



State of New Jersey
CANNABIS REGULATORY COMMISSION

PHILLIP D. MURPHY
Governor

P.O. BOX 216
TRENTON, N.J. 08625-0216

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January 7, 2022

VIA ELECTRONIC MAIL to: jb@ansellgrimm.com

Joshua S. Bauchner
GGB New Jersey, LLC
365 Rifle Camp Rd.
Woodland Park, New Jersey 07424

Re: FINAL AGENCY DECISION
Denial of Permit to Operate an Alternative Treatment Center (“ATC”) Pursuant to the 2018 Request for Application (“RFA”) Process

Dear Mr. Bauchner:

The New Jersey Cannabis Regulatory Commission (“Commission”) has received and reviewed the supplemental materials, submitted on May 14, 2021, regarding your application to operate an Alternative Treatment Center (“ATC”) pursuant to N.J.S.A. 24:6I-1 *et seq.* For the reasons stated below, the Commission has denied your application for a Permit to operate an ATC.

By way of background, on July 16, 2018, the Department of Health (“Department”) posted a Request for Applications (“RFA”) to award up to six vertically integrated ATCs, with up to two awardees in each of the three New Jersey regions – North, Central, and South. Applications were due to the Department no later than August 31, 2018, at 5:00 PM. In response to the RFA, the Department received 146 timely applications submitted by 103 applicants, with several applicants submitting applications to operate ATCs in multiple regions. As explained in detail below, of the 146 applications, six successful applicants were selected. Specifically, two applications were selected for each of the three regions.

Following the issuance of the RFA, the Department held a mandatory pre-submission conference for applicants on August 9, 2018, with the purpose of explaining the scoring process. The Department also used this time to receive inquiries that would later be compiled, along with answers, in an official “Q & A” document that was made public less than one week later.

Pursuant to N.J.A.C. 8:64-6.2 (now N.J.A.C. 17:30A-6.2 and 6.4), the Department convened a selection committee in conjunction with the RFA. The selection committee was composed of a total of six individuals to review and score all applications. The review committee was comprised of four representatives from the Department, one individual from the Department of Agriculture, and one individual from the Department of Treasury. The review committee was configured to provide expertise

across a wide range of relevant areas, including plant sciences, diversity and inclusion, as well as all regulatory aspects of the medicinal marijuana program. On September 5, 2018, before any scoring commenced, all review committee members attended a training, which included a discussion about the Program, guidance on scoring applications, and training on diversity and bias. The Department also provided the review committee members with additional printed scoring instructions for the sixty criteria they would be evaluating. For each criterion, the instructions directed members to award points on a scale from zero to a maximum number of points allowable, which varied.

Prior to beginning work on the selection committee, members completed a confidentiality agreement and a business disclosure form so the Department could verify that none of the selection committee members had any outside business interests that would conflict with their work on the committee. Once the completeness review concluded, selection committee members were provided a list of the applicants they would be scoring, including the names of principals, owners, and directors. Every selection committee member signed a certification stating they had no conflicts of interest with respect to the applicants.

Initially, the review committee was given sixty days from the application due date to complete their evaluations. Realizing during the initial review that this would be an insurmountable task, the review committee requested additional time to complete their evaluations, and the Department granted an additional six weeks. On December 12, 2018, the review committee recommended six applications per region for “further consideration”. Five days later, the Department issued final agency decisions to all applicants, notifying them of either acceptance or rejection of their applications. At this time, the Department informed all applicants that it would not award more than one permit to any single applicant, citing its belief that choosing six different entities would benefit patients by providing a greater variety of product and ensuring that if one entity suffered a setback (for instance, crop failure) only one ATC would be affected.

