



State of New Jersey
CANNABIS REGULATORY COMMISSION

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JEFF BROWN, *Executive Director*

July 24, 2023

Daemen Reese
Happy Kola Brands



Re: **FINAL AGENCY DECISION**
APPROVAL OF CONDITIONAL LICENSE APPLICATION

Dear Daemen Reese:

Congratulations! The New Jersey Cannabis Regulatory Commission ("NJ-CRC") has approved your application for a Conditional Class 1 Cannabis Cultivator license to operate an adult personal-use cannabis business in the State of New Jersey.

This letter serves as written notice that the above-listed entity has submitted complete, accurate, and verifiable information, and the NJ-CRC has approved the entity for a conditional license. As further explained below, receipt of this letter does not authorize the entity to engage in cannabis activities. Following this written notice of approval, the entity must notify the NJ-CRC within five (5) business days whether it will accept the conditional license or if it will abandon the conditional license. Details on the Commission's review of application materials, terms and conditions of Commission approval, and next steps are provided below. Please read the following information carefully; failure to satisfy any requirements may result in penalties levied against the entity, including fines and license suspension or revocation.

NJ-CRC Review of Application Materials

Pursuant to N.J.A.C. 17:30-7.2(f), the NJ-CRC shall approve a conditional license application where the applicant:

- (1) has submitted a complete conditional license application in accordance with N.J.A.C. 17:30-7.3 and the notice of application acceptance pursuant to N.J.A.C. 17:30-6.1;
- (2) has scored sufficiently high to be issued a conditional license in accordance with the criteria included in the notice of application acceptance pursuant to N.J.A.C. 17:30-6.1 and 7.3;
- (3) is qualified to hold a conditional license pursuant to N.J.A.C. 17:30-7.4; and

(4) has submitted application fees pursuant to N.J.A.C. 17:30-7.17.

The NJ-CRC Board of Commissioners has determined that the above-referenced entity has satisfied all the criteria.

Terms and Conditions of NJ-CRC Approval

The Commission's approval provided herein is based and conditioned on the information provided in the entity's application materials. As such, the Commission's approval of the entity's application is subject to the terms and conditions explained below. Adherence to the Commission's regulations and the terms and conditions below is an ongoing requirement for licensure as a cannabis business. Failure to adhere to regulations, or failure to satisfy any required terms and conditions set forth below, may result in adverse action taken against the entity, including fines and suspension or revocation of any issued permit or license. The NJ-CRC is authorized to take these enforcement actions pursuant to N.J.A.C. 17:30-20.5.

As a conditional license awardee, you are subject to the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization ("CREAMM") Act as well as all regulations implementing the CREAMM Act, set forth at N.J.A.C. 17:30. The NJ-CRC recommends that you familiarize yourself with those sections of the regulation pertaining to conditional cannabis licenses, specifically N.J.A.C. 17:30-7.2 through 7.8. It is your responsibility to ensure the entity understands and complies with all applicable regulations, regardless of whether they are expressly mentioned in this letter.

Acceptance of the license, submission of the conditional license application approval fee, and issuance of the conditional license triggers the beginning of the conditional license phase as established at N.J.A.C. 17:30-7.6. During the conditional license phase, the conditional license holder must (1) establish control of a proposed site; (2) gain municipal approval; and (3) submit a conditional license conversion application. The conditional license phase commences on the date the conditional license is issued to the entity and expires after 120 calendar days. Pursuant to N.J.S.A. 24:6I-36b.(2)(d)(i) the NJ-CRC may extend the conditional license phase of any applicant for an additional 45 calendar days at its discretion. To create better efficiency and to support new businesses, the NJ-CRC will automatically extend the conditional license phase for the above-listed applicant for an additional 45 calendar days so that the conditional license expires after 165 days. The entity may satisfy the conditional license phase and begin the process to convert to an annual license at any time prior to the end of the conditional license phase.

During the conditional license phase, the conditional license holder shall not engage in purchasing, possessing, selling, cultivating, manufacturing, or selling cannabis or cannabis products. N.J.A.C. 17:30-7.6(e). Nor shall the conditional license holder advertise or present itself as being licensed to operate as a cannabis business. Failure to adhere to these restrictions may subject the entity to adverse action by the Commission and may expose the applicant to law enforcement action.

