



MEMORANDUM

TO: Cannabis Regulatory Commission Board
FROM: Jeff Brown, Executive Director
SUBJECT: TERRASCEND NJ TRANSFER OF OWNERSHIP
DATE: JULY 18, 2023

BACKGROUND: On March 31, 2023, TerrAscend NJ submitted documentation proposing to transfer two of its adult use Class 5 retail licenses held by TerrAscend NJ to a newly formed entity, Apothecarium Dispensary LLC. The proposal was sent by Associate General Counsel Jake Thornton. Mr. Thornton stated in the proposal that the change is being sought due to a corporate reorganization and that the licenses will still ultimately be owned, as they are now, by TerrAscend Corporation, the ultimate parent company of both TerrAscend NJ and TerrAscend USA Inc.

The two proposed licenses for transfer are as follows, and include only the adult use Class 5 Retailer licenses, not the medicinal dispensary permits that also operate out of the locations:

1865 Springfield Avenue, Maplewood, NJ 07040
ATC Permit #: 01162020
Class 5 Retailer License #: RE000003
TerrAscend NJ dba Apothecarium

200 Route 17 South, Lodi, NJ 07644
ATC Permit #: 01162020
Class 5 Retailer License #: RE000029
TerrAscend NJ dba Apothecarium

AUTHORITY: As an alternative treatment center permit holder, TerrAscend NJ must abide by the enabling statute governing medicinal marijuana as well as the implementing regulations. Pursuant to N.J.S.A. 24:6I-7(k)(2), the sale or transfer of any interest of five percent or more in a medical cannabis cultivator, medical cannabis manufacturer, medical cannabis dispensary, or clinical registrant permit shall be subject to approval by the New Jersey Cannabis Regulatory Commission (the "Commission") and conditioned on the entity that is purchasing or receiving transfer of the interest in the medical cannabis cultivator, medical cannabis manufacturer, medical



cannabis dispensary, or clinical registrant permit completing a criminal history record background check pursuant to the requirements of the statute.

As an Expanded ATC license holder, TerrAscend NJ must also abide by the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act (“CREAMM Act”) as well as the Commission’s personal use regulations under N.J.A.C. 17:30, et. seq.

The governing personal use regulations regarding transfers of ownership interest fall under N.J.A.C. 17:30-9.3. Pursuant to N.J.A.C. 17:30-9.2(a), Cannabis business license holders shall submit an application for an amended license, along with the applicable fee, if any, pursuant to N.J.A.C. 17:30-7.17 for a change of ownership or location, or modification of its capacity, physical plant, premises, or administrative office.

As set forth in N.J.A.C. 17:30-7.17(j)(3), the fee to apply for the transfer of more than 50 percent of ownership interest in a license holder is \$20,000. A person or entity, however, shall be an owner of only one license applicant or license holder. N.J.A.C. 17:30-6.8(g). Additionally, in accordance with N.J.A.C. 17:30-7.10, all entities wishing to enter the adult-use cannabis industry are required to submit an annual cannabis business license application.

Pursuant to N.J.A.C. 17:30-9.4(m)(5)(ii), nothing shall authorize an alternative treatment center that has not been licensed as an expanded ATC pursuant to N.J.A.C. 17:30-7.1 to purchase or acquire cannabis items in a manner or from a source not permitted by the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.). Additionally, nothing shall authorize an alternative treatment center that has not been licensed as an expanded ATC pursuant to N.J.A.C. 17:30-7.1 to operate on the same premises as a cannabis business license applicant or license holder. N.J.A.C. 17:30-9.4(m)(5)(iii).

COMPLETENESS REVIEW: A telephone call was held with Mr. Thornton to discuss the above-mentioned proposal and the related documents submitted. Mr. Thornton was asked to provide a brief explanation regarding the restructuring of the Organization of TerrAscend Corporation that included TerrAscend NJ, the current license holder of five (5) cannabis licenses in New Jersey. On May 3, 2023, Mr. Thornton provided an explanation regarding that restructuring. In brief, he reported that TerrAscend NJ is owned 87.5% by **Well and Good Inc.**, 7.6% by BWH NJ LLC and 4.9% by Blue Marble Ventures LLC. The investigator noted that these three (3) entities were previously vetted by the New Jersey Department of Health’s Medical Marijuana Program as part of TerrAscend NJ’s alternative treatment center permit application of 2018. TerrAscend New Jersey’s corporate ownership structure will remain the same except for the transfer of the two adult use retail licenses to Apothecarium Dispensing, LLC.



