



State of New Jersey
CANNABIS REGULATORY COMMISSION

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April 14, 2023

Matthew Kalmick
Curaleaf NJ, II, Inc.
200 State Highway Route 73
Township of Winslow, NJ 08037

Re: FINAL AGENCY DECISION
Denial of Expanded Alternative Treatment Center ("Expanded ATC")
Renewal application to Operate in Personal-Use Cannabis Market

Dear Matthew Kalmick:

The New Jersey Cannabis Regulatory Commission ("NJ-CRC" or "Commission") has denied your renewal application to operate in the personal-use Cannabis Market. The above-listed entity must cease operations on or before the date of expiration of its current licenses as listed below:

1. Class 1 Cannabis Cultivator, 200 State Highway Route 73, Winslow, New Jersey, Expiration April 17, 2023;
2. Class 1 Cannabis Cultivator, 640 Creek Road, Bellmawr, New Jersey, Expiration April 17, 2023;
3. Class 2 Cannabis Manufacturer, 200 State Highway Route 73, Winslow, New Jersey, Expiration April 17, 2023;
4. Class 5 Cannabis Retailer, 640 Creek Road, Bellmawr, New Jersey, Expiration April 20, 2023;
5. Class 5 Cannabis Retailer, 4237 South U.S. Route 130, Edgewater Park, New Jersey, Expiration April 20, 2023.

NJ-CRC Review of Renewal Application Materials

Pursuant to N.J.A.C. 17:30-9.4(m)(3), not fewer than 90 days prior to the date on which the expanded ATC's cannabis business license is set to expire after its first year of operations, in order to renew its cannabis business license pursuant to N.J.A.C. 17:30-7.16, an expanded ATC shall:

- i. Certify to the Commission as to the continued material accuracy of the expanded ATC's previously approved ATC license application and its compliance with the provisions of the Act regarding its operations concerning cannabis or cannabis items; and

- ii. Submit a new written approval from the municipality in which the expanded ATC is located, approving the continued operations as a cannabis business.

Additionally, an expanded ATC must pay the requisite renewal fees for each requested license under N.J.A.C. 17:30-7.17.

This letter serves as written notice that the above-listed expanded ATC is not currently in compliance with the Act and the governing regulations. Chiefly, the Commission finds that Curaleaf misrepresented information on its certification to the Commission for renewing its adult-use cannabis licenses with respect to its attestation that there have been no changes to the entity's operations in New Jersey, as well as its attestation of compliance with applicable labor provisions of N.J.A.C. 17:30.

In his certification letter dated March 22, 2023, Curaleaf's Chief Executive Officer Matt Darin attested to the continued accuracy of the entity's previously approved license application materials. Specifically, Mr. Darin certified Curaleaf's "compliance with the provisions of the CRC regulations regarding its operations concerning cannabis and cannabis items." Mr. Darin further attested that, "[t]here have been no material changes to Curaleaf's adult use operations in New Jersey." That same day, March 22, 2023, the Commission received notification from Matt Lewis, Senior Compliance Manager for Curaleaf, stating that, "Beginning today, [Curaleaf is] in the process of winding down cultivation operations at [its] Bellmawr grow site." The notice from Mr. Lewis also stated that Curaleaf was planning to use the Bellmawr facility as a distribution center. When the Commission questioned Curaleaf about this inconsistency at its April 13, 2023 public meeting, Curaleaf could not provide the precise time for when it decided to change its operations. It asserted that the decision took multiple considerations into account, including changes in the cannabis market and cost mitigation.

To certify that there are no material changes in any of Curaleaf's New Jersey operations is incompatible with the decision to cease cultivation operations at a facility and transform that cultivation facility to a distribution center. The entity was given an opportunity to answer to these conflicting messages, and Curaleaf's response was insufficient to allay the concerns about misrepresentation.

With respect to adherence to labor requirements, N.J.S.A. 24:6I-36(c) requires adult-use cannabis license holders, which includes expanded ATCs, to enter into a collective bargaining agreement within 200 days of opening as an adult-use cannabis establishment. N.J.A.C. 17:30-9.4(h) reiterates this standard "where a majority of the employees of a cannabis business, including an expanded ATC, have voted to join a bona fide labor organization."

Curaleaf has been operating as an adult-use cannabis establishment since April 2022, but it does not have a collective bargaining agreement at three of its facilities, including facilities at Bellmawr and Edgewater Park. Curaleaf represented to the Commission that it was engaging in negotiations with a bona fide labor organization to represent its employees, however it also acknowledged that it "obviously has reduced [the workforce at] Bellmawr" and that it notified its employees at the Bellmawr facility in March 2023 that there would be a reduction in the workforce at the facility.

The Commission expressed significant concerns with the lack of forthcoming and transparent notice of Curaleaf's plans regarding its facility operations and workforce, and those concerns were not alleviated by the entity after providing Curaleaf an opportunity to respond at the April 13, 2023 public meeting.

Details on the next steps, including the right to an appeal, are provided below.

Next Steps

Pursuant to N.J.A.C. 17:30-9.14(d), the expanded ATC may sell its personal use inventory to another licensed cannabis business before its license expires. After the expanded ATC's license expires, the expanded ATC shall: (1) immediately discontinue any production or sale of cannabis items; (2) weigh any cannabis in its inventory and update it in the inventory prior to disposal or destruction; (3) destroy or dispose of all unused cannabis or surplus inventory still in its possession within 72 hours of the license expiring and provide proof to the Commission of such destruction or disposal; and (4) create and maintain a written record of the disposal of the cannabis.

Pursuant to N.J.A.C. 17:30-9.14(e), within 10 business days after destroying or disposing of the cannabis, the expanded ATC shall notify the Commission, in writing, of the amount of cannabis destroyed or disposed of, including the form, weight, quantity, and any other information requested by the Commission.

Pursuant to N.J.A.C. 17:30-9.4(m) and N.J.A.C. 17:30-7.1(l), you have the right to appeal the Commission's final agency decision to the Superior Court of New Jersey, Appellate Division, by May 29, 2023, (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

Thank you for your interest in operating as an expanded ATC.

Sincerely,



Dianna Houenou
Chairperson
New Jersey Cannabis Regulatory Commission