191 Route 130
Bordentown, NJ 08505

August 2, 2022

Mr. Jeff Brown, Executive Director
Cannabis Regulatory Commission
P.O. Box 360
Trenton, NJ, 08625-0360

Dear Executive Director Brown,

Thank you for your time on Tuesday's, July 26th, phone call. Please accept this letter as Curaleaf's response to the issues presented. It became apparent on the call that there is lingering confusion regarding the timeline of Curaleaf communications and deliverables. We hope this letter will provide more clarity to that issue.

i. March 30, 2022, CRC/Curaleaf Winslow Meeting

Curaleaf met with you and members of your staff at our Winslow facility on March 30, 2022, preceding the Adult-Use ("AU") conversion. At that meeting, our NJ Director of Operations Shannon Thompson informed the CRC that, to ensure our medical patients would not be adversely affected by the AU launch, Curaleaf had amassed a large supply of both medical and AU product at the facility.

Curaleaf and the CRC agreed at that meeting that the go-forward plan was to have the Steep Hill testing lab take an R&D sample from the previously packaged AU products for full testing under the new adult-use guidelines. Curaleaf immediately put this plan in place and the R&D sample testing results were sent to Investigator Kevin Healey on April 20, 2022, via two emails—one from Shannon Thompson and one from Senior Manager of Quality James Guernsey, both attached here.

ii. May 2, 2022 Notice of Compliance Changeover and Follow-up

On or around May 30, 2022, CRC Field Monitor Fred Loblein reached out to Senior Compliance Manager Matt Lewis expressing concern that Curaleaf medical products not reflecting the third-party testing results were still available in dispensaries.

In follow-up phone calls, I and Senior Compliance Manager for New Jersey, Matt Lewis, explained that as the May 2nd Notice of Compliance Changeover applied to product being manufactured as of May 30th, ("…**the NJ-CRC will require ALL ATCs to conform their operations with the personal use cannabis rules for manufacturing**" (emphasis in original)), and because all Curaleaf products were already being third-

party tested as of early May, we did not understand this guidance to apply to inventory already produced and in dispensary inventory.

In order to seek clarity on this issue, Curaleaf scheduled a call for June 3, 2022, with the Director of the Office of Compliance and Investigations, Paul Urbish, to discuss further.

iii. June 3, 2022, CRC/Curaleaf Telephone Conversation & Subsequent Communications

Accordingly, Curaleaf Compliance and Operations staff met with CRC's Paul Urbish and Fred Loblein on June 3, 2022. During that conversation, Curaleaf communicated to the CRC that we had approximately 88,500 units of medical product on hand that were labeled in accordance with the CRC's medical regulations. Please note that this estimate included both flower and manufactured products.

That same day, Mr. Urbish requested that we provide the "*Quality Control testing reports [Curaleaf] received for all products and flower that were pre-packaged before your agreement with a third-party lab and tested by the laboratory after*." Having already delivered this information in regard to Curaleaf's AU product, Curaleaf replied on that same day with the QC samples of the medical product that preceded the agreement with a third-party.

We reiterated during this call and in subsequent emails that because the May 2, 2022, Notice of Compliance Changeover letter applied to the *manufacture* of all product, we understood that the implementation of third-party testing for medical product only applied to products being manufactured as of the May 30, 2022 deadline, and not existing medical inventory at dispensaries.[1]

On June 8, 2022, Paul Urbish directed Curaleaf, via letter, to perform, among other things, the following:

> *Curaleaf shall submit, according to a plan agreed upon between Curaleaf and its designated third-party lab, the necessary amount of manufactured products for quality control testing, so that all manufactured product can be third-party tested and then properly labeled in accordance with the adult use regulations at NJAD 17:30-11.9.*

Curaleaf immediately commenced this process. As an initial step, Curaleaf reached out to, and continues to work with, its wholesale partners to receive all impacted manufactured product those stores still held. This was a necessary step in order to provide the laboratory accurate numbers of product from which the required sample size would be taken for quality control testing.

[1] This was consistent with our understanding from the conversation with you on March 30th that the third-party testing requirements applied to AU manufactured product. At the time, the response to our inquiry about testing for the already packaged medical product was that the CRC was "not there yet."

