



MEMORANDUM

TO: Cannabis Regulatory Commission Board
FROM: Jeff Brown, Executive Director
SUBJECT: Cover Memo: Recommendation to Consider Cannabis Business License Awards
DATE: APRIL 11, 2024

OVERVIEW

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.

The attached memo from CRC staff outlines the process and recommendations concerning 17 applications for conditional licenses, 15 applications for conditional conversion licenses, and 4 applications for annual licenses. These applications have been reviewed, scored, and are recommended for approval by the CRC Staff.

RECOMMENDATION

Having reviewed the attached memo and recommended applications, I concur with CRC staff’s recommendations to approve license awards for the list applications and hereby recommend these applications for approval by the CRC Board of Commissioners. These applications have been reviewed, scored, and are now recommended for approval in accordance with the CRC’s authorizing statutes and regulations and therefore should be approved.



RECOMMENDATION REPORT

MEETING DATE: 4/11/2024	TOTAL REC. #: 36	REPORT DATE: 3/20/2024
TO:	Cannabis Regulatory Commission Board	
FROM:	Jeff Brown, Executive Director	

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 16 applications for conditional licenses, 15 applications for conditional conversion licenses, and 4 applications for annual 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: 17
 - Cultivator 2
 - Manufacturer 1
 - Wholesaler 1
 - Distributor 1
 - Retailer 7
 - Delivery 5
- Conversions: 15
 - Cultivator 4
 - Manufacturer 2
 - Retailer 9



Annuals:	4
Cultivator	1
Manufacturer	1
Retailer	2

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, Conversion, and Annual 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 2023-137. 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:	17	
Social Equity Business		1
Diversely Owned Businesses		13 (8MBE, 4MWBE, 1WBE)
Impact Zone Businesses		1
Conversions:	15	
Social Equity Businesses		1
Diversely Owned Businesses		9 (1DVOB/MWBE, 3MBE, 2MWBE, 3WBE)
Impact Zone Businesses		2
Annuals:	4	
Diversely Owned Businesses		2 (1MBE, 1MWBE)
Impact Zone Businesses		1

Note: Disabled Veteran-Owned (“DVOB”), Lesbian, Gay, Bisexual, Transgender, Queer, Questioning+ Owned Business Enterprise (“LBE”), Minority Business Enterprise (“MBE”), Minority and Woman-Business Enterprise (“MWBE”), Women Business Enterprise (“WBE”)



LIST: Conditionals

App ID	Applicant Business Name	Application Type	Priority	DOB Category	Business Type	Business Category
6570	NJ Cares II LLC	Conditional	1B		Retailer	Standard
6764	CannaBoy TreeHouse, LLC	Conditional	2A	MWBE	Delivery	Microbusiness
5835	Decebal LLC	Conditional	2A	WBE	Retailer	Microbusiness
6550	Grab & Dash Logistics LLC	Conditional	2A	MBE	Delivery	Microbusiness
6552	Grab & Dash Logistics LLC	Conditional	2A	MBE	Distributor	Microbusiness
6746	High Rollerz LLC	Conditional	2A	MBE	Delivery	Microbusiness
6606	Original Scarlet Reserve NJ	Conditional	2A	MWBE	Delivery	Microbusiness
3649	Spliffmasterhq	Conditional	2A	MBE	Retailer	Microbusiness
4920	Glyph Innovations LLC	Conditional	2B	MBE	Retailer	Standard
6693	Kush Express LLC	Conditional	2B	MWBE	Wholesaler	Standard
6792	Unity Alternative Therapy of NJ LLC	Conditional	2B	MBE	Cultivator	Standard
6791	Unity Alternative Therapy of NJ LLC	Conditional	2B	MBE	Manufacturer	Standard
6526	Vayana II	Conditional	2B	MWBE	Delivery	Standard
6573	RPI Partners, LLC	Conditional	3B		Cultivator	Standard
1672	The Cannabis Store LLC	Conditional	5A		Retailer	Microbusiness
6726	Heritage Cannabis Farms LLC	Conditional	5B		Retailer	Standard
1967	SVA NJ Services LLC	Conditional	2B	MBE	Retailer	Standard



Conversions:

