulted from A.G.P.’s marketing and sale process before any such sale can be completed.

1 Petition for Extension. After allowing the Department to oppose the Receiver's Petition for Extension,  
2 the parties expect the Board to issue an order on the Receiver's Petition for Extension. As long as the  
3 Receiver is using his best efforts to meet the Sale Deadline, as it may be extended by the Board, he is  
4 not limited to the number of times he may request an extension to the Sale Deadline.

5 If the Department believes the Receiver has failed to use his best efforts to sell the Unrevoked  
6 Licenses/Certificates by the Sale Deadline, or if any Petition for Extension is denied, then upon written  
7 notice to the Board and the Receiver, the Department may request the Board issue an order that  
8 resumes the Disciplinary Action against CWNevada by lifting the Disciplinary Stay and proceeding  
9 with the Disciplinary Action as set forth in the First Amended Complaint and any amendments allowed  
10 thereafter if leave is granted by the Board.

11 However, if the Receiver does successfully sell the Unrevoked Licenses/Certificates to one or  
12 more third-parties ("Original Purchaser(s)") within the time allowed subject to approval by the  
13 Receivership Court, but the Board does not approve transfer of the Unrevoked Licenses/Certificates  
14 to the Original Purchaser(s), no penalties shall be imposed against the Receiver or CWNevada.  
15 Additionally, the Original Purchaser(s) shall be given a reasonable opportunity to cure any reason(s)  
16 for the Board not approving the transfer(s) to the Original Purchaser(s) ("Transfer Defect(s)"). If the  
17 Original Purchaser(s) are unable to cure any Transfer Defect(s) after being given a reasonable  
18 opportunity to do so, the Receiver shall use his best efforts to sell any such Unrevoked  
19 Licenses/Certificates to one or more different third-parties within six (6) months of the Board  
20 providing written notice to the Receiver and the Original Purchaser(s) that the Original Purchaser(s)  
21 could not cure the Transfer Defect(s).

22 31. Payment of Taxes, Late Payment Penalties, and Interest. CWNevada shall pay all  
23 unpaid taxes, applicable penalties, and interest based on the returns submitted/filed by CWNevada.  
24 This does not preclude the Department from conducting an audit and pursuing any other tax liabilities  
25 if the Department chooses to do so.

26 32. Distribution from Sale of CWNevada's Unrevoked Licenses/Certificates. The  
27 Department/Board's civil penalties and unpaid taxes, penalties (other than civil penalties), and interest  
28 will be paid first from the sale of CWNevada's Unrevoked Licenses/Certificates. CWNevada's

1 Owners will not receive any of the proceeds from the sale of CWNevada's Unrevoked  
2 Licenses/Certificates.

3 33. Unrevoked Licenses/Certificates. The Department acknowledges that CWNevada  
4 shall continue to be the licensee of the Unrevoked Licenses/Certificates with all rights, powers and  
5 privileges associated with the Unrevoked Licenses/Certificates until they are transferred to a third-  
6 party. The Department further acknowledges that the Receiver and CWNevada may continue to  
7 operate the Unrevoked Licenses/Certificates pursuant to Nevada law pending the necessary approvals  
8 of this Stipulation and Order and sale of the Unrevoked Licenses/Certificates.

9 34. 2020 Renewal Applications. The Receiver may withdraw the 2020 Renewal  
10 Applications for the Revoked Licenses/Certificates without penalty and may resubmit these 2020  
11 Renewal Applications without penalty should this Stipulation and Order not be approved for any  
12 reason.

13 35. Best Efforts to Seek Approval. The Receiver shall use his best efforts to have this  
14 Stipulation and Order approved by the Receivership Court. If approval from the Receivership Court  
15 is not granted and final within 3 months from the date the Receiver requests such approval, this  
16 Stipulation and Order may be rescinded by any Party. The Department agrees to use its best efforts to  
17 have this Stipulation and Order put on the Board's consent agenda for its first meeting, which is  
18 scheduled for July 21, 2020, so long as the Receiver has approval to enter into this Stipulation and  
19 Order from the Receivership Court. The Department shall also use its best efforts to have this  
20 Stipulation and Order approved by the Board once it is put on the Board's agenda.

21 36. Contingency if Approval Denied. If approval of this Stipulation and Order is denied by  
22 the Receivership Court or the Board, the Department agrees to resume settlement negotiations with  
23 the Receiver in good faith prior to lifting the stay in the Disciplinary Action and allowing a reasonable  
24 time to negotiate new settlement terms, which shall not exceed 14 days unless agreed to by the Parties.  
25 If the Parties are unable to negotiate new settlement terms after a reasonable time is allowed for good  
26 faith negotiations, the Department agrees to work with the Receiver in good faith on a stipulation to  
27 lift the stay in the Disciplinary Action. The Department expressly acknowledges and unconditionally  
28 agrees that, if it is necessary to lift the stay in the Disciplinary Action, CWNevada is not to be

1 prejudiced in any way for any delays caused by the Parties seeking approval of this Stipulation and  
2 Order and/or attempting to continue settlement negotiations if this Stipulation and Order is not  
3 approved<sup>3</sup>, including without limitation conducting discovery by the Receiver to the extent that the  
4 statutes and regulations permit.

5 37. Disciplinary Action against Brian Padgett. This Stipulation and Order does not release  
6 or waive any discipline against Brian Padgett, individually. CWNevada will not oppose and the  
7 Department/Board will proceed with pursuing civil penalties/fines against Brian Padgett and  
8 revocation of Brian Padgett's marijuana establishment agent card.

9 38. Closure of Disciplinary Action. Once this Stipulation and Order is fully performed by  
10 CWNevada and the Receiver, the Disciplinary Action against CWNevada will be closed in its entirety  
11 with no further discipline to be imposed against CWNevada. During the course of performance, no  
12 discipline shall be imposed against CWNevada beyond the express terms of this Stipulation and Order.

13 39. Discretion to Cease Operations. If, prior to Closure of the Disciplinary Action, the  
14 Receiver determines in his reasonable business judgment that it is in the best interest of CWNevada  
15 and/or the Receivership Estate to cease operations at any facilities where any CW Licenses/Certificates  
16 are currently located, including without limitation the removal of security guards and/or operators  
17 from any facilities, the Department will not require any such CW Licenses/Certificates to be  
18 surrendered pursuant to NAC 453D.300 and will allow any such Unrevoked Licenses/Certificates to  
19 be sold as set forth herein. Before ceasing operations at any facilities where any CW  
20 Licenses/Certificates are currently located, the Receiver agrees to destroy or transfer any marijuana  
21 and/or marijuana products located in those facilities.

22 40. Mutual Releases. Upon approval of this Stipulation and Order by the Receivership  
23 Court and the Board, and except as otherwise specifically provided in this Stipulation and Order  
24 (including without limitation Section 37, *supra*, which expressly states, "This Stipulation and Order  
25 does not release or waive any discipline against Brian Padgett, individually"), the following full and  
26 complete mutual releases shall become immediately, mutually, and bilaterally effective to the broadest  
27

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28 <sup>3</sup> With the exception, and acknowledgement by CWNevada and the Receiver, that interest continues to accrue on any  
unpaid taxes. NRS 360.417.



1 extent possible:

2 a. CWNebraska/Receiver Release of the Department/Board. CWNebraska and the Receiver  
3 hereby release, now and forever, the Department/Board and all of its current and former agents,  
4 attorneys, accountants, advisors, consultants, insurers, reinsurers, predecessors, successors, related  
5 entities, successors, direct or indirect owners, assigns, from any and all manner of claims, actions,  
6 causes of action, charges, suits, rights, debts, dues, sums of money, accounts, reckonings, bonds, bills,  
7 specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages,  
8 judgments, executions, obligations, liabilities, and demands of any kind or nature, whether arising at  
9 law or in equity, whether liquidated or unliquidated, whether accrued or to accrue hereafter, whether  
10 absolute or contingent, whether foreseen or unforeseen, and whether or not heretofore asserted  
11 (collectively, the "Claims and Losses"), including without limitation any claim, obligation, or damages  
12 that is directly or indirectly related to any facts, conduct, or violations that have been alleged or could  
13 have been alleged, as of the Effective Date of this Stipulation and Order, in the Department's First  
14 Amended Complaint, CWNebraska's Answer to Disciplinary Complaint, the Disciplinary Action, the  
15 Receivership Action, and/or any litigation arising out of the Disciplinary Action or Receivership  
16 Action, from the beginning of time through and beyond the end of time (collectively, the  
17 "CWNebraska/Receiver Release"). The CWNebraska/Receiver Release may be pleaded by the  
18 Board/Department as a full and complete defense to and may be used as the basis for an injunction  
19 prohibiting any action, suit, or other proceeding at law or in equity which may be instituted,  
20 prosecuted, threatened, initiated, or attempted in breach of the CWNebraska/Receiver Release set forth  
21 herein by CWNebraska and/or the Receiver.

22 b. Department/Board's Release of CWNebraska/Receiver. The Department/Board hereby  
23 release, now and forever, CWNebraska and the Receiver, and anyone acting on their behalf since the  
24 appointment of the Receiver over CWNebraska on June 13, 2019, including all such post-receivership  
25 agents, attorneys, accountants, advisors, consultants, insurers, reinsurers, predecessors, successors,  
26 related entities, successors, , from any and all manner of claims, actions, causes of action, charges,  
27 suits, rights, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants,  
28 contracts, controversies, agreements, promises, variances, trespasses, damages, judgments,

1 executions, obligations, liabilities, and demands of any kind or nature, whether arising at law or in  
2 equity, whether liquidated or unliquidated, whether accrued or to accrue hereafter, whether absolute  
3 or contingent, whether foreseen or unforeseen, and whether or not heretofore asserted (collectively,  
4 the "Claims and Losses"), including without limitation any claim, obligation, or damages that is  
5 directly or indirectly related to any facts, conduct, or violations that have been alleged or could have  
6 been alleged, as of the Effective Date of this Stipulation and Order, in the Department's First Amended  
7 Complaint, CWNevada's Answer to Disciplinary Complaint, the Disciplinary Action, the  
8 Receivership Action, and/or any litigation arising out of the Disciplinary Action or Receivership  
9 Action, from the beginning of time through and beyond the end of time (collectively, the  
10 "Department/Board Release"). The Department/Board Release may be pleaded by the CWNevada  
11 and/or the Receiver as a full and complete defense to and may be used as the basis for an injunction  
12 prohibiting any action, suit, or other proceeding at law or in equity which may be instituted,  
13 prosecuted, threatened, initiated, or attempted in breach of the Department/Board Release set forth  
14 herein by the Department/Board.

15 41. Releases Valid Even if Additional or Different Facts. The Parties each and all, in  
16 signing this Stipulation and Order, expressly acknowledge that they each may, or in the collective  
17 may, discover facts which are additional to or different from those which the Parties now know or  
18 believe to be true. It is the Parties' intent that the Releases set forth in Section 40, *supra*, shall remain  
19 fully enforceable notwithstanding the discovery of any additional or different facts by any of the  
20 Parties – excluding any discoveries of additional or different facts delayed by the Receiver's fraud,  
21 intentional concealment or other deceitful acts. No fraud, intentional concealment or other deceitful  
22 acts of Brian Padgett shall be considered for purposes of this Section.

23 42. Attorney's Fees and Costs. The Parties each agree to bear their own attorney's fees  
24 and costs.

25 43. Not Precedent. The Board's approval of this Stipulation and Order shall not constitute  
26 approval of, or a precedent regarding, any principle or issue for any other purpose or for any other  
27 party except those involved herein. This Stipulation and Order shall not be admissible in any other  
28

1 proceeding or for any other period with respect to any other matter, except proceedings brought to  
2 enforce this Stipulation and Order under its terms and any future progressive discipline.

3 44. Further Assurances. The Parties shall cooperate in executing such additional  
4 documents and performing such further acts as may be reasonably necessary to give effect to the  
5 purposes and provisions of this Stipulation and Order.

6 45. Voluntary and Informed Agreement. The Parties, and each of them, to this Stipulation  
7 and Order represent that each has read completely and understands fully the terms of this Stipulation  
8 and Order, that such terms are fully understood and voluntarily accepted by each of the Parties in  
9 advance of and as memorialized by the signing of this Stipulation and Order, and that the Party's  
10 signature to this Stipulation and Order indicates same. The Parties, and each of them, further represent  
11 that they have voluntarily entered into this Stipulation and Order to make a full, final, and complete  
12 compromise upon the terms and conditions set forth herein. The Parties, and each of them, hereto  
13 further represent to each other that any releases, waivers, discharges, covenants, and agreements  
14 provided for in this Stipulation and Order have been knowingly and voluntarily granted and without  
15 any duress or undue influence of any nature from any person. The Parties, and each of them, hereby  
16 expressly acknowledge that they are each represented by counsel of their own choice in this matter  
17 and have been advised by counsel accordingly.

18 46. Warranties of Authority. The Parties to this Stipulation and Order, and each of them,  
19 expressly warrant and represent to all other Parties that each has the full right, title, and authority to  
20 enter into and to carry out its obligations hereunder, with the sole exception of the required approvals  
21 of this Stipulation and Order by the Receivership Court and the Board. The Parties also expressly  
22 acknowledge the foregoing authority, including without limitation, the Receiver's authority to act on  
23 behalf of CWNevada.

24 47. Binding Effect. This Stipulation and Order shall be binding upon and inure to the  
25 benefit of the Parties hereto and the Parties' respective successors, predecessors, parents, affiliates,  
26 shareholders, employees, heirs, executors, assigns, and administrators.

27 48. Construction. The headings of all Sections of this Stipulation and Order are inserted  
28 solely for the convenience of reference and are not a part of the Stipulation and Order and are not

1 intended to govern, limit, or aid in the construction or interpretation of any term or provision of this  
2 Stipulation and Order. In the event of a conflict between such caption and the paragraph at the head  
3 of which it appears, the paragraph and not such caption shall govern in the construction of this  
4 Stipulation and Order.

5 49. Governing Law. This Stipulation and Order shall be governed by and construed in  
6 accordance with the laws of the State of Nevada, without reference to conflict of law principles.

7 50. Jurisdiction. The Parties consent to the jurisdiction of the Board to resolve any disputes  
8 related to the terms or enforcement of this Stipulation and Order. The successful or prevailing Party  
9 or Parties in such action shall be entitled to recover reasonable attorney fees, costs, and expenses  
10 actually incurred in initiating or responding to such proceeding, in addition to any other relief to which  
11 it may be entitled. The Receiver may petition the Receivership Court for judicial review of the Board's  
12 order(s) pursuant to NRS 678A.610.

13 51. Interpretation. This Stipulation and Order is the result of negotiations among the  
14 Parties who have each negotiated and reviewed its terms. In the event a Court ever construes this  
15 Agreement, the Parties expressly agree, consent, and assent that such Court shall not construe this  
16 Agreement or any provision hereof against any Party as its drafter for purposes of interpreting any  
17 ambiguity or uncertainty in this Stipulation and Order.

18 52. Time is of the Essence. Time is of the essence in the performance of all terms of this  
19 Stipulation and Order.

20 53. Severability. If any portion of this Stipulation and Order, or its application thereof to  
21 any person or circumstance, shall be deemed to any extent to be invalid, illegal, or unenforceable as a  
22 matter of law, all remaining clauses of this Stipulation and Order and its application thereof shall be  
23 not affected and shall remain enforceable to the fullest extent permitted by law.

