



## MEMORANDUM

**TO:** CANNABIS REGULATORY COMMISSION BOARD

**FROM:** JEFF BROWN, EXECUTIVE DIRECTOR

**SUBJECT:** NEW JERSEY CANNALYTICS, LLC TRANSFER OF OWNERSHIP

**DATE:** OCTOBER 19, 2023

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**BACKGROUND:** New Jersey Cannalytics, LLC (“NJ Cannalytics”), d/b/a US Cannalytics NJ, is a third-party testing laboratory licensee based in East Hanover, New Jersey. NJ Cannalytics’ parent company at the time of licensing was US Cannalytics, Inc., (“US Cannalytics”), which has business operations in Pennsylvania, Florida, and New Jersey. While US Cannalytics creates a “d/b/a” designation for each affiliate lab, NJ Cannalytics conducts its operations as a stand-alone business. NJ Cannalytics and each of its sister companies have received accreditation as cannabis testing laboratories by the American Association for Laboratory Accreditation, which remain active.

US Cannalytics created Thymer Analytics, LLC (“Thymer”) as a holding company in order to establish a common ownership for 4 independent testing laboratories, namely NJ Cannalytics, US Cannalytics, LLC, Florida Cannalytics, LLC, and Pinnacle CT, Inc. Thymer holds 100% equity interest in each of these entities.

On November 28, 2022, Thymer entered into a Business Combination Agreement (the “Agreement”) with BelCosta Labs, Inc. (“BelCosta”), which is an accredited national cannabis testing company based in California. Pursuant to the Agreement, a new entity named BCUSC, Inc., (“BCUSC”) would become the parent company to both BelCosta and Thymer, owning 100% of BelCosta’s common shares and 100% membership interest in Thymer. NJ Cannalytics therefore, is wholly owned by Thymer, which in turn is now wholly owned by BSUSC, the ultimate parent company.

Thymer is a limited liability company incorporated in Florida and BCUSC is a Delaware Corporation.

**AUTHORITY:** In accordance with N.J.S.A. 24:6I-18 and -35, the New Jersey Cannabis Regulatory Commission (the “Commission” or “NJ-CRC”) licenses testing laboratories to perform specific testing services. As a testing laboratory license holder, NJ Cannalytics must abide by the enabling statutes, specifically, the Jake Honig Compassionate Use Medical Cannabis Act, N.J.S.A.



24:6I-1 et seq., (the “Honig Act”) and the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, N.J.S.A. 24:6I-31 et seq., (the “CREAMM Act”), as well as the implementing regulations.

Pursuant to N.J.A.C. 17:30-9.2, a cannabis business license holder must submit an application for an amended license, along with the necessary fee, for a change in ownership, including: 1) the addition or removal of any owners or passive investors, 2) any change the license holder entity structures such as any related mergers, acquisitions, or creation of a new related entity, 3) any change in the ownership structure or interest that would result in a change of owner, and 4) any other changes to the ownership and financial information provided to the Commission. The failure to seek approval from the Commission for such material changes may result in sanctions. N.J.A.C. 17:30-9.2b

Pursuant to N.J.A.C. 17:30-7.17(j)(3), the fee to apply for the transfer of more than 50 percent of ownership interest in a license holder is \$20,000.

**COMPLETENESS REVIEW:** NJ Cannalytics current annual testing laboratory license was awarded by the NJ-CRC on May 24, 2022, and was subsequently issued a license on August 8, 2022, with an expiration date of August 7, 2023.

At that time of its approval, NJ Cannalytics’ ownership was as follows:

- Gregory Gottheimer - 15.83%
- Charles Gentile - 15.83%
- Timothy Schnupp - 15.83%
- Rahul Sood - 15.83%
- PYAT, LLC - 15.83%
- Mites Purewal - 7.92%
- Uplekh Purewal - 7.92%
- Karissa Miller - 2.51%
- Tara Pendergraft - 2.51%

Gregory Gottheimer, Charles Gentile, and Timonthy Schnupp were also principal owners of US Cannalytics.

On or about January 19, 2023, Gregory Gottheimer advised the NJ-CRC that NJ Cannalytics had signed the Agreement with BelCosta and was instructed to submit application materials in support of a change of ownership.



In support of its instant application regarding the ownership change, NJ Cannalytics submitted a more recent breakdown of its ownership, which reflects the following:

• Gregory Gottheimer	-	18.39%
• Charles Gentile	-	18.39%
• Rahul Sood	-	17.53%
• Mites Purewal	-	9.16%
• Uplekh Purewal	-	8.84%
• Young Lee	-	6.77%
• Ronald F. Saltiel	-	4.87%
• Sharen Pyatetskaya (PYAT)	-	5.12%
• Felix Gurman	-	2.72%
• Karissa Miller	-	1.63%
• Carl Edward Beigler	-	.66%
• Mario Sanchez	-	.98%
• PJ Corda	-	2.47%
• Miro Kesic	-	2.47%

Former Officer and Partner Timothy Schnupp is no longer involved with NJ Cannalytics as of July 2022. All of the remaining NJ Cannalytics employees and owners have been previously found suitable by the NJ-CRC. The NJ Cannalytics owners listed above are also the shareholders at Thymer, with the addition of Tara Pendergraft.

The new parent company, BCUSC, was formed in Delaware on January 26, 2023 after the execution of the Business Combination Agreement in November of 2022. The current principals (senior management) of BCUSC are as follows:

• Myron Ronay	- CEO
• Gregory Gottheimer	- Chief Operating Officer /Chief Financial Officer
• Matthew Dechter	- Secretary

Myron Ronay is currently CEO of BelCosta, and Matthew Dechter is owner/manager and Chief Financial Officer of BelCosta.