Conversion App ID	Applicant Business Name	Application Type	Conditional App ID	Priority	DOB Category	Business Type	Business Category
5151	Magic Garden Botanicals LLC	Conversion	2776	1C		Retailer	Standard
5093	Chilltown Dispensary LLC	Conversion	1730	2C	MBE	Retailer	Standard
5041	Cuzzie's LLC	Conversion	1424	2C	MBE	Retailer	Microbusiness
5618	Divine Garden L.L.C.	Conversion	1403	2C	MBE	Cultivator	Microbusiness
4406	Flowerpower Wellness, LLC	Conversion	1652	2C	MWBE	Retailer	Standard
4837	Iron Falls Growery LLC	Conversion	1066	2C	WBE	Cultivator	Microbusiness
4838	Iron Falls Growery LLC	Conversion	2487	2C	WBE	Manufacturer	Microbusiness
2990	Royal Dynastic Organics LLC	Conversion	1272	2C	MWBE	Cultivator	Standard
4912	The Dispensary of Saddle Brook LLC	Conversion	1427	2C	WBE	Retailer	Standard
3436	The Other Side Dispensary	Conversion	1676	2C	DVOB/ MWBE	Retailer	Standard
5012	Hamm and Chaz, LLC	Conversion	2204	3C		Retailer	Standard
4339	L'Eagle Dispensary, LLC	Conversion	1726	3C		Retailer	Microbusiness
4734	OGeez Brands NJ LLC	Conversion	1181	4C		Manufacturer	Standard
4681	Market Wave LLC	Conversion	2929	5C		Cultivator	Standard
5400	Releaf Newton LLC	Conversion	2700	5C		Retailer	Standard

Please note that the following have submitted the proper documentation to reflect a name change from their conditional submission:

The Dispensary of Saddle Brook LLC – formerly known as BUDZ Prime LLC



Annuals:

App ID	Applicant Business Name	Application Type	Priority	DOB Category	Business Type	Business Category
1338	As Promised Farms LLC	Annual	2E	MBE	Cultivator	Standard
3372	Mom & Pop Shop LLC	Annual	2E	MWBE	Retailer	Standard
5908	Nova Farms Woodbury LLC	Annual	3E		Manufacturer	Standard
5451	Ervana Dispensary LLC	Annual	4E		Retailer	Standard



REVIEW AND QUALITY CONTROL CONFIRMATION

The licensing review and investigative process for each of these applications was completed, as required, in the Office of Licensing and the Office of Compliance and Investigations. Quality control review was completed by Counsel’s Office on March 20, 2024.

Deputy Counsel
Dave Tuason

RECOMMENDATION SUMMARY

The 16 conditional, 15 conversion, and 4 annual 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. All recommended awards have been deemed qualified to hold a conditional or annual license following this review, probity and criminal history background check, if applicable.

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.

Director of Licensing
Megan Tagliaferri

Director of Compliance and Investigations
Paul Urbish

Approved by:

Chief Counsel
Christopher Riggs



ATTACHMENT A

BACKGROUND AND OVERVIEW OF LICENSURE PROCESS

On August 19, 2021, the Commission adopted rules pursuant to P.L. 2021, C.16 which established the licensure process for cannabis businesses and testing laboratories. N.J.A.C. 17:30-7 outlines the application process and requirements for both conditional license applicants and annual license applicants.

The rules require the CRC to issue a Notice in the New Jersey Register that includes the application requirements for conditional and annual license applications. That Notice must include:

- 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.

On November 9, 2021, the CRC adopted a Notice in accordance with N.J.A.C. 17:30, Subchapters 6 and 7. That Notice was announced and approved at the CRC's November 9, 2021, public meeting, posted on the CRC's website, distributed to the CRC's email list, and was published in the New Jersey Register on December 6, 2021.

The Notice of Application Acceptance was updated twice to correct typos. On June 1, 2023, the CRC approved to amend the Notice of Application Acceptance to be consistent with the CRC's recent readoption of rules with amendments, specifically the incorporation of Class 3 Cannabis Wholesaler, Class 4 Cannabis Distributor, and Class 6 Cannabis Delivery Service license application requirements and revised application timelines and scoring. The Notice of Application Acceptance was subsequently amended to revise the application acceptance timeline on July 18, 2023.