According to Mr. Thornton, in the proposed structure, **WDB Holding PA, Inc.** (WDB) would own 87.5% of the Applicant, together with Blue Marble Ventures LLC (4.9%) and BWH NJ LLC (7.6%). Both Well and Good Inc. and WDB are wholly owned subsidiaries of TerrAscend USA Inc. According to Apothecarium Dispensing, LLC's December 22, 2022, LLC Operating Agreement, it is wholly owned by WDB Holding PA. Mr. Thornton explained that, if the license transfer takes place, BWH and Blue Marble would receive their pro rata ownership. As such, at the time of the license transfers, the ownership would be remedied to reflect the end result whereby BWH would own 7.6%, Blue Marble 4.9% and WDB Holdings PA Inc. 87.5%.

Because WDB would own 87.5% of the Applicant, which would then hold the two adult use licenses, Mr. Thornton was asked to provide an Entity Disclosure Form (EDF) of WDB for review. The investigator received that completed EDF with attachments on May 12, 2023. A review conducted of WDB's EDF failed to uncover any items, issues or litigation which warranted further review or investigation.

Upon the license transfer, Apothecarium Dispensing, LLC would own the two Adult Use licenses identified above. TerrAscend NJ would continue to own each of the remaining licenses. This would include all current medical licenses and the adult-use licenses for cultivation (C0000006), processing (MC000006) and dispensing for the Phillipsburg (RE000004) location. See the attached ORG Charts submitted with WDB's EDF.

According to Mr. Thornton, TerrAscend Corp. will still ultimately own the licenses. The re-organization is immaterial to the management of the facilities. While the technical ownership of the licenses will change, the beneficial ownership of each facility will not change, nor will anything else about the way the current facility is operated. The proposed change in ownership is required, however, because the addition of a new subsidiary would result in a change to TerrAscend's internal corporate structure and a technical change to the listed owner of each facility. Mr. Thornton also reported that one additional change has occurred since the license transfer request was originally filed. Gage Growth Corp. recently had its name change to TerrAscend Growth Corp. The certificate of amendment is attached. This is not a name change requiring NJ-CRC approval, as it is a related entity but not the license or permit holder. No other changes are proposed.

Corporate Structure

Apothecarium Dispensing LLC

Apothecarium Dispensing LLC was formed as a New Jersey Domestic Limited Liability Company on December 22, 2022, and is currently owned 100% by WDB.



Corporate Officers:

[REDACTED] : CFO & Treasurer
[REDACTED] : President & COO
[REDACTED] : Secretary

WDB Holding PA, Inc.

WDB was formed as a Delaware Limited Liability Company on July 26, 2019. WDB is a wholly owned subsidiary of TerrAscend USA. It operates as a Holding company and is 100% owner of ten other TerrAscend Corporation related entities in Pennsylvania.

Corporate Officers:

[REDACTED] : CFO & Treasurer
[REDACTED] : President & COO
[REDACTED] : Secretary

WDB PA Holding Inc. (EDF Review)

Entity Disclosure From
Certificate of Incorporation
WDB Bylaws
Legal Entity Structure (Corporate ownership chart)
TerrAscend Organization Chart
TerrAscend USA stock certificate
PA State Tax Returns (2020)

RECOMMENDATION: The Office of Compliance and Investigations recommends denial for the application to amend the two Class 5 Retail licenses held by TerrAscend NJ and prohibit the ownership structure change as presented by Counsel for TerrAscend NJ.

While all owners and officers that will retain their positions have been previously vetted as required by the statutes and regulations and have been deemed qualified to hold their positions in the medicinal and adult use cannabis markets, allowing the transfer of a limited number of licenses that are attached to an expanded alternative treatment center may cause a dangerous precedent. Further, allowing Apothecarium Dispensing LLC to hold the two proposed adult use retail licenses rather than TerrAscend NJ may result in TerrAscend NJ violating the limitations on license holders that authorizes an entity to be an owner of only one license holder. (*See* N.J.A.C. 17:30-6.8(g)).

Allowing a medicinal dispensary permittee and an adult use retail licensee to operate under different ownership out of the same physical space may create investigatory and enforcement complications. To date, the Commission has never authorized two licensees, or two permittees, or a licensee and a permittee that were organized under different ownership groups to operate their



licenses/permits out of the same facility as if they were one business. OCI does not recommend authorizing this structure and license transfer.