24 54. Counterparts and Copies. This Stipulation and Order may be executed in counterparts,  
25 each of which when so executed and upon delivery to counsel of record for the remaining Parties shall  
26 be deemed an original ("Counterparts"). This Stipulation and Order shall be deemed executed when  
27 Counterparts of this Stipulation and Order have been executed by all the Parties; such Counterparts  
28 taken together shall be deemed to be the Agreement. This Stipulation and Order may be executed by

1 signatures provided by electronic facsimile or email, which signatures shall be binding and effective  
2 as original wet ink signatures hereupon. All fully executed copies of this Stipulation and Order are  
3 duplicate originals, equally admissible in evidence.

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1 IN WITNESS WHEREOF, this Stipulation and Order has been executed by the Parties and  
2 attested by their duly authorized representatives as of the date(s) so indicated. The Effective Date of  
3 this Stipulation and Order shall be the date it is ordered by the Board.

4  
5   
6 \_\_\_\_\_ Date: 7/2/2020  
7 DOFAN Y. MLELECH, in his capacity as Court-  
8 appointed receiver over CW Nevada, LLC,  
9 Respondent


10 HOLLEY DRIGGS

11   
12 \_\_\_\_\_ Date: 7/2/2020  
13 RICHARD HOLLEY, ESQ.  
14 JOHN SAVAGE, ESQ.  
15 Counsel for Respondent

16 STATE OF NEVADA, DEPARTMENT  
17 OF TAXATION, MARIJUANA ENFORCEMENT  
18 DIVISION, PETITIONER

19   
20 \_\_\_\_\_ Date: 7/2/20  
21 TYLER KLIMAS, Executive Director of the  
22 Cannabis Compliance Board

23 AARON D. FORD  
24 Attorney General

25   
26 \_\_\_\_\_ Date: 7/2/20  
27 MICHELLE BRIGGS, ESQ.  
28 ASHLEY BALDUCCI, ESQ.  
Counsel for Petitioner

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**ORDER**

On 21st day of July, 2020, the Cannabis Compliance Board approved and adopted the terms and conditions set forth in the foregoing Stipulation and Order for Settlement of Disciplinary Action with CWNevada, LLC.

**IT IS SO ORDERED.**

SIGNED AND EFFECTIVE this 21st day of July, 2020.

**CANNABIS COMPLIANCE BOARD,  
STATE OF NEVADA**

By:   
HON. MICHAEL DOUGLAS, CHAIR

# **EXHIBIT “1”**

# **EXHIBIT “1”**

NUVEDA'S APPENDIX 0521



1 **BEFORE THE CHIEF ADMINISTRATIVE LAW JUDGE**  
2 **DEPARTMENT OF TAXATION**  
3 **STATE OF NEVADA**

4 STATE OF NEVADA, DEPARTMENT  
5 OF TAXATION, MARIJUANA  
6 ENFORCEMENT DIVISION,

7 Petitioner,

8 vs.

9 CWNEVADA, LLC, and BRIAN  
10 PADGETT,

11 Respondents.

Case No. 2020-4

12 **FIRST AMENDED COMPLAINT FOR DISCIPLINARY**  
13 **ACTION AND NOTICE OF HEARING**

14 The Marijuana Enforcement Division of the Department of Taxation, State of  
15 Nevada (the "Department"), by and through its counsel, Aaron D. Ford, Attorney General  
16 of the State of Nevada, Michelle D. Briggs, Esq., Senior Deputy Attorney General and  
17 Ashley A. Balducci, Esq., Senior Deputy Attorney General, hereby notifies RESPONDENT  
18 CWNEVADA, LLC ("Respondent CWNevada") and RESPONDENT BRIAN PADGETT  
19 ("Respondent Padgett") (collectively "RESPONDENTS") of an administrative hearing  
20 before the Chief Administrative Law Judge Dena Smith which is to be held pursuant to  
21 Chapters 233B and Chapters 453A and 453D of the Nevada Revised Statutes ("NRS") and  
22 Chapters 453A and 453D of the Nevada Administrative Code ("NAC"). The purpose of the  
23 hearing is to consider the allegations stated below and to determine the disciplinary action  
24 imposed on the RESPONDENTS pursuant to the provisions of NRS and NAC including,  
25 but not limited to, NRS 453A.340, NAC 453A.348, NAC 453A.332, NRS 453D.200, NAC  
26 453D.365(3)(c),(4), NAC 453D.405, NAC 453D.900, and NAC 453D.905.

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## JURISDICTION AND NOTICE

1. During all relevant times mentioned in this complaint, Respondent CWNevada held, and currently holds, the following certificates and licenses:

ID	License/Certificate	Issued*	Address
C009	13761794095675050382 Medical Cultivation	07/01/18	4145 W ALI BABA LN, LAS VEGAS, NV 89118
C010	09187693713312678064 Medical Cultivation	07/01/18	3152 S HIGHLAND DR, LAS VEGAS, NV 89109
C011	89262643408539637228 Medical Cultivation	07/01/18	9680 OAKRIDGE AVE, PAHRUMP, NV 89048
RC009	98257210716506396734 Cultivation	07/01/18	4145 W ALI BABA LN, LAS VEGAS, NV 89118
RC010	80858076313151684223 Cultivation	01/01/19	3132/3152 S HIGHLAND DR, LAS VEGAS, NV 89109
RC011	73911129313774416305 Cultivation	07/01/18	9680 OAKRIDGE AVE, PAHRUMP, NV 89048
D010	43581723673753505053 Medical Dispensary	07/01/18	6540 BLUE DIAMOND RD, LAS VEGAS, NV 89139**
RD010	23003643426806888206 Retail Store	07/01/18	6540 BLUE DIAMOND RD, LAS VEGAS, NV 89139**
P009	65621689196409860614 Medical Production	07/01/18	4145 W ALI BABA LN, LAS VEGAS, NV 89118
P010	39084961615736303651 Medical Production	07/01/18	301 OXBOW AVE STE 14, PAHRUMP, NV 89048
RP009	33109597595341895101 Product Manufacturing	07/01/18	4145 W ALI BABA LN, LAS VEGAS, NV 89118
RP010	58113349031251538626 Product Manufacturing	07/01/18	301 OXBOW AVE STE 14, PAHRUMP, NV 89048
T021	97595215455267957025 Distributor	07/01/18	4145 W ALI BABA LN, LAS VEGAS, NV 89118
T022	73727679080930887930 Distributor	07/01/18	9680 OAKRIDGE AVE, PAHRUMP, NV 89048

\* The Medical certificates were first issued by the Department in 2017.

\*\* Canopi was the DBA for Respondent CWNevada's retail store and dispensary at Blue Diamond.

1 and is, therefore, subject to the jurisdiction of the Department and the provisions of NRS  
2 Chapters 453A and 453D and NAC Chapters 453A and 453D.

3 2. During all relevant times mentioned in this complaint, Respondent Padgett  
4 held a marijuana establishment agent cardholder of 1800008853, 1800008854,  
5 1800008855, 1800008857, 1800008856, 1708030826, 1800008858, and 1800008859  
6 connected with the following certificates C009, RC009, C010, RC010, C011, RC011, D010,  
7 RD010, P009, RP009, P010, RP010, T021, and T022<sup>1</sup> and is therefore, subject to the  
8 jurisdiction of the Department and the provisions of NRS Chapters 453A and 453D and  
9 NAC Chapters 453A and 453D.

10 3. During all relevant times mentioned in this complaint, Respondent  
11 CWNevada is registered as a limited-liability company in the State of Nevada. BCP  
12 Holding 7, LLC is the manager of Respondent CWNevada. BCP Legal, LLC is the manager  
13 of BCP Holding 7, LLC. The Law Offices of Brian C. Padgett, LLC is the manager of BCP  
14 Legal, LLC. Respondent Padgett is the manager of Law Offices of Brian C. Padgett, LLC.

15 4. During all relevant times mentioned in this complaint, Respondent Padgett  
16 managed the business and operations for Respondent CWNevada.

17 5. During all relevant times mentioned in this complaint, Respondent Padgett,  
18 Timothy Smits Van Oyen, Jennifer Lazovich, Kenneth Kesick, Hershel "Hank" Gordon, and  
19 Richard Gordon are and were the owners of Respondent CWNevada.

## 20 FACTUAL ALLEGATIONS

21 6. The Department incorporates all prior paragraphs as though fully set forth  
22 herein.

23 7. On March 8, 2019 the Department conducted an inspection of the facilities of  
24 a marijuana establishment located at 1324 South 3rd Street, North Las Vegas, Nevada  
25 89104 ("the Clark NMSD dispensary"). Respondent CWNevada had a management  
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27 <sup>1</sup> "If a marijuana establishment agent also holds a valid medical marijuana establishment agent registration  
28 card, the marijuana establishment agent is authorized to work in any marijuana establishment or dual  
licensee for which the category of the marijuana establishment agent registration card and medical  
marijuana establishment agent registration card authorize the person to volunteer or work." NAC  
453D.348(4).

1 agreement with the Clark NMSD dispensary.

2 8. During the March 8, 2019 inspection of the Clark NMSD dispensary, the  
3 Department's inspectors and/or investigators and/or auditors discovered that Respondent  
4 CWNevada's employees Alex Rodriguez, William Giron, Brian Porras, and Alicia Castile  
5 had worked at and separated marijuana products at the Clark NMSD dispensary on  
6 February 21, 2019 and February 22, 2019.

7 9. During the March 8, 2019 inspection of the Clark NMSD dispensary, the  
8 Department's inspectors and/or investigators and/or auditors located and photographed  
9 marijuana products (Purple Punch, Blue Zkittlez, White Nightmare, and Lemon Skunk)  
10 that Respondent CWNevada's employees separated on February 21, 2019 and February 22,  
11 2019 in an unapproved location, a breakroom.

12 10. During the March 8, 2019 inspection of the Clark NMSD dispensary, the  
13 Department's inspectors and/or investigators and/or auditors quarantined the marijuana  
14 products to be inspected further at another date and verbally instructed Respondent  
15 CWNevada's employees not to move or tamper with the quarantined marijuana products.

16 11. On March 12, 2019, Respondent CWNevada's personnel notified the  
17 Department's inspectors and/or investigators and/or auditors that Respondent CWNevada  
18 "transferred [the quarantined marijuana products] back to our cultivation facility, where  
19 it has been quarantined until we get direction from the State."

20 12. On March 13, 2019, the Department's inspectors and/or investigators and/or  
21 auditors again instructed Respondent CWNevada's personnel not to move the quarantined  
22 marijuana products.

23 13. On March 14, 2019, Respondent CWNevada personnel told the Department's  
24 inspectors and/or investigators and/or auditors that the quarantined marijuana products  
25 had been moved to the cultivation facility located at 4145 Ali Baba Lane, Las Vegas,  
26 Nevada 89118.

27 14. On March 14, 2019, the Department's inspectors and/or investigators and/or  
28 auditors instructed Respondent CWNevada's personnel not to move the quarantined

1 marijuana products from the cultivation facility located at 4145 Ali Baba Lane, Las Vegas,  
2 Nevada 89118 and demanded, among other things, that Respondent CWNevada provide  
3 the Department with all video showing the movement of the quarantined marijuana  
4 products with "no exceptions."

5 15. The video surveillance provided to the Department by Respondent CWNevada  
6 did not show any quarantined marijuana products being moved to the cultivation facility  
7 located at 9680 Oakridge Ave, Pahrump, Nevada 89048 although METRC data stated  
8 otherwise.

9 16. Instead, the video surveillance provided to the Department by Respondent  
10 CWNevada showed movements for one of the two quarantined boxes from the Clark NMSD  
11 dispensary on March 11, 2019 at approximately 2:17 p.m., the arrival of some quarantined  
12 marijuana product to the dispensary located at 6540 Blue Diamond Road, Las Vegas,  
13 Nevada 89139 on March 11, 2019 at approximately 3:46 p.m., and the arrival of some  
14 quarantined marijuana product at the cultivation facility located at 4145 Ali Baba Lane,  
15 Las Vegas, Nevada 89118 on March 11, 2019 at approximately 3:19 p.m.

16 17. The video surveillance provided to the Department by Respondent CWNevada  
17 did not show movements for the other quarantined marijuana products.

18 18. According to METRC data entries made by Respondent CWNevada personnel,  
19 the quarantined marijuana products were transferred four to five separate times to  
20 different Respondent CWNevada's facilities, but not where the Department found the  
21 quarantined marijuana products.

22 19. METRC data showed the quarantined marijuana products moved to and were  
23 repackaged at the cultivation facility located at 9680 Oakridge Ave, Pahrump, Nevada  
24 89048, but the video surveillance provided to the Department did not show this transfer or  
25 the repackaging of the quarantined marijuana products.

26 20. Respondent CWNevada interfered with the Department's investigation when  
27 Respondent CWNevada moved the quarantined marijuana products several times, failed  
28 to provide the required video surveillance to the Department, falsified information in

1 METRC, and repackaged the quarantined marijuana products.

2 21. On April 12, 2019, the Department put an administrative hold on all Clark  
3 products which would have prevented marijuana products from the Clark NMSD  
4 dispensary from being legally transferred.

5 22. On or about May 8, 2019, the Department's inspectors and/or investigators  
6 and/or auditors inspected, discovered, and photographed the following product:

- 7 a. 81 units of White Nightmare,
- 8 b. 20 units of Big King 3.5g,
- 9 c. 42 units of Mandarin Cookies,
- 10 d. 31 units of Double Trouble,
- 11 e. 16 units of Pina Colada,
- 12 f. 66 units of Banana Punch,
- 13 g. 54 units of Blue Zkittlez,
- 14 h. 44 units of Double Trouble,
- 15 i. 58 units of Pina Colada,
- 16 j. 75 units of Hercules,
- 17 k. 62 units of NC Lemon Banana Sherbert,
- 18 l. 77 units of Lavender Jones,
- 19 m. 54 units of Blue Suede, and
- 20 n. 13 units of Kush Master

21 at the dispensary at 6540 Blue Diamond Road, Las Vegas, Nevada 89139 when METRC  
22 represented the location of the product at the Clark NMSD dispensary, a total of 612 units.

23 23. During this inspection, the Department's inspectors and/or investigators  
24 and/or auditors also discovered 89 groups, a total of 1,342 units, of untagged marijuana  
25 products:

- 26 a. 70 units of Verano Flower Purple Punch did not have METRC tags on the  
27 products.
- 28 b. 1 unit of Blue Dream did not have a METRC tags on the product.

