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DEPARTMENT OF TAXATION**

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Department Releases Update Regarding Cannex Nevada, LLC

January 24, 2020

The Department made available today, on the Department's website, the attached Stipulation and Order Regarding Summary Suspension of CANNEX Nevada, LLC. The Stipulation and Order Regarding Summary Suspension details the plan of correction CANNEX Nevada, LLC must comply with to ensure the public health and safety concerns have been cured before lifting the summary suspension to allow microbial testing. This Stipulation and Order Regarding Summary Suspension does not represent any settlement or final resolution of the Department's ongoing investigation into CANNEX Nevada, LLC.

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**BEFORE ADMINISTRATIVE LAW JUDGE
DEPARTMENT OF TAXATION
STATE OF NEVADA**

STATE OF NEVADA, DEPARTMENT
OF TAXATION, MARIJUANA
ENFORCEMENT DIVISION,
Petitioner,
v.
CANNEX Nevada, LLC, (L006 / RL006),
Respondent.

STIPULATION AND ORDER REGARDING SUMMARY SUSPENSION

Pursuant to the Summary Suspension issued by the Department of Taxation – Marijuana Enforcement Division on December 27, 2019, the Parties mutually agree to the following terms and conditions, which include the Corrective Action Plan identified below.

1. Cannex Nevada, LLC (“Cannex”) hereby agrees to revise the method verifications relative to microbial testing for Total Yeast & Mold, Total Aspergillus spp., Total Coliform, Total Enterobacteriaceae, and Total Aerobic Counts (for edibles and liquids) and submit them to the Division.
2. Cannex agrees to revise and update Standard Operating Procedures (“SOPs”) to comport with validated methods for microbial testing, as identified above, and submit the SOPs to the Division.
3. Cannex agrees to conduct employee training on the validated methods, identified above, for microbial testing and provide proof of said training and demonstration of competency to the Division. Cannex has initiated training for the microbial employees on the new validated methods and will conduct further training following the Division’s approval of the method validation and SOPs.
4. Cannex will ensure and document cleanliness of the laboratory through regular environmental testing and ensure all equipment is documented as clean and properly calibrated on a routine basis. Specifically, Cannex will revise and update RSR SOP-028: *Laboratory Environmental Monitoring Program* and mandate routine environmental testing as described in the SOP referenced above, such as environmental controls during sample preparation. Cannex will further maintain the equipment based on the recommendations of the manufacturer, such as preventative maintenance, calibrations, and verification.
5. Cannex will cease and desist retesting microbial samples without prior authorization


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by the Division. Cannex and the Division agree that the newly revised method validation will eliminate the need to conduct verification testing. Furthermore, Cannex will prepare a SOP identifying when, and under what circumstances, verification testing is warranted. Said SOP will include reporting requirements which clearly demonstrate why the testing verification was conducted and the specifics steps taken. Until said SOP is approved, Cannex agrees to seek authorization from the Division prior to conducting reverification testing of a sample.


- 6. Upon approval of this Stipulation and Order, the Division agrees to lift the summary suspension as it applies to Cannex's ability to conduct marijuana testing in areas other than microbials. Thereafter, after reinspection by the Division and upon confirmation by the Division that the terms and conditions outlined herein have been met and are being followed, the suspension will be fully lifted.

Additionally, upon execution of this Stipulation and Order, the Division agrees to restore Respondent's access to Metrc to allow for testing other than for microbials. The administrative law judge, Dena Smith, retains jurisdiction over this matter to ensure compliance.

Dated this 23rd day of January, 2020.



Kimberly Maxson-Rushton, Esq.
Attorney for Respondent, Cannex NV

Dated this 23rd day of January, 2020.


Ashley A. Balducci, Esquire
Senior Deputy Attorney General
for Petitioner, State of Nevada, Department
of Taxation, Marijuana Enforcement Division

IT IS ORDERED that the foregoing Stipulation is approved in full.

Dated: January 23rd, 2020.


Dena C. Smith
Chief Administrative Law Judge
Nevada Department of Taxation