Based upon the selection committee’s impartial and thorough review of the applications against the criteria set forth in the RFA, the following applicants initially received the highest scores in their designated regions:

NORTHERN REGION:

Control #	Name of Applicant	Total Scores
N-0036	NETA NJ LLC	932.1667
N-0032	GTI New Jersey LLC	927.3333
N-0034	Verano NJ LLC	920.8333
N-0005	PharmaCann New Jersey	895.3333
N-0014	Bloom Medicinals	894.8333
N-0010	Liberty Plant Sciences LLC	894.6667

CENTRAL REGION:

Control #	Name of Applicant	Total Scores
C-0047	MPX New Jersey	958.1667
C-0025	NETA NJ LLC	932.1667
C-0003	Columbia Care New Jersey LLC	929.0000
C-0022	GTI New Jersey LLC	927.3333
C-0023	Verano NJ LLC	920.6667
C-0043	JG New Jersey LLC	913.3333

SOUTHERN REGION:

Control #	Name of Applicant	Total Scores
S-0051	MPX New Jersey	958.1667
S-0034	NETA NJ LLC	932.1667
S-0004	Columbia Care New Jersey LLC	929.0000
S-0025	GTI New Jersey LLC	927.3333
S-0049	JG New Jersey LLC	913.3333
S-0026	Harvest of New Jersey LLC	911.1667

In making its selection determination from these high-scoring applications, the Department first concluded that choosing the same applicant in multiple regions would lead to an overly concentrated market, and with the size and strength of the applicant pool, was unnecessary in this RFA. Additionally, the Department determined that having a more diverse set of permittees across the State would be most beneficial to patients. Having more distinct permittees would lead to a greater variety of products for medical marijuana patients, and thus to greater access and choice. A more diverse set of permittees would also mitigate negative impacts if one fails. Accordingly, the Department determined that no one applicant should operate more than one ATC pursuant to this RFA. The Department then crafted a selection methodology that ensures an adequate supply of medical marijuana, which is a significant component of the purpose and intent of the Compassionate Use Medical Marijuana Act (Act), N.J.S.A. 24:6I-1. Specifically, the Department formulated a selection methodology utilizing existing medical marijuana supply and demand to determine the regional order in which the Department would make its selections.

In calculating supply and demand, the Department first used a medical marijuana demand factor for each region. The demand factor for each region was comprised of the following calculations: total population of the region divided by total statewide population (2017 American Community Survey 5-year estimates) and, utilizing the Department’s Medical Marijuana Patient Registry, the current medical marijuana patient population in the region divided by total statewide medical marijuana patient population. The two calculations were averaged to determine the demand factor. The Department calculated a medical

marijuana supply factor using data extracted from the inventory management systems of the current ATCs. The supply factor was the total current medical marijuana supply of the region in ounces divided by total statewide supply in ounces. These factors were then divided to determine the ratio of supply and demand in each region, with lower numbers meaning demand was higher than supply and higher numbers meaning supply was keeping pace with demand.

Consistent with this analysis, the Department made its first two selections from the Northern region. In the Northern region, the Department selected NETA NJ, LLC and GTI New Jersey, LLC as they were the highest scoring applicants in the region. Next, the Department considered applicants for the Southern region. In making its selection for this region, the Department found that MPX New Jersey and NETA NJ, LLC received the highest scores. However, NETA's application had already been selected for the Northern region. Because the Department determined that no one applicant should operate multiple ATCs under this RFA and NETA was already selected to move forward with the ATC permitting process in the Northern region, it was disqualified from selection in the Southern region under the Department's selection methodology. As such, the Department selected the next highest scoring applicant for the Southern Region, which was Columbia Care New Jersey, LLC. Thus, Columbia Care New Jersey, LLC and MPX New Jersey were the selected applicants for the Southern region. In selecting the applicants for the Central Region, the top two scoring applicants for this region – MPX and NETA – were already selected for other regions in the State. Applying again the Department's selection methodology that no one applicant should be selected for multiple regions, the Department disqualified both MPX and NETA from consideration for the Central region, as well as Columbia Care New Jersey, LLC and GTI New Jersey, LLC, as they had also been picked for other regions. As a result, the Department then proceeded to select the next two highest ranking applications, who were Verano NJ, LLC and JG New Jersey, LLC. Therefore, NETA NJ, LLC (North); GTI New Jersey, LLC (North); MPX New Jersey (South); Columbia Care New Jersey, LLC (South); Verano NJ, LLC (Central); and JG New Jersey, LLC (Central) were selected by the Department to proceed with the ATC permitting process for their respective regions.