- 1 c. 16 units of BaM-Hardcore OG did not have METRC tags on the products.
- 2 d. 71 units of Chem Dawg 91 did not have METRC tags on the products.
- 3 e. 1 unit of Golden Stormz 1 g flower did not have METRC tags on the
- 4 products.
- 5 f. 2 units of Lemon Skunks 1 g flower did not have METRC tags on the
- 6 products.
- 7 g. 2 units of Old School Lemons 1 g flower did not have METRC tags on the
- 8 products.
- 9 h. 18 units of BaM – White Nightmare did not have METRC tags on the
- 10 products.
- 11 i. 8 units of Bleu Cheese did not have METRC tags on the products.
- 12 j. 22 units of BaM – Key Lime Pie did not have METRC tags on the
- 13 products.
- 14 k. 42 units of Vader Kush did not have METRC tags on the products.
- 15 l. 1 unit of Chocolope #2 did not have METRC tags on the products.
- 16 m. 4 units of Blue Suede did not have METRC tags on the products.
- 17 n. 11 units of Big King 7g did not have METRC tags on the products.
- 18 o. 9 units of Kush Master did not have METRC tags on the products.
- 19 p. 1 unit of Train Wreck did not have METRC tags on the products.
- 20 q. 78 units of Canes Cookies did not have METRC tags on the products.
- 21 r. 69 units of NC Lemon Banana Sherbert did not have METRC tags on the
- 22 products.
- 23 s. 3 units of NC Blue Zkittles did not have METRC tags on the products.
- 24 t. 83 units of Tha Cheese 3.5 g did not have METRC tags on the products.
- 25 u. 66 units of NC Banana Punch did not have METRC tags on the products.
- 26 v. 5 units of Pineapple Chunk did not have METRC tags on the products.
- 27 w. 6 units of Cane Cookies did not have METRC tags on the products.
- 28 x. 26 units of Chem Dawg did not have METRC tags on the products.

y. 11 units of Primus Punch did not have METRC tags on the products.  
z. 1 unit of Desert Snow 1 g did not have METRC tags on the products.  
aa. 6 units of Primus did not have METRC tags on the products.  
bb. 25 units of Tangie did not have METRC tags on the products.  
cc. 21 units of Durban Poison did not have METRC tags on the products.  
dd. 7 units of Spartan Snow 7 g did not have METRC tags on the products.  
ee. 10 units of Shaman did not have METRC tags on the products.  
ff. 57 units of The Cheese 3.5 g did not have METRC tags on the products.  
gg. 9 units of Pineapple Express did not have METRC tags on the products.  
hh. 1 unit of BaM – Key Lime Pie did not have METRC tags on the products.  
ii. 34 units of Pineapple Express did not have METRC tags on the products.  
jj. 63 units of Primus 1 g did not have METRC tags on the products.  
kk. 44 units of Space Cake did not have METRC tags on the products.  
ll. 54 units of GRAVITAS White 99 did not have METRC tags on the  
products.  
mm. 1 unit of Pineapple Chunk did not have METRC tags on the products.  
nn. 1 unit of Blue Cheese did not have METRC tags on the products.  
oo. 2 units of Kush Co / LVC RoseGar did not have METRC tags on the  
products.  
pp. 2 units of Kush Co / LVC Cannagar did not have METRC tags on the  
products.  
qq. 7 units of Rose-Rillo did not have METRC tags on the products.  
rr. 49 units of Hercules did not have METRC tags on the products.  
ss. 1 unit of Tangie did not have METRC tags on the products.  
tt. 6 units of Tangie did not have METRC tags on the products.  
uu. 68 units of Red Headed Stranger did not have METRC tags on the  
products.

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1 vv. 59 units of False Teeth Flower 3.5 g did not have METRC tags on the  
2 products.  
3 ww. 25 units of Ultimate Indica 1 g did not have METRC tags on the  
4 products.  
5 xx. 6 units of Blue Suede 3.5 g did not have METRC tags on the products.  
6 yy. 3 units of Kush Master 7 g flower did not have METRC tags on the  
7 products.  
8 zz. 2 units of Blue Suede 7 g did not have METRC tags on the products.  
9 aaa. 2 units of Blue Suede 7 g did not have METRC tags on the products.  
10 bbb. 2 units of Blue Suede 7 g did not have METRC tags on the products.  
11 ccc. 39 units of Dr. Who did not have METRC tags on the products.  
12 ddd. 40 units of Canes Cookies 3.5 g did not have METRC tags on the  
13 products.  
14 eee. 1 unit of Hardcore OG did not have METRC tags on the product.  
15 fff. 1 unit of Double Trouble did not have METRC tags on the product.  
16 ggg. 1 unit of False Teeth did not have METRC tags on the product.  
17 hhh. 1 unit of White Nightmare did not have METRC tags on the product.  
18 iii. 1 unit of Pineapple Express did not have METRC tags on the product.  
19 jjj. 1 unit of Dr. Who did not have METRC tags on the product.  
20 kkk. 1 unit of Chem Dawg 91 did not have METRC tags on the product.  
21 ll. 1 unit of Vader Kush did not have METRC tags on the product.  
22 mmm. 1 unit of White 99 did not have METRC tags on the product.  
23 nnn. 1 unit of Tha Cheese 3.5 g did not have METRC tags on the product.  
24 ooo. 1 unit of Hercules did not have METRC tags on the product.  
25 ppp. 1 unit of Cherry-Do-Si-DOS 25 did not have METRC tags on the  
26 product.  
27 qq. 1 unit of Cane Cookies did not have METRC tags on the product.  
28 rrr. 1 unit of Banana Punch did not have METRC tags on the product.

## NUVEDA'S APPENDIX 0530

1 sss. 1 unit of Kush Master did not have METRC tags on the product.

2 ttt. 1 unit of Pina Colada did not have METRC tags on the product.

3 uuu. 1 unit of Primus did not have METRC tags on the product.

4 vvv. 1 unit of Lemon Banana Sherbert did not have METRC tags on the  
5 product.

6 www. 1 unit of Key Lime Pie did not have METRC tags on the product.

7 xxx. 1 unit of Sunday Driver did not have METRC tags on the product.

8 yyy. 1 unit of Blue Suede did not have METRC tags on the product.

9 zzz. 1 unit of Primas flower 7 g did not have METRC tags on the product.

10 aaaa. 1 unit of White Queen did not have METRC tags on the product.

11 bbbb. 2 units of Unidentified did not have METRC tags on the products.

12 cccc. 1 unit of Strawberry Banana did not have METRC tags on the  
13 product.

14 dddd. 1 unit of Cherry Lime Haze did not have METRC tags on the product.

15 eeee. 1 unit of OG Kush did not have METRC tags on the product.

16 ffff. 1 unit of Primus 1 g did not have METRC tags on the product.

17 gggg. 45 units of Spartan Snow did not have METRC tags on the products.

18 hhhh. 65 units of Chem Dawg 91 did not have METRC tags on the products.

19 24. On or about May 8, 2019, the Department's inspectors and/or investigators  
20 and/or auditors discovered a batch of 56 units of Blue Zkittles at Respondent CWNevada's  
21 dispensary located at 6540 Blue Diamond Road, Las Vegas, Nevada 89139 that METRC  
22 listed as quarantined at the Respondent CWNevada's cultivation facility located at 9680  
23 Oakridge Ave, Pahrump, Nevada 89048.

24 25. On or about May 9, 2019, the Department's inspectors and/or investigators  
25 and/or auditors conducted an inspection of Respondent CWNevada's cultivation facility  
26 located at 9680 Oakridge Ave, Pahrump, Nevada 89048 and discovered the following  
27 transfers of marijuana from Clark NMSD dispensary to the Oakridge cultivation facility  
28 when none of the marijuana originated from the Oakridge cultivation facility:

- a. January 21, 2019, 1 package.
- b. January 18, 2019, 31 packages.
- c. March 11, 2019, 4 packages.
- d. March 13, 2019, 29 packages, not received by Oakridge until March 19, 2019 according to METRC.
- e. March 24, 2019, 38 packages, not received by Oakridge until April 26, 2019 according to METRC.

26. During the inspection on or about May 9, 2019 of Respondent CWNevada's cultivation facility located at 9680 Oakridge Ave, Pahrump, Nevada 89048, the Department's inspectors and/or investigators and/or auditors discovered that at least twenty-six (26) surveillance video cameras could not be viewed and the Department's inspectors and/or investigators and/or auditors could not identify the areas of the facility not visible due to the inactive or inoperable video cameras.

27. During the inspection on or about May 9, 2019 of Respondent CWNevada's cultivation facility located at 9680 Oakridge Ave, Pahrump, Nevada 89048, Respondent CWNevada's security personnel could not provide any surveillance video camera or footage of the "henhouse" where Respondent CWNevada harvests and destroys marijuana products and the cameras installed did not operate and/or provided an obstructed view when operated.

28. During the inspection on or about May 9, 2019 of Respondent CWNevada's cultivation facility located at 9680 Oakridge Ave, Pahrump, Nevada 89048, Respondent CWNevada's personnel informed the Department's inspectors and/or investigators and/or auditors that Respondent CWNevada also destroys marijuana products at an outside location near the dumpster area on the south side of the property where no adequate video coverage to identify all activity due to limited and/or obstructed viewing capabilities.

29. During the inspection on or about May 9, 2019 of Respondent CWNevada's cultivation facility located at 9680 Oakridge Ave, Pahrump, Nevada 89048, the Department's inspectors and/or investigators and/or auditors discovered untagged plants

1 and Respondent CWNevada's personnel represented that 4,153 plants were untagged.

2 30. On or about May 9, 2019, the Department's inspectors and/or investigators  
3 and/or auditors conducted an inspection at Respondent CWNevada's production facility  
4 located at 301 Oxbow Avenue, Suite 14, Pahrump, Nevada 89048, discovered no operational  
5 video surveillance cameras existed within the facility and Respondent CWNevada's  
6 personnel indicated that the security system had not been operational for approximately  
7 six (6) weeks, and Respondent CWNevada's personnel indicated that her password had  
8 been changed and she had not been able to access the security system since April 22, 2019.

9 31. Between March 21, 2019 and June 7, 2019, Respondent CWNevada sold 1,924  
10 marijuana products where the point of sale data did not match the marijuana products  
11 identified in METRC.

12 32. Between March 21, 2019 and June 7, 2019, Respondent CWNevada sold 1,793  
13 marijuana products not identified in the State's seed-to-sale tracking system that also did  
14 not have Certificates of Analysis associated with the marijuana products.

15 33. The Department's inspectors and/or investigators and/or auditors discovered  
16 that Respondent CWNevada failed to timely file and fully remit Retail Marijuana Taxes  
17 ("RMT") to the Department as follows:

- 18 a. The October of 2018 RMT return was filed late with partial payment.
- 19 b. The November of 2018 RMT return was filed late with partial payment.
- 20 c. The December of 2018 RMT return was filed late with partial payment.
- 21 d. The January of 2019 RMT return was filed late with insufficient funds.
- 22 e. The February of 2019 RMT return was filed without payment.
- 23 f. The March of 2019 RMT return was filed without payment.
- 24 g. The April of 2019 RMT return was filed without payment.
- 25 h. The May of 2019 RMT return was filed without payment.
- 26 i. The June of 2019 RMT return was filed without payment.

27 34. On March 4, 2019 the Law Office of Brian C. Padgett LLC remitted a check  
28 in the amount of \$1,090,254.79 to partially pay the amounts owed for various tax periods

1 for multiple tax types.

2 35. Respondent CWNevada owes \$336,692.20 to date for unpaid RMT for the  
3 returns due on October 31, 2018, November 30, 2018, December 31, 2018, January 31, 2019,  
4 February 28, 2019, March 31, 2019, April 30, 2019, May 31, 2019, and June 30, 2019.

5 36. The Department's inspectors and/or investigators and/or auditors discovered  
6 that Respondent CWNevada failed to timely file and fully remit Sales and Use Taxes  
7 ("SUT") to the Department as follows:

- 8 a. The October of 2018 SUT return was filed late with partial payment.
- 9 b. The November of 2018 SUT return was filed late with partial payment.
- 10 c. The December of 2018 SUT return was filed late with partial payment.
- 11 d. The January of 2019 SUT return was filed with insufficient funds.
- 12 e. The February of 2019 SUT return was filed without payment.
- 13 f. The March of 2019 SUT return was filed without payment.
- 14 g. The April of 2019 SUT return was filed without payment.
- 15 h. The May of 2019 SUT return was filed without payment.
- 16 i. The June of 2019 SUT return was filed without payment.

17 37. Respondent CWNevada owes \$301,662.88 to date for unpaid SUT for the  
18 returns due on October 31, 2018, November 30, 2018, December 31, 2018, January 31, 2019,  
19 February 28, 2019, March 31, 2019, April 30, 2019, May 31, 2019, and June 30, 2019.

20 38. Respondent CWNevada owes \$3,000 as a civil penalty and \$527.25 as time  
21 and effort billing for the facility located at 4145 W Ali Baba Lane, Las Vegas, NV 89118 for  
22 not filing quarterly inventory reports due on March 31, 2019 and October 31, 2019.

23 39. Respondent CWNevada failed to pay Modified Business Tax in the total  
24 amount of \$31,753.48 for the returns due on September 30, 2018, December 31, 2018,  
25 March 31, 2019, and June 30, 2019.

26 40. Respondent CWNevada failed to timely file and fully remit Wholesale  
27 Marijuana Tax to the Department as follows:

28 . . .

- a. The WMT return due October 31, 2018 was filed late with partial payment.
- b. The WMT return due November 30, 2018 was filed late with partial payment.
- c. The WMT return due December 31, 2018 was filed late with partial payment.
- d. The WMT return due January 31, 2019 was filed late with insufficient funds.
- e. The WMT return due February 28, 2019 was filed without payment.
- f. The WMT return due March 31, 2019 was filed without payment.
- g. The WMT return due April 30, 2019 was filed with no payment.
- h. The WMT return due May 31, 2019 was filed with no payment.
- i. The WMT return due June 30, 2019 was filed with no payment.

41. Respondent CWNevada failed to pay the Wholesale Marijuana Tax in the total amount of \$836,205.88 for the returns due on October 31, 2018, November 30, 2018, December 31, 2018, January 31, 2019, February 28, 2019, March 31, 2019, April 30, 2019, May 31, 2019, and June 30, 2019.

42. On February 28, 2018, Respondent Padgett argued to Tyson Kern of the Department that Respondent CWNevada could file late returns at its discretion so long as CWNevada also paid penalty and interest when ultimately remitting taxes. Respondent Padgett also admitted to Tyson Kern that other expenses of Respondent CWNevada were paid rather than the taxes owed to the Department.

43. On March 6, 2019, Respondent Padgett indicated that he decided to pay for a local jurisdiction rather than pay taxes collected and owed to the Department.

44. Email correspondence from February 22, 2019 to June 24, 2019 between the Department's inspector and/or investigators and/or auditors and Respondent Padgett show that Respondent Padgett knew about the unpaid taxes and still did not pay said taxes.

...

1           45. In addition to unpaid taxes, Respondent CWNevada incurred expenses and  
2 debts that resulted in a Final Award in favor of one of its creditors, 4Front Advisors, LLC  
3 ("4Front") in the amount of \$4,987,092.29. Subsequently, 4Front made an application to  
4 appoint a receiver to the Eighth Judicial District Court in Case No. A-17-755479-C because  
5 "4Front learned that CWNevada is attempting to sell the [its] assets."

6           46. Several other creditors filed suit against Respondent CWNevada and/or  
7 Respondent Padgett in Eighth Judicial District Court in Case Nos. A-18-777432-B (Green  
8 Pastures Fund, LLC Series I (CWNevada, LLC), et al. v. CWNevada), A-18-777692-C  
9 (Green Pastures Group, LLC v. CWNevada, LLC), A-18-777603-C (MI-CW Holdings LLC  
10 v. CWNevada, LLC), A-18-777549-B (MI-CW Holdings NV Fund 2 LLC v. CWNevada,  
11 LLC), A-18-777270-B (Highland Partners NV LLC v. CWNevada, LLC; Brian Padgett)  
12 consolidated into one case A-18-777270-B and A-18-773230-B (The CIMA Group, LLC v.  
13 CWNevada, LLC).

14           47. An employee for Respondent CWNevada made a \$7,500 cash deposit from  
15 Respondent CWNevada's proceeds to an account for "Law Office of Brian C. Padgett" on  
16 June 5, 2019 at Respondent Padgett's request.

