



MEMORANDUM

TO: CANNABIS REGULATORY COMMISSION BOARD

FROM: CHRISTOPHER J. RIGGS, ACTING EXECUTIVE DIRECTOR

SUBJECT: MOLLITIAM NJ LLC PROPOSAL FOR ENFORCEMENT (INV-13- 2026)

DATE: JULY 16, 2026

BACKGROUND: On February 10, 2026, a Notice of Violation was issued to Mollitiam NJ LLC (“Mollitiam”) for conducting an illegal outdoor grow at an unapproved location, storing cannabis in an unsecure area, failing to follow employee badging processes, failing to appropriately restrict access to premises, failing to notify the Commission regarding modifications to its license, failing to securely transport cannabis items, failing to appropriately store and dispose of expired cannabis items, failing to use the inventory tracking system designated by the Commission and failing to update its cannabis item inventories on a regular basis. The Office of Compliance and Investigations for the New Jersey Cannabis Regulatory Commission (“NJ-CRC”) became aware of this violation through the regular monitoring activities of compliance officers on February 3, 2026. At that time, an investigation was conducted, and a recommendation was provided via e-mail to the Director of the Office of Compliance and Investigations. Upon a determination by the Director of the Office of Compliance and Investigations that violations had occurred, the matter was presented to Counsel’s Office for consideration. In coordination with Counsel’s Office and the Office of the Executive Director, the Notice of Violation was issued on February 10, 2026. On February 19, 2026, the NJ-CRC issued Mollitiam a Notice of Proposed Suspension and Proposed Order of Suspension, summarily suspending Mollitiam’s Class 1 Cannabis Cultivator and Class 2 Cultivator Manufacturer licenses. On February 22, 2026 Mollitiam submitted a Corrective Action Plan in response to the Notice of Violation and Notice of Proposed Suspension. Because Mollitiam failed to correct the identified violations within the required 72 hour period set forth in the Notice of Proposed Suspension, its Class 1 Cannabis Cultivator and Class 2 Cannabis Manufacturer licenses were suspended effective February 19, 2026.

AUTHORITY:

N.J. Stat. Ann. § 24:6I-36a.

Each application for an annual license to operate a cannabis establishment, distributor, or delivery service, or conditional license for a proposed cannabis establishment, distributor, or delivery



service, shall be submitted to the commission. A separate license or conditional license shall be required for each location at which a cannabis establishment seeks to operate, or for the location of each premises from which a cannabis distributor or delivery service seeks to operate.

N.J. Stat. Ann. § 24:6I-46b.(1)(a)

A cannabis license holder shall be authorized to hold a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license, and a Class 6 Cannabis Delivery license concurrently, provided that no license holder shall be authorized to concurrently hold more than one license of each class, except for an alternative treatment center that was deemed, during the 24-month period, to have an additional Class 5 Cannabis Retailer license for each satellite dispensary that was authorized and established by the alternative treatment center pursuant to subparagraph (d) of paragraph (2) of subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7).

N.J. Admin. Code § 17:30- 6.8(e)(1)

A license holder and its owners and principals may concurrently hold one cannabis cultivator, one cannabis manufacturer, one cannabis retailer, and one cannabis delivery service license.

N.J. Admin. Code § 17:30- 3.6(a)

The Commission has the authority to require all ATCs and cannabis businesses to use the inventory tracking system designated by the Commission to track the cultivation, manufacturing, distribution, storage, transportation, and retail sale of medical cannabis and cannabis items pursuant to N.J.S.A. 24:6I-22.

N.J. Admin. Code § 17:30- 9.13(a)

Each cannabis business, at a minimum, shall: Utilize the inventory tracking system designated by the Commission pursuant to N.J.A.C. 17:30-3.12. i. Cannabis businesses shall utilize any plant tags, product identification tags, or stamps designated by the Commission pursuant to N.J.A.C. 17:30-3.6 and 13.4.

N.J. Admin. Code § 17:30- 9.13(a)(4)

Each cannabis business, at a minimum, shall: Update product inventories on at least a daily basis.

N.J. Admin. Code § 17:30- 9.12(b)

Each cannabis business shall securely store finished usable cannabis and cannabis products that are ready for sale in a locked area, which may include a locked room, cage, or safe, with adequate security and limited access.



