



## MEMORANDUM

**TO:** CANNABIS REGULATORY COMMISSION BOARD

**FROM:** JEFF BROWN, EXECUTIVE DIRECTOR

**SUBJECT:** TRANSFERS OF OWNERSHIP – APPLICATION AMENDMENTS

**DATE:** [APRIL 11, 2024](#)

---

**BACKGROUND:** Over the course of the prior months, several adult use license awardees have submitted proposed changes to their ownership structures. This memorandum will outline five such changes to ownership that have been proposed. The changes, contracts, and new parties to the industry have been vetted by the Office of Compliance and Investigations and have been deemed regulatorily compliant and holding the necessary qualifications. The supplemental reports created by the investigators in the Office of Compliance and Investigations have been summarized here for the benefit of the Commissioners and Executive staff.

**AUTHORITY:** Pursuant to N.J.S.A. 24:6I-7(k)(2), the sale or transfer of any interest of five percent or more in a medical cannabis cultivator, medical cannabis manufacturer, medical cannabis dispensary, or clinical registrant permit shall be subject to approval by the New Jersey Cannabis Regulatory Commission (the “Commission”) and conditioned on the entity that is purchasing or receiving transfer of the interest in the medical cannabis cultivator, medical cannabis manufacturer, medical cannabis dispensary, or clinical registrant permit completing a criminal history record background check pursuant to the requirements of the statute.

Pursuant to N.J.A.C. 17:30A-7.5, an Alternative Treatment Center (“ATC”) permit is not assignable or transferable without Commission approval, and it shall be immediately null and void if the alternative treatment center ceases to operate, if the alternative treatment center’s ownership changes or if the alternative treatment center relocates.

Pursuant to N.J.A.C. 17:30A-7.10, the fee to apply for the transfer of ownership for an ATC is \$20,000.

The governing personal use regulations regarding transfers of ownership interest fall under N.J.A.C. 17:30-9.3 and are as follows:

- (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:

1. A transfer of ownership interest in a license applicant or license holder from a deceased owner to their heir shall not be prohibited; and
2. A transfer of ownership interest in a license applicant or license holder from a deceased owner to their 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 at 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.

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:**

### **Anka Field (App IDs 1377, 1385, 2888)**

The ownership change across all three of Anka Field's applications (Cultivator, Manufacturer, and Retailer) would see original owner Ali Turker (100%) relinquish 49% of ownership to entity Viego Verde Cannabis for \$1,000,000.00, leaving Ali Turker with still a majority ownership of 51%. Viego Verde Cannabis is operated by Tim Kalayruzos and Hristos Kolovos, both of whom have been fingerprinted with no derogatory information found. Each also submitted a PHD, and an EDF was filed for Viego Verde with no derogatory information found.

### **Puffin Store (App ID 1480)**

The ownership change for Puffin Store's application (Retailer) would see owner Nathan Yanovich (49%) transfer the entirety of their ownership stake in the company into an entity named NY2 Holdings, LLC, a company owned solely by Nathan Yanovich. An Entity Disclosure Form was filed for NY2 Holdings, LLC, and no derogatory information was found.

### **Blossom Dispensary (App ID 2120)**

The ownership change for Blossom Dispensary's application (Retailer) would see minority owner Sapna Bhatt (49%) transfer the entirety of their ownership stake in the company to entity Blossom Jersey City LLC, a company owned by Harvinder Singh and Parvinder Kaur. Personal History Disclosure Forms were filed and criminal history backgrounds conducted for Harvinder Singh and Parvinder Kaur with no derogatory information found. An Entity Disclosure Form was filed for Blossom Jersey City LLC with no derogatory information found. Harvinder Singh is a 50% owner of Massachusetts cannabis retailer Herbal Pathways.

### **Docanna LLC (App ID 2737)**

The ownership change for Docanna LLC's application (Retailer) would see minority owner Cynthia Sanders (25%) transfer all but .1% of their ownership stake in the company to majority owner Ann Henderson (49%), resulting in the following ownership stakes in the company: Ann Henderson – 73.9%; Cynthia Sanders - .1%; Bill (William) Henderson – 26%. Ann Henderson would purchase Cynthia's 24.9% ownership stake for \$104,750.00. As Docanna LLC was awarded as a diversely owned (woman-owned) business, both



Cynthia Sanders and Ann Henderson must remain part of the company and retain majority ownership collectively for two years from the date operations are commenced. This ownership change involves individuals previously vetted and determined to be qualified by the NJ-CRC.

### **Natural Selections (App ID 2866)**

The ownership change for Natural Selections Dispensary's application (Retailer) would see minority owner Albert Shermer (49%) transfer 35% of their ownership stake in the company to entity C3 Industries, a company owned by Joel Ruggiero, Vishal Rungta, and Ankur Rungta. Personal History Disclosure Forms were filed and criminal history backgrounds conducted for Joel Ruggiero, Vishal Rungta, and Ankur Rungta with no derogatory information found. An Entity Disclosure Form was filed for C3 Industries with no derogatory information found. C3 Industries is a 95% owner of New Jersey cannabis retailer High Profile Lakehurst, who were awarded a license by the NJ-CRC on December 7, 2023. This structure is permissible and was vetted by legal counsel after the passing of Bill A4151 by the New Jersey legislature. C3 has agreed to loan Natural Selections Dispensary up to \$2 million in exchange for 35% equity in the business, allowing Natural Selections to drop their previously proposed financial sources.

**RECOMMENDATION:** The Office of Compliance and Investigations recommends approval for the five applications to amend the licenses set forth above and authorize the ownership structure change as presented by their representatives. All owners and officers that will hold positions after approval of the changes have been vetted as required by the statutes and regulations and have been deemed qualified to hold their positions in the adult use cannabis market.



## APPENDIX

### **N.J.A.C. 17:30A-7.5 Permit issuance; nontransferability of permit**

- (a) Upon approval of the application for an ATC permit and payment of the required fee, the permitting authority may conduct an onsite assessment of the alternative treatment center to determine if the facility adheres to the Act and this chapter.
- (b) An ATC permit is not assignable or transferable without Commission approval, and it shall be immediately null and void if the alternative treatment center ceases to operate, if the alternative treatment center's ownership changes or if the alternative treatment center relocates.
- (c) This chapter does not prohibit a political subdivision of this State from limiting the number of alternative treatment centers that may operate in the political subdivision or from enacting reasonable local ordinances applicable to alternative treatment centers.

### **N.J.A.C. 17:30A-7.10 Fees**

- (a) The following fees apply:
1. The annual fee for the review of a permit renewal application for an alternative treatment center is \$ 20,000;
  2. The fee to apply for a change of location of the alternative treatment center is \$10,000;
  3. The fee to apply for a change of capacity or any physical modification or addition to the facility is \$ 2,000; and
  4. The fee to apply for the transfer of ownership of a permit is \$ 20,000.

### **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