17           48. Employees of Respondent CWNevada reported making cash deposits in  
18 various bank accounts at the direction of Respondent Padgett.

19           49. On June 12, 2019, employees at the cultivation and production facility located  
20 at 4145 W. Ali Baba Ln, Las Vegas, NV 89119 were told to leave early for the day and to  
21 take their personal items with them.

22           50. An employee reported to Respondent Padgett's assistant that everyone was  
23 gone, and he drove to a nearby parking lot where he could see the main office entrance.

24           51. The employee observed Respondent Padgett and his assistant enter the  
25 building, and a short time later a white van with three men inside parked next to them.

26           52. The employee witnessed the men loading the van with 10 to 15 tubs from the  
27 building which were used to store product as well as four garbage bags and some boxes.

28           53. Respondent Padgett locked the doors once they were done and everyone left.

1           54.    On June 13, 2019, a receiver was appointed to take over control of Respondent  
2 CWNevada pending another hearing.

3           55.    By stipulation of the parties at a hearing on June 14, 2019, the Eighth Judicial  
4 District Court appointed Dotan Y. Melech ("the Receiver") as the receiver over Respondent  
5 CWNevada in Case No. A-17-755479-C.

6           56.    A final order appointing the Receiver was entered on July 10, 2019.

7           57.    As a result of the Receiver being appointed, the Department put a METRC  
8 hold on all Respondent CWNevada's marijuana and marijuana products on June 12, 2019.

9           58.    Employees of Respondent CWNevada were informed that a receiver was  
10 appointed on June 13, 2019.

11          59.    On June 13, 2019, an employee of Respondent CWNevada gave access to  
12 Respondent Padgett's assistant at the cultivation and production location at 4145 W. Ali  
13 Baba Lane, Las Vegas, Nevada 89119 where he observed her remove papers and laptops  
14 from multiple offices and he gave her the keys for the building.

15          60.    According to a declaration signed by Sheba Statham, a consultant hired by  
16 the Receiver, an inventory of the marijuana product at Respondent CWNevada's facilities  
17 in METRC prior to the appointment of the Receiver compared to after the appointment of  
18 the Receiver showed significant inventory discrepancies at Respondent CWNevada's  
19 dispensary located at 6540 Blue Diamond Road, Las Vegas, Nevada 89135, the cultivation  
20 facility at 4145 Ali Baba Lane, Las Vegas, Nevada 89118, the production facility at 4145  
21 Ali Baba Lane, Las Vegas, Nevada 89118, and the cultivation facility at 9680 Oakridge  
22 Avenue, Pahrump, Nevada 89048.

23          61.    On September 3, 2019, the Receiver filed a Notice of Closure of Respondent  
24 CWNevada's cultivation facility located at 9680 Oakridge Ave, Pahrump, Nevada 89048  
25 due to the expense of maintaining the location and ongoing security problems. "Based on  
26 information and belief, the Oakridge Facility is at the greatest risk of having its marijuana  
27 establishment license revoked."

28    ...



1           62.    On October 17, 2019, the Department sent correspondence to the owners of  
2 Respondent CWNevada presenting the multiple violations committed by Respondent  
3 CWNevada and Respondent Padgett and requesting a response to the violations.

4           63.    The Department received responses from Hershel "Hank" Gordon, Richard  
5 Gordan, Jennifer Lazovich, Timothy Smits Van Oyen, and the Receiver, but none of them  
6 had knowledge of or control over the management of Respondent CWNevada for the  
7 relevant time period. After several extensions granted by the Department at Respondent  
8 Padgett's request, the Department received no response from Respondent Padgett.

9           64.    While the Receiver sought permission to destroy the expired and unusable  
10 marijuana and marijuana product, Respondent Padgett received a court order to inspect  
11 and take samples for lab testing of marijuana product owned by Respondent CWNevada in  
12 February 2020.

13           65.    Respondent Padgett hired G3 Labs to inspect and take samples for testing.

14           66.    During the inspection and sampling on February 4, 2020 and February 5, 2020  
15 at the production and cultivation facilities located at 4145 W. Ali Baba Lane, Las Vegas,  
16 Nevada 89118, and on February 6, 2020 at the cultivation facility at 9680 Oakridge Ave,  
17 Pahrump, Nevada 89048, the Department observed marijuana and marijuana products  
18 without the required METRC tags, and; therefore, outside the seed-to-sale tracking system.

19           67.    To date, Respondent Padgett has not provided any test results for the product  
20 G3 Labs took for testing which included untagged marijuana and marijuana products.

21           68.    On February 27, 2020, the Department ordered the destruction of the  
22 untagged marijuana and marijuana products discovered at the dispensary located at 6540  
23 Blue Diamond Road, Las Vegas, Nevada 89139 on or about May 8, 2019, the cultivation  
24 facility located at 9680 Oakridge Ave, Pahrump, Nevada 89048 on or about May 9, 2019  
25 and February 6, 2020, and all untagged marijuana and marijuana product observed by the  
26 Department at the cultivation and production location at 4145 Ali Baba Lane, Las Vegas,  
27 Nevada 89048.

28   ...

69. By order dated March 30, 2020, Respondent Padgett was found to be guilty of contempt due to his “willfully, knowingly, and intentionally” violating court orders regarding the receivership.

## VIOLATIONS OF LAW

70. The Department incorporates all prior paragraphs as though fully set forth herein.

71. **Violation No. 1.** As to licenses and certificates C009, RC009, C011, RC011, D010, RD010, T021, and T022, Respondent CWNevada violated NAC 453D.905(3)(a)(4) by intentionally destroying or concealing evidence, as set forth above in paragraphs 6-20, category I violations.

72. **Violation No. 2.** As to licenses and certificates C009, RC009, C011, RC011, D010, RD010, T021, and T022 Respondent CWNevada violated NAC 453D.905(3)(a)(3) by making an intentionally false statement to the Department in emails and METRC data, as set forth above in paragraphs 6-22, category I violations.

73. **Violation No. 3.** As to licenses and certificates C009, RC009, C011, RC011, D010, RD010, T021, and T022, Respondent CWNevada violated NAC 453D.312(3)(g) and NAC 453A.332(3)(g) by failing or refusing to cooperate fully with an investigation or inspection by the Department, as set forth above in paragraphs 6-22, 24, grounds for suspension or revocation, category I violations.

74. **Violation No. 4.** As to licenses and certificates C009, RC009, C011, RC011, D010, RD010, P010, and RP010, Respondent CWNevada violated NAC 453D.434(3) and NAC 453D.905(3)(b)(14) by failing to maintain required security alarm and surveillance systems, as set forth above in paragraphs 6-20, 26-28, and 30, category II violations.

75. **Violation No. 5.** As to licenses and certificates P009, RP009, C011, RC011, D010, RD010, T021, and T022, Respondent CWNevada violated NAC 453D.426, NAC 453D.568, NAC 453D.864, NAC 453D.868, NAC 453D.870, and NAC 453D.905(3)(d)(14), (19), and (20) by transporting or storing marijuana or marijuana products from an unlicensed source or diversion of marijuana or marijuana products and/or storing or

1 delivering unapproved marijuana or marijuana products and/or picking up, unloading or  
2 delivering marijuana or marijuana products to an unauthorized location, as set forth above  
3 in paragraphs 6-22 and 24, category III violations.

4       **76. Violation No. 6.** As to licenses and certificates RD010 and D010, Respondent  
5 CWNevada violated NRS 372A.290, NRS 372A.260, NAC 453D.230, and NAC  
6 453D.905(3)(a)(5) and (d)(10) by intentionally or unintentionally failing to pay Retail  
7 Marijuana Tax for nine months to the Department, as set forth above in paragraphs 6 and  
8 33-44, category I or III violations.

9       **77. Violation No. 7.** As to licenses and certificates RD010 and D010, Respondent  
10 CWNevada violated NRS 372A.290, NRS 372A.260, NAC 453D.230, and NAC  
11 453D.905(3)(a)(5) and (d)(10) by intentionally or unintentionally failing to pay Sales and  
12 Use Tax for nine months to the Department, as set forth above in paragraphs 6, 33-44,  
13 category I or III violations.

14       **78. Violation No. 8.** As to licenses and certificates RP009, P009, RC009, C009,  
15 and T021, Respondent CWNevada violated NAC 453D.485 and NAC 453D.905(3)(f)(1) by  
16 failing to submit sale reports for two months to the Department, as forth above in  
17 paragraphs 6 and 38, category V violations.

18       **79. Violation No. 9.** As to all licenses and certificates, NRS 363B.110 and NAC  
19 453D.905(3)(a)(5) and (d)(10) by intentionally or unintentionally failing to pay Modified  
20 Business Tax for four months to the Department as forth above in paragraphs 6, 39,  
21 category I or III violations.

22       **80. Violation No. 10.** As to licenses and certificates RC009 and C009,  
23 Respondent CWNevada violated NRS 453D.500 and NAC 453D.905(3)(a)(5) and (d)(10) by  
24 intentionally or unintentionally failing to pay Wholesale Marijuana Tax for nine months to  
25 the Department, as set forth above in paragraphs 6 and 40-44, category I or III violations.

26       **81. Violation No. 11.** Pursuant to NAC 453D.365(3)(c),(4), Respondent Padgett  
27 engaged and/or knowingly violated NRS 363B.110, NRS 372A.290, NRS 372A.260, NRS  
28 453D.500, NAC 453D.230, and NAC 453D.905(3)(a)(5) and (d)(10) by intentionally or

1 unintentionally failing to pay the taxes owed, as set forth in paragraphs 6 and 33-44,  
2 category I or II violations.

3       **82. Violation No. 12.** Pursuant to NAC 453D.365(3)(c),(4), Respondent Padgett  
4 violated NAC 453D.905(3)(f)(5) by making a payment with a check returned for insufficient  
5 fund, as set forth in paragraphs 6, 33(d), 36(d), and 40(d), a category V violation.

6       **83. Violation No. 13.** Pursuant to NAC 453D.365(3)(c),(4), Respondent Padgett  
7 knowingly violated NAC 453D.312(3)(g) and NAC 453A.332(3)(g) by failing or refusing to  
8 cooperate fully with an investigation by the Department, as set forth in paragraphs 6 and  
9 62-63, which is grounds to suspend or revoke marijuana establishment agent registration  
10 card, category I violations.

11       **84. Violation No. 14.** As to licenses and certificates RD010, D010, T021, and  
12 T022 Respondent CWNevada violated NAC 453D.426, NAC 453D.568, and NAC  
13 453D.905(3)(d)(14), (19), and (20) by transporting or storing marijuana from an unlicensed  
14 source or diversion of fourteen (14) strains of marijuana or marijuana products and/or  
15 storing or delivering fourteen (14) strains of unapproved marijuana product and/or picking  
16 up, unloading or delivering fourteen (14) strains of marijuana, consisting of 612 units at an  
17 unauthorized location, as set forth in paragraphs 6 and 22, category III violations.

18       **85. Violation No. 15.** As to licenses and certificates RD010 and D010,  
19 Respondent CWNevada violated NAC 453D.430 and NAC 453D.905(3)(d)(4) by failing to  
20 keep required records, including seed-to-sale tracking requirements for eighty-nine (89)  
21 strains of marijuana product consisting of 1,342 units, as set forth in paragraphs 6 and 23,  
22 category III violations.

23       **86. Violation No. 16.** As to licenses and certificates RC011, C011, T021, T022,  
24 RD010 and D010, Respondent CWNevada violated NAC 453D.430 and NAC  
25 453D.905(3)(d)(4) by failing to keep required records, including seed-to-sale tracking  
26 requirements, where marijuana product was found at the Blue Diamond dispensary but  
27 METRC data showed it was quarantined at the Oakridge cultivation facility, as set forth  
28 in paragraphs 6 and 24, category III violations.

1           **87. Violation No. 17.** As to licenses and certificates RC011, C011, T021, and  
2 T022, Respondent CWNevada violated NAC 453D.426, NAC 453D.568, NAC 453D.864,  
3 NAC 453D.868, NAC 453D.870, and NAC 453D.905(3)(d)(14), (19), and (20) by transporting  
4 or storing marijuana or marijuana products from an unlicensed source or diversion of  
5 marijuana or marijuana products and/or storing or delivering unapproved marijuana or  
6 marijuana products and/or picking up, unloading or delivering marijuana or marijuana  
7 products to an unauthorized location, as set forth in paragraphs 6 and 25, category III  
8 violations.

9           **88. Violation No. 18.** As to licenses and certificates RD010 and D010,  
10 Respondent CWNevada violated NAC 453D.568, NAC 453D.712, and NAC  
11 453D.905(3)(b)(11) and (d)(4) and (11) by selling 1,924 marijuana products that were not in  
12 METRC and 1,793 of those marijuana products did not have certificates of analysis  
13 required by a marijuana testing facility before consumers purchased the marijuana  
14 products, as set forth in paragraphs 6, 31, and 32, category II and category III violations.

15           **89. Violation No. 19.** As to licenses and certificates RD010, D010, T021, and  
16 T022 Respondent CWNevada violated NAC 453D.426, NAC 453D.568, NAC 453D.860, and  
17 NAC 453D.905(3)(d)(19) by transporting or storing marijuana from an unlicensed source  
18 or diverting 1,924 marijuana products, as set forth in paragraphs 6 and 31, category III  
19 violations.

20           **90. Violation No. 20.** As to licenses and certificates RC011, C011, RD010, D010,  
21 RP009, P009 RC009, and C009, Respondent CWNevada violated NAC 453D.426(6)(a) and  
22 NAC 453D.905(3)(d)(5) by failing to tag plants and/or marijuana product, as set forth above  
23 in paragraphs 6, 23, 29, 66 and 68, category III violations.

24           **91. Violation No. 21.** As to licenses and certificates RC011, C011, RD010, D010,  
25 RP009, P009 RC009, C009, T021, and T022, Respondents CWNevada and Padgett violated  
26 NAC 453D.905(3)(d)(19) and (20) by diverting marijuana and marijuana product and  
27 picking up, unloading or delivering marijuana at an unauthorized location, as set forth  
28 above in paragraphs 6, 49-53, and 60, category III violations.

1 **DISCIPLINE REQUESTED**

2 Based on the above, the Department incorporates by reference herein the attached  
3 spreadsheets marked as Exhibit "1" with the Department's recommended discipline that  
4 the hearing officer should impose against the licenses and certificates associated with  
5 Respondent CWNevada and Respondent Padgett's marijuana establishment agent card.  
6 The Department reserves the right to change and/or modify this recommendation based on  
7 the evidence adduced at the hearing.

8 **DISCIPLINE AUTHORIZED**

9 Pursuant to the provisions of NRS 453A.340, NAC 453A.348, NAC 453A.332, NRS  
10 453D.200, NAC 453D.365(3)(c),(4), NAC 453D.405, NAC 453D.900, NAC 453D.905, and  
11 NAC 453D.940(8) the hearing officer has the discretion to impose the following disciplinary  
12 actions:

- 13 1. Revoke the license, certificate and/or marijuana establishment agent card;  
14 2. Suspend the license, certificate and/or marijuana establishment agent card;  
15 3. Impose a civil penalty of not more than \$35,000 for each separate violation of  
16 Chapter 453D on the license and/or marijuana establishment agent card; and  
17 4. Take such other disciplinary action as the hearing officer deems appropriate.