APPENDIX

N.J.A.C. 17:30-6.8 Limitations on license applicants, license holders, owners, principals, passive investors, financial sources, management services contractors, and vendor-contractors

- (a) The license holder is the party that has responsibility and liability for the conduct of the cannabis business(es).
- (b) A license applicant or license holder shall not be established as a trust.
- (c) A license applicant or license holder shall only have, at most, one open and pending cannabis business license application for each class of license at any one time and may only hold cannabis business licenses in accordance with the limitations in this section.
1. A license applicant or license holder may abandon a license application, by providing written notice to the Commission, in order to accept another license or submit a new license application.
- (d) During the 24-month period following February 22, 2021:
1. A license holder and its owners and principals may concurrently hold one cannabis cultivator and one cannabis manufacturer license;
 2. A license holder and its owners and principals may concurrently hold one cannabis retailer license and one cannabis delivery service license;
 3. A license holder and its owners and principals may concurrently hold one cannabis wholesaler license and one cannabis distributor license; and
 4. A license holder and its owners and principals that have an expanded ATC license may concurrently hold a cannabis cultivator, cannabis manufacturer, a cannabis retailer license, additional cannabis retail licenses for each satellite dispensary, and a cannabis

delivery service license; or a cannabis wholesaler license and a cannabis distributor license.

(e) After the end of the 24-month period following February 22, 2021:

1. A license holder and its owners and principals may concurrently hold one cannabis cultivator, one cannabis manufacturer, one cannabis retailer, and one cannabis delivery service license;

2. A license holder and its owners and principals may concurrently hold one cannabis wholesaler license and one cannabis distributor license; and

3. A license holder and its owners and principals that have an expanded ATC license may concurrently hold a cannabis cultivator license, a cannabis manufacturer license, a cannabis retailer license, additional cannabis retail licenses for each satellite dispensary, and a cannabis delivery service license; or a cannabis wholesaler license and a cannabis distributor license.

(f) A license holder holding a testing laboratory license may hold up to three testing laboratory licenses, but may not hold any cannabis business licenses.

(g) A person or entity shall be an owner of only one license applicant or license holder.

1. Where a person is an owner of a license applicant or license holder, that person's spouse, domestic partner, civil union partner, child, sibling, or parent may only be an owner of such license applicant or license holder and shall not be an owner of another license applicant or license holder.

(h) A person or entity may hold an ownership interest as a passive investor in more than one cannabis business or testing laboratory license applicant or license holder.

(i) An owner, notwithstanding the amount of capital or assets that such owner contributes to a cannabis business or testing laboratory license applicant or license holder, shall enjoy the customary incidents of ownership and shall share in the profits and losses of such cannabis business or testing laboratory license applicant or license holder proportionate to the owner's percentage of ownership interest in such license applicant or license holder.

(j) An ownership interest may be held directly or indirectly through an intermediary controlled by the holder, such as a shell company or holding company; the presence of such an intermediary shall not change the determination of the actual holder of the ownership interest.

1. An ownership interest may be in stock or securities or other forms;

2. An ownership interest may not include a security interest on a property, a lien, or an encumbrance; and

3. Mere receipt of a percent of revenue or profits in accordance with the terms of an agreement without a right to ownership or equity interest is not ownership interest.

(k) The majority share of the license applicant's ownership interest, including the ownership interest that qualifies it as a diversely owned business, social equity business, impact zone business, or microbusiness, shall remain the same from the date of submission of a conditional license conversion application or submission of an annual license application until two years after the commencement of cannabis business operations.

1. A transfer of ownership interest, in a license applicant from a deceased owner to their heir shall not be prohibited; and

2. A transfer of ownership interest in a license applicant from a deceased owner to their surviving spouse, domestic partner, or civil union partner, if the license was issued jointly to both the parties, shall not be prohibited.

(l) A person or entity shall be a principal of only one license applicant or license holder.

(m) A principal may have control or decision-making authority over a cannabis business or testing laboratory license applicant, license holder, cannabis business, or testing laboratory directly or indirectly through an intermediary controlled by the principal, such as a shell company or holding company; the presence of such an intermediary shall not change the determination of the actual person or entity exercising control or decision-making authority.

(n) Nothing in this chapter shall be construed to prohibit an employee or volunteer from working with more than one license applicant or license holder, at any or all of its cannabis business premises.

(o) An owner, passive investor, principal, employee, or volunteer of a cannabis business or testing laboratory license applicant or license holder shall be at least 21 years of age, except that a person less than 21 years of age who receives the transfer of ownership interest from a deceased owner or passive investor of a cannabis business or testing laboratory license applicant or license holder as an heir may be an owner or passive investor of a cannabis business or testing laboratory license applicant or license holder.

1. Such ownership interest shall be put into a trust with the heir as the beneficiary until the heir is at least 21 years of age.