As expressed during conversations with the CRC in early June, relabeling all these products would require a heavy operational lift, which would interrupt current manufacturing and disrupt supply. Moreover, much of the product requiring testing and relabeling would soon be approaching its expiration date. Accordingly, the business decision was made to instead focus on the continued production of new product to ensure a steady supply to the market, and return to the task of testing and relabeling once an accurate count could be made. There has never been an intent to sell any untested manufactured product, and, as no deadline was provided, it was our expectation that the CRC would permit the plan to be delivered as appropriate. As was indicated to the CRC in the June 3rd call and numerous times thereafter, it required a great amount of work and active participation by our wholesale partners, something outside of our control, to accomplish this task.

iv. July Communications from the CRC

Following the June 8th letter from Mr. Urbish, the CRC staff and Curaleaf had multiple interactions, including on June 28th and 29th and July 19th and 20th in which Curaleaf provided updates on the progress of recalling the impacted manufactured products for testing and redistribution. In none of these interactions was the topic of the testing plan requested in the June 8th letter addressed by the CRC.

Only following Curaleaf's submission of its application to be placed on the July 28th CRC agenda to convert its Bordentown location to Adult Use, did Paul Urbish place a call to Curaleaf Vice President of Government Relations, Matt Harrell. During this call, Mr. Urbish expressed that he believed Curaleaf to be out of compliance in some undescribed way, something which he indicated may jeopardize the CRC's ability to place Curaleaf's application on the agenda. No other details were provided.

Out of an abundance of concern, both for the ambiguity of the assertion of non-compliance as well as the possibility of missing the July 28th meeting, a call was organized on July 20th between you, CRC staff and senior Curaleaf leadership, including Chief Executive Officer Matt Darin and Chief Compliance Officer Jim Shorris. It was our hope to address any potential concerns the CRC had in advance of the meeting agenda decision. Again, no substantive information regarding any potential violations was provided.

Later, on July 20th, Paul Urbish followed up with a Notice of Violation outlining three violations. Our response to these were provided in a July 22nd letter to Mr. Urbish, enclosed here for reference. As detailed in that response and above, Curaleaf maintains that Violation 1, regarding the forthcoming testing plan, is without merit. In respect of that violation, the CRC took issue with a manifest provided to Garden State Dispensary (AYR) as evidence that AU product existed on the market that had not been tested. Curaleaf provided COAs for these products in its response.

Though Curaleaf acknowledged the omission of details of the terpene profile on the label, it must be noted that this does not constitute "consumer safety" information as suggested by Violation 3.

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v. July 26, 2022 CRC/Curaleaf Notice of Violation Meeting

On July 26, 2022, Curaleaf Compliance and Government Relations staff met with you, Paul Urbish, and Chris Riggs. During that meeting, the CRC expressed doubts regarding Curaleaf's forthrightness in providing COAs as it relates to this issue. It was also suggested that Curaleaf and the CRC had been discussing this for months without progress. As referenced above, the initial COAs for the AU packaged product preceding the launch were provided on April 20, 2022. There have not since been any requests for these COAs, apart from Curaleaf's regularly required COA submittals to which we have complied. In addition, as demonstrated above, Curaleaf has been responsive to all the CRC's follow-up communications. No communication was had, and no updates were requested, regarding the directed testing plan until the Notice of Violation on July 20th.

It us our hope that the entire NJ CRC team will accept this letter as a good faith effort to accurately document the communications between Curaleaf and the CRC and clear up any confusion with regard to its responsiveness to the CRC's demands. More importantly, we trust that this demonstrates our continued and ongoing effort to comply with the rules and regulations of the cannabis program, as well as the less formal directives and discussion with your staff at all levels. At no point did Curaleaf willfully ignore any direction from the CRC and, as demonstrated above, any lag in creating the testing plan with our laboratory was due to factors outside of our control, and a desire to not interrupt current production and our ability to continue supplying the medical and adult-use cannabis markets in New Jersey.

We understand that both the CRC and the Curaleaf team have experienced a tremendous amount of growth and reorganization in recent months, and in the midst of significant regulatory changes, but look forward to partnering with the CRC and streamlining communications going forward. Curaleaf takes pride in its robust compliance program and, in particular, its open lines of communication for the CRC staff to communicate its potential concerns at any time. Along those lines, we believe it would be helpful if we were to come meet with you and CRC staff in NJ to discuss this matter and any other concerns the CRC has with Curaleaf as well as our broader compliance program. We look forward to having this meeting at your earliest convenience if you would let us know some dates that would work for you.

Respectfully,

Matthew Kalmick

Matthew Kalmick
Regional Director, Compliance

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cc: Christopher Riggs, Esq., Chief Counsel, NJ CRC
Matthew Darin, CEO
James S. Shorris, SVP, Chief Compliance Officer
Nathaniel McDonald, SVP, Operations
Matthew Harrell, VP, Government Relations
Matthew Lewis, Senior Manager, NJ Compliance