Following release of the 2018 Final Agency Decisions, several unsuccessful applicants appealed the Department's decisions. Motions for stays pending the appeals were submitted and denied at the Department level, Superior Court, and State Supreme Court. All appeals were consolidated in the Superior Court, and a decision was rendered on November 25, 2020, vacating the final agency decisions in question and remanding the matter back to the Department for further administrative proceedings. See *Matter of the Application for Medicinal Marijuana Alternative Treatment Ctr. for Pangaea Health & Wellness, LLC*, 465 N.J. Super. 343 (App. Div. 2020), (“Superior Ct. Op.”). The Superior Ct. Op. required the Department to address concerns with the scoring system that, without further explanation, could be considered to have produced arbitrary results. The Court declined to direct specific actions by the Department, but rather provided the Department with broad authority to rectify the concerns raised by appellants with the scoring system and procedure.

Following the Court's decision, and pursuant to P.L.2019, c.153, “Jake Honig Compassionate Use Medical Cannabis Act”, on April 12, 2021, the New Jersey Cannabis Regulatory Commission (the “Commission”), enacted Resolution 2021-2, with the Commission assuming regulatory oversight authority from the Department for all medical cannabis activities, including the 2018 RFA.

Following the Court's remand, the Commission took certain steps to review the scoring procedure and data pertaining to the 2018 RFA. This “quality control” process is outlined in the Appendix included with this letter. (“Remand Recommendation Report” at 16).

This process was led by individuals uniquely equipped to address the concerns raised by the Appellants and the Court. The “quality control” team was comprised of four individuals with the collective expertise and qualifications as follows:

- Over a decade of experience in healthcare policy, government affairs, communications, and healthcare advocacy
- Over a decade of experience in data analytics
- Over a decade establishing investigative guidelines and standardizing procedures for investigations on behalf of the State
- Over two decades of experience conducting licensing and suitability investigations of entities and individuals for professional licensure
- Over a decade of experience conducting financial source and investment investigations on behalf of State and private entities
- Over 60 years of experience conducting and supervising licensing investigations, as well as background and suitability investigations of corporate entities and individual applicants on behalf of various State agencies
- Experience designing process quality control data metrics and dashboards
- Experience providing data reporting and outcome analysis
- Hold professional degrees including, Masters of Business Administration with a concentration in Data Analytics and Masters in Public Administration

Assessment by the quality control team assigned to review the process, procedures, and scoring of the 2018 RFA affirmed that there existed no clear and convincing evidence that the selection committee delivered any arbitrary or capricious scores, and that no scores needed to be amended as part of the review. The quality control findings are detailed in the Appendix included with this letter (“Remand Recommendation Report” starting at 17). Therefore, following the quality control review, the following final top scores are:

NORTHERN REGION:

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N-0036	NETA NJ LLC	932.1667
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S-0049	JG New Jersey LLC	913.3333
S-0026	Harvest of New Jersey LLC	911.1667

On April 12, 2021, pursuant to the quality control process instituted by the Commission for the 2018 RFA, GGB submitted supplemental information and raised specific concerns regarding the 2018 RFA scoring and methodology. Those concerns have been copied here:

1. The Department’s original scoring of GGB’s application was astonishingly inconsistent and contradictory, both at the macro reviewer level and the micro category level
2. One reviewer awarded GGB a total of 625 points, whereas two other reviewers awarded it in excess of 900 points; the second lowest scorer gave a 782, making the lowest individual score indisputably an anomaly
3. The relative error % of 31.3% falls outside the generally accepted range in the scientific community, which generally suggests that a relative error of less than 10% is quite good whereas anything greater than or equal to 30% is unacceptable
4. Variation in reviewer scores were too high for the State to rely on them without meaningful quality control processes
5. Breaking down by categories:
 - a. 45 of 60 categories relative error exceeded 30%
 - b. 23 of 60 categories relative error exceeded 50%
 - c. 8 of 60 categories relative error exceeded 75%
 - d. 2 of 60 categories relative error reached 100%
6. Department should have “censored” or removed outlier data from final scoring