(p) A management services contractor may contract with and provide management services to up to five license applicants or license holders.

(q) A license applicant or license holder or its owners or principals may not serve as a management services contractor.

(r) A financial source may provide funding to up to seven license applicants or license holders.

(s) A vendor-contractor may contract with and provide services to more than one license applicant or license holder during the licensing process and after the issuance of license(s).

(t) Remuneration provided by a cannabis business license holder to a management services contractor, financial source, or vendor-contractor may include either a flat fee or a percent of revenue or profits, but in no case shall remuneration include an ownership interest in the cannabis business license holder.

(u) No owner who also has decision-making authority or principal of a license holder operating a licensed microbusiness shall hold any financial interest in another licensed cannabis business, whether or not a microbusiness.

N.J.A.C. 17:30-7.10 Annual cannabis business license application

(a) An applicant for an annual license shall submit a complete, separate application, on forms prescribed by the Commission, for each cannabis business license requested and for each physical address and cannabis business premises at which a license applicant seeks to operate.

(b) A license applicant shall disclose and submit, as part of the annual license applications process, the following materials for the Commission's evaluation:

1. The Federal and State tax identification numbers for the license applicant;
2. Documentation of a valid Business Registration Certificate on file with the Division of Revenue and Enterprise Services in the Department of the Treasury;
3. Information about the license applicant, including its legal name, and any registered alternate name;
4. A copy of the documents reflecting the formation of the license applicant entity, including, but not limited to, articles of incorporation or organization, charter, bylaws, stock issuance records, operating agreements, partnership agreements, other formation documents filed with the Secretary of State, and any other documents that govern the legal and ownership structure of the entity;
5. If applicable, documents from the Federal or State government recognizing the license applicant entity's nonprofit status;
6. A description of the proposed location and its surrounding area, including the following:
 - i. The mailing and physical address of the license applicant's proposed location;
 - ii. A description of the suitability or advantages of the proposed location;
 - iii. A site plan of the proposed location, including a floor plan, which may optionally include renderings, architectural plans, or engineering plans;

7. Evidence of compliance with local codes and ordinances including, but not limited to:
 - i. The distance from the closest church, synagogue, temple, or other place used exclusively for religious worship; or
 - ii. The distance to the closest school, playground, park, or child daycare facility;
8. Zoning approval, which shall consist of a letter or affidavit from appropriate officials of the municipality stating that the location will conform to municipal zoning requirements allowing for activities related to the operations of the proposed cannabis business, and any variances granted concerning the operation of a cannabis business;
9. Proof of local support, which shall be demonstrated by a resolution adopted by the municipality's governing body, or where the municipality has no governing body, a written letter of support from the municipality's executive;
10. Documentation demonstrating that the license applicant will have final control of the premises upon approval of the application. Documentation includes, but is not limited to, a lease agreement, contract for sale, title, deed, or similar documentation;
11. Where a license applicant will lease the premises, certification from the landlord that the landlord is aware that the tenant's use of the premises will involve activities associated with operations as a cannabis business.
 - i. An application for an annual license that does not include such certification shall be disqualified from consideration;
12. The plan by which the license applicant intends to obtain appropriate liability insurance coverage for the proposed cannabis business;
13. Evidence supporting any of the following bonus point categories, as applicable:
 - i. License applicants that are party to a collective bargaining agreement with a bona fide labor organization that currently represents, or is actively seeking to represent, cannabis workers in New Jersey;
 - ii. License applicants that are party to a collective bargaining agreement with a bona fide labor organization that currently represents cannabis workers in another state;
 - iii. License applicants that submit a signed project labor agreement with a bona fide building trades labor organization for the construction or retrofit of the facilities associated with the license applicant;
 - iv. License applicants that submit a signed project labor agreement with a bona fide labor organization for any other applicable project associated with the license applicant; or