Pursuant to N.J.A.C. 17:30-6.1, in addition to the scoring measures and mandatory requirements for license applicants, the Notice also includes a detailed list of application priority. Applications are reviewed in accordance 1) with the priority list included in the Notice and 2) in the order in time in which they are received.

The Notice can be found on the CRC's website.¹

¹ New Jersey Cannabis Regulatory Commission – Notice of Application Acceptance for Personal-Use Cannabis Business Licenses.
<https://www.nj.gov/cannabis/documents/businesses/personal-use/Final%20Notice%20of%20Application%20Acceptance.pdf>



In summary, the Notice of Application Acceptance:

1. Prioritizes the review and scoring of Social Equity Business license applicants, , Diversely Owned Business license applicants, and Impact Zone Business applicants, over other license applicants in both conditional and annual license categories;
2. Except where it conflicts with 1 above, the Notice of Application Acceptance prioritizes conditional license applicants over annual license applicants;
3. Except where it conflicts with 1 above, the Notice of Application Acceptance provides that microbusiness applicants are given priority in every category of license application over standard cannabis business license applicants; and
4. Except where it conflicts with 1 above, those applicants receiving bonus points pursuant to N.J.S.A. 24:6I-36.d(2) have priority over license applicants with no bonus points;
5. Clarifies that 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.

Where an application meets the criteria for more than one priority status, the application will be reviewed, scored, and approved in accordance with the status of the highest priority. Diversely Owned Business applicants with more than one certification from the New Jersey Department of the Treasury's Division of Revenue and Enterprise Services will be given priority over applications with only one certification.

APPLICATION AND BUSINESS CATEGORY OVERVIEW

N.J.S.A. 24:6I-33 and N.J.A.C. 17:30 establish several categories of cannabis business types and license applications that may be submitted and considered by the CRC.

First, applications can either be for conditional or annual licensure.

Second, a cannabis business can either be a standard sized business or a microbusiness. A microbusiness is limited to 2,500 square feet and ten employees.

Finally, license applicants may qualify as a Social Equity Business, a Diversely Owned Business, or an Impact Zone business.

Conditional Licenses

Conditional licenses are temporary licenses that will be required to submit organizational and personal information to ensure they are compliant with the law, attest they will comply with a criminal background check, and provide a business plan and regulatory compliance plan. At the time of application, all owners with decision-making authority of the conditional license applicant



will need to prove that they made less than \$200,000 in the preceding tax year, or \$400,000 if filing jointly.

If approved and issued a conditional license, a conditional license holder will then be required to have a permanent site for their business, gain control of the property through lease or purchase, gain municipal approval, and submit a conditional conversion application that includes standard operating procedures for the business, an environmental impact plan, a workforce development plan, and a security plan.

Importantly, conditional license holders are NOT authorized to purchase, cultivate, manufacture, sell or otherwise possess cannabis or cannabis items. Conditional license holders ARE authorized to move forward in the application process and submit a conditional conversion application to convert to a full annual license through an abbreviated application process.

Annual Licenses

Annual licenses are licenses that, once issued, authorize a license-holder to conduct the full range of activities allowed under the relevant statutes and rules. Applicants for annual licenses are required to submit a more detailed application that includes details for the proposed site for the business, which must be owned or leased, municipal approval, zoning approval, and an operating summary plan in which applicants detail their experience, history, and knowledge of critical pieces of operating a cannabis business.

Social Equity Businesses

Social Equity Businesses are a type of business that is based on either economic need or having a criminal record that includes past marijuana-related offenses. Social Equity Businesses are either:

1. Majority owned by individuals who have lived in an Economically Disadvantaged Area, as defined by a zip code that has 80% or less of the average median household income in the state and has a health uninsured rate that is at least 150% of the health uninsured rate in the State, for five of the ten preceding years.
2. Majority owned by individuals with previous marijuana-related convictions.

The list of Economically Disadvantaged Areas can be found on the CRC's website.²

² New Jersey Cannabis Regulatory Commission – Identifying Economically Disadvantaged Areas.

https://www.nj.gov/cannabis/documents/businesses/priority-applications/Identifying%20Economically%20Disadvantaged%20Areas_FINAL.pdf



Diversely Owned Businesses

Diversely Owned Businesses is an umbrella term used to describe businesses that are certified by the New Jersey Department of the Treasury as a minority-owned business, a woman-owned business, a disabled veteran-owned business, or any combination of the three.