18 The hearing officer may order one or any combination of the discipline described  
19 above.

20 **NOTICE OF HEARING**

21 **PLEASE TAKE NOTICE**, that a disciplinary hearing has been set to consider this  
22 Administrative Complaint against the above-named RESPONDENTS in accordance with  
23 Chapters 233B and 453A and 453D of the Nevada Revised Statutes and Chapters 453A  
24 and 453D of the Nevada Administrative Code.

25 A HEARING HAS BEEN SET for May 12, 2020, beginning at approximately 10:00  
26 a.m. The hearing will be held at the Grant Sawyer Building, 555 E. Washington Avenue,  
27 Suite 4100, Las Vegas, Nevada 89101 in front of Chief Administrative Law Judge Dena  
28 Smith. You may also request a hearing pursuant to NAC 453D.908(3) within 30 days after

1 issuance of this First Amended Complaint for Disciplinary Action and Notice of Hearing.

2 The request for hearing should be mailed or delivered to:

3       Damon Hernandez, Chief Compliance/Audit Investigator  
4       555 E. Washington Avenue, Suite 4100  
5       Las Vegas, Nevada 89101  
6       (702) 486-0630  
7       Drhernandez@tax.state.nv.us

8       FAILURE TO APPEAR: If you are not present at the time and place set for the  
9 hearing, a default may be entered against you and the hearing officer may decide the case  
10 as if all allegations in the complaint were true.

11       As RESPONDENTS, you are specifically informed that you have the right to appear  
12 and be heard in your defense, either personally or through your counsel of choice. At the  
13 hearing, the Department has the burden of proving the allegations in the complaint and  
14 will call witnesses and present evidence against you. You have the right to respond and to  
15 present relevant evidence and argument on all issues involved. You have the right to call  
16 and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any  
17 matter relevant to the issues involved.

18       You have the right to request that the hearing officer issue subpoenas to compel  
19 witnesses to testify and/or evidence to be offered on your behalf. In making this request,  
20 you may be required to demonstrate the relevance of the witness's testimony and/or  
21 evidence.

22 ...

23 ...

24 ...

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26 ...

27 ...

28 ...

...

...

1 The purpose of the hearing is to determine if RESPONDENTS have violated any of  
2 the provisions of NRS and NAC Chapters 453A and 453D, and to determine what  
3 disciplinary action is imposed against RESPONDENTS, if any, pursuant to NRS 453A.340,  
4 NAC 453A.348, NAC 453A.332, NRS 453D.200, NAC 453D.365(3)(c),(4), NAC 453D.405,  
5 NAC 453D.900, NAC 453D.905, and NAC 453D.940(8).

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

8 DATED: April 28, 2020.

9 STATE OF NEVADA, DEPARTMENT OF  
10 TAXATION, MARIJUANA ENFORCEMENT  
11 DIVISION



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

16 AARON D. FORD  
17 Attorney General

18 By: Ashley Balducci  
19 Michelle D. Briggs, Esq. (7617)  
20 Ashley A. Balducci, Esq. (12687)  
21 Senior Deputy Attorney General  
22 555 E. Washington Avenue, Suite 3900  
23 Las Vegas, Nevada 89101  
24 (702) 486-9287  
25 Attorneys for the Department  
26  
27  
28



1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I am an employee of the Office of the Attorney General and that  
3 on the 28th day of April, 2020, I served the foregoing **FIRST AMENDED COMPLAINT**  
4 **FOR DISCIPLINARY ACTION AND NOTICE OF HEARING** by causing a true and  
5 correct copy thereof to be served via email as follows:

6 Dena C. Smith, Chief Administrative Law Judge

7 dcsmith@tax.state.nv.us

8 cgentile@tax.state.nv.us

9 Brian Padgett, Esq.

10 brian@briancpadgett.com

11 CWNevada, LLC

12 c/o Receiver, Dotan Melech

13 dym@unitedams.com

14 c/o Richard F. Holley

15 rholley@nevadafirm.com

16 John Savage

17 jsavage@nevadafirm.com

18 Timothy Smits Van Oyen

19 timsmitsvanoyen@hotmail.com

20 c/o Charlene Renwick

21 crenwick@lee-lawfirm.com

22 Herschel "Hank" and Richard Gordon

23 c/o Robert E. Murdock

24 rem@keachmurdock.com

25 Jennifer Lazovich

26 JLazovich@kcnvlaw.com

27 c/o I. Scott Bogatz

28 sbogatz@rrblf.com

Kenneth James Kesick

ken@advantagenv.com

*Ashley Balducci*

\_\_\_\_\_  
An Employee of the Office of the Attorney General

1 I hereby certify that I am an employee of the Office of the Attorney General and that  
2 on the 29<sup>th</sup> day of April, 2020, I served the foregoing **FIRST AMENDED COMPLAINT**  
3 **FOR DISCIPLINARY ACTION AND NOTICE OF HEARING** by causing a true and  
4 correct copy thereof to be served via Certified U.S. Mail, Postage Prepaid addressed as  
5 follows:

6 Via Certified U.S. Mail:  
7 Brian Padgett  
8 611 S. 6th Street  
9 Las Vegas, Nevada 89101

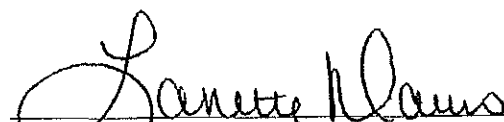
10 Via Certified U.S. Mail:  
11 CWNevada, LLC  
12 c/o Receiver, Dotan Melech  
13 Holley Driggs Walch  
14 Attn: John Savage  
15 400 S. 4th Street, Suite 300  
16 Las Vegas, Nevada 89101

17 Via Certified U.S. Mail:  
18 Timothy Smits Van Oyen  
19 c/o David S. Lee and Charlene N. Renwick  
20 Lee, Hernandez, Landrum & Carlson, APC  
21 7575 Vegas Drive, Suite 150  
22 Las Vegas, Nevada 89128

23 Via Certified U.S. Mail:  
24 Herschel "Hank" and Richard Gordon  
25 c/o Robert E. Murdock  
26 Murdock & Associates  
27 521 S. 3rd Street  
28 Las Vegas, Nevada 89101

Via Certified U.S. Mail:  
Kenneth Kesick  
4885 Vicki Avenue  
Las Vegas, Nevada 89139

Via Certified U.S. Mail:  
Jennifer Lazovich  
2103 Moorview Street  
Henderson, Nevada 89012

  
An Employee of the Office of the Attorney General

# Exhibit 1

NUVEDA'S APPENDIX 0548

ID	License/Certificate	Address	Violation Nos.	Recommended Discipline
C009	Medical Cultivation x0382	4145 W Ali Baba Ln, Las Vegas, NV 89118	1, 2, 3, 4, 8, 9, 10, 20, and 21	Revocation; \$223,250 Civil Penalty
RC009	Cultivation x6734	4145 W Ali Baba Ln, Las Vegas, NV 89118	1, 2, 3, 4, 8, 9, 10, 20, and 21	Revocation; \$223,250 Civil Penalty
C010	Medical Cultivation x8064	3152 Highland Dr, Las Vegas, NV 89109	9	\$17,500 Civil Penalty
RC010	Cultivation x4223	3132/3152 Highland Dr, Las Vegas, NV 89109	9	\$7,500 Civil Penalty
C011	Medical Cultivation x7228	9680 Oakridge Ave, Pahrump, NV 89048	1, 2, 3, 4, 5, 9, 16, 17, 20, and 21	Revocation; \$240,000 Civil Penalty
RC011	Cultivation x6304	9680 Oakridge Ave, Pahrump, NV 89048	1, 2, 3, 4, 5, 9, 16, 17, 20, and 21	Revocation; \$240,000 Civil Penalty
D010	Medical Dispensary x5053	6540 Blue Diamond Rd, Las Vegas, NV 89139	1, 2, 3, 4, 5, 6, 7, 9, 14, 15, 16, 18, 19, 20, and 21	Revocation; \$360,000 Civil Penalty
RD010	Dispensary x8206	6540 Blue Diamond Rd, Las Vegas, NV 89139	1, 2, 3, 4, 5, 6, 7, 9, 14, 15, 16, 18, 19, 20, and 21	Revocation; \$360,000 Civil Penalty
P009	Medical Production x0614	4145 W Ali Baba Ln, Las Vegas, NV 89118	5, 8, 9, 20, and 21	Revocation; \$70,750 Civil Penalty
RP009	Production x5101	4145 W Ali Baba Ln, Las Vegas, NV 89118	5, 8, 9, 20, and 21	Revocation; \$70,750 Civil Penalty
P010	Medical Production x3651	301 Oxbow Ave, Ste 14, Pahrump, NV 89048	4 and 9	\$47,500 Civil Penalty
RP010	Production x8626	301 Oxbow Ave, Ste 14, Pahrump, NV 89048	4 and 9	\$47,500 Civil Penalty
T021	Distributor x7025	4145 W Ali Baba Ln, Las Vegas, NV 89118	1, 2, 3, 5, 8, 9, 14, 16, 17, 19, and 21	Revocation; \$210,750 Civil Penalty
T022	Distributor x7930	9680 Oakridge Ave, Pahrump, NV 89048	1, 2, 3, 5, 9, 14, 16, 17, 19, and 21	Revocation; \$227,500 Civil Penalty

NUVEDA'S APPENDIX 0549

Brian Padgett's Marijuana Establishment Agent Card	
Violation No.	Recommended Discipline
Violation 11	Revocation; \$35,000 Civil Penalty
Violation 12	Warning
Violation 13	Revocation; \$35,000 Civil Penalty
Violation 21	Revocation; \$17,500

# EXHIBIT 8

on an objective evaluation of what is in the best interest of CWNevada’s creditors, but rather, is based on a subjective evaluation of what is in its own best interest—which would be to see the Receivership fail or dismiss its claims against NuVeda.

To oppose the Disciplinary Settlement, NuVeda focuses on select data and estimates while ignoring the reality that going through the Disciplinary Action could result in 10 of 14 licenses/certificates being revoked from CWNevada, which would prevent its creditors from receiving any distributions.

The baseline value of all of CWNevada’s licenses/certificates were estimated by the Receiver’s valuation expert at \$42 million. That value was reduced by the Receiver’s valuation expert to \$23 million based on various risk factors when CWNevada’s METRC account was still frozen and all of its licenses/certificates were still subject to revocation. NuVeda criticizes the Receiver for estimating the value of the licenses/certificates to be preserved by the Disciplinary Settlement based on conditions that have changed and possible future conditions, but offers no estimated values to challenge the Receiver’s estimates.

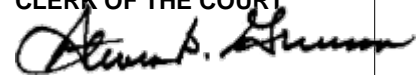
Additionally, NuVeda argues “the Receiver has provided no explanation to the court or CWNevada’s creditors on the rationale for the State’s insistence to sell remaining licenses on or before November 19, 2020.” Liquidating the preserved licenses/certificates by November 19, 2020 is not a condition of the Disciplinary Settlement. To the contrary, the Receiver must use his best efforts to liquidate the preserved licenses/certificates within six months of the Cannabis Compliance Board approving the Disciplinary Settlement if this Court approves the same. The Receiver also has the ability to request extensions if needed. This condition was required by the Department to prevent CWNevada’s licenses/certificates from being operated under the Receivership in perpetuity.

NuVeda’s opposition concludes by arguing the Receiver is “throwing in the towel” to get paid. Nothing could be further from the truth. The Receiver was prepared to defend CWNevada in the Disciplinary Action if acceptable settlement terms could not be reached. Four counteroffers were exchanged on both sides before the parties finally compromised on the Disciplinary Settlement. The agreed settlement terms allow CWNevada to maintain its most valuable 8

# EXHIBIT 9

NUVEDA'S APPENDIX 0553





**ORDR**

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Telephone: 702/791-0308  
Facsimile: 702/791-1912

*Attorneys for Dotan Y. Melech, Receiver*

**DISTRICT COURT**

**CLARK COUNTY, NEVADA**

NUVEDA, LLC, a Nevada Limited Liability  
Company; and CWNEVADA LLC, a Nevada  
Limited Liability Company,

Plaintiffs,

v.

4FRONT ADVISORS LLC, foreign limited  
liability company, DOES I through X and ROE  
ENTITIES, II through XX, inclusive,

Defendants.

Case No.: A-17-755479-B  
Dept. No.: XI

**Hearing Date: May 8, 2020**  
**Hearing Time: 8:45 a.m.**

**ORDER GRANTING, IN PART, RECEIVER'S MOTION TO APPROVE  
ENGAGEMENT OF BROKERAGE EXPERT ON ORDER SHORTENING TIME**

On May 8, 2020, the Court heard oral argument on the Receiver's Motion to Approve Engagement of Brokerage Expert on Order Shortening Time, which was filed by Dotan Y. Melech, the Court-appointed receiver over CWNevada, LLC ("CWNevada") in this matter ("Receiver") on May 5, 2020 ("Motion to Approve Engagement of Brokerage Expert"). The Court, having considered (a) the Receiver's Motion to Approve Engagement of Brokerage Expert; (b) The Cima Group LLC's Joinder In Receiver's Motion to Approve Engagement of Brokerage Expert; (c) the Opposition to the Receiver's Motion to Approve Engagement of Brokerage Expert and Countermotion to Set an Auction Date for the Sale of CWNevada's Assets filed by NuVeda, LLC; (d) Defendant 4Front Advisors LLC's Joinder to Receiver's Motion to Approve Engagement of

**NUVEDA'S APPENDIX 0554**

1 Brokerage Expert; (e) Opposition and Limited Joinder to Receiver's Motion to Approve  
2 Engagement of Brokerage Expert filed by Kirby Gruchow and ACE Legal Corp.; (f) Joinder to  
3 Receiver's Motion to Approve Engagement of Brokerage Expert filed by Fortress Oakridge, LLC  
4 and Fortress Ali Baba, LLC; and (g) Intervenor's Opposition to Receiver's Motion to Approve  
5 Engagement of Brokerage Expert and Countermotion to Continue Until May 15, 2020 filed by  
6 Brian Padgett, orders as follows:

7 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that the Receiver's  
8 Motion to Approve Engagement of Brokerage Expert is **GRANTED, IN PART**.

9 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that all bids  
10 for CWNevada's assets must be cash only.

11 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that no bids  
12 for CWNevada's assets may be contingent upon the State of Nevada approving the transfer of the  
13 purchased asset(s).

14 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that the  
15 Order is for approval of Alliance Global Partners as the Receiver's Brokerage Expert, and not for  
16 the sale of any asset and that Receiver must file a separate motion(s) to sale any CWNevada assets  
17 including without limitation CWNevada's marijuana establishment licenses located at 301 Oxbow  
18 Avenue, Unit #14, Pahrump, NV 89048 ("Oxbow Facility") and/or 3132 and 3152 S. Highland  
19 Drive, Las Vegas, NV 89109 ("Highland Facility").

20 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that all other  
21 relief requested by the Receiver's Motion to Approve Engagement of Brokerage Expert is granted.

22 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that NuVeda,  
23 LLC's Countermotion to Set an Auction Date for the Sale of CWNevada's Assets is **DENIED**.

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**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Brian Padgett’s Countermotion to Continue Until May 15, 2020 is **DENIED**.

**IT IS SO ORDERED.**

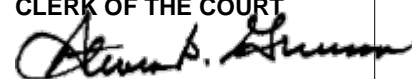
Dated this 13th day of May 2020.

