



## MEMORANDUM

**TO:** Cannabis Regulatory Commission Board  
**FROM:** Jeff Brown, Executive Director  
**SUBJECT:** Consideration of Conditional License Applications  
**DATE:** January 13, 2023

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### EXECUTIVE SUMMARY

On August 19, 2021, the Cannabis Regulatory Commission (herein referenced as “Commission” or “CRC”) adopted rules pursuant to P.L. 2021, C.16 which established the licensure process for cannabis businesses and testing laboratories. N.J.A.C. 17:30-6 through 7 outlines the application process and requirements for both conditional license applicants and annual license applicants. The rules also include the eligibility requirements and limitations for Social Equity Businesses, Diversely-Owned Businesses, and Impact Zone Businesses.

This memo outlines the process and recommendations concerning 42 applications for conditional licenses. These conditional license applications, which include 10 Class 1 Cultivator applications, 8 Class 2 Manufacturer applications, and 24 Retailer applications have been reviewed, scored, and are recommended for approval by the CRC Staff.

Pursuant to rules on cannabis business licensure, the CRC issued a Notice of Application Acceptance (“Notice”) on November 9, 2021, which outlined the specific criteria for each application type and the dates on which the CRC would begin accepting applications. The Notice of Application Acceptance also outlined the specific priority by which applications would be reviewed by the CRC.

On December 15, 2021, the CRC began accepting applications for Class 1 Cultivation, Class 2 Manufacturing, and Testing Laboratory licenses.

On March 15, 2021, the CRC began accepting applications for Class 5 Retailer licenses.

As of December 15, 2022, the CRC has received 1,495 applications, including:

- 396 Class 1 Cultivation Applications
- 225 Class 2 Manufacturing Applications
- 5 Class 3 Wholesaler Applications
- 10 Class 4 Distributor Applications
- 836 Class 5 Retailer Applications
- 12 Class 6 Delivery Applications
- 10 Testing Laboratory Applications



- 27 applications remain ineligible for license types submitted prior to their respective application acceptance date

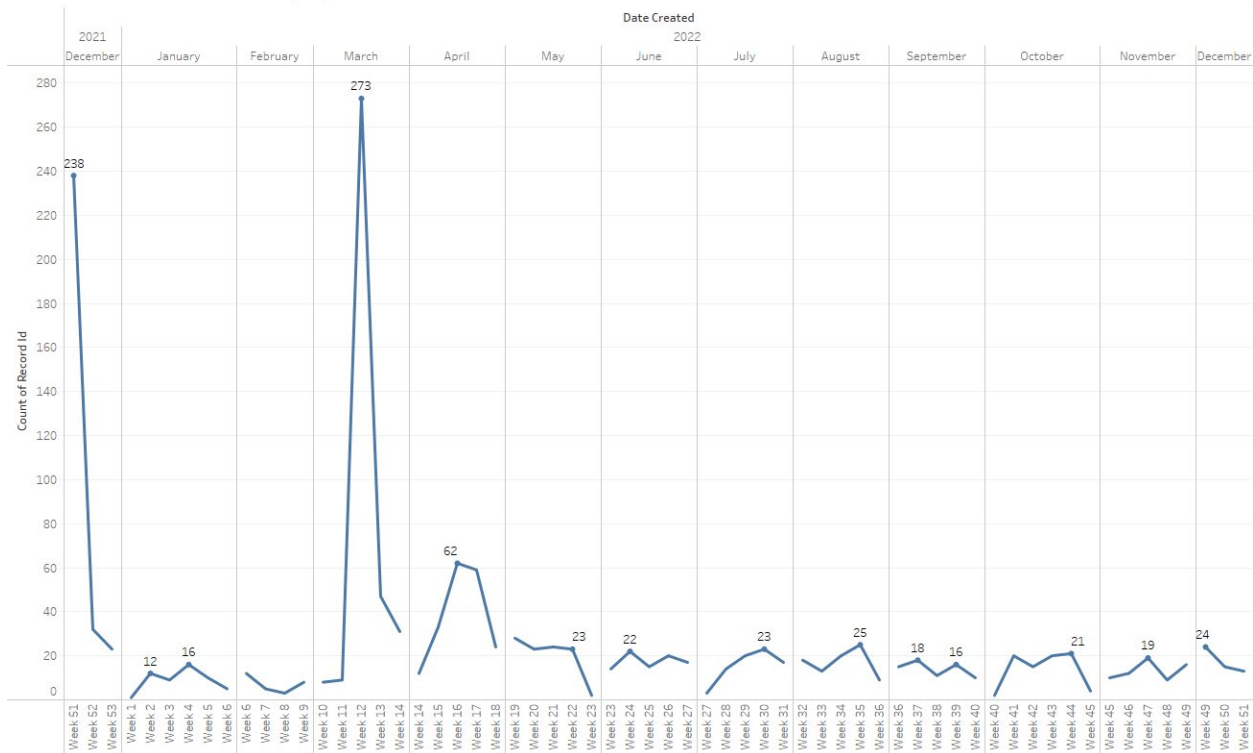
Of the applications received:

- 1,076 Diversly-Owned Businesses (72%)
- 374 Social Equity Businesses (25%)
- 641 Impact Zone Businesses (43%)

Furthermore, of the applications received by December 15, 2022, 1,210 have been conditional license applications and 285 have been annual license applications.