- v. License applicants that include at least one owner lawfully residing in New Jersey for at least five years as of the date of the application;
14. An operating plan, including, as applicable, a cultivation, manufacturing, retail sale, wholesaling, distributing, or delivery services operating plan pursuant to N.J.S.A. 24:6I-36.d(1)(b)(i), (ii), and (iii);
 15. A business and financial plan;
 16. An environmental impact plan, which shall, at a minimum, include consideration of sustainable alternatives to single-use plastic packaging, efforts to minimize water usage, and any other factor required by the Commission in a notice of application acceptance published in the New Jersey Register issued pursuant to N.J.A.C. 17:30-6.1;
 17. A safety and security plan that conforms with N.J.A.C. 17:30-9.10;
 18. A community impact or social responsibility plan;
 19. A workforce development and job creation plan, which may include an optional diversity plan;
 20. Standard operating procedures for:
 - i. Adverse event reporting;
 - ii. Quality assurance and quality control;
 - iii. Recall of cannabis items, as needed or directed;
 - iv. Packaging and labeling;
 - v. Inventory control, storage, and diversion prevention;
 - vi. Recordkeeping;
 - vii. Waste disposal/sanitation;
 - viii. Cultivation, manufacturing, retail sale, delivery, and/or secure transport, as applicable, based on the class of license sought;
 - ix. Accounting and tax compliance; and
 - x. The reporting of test results, as applicable, based on the class of license sought.
 21. An attestation signed by a bona fide labor organization stating that the license applicant has entered into a labor peace agreement with a bona fide labor organization.
 - i. This requirement does not apply to a microbusiness applying for an annual license;

22. If a license applicant intends to enter into, or has entered into, a partnership with a re-entry program for the purpose of identifying and promoting employment opportunities for currently or formerly incarcerated people at the cannabis business, the details of such partnership including:

- i. The name of the re-entry program;
- ii. The employment or training opportunities at the license applicant's cannabis business that will be made available to the re-entry population;
- iii. Any other initiatives the license applicant will undertake to provide support and assistance to the re-entry population; and
- iv. The training and support offered or provided for the advancement of the re-entry population;

23. An affidavit that the statements included in the application are true and correct, sworn by the license applicant's representative;

24. An authorization to release all information pertaining to the license applicant, as requested by the Commission, signed by the license applicant's representative;

25. A waiver of liability for any damages results to the license holder from any disclosure or publication in any manner, other than a willfully unlawful disclosure or publication, of any information acquired during the licensing process, signed by the license applicant's representative; and

26. Any other information the Commission deems relevant in determining whether to grant a license to the applicant.

(c) The cannabis retailer annual license application shall additionally include a certification that the proposed cannabis retailer location is not in or upon any premises which operates a grocery store, delicatessen, indoor food market, or other store engaging in retail sales of food; or any premises in which operates a store that engages in licensed retail sales of alcoholic beverages, as defined at N.J.S.A. 33:1-1.b.

(d) A license applicant shall disclose and submit, as part of the annual license application, the following submissions relating to its qualification for an annual license, pursuant to N.J.A.C. 17:30-7.11:

1. License applicant and cannabis business organizational charts identifying ownership, control, and operational structure, including owners, principals, management services contractors, managers, as well as all parent companies, subsidiaries, affiliates, predecessors, and successors of the license applicant;
2. A list of all persons that are owners, passive investors, principals, and managers of the license applicant, including their names, addresses, dates of birth, and each owner's and passive investor's percentage of ownership interest;

3. For all persons that are owners or principals of the license applicant, a copy of their unexpired driver's license or other photo identification issued by the State, another state, or the Federal government, which shall be proof that the person is at least 21 years of age;
4. For all persons that are owners and principals of the license applicant, a completed Personal History Disclosure Form, including a resume;
5. A list of the persons that are owners of the license applicant who have resided in this State for at least two years as of the date of the application and documentation of such residency;
6. For each owner, principal, or employee of a license applicant or license holder, as well as for each staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items, proof that the person has been fingerprinted and written consent to undergo a criminal history record background check pursuant to N.J.A.C. 17:30-7.12;
7. For any person seeking to become an owner, principal, or employee of a license applicant or license holder who has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d), evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e), if any;
8. For any person seeking to become a staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items who has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d), evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e), if any;
9. For the license applicant and each of its owners, principals, or managers, a list of any pending or adjudicated criminal charges or convictions;
10. A list of entities that are owners, passive investors, principals, and management services contractors of the license applicant, including their names, addresses, and each owner's and passive investor's percentage of ownership interest;
11. For all entities that are an owner, principal, or management services contractor of a license applicant, a completed Entity Disclosure Form;
12. For all persons or entities that hold at least 10 per-cent aggregate ownership interest in, or are a member of the executive team of a management services contractor of a license applicant, their names, addresses, dates of birth, positions held, percentage of ownership interest in the management services contractor entity, and a completed Personal History Disclosure Form for each person.
 - i. Except that for a person or entity holding owner-ship interest in or control over a management services contractor that is a qualified institutional investor, a completed Personal History Disclosure Form for each person is not required;