1. For purposes of this subsection, "adequate security," at a minimum, shall be assessed, established, and maintained based on:

- i. The quantity of cannabis items kept on-hand;
- ii. The cannabis business's inventory system for tracking and distributing cannabis items;
- iii. The number of owners, principals, employees, volunteers, management services contractor staff, or vendor-contractors who have or could have access to the cannabis items;
- iv. The geographic location of the cannabis business and its associated environmental characteristics, such as the remoteness of the premises from local populations and the relative level of crime associated with the area;
- v. The scope and sustainability of the security alarm system; and
- vi. The findings of root cause analyses of any breaches of security and/or inventory discrepancies for cannabis items at that location.

N.J. Admin. Code § 17:30- 8.1(a)

Every owner, principal, management services contractor, employee, or volunteer of a cannabis business license holder or a testing laboratory that accesses the premises of a cannabis business or handles cannabis on behalf of a license holder or testing laboratory and every cannabis handler pursuant to N.J.S.A. 24:6I-44.a shall be required to register with the Commission and be issued a Cannabis Business Identification Card.

N.J. Stat. Ann. § 24:6I- 22a.(2)(c)

A medical cannabis cultivator, medical cannabis manufacturer, medical cannabis dispensary, clinical registrant, or certified medical cannabis handler, or a personal use cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, cannabis retailer, cannabis delivery service, or certified personal use cannabis handler, shall not purchase, sell, offer for sale, transfer, transport, or deliver any medical cannabis or personal use cannabis item unless a stamp is properly affixed to the container or package for the medical cannabis or personal use cannabis item.

N.J. Admin. Code § 17:30- -9.4(l)

A visitor entering a cannabis business premises must be accompanied by an escort with a Cannabis Business Identification Card at all times, except in the consumer area of a cannabis retailer. 1. A



vendor-contractor's staff shall be considered to be a visitor during any time present at a cannabis business premises, except if the person is a management services contractor or other cannabis handler that possesses a Cannabis Business Identification Card, in accordance with N.J.A.C. 17:30–8.1(a).

N.J. Admin. Code § 17:30- 9.14(a)

A license holder shall manage non-hazardous unusable cannabis, cannabis waste, or cannabis items, including returned, recalled, or usable cannabis or cannabis products that have expired, by either: destroying the material through incineration; or rendering the material unrecoverable, unrecognizable, and useless for diversion, and then disposing of the material by either transporting it off-site as compost or solid waste or composting it on-site.

N.J. Admin. Code § 17:30- 9.15

Secure Transport (in its entirety)

N.J. Admin. Code § 17:30- 10.1(b)

A cannabis cultivator shall produce cannabis only at the cannabis business premises authorized in the license, including any indoor or outdoor areas.

N.J. Admin. Code § 17:30- 10.3(a)

Outdoor cultivation may be permitted, where the license holder complies with the Act and this chapter, and where approved by the municipality in which the cannabis business is located.

N.J. Admin. Code § 17:30- 10.4

- (a) All cannabis cultivators shall be assigned a cultivation production management tier at license issuance and reassigned at renewal, as necessary.
- (b) The cannabis cultivator shall accurately calculate its plant count and mature cannabis plant grow canopy area.
 - 1. Square footage of a mature cannabis plant grow canopy area is measured horizontally, starting from the outermost point of the furthest plant in a grow canopy area and continuing around the outside of all plants located within the mature cannabis plant grow canopy area.
 - 2. If a vertically tiered or shelving system is included in the cultivation area, the surface area of each tier or shelf must be included in calculating the grow canopy area.



3. A mature cannabis plant grow canopy area is the total square feet in which a cannabis cultivator plants and grows cannabis plants, and does not include areas exclusively used for harvesting, drying, curing, packaging, labeling, or storing cannabis.

N.J. Admin. Code § 17:30- 9.2(a)5

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:

5. Of modification of capacity, physical plant, premises, or administrative office

N.J. Admin. Code § 17:30- 10.7(b)

A cannabis cultivator shall have at least the following storage areas, which must be segregated from each other:

1. Storage for newly received cultivation materials or components and newly received cannabis seeds, cuttings, clones, immature cannabis plants, or usable cannabis;
2. Batches of usable cannabis awaiting release for distribution for personal use, pending written reports confirming they meet specifications;
3. Any usable cannabis suspected, but not yet confirmed to be contaminated, including usable cannabis returned as part of a complaint or recall process;
4. Usable cannabis, components, or materials that have been confirmed to be contaminated, including, but not limited to, usable cannabis that fails testing or is returned as part of a recall, and shall be stored with cannabis waste in a waste disposal room until destroyed and rendered unrecoverable and unrecognizable, in accordance with N.J.A.C. 17:30–9.14.