Of the 1,495 applications received; 1,404 applications have begun the review process.

Applications Over Time Thru 12/15/2022



## AUTHORITY

N.J.S.A. 24:6I-35(a)(1) provides that the Commission shall adopt rules and regulations, which include the procedures for the application for a license or conditional license to operate as a



cannabis establishment. N.J.S.A. 24:6I-35(a)(4) requires the incorporation of the licensing social equity goals established by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development. N.J.S.A. 24:6I-36 provides the Application process for a conditional license to operate a cannabis establishment. N.J.S.A. 24:6I-36(e) requires the Commission to prioritize applications on the basis of impact zones to advance social equity goals.

The governing regulations at N.J.A.C. 17:30-6.1(c)(2) state that the Commission shall provide notice of the initial acceptance of license applications in the New Jersey Register, on the Commission website, to the Commission email list, and at a Commission public meeting.

The governing regulations at N.J.A.C. 17:30-6.1(d) provide that the Commission shall review, score, and approve conditional and annual cannabis business license applications and issue licenses to applicants that receive a full score or greater, and shall have the full authority to establish the priority by which conditional and annual cannabis business license applications and applicants are reviewed, scored, approved, and issued, such that: 1. Social equity businesses, diversely owned businesses, and impact zone businesses always have priority over other license applicants; 2. Conditional license applicants always have priority over annual license applicants; 3. Microbusinesses license applicants always have priority over standard cannabis business license applicants; 4. License applicants given bonus points pursuant to N.J.S.A. 24:6I-36.d(2) have priority over license applicants with no bonus points; and 5. The priority of the review, scoring, and approval of license applications and issuance of licenses is consistent with meeting the market demands of the state, the Act and this chapter.

- Measures by which the license applicant will be scored;
- Maximum scores for each individual measure; and
- The total score required for a license applicant to be approved for a license.

## **REVIEW PROCESS OVERVIEW: CONDITIONAL LICENSE APPLICATIONS**

To review conditional license applications, the CRC has developed an application review process that aligns with the authorizing statutes, the CRC's regulations, and the Notice of Application Acceptance.

The process includes the following chronological steps:

1. Priority Assignment – Applications are assigned to their relevant priority level based on responses to questions on the application. This assignment occurs for all applicants after they submit their applications into the licensing system.
2. Priority Verification – Once assigned a priority, the applications are then reviewed to ensure the applicant has submitted the proper documentation to support their priority



assignment. If they have submitted the documentation, they remain in queue to be reviewed. This includes a review of any materials submitted to qualify as a Social Equity Business, a Diversely-Owned Business or an Impact Zone Business. If they have not submitted proof to back up their priority designation, the application is marked for rejection and curing.

3. **Completeness Review** – Applications are reviewed for completeness to ensure everything required by the Notice is included in the application. If an application is deemed incomplete, it is marked for rejection and curing.
4. **Scoring** – Applications that have been deemed complete are then scored in accordance with the rubric in the Notice. For conditional license applications, this includes an evaluation of their Business Plan and Management Profile, their Regulatory Compliance Plan, and their Plan to Obtain Liability Insurance. Applications receive full points if they pass a measure, and no points if they fail. Conditional applications need to score 100 pts in order to be advanced. If an application fails in scoring, it is marked for rejection and curing.
5. **Qualification, Limitations, Financial/Management Agreement Review** – Following scoring, conditional applications that have passed all three mandatory measures are then reviewed to ensure they are compliant with:
  - a. N.J.A.C. 17:30-6.8 (Limitations on license holders, owners, principals, pass investors, financial sources, management services contractors and vendor-contractors);
  - b. N.J.A.C. 17:30-6.9 (Management services agreements);
  - c. N.J.A.C. 17:30-6.10 (Financial source agreements); and
  - d. N.J.A.C. 17:30-7.4 (Conditional license holder qualification).
6. **Quality Control** – Any application that is deemed eligible for approval following a qualification review, is then given a quality control review to ensure that the determination is accurate.
7. **Recommendation to the CRC Board** – Applications that pass a quality control check are then recommended for approval to the board.

If an application is deemed incomplete, fails scoring, or is missing information required to qualify for priority designation, it is rejected and returned to the applicant to amend (“cure”) and resubmit. When an applicant resubmits, the application is placed in line for review again in accordance with its priority designation and the time at which it was resubmitted (“first in time”).



