



RECOMMENDATION REPORT

MEETING DATE: 6/1/23	TOTAL REC. #: 2	REPORT DATE: 5/12/23
TO: Deputy Director, Kelly Anderson-Thomas THROUGH: Chief Counsel, Christopher Riggs FROM: Director of Licensing, Megan Tagliaferri		

BACKGROUND

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 2 applications for conditional licenses that have been reviewed, scored, and are recommended for approval by the CRC Staff. The business type breakdown for each application type is as follows:

Conditionals: 2

Cultivator 1

Manufacturer 1

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.



REVIEW PROCESS OVERVIEW

To review 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 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. Conditional conversion and annual license applicants need to show they have municipal approval, site control, and have submitted all the required standard operating procedures and other application materials required by the Notice of Application Acceptance and CRC Regulations. Applications receive full points if they pass a measure, and no points if they fail. If an application fails in scoring, it is marked for rejection and curing.
5. **Qualification, Limitations, Financial/Management Agreement Review** – Following scoring, applications that have passed all 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. **Qualification Review** – License-applicants for conditional conversion and annual applications are then reviewed for Qualification pursuant to N.J.A.C. 17:30-7.11. To be approved, they also must be cleared by the CRC's Office of Compliance and Investigations and deemed qualified to hold a license. This includes a criminal history background check (N.J.A.C. 17:30-7.12) and probity review (N.J.A.C. 17:30-7.13).
7. **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.



8. Recommendation to the CRC Board – Applications that pass a quality control check are then recommended for approval to the board.

RECOMMENDATION AND JUSTIFICATION

It is recommended that the Conditional applications listed below be presented to the Board of Commissioners for the New Jersey Cannabis Regulatory Commission for award in the designated license class. The below-listed applicants have satisfied the terms of the Notice of Application Acceptance most-recently modified by the Board of Commissioners pursuant to Resolution 2023-72. Each of the below-listed applicants have earned the requisite full scores (or greater) to be awarded a license in their designated application type and license class.

Each of the below-listed applicants have been deemed compliant pursuant to the applicable regulations codified at N.J.A.C. 17:30-6 and 7. The rules also include the eligibility requirements and limitations for Social Equity Businesses, Diversely-Owned Businesses (DOB), and Impact Zone Businesses. A breakdown of those recommended awards follows in the next section.

PRIORITY BREAKDOWN

Conditionals: 2

Social Equity Business 2

Note: Disabled Veteran-Owned (“DV”), Minority-Owned (“M”), Minority and Woman-Owned (“MW”), Woman-Owned (“W”)

LIST

App ID	Applicant Business Name	Application Type	Priority	DOB Cert	Business Type	Business Category
2728	THCBD, LLC	Conditional	1B	N/A	Cultivator	Standard
2729	THCBD, LLC	Conditional	1B	N/A	Manufacturer	Standard



REVIEW AND QUALITY CONTROL CONFIRMATION

The licensing review for each of these applications was completed, as required, in the Office of Licensing. Quality control review was completed by Counsel’s Office on May 9, 2023.

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Chief Counsel Christopher Riggs

RECOMMENDATION SUMMARY

The 2 conditional applications listed above 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. At the time of proposed recommendation of approval, all businesses reviewed under the DOB status have an active certification in good standing. All recommended awards have been deemed qualified to hold a conditional license following this review.

CRC staff have determined that these license applications are eligible for approval by the CRC. Therefore, CRC staff recommend the CRC Board approve these applications for licenses.

A handwritten signature in black ink, appearing to read 'M. Tagliaferri'.

Director of Licensing
Megan Tagliaferri

Approved by:

A handwritten signature in purple ink, appearing to read 'KAT'.

Deputy Executive Director
Kelly Anderson-Thomas