N.J. Admin. Code § 17:30- 11.1(b)

Access to the enclosed indoor, locked area or facility shall be limited to Cannabis Business Identification Cardholders when acting on behalf of the cannabis manufacturer within the scope of their responsibilities as an owner, principal, employee, volunteer, management services contractor, or staff member of the license holder.



N.J. Admin. Code § 17:30- 9.13(a)(5)

Each cannabis business, at a minimum, shall: Conduct a monthly inventory audit of cultivating cannabis, and stored usable and unusable cannabis.

N.J. Admin. Code § 17:30-20.4

(a) During an onsite assessment, a review of financial records, or other Commission review of the license holder and its operations, if the Commission identifies a violation of the Act or this chapter, the Commission shall provide notice of the violation, including an official written report of the findings and the nature of the violation, to the cannabis business or testing laboratory within seven business days following the onsite assessment or other identification of the violation.

1. Such notice may be provided by service of written notice or the receipt of a written notice from an investigating officer that a violation has occurred, which may be presented to the license holder's owner, principal, or manager at the licensed premises or administrative office, or through other reasonable form of notice, such as certified mail or personal service pursuant to N.J. Ct. R. 4:4–4.

(b) Unless otherwise specified by the Commission, within 20 business days of receipt of the notice of violation pursuant to (a) above, the cannabis business or testing laboratory shall:

1. Correct the violation(s); and

2. Notify the Commission, in writing, with a postmark date that is within 20 business days of the date of receipt of the notice of violation, of any corrective actions taken to correct the violations, and the date of implementation of such corrective actions.

(c) The violation identified pursuant to (a) above shall not be deemed corrected until the Commission verifies, in writing, within seven calendar days of receiving notice of corrective action pursuant to (b) above that the corrective action is satisfactory.

(d) If the violation identified pursuant to (a) above has not been corrected in accordance with (b) above, the Commission may, in its discretion, issue a notice of proposed suspension or revocation to the license holder and seek to revoke the cannabis business license in accordance with N.J.A.C. 17:30–20.8.

N.J. Admin. Code § 17:30-20.6

(a) This section sets forth civil monetary penalties for violations of the Act or this chapter and enforcement procedures for imposing and collecting civil monetary penalties by the Commission.



(b) A monetary penalty imposed by the Commission on a license holder pursuant to this subchapter may not exceed \$500,000 per violation. Penalties may be imposed on a license holder as follows:

1. Not more than \$500,000 per major license violation; and
2. Not more than \$50,000 per any other license violation.

(c) A violation by each entity or person per day shall constitute a separate incident for purposes of calculating the number of violations.

(d) The Commission may impose greater penalties for successive violations up to the maximum amounts set forth at (b) above.

(e) The penalty for a subsequent violation shall only be imposed if the license holder has been notified of the prior violation or violations.

1. Such notice may be provided by service of written notice or the receipt of a written notice from an investigating officer that a violation has occurred, which may be presented to the license holder's owner, principal, or manager at the licensed premises or administrative office, or other reasonable form of notice such as certified mail or personal service pursuant to N.J. Ct. R. 4:4-4.

2. If violations are discovered during an undercover or unannounced inspection or onsite assessment, then no notice of any prior violation is necessary to impose the penalty for a subsequent violation.

(f) Notwithstanding anything in this section, the Commission may, in the Commission's sole discretion, consider additional factors in determining the penalty for each violation. Such factors may include, but are not limited to:

1. Any prior violations that the license holder has admitted to or was found to have engaged in;
2. Good faith measures by the license holder to self-report or prevent the violation;
3. The license holder's record of compliance with the laws and rules pertaining to personal use cannabis;
4. Corrective action(s) taken by the license holder related to the current violation or prior violations;
5. Willfulness and deliberateness of the violation;
6. Likelihood of reoccurrence of the violation; and



7. Violations involving damage or danger to the life, health, welfare, safety, or property of any person.

(g) Any penalties, costs, and/or fees pursuant to this subsection may be imposed and collected by the Commission in a summary proceeding pursuant to the Penalty Enforcement Law of 1999, P.L. 1999, c. 274 (N.J.S.A. 2A:58–10 et seq.).

(h) The Commission may additionally seek reimbursement for the costs of the State, including, but not limited to:

1. Costs of investigation, expert witness fees and costs, attorney fees and costs, and transcript costs for violations; and
2. Costs of cleaning up, mitigating, or remedying any environmental damage caused by a cannabis business or testing laboratory.

(i) The license holder may request an adjudicatory hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B–1 et seq., and 52:14F–1 et seq., to contest the Commission's imposition of a civil monetary penalty for any license violation within 14 days of receipt of the notice of civil monetary penalty.