  
 \_\_\_\_\_  
 THE HONORABLE ELIZABETH GONZALEZ  
 DISTRICT COURT JUDGE

**Submitted by:**  
**HOLLEY DRIGGS**

/s/ John J. Savage  
 RICHARD F. HOLLEY, ESQ.  
 Nevada Bar No. 3077  
 JOHN J. SAVAGE, ESQ.  
 Nevada Bar No. 11455  
 400 South Fourth Street, Third Floor  
 Las Vegas, Nevada 89101  
*Attorneys for Dotan Y. Melech, Receiver*

# EXHIBIT 10



**NOTC**  
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*Attorneys for Dotan Y. Melech, Receiver*

**DISTRICT COURT**

**CLARK COUNTY, NEVADA**

NUVEDA, LLC, a Nevada Limited Liability  
Company; and CWNEVADA LLC, a Nevada  
Limited Liability Company,

Plaintiffs,

v.

4FRONT ADVISORS LLC, foreign limited  
liability company, DOES I through X and ROE  
ENTITIES, II through XX, inclusive,

Defendants.

Case No.: A-17-755479-B  
Dept. No.: XI

**NOTICE OF RECEIVER'S TENTH INTERIM REPORT, DATED JUNE 30, 2020**

Dotan Y. Melech, the Court-appointed receiver over CWNEVADA, LLC ("CWNevada")  
in this matter ("Receiver"), by and through his undersigned counsel of record, the law firm of  
Holley Driggs (the "Holley Firm"), hereby provides all interested parties with this Notice of Tenth  
Interim Report, Dated June 30, 2020.

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///

**NUVEDA'S APPENDIX 0558**



# EXHIBIT “A”

1 DOTAN Y. MELECH  
2 UNITED AMS, LLC  
3 8350 W Sahara Ave., Ste. 150  
4 Las Vegas, NV 89117  
5 Ph: 702.586.7413 Fax: 877.300.1763  
6 [info@unitedams.com](mailto:info@unitedams.com)  
7 *Court Appointed Receiver*

8 **DISTRICT COURT FOR THE TENTH JUDICIAL DISTRICT OF THE STATE OF NEVADA**  
9 **IN AND FOR CLARK COUNTY**

10 NUVEDA, LLC, a Nevada Limited Liability Company;  
11 and CWNEVADA LLC, a Nevada Limited Liability  
12 Company,

13 Plaintiffs,

14 vs.

15 4FRONT ADVISORS LLC, foreign limited liability  
16 company, DOES I through X and ROE ENTITIES, II  
17 through XX, inclusive;

18 Defendants.

Case No.: A-17-755479-B  
Dept. No: 11

**RECEIVER'S TENTH INTERIM REPORT  
DATED JUNE 30, 2020**

19 I, Dotan Y. Melech, President of United AMS, LLC, the court-appointed Receiver (hereinafter,  
20 "Receiver"), submit this Receiver's Tenth Interim Report ("Tenth Interim Report"), for the period of May 1,  
21 2020 through May 31, 2020 ("Interim Reporting Period"), as follows:

22 **EXECUTIVE SUMMARY**

23 **BACKGROUND**

24 On June 13, 2019, an Order Appointing Temporary Receiver and Temporary Restraining Order  
25 ("Temporary Receiver Order") was entered in Tenth Judicial District Court case number A-18-773230-B,  
26 CIMA Group LLC v. CWNevada (the "CIMA Case"), which appointed the Receiver as a temporary receiver  
27 over CWNevada.

28 On June 26, 2019, another order was entered appointing the Receiver over CWNevada in this action  
pursuant to the parties' stipulation to appoint the Receiver, which was submitted unilaterally by NuVeda, LLC



1 (“NuVeda”) and vested the Receiver with the same power and authority set forth in the Temporary Receiver  
2 Order (“NuVeda Receiver Order”).

3 On July 10, 2019, the Court entered the effective and governing Receivership Order after conducting  
4 hearings on the 4Front Advisors LLC (hereinafter “4Front”) application on February 28, May 4, May 17, and  
5 June 14, 2019, including the stipulation of the parties placed on the record during the June 14, 2019 hearing  
6 (“Controlling Receivership Order”). All interested parties other than NuVeda agreed to the form and content  
7 of the Controlling Receivership Order.

8 The Receiver has been appointed to care for manage, secure, preserve, protect, operate and collect  
9 the revenues generated by the Receivership Estate (hereinafter, “Estate”). The Receiver has engaged the  
10 following team of professionals to provide valuable assistance to the Estate and for the benefit of all creditors:

- 11 a. Holley Driggs – Counsel for the Receiver,
- 12 b. Argentum Partners – Professional and Legal Compliance Consultants for State and Tax  
13 Authority matters,
- 14 c. Norton Consulting and Investigations – Security for the Estate,
- 15 d. Pancy Coffman, CPA – Accounting and Bookkeeping for the Estate,
- 16 e. Michael Aloian, CPA – Interim CFO for the Estate and NewCo 1,
- 17 f. SW Management, LLC – Cultivation Operating Partner,
- 18 g. Peach River Consulting, LLC – Production Operating Partner,
- 19 h. H&H Management, LLC – Dispensary Operating Partner,
- 20 i. Gryphon Valuation Consultants, Inc – Independent valuation of CW licenses,
- 21 j. Sheba Statham of Statham Advising Services, LLC – Marijuana Compliance Consultant,
- 22 k. Cevon Iny of CLI Ventures, LLC – Brand Strategist,
- 23 l. Alliance Global Partners – Investment Broker for the sale of the Estate’s assets,
- 24 m. Mushkin & Coppedge – Contingency Counsel for the Estate.

25 CWNevada engaged in the cultivation, production and dispensing of marijuana and marijuana related  
26 products. Pre-receivership, CWNevada conducted its business out of five (5) leased premises located at:

- 27 1. 4145 Ali Baba Lane, Las Vegas, NV 89118 (hereinafter, “Ali Baba”),
- 28 2. 9680 Oakridge Avenue, Pahrump, NV 89048 (hereinafter, “Oakridge”),

3. 6540 Blue Diamond Road, Las Vegas, NV 89135 (hereinafter, “Blue Diamond”),
4. 3152 and 3132 Highland Drive, Las Vegas, NV 89109 (hereinafter, “Highland 1&2”), and
5. 301 Oxbow Avenue, Ste. 14, Pahrump, NV 89048 (hereinafter, “Oxbow”).

### **RECEIVER’S OBJECTIVES**

Receiver’s objectives for this reporting period are:

- obtain Court for approval of the Blue Diamond Dispensary joint venture, Receiver Certificate No. 23 capital raise and engagement of Alliance Group Partners;
- prepare and approve an operating budget and funding for the Wallflower Dispensary at Blue Diamond;
- complete all tenant improvements and prepare Wallflower Dispensary at Blue Diamond for opening;
- resolve Blue Diamond lease and eviction issues;
- identify and negotiate terms for joint venture partners at the Ali Baba, Highland and Oakridge facilities;
- obtain court approval to complete destruction of untagged product in light of TRO filing;
- finalize a settlement with the State for past due taxes, civil penalties and preservation of the Estate’s licenses;
- complete initial claim evaluation report for submission to the Court;
- receive and review objections to claim determination letters;
- prepare and review complaint against Brian Padgett and NuVeda with contingency counsel.

### **OPERATIONS OVERVIEW**

The Receiver’s objective is to create solutions that will preserve and protect the Estate’s assets, move in a direction to generate revenues in the short term to sustain the uncertainty of the COVID-19 economic crisis, become financially independent, avoid raising more debt, limit the Estate’s liability and maximize the Estate’s value. The Receiver’s goal is to position the Estate in the most attractive light by making the Estate

1 self-sufficient until such time as the economic environment will allow for maximum recovery in a liquidation  
2 event.

3 To that end, the Receiver is working to set up joint venture agreements with operators at each facility,  
4 wherein each facility will become independent profit centers that will enjoy collaboration among the various  
5 profit centers. Receiver and team began formulating term sheets for all facilities and have commenced  
6 discussion with potential joint venture partners.

7 The following is an update per location:

8 **“Ali Baba”** This location contains untagged product awaiting destruction, and continues to be  
9 monitored 24/7 by security. A complete report of the Production Operating Partner’s activities is included  
10 herein, which states there was no activity for this Interim Reporting Period (**Exhibit 1 – Production Operator  
11 Report – Peach River Consulting, LLC**).

12 Monthly facility maintenance inspections continue to be performed. May’s report, which has been  
13 provided to the landlord, is included herein (**Exhibit 2 – Ali Baba Maintenance Report**).

14 **“Oakridge”** This location contains quarantined product awaiting relocation and destruction, and  
15 continues to be monitored 24/7 by security.

16 **“Blue Diamond”** The Receiver presented his joint venture business plan and cash flow model to the  
17 body of creditors, ultimately obtaining overwhelming support from the Estate’s unsecured creditors.

18 In preparation for the Wallflower Dispensary opening, the Operating Partner interviewed and hired  
19 35 employees, hired a bookkeeper for operations, negotiated terms and opened accounts with various vendors,  
20 finalized initial purchase orders, obtained and installed furnishings, and continued to work towards completing  
21 tenant improvements. A complete report of the Dispensary Operating Partner’s activities is included herein  
22 (**Exhibit 3 – Dispensary Operator Report – H&H Management, LLC**).

23 Destruction of unlabeled and untagged product at this facility was completed on May 19, 2020, in  
24 accordance with the Court’s order.

25 **“Highland 1 & 2”** Due to a lack of funds required to equip the facility for the upcoming stages of  
26 plant growth, progression of plants could not proceed. On May 15, 2020, 681 clones were destroyed, 121  
27 mother plants remain to preserve genetics.  
28

1 Inspection, care and maintenance of new clones is ongoing, with special attention given to  
2 environmental monitoring to ensure cleanliness of the premises for optimal growing conditions. On a daily  
3 and weekly basis, Operator's compliance team conducts plant audits, maintains plant and product disposal  
4 logs, maintains additive logs for METRC, maintains cleaning logs, and completes inventory inspections. In  
5 addition, the Operator's compliance team completes routine agent card audits and scans and files weekly  
6 cleaning and pesticide logs. A complete report of the Cultivation Operating Partner's activities is included  
7 herein (**Exhibit 4 – Cultivation Operator Report – SW Management, LLC**).

8 **“Oxbow”** The State of Nevada Department of Taxation ‘Change of Location Request’ to relocate  
9 the Oxbow production license to Oakridge, which was submitted in January, remains pending.

#### 10 11 **COMPLIANCE AND LICENSURE**

12 The Receiver, along with his legal and compliance team, continue to prepare for the upcoming  
13 disciplinary hearing which was rescheduled to June 15, 2020.

14 Additionally, Argentum prepared and submitted monthly tax reports for Nye County, prepared  
15 renewal applications for Nye County and prepared renewal applications for CWNevada licenses with the  
16 Marijuana Enforcement Department. Argentum's status report for this reporting period is included herein  
17 (**Exhibit 5 – Consultant Status Report – Argentum Law**).

18 The Receiver's Compliance Consultant, Statham Advising Services, LLC, compiled and remitted  
19 April, 2020 Wholesale Marijuana Tax, Retail Marijuana Tax and Sales & Use Tax returns, submitted the  
20 updated destruction schedule to Department of Taxation Cannabis Compliance Board facilitated the  
21 destruction of product at the Blue Diamond Dispensary, conducted Blue Diamond Dispensary inventory  
22 confirmation as part of the METRC update and reconciliation process and met with Wallflower Cannabis  
23 House operations team to review plan modifications and SOPs. A complete summary of work completed by  
24 Statham Advising Services during the month of May is included herein (**Exhibit 6 – Compliance Report –**  
25 **Statham Advising Services, LLC**).

## SECURITY OVERVIEW

All facilities, except Oxbow per NuVeda's denial to access the property, continue to be under 24/7 security monitoring by the Receiver's security team, Norton Consulting and Investigations (NCI). Updated security protocols that were instituted as a result of NDoT's February site inspections are ongoing. In accordance with the approved "Destruction and Consolidation Plan", NCI prepared the cultivation room at Ali Baba for consolidation of product from the Estate's various locations. NCI's status report for this reporting period is included herein (**Exhibit 7 – Security Report – Norton Consulting and Investigations**).

## MARKETING OVERVIEW

During this reporting period, the Receiver's marketing team worked to launch the Wallflower Dispensary marketing collateral and social media accounts. A complete report of the Receiver's marketing efforts is included herein (**Exhibit 8 – Marketing Report – CLI Ventures, LLC**).

## LITIGATION SUMMARY

### Receivership Action

The following **status reports** have been filed with the Court through the Interim Reporting Period:

1. Notice of Interim Report and Inventory Report with Appendix Volume 1 and Appendix Volume 2 (9/25/19);
2. Notice of Receiver's Second Interim Report for the Period of September 1, 2019, through September 30, 2019 with Appendix (10/30/19);
3. Notice of Receiver's Supplemental Report Dated November 1, 2019 (11/1/19);
4. Notice of Receiver's Third Interim Report for the Period of October 1, 2019, through October 31, 2019 with Appendix (11/27/19);
5. Notice of Receiver's Fourth Interim Report Dated December 30, 2019 (12/30/19);
6. Notice of Receiver's Fifth Interim Report Dated January 29, 2020 (1/31/2020);
7. Notice of Receiver's Sixth Interim Report Dated February 28, 2020 (2/28/2020);
8. Notice of Receiver's Revised Sixth Interim Report Date March 2, 2020 (3/2/2020);
9. Notice of Receiver's Seventh Interim Report Dated March 31, 2020 (3/31/2020);

10. Notice of Receiver's Eighth Interim Report Dated April 30, 2020 (4/30/2020); and

11. Notice of Receiver's Ninth Interim Report Dated May 29, 2020 (5/29/2020).

The following **papers were filed** during the Interim Reporting Period:

1. Receiver's Notice of Non-Opposition to Rad Source Technologies, Inc.'s: (1) Motion to Intervene; and (2) Application for Order Shortening Time (5/4/2020);

2. Receiver's Claim Evaluation Report (5/4/2020);

3. Receiver's Motion to Approve Blue Diamond Joint Venture on Order Shortening Time (5/5/2020);

4. Receiver's Motion to Approve Engagement of Brokerage Expert on Order Shortening Time (5/5/2020);

5. Receiver's Motion to Approve Proposed Receiver Certificate Number 23 on Order Shortening Time (5/5/2020);

6. Notice of Destruction at Blue Diamond Dispensary (5/15/2020);

7. Receiver's Opposition to RAD Source Technology Inc's (1) Motion for Relief from Stay; (2) Application for Order to Show Cause Why Writ of Possession Should Not Issue; and (3) Application for Order Shortening Time (5/18/2020);

8. Notice of Destruction at Oakridge Facility (5/28/2020); and

9. Notice of Receiver's Non-Opposition to Ace Legal Corp.'s Motion to Intervene on Order Shortening Time (5/29/2020).

The following **hearings were held** during the Interim Reporting Period:

1. Rad Source Technologies, Inc.'s: (1) Motion to Intervene; and (2) Application for Order Shortening Time (5/5/2020);

2. Receiver's Motion to Approve Blue Diamond Joint Venture on Order Shortening Time (5/8/2020);

3. Receiver's Motion to Approve Proposed Receiver Certificate Number 23 on Order Shortening Time (5/8/2020);

4. Receiver's Motion to Approve Engagement of Brokerage Expert on Order Shortening Time (5/8/2020);
5. Intervener's Emergency Motion For Stay Of Destruction Of Cannabis Inventory At Blue Diamond Dispensary And All Other Company Facilities<sup>1</sup> (5/20/2020);
6. Telephonic Conference re: Immediate Destruction<sup>2</sup> (5/20/2020);
7. Intervener's Emergency Motion For Stay Of Destruction Of Cannabis Inventory At Blue Diamond Dispensary And All Other Company Facilities (5/22/2020);
8. Rad Source Technology, Inc.'s: (1) Motion for Relief from Stay; (2) Application for Order to Show Cause Why Writ of Possession Should Not Issue; and (3) Application for Order Shortening Time (5/26/2020);

The following **orders were entered** during the Interim Reporting Period:

1. Minute Order re: Motion for Order Permitting Renaissance Blue Diamond LLC to Evict CWNevada LLC and Receiver from 6540 Blue Diamond Road Property (5/1/2020);
2. Order Granting Receiver's Motion for Clarification Regarding Authority and Standing to Participate in Disciplinary Proceedings on Behalf of CWNevada (5/5/2020);
3. Order Granting RAD Source Technologies, Inc's Motion to Intervene (5/5/2020);
4. Order Granting In Part Receiver's Motion to Approve Plan to Destroy and Consolidate Marijuana and Marijuana Product on Order Shortening Time (5/7/2020);
5. Stipulation and Order Regarding Receiver's Motion to Engage Contingency Counsel, Competing Motions to Lift the Litigation Stay and Related Matters (5/8/2020);
6. Minute Order re: Motion to lift Litigation Stay (5/8/2020);
7. Stipulation and Order to Continue Hearing on RAD Source Technology, Inc.'s Motion for Relief from Stay and Application for Writ of Possession and Setting Briefing Schedule (5/13/2020);
8. Order Granting Receiver's Motion to Approve Blue Diamond Joint Venture On Shortening Time (5/14/2020);

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<sup>1</sup> The matter was continued.

