



State of New Jersey
CANNABIS REGULATORY COMMISSION

P.O. BOX 216
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February 9, 2023

XHALE CANNABIS LOUNGE LLC
Adrienne Soto
XHALECANNABISLOUNGE@GMAIL.COM
7 Leroy Avenue
Berlin, New Jersey 08009

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

Dear Adrienne Soto:

Congratulations! The New Jersey Cannabis Regulatory Commission ("NJ-CRC") has received and reviewed your application for a Class 5 Cannabis Retailer to operate an adult personal-use cannabis business in the state of New Jersey. Upon the completion of the NJ-CRC's review, your application for a conditional license has been approved.

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 above-referenced entity has satisfied all criteria.

Following this written notice of approval, the license applicant must notify the NJ-CRC within five (5) business days whether it will accept the license, or if it will abandon the license. Acceptance or abandonment of the license can 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 applicant 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.**

Should you choose to accept this license, the NJ-CRC will continue to verify information contained in your application and notify you when to submit the required conditional license application approval fee established at N.J.A.C. 17:30-7.17. Following receipt of the conditional license application approval fee, the NJ-CRC will issue the conditional license and provide the same to the applicant.

Acceptance of the license, submission of the conditional license application approval fee, and issuance of the conditional license by the NJ-CRC to the applicant 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 the proposed site; (2) gain municipal approval; and (3) develop and submit a conditional license conversion application. The conditional license phase commences on the date the conditional license is issued to the license applicant 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 applicants, the NJ-CRC will automatically extend the conditional license phase for the above-listed applicant for an additional 45 calendar days.** The applicant may satisfy the conditional license phase and begin the process to convert to an annual license at any time prior to the end date for the conditional license phase. The additional 45 calendar days are offered as a courtesy and to prevent the necessity of the applicant submitting a formal request for extension.

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). Failure to adhere to this restriction may subject the applicant 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.

Prior to the end of the conditional license phase, the applicant must submit its conditional cannabis business conversion application pursuant to N.J.A.C. 17:30-7.8. If granted, the license will be converted from a conditional license to an annual license, subject to all conditions set forth in N.J.A.C. 17:30-7.9 through 7.14.

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.

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