13. Any management services agreement, pursuant to N.J.A.C. 17:30-6.9;
14. A list of all parent companies, subsidiaries, affiliates, predecessors, and successors of the license applicant;
15. A list that describes, beginning with the formation of the license applicant entity, any and all events such as sales, mergers, business combinations, or consolidations involving the entity, including all former names of the entity;
16. A list of all financial sources, including qualified institutional investors, holding debt of the license applicant.
 - i. The nature, type, terms, covenants, and priorities of all outstanding debts of the license applicant, including, but not limited to, bonds, loans, mortgages, trust deeds, debentures, lines of credit, notes issued or executed, or to be issued or executed, or other forms of indebtedness of the license applicant or on its behalf;
 - ii. A completed Entity Disclosure Form for each financial source, except a qualified institutional investor; and
 - iii. A completed Personal History Disclosure Form for each financial source that is a person;
17. Any proposed or executed contract, term sheet, agreement, or side letter between an owner, principal, or financial source and another party that relates to the ownership and control structure, assets, liabilities, real or intellectual property, revenue, funding or capitalization, royalties, or profit, or future profit, of the license applicant or comparable documents that change the legal structure of the license applicant, including any financial source agreement, pursuant to N.J.A.C. 17:30-6.10;
18. A list of all vendor-contractors with whom the license applicant has contracts or agreements;
19. For the license applicant and each of its owners, principals, managers, management services companies, parent companies, subsidiaries, affiliates, predecessors, or successors:
 - i. A list of any organizations that hold or previously held permits, licenses, or other authorizations to participate in the cultivation, manufacturing, sale, or distribution of medical cannabis or cannabis in any jurisdiction, including a foreign jurisdiction, where the person or entity serves or served as an owner, principal, or employee for six or more months;
20. For the license applicant and each of its parent companies, subsidiaries, affiliates, predecessors, or successors:
 - i. A list of any previous violation of, or judgment, order, consent decree, consent order, sanction, or penalty pertaining to any state or Federal statute, regulation, or code; and

ii. A list of all pending litigation or past litigation that concluded in the last five years, whether in the State or in another jurisdiction, in which the entity was involved;

21. A list of every financial institution at which the li-license applicant has had an account in the last five years;

22. A list of bankruptcy or insolvency proceedings by the license applicant, and each of its parent companies, subsidiaries, affiliates, predecessors, or successors, and a copy of any bankruptcy decree as a result of the same;

23. A list of any charitable contributions made by the license applicant in the last five years;

24. A list of stocks held by the license applicant;

25. For each owner, principal, management services contractor, and employee of the license applicant, certification confirming the person's or entity's submission to the jurisdiction of the courts of the State and agreeing to comply with all laws and rules of the State pertaining to personal use cannabis;

26. For a license applicant that is a diversely owned business, the certification that the license applicant is a minority-owned business, woman-owned business, or dis-abled veteran-owned business, in accordance with N.J.A.C. 17:30-6.4;

27. For a license applicant that is an impact zone business, an attestation from any qualifying owner, passive investor, or employee attesting to their qualification under the impact zone business criteria, pursuant to N.J.A.C. 17:30-6.5;

28. For a license applicant that is a social equity business, an attestation from any qualifying owner or passive investor attesting to the qualification of the person under the social equity business criteria, pursuant to N.J.A.C. 17:30-6.6;

29. For a microbusiness license applicant, proof that at least 51 percent of the total number of persons included in the microbusiness, including all owners, principals, and employees, are residents of either of the municipality in which the microbusiness, is or will be located, or of a municipality directly bordering such a municipality, at the time of the application;

30. An affirmation that the license applicant exercised reasonable care to confirm its submission information and the ability of each person or entity in its submission to serve as an owner or principal without violating N.J.A.C. 17:30-6.8; and

31. Any other application requirement established by the Commission in a notice of acceptance of application published in the New Jersey Register issued pursuant to N.J.A.C. 17:30-6.1.

(e) A license applicant shall provide the Commission a complete disclosure pursuant to (d) above that includes all true parties of interest.

1. The license applicant or license holder shall not attempt to conceal or disguise ownership or other control over its operations in its submissions.