7. The only consistency in the Department's initial scoring process was its complete and utter lack of consistency from beginning to end
8. Scoring committee members often evaluated matters outside of their individual skills and expertise
9. Scores by reviewers outside their area of expertise should be weighted differently
10. The meaning of "non-responsive" was not clarified during the application process
11. Many category scores awarded by the Department are inexplicable and must be corrected
12. 1-1d (25 points for Specific qualifications of members, owners, managers) received scores of 25, 25, 25, 20, 22, and 15
 - a. Relative error of 40%
 - b. GGB provided 15 pages of detailed information relating to expertise
13. 1-2.1g (10 points for Transportation from cultivation to dispensary) received scores of 7, 8, or 9 from five reviewers, and 0 from the sixth reviewer
 - a. GGB explained that it would not be transporting (but for quality assurance and testing) because its product would at all times be located on a single site
14. 1-2.2 (25 points for Mobilization for first year) received scores of 24 or 25 from four of six reviewers, and 15 and 16 from remaining two reviewers
 - a. Relative error of 40%
 - b. Provided a 7-page mobilization plan, including an extensive 20-month calendar identifying when certain benchmarks and goals would be met
15. 1-4.1a (20 points for Quality assurance/control) received 20 points from three reviewers and 5 from one reviewer
 - a. Relative error of 75%
 - b. Provided 15-page response outlining its guiding principles for aspects of the industry
16. 1-4.1e (20 points for Quality assurance/control) received 20 points from three reviewers and 5 from one reviewer
 - a. Relative error of 75%
 - b. Explained that all plants would be examined on a daily basis including a strict testing regime
17. 1-4.2a (20 points for Policies and procedures for manufacturing) received 20 points from three reviewers and 5 from one reviewer
 - a. Relative error of 75%
 - b. Submitted detailed procedures for training of employees, production operations, extraction, etc.
18. 1-4.1b (30 points for Knowledge of botany, horticulture, phytochemistry) received scores from one reviewer of 5, but two reviewers awarded 30 points and another awarded 26 points
 - a. Relative error of 83.3%
 - b. Provided extensive information about its Cultivation Director and her experience
19. Reviewer 1 was the primary cause of the high relative error for all categories mentioned
20. 1-5a, 1-5c, and 1-5d (Points for financials) had two reviewers award average or below average scores when other four reviewers awarded perfect or near-perfect scores
 - a. Relative error ranging from 36% to 80%
 - b. GGB provided 30 pages of detailed financial information
21. 1-7 (25 points for competition and diversification in the field) received three perfect scores and one 15
 - a. Relative error of 40%

- b. GGB explained that facility was 16 miles away from the nearest existing facility and would be accessible to the general public by both bus and rail
 - c. GGB claimed access to its parent company's diverse range of products
22. 2-2a (10 points for promotion of diversity in the workplace) received one score of 5 and all other reviewers awarded 10 points
- a. Relative error of 50%
 - b. Provided detailed equal employment opportunity/affirmative action plan headed by Chief Diversity Officer and Community Outreach Director
23. 2-2c (10 points for Reduction of environmental impacts) received one 5, four 10s and one n/a score (not listed in supplemental material)
- a. Relative error of 50%
 - b. GGB explained plans to reduce use of consumables, recycle as much as possible, compost where allowed, etc.
24. 3-1d (10 points for partnership with NJ medical schools) received one 0, one 1, and 3 of either 8 or 9
- a. Relative error of 90%
 - b. Stated its connection to other US institutions and interest in coordinating with a NJ medical school
25. When reviewing scores, one option is to substitute out the outlying score(s) in each category, reducing the relative error in each category by half
26. Any quality control and quality assurance process that the Commission undertakes **must** reduce the inexplicably high levels of relative error across the board
27. Discrepancies in scoring of GTI
28. 2-2e (10 points for Collective bargaining) received scores of 0, 5, 5, 8, 8, and 9.
- a. Relative error of 90%
 - b. In the absence of meaningful information about what GTI submitted, GGB concludes that GTI should have been awarded all 0s
 - c. Would have resulted in a drop of 35 points for GTI's application
29. 2-23b (25 points for SEB certification) received scores of 0, 0, 15, 15, 20, and 25
- a. Relative error of 96%
 - b. In the absence of meaningful information about what GTI submitted, and the fact that two scores were 0, GGB concludes that GTI should have been awarded all 0s
 - c. Would have resulted in a drop by 74 points

