



MEMORANDUM

TO: CANNABIS REGULATORY COMMISSION BOARD

FROM: CHRISTOPHER RIGGS, ACTING EXECUTIVE DIRECTOR

SUBJECT: TRANSFERS OF OWNERSHIP – APPLICATION AMENDMENTS

DATE: [SEPTEMBER 19, 2024](#)

BACKGROUND: Over the course of the prior months, adult use license awardees have submitted proposed changes to their ownership structures. This memorandum will outline the 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:



Cure Wellness NJ LLC (App ID 2625)

The ownership change for this application would see minority owner Konja Bassan (45%) transfer the entirety of their ownership stake in the company to Firas Alosachie (to be 45%) in exchange for Alosachie sharing their cannabis expertise. There was no financial compensation as consideration for the 45% equity stake. The proposed structure, pending Board approval, is for current owner Sarah Moussa (55%) and proposed owner Firas Alosachie (45%) to share ownership of the company. A PHD was filed as required to conduct the investigation into this ownership change for Firas Alosachie and no derogatory information was found.

Flower and Flame (App ID 3250)

The ownership change for this application would see minority owner Joshua Wing (40%) relinquish a portion of his ownership stake in the company to be split equally between his sisters Sydney Wing (to be 15%) and Sarah Wing (to be 15%). Majority owner Krystal Boodram-Wing would continue to hold 51% ownership. No financial compensation has been exchanged as consideration for the ownership transfer. In addition, Joshua Wing's father (Lloyd Wing, Jr.), and his aunt (Ellen Wing) have been vetted as Financial Sources for the business and the contracts have been submitted through legal counsel to the Board for their consideration. PHDs were filed by Sydney and Sarah Wing and no derogatory information was found.

GDBS Distribution LLC (App ID 2287)

The ownership change for this application would see sole owner Gyasi Bryan-Smith relinquish a portion of their ownership to be evenly distributed among three individuals (Virginia Bryan at 15%, Stephan Lowy at 15%, and Keith Lowy at 15%) with Gyasi Bryan-Smith retaining 55% majority ownership. No financial compensation has been exchanged as consideration for the ownership transfer. PHDs were filed by Virginia Bryan, Stephan Lowy and Keith Lowy and no derogatory information was found.

Lucky Buds LLC (App IDs 3600/2695)

The ownership change for this application would see a restructuring of the current ownership, with James DeMaio's interest reducing from 33% to 4%, John DeMaio's interest increasing from 16% to 22.9%, and majority owner Harsimran Kaur Bal's interest



increasing from 51% to 73.1%. All three of the members have been previously vetted and all three will remain the only owners of the business. The recapitalization will result in the exchange of \$28,858.63 for the unit/ownership stake exchange. A Membership Interest Redemption Agreement was filed as well as a Revised Entity Disclosure Form and no derogatory information was found.

TGC New Jersey (App IDs 2714/2721)

The ownership change for this application would see majority owner Christopher Lacy (51%) receive an additional 35.1% from co-owner David McGorman (originally 40%, to be 4.9%). Additionally, following the passing of Taneeshia Lacy (4%), her stake is to be transferred to Christopher Lacy (to be totaling 90.1%). The resulting ownership will be as follows: Christopher Lacy at 90.1%, David McGorman at 4.9%, and Jaease Lacy at 5%. David McGorman will become a passive investor holding less than 5% with no decision-making authority. No additional PHDs or EDFs have been filed at this time as all members were vetted previously and no derogatory information was found.

RECOMMENDATION: The Office of Compliance and Investigations recommends approval for the five applications to amend the license/permit set forth above and authorize the ownership structure changes 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