(f) Application materials submitted to the Commission pursuant to N.J.S.A. 24:6I-36 or this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

(a) 17:30-7.17 Cannabis business and testing laboratory fees

(j) The following material change fees shall be paid by license holders, as applicable:

1. The fee to apply for a change of location of a cannabis business premises is:

i. Standard cannabis business annual license holder: \$10,000; or

ii. Microbusiness license holder: \$1,000;

2. The fee to apply for a change or modification of the cannabis business' capacity or physical plant is \$2,000;

i. This fee shall not apply to a microbusiness converting to a standard cannabis business pursuant to N.J.A.C. 17:30-7.15; and

3. The fee to apply for the transfer of more than 50 percent of ownership interest in a license holder is \$20,000.

i. Any financial source, management services contractor, owner, or principal may be required to pay background investigation fees as part of an ownership interest transfer

N.J.A.C. 17:30-9.2 Changes to license applicant or license holder; approval and notice; provisional approval

(a) Cannabis business license holders shall submit an application for an amended license, along with the applicable fee, if any, pursuant to N.J.A.C. 17:30-7.17, for the following material changes, a change:

1. In ownership, which shall include:

i. Addition or removal of owners or passive investors;

ii. Change in license holder entity structure, including any related mergers, acquisitions, or creation of new related entities;

iii. Change in ownership structure or ownership interest that results in a change of owner, pursuant to N.J.A.C. 17:30-9.3; and

iv. Any other changes to the ownership and financial information provided to the Commission pursuant to N.J.A.C. 17:30-7.10 and 7.13;

2. Of management services contractor or the terms of any management services agreement; pursuant to N.J.A.C. 17:30-6.9;
 3. Of financial source or the terms of a financial source agreement (FSA) pursuant to N.J.A.C. 17:30-6.10;
 4. Of location;
 5. Of modification of capacity, physical plant, premises, or administrative office; or
 6. Of name of the cannabis business.
- (b) Failure to seek approval for such material changes pursuant to (a) above may result in sanctions upon the li-cense holder pursuant to N.J.A.C. 17:30-20, including civil penalties, or suspension or revocation of any license issued to the license holder.

N.J.A.C. 17:30-9.3 Transfers of ownership interest

- (b) From the submission of a conditional license conversion application or an annual license application to at least two years after the cannabis business commences operations, a license holder holding an annual license shall not make any change to more than 50 percent of its ownership interest, except that a transfer of the ownership interest license applicant or license holder from a deceased owner to the deceased:
1. Owner's heir shall not be prohibited;
 2. Owner's surviving spouse, domestic partner, or civil union partner, if the license was issued jointly to both the parties, shall not be prohibited.
- (b) From the submission of the conditional license conversion application or an annual license application to least two years after the cannabis business commences operations, a license holder may add new loans from new or existing financial sources or gifts.
- (c) Until at least two years after the cannabis business commences operations, a diversely owned business license holder shall maintain all conditions required to qualify as eligible for its diversely owned business certification.
- (d) Until at least two years after the cannabis business commences operations, a social equity business license holder shall maintain the conditions required to qualify for its social equity business status
- (e) A license holder operating as a microbusiness shall not transfer ownership interest such that the license holder no longer qualifies as a microbusiness.
- (f) If the cannabis business ceases operations during the two-year period after the cannabis business commences operations, the license holder may not transfer the license to another entity; the license will be considered to be abandoned and will be returned to the Commission.
- (g) A cannabis business license holder shall not provide, transfer, or sell, or offer to provide, transfer, or sell any ownership interest to or employ or offer to employ any Commission member

or employee restricted from such transactions by the provisions of sections 33 through 35 of P.L. 2019, c. 153 (N.J.A.C. 24:6I-26 through 28).

(h) The Commission retains discretion to determine when a transfer of ownership interests has occurred.

N.J.A.C. 17:30-9.4 Ongoing material conditions and general requirements applicable to cannabis business license holders

(a) No person or entity shall operate a cannabis business without a Commission-issued license.

(b) A cannabis business shall only be operated under the name on the license, which shall be the legal entity name as found on the New Jersey business registration of the license holder.

(c) A license holder and its owners, principals, employees, management services contractors, financial sources, and vendor-contractors shall:

1. Maintain qualification to hold a license pursuant to N.J.A.C. 17:30-7.4, as applicable;
2. Comply with the Act and this chapter; and
3. Cooperate with the Commission and its staff.

(d) Upon request of the Commission, a license applicant or license holder shall provide, for any submission to the Commission, a redacted copy that may be released to the public.

1. Redactions shall be limited to information that is likely to be found to be exempted pursuant to N.J.S.A. 47:1A-1 et seq., or the common law on public records.

(e) A license holder shall make a good faith effort to recruit and employ, or contract with, as vendor-contractors, persons who would otherwise qualify for the provisions at N.J.A.C. 17:30-6.6(a)1 or 2. A “good faith effort” means that the license applicant or license holder shall demonstrate that it took all necessary and reasonable steps to achieve employee and vendor-contractor participation by the persons who are among the qualifying groups, which by their scope, quality, quantity, intensity, and appropriateness to the objective, could reasonably be expected to obtain sufficient participation from such persons.