<sup>2</sup> The matter was continued.

9. Order Granting Receiver's Motion to Approve Proposed Receiver Certificate 23 (5/14/2020);
10. Order Granting, In Part, Receiver's Motion to Approve Engagement of Brokerage Expert (5/14/2020);
11. Minute Order re: Motion for Order Permitting Renaissance Blue Diamond LLC to Evict CWNevada LLC and Receiver from 6540 Blue Diamond Road Property (5/18/2020);
12. Minute Order Setting Conference Call (5/20/2020);
13. Minute Order re: All Pending Motions (5/22/2020);
14. Minute Order re: RAD Source's Motion for Relief from Stay, Application for OSC (5/27/2020);
15. Minute Order Striking Language on Notice of Motion on Order Shortening Time re: Motion to Prevent Destruction of Cannabis Inventory (5/27/2020);
16. Minute Order Vacating Hearing on Intervener and Select Shareholder's Ex Parte Application for Temporary Restraining Order for Motion to Prevent Destruction of Cannabis Inventory on Order Shortening Time (5/28/2020); and
17. Decision and Order executed May 31, 2020 regarding Brian Padgett's affidavit requesting the disqualification of Judge Gonzalez for bias or prejudice (5/31/2020).

**Supreme Court Case No. 80894 (appeal filed by NuVeda, LLC in District Court Case No. A-17-755479-B re: Writ of Prohibition)**

On May 15, 2020, the Court entered an Order Denying NuVeda's Petition for a Writ of Mandamus (5/15/2020).

**Department of Taxation Case No. 2020-4 (D.O.T. v. Padgett & CWNevada)**

On May 12, 2020, the DoT filed its Motion to Limit Depositions, Quash NRCP 30(b)(6) Notice, and for Protective Order Regarding Depositions Notice by CWNevada, LLC (5/12/2020);

On May 13, 2020, the Administrative Law Judge entered a Prehearing Order and Notice of Hearing Scheduled for June 15, 2020 (5/13/2020);

On May 14, 2020, the Receiver filed the Receiver's Answer on Behalf of CWNevada, LLC to First Amended Complaint for Disciplinary Action (5/14/2020);

On May 15, 2020, the Receiver filed its Opposition to the Department's Motion to Limit Depositions, Quash NRCP 30(B)(6) Notice and for Protective Order Regarding Depositions Noticed by



CWNevada, LLC and Countermotion to Depose Jorge Pupo After the Current Discovery Deadline of May 22, 2020 (5/15/2020);

On May 18, 2020, the DoT filed its Reply in Support of Motion and Response to Countermotion (5/18/2020);

On May 18, 2020, the Receiver filed its Reply in Support of Countermotion to Depose Jorge Pupo After the Current Discovery Deadline of May 22, 2020, and Supplemental Opposition to the Department's Motion to Limit Depositions, Quash NRCP 30(B)(6) Notice and for Protective Order Regarding Depositions Noticed by CWNevada, LLC (5/18/2020);

On May 19, 2020, the Administrative Law Judge entered its Order<sup>3</sup> (5/19/2020);

On May 26, 2020, the Receiver filed CWNevada's Application for Subpoena to Issue to Jorge Pupo (5/26/2020); and

On May 27, 2020, the DoT filed its Response to CWNevada's Application for Subpoena to Issue to Jorge Pupo (5/27/2020).

### **FINANCIAL SUMMARY**

The Receiver completed his evaluation of all proofs of claim in April and the "Receiver's Claim Evaluation Report" was filed with the Court on May 5, 2020. Objections to the Receiver's claims determinations continue to be received and reviewed. A total of 41 objections have been received, a complete list of which is included herein (**Exhibit 9 – List of Claimants That Have Filed Objections**).

The following four issues continue to be the primary factors influencing the Receiver's financial decisions: 1) liquidating the Estate's assets in the midst of the COVID-19 economic crisis which will result in limited recovery to the Estate; 2) the pending disciplinary action brought by the State and the uncertainty of what will happen with the Estate's licenses as a result; 3) the costs required to preserve the Estate's assets

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<sup>3</sup> The Administrative Law Judge allowed CWNevada to depose Damon Hernandez, Rachel Branner, Keoki Allen, and Tyler Klimas, as well as Jorge Pupo. It quashed CWNevada's Notice of Deposition for an NRCP 30(b)(6) representative and granted in part the DoT's request for a Protective Order.

with no ability to generate cash flow, thereby forcing the Estate to continue to take on debt unless revenue generating begins 4) the undetermined totality of creditor claims against the Estate.

Financial Statements for the “Interim Reporting Period” are included herein (**Exhibit 10 – Interim Financial Statements**). All fees and expenses incurred by the Receiver will be submitted separately through a Fee Application.

In order to provide a complete financial picture of the Estate we have added an accrual basis Income Statement reflecting actual expenditures and accrued liabilities. Additional liabilities that are accrued and unpaid as of May 31<sup>st</sup> are included in the “A/P Aging Detail<sup>4</sup>” section of the Interim Financial Statements and the total Accounts Payable balance as of May 31<sup>st</sup> is \$5,377,264.09.

Below is a summary of the Receivership Estate’s May expenditures compared to the Revised Receiver’s Budget filed with the Court. As the financial statements are provided on a Cash Basis, only expenses that have been paid are reported and the summary below only reflects expenses that have been paid compared to budgeted as of May 31<sup>st</sup>.

For this Reporting Period, actual costs incurred by the Receivership Estate were \$415,091 below the Receiver’s projected budget.

<b>For the month of May, 2020</b>	<b>Total Budget <sup>5</sup></b>	<b>Total Paid</b>	<b>Variance</b>
Security <sup>6</sup>	\$ 105,000	\$ 18,075	\$ (86,925)
Operators' Management Fee	\$ 39,000	\$ -	\$ (39,000)
Rents & Maintenance <sup>7</sup>	\$ 120,000	\$ 227,859	\$ 107,859
Utilities	\$ 25,000	\$ -	\$ (25,000)
Insurance	\$ 10,000	\$ 2,841	\$ (7,159)

<sup>4</sup> Accounts payable included in this report reflects the accrued Receivership administrative costs and expenses. Pre-receivership obligations, including but limited to accrued interest from Receiver Certificates and pre-receivership taxes, are not considered to be Receivership administrative costs and expenses.

<sup>5</sup> Total budget includes expenses for both Nye and Clark County assets.

<sup>6</sup> 24/7 security monitoring continues at all locations as quarantined and expired products have not yet been destroyed. Once the destruction of products has occurred, the Oakridge facility will no longer need 24/7 monitoring and the Receiver estimates the monthly security costs will be reduced to approximately \$85,000 per month.

<sup>7</sup> \$100,000 was paid to Renaissance Blue Diamond for rent (\$70,850) and arrearages (\$29,150), to be applied toward Renaissance Blue Diamond’s total claim amount. The additional \$127,859 was for CAPEX to improve the Wallflower Dispensary.

Legal & Receivership <sup>8</sup>	\$ 150,000	\$ 65,000	\$ (85,000)
Consultants/Compliance	\$ 80,000	\$ -	\$ (80,000)
OPEX	\$ 175,000	\$ 11,294	\$ (163,706)
Other/Contingency	\$ 40,000	\$ 3,840	\$ (36,160)
<b>Total Monthly Budget</b>	<b>\$ 744,000</b>	<b>\$ 328,909</b>	<b>\$ (415,091)</b>

The Receiver has issued twenty-three (23) Receiver Certificates through May 31, 2020, totaling \$6,215,000, which were funded by multiple individuals and entities. Copies of Receiver Certificates filed prior to May 1, 2020 were provided in previous reports. The Receiver Certificates filed during this “Interim Reporting Period”, along with a comprehensive report of all Receiver Certificates issued through May 31, 2020 are included herein (**Exhibit 11 – Receiver Certificates**). Below is a summary of the certificates issued and the interest accrued and owing to the certificate holders.

Certificate Number	Funding Date	Amount	Annual Interest Rate	Interest Earned through 5/31/2020	Total Indebtedness Per Certificate as of 5/31/2020
1.1	06/28/19	\$250,000.00	18.00%	\$42,031.18	\$292,031.18
1.2	06/28/19	\$150,000.00	18.00%	\$25,218.71	\$175,218.71
1.3	06/28/19	\$100,000.00	18.00%	\$16,812.47	\$116,812.47
1.4	08/05/19	\$250,000.00	18.00%	\$36,973.43	\$286,973.43
2	06/28/19	\$100,000.00	18.00%	\$16,812.47	\$116,812.47
3	06/28/19	\$150,000.00	18.00%	\$25,218.71	\$175,218.71
4	06/25/19	\$250,000.00	18.00%	\$42,434.25	\$292,434.25
5	08/02/19	\$250,000.00	18.00%	\$37,369.52	\$287,369.52
6	08/27/19	\$600,000.00	18.00%	\$81,804.92	\$681,804.92
7	09/20/19	\$350,000.00	18.00%	\$43,355.11	\$393,355.11
8	09/24/19	\$150,000.00	18.00%	\$18,271.02	\$168,271.02
9	10/04/19	\$350,000.00	18.00%	\$40,831.34	\$390,831.34
10	10/11/19	\$150,000.00	18.00%	\$16,960.94	\$166,960.94
11	10/17/19	\$500,000.00	18.00%	\$55,003.35	\$555,003.35
12	11/06/19	\$200,000.00	18.00%	\$19,969.34	\$219,969.34
13.1	12/06/19	\$100,000.00	18.00%	\$8,478.08	\$108,478.08
13.2	12/06/19	\$200,000.00	18.00%	\$16,956.16	\$216,956.16

<sup>8</sup> Receiver will be filing separate fee applications with the Court for Receiver’s fees. United AMS accrued balance and Receiver’s invoices are in the “A/P Aging Detail” section of the Interim Financial Statements.

14.1	12/23/19	\$100,000.00	18.00%	\$7,633.52	\$107,633.52
14.2	12/23/19	\$100,000.00	18.00%	\$7,633.52	\$107,633.52
14A (Pending Filing) <sup>9</sup>	01/07/20	\$200,000.00	18.00%	\$13,787.58	\$213,787.58
15	01/22/20	\$200,000.00	18.00%	\$12,318.28	\$212,318.28
16	01/31/20	\$300,000.00	18.00%	\$17,162.33	\$317,162.33
17	02/12/20	\$150,000.00	18.00%	\$7,708.66	\$157,708.66
18	02/14/20	\$100,000.00	18.00%	\$5,042.47	\$105,042.47
19	02/19/20	\$50,000.00	18.00%	\$2,400.64	\$52,400.64
20	02/21/20	\$100,000.00	18.00%	\$4,704.95	\$104,704.95
21	03/17/20	\$75,000.00	18.00%	\$2,631.27	\$77,631.27
22.1	04/02/20	\$30,000.00	18.00%	\$824.92	\$30,824.92
22.2	04/10/20	\$25,000.00	18.00%	\$593.12	\$25,593.12
22.3	04/17/20	\$15,000.00	18.00%	\$306.53	\$15,306.53
22.4	05/06/20	\$10,000.00	18.00%	\$115.60	\$10,115.60
22.5	05/19/20	\$10,000.00	18.00%	\$55.32	\$10,055.32
23	05/12/20	\$650,000.00	18.00%	\$5,702.94	\$655,702.94
<b>Total</b>		<b>\$ 6,215,000.00</b>		<b>\$ 633,122.66</b>	<b>\$ 6,848,122.66</b>

Dated this 30<sup>th</sup> day of June, 2020.

**DOTAN Y. MELECH**

/s/ Dotan Y. Melech

UNITED AMS, LLC

8350 W SAHARA AVENUE STE 150

LAS VEGAS, NV 89117

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<sup>9</sup> On January 7, 2020, \$200,000 funded by TRC-Evolution was received by the Receivership Estate. Although the funding from TRC-Evolution was reported in the 'Receiver Certificates Payable' section of the January 31, 2020 Balance Sheet (referenced in the report under Richard John Lashley, the name of the incoming wire) provided in the "Receiver's 6th Interim Report", and continued to be reported monthly, it was inadvertently omitted from previous notices and filings. This error will be corrected by the Receiver's filing of a motion to approve Certificate 14A.

## RECEIVER'S TENTH INTERIM REPORT

### EXHIBIT LIST

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Exhibit 2:	Ali Baba Maintenance Report.....	4
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# EXHIBIT 1

# OPERATOR MONTHLY STATUS REPORT

REPORT DATE	REPORTING PERIOD	COMPANY	PREPARED BY
6/11/2020	May 2020	Peach River Consulting, LLC	Emmett Reistroffer

## OPERATOR MONTHLY STATUS SUMMARY

No activity.

## OPERATOR MONTHLY FINANCIAL ACTIVITY SUMMARY

- No other income or expenses reported for the month of April.

# EXHIBIT 2



June 25, 2020

Rebecca,

For the reporting period of May 01<sup>st</sup>, 2020 through May 31<sup>st</sup>, 2020 the the location has had no internal/external structures requiring repair or maintenance.

- Regular scheduled cleaning services have continued

No new issues.