(j) If the license holder requests an adjudicatory hearing pursuant to (i) above, the Commission shall arrange for a hearing to be conducted by the Commission and a final agency decision shall be issued after the hearing by the Commission.

1. If the Commission affirms the civil monetary penalty, it shall become final.

(k) The cannabis business may, pursuant to N.J.A.C. 17:30–20.10, apply for injunctive relief against the Commission's civil monetary penalty in the New Jersey Superior Court, Appellate Division.

N.J. Admin. Code § 17:30-20.7

(a) Violations shall be categorized as follows:

1. Category I, which is the exhibition of a pattern and practice of violating the requirements of the rules, posing a serious risk of harm to the health, safety, or welfare of consumers or personnel;
2. Category II, which is the failure to comply with administrative requirements, such that the licensee or permittee poses an immediate and serious risk of harm or actual harm to the health, safety, or welfare of consumers, personnel, or the general public, including, but not limited to, transfer of cannabis to a person under 21 years of age;



3. Category III, which is the submission of fraudulent, false, or misleading information, as to a material fact, to the Commission, or falsifying or concealing any record required to be maintained by the license holder;

4. Category IV, which is the failure of any owner, principal, management services contractor, employee, or volunteer of a cannabis business license holder or testing laboratory to register with the Commission and be issued a Cannabis Business Identification Card; or failure to complete training course, or failure to be in physical possession of their Cannabis Business Identification Card while acting in the course of their duties; and

5. Category V, which shall consist of other violations of the Commission's rules, or violations of valid ordinances established by municipalities that do not constitute a major violation.

(b) The Commission shall issue sanctions for violations of this chapter that account for the particular circumstances of the violation. The Commission shall consider, at a minimum, issuing the following sanctions for violations:

Category	Violation 1	Violation 2	Violation 3	Violation 4
I	Revocation			
II	\$500,000	Suspension	Revocation	
III	\$250,000	\$500,000	Revocation	
IV	\$10,000	\$25,000	\$50,000	Suspension
V	\$5,000	\$10,000	\$25,000	\$50,000

(c) A license holder shall pay an imposed civil monetary penalty by the time specified by the notice of enforcement action.

IN-DEPTH REVIEW: Inquiring parties can review the violations committed in the attached February 10, 2026, Notice of Violation. Mollitiam failed to adhere to the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act and the Adult Use regulations by conducting an illegal outdoor grow at an unapproved location, storing cannabis in an unsecure area, failing to follow employee badging processes, failing to appropriately restrict access to premises, failing to notify the Commission regarding modifications to its license, failing to securely transport cannabis items, failing to appropriately store and dispose of expired cannabis items, failing to use the inventory tracking system designated by the Commission and failing to update its cannabis item inventories on a regular basis.



In response to the Notice of Violation and Notice of Proposed Suspension, Mollitiam submitted a Corrective Action Plan addressing the violations and providing corrective actions, however, Mollitiam failed to implement any of its corrective actions.

RECOMMENDATION: It is the opinion of staff that Mollitiam has failed to adhere to the requirements imposed by the statute and regulations. This failure to adhere to the requirements exhibits a pattern and practice of violating the requirements of the statute and regulations and poses a serious risk of harm to the health, safety, and welfare of its personnel and the public. As such, the Office of Compliance and Investigations recommends the revocation of Mollitiam’s Class 1 Cannabis Cultivator license (C000147) and Class 2 Cannabis Manufacturer license (M000276).

Despite having full knowledge that the NJ-CRC had not approved an outdoor grow, Mollitiam proceeded to conduct an illegal outdoor grow. In an effort to conceal the illegally grown marijuana at its unauthorized site, Mollitiam directed personnel to transport the illegal marijuana in a manner that failed to comply with the secure transport protocol required by the regulations, moving it to its licensed location for storage, processing, and packaging for wholesale to licensed manufactures and retailers. The flower was not METRC tagged, was unsecured, and was readily accessible to individuals who did not possess a cannabis business identification card. Mollitiam’s conduct reflects a pattern and practice of violating the statute and regulations and pose a serious risk of harm to the health, safety, and welfare of its personnel and the public. Moreover, when provided an opportunity by the NJ-CRC to correct the violations that were the basis for the proposed suspension, Mollitiam failed to do so.

The Office of Compliance and Investigations considers this a “violation of the Commission’s rules... that constitute a major violation” and therefore it is prudent that the violations be treated as a Category I violation.