1. Good faith efforts shall extend beyond merely interviewing candidates from qualifying groups to include documentation of follow-up and offers of employment and contracting.
2. Good faith efforts shall include sufficient written documentation of the license applicant’s efforts to recruit qualifying persons, including a list of the names, addresses, and contact information of all potential employees and contractors, identifying those who qualify pursuant to N.J.A.C. 17:30-6.6(a)1 or 2, and whether they have accepted an employment or contracting offer, and the dates of contact.

3. Good faith efforts may include:
 - i. Coordinating meetings, including meetings in economically disadvantaged areas, at which qualifying persons could be informed of the employment and contracting opportunities;
 - ii. Advertising in general circulation, trade association, and minority-focused media concerning the opportunities for persons who have been affected by the criminalization of cannabis to participate in the regulated cannabis industry; and
 - iii. Contacting minority-, women-, and veteran-owned business organizations and educational institutions concerning the opportunities for persons who have been affected by the criminalization of cannabis to participate in the regulated cannabis industry.
 4. The cannabis business shall submit quarterly progress reports that include specifics on the good faith efforts being made to ensure the cannabis business's social equity plan as presented in its application or certification to the Commission is being achieved. The Commission may request additional information from the cannabis business to assist in making a determination on whether good faith efforts are being made.
- (f) A microbusiness license holder shall employ no more than 10 employees.
- (g) The maintenance of a labor peace agreement with a bona fide labor organization by a licensed cannabis business, including an expanded ATC, shall be an ongoing material condition of the cannabis business's license.
1. A microbusiness is exempted from this requirement.
- (h) Where a majority of the employees of a cannabis business, including an expanded ATC, have voted to join a bona fide labor organization, failure to enter into a collective bargaining agreement within 200 days of the opening of such licensed cannabis business, may result in a referral to the National Labor Relations Board.
1. A microbusiness is exempted from this requirement.
 - (i) A license holder shall maintain sanitary conditions throughout the cannabis business premises.
 - (j) A cannabis business shall seek to prevent the escape of odors associated with cannabis over the boundary of the property. Failure to engage in such an effort may result in sanctions, including civil monetary penalties.
- (k) A license holder shall implement a plan to increase sustainability in its operations, which may include, but is not limited to:
1. A waste reduction plan;
 2. A water usage reduction plan;

3. Biodynamic farming;
4. A sustainable packaging plan that reduces or eliminates the use of single-use plastics and promotes the use of recyclable or environmentally friendly packaging; or
5. A plan to use renewable energy to power its operations.

(l) A visitor entering a cannabis business premises must be accompanied by an escort with a Cannabis Business Identification Card at all times, except in the consumer area of a cannabis retailer.

1. A vendor-contractor's staff shall be considered to be a visitor during any time present at a cannabis business premises, except if the person is a management services contractor or other cannabis handler that possesses a Cannabis Business Identification Card, in accordance with N.J.A.C. 17:30-8.1(a).

(m) An expanded ATC issued cannabis business licenses pursuant to N.J.A.C. 17:30-7.1 shall be authorized to use the premises for all activities under the Act and the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), without being required to establish or maintain any physical barriers or separations between operations related to the medical use of cannabis and operations related to personal use of cannabis items.

1. As a condition of licensure, an expanded ATC shall meet the anticipated treatment needs of registered qualifying patients before meeting the retail requests of consumers, and the expanded ATC shall not make operational changes that reduce access to medical cannabis for registered qualifying patients in order to operate a cannabis business.

2. If the Commission finds an expanded ATC does not have sufficient quantities of medical cannabis or medical cannabis products available to meet the reasonably anticipated needs of qualifying patients, the Commission may issue fines, limit retail sales, temporarily suspend the expanded ATC's cannabis business licenses, or issue any other penalties included at N.J.A.C. 17:30-20.

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.

4. After the end of the second year of expanded ATC's licensure, the license renewal process pursuant to N.J.A.C. 17:30-7.16 shall be followed.
5. Nothing shall authorize an alternative treatment center that has not been licensed as an expanded ATC pursuant to N.J.A.C. 17:30-7.1 to:
 - i. Provide cannabis items to a person who is not a registered qualifying patient;
 - ii. Purchase or acquire cannabis items in a manner or from a source not permitted by the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.); or
 - iii. Operate on the same cannabis business premises as a cannabis business license applicant or license holder, although it is not prohibited for an unaffiliated cannabis business and ATC to be located in the same multi-tenant building or strip mall in separate, unconnected premises.