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FOR RELEASE

CCB Completes Internal Audit of Licenses Reserved for Social Equity

(Las Vegas, NV)—An internal audit found that 6 applicants are not eligible for the consumption lounge licenses reserved for social equity applicants.

On November 30, 2022, from the pool of 30 applications received, a computerized random number selector drew 10 applications to proceed in the licensing process for the first 10 cannabis consumption lounge licenses reserved for social equity applicants. James Humm was appointed as Executive Director of the Cannabis Compliance Board (CCB) on December 5, 2023. Recognizing the importance of ensuring the integrity of the licensing process, Director Humm called for an internal audit in January 2024, as none of these reserved licenses had been issued yet.

State law mandated that the CCB establish criteria to determine who would be eligible to receive these reserved licenses. With the help of the Cannabis Advisory Commission Social Equity subcommittee, the CCB established various criteria, one of which was a requirement for residency in an area significantly impacted by poverty and high arrest rates. The CCB measured this residency requirement using data from two nationwide studies, the Neighborhood Atlas and the Opportunity Atlas.

Throughout the internal audit, CCB investigators observed a disconnect in some of the applications regarding this residency requirement. CCB investigators found that in 6 of the 10 drawn applications, the results on the Opportunity Atlas were miscalculated. The CCB then requested the residential addresses that all 30 applicants relied on to meet the residency requirement. During the review of the addresses provided, the CCB determined that at least 8 of the 20 undrawn applicants gave addresses that met the residency requirement on both the Neighborhood Atlas and the Opportunity Atlas at the time of the licensing round. (See “Results From Internal Audit” on page 2)

The 6 selected applicants have been informed that they are not eligible to proceed in the licensing process. To ensure a fair chance for all applicants, the CCB is contacting the 8 previously undrawn applicants who gave residential addresses that met the residency requirement to confirm if they wish to be entered into a computerized random number selector to determine who will proceed for consideration of the remaining 6 reserved social equity cannabis consumption lounge licenses. To mitigate the financial burden placed on all applicants, the CCB will also return the \$2,500 application fees for all 20 applicants who are not proceeding in the licensing process.

| RESULTS FROM INTERNAL AUDIT | | | |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------|
| 30 Social Equity Applications ¹ | Incarceration Rate in 2010 from The Opportunity Atlas (90th percentile, or roughly 3.3%) ² | Area Deprivation Index (ADI) from The Neighborhood Atlas . ³ (ADI ≥ 7) ⁴ | |
| 1 ⁵ | ✗84th | ✗2.6% | ✓8 |
| 2 ^{**} | ✗67th | ✗1.5% | ✓7 |
| 3 ^{**} | ✗42nd | ✗<1 % | ✓9 |
| 4 ^{**} | ✓96th | ✓5.3% | ✓9 |
| 5 ^{**} | ✗77th | ✗2.0% | ✓10 |
| 6 ^{**} | ✓90th | ✓3.4% | ✓9 |
| 7 ^{**} | ✓96th | ✓5.4% | ✓9 |
| 8 ^{**} | ✗51st | ✗<1 % | ✓10 |
| 9 ^{**} | ✗86th | ✗2.9% | ✓8 |
| 10 ^{**} | ✓91st | ✓3.5% | ✓10 |
| 11 ⁶ | ✓92nd | ✓3.9% | ✓7 |
| 12 ^{††} | ✗40th | ✗<1% | ✗2 |
| 13 ^{††} | ✗88th | ✗3.0% | ✓10 |
| 14 ^{††} | No Response | | No Response |
| 15 ^{††} | ✗82nd | ✗2.4% | ✓7 |
| 16 ^{††} | ✗87th | ✗2.9% | ✓8 |
| 17 ^{††} | Withdrawn | | Withdrawn |
| 18 ^{††} | ✓91st | ✓3.7% | ✓8 |
| 19 ^{††} | No Response | | No Response |
| 20 ^{††} | ✓92nd | ✓3.9% | ✓8 |
| 21 ^{††} | ✓92nd | ✓3.9% | ✓8 |
| 22 ^{††} | ✓96th | ✓5.2% | ✓10 |
| 23 ^{††} | No Response | | No Response |
| 24 ^{††} | ✓91st | ✓3.7% | ✓8 |
| 25 ^{††} | ✗74th | ✗1.9% | ✗2 |
| 26 ^{††} | No Response | | No Response |
| 27 ^{††} | ✓94th | ✓4.5% | ✓9 |
| 28 ^{††} | ✗69th | ✗1.6% | ✓8 |
| 29 ^{††} | ✓96th | ✓5.3% | ✓7 |
| 30 ^{††} | ✗86th | ✗2.8% | ✓10 |

¹ NRS 678A.470(3) provides that while information relating to the scoring of applications is not confidential, other information and data included in an application for an adult-use cannabis establishment license is confidential.

² See NCCR 5.055(1)(b)(2) or NCCR 5.055(1)(c)(2)(II) as applicable.

³ The CCB is aware of updates to the ADI since the October 2022 licensing round. If an applicant gave an address that met the Opportunity Atlas requirement but the ADI has since changed, the CCB has taken that into account.

⁴ See NCCR 5.055(1)(b)(1) or NCCR 5.055(1)(c)(2)(I) as applicable.

⁵ First 10 applications drawn during the Random Number Selection Event on November 30, 2022.

⁶ Remaining 20 applications not drawn during the Random Number Selection Event on November 30, 2022.