APPENDIX

N.J. Admin. Code § 17:30-20.4

(a) During an onsite assessment, a review of financial records, or other Commission review of the license holder and its operations, if the Commission identifies a violation of the Act or this chapter, the Commission shall provide notice of the violation, including an official written report of the findings and the nature of the violation, to the cannabis business or testing laboratory within seven business days following the onsite assessment or other identification of the violation.

1. Such notice may be provided by service of written notice or the receipt of a written notice from an investigating officer that a violation has occurred, which may be presented to the license holder's owner, principal, or manager at the licensed premises or administrative office, or through other reasonable form of notice, such as certified mail or personal service pursuant to N.J. Ct. R. 4:4-4.

(b) Unless otherwise specified by the Commission, within 20 business days of receipt of the notice of violation pursuant to (a) above, the cannabis business or testing laboratory shall:

1. Correct the violation(s); and
2. Notify the Commission, in writing, with a postmark date that is within 20 business days of the date of receipt of the notice of violation, of any corrective actions taken to correct the violations, and the date of implementation of such corrective actions.

(c) The violation identified pursuant to (a) above shall not be deemed corrected until the Commission verifies, in writing, within seven calendar days of receiving notice of corrective action pursuant to (b) above that the corrective action is satisfactory.

(d) If the violation identified pursuant to (a) above has not been corrected in accordance with (b) above, the Commission may, in its discretion, issue a notice of proposed suspension or revocation to the license holder and seek to revoke the cannabis business license in accordance with N.J.A.C. 17:30-20.8.

N.J. Admin. Code § 17:30-20.6

(a) This section sets forth civil monetary penalties for violations of the Act or this chapter and enforcement procedures for imposing and collecting civil monetary penalties by the Commission.

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(c) A violation by each entity or person per day shall constitute a separate incident for purposes of calculating the number of violations.

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2. If violations are discovered during an undercover or unannounced inspection or onsite assessment, then no notice of any prior violation is necessary to impose the penalty for a subsequent violation.

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1. Any prior violations that the license holder has admitted to or was found to have engaged in;
2. Good faith measures by the license holder to self-report or prevent the violation;
3. The license holder's record of compliance with the laws and rules pertaining to personal use cannabis;
4. Corrective action(s) taken by the license holder related to the current violation or prior violations;
5. Willfulness and deliberateness of the violation;
6. Likelihood of reoccurrence of the violation; and
7. Violations involving damage or danger to the life, health, welfare, safety, or property of any person.

(g) Any penalties, costs, and/or fees pursuant to this subsection may be imposed and collected by the Commission in a summary proceeding pursuant to the Penalty Enforcement Law of 1999, P.L. 1999, c. 274 (N.J.S.A. 2A:58–10 et seq.).

(h) The Commission may additionally seek reimbursement for the costs of the State, including, but not limited to:

1. Costs of investigation, expert witness fees and costs, attorney fees and costs, and transcript costs for violations; and
2. Costs of cleaning up, mitigating, or remedying any environmental damage caused by a cannabis business or testing laboratory.

(i) The license holder may request an adjudicatory hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B–1 et seq., and 52:14F–1 et seq., to contest the Commission's imposition of a civil monetary penalty for any license violation within 14 days of receipt of the notice of civil monetary penalty.

(j) If the license holder requests an adjudicatory hearing pursuant to (i) above, the Commission shall arrange for a hearing to be conducted by the Commission and a final agency decision shall be issued after the hearing by the Commission.

1. If the Commission affirms the civil monetary penalty, it shall become final.

(k) The cannabis business may, pursuant to N.J.A.C. 17:30–20.10, apply for injunctive relief against the Commission's civil monetary penalty in the New Jersey Superior Court, Appellate Division.

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3. Category III, which is the submission of fraudulent, false, or misleading information, as to a material fact, to the Commission, or falsifying or concealing any record required to be maintained by the license holder;
4. Category IV, which is the failure of any owner, principal, management services contractor, employee, or volunteer of a cannabis business license holder or testing laboratory to register with the Commission and be issued a Cannabis Business Identification Card; or failure to complete training course, or failure to be in physical possession of their Cannabis Business Identification Card while acting in the course of their duties; and
5. Category V, which shall consist of other violations of the Commission's rules, or violations of valid ordinances established by municipalities that do not constitute a major violation.

(b) The Commission shall issue sanctions for violations of this chapter that account for the particular circumstances of the violation. The Commission shall consider, at a minimum, issuing the following sanctions for violations:

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(c) A license holder shall pay an imposed civil monetary penalty by the time specified by the notice of enforcement action.