The Commission addresses the concerns raised as follows:

1. Please refer to the "Remand Recommendation Report" beginning at 27.
2. Please refer to the "Remand Recommendation Report" beginning at 27.
3. Please refer to the "Remand Recommendation Report" beginning at 27.
4. Please refer to the "Remand Recommendation Report" beginning at 16.
5. 5a/b/c/d. Please refer to the "Remand Recommendation Report" beginning at 27.
6. Please refer to the "Remand Recommendation Report" beginning at 13 and at 23.
7. Please refer to the "Remand Recommendation Report" beginning at 23.
8. Please refer to the "Remand Recommendation Report" beginning at 10.
9. Please refer to the "Remand Recommendation Report" beginning at 10.
10. This concern fails to provide a comment to which the Commission can respond.
11. This concern fails to provide a comment to which the Commission can respond.

12. 12a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
13. 13a. Please refer to the “Remand Recommendation Report” beginning at 27.
14. 14a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
15. 15a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
16. 16a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
17. 17a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
18. 18a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
19. Please refer to the “Remand Recommendation Report” beginning at 23.
20. 20a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
21. 21a/b/c. Please refer to the “Remand Recommendation Report” beginning at 27.
22. 22a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
23. 23a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
24. 24a/b. Please refer to the “Remand Recommendation Report” beginning at 27.
25. This concern fails to provide a comment to which the Commission can respond.
26. Please refer to the “Remand Recommendation Report” beginning at 16.
27. Please refer to the “Remand Recommendation Report” beginning at 27.
28. 28a/b/c. Please refer to the “Remand Recommendation Report” beginning at 27.
29. 29a/b/c. Please refer to the “Remand Recommendation Report” beginning at 27.

Based on a full and thorough review of each application against the requirements set forth in the RFA, the composite scores enumerated by the Commission, the selection methodology detailed above, and in accordance with the purposes of N.J.S.A. 24:6I-1 et al. and P.L.2009, c.307 and the regulations promulgated thereunder, the Commission hereby DENIES the following application:

Applicant: GGB New Jersey, LLC
Region: North
Score: 823.66666666666663

The quality control team reviewed, considered, and categorized each of the questions and concerns raised by the appellant. While all concerns may not be specifically addressed in this Final Agency Decision, the CRC has responded to every category of grievance received. *See* Remand Recommendation Report, pp. 33-35.

You have the right to appeal the Commission’s decision to the Superior Court of New Jersey, Appellate Division, by February 21, 2022, (45 days from the date of this letter) in accordance with the Rules Governing the Courts of the State of New Jersey. All appeals should be directed to:

Superior Court of New Jersey
Appellate Division
Attn: Court Clerk
P.O. Box 006
Trenton, New Jersey 08625

Because your application was not successful, the check(s) valuing \$18,000 that was submitted with your application has been destroyed. Thank you for your interest in operating an ATC.

Sincerely,

A handwritten signature in black ink, appearing to be 'DH' with a horizontal line extending to the right.

Dianna Houenou
Chairperson
New Jersey Cannabis Regulatory Commission