



VIA EMAIL

January 2, 2018

Nevada Tax Commission
1550 College Parkway
Carson City, NV 89706

RE: Comments to LCB Draft No. R092-17's threshold for "owner" as owning 5% or more and its effect on publicly-traded corporations

To Whom It May Concern:

GB Sciences, Inc. (OTC:GBLX) ("GB Sciences") is the publicly-traded, 100% owner of Nevada marijuana establishments. Our establishments are Nevada limited liability corporations of which GB Sciences is the sole manager and member. In the past, GB Sciences has been the part owner of marijuana establishments, and in the future likely may be part owner of such establishments. In our experience, the fact that we are publicly traded creates ongoing confusion and challenges with regulatory compliance because our ultimate natural person equity holders are innumerable and unknowable on a day-to-day basis. Some regulations and jurisdictions, instead of listing all "owners" have us list our board members and officers — those who in fact control the company's operations. GB Sciences applauds all efforts to clarify the definition of "owner" for regulatory purposes in Nevada.

LCB Draft R092-17, for regulatory compliance purposes, defines "owners" as those with five percent (5%) or more ownership interest. See Section 75(1). Such "owners" must comply with multiple requirements in license application and operation including:

- For license applications, providing details such as title, race, ethnicity, gender, ownership of other marijuana establishments, signed attestations, descriptions of business and marijuana-establishment experiences and expertise, and a resume. Section 78(1)(d)-(e).
- For renewals, reporting not only certain criminal convictions, but civil penalties and judgments and any governmental investigations, listing involvement in other marijuana establishments, and providing fingerprints and permission for a criminal background check. Section 89(2)(d), (f), (g), (3).
- Obtain a marijuana establishment agent registration card. Section 94(5).

Moreover, marijuana establishments shall not allow a person who does not have an agent card to own more than 5 percent of the establishment. Section 107(2)(a).

GB Sciences appreciates the need for the State of Nevada to have transparency and disclosure of the ownership of marijuana establishments. However, we have concerns about the workability of the

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proposed regulations and the treatment of the shareholders of publicly-traded corporations as “owners.” Unlike most limited liability corporations, closely held corporations, trusts, joint ventures, and other business entities, publicly-traded corporations have thousands of owners the identity and ownership-proportion of which change every business day. Shareholders are passive owners with no day-to-day control of business operations. Such control is exercised by our corporate officers under the guidance of our chief executive officer and board of directors. Thus, the responsibility of complying with Nevada regulations can be fully met by such officers and directors as we are the ones with legal control over the business operations.

While the five percent threshold does limit the number of shareholder-owners who would have to comply with Nevada marijuana regulations, having our shareholders adequately comply with the regulations is not something our officers and directors can control. While Section 12 of the Securities and Exchange Act of 1934 requires the filing of a Schedule 13D beneficial owners report for 5% or greater owners, those owners may be funds and not natural persons. The high-net worth individuals who can afford to own such a large portion of our parent company are frequently difficult to access, obtain detailed information from, or do so on the timely basis Nevada regulations require.

Should any such individual refuse to comply, there is nothing GB Sciences’ officers and directors can do to effectively force compliance or sale of enough stock to drop the recalcitrant individual below the 5% mark. Section 107(2)(a) would impose a duty on marijuana establishments to not allow anyone without an agent card to acquire more than 5% ownership; however, in the case of publicly-traded corporations and given the nature of securities and corporate law, there is no legal way for the officers or directors to fulfill that duty. If a shareholder without an agent card chooses to buy more than 5% on any given business day, he or she can simply do so.

GB Sciences asks that publicly traded companies’ 5% owners be exempt from the sundry requirements for “owners” in the marijuana regulations. The need for transparency in such owners is met by the Schedule 13D filings (which are available for public view in the Securities and Exchange Commission’s EDGAR data base at www.sec.gov). Those who legally control the corporation — the officers and directors — are better suited as a policy and legal matter to be held accountable for compliance with Nevada’s marijuana laws and regulations.

Sincerely,

Susan Hays
General Counsel