Monitoring Report – NJ Cannabis Regulatory Commission

Facility: Curaleaf (Bellmawr); GSD (Eatontown) and (Woodbridge)

Location: 640 Creek Road, Bellmawr, New Jersey 08031

59 Main Street, Eatontown, New Jersey 07724

950 US-1 Woodbridge, New Jersey 07095

Monitoring Date: June 1 through 28, 2022

Report date: July 18, 2022

Monitors:

The New Jersey Cannabis Regulatory Commission (CRC), acting under the authority of the New Jersey Cannabis Regulatory Enforcement Assistance and Marketplace Modernization Act, N.J.S.A. 24:6I-31, et seq. (Personal Act) and the Personal Use Cannabis Rules, N.J.A.C. 17:30, et seq. (Personal Rules) and the authority of the Jake Honig Compassionate Use Medical Cannabis Act, N.J.S.A. 24:6I-1, et seq. (Jake Honig Act) and the CRC Rules, N.J.A.C. 17:30A, et seq. (Jake Honig Rules), conducted investigation into CURALEAF NJ's flower and products sold from its dispensaries and from its partners. The following is a summary of the findings:

On 6/01/2022, I conducted an inspection at the Curaleaf NJ Bellmawr Dispensary. During the inspection, while reviewing the on-hand inventory, it was revealed that Curaleaf NJ had a large amount of cannabis flower and manufactured products which didn't have labels which bore the results of testing by a Third-Party Testing Laboratory. As Part of the Final Agency Decision (FAD) for the conversion from a solely Medicinal Use dispensary to a Medicinal and Adult Use Dispensary, Curaleaf NJ was required to contract with a Third-Party Lab and adhere to the packaging and labeling requirements under N.J.A.C. 17:30-11.9 and 17:30-13.3.

It had been learned via conversations with Shannon Thompson, Curaleaf Cultivation Manager, Matt Lewis, Curaleaf NJ Quality Assurance Manager and Matthew Kalmick, Curaleaf Regional Director of Compliance that Curaleaf had more than 88,500 units of packaged flower and manufactured products which hadn't been tested by a Third-Party Lab prior to the conversion of the Curaleaf licenses. Curaleaf NJ had been building their product inventory for nearly a year in anticipation of the demand once Adult Use sales were permitted. The large volume of products is

compliant with testing standards used prior to the approved usage of the Third-Party Labs and Curaleaf's conversion. Curaleaf NJ had contracted with a Third-Party Lab, Green Analytics, Ewing Twp., N.J., but Green Analytics didn't complete the buildout of its facility and receive approval from the Cannabis Regulatory Commission to operate until a week prior to the approval for Adult Use Sales on 4/21/2022. Curaleaf had been instructed to seek the guidance of their Third-Party Lab, Green Analytics and provide a scientific random quality control sampling and testing of the 88,500 packages of Cannabis flower and manufactured products to enable Curaleaf to package and label all products in accordance with the Adult Use regulations.

On 6/03/2022 Curaleaf NJ completed a Wholesale Transfer of manufactured products between its Blue Anchor Cultivation facility, Winslow Twp., N.J., and the Garden State Dispensary (AYR) located in Woodbridge, N.J. This transfer was documented on Transport Manifest, 3405 9709 8759 1874 and included both flower and manufactured products. This transfer contained products which bore packing labels that did not adhere to the Adult Use rules.

On 06/08/2022, the CRC provided a written directive to Curaleaf titled Approval to Utilize Medicinal Cannabis Packaging and Labeling with Conditions CURALEAF NJ, INC. ("Curaleaf"). This was emailed directly to Mathew Kalmick, Curaleaf Regional Director of Compliance. Curaleaf was to adhere to the following guidance.

- Curaleaf shall submit, according to a plan agreed upon between Curaleaf and its designated third-party lab, the necessary amounts of manufactured products for quality control testing, so that all manufactured products can be third-party tested and then properly labeled in accordance with the adult use regulations at N.J.A.C. 17:30-11.9;

- Curaleaf shall no longer wholesale any cannabis flower or cannabis product that does not adhere to adult use packaging and labeling requirements - but may for the time being sell cannabis flower that comports with the medicinal regulations for packaging and labeling solely through its own dispensaries and only to medicinal patients – Curaleaf shall notify all dispensaries which it wholesales to that any cannabis flower currently held by the dispensaries which lacks proper (adult use) labeling shall only be sold to medicinal patients, and that any cannabis products currently held by the dispensaries shall be returned to Curaleaf immediately to be re-labeled in accordance with the adult use rules following quality control testing done by Curaleaf's third-party lab;

- Curaleaf may continue to sell cannabis flower that is packaged and labeled in accordance with the medicinal regulations to medicinal patients only until October 1, 2022, at which time all remaining cannabis flower shall be submitted to Curaleaf's manufacturing site to be incorporated into manufactured product. All products which must conform to the adult use rules for packaging and labeling.

On 06/13/2022 EJ Ensign, Curaleaf NJ notified the following impacted ATCs: Ascend NJ, AYR (GSD), Columbia Care, GTI, Harmony, and Verano which notice read as follows: "Good Morning, Hope this message finds both you and your team well. Unfortunately, over the weekend the New Jersey Cannabis Regulatory Commission informed us that due to a labeling issue on our CURALEAF MEDICAL PROCESSED GOODS products all sales of these products to patients need to be placed on hold immediately. Until further notice, we have been instructed that all New Jersey Cannabis Dispensaries need to immediately quarantine all Curaleaf Medical Processed Goods Products: Carts, Bites, Topicals, Tinctures, FSO, Squeeze, & Slims, again this quarantine of CURALEAF Medical Processed Goods is not a health / safety issue, but rather it is due to a labeling issue.

Important to note All CURALEAF Medical Flower products are NOT affected by this labeling issue and are still available to be sold to your patients. In fact, you & I have until October 1st to sell through all CURALEAF Medical Flower. Next Steps – Will ask that you immediately identify & quarantine all affected CUARLEAF Medical Processed Goods products and provide back to me a sitting inventory count, by SKU – We will then follow up directly to determine a date / time for our logistics team to pick up and credit you on this product.

We apologize for this inconvenience and can assure you that we will reconcile this labeling issue as quickly as possible, we greatly value your business and appreciate you & your teams continued understanding and partnership with CURALEAF. Please don't hesitate to reach out to me directly and again thank you for your understanding & your business. Best Regards, EJ Ensign"

On 6/27/2022, Investigator during an onsite inspection observed that the GSD Eatontown Dispensary was selling Curaleaf flower to their adult use customers that had non-compliant adult use labeling, as required following the expansion of their permits to adult use. It was also observed on 6/28/2022 that the GSD Woodbridge Dispensary was selling Curaleaf flower and manufactured products to both medical patients and adult use customers that had non-compliant adult use labeling, as required following the expansion of their permits to adult use. GSD did not abide by the instruction set forth by Curaleaf and continued the sale of these products. Curaleaf also failed to ensure that all products which were not properly labeled had been either quarantined or returned to Curaleaf. It was also found that GSD received an additional wholesale order of manufactured products on 6/17/22 that contained products that had non-compliant adult use labeling, as required following the conversion of their permits to adult use. These products were listed on manifest #2378230015689699. These products were also sold at GSD Dispensaries.

Respectfully Submitted