NJ Cannalytics has provided various documents in support of its instant application, including Entity Disclosure Forms for Thymer and BCUSC, and Personal History Disclosure forms for Myron Ronay and Matthew Dechter. Also provided were Thymer's Certificate of Good Standing, Certificate of Formation, and Tax Documents. BCUSC and Thymer also provided a copy of the Agreement which outlines their governing structure, legal charter, and the details of the merger. BCUSC also provided its Certificate of Incorporation and its Bylaws.



NJ Cannalytics has also provided the NJ-CRC with schematics showing the ultimate organizational structure for the BelCosta Organization, which depicts BCUSC as the parent company to both BelCosta and Thymer.

BCUSC has advised the NJ-CRC that any Management Services Agreements or Financial Source Agreements that NJ Cannalytics has previously entered into will remain unchanged except for a change in the owner. Additionally, there will be no changes to NJ Cannalytics' operations, and the only partners concerned with the operations in New Jersey are Myron Ronoy and Matthew Dechter from BelCosta, and Gregory Gottheimer, Karissa Miller, and Tara Pendergraft from Thymer.

Because BCUSC is a new company, it has not generated any financial statements reflecting its assets and liabilities and/or business operations. However, BCUSC owners Myron Ronoy and Matthew Dechter were fingerprinted and completed the criminal background check with no adverse items being noted.

**RECOMMENDATION:** NJ-CRC staff recommends approval for the application to amend the testing laboratory license held by NJ Cannalytics and authorize the ownership structure change as presented by Gregory Gottheimer. All NJ Cannalytics owners, officers, and employees that will retain their positions have been previously vetted as required by the statutes and regulations and have been deemed qualified to hold their positions in the medicinal and adult use cannabis markets. It is the opinion of the Director of the Office of Compliance and Investigations that the structural change, as submitted, is regulatorily compliant and the owners are qualified to operate the testing laboratory currently being operated by NJ Cannalytics.

## APPENDIX

### **N.J.A.C. 17:30-9.2 Changes to license applicant or license holder; approval and notice; provisional approval**

(a) Cannabis business license holders shall submit an application for an amended license, along with the applicable fee, if any, pursuant to N.J.A.C. 17:30-7.17, for the following material changes, a change:

1. In ownership, which shall include:
  - i. Addition or removal of owners or passive investors;
  - ii. Change in license holder entity structure, including any related mergers, acquisitions, or creation of new related entities;
  - iii. Change in ownership structure or ownership interest that results in a change of owner, pursuant to N.J.A.C. 17:30-9.3; and
  - iv. Any other changes to the ownership and financial information provided to the Commission pursuant to N.J.A.C. 17:30-7.10 and 7.13;
2. Of management services contractor or the terms of any management services agreement; pursuant to N.J.A.C. 17:30-6.9;
3. Of financial source or the terms of a financial source agreement (FSA) pursuant to N.J.A.C. 17:30-6.10;
4. Of location;
5. Of modification of capacity, physical plant, premises, or administrative office; or
6. Of name of the cannabis business.

(b) Failure to seek approval for such material changes pursuant to (a) above may result in sanctions upon the license holder pursuant to N.J.A.C. 17:30-20, including civil penalties, or suspension or revocation of any license issued to the license holder.

### **N.J.A.C. 17:30-9.3 Transfers of ownership interest**

(a) From the submission of a conditional license conversion application or an annual license application to at least two years after the cannabis business commences operations, a license holder holding an annual license shall not make any change to more than 50 percent of its ownership interest, except that a transfer of the ownership interest license applicant or license holder from a deceased owner to the deceased:

1. Owner's heir shall not be prohibited;
2. Owner's surviving spouse, domestic partner, or civil union partner, if the license was issued jointly to both the parties, shall not be prohibited.

(b) From the submission of the conditional license conversion application or an annual license application to least two years after the cannabis business commences operations, a license holder may add new loans from new or existing financial sources or gifts.

(c) Until at least two years after the cannabis business commences operations, a diversely owned business license holder shall maintain all conditions required to qualify as eligible for its diversely owned business certification.

(d) Until at least two years after the cannabis business commences operations, a social equity business license holder shall maintain the conditions required to qualify for its social equity business status

(e) A license holder operating as a microbusiness shall not transfer ownership interest such that the license holder no longer qualifies as a microbusiness.

(f) If the cannabis business ceases operations during the two-year period after the cannabis business commences operations, the license holder may not transfer the license to another entity; the license will be considered to be abandoned and will be returned to the Commission.

(g) A cannabis business license holder shall not provide, transfer, or sell, or offer to provide, transfer, or sell any ownership interest to or employ or offer to employ any Commission member or employee restricted from such transactions by the provisions of sections 33 through 35 of P.L. 2019, c. 153 (N.J.A.C. 24:6I-26 through 28).

(h) The Commission retains discretion to determine when a transfer of ownership interests has occurred.

### **17:30-7.17 Cannabis business and testing laboratory fees**

(j) The following material change fees shall be paid by license holders, as applicable:

1. The fee to apply for a change of location of a cannabis business premises is:

i. Standard cannabis business annual license holder: \$10,000; or

ii. Microbusiness license holder: \$1,000;

2. The fee to apply for a change or modification of the cannabis business' capacity or physical plant is \$2,000;

i. This fee shall not apply to a microbusiness converting to a standard cannabis business pursuant to N.J.A.C. 17:30-7.15; and

3. The fee to apply for the transfer of more than 50 percent of ownership interest in a license holder is \$20,000.

i. Any financial source, management services contractor, owner, or principal may be required to pay background investigation fees as part of an ownership interest transfer