## RECOMMENDATION

This recommendation is for the approval of 42 conditional license applications, including 10 Class 1 Cultivator applications, 8 Class 2 Manufacturer applications, and 24 Retailer applications. These applications have been reviewed and passed every step of the process.

No.	Applicant ID	Applicant Business Name	License Type	Business Category
1	2399	Buzzy Bee Business Partners LLC	Cultivator	Micro
2	2335	Green Family Farm, LLC Cannabis Cultivation Company	Cultivator	Micro
3	2414	RYC ENT LLC	Cultivator	Micro
4	2115	Taste of Earth	Retailer	Micro
5	2336	Mary Jane's Strains	Cultivator	Micro
6	1934	Flavors Wellness Farms	Cultivator	Standard
7	2005	Green AgroLab LLC	Cultivator	Standard
8	2361	Lucky Buds LLC	Cultivator	Standard
9	2485	Regal Farms NJ LLC	Cultivator	Standard
10	1208	Solar Cannabis NJ, LLC	Cultivator	Standard
11	2400	Buzzy Bee Business Partners LLC	Manufacturer	Micro
12	2478	Freshley Greene LLC	Manufacturer	Micro
13	2487	Iron Falls Growery LLC	Manufacturer	Micro
14	2465	Prolific Growhouse	Manufacturer	Micro
15	2125	The Cannabis Philosophy LLC	Manufacturer	Micro
16	2451	Green Zen Therapy, LLC	Manufacturer	Standard
17	2444	Lucky Buds LLC	Manufacturer	Standard
18	2156	Statewide Property Holdings NJ LLC	Manufacturer	Standard
19	2356	Boutique Gardens	Retailer	Micro



No.	Applicant ID	Applicant Business Name	License Type	Business Category
20	2365	Cannabis NJ LLC	Retailer	Micro
21	2418	High End Cannabis Corporation	Retailer	Micro
22	2484	Elevated Esentials's LLC	Retailer	Micro
23	2401	Green Paradise Therapy, LLC	Retailer	Micro
24	2317	Klassic Kush, Inc.	Retailer	Micro
25	2350	Nary Group LLC	Retailer	Micro
26	2158	Project Greenlife LLC	Retailer	Micro
27	2206	A Higher Ground Dispensary LLC	Retailer	Standard
28	2500	Bloomeri LLC	Retailer	Standard
29	2449	Bud Bazaar LLC	Retailer	Standard
30	2325	Divine Greens NJ LLC	Retailer	Standard
31	1637	Gardenmade New Jersey, LLC	Retailer	Standard
32	2440	Green Leaf Wellness Solutions LLC	Retailer	Standard
33	1979	Highland House, LLC	Retailer	Standard
34	2447	Kota Canna LLC	Retailer	Standard
35	2471	Levitate NJ Cannabis LLC	Retailer	Standard
36	2515	Lilac Dispensary LLC	Retailer	Standard
37	2457	Magicae Wellness LLC	Retailer	Standard
38	2443	Maude's Potted Plant	Retailer	Standard
39	2363	Perennial Group Corporation	Retailer	Standard
40	2483	Salus Wellness	Retailer	Standard
41	2355	Shigh LLC	Retailer	Standard



No.	Applicant ID	Applicant Business Name	License Type	Business Category
42	2454	Upper Echelons Dispensary LLC	Retailer	Standard

These applications have been deemed compliant with their priority designation, deemed complete, and scored for potential approval. They have also been reviewed for license-holder qualification provisions, for license-holder limitations, and any proposed financial source or management services agreements have received an initial review.

CRC staff have determined that these license applications are eligible for approval by the CRC and that these license applicants are eligible to hold conditional licenses.

Therefore, CRC staff recommend the CRC Board **APPROVE** these applications for conditional licensure. The CRC staff further recommends that approvals include the following required terms and conditions:

#### **CONDITIONAL LICENSE CONDITIONS**

1. Conditional licenses issued in accordance with this recommendation shall be automatically granted the additional 45 days allowed by statute to file a conditional conversion application, extending the conditional license phase to 165 days from the date of license issuance.
2. Conditional license-holders shall comply with all relevant provisions of N.J.A.C. 17:30-6 through 7 regarding conditional licenses, license-holders, and the conditional license phase.
3. If issued a conditional license as a Social Equity Business, Diversely-Owned Business or Impact Zone Business, maintaining eligibility as such is a condition of the license and a condition of seeking an annual license through a conditional conversion application.
4. Conditional license-holders may add new owners in the conditional license phase, however, 51% or a majority of the ownership shall remain with the owners that qualified for the conditional license.
5. Conditional license-holders shall provide an attestation certifying that they will submit to a criminal history background check. No license holder or license applicant shall be granted an annual license without submitting to a criminal history background check and satisfactorily demonstrating that all statutory and regulatory requirements have been satisfied.
6. Conditional license holders are NOT authorized to cultivate, manufacture, sell or otherwise possess cannabis or cannabis items.