# EXHIBIT 3

# OPERATOR MONTHLY STATUS REPORT

REPORT DATE	REPORTING PERIOD	COMPANY	PREPARED BY
June 14th, 2020	May 1st - May 30th	H&H Management	James Hammer

## OPERATOR MONTHLY STATUS SUMMARY

- Executive summary of all activities for the month
  - Developed JV proposal to open Wallflower dispensary [Included in last report]
  - Received majority approval from creditors on JV proposal [Included in last report]
  - Received court approval on JV proposal [Included in last report]
  - Redesigned facility improvements to allow for in-store sales [Included in last report]
  - Interviewed 100 applicants for retail staff positions
  - Interviewed 50 applicants for inventory staff positions
  - Hired a total of 35 employees for Wallflower
  - Completed orientation for Wallflower staff
  - Registered all staff members through new payroll portal and submitted agent card applications
  - Ordered Wallflower branded uniforms for inventory and retail staff
  - Hired bookkeeper for Wallflower operations
  - Began installation of casework at Wallflower facility
  - Completed drywall installation at Wallflower facility
  - Cut out frames for new entry and exit door of Wallflower retail sales floor
  - Framed new inventory room at Wallflower facility
  - Installed vinyl signage on Wallflower building
  - Started exterior painting process
  - Created Yelp business account for Wallflower
  - Created and received confirmation on Google Business account
  - Ordered beginning office, inventory and cleaning supplies
  - Began installation of new cameras at Wallflower facility
  - Began wiring for swipe access doors at Wallflower facility
  - Ordered receptionist desk for Wallflower sales floor
  - Ordered ID Scanners from Tokenworks
  - Ordered TV menu screens for Wallflower sales floor
  - Set up LeafLogix instance for Wallflower location
  - Completed data transfer for LeafLogix instance for Wallflower location
  - Completed API integration between LeafLogix and Metrc
  - Completed Wallflower Cannabis House website wordpress template
  - Agreed to terms with vendors on 30-45 day deferred payment for initial inventory orders
  - Created initial purchase orders with delivery dates subject to state inspection

- Deficiencies noted / corrective actions taken
  - Remaining deficiencies will be corrected when product is destroyed at Blue Diamond facility
- Any items moved /transported (from where/to where)
  - N/A
- Detailed summary of upcoming milestones/goals/tasks
  - Destroy all previously “Quarantined” product at Blue Diamond facility
  - Complete facility improvements
  - Install remaining signage on exterior of building
  - Begin formal staff training
  - Complete Carrot installation
  - Launch Wallflower website
  - Hire CPA for Wallflower
  - Contract cash pick-up and logistics service
  - Receive Temporary Certificate of Occupancy
  - Schedule state inspection
  - Open the facility for in-store sales and express-pick up
  - Open the facility for delivery

# EXHIBIT 4

# OPERATOR MONTHLY STATUS REPORT

REPORT DATE	REPORTING PERIOD	COMPANY	PREPARED BY
6.8.2020	May 1-31-2020	SW Management LLC	Ranson K. Shepherd

## OPERATOR MONTHLY STATUS SUMMARY

Executive Summary of all activities for the month of May 2020.

### Compliance:

1. Daily/Weekly Plant Audits from our compliance teams.
2. Daily/Weekly Plant/Product Disposal Logs maintained and up kept.
3. Additive logs completed daily/weekly for metrc.
4. Cleaning logs maintained daily/weekly.
5. Daily/weekly emails with receivership group to be details across all fronts.
6. Routine agent card auditing for compliance purposes.
7. Inventory checks daily/weekly for compliance purposes.
8. Carina and Sheba along with the receivership team has been on site navigating destruction plans/execution.
9. Document filing (CW weekly cleaning logs & pesticide logs)
10. Followed up and executed all necessary information for staff who will be on site.
11. Verified all logs have been scanned and filed.
12. Verified inventory and if we needed supplies.

### Operations:

1. Plant health check and environmental condition walk through daily/weekly.
2. Daily/weekly checklists of main office bathroom, mother room, common areas, and bathrooms signed off.
3. 5.15.2020 The team went through the destruction of clones with the compliance team.
4. Revisited the adjusted phase budget for highland 1 with new plans directed by the receivership as we prepare for the updated landscape of the estate position.
5. Daily/weekly watering of the plants, foliar applications, IPM maintenance/service if needed depending on environmental factors.
6. Trash SOP has been followed and executed.
7. The plants have been pruned in both the mothers and clone sections.
8. Reviewed COVID-19 guidelines and impacts with team members for education/training purposes. Also the impacts on supply chain best practices.
9. Attended multiple executive meetings to learn about and discuss the overall business strategy of the estate.

Deficiencies noted/corrective actions taken.

1. N/A

Any items moved/transported (from where and to where)

1. N/A

Detailed Summary for upcoming milestones and Tasks.

1. Moving with urgency because of the timeline ☺



# EXHIBIT 5





## CONFIDENTIAL MEMORANDUM

To: Dotan Melech, United AMS  
From: Jeff Donato & Scot Rutledge, Argentum Law  
Date: June 26, 2020  
Subject: Report on work completed in May, 2020

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Argentum Law ("AL") was engaged to work on the United AMS Receivership efforts of CWNevada ("Receiver") on June 12, 2019. Our scope of work for the project includes, but is not limited to, the following areas:

- Regulatory affairs consultation with the Nevada Department of Tax Marijuana Enforcement Division ("MED");
- Compliance review and audit of all CWNevada licenses;
- Government affairs with state and local officials;
- Local land use matters;
- Local business licensing matters;
- Identifying a team of Nevada license operators to work on rehabilitating and curing the licenses in preparation for becoming fully compliant and operational businesses.

The following are a list of tasks that have been completed on behalf of the Receiver in the month of May:

- Prepared and submitted agent cards for consultants; updating master agent card list;
- Outreach and introductions on behalf of Receivership Estate with potential investors;
- Coordinating proposals for production operations in Nye and Clark Cos;
- Supporting licensing and other business matters regarding Blue Diamond dispensary operations;
- Ongoing communications with local jurisdictions regarding various matters pertaining to the Receivership Estate;
- Communication and coordination with CCBC members regarding letters of support;
- Weekly communications with Receivership team and consultants concerning various matters related to state and local regulations, and operations;
- Continued coordination and communication with Holley Driggs and Receivership team regarding complaint, including review and comments on Stipulated Facts document, spreadsheet outlining alleged violations, review and response to emails re: discovery,

## NUVEDA'S APPENDIX 0586

continued draft and review of answers to complaint, review and revision of settlement letter;

- Continued preparations and participation in Pre-Hearing Conference with MED & Attorney General's office;
- Preparation of licensing timeline for hearing with MED;
- Assembled documents to correspond with Licensing Timeline for MED hearing;
- Scan, label and redact timeline documents for MED;
- Prepared and submitted monthly tax reports for Nye County;
- Prepared renewal applications for Nye County;
- Prepared renewal applications for CW Licenses for MED;
- Participate in weekly operations meetings with the Receiver and operators;
- Provide strategy and guidance to Receivership Estate on certain communication items.

# EXHIBIT 6



**Statham Advising Services, LLC**

**REPORT OF WORK COMPLETED - MAY 2020**

TO: DOTAN MELECH

FROM: SHEBA STATHAM

SUBJECT: MAY SUMMARY OF WORK COMPLETEED

DATE: June 7, 2020

Statham Advising Services, LLC has actively participated in the United AMS Receivership efforts of CW Nevada (Receiver) since June 17, 2019.

During the month of May 2020, the following summarized Compliance activities were completed:

- Conversations with UAMS Attorneys regarding Temporary Restraining Order
- Responded to Attorney questions - DOT CCB Disciplinary Complaint and Supporting Documents – Hearing initially scheduled May 12, 2020 and rescheduled for June 15, 2020
- Submitted updated destruction schedule to DOT CCB and UAMS Attorneys
- Facilitated Blue Diamond Dispensary Destruction (Day 1) on May 19, 2020
- Post Day 1 Blue Diamond Inventory – Inventory Confirmation as part of METRC Update and METRC Reconciliation process completed on May 21, 2020
- Responded to UAMS Attorneys - Wholesale Marijuana Tax liability and Retail Marijuana Tax 9/18 -12/18 questions
- Coordinated witness of destruction schedule for Blue Diamond Dispensary and Oakridge Cultivation
- Answered questions - Licensing (Argentum Partners) – renewal of permits and licenses
- Compiled and remitted April 2020 Wholesale Marijuana Tax, Retail Marijuana Tax and Sales/Use Tax Returns
- Discussions on next steps to have Ali Baba Cultivation, Highland Cultivation, and Blue Diamond Dispensary operations
- Requested posting of Licensing (Argentum Partners)- Blue Diamond Dispensary fictitious name change to Wallflower Cannabis House to be filed/approved by Clark County and DOT CCB
- Meeting with Wallflower Cannabis House Operations Team - reviewed Curbside Pickup and Express Pickup plan modifications; Curbside Pickup and Express Pickup SOPs; and wrote Compliance Letter to be sent to vendors for initial product purchases.
- Grant METRC access to Wallflower Cannabis House Operations Team – May 16, 2020
- Prepare for potential shutdown of Highland Cultivation; Witness destruction of 618 clones and 121 mother plants (remain on the premises) on May 15, 2020
- Security Team submitted copies of Daily Activity Reports (DAR) for Oakridge Cultivation
- Operations Team Meeting

**NUVEDA'S APPENDIX 0589**



## **Statham Advising Services, LLC**

The following deficiencies were noted while completing Compliance actions:

- Ensure all facilities have updated certified scales
- Facility repair is required at all establishments

The detailed summary of upcoming June goals:

- Complete Inventory so DOT can submit Order of Destruction for all outstanding product at Oakridge Cultivation; Ali Baba Cultivation, Ali Baba Production & Blue Diamond Dispensary
- Department of Taxation Cannabis Compliance Board – witness of destruction; witness consolidation of METRC tagged products; Department of Taxation Cannabis Compliance Board site inspections
- Highland Cultivation Team next steps
- Wallflower Cannabis House continued operations and next steps

# EXHIBIT 7

**Summary Security/Safety Report**  
**CWNEVADA Receivership Estate**  
**May 2020**  
**6/1/2020**

**Ali Baba:** Observing increase in foot traffic at all hours. Security continues to monitor.

Tree along west parking area hitting parking awning due to very high winds. Only damage noted was scratches to the painting.

On 5/17/2020 security observed an individual cutting across the northwest corner of the property. Security responded to that area. Individual was observed walking away and continually looking over his shoulder to the Wild West Guns store. Security notified Wild West Guns and they discovered a theft from an unlocked vehicle. Description of the individual was provided to Wild West Guns.

On 5/26/2020 at about 2:48am a green Dodge Charger was observed parked on the street next to Wild West Guns. Security observed a female walking from the northside of Wild West Guns to vehicle. Security used flashlight to let them know he was in the area. The female got into the vehicle and departed heading south. Metro was notified of suspicious activity. Event number 125421 issued by Metro.

Security continued photographing State seals of kitchens 1 and 2 at each shift change. Action recorded in SilverTrac.

**Blue Diamond:** Activity picking up at Blue Diamond as preparations under way for reopening of the facility.

The "A" building has air conditioning problems. Receiver authorized purchase of portable cooling unit. Unit placed in the CCTV monitoring room to keep the equipment operational. Unit is working fine.

**Highland:** On 5/1/2020 CCTV system lost internet connectivity. CCTV was still recording. IT notified per SOPs. Security initiated restart procedures and the issue cleared.

On 5/2/2020 at about 9:14am an individual with blue hoodie and face mask was observed standing close to the green electrical power units on the west side of the property. Security headed to the area, but the individual had departed. There was a strong smell of urine.

On 5/14/2020 at about 9:44am security spoke with IT concerning internet connectivity. IT contacted Cox. Cox stated they were having issues in the area. CCTV recording not affected by the issue.

On 5/25/2020 at about 8:17pm CCTV systems and power went down. IT was notified. IT rebooted the system. Hard drive fan was not working causing the system to overheat. A portable fan was brought in to address the problem.

The morning of 5/30/2020 security reported a suspicious vehicle on the west side of the property. It was a light color Honda SUV. A female was driving. A male got out and walked up to the entry gate key pad and began pushing on it. Security proceeded to the vehicle gate. When the male saw security approach he got into the SUV and they departed the area. Unable to obtain license plate number. Photos of the individuals and the vehicle were obtained from the CCTV system.

Safety Issue: A beehive was noted on the west side of the property. The area was tapped off with caution tape. Operator to handle removal.

Compliance conducted several visits to the site during May.

**Oakridge:** Conducted several escorts for individuals that may be interested to opening site.

Security continued photographing State seals for the locker and "C" pod. This is accomplished at each shift change and recorded in the daily activity report.

**Transport Van:** Mobile CCTV and GPS tracking system on order for the van. Install and training on the system to be conducted early June.

**NOTE:**



# EXHIBIT 8

## CONFIDENTIAL MEMORANDIUM

TO: DOTAN MELECH

FROM: CEVON INY

DATE: 6.06.20

SUBJECT: REPORT ON WORK COMPLETED

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CLI Ventures, LLC has actively participated in the United AMS Receivership marketing & branding efforts of CW Nevada (Receiver) since August 29, 2019.

During the month of May 2020, the following summarized marketing & branding activities were completed:

- Executive summary of all branding activities for the month
  - Work with packaging vendor to defer payment due to lack of funding
  - Help launch Wallflower Dispensary marketing collateral & social media accounts
  - Continue open relationship with packaging designers while all new projects are on hold
  - Help find potential partners for the new Alibaba JV operation
- Deficiencies noted / corrective actions taken
  - The global pandemic along with the lack of funding have put all marketing efforts on hold / working with the vendor closely to work through these issues
  - Timeline of all brands launch pushed back/ delayed most budget spends & held off on hiring creative teams to build brand assets until time & budget align
- Detailed summary of upcoming milestones/goals/tasks
  - Finalize Wallflower Trademark Filing with Legal
  - Help support new Ali Baba JV venture needs as recognized

# EXHIBIT 9

## **CWNebraska, LLC - List of Claimants That Have Filed Objections**

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1. Green Pastures Fund, LLC Series 1 (Series A)
2. Green Pastures Group, LLC (Series A)
3. Growth Opportunities, LLC (Series A)
4. Jakal Investments, LLC (Series A)
5. Jonathan S Fenn Revocable Trust (Series A assignment)
6. MI-CW Holdings NV Fund 2, LLC (Series A assignment)
7. MI-CW Holdings LLC (Series B)
8. Cochran, Edward (Series B)
9. MI-CW Holdings NV Fund 2, LLC (Series B, Jupiter Planet, TSG assignments)
10. ACE Legal Corp.
11. Caras, Ronald
12. Fortress Oakridge, LLC
13. MI-CW Holdings NV Fund 2, LLC (LOC)
14. RAD Source Technologies, Inc.
15. Sudgen, Amy L.
16. Braudis, Raymond
17. Fortress Ali Baba, LLC
18. Gokstad Fund 1 LLC
19. Goldstein, Jennifer
20. Green Pastures Group, LLC (General)
21. Haynie, Thomas
22. Highland Partners
23. Joval, LLC
24. MI-CW Holdings LLC
25. MI-CW Holdings NV Fund 2 LLC
26. Renaissance Blue Diamond (amended claim, 2/28/2020)
27. The CIMA Group
28. Cohen-Johnson LLC
29. G3 Labs, LLC
30. Nevada Group Wellness
31. Nevada Medical Group
32. Pisanelli Bice PLLC
33. Shane Young (Natural Enemies)
34. THC Nevada, LLC
35. TRNVP098, LLC TapRoot
36. Day Dreamers Confections
37. Magsalin, Estrella
38. Van Oyen, Timothy Smits
39. Nevada Department of Taxation / Michelle Briggs AG
40. Gruchow Jr., Kirby
41. K&K Properties