

Pot Cos. Verano, Harvest Win \$228K In Row With Ex-Worker

By **Katryna Perera**

Law360 (May 23, 2022, 8:58 PM EDT) -- Cannabis companies Verano Holdings LLC and Harvest Health & Recreation Inc. and several other defendants who were hit with a Racketeer Influenced and Corrupt Organizations Act by a former worker over his arrest, have asked a Colorado federal judge to confirm a \$228,000 combined award they were given by an arbitrator.

Verano, Harvest and 39 other named defendants filed a **joint motion** for confirmation of the arbitration award Sunday. According to the motion, the 41 defendants are separated into three groups — the Verano defendants, the Harvest defendants and the Arkansas defendants.

According to **the arbitrator's final award** issued on May 4, the Verano defendants were awarded \$93,868, and \$134,777 went to the Harvest and Arkansas defendants. The award for the Verano defendants will be split into \$92,000 for attorney fees and \$1,868 for other litigation costs. The entire award for the Harvest and Arkansas defendants will go toward attorney fees, according to the final motion.

Additionally, the arbitrator stated in his motion that all claims against the defendants have been dismissed with prejudice.

In a statement Monday, Verano founder and CEO George Archos called former the employee's allegations against the company "completely and totally false and absurd."

"The plaintiff and his lawyer have turned an employment dispute between a former employee and his employer into a sensationalized and imagined series of events aimed at a company like Verano with a proven track record of compliant operations," Archos said. "Verano and its affiliates are proud of their strict compliance with, and adherence to, state laws and regulations, and any insinuation to the contrary is completely fictional."

Counsel for the parties did not immediately respond to requests for comment Monday.

The suit by plaintiff Nicholas Nielsen was initially filed in March 2021. The lawsuit listed roughly 50 individuals and entities as defendants, including Randy Taylor Consulting LLC, Nielsen's former employer and a Harvest affiliate.

Nielsen claimed that Randy Taylor Consulting **directed him to grow and sell marijuana** from his home. His suit claimed that he had been "left holding the proverbial bag" when police raided a site where he was accused of cultivating and possessing marijuana.

Nielsen alleged that Michael Frontier — manager of the purported "Natural Wellness/Harvest/Verano joint venture," which Randy Taylor Consulting claimed is a "non-existent construct" — was tasked with trafficking marijuana from a Verano grow site in Illinois to Nielsen in Arkansas.

According to the complaint, Frontier took clippings of four strains of Verano marijuana in June 2019, "secreted them" in Whole Foods salads and took the marijuana-laced salads on a commercial flight to Tennessee before driving to Nielsen.

Nielsen said he maintained the "clones" in a grow operation in his apartment while waiting for a marijuana cultivation facility to be completed. He said the home grow was financed by Harvest, and

that the venture needed him to create as many clones as possible from the mother plants in his apartment.

He said the Arkansas Alcohol and Beverage Control arrested him on Jan. 23, 2020, on suspicion of the cultivation and possession of marijuana, and that Harvest later fired him because of his arrest, "which only occurred but for the defendants' actions."

He also alleged that a Harvest employee formed a shell company, through which he sent Nielsen hush money to keep him quiet about the alleged scheme. He said Harvest told him the company would "look out for him" if he got in trouble for possessing the medical marijuana and would find him other employment if he lost his license after his criminal case.

Nielsen's suit named several other defendants, including a construction company and a credit union, that he says conspired to violate numerous federal laws related to marijuana cultivation and trafficking.

The same day Nielsen filed his suit, Randy Taylor Consulting filed a motion seeking to stay Nielsen's suit and force the dispute into arbitration, arguing the suit is an attempt to "monetize his felonious conduct with a shakedown in which he blames his former employer and countless others for his troubles."

In its motion to compel arbitration, Randy Taylor Consulting said that Harvest never engaged in any extraction or production activities in Arkansas, but a probable cause affidavit indicates officers found evidence of extraction activities in Nielsen's apartment, including 380 THC vape pens, jars of marijuana wax and honey, edibles, a digital scale and drug paraphernalia. The company said this is "consistent with a rogue extraction operation."

Randy Taylor Consulting also pointed out that Harvest was never charged or sanctioned in any way following the investigation.

The company said Nielsen expressly contracted with it to arbitrate all disputes relating to his employment, and urged the court to stay the proceedings and compel the parties to proceed with arbitration that had already been filed on March 4, 2021.

In **April 2021**, a pair of Canadian private equity firms named in the suit also asked for the case to either be dismissed or put on hold, so it could be handled via arbitration.

SOL Global Investments and Serruya Private Equity said that Nielsen's claims "fall squarely" within an arbitration agreement that he entered into with Randy Taylor Consulting, and since his suit alleges all defendants are all part of "one unified operation," his claims against the private equity firms would need to be handled via arbitration, too.

According to the defendant's joint motion on Sunday, the arbitrator had ruled in August 2021 that all matters in the dispute were arbitrable, and in September, he ruled that all listed movants were proper parties to the arbitration.

Counsel for the parties did not immediately respond to requests for comment Monday.

Nielsen is represented by Matthew William Buck of Red Law.

The Harvest defendants are represented by Sarah B. Wallace and Andrew John Petrie of Ballard Spahr LLP.

Randy Taylor Consulting is represented by Christopher P. Carrington of Richards Carrington LLC.

The Arkansas defendants are represented by Kristen M. Frost of Ridley McGreevy & Winocur PC.

The Verano defendants are represented by Carrie E. Johnson of Brownstein Hyatt Farber Schreck LLP.

The case is Nielsen v. Verano Holdings LLC et al., case number 1:21-cv-00692, in the U.S. District Court for the District of Colorado.

-Additional reporting by Sarah Jarvis, Emilie Ruscoe and Sam Reisman. Editing by Gemma Horowitz.

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