Impact Zone Businesses

Impact Zone Businesses are businesses that are owned by individuals who have lived in an Impact Zone, are located within an Impact Zone, or plan to offer employment opportunities to residents of Impact Zones.

A list of Impact Zones can be found on the CRC's website.³

PRIORITY REVIEW OVERVIEW

The CRC's rules for personal-use cannabis establish a licensure process under which applications are reviewed on a rolling basis and sorted in accordance with the priority outlined in the rules and detailed in the Notice of Application Acceptance.

The current priority designation, which was followed for application reviews included in the recommendation, is:

1. Testing Laboratory applicants and Social Equity Businesses, ordered by first in time, that:
 - a. Have submitted a conditional license application for a microbusiness;
 - b. Have submitted a conditional license application for a standard business;
 - c. Have submitted a conditional license conversion application;
 - d. Have submitted an annual license application for a microbusiness;
 - e. Have submitted an annual license application for a standard business.
2. Diversely Owned businesses, ordered by first in time, that:
 - a. Have submitted a conditional license application for a microbusiness;
 - b. Have submitted a conditional license application for a standard business;
 - c. Have submitted a conditional license conversion application;
 - d. Have submitted an annual license application for a microbusiness;
 - e. Have submitted an annual license application for a standard business.
3. Impact Zone Businesses, ordered by first in time, that:
 - a. Have submitted a conditional license application for a microbusiness;

³ New Jersey Cannabis Regulatory Commission – Identifying Economically Disadvantaged Areas.
<https://www.nj.gov/cannabis/documents/businesses/priority-applications/Impact%20Zones%20abstract%20.pdf>.



- b. Have submitted a conditional license application for a standard business;
 - c. Have submitted a conditional license conversion application;
 - d. Have submitted an annual license application for a microbusiness;
 - e. Have submitted an annual license application for a standard business.
4. License applicants receiving bonus points pursuant to N.J.S.A. 24:6I-36.d(2) and the Notice, ordered by first in time, that;
 - a. Have submitted a conditional license application for a microbusiness;
 - b. Have submitted a conditional license application for a standard business;
 - c. Have submitted a conditional license conversion application;
 - d. Have submitted an annual license application for a microbusiness;
 - e. Have submitted an annual license application for a standard business.
 5. All other applicants for conditional licenses, ordered by first in time, that:
 - a. Have submitted a conditional license application for a microbusiness;
 - b. Have submitted a conditional license application for a standard business;
 - c. Have submitted a conditional license conversion application;
 - d. Have submitted an annual license application for a microbusiness;
 - e. Have submitted an annual license application for a standard business.

Under this system of application review, license applications are ordered first by their priority designation. For example, a conditional application for a microbusiness that qualifies as a Social Equity Business receives highest overall priority. Secondly, license applications are ordered by the time at which they submit. This means that when a conditional application for a microbusiness that qualifies as a Social Equity Business submits, they don't get ordered at the end of the overall line – they get ordered at the end of the line for priority group “1A”.

All license applications get reviewed, scored, and either approved, rejected, or denied – but some are done before others in accordance with this priority.

Specifically, after an application is received, it will be assigned for completeness review and then, if deemed complete, will be assigned for scoring. Where an eligible application exists in a higher priority group, with 1a above being the highest and 5e being the lowest, that application will be assigned for completeness review and scoring before applications in lower priority groups are assigned. Once an application has been scored by Commission staff, if it is deemed eligible for consideration of final agency approval by the Commission's Board, it shall also be considered in accordance with their priority group, with 1a above being the highest and 5e being the lowest.

Accordingly, there are two points in the process when priority is assessed: 1) when the application is submitted and begins the review and scoring process; and 2) when the application review is complete, and it is deemed eligible for approval.

Between those two points, some applications may take longer to review so some lower priority applications may be deemed eligible for approval before higher priority applications, even though



they began the process before the lower priority applications. But once a group of applications is deemed eligible for approval, overall priority is once again assessed, and approvals are done in accordance with that priority.