July 21, 2022

VIA ELECTRONIC MAIL/paul.urbish@crc.nj.gov
Paul Thomas Urbish, Esq.
Director,
Office of Compliance and Investigations
New Jersey Cannabis Regulatory Commission
P.O. BOX 216
Trenton, N.J. 08625-0216

Re: NOTICE OF VIOLATION – CURALEAF NJ, II, INC.

Dear Mr. Urbish:

I am writing in response to the above-referenced Notice that was served upon me yesterday afternoon. Set forth below are our responses to each of the three enumerated allegations. At the outset, I want to stress that Curaleaf is and has been committed to maintaining a strong culture of compliance in our NJ cannabis business. Maintaining an open, cooperative, and transparent relationship with the CRC staff is paramount to us. Indeed, we are committed to providing NJ marijuana patients and consumers with safe and fully compliant products, especially as we have engaged in the transition to adult use while ensuring that there has been more than an adequate supply of our products for NJ medical patients.

As we worked with the CRC staff over the past several months, we have been encouraged by their willingness to work with us to address some of the challenges that arose particularly with respect to navigating the developing regulatory landscape around testing and labeling while we were building our inventory of product to ensure NJ medical patient access. This includes the agreement we reached with the staff in early June (outlined in the June 8, 2022, directive, "Approval to Utilize Medicinal Cannabis Packaging and Labeling with Conditions") with regard to marijuana flower and packaged products and the new testing and labeling requirements. We have worked diligently to adhere to the terms of that directive, as set forth below and as evidenced in the previously submitted communications between Curaleaf and the wholesale partners impacted by the recall. It is for these reasons that we are frustrated with what appears to be the staff's negative characterization of our efforts which have met the intent and spirit of the CRC's requirements.

Violation 1: N.J.A.C. 17:30-16.2 Testing of every batch and lot; Curaleaf was in possession of 88,500 units of packaged flower and manufactured product that had not been tested by a third-party lab prior to the expansion of Curaleaf's medicinal permits to include adult use operations, and said product was distributed to Curaleaf's partners; Pursuant to N.J.A.C. 17:30-7.1(m), an expanded ATC is a cannabis business and subject to all provisions of the chapter that are applicable to cannabis businesses.

Response: Per the July 18, 2022, Monitoring Report from the CRC, "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."

Curaleaf is in agreement that in the June 8, 2022, directive from the CRC, the CRC instructed that "Curaleaf shall submit, according to a plan agreed upon between Curaleaf and its designated third-party lab, the necessary number of manufactured products for quality control testing, so that **all manufactured product** 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."

As the CRC has been made aware, Curaleaf promptly reached out to its wholesale accounts and instructed them to immediately quarantine the impacted manufactured product, per the CRC's guidance, which would allow for an accurate tally of the estimated 88,500 packages. While no deadline was given for completing this, Curaleaf acted immediately to contact the relevant operators to secure the product, as required. In almost every instance, these efforts were successful, though as the CRC has been made aware, Curaleaf encountered some obstacles to its repeated attempts to have this product returned to Curaleaf's facilities. Curaleaf intends to fulfill its obligation under this directive once we have an accurate tally of the applicable product. No sale of this product will occur until it has been tested and relabeled accordingly. Please see the enclosed follow-up emails between our Director of Sales, EJ Ensign, and GSD's representatives evidencing these repeated attempts.

Violation 2: N.J.A.C. 17:30-11.9 Packaging; labeling; release for distribution; Curaleaf released for distribution certain of its cannabis products that had not been properly processed, tested, and/or labeled in accordance with the provisions of N.J.A.C. 17:30-13.2 and 13.3. [As further explained in the CRC's July 18th Monitoring Report, "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."]

Response: The June 17, 2022, shipment to GSD (Manifest #2378230015689699) contained only properly manufactured and tested, adult-use cannabis product. Please see the attached COAs reflecting the compliant third-party testing for the products listed in the manifest and delivered

to GSD. At all times, Curaleaf made available only safe product as required to NJ customers. We have also reached out to GSD to review a sample of the labels GSD currently holds from this manifest. As a result of this review, we identified what appears to be a technical, data-entry error affecting the disclosure on the labels of the details of certain non-active ingredients, namely terpenes; the presence of terpenes is, however, fully disclosed and thus there is no material omission. We are taking steps to rectify our processes and training to ensure that in the future, the label will include the addition of specific terpene content. Notably, our review does not indicate any error with respect to the labeling content for active ingredients.

Violation 3: N.J.A.C. 17:30-13.3 Cannabis item labeling requirements; Curaleaf failed to affix labels to certain of its products with the requisite consumer safety and product information.

Response: See response to Violation 2 above. Further, the omission of specific terpene contents is not a consumer safety issue nor was it material inasmuch as the content of terpenes is disclosed as required.

In light of the foregoing, we remain troubled by the staff's characterization of our conduct as being contrary to the terms of the staff's directive as suggested by Violation 1 and as alluded to during the call yesterday with the staff. Moreover, we remain very concerned that the issues raised yesterday will inappropriately and unfairly result in our Bordentown facility application being removed from the agenda for next week's Commission agenda. This is especially concerning inasmuch as there is apparently no Commission meeting scheduled for August, which means that our Bordentown dispensary's operations will be materially restricted for sixty days thus depriving NJ consumers of access to cannabis products while also causing irreparable harm to Curaleaf NJ II.

We would like an opportunity to speak with you at your earliest convenience with a view to resolving the aforementioned issues and securing our place on the agenda for next week's Commission meeting. I will contact you shortly to find a convenient time to speak.

Respectfully,

Matthew Kalmick

Matthew Kalmick
Regional Director, Compliance

cc: Mr. Jeff Brown, Executive Director, NJ CRC
Christopher Riggs, Esq., Chief Counsel, NJ CRC
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