



State of New Jersey
CANNABIS REGULATORY COMMISSION

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JEFF BROWN, *Executive Director*

October 15, 2021

Vijayant Pawar, Esq.
President
Ayr NJ
6 South Street, Suite 201
Morristown, New Jersey 07960

Re: FINAL AGENCY DECISION
*Disqualification of Permit to Operate an Alternative Treatment Center (“ATC”)
Pursuant to the 2019 Request for Application (“RFA”) Process Due to Subsequent
Transfer of Permit Resulting in Ineligibility of Applicant*

Dear Mr. Pawar:

The New Jersey Cannabis Regulatory Commission (“CRC”) has received and reviewed your application for a vertically integrated permit, submitted August 22, 2019, to operate an Alternative Treatment Center (“ATC”) pursuant to N.J.S.A. 24:6I-1 *et seq.* For the reasons stated below, the CRC has disqualified your application for a vertically integrated permit.

By way of background, on July 1, 2019, the Department of Health (“Department”) posted a Request for Applications (“RFA”) to operate up to twenty-four ATCs, with the opportunity to open eight such centers in the Northern and Central regions of the State, and up to seven in the Southern region of the State, with the option to issue approval for one “at-large” ATC, the region where it would be sited to be determined at the time of award. The RFA sought to award permits for up to fifteen dispensaries, five cultivation sites, and four Vertically Integrated ATCs (granting the ability to dispense, cultivate, and manufacture cannabis products). On August 2, 2019, the RFA was updated to clarify provisions related to the application fees required for vertically integrated permit applicants.

Applications for vertically integrated permits were due to the Department no later than August 22, 2019, at 3:00 PM. Applicants had the choice of whether to submit the application online and only submit signed coversheets and checks in person, or to submit the whole application in hard copy/paper form.

The Department received a total of 198 applications, including 40 applications for cultivation permits, 109 applications for dispensary permits, and 49 applications for vertically integrated permits. An initial completeness review of all 198 applications was conducted by the Department. Of the 198 applications, 2 were submitted as incomplete applications.

Green Garden LLC, d/b/a Ayr NJ (hereafter “Ayr NJ”) timely submitted its application on August 22, 2019. Following receipt of the 2019 applications, and while these applications were being scored and reviewed, Ayr NJ entered into a transfer of ownership agreement with GSD NJ, LLC, d/b/a Garden State Dispensary, an Alternative Treatment Center that was issued a permit by the Department of Health in accordance with N.J.A.C. 8:64-1.1 *et seq.* (now N.J.A.C. 17:30A-1.1 *et seq.*) and N.J.S.A. 24:6I-1 *et seq.* Pursuant to the terms of that agreement, Ayr NJ assumed one hundred percent (100%) ownership of Garden State Dispensary, the holder of an Alternative Treatment Center with permit endorsements for a dispensary, cultivation, and manufacturing/processing operations in New Jersey. This transfer was approved, after investigation and review, by the CRC on September 14, 2021, pursuant to Resolution 2021-12.

Under the clear terms of the 2019 RFA, current ATC permit holders were not eligible to participate in the RFA process. *See* 2019 RFA, Section III. Eligibility, page 4. The RFA established that applicants may be rejected if an entity or individual is not an eligible applicant as defined in “Eligibility.” *See* 2019 RFA, Section IX. Rejection of Applications, page 13. No applicant could be awarded more than one permit pursuant to the RFA, and no applicant could hold more than one cultivation endorsement, one manufacturing endorsement, or one dispensary endorsement as a result of the awards made pursuant to the RFA. The RFA process encompasses the time at which the first submission deadline for dispensary applications closed on Wednesday, August 21, 2019, at 3 PM ET, through the date of final awards made by the Commission pursuant to the 2019 RFA.

Ayr NJ became an ATC permit holder during the 2019 RFA application review and scoring process. CRC Resolution 2021-12 approved the transfer of ownership of Garden State Dispensary to Ayr NJ on September 14, 2021. According to Ayr NJ’s 2019 RFA application, Ayr NJ is owned 50% by individuals, 10% by Sanraj, Inc., and 40% by vertically integrated multistate operator CSAC Acquisition, Inc., with CSAC Acquisition, Inc. being a subsidiary of the public company Ayr Strategies, Inc. Resolution 2021-12 approved the application for transfer of one hundred percent (100%) ownership interest in Garden State Dispensary to Ayr NJ, through CSAC Acquisition, Inc. This transfer through CSAC Acquisition, who had a substantial ownership interest in the Ayr NJ 2019 RFA application, results in the Ayr NJ application being ineligible because the result of an award would allow Ayr NJ to hold more than one permit endorsement, which violates the clear terms of the RFA. Therefore, Ayr NJ is no longer eligible to participate in the 2019 RFA.

For the reasons stated above, the following application has been DISQUALIFIED:

Applicant Name: Green Garden LLC d/b/a Ayr NJ

Applicant Control Number: 19-0140

Region: North

You have the right to appeal this decision to the Superior Court of New Jersey, Appellate Division, within 45 days of 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

Any applicant with questions regarding the 2019 RFA process and methodology, and any unsuccessful applicant that wishes to file a grievance with the Commission, may do so by submitting their question or grievance in writing to crc.licensing@crc.nj.gov by 5:00 p.m. Eastern Time on October 19, 2021. Multiple questions/grievances can be submitted together but must be numbered. Responses to submissions deemed relevant to the 2019 RFA process and methodology will be provided within 30 days – by 5:00 p.m. Eastern Time on November 18, 2021. The question and grievance period should only be used for the purpose of addressing questions and complaints related to the 2019 RFA process and methodology. All other questions should be submitted through the Commission website and will be answered in the regular course of business.

Pursuant to N.J.A.C.8:64-6.5 (now N.J.A.C. 17:30A-6.5) and the terms of the RFA, your checks totaling an amount of \$54,000 will be destroyed. Thank you for your interest in operating an ATC.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Brown", is written over a faint circular stamp.

Jeff Brown
Executive Director
New Jersey Cannabis Regulatory Commission