The following activities are permitted during the conditional license phase:

1. The conditional license holder may obtain additional funding by adding new loans or gifts

from new or existing financial sources not listed in the conditional license application. Conditional license applicants are reminded, however, that during the conversion phase, the NJ-CRC may investigate and may conduct probity review of the license applicant, its owners, principals, and related entities and their finances, ownership, and control structure (See N.J.A.C. 17:30-7.7(e)), and conditional license holders are therefore advised to not execute any additional financing agreements that have not been received and reviewed by the NJ-CRC;

2. The conditional license holder may change the proposed location of the cannabis business, and such new location shall be reflected in the conditional license conversion application;
3. The conditional license holder may notify the NJ-CRC of its intention to abandon the license, which will then be returned to the Commission; and
4. The majority share of the ownership interest in the license holder shall remain the same as at the time of license issuance, however:
 - a. An owner or passive investor of the conditional license holder may transfer ownership interest to another qualified party; and
 - b. The conditional license holder may add new qualified owners and principals.

Certain businesses are subject to the following additional restrictions:

1. A Diversely-Owned Business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the Diversely-Owned business criteria, pursuant to N.J.A.C. 17:30–6.4;
2. An Impact Zone Business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the Impact Zone Business criteria, pursuant to N.J.A.C. 17:30–6.5;
3. A Social Equity Business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the Social Equity Business criteria, pursuant to N.J.A.C. 17:30–6.6;
4. A Microbusiness conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the Microbusiness criteria, pursuant to N.J.A.C. 17:30–6.7; and
5. A conditional license holder shall not violate the limitations on owners and principals, pursuant to N.J.A.C. 17:30–6.8.

Next Steps

Following this written notice of approval, the entity must notify the NJ-CRC within five (5) business days whether it will accept the conditional license, or if it will abandon the conditional license. Acceptance or abandonment of the conditional license must be supplied by a letter from the applicant's listed primary contact, submitted electronically to crc.licensing@crc.nj.gov. Pursuant to N.J.A.C. 17:30-7.5(c), failure of the entity to notify the NJ-CRC of its decision to accept or abandon the license by the specified deadline shall result in the license being deemed abandoned. A conditional license holder may also notify the Commission during the conditional license phase of its intention to abandon the conditional license.

Upon accepting this provisional award, the entity is required to pay any application approval fees

required pursuant to N.J.A.C. 17:30-7.17. The NJ-CRC will email you an invoice that must be paid online using the Commission's licensing portal. If payment is not received within thirty (30) days of accepting this award, the NJ-CRC will email a final notice regarding the unpaid invoice. Failure to pay the required fees within sixty (60) days of accepting this award will result in the award automatically being rescinded and the entity's license being rejected in the online licensing portal.

Prior to the end of the conditional license phase, the applicant must submit an application to convert its conditional license to an annual license pursuant to N.J.A.C. 17:30-7.8. The expiration date for the conditional license will automatically be extended to cover the period of time that an entity's conversion application is pending or under review by the Commission,

If you are getting close to the deadline to become operational and wish to have your deadline extended, you may submit an extension request to the NJ-CRC's Permitting and Licensing Committee at least 15 days before the applicable deadline. The Committee cannot extend a regulatory deadline once it has passed. Submission of an extension request does not guarantee that you will be granted an extension. Cannabis businesses are encouraged to avoid last-minute requests by submitting their extension request as soon as the need for an extension becomes apparent. Instructions for requesting an extension are available at <https://www.nj.gov/cannabis/businesses> and clicking on the "Application Extension Requests" button."

Again, congratulations on your successful application and thank you for your interest in working with the NJ-CRC to establish a safe and equitable cannabis industry for the state of New Jersey. Should you have any questions regarding this correspondence, please submit your inquiry to the NJ-CRC Licensing inbox at crc.licensing@crc.nj.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dianna', with a long horizontal line extending to the right.

Dianna Houenou
Chairperson
New Jersey Cannabis Regulatory Commission