



State of New Jersey
CANNABIS REGULATORY COMMISSION

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TAHESHA L. WAY
Lt. Governor

May 10, 2024

Kelly Gatto
Brute's Roots LLC
551 S. Egg Harbor Rd,
Winslow Twp, New Jersey 08037

Re: FINAL AGENCY DECISION
*Acceptance of Alternative Treatment Center ("ATC") Certification and
Approval to Operate in Personal-Use Cannabis Market*

Dear Kelly Gatto:

Congratulations! The New Jersey Cannabis Regulatory Commission ("NJ-CRC" or "Commission") has approved your request and accepted your certifications to operate as an Expanded Alternative Treatment Center. The above-listed entity will be permitted to engage in adult, personal-use cannabis activities in New Jersey under the following licenses and at the following locations:

1. Class 2 Cannabis Manufacturer; 551 S. Egg Harbor Road, Winslow Township New Jersey

This letter serves as written notice that the NJ-CRC has approved the ATC to operate as an expanded ATC. Details on the Commission's review of certification materials, terms and conditions of Commission approval, and next steps are provided below. Please read the following information carefully; failure to satisfy any requirement may result in penalties levied against the ATC, including fines and license suspension, revocation, or renewal denial.

NJ-CRC Review of Certification Materials

Pursuant to N.J.S.A. 24:6I-46(a)(3)(a), the NJ-CRC shall not require a full application from an ATC for the ATC to begin engaging in the cultivation, manufacturing, retailing, wholesaling, distributing, or delivery of cannabis items, as applicable, but shall require the ATC to submit certain certifications to the Commission. N.J.A.C. 17:30-7.1 details the necessary documentation, information, and certifications required for the Commission to review and accept prior to an ATC operating in the adult, personal-use cannabis market.

Following receipt of the documentation, information, and certifications set forth at N.J.A.C. 17:30-7.1(b)(1) through (8), the NJ-CRC assesses the following pursuant to N.J.A.C. 17:30-7.1(c)(1) through (8):

1. Total qualifying patient enrollment in the State medical cannabis program;
2. Qualifying patient enrollment at the ATC;
3. Statewide inventory of medicinal cannabis items and inventory of the ATC;
4. Statewide sales of medicinal cannabis and medicinal cannabis products, and sales at the ATC;
5. The current medicinal cannabis canopy of the ATC;
6. The total medicinal cannabis canopy needed to serve the ATC's qualifying patients on an ongoing basis;
7. The total medicinal cannabis canopy needed to serve the total number of qualifying patients in the medicinal cannabis program on an ongoing basis; and
8. The operational plans and capacity of the ATC to maintain or expand medicinal cannabis access for qualifying patients.

As required by regulation, the NJ-CRC shall only accept a certification from an ATC pursuant to N.J.A.C. 17:30-7.1(c) when an ATC has proven, by clear and convincing evidence, that engaging in the cultivation, manufacturing, retailing, wholesaling, distributing, or delivery of cannabis items, as applicable, shall not adversely impact access for registered qualifying medicinal cannabis patients and shall not adversely impact the availability of medicinal cannabis or medicinal cannabis products.

Terms and Conditions of NJ-CRC Approval

The Commission's approval provided herein is based and conditioned on the information provided in the entity's certification materials. It is your responsibility to ensure the entity understands and complies with all applicable regulations, regardless of whether they are expressly mentioned in this letter. Furthermore, because the approval is conditioned on evidence that the entity's adult-use cannabis activities will not negatively impact patient access to medicinal cannabis, the Commission's acceptance of the entity's certification materials is subject to the terms and conditions explained below regarding patient access, medicinal cannabis inventory, social equity, labor, and product testing.

Adherence to the entity's plans submitted to the Commission and the terms and conditions below is an ongoing requirement for licensure as an Expanded Alternative Treatment Center. See N.J.A.C. 17:30-7.1(d). Failure to adhere to the conditions and commitments in the entity's certification materials, or failure to satisfy any required terms and conditions set forth below, may result in adverse action taken against the expanded ATC, including suspension or revocation of any issued permit or license. The NJ-CRC is authorized to take these enforcement actions pursuant to N.J.A.C. 17:30-20.5.

Plans for Patient Access

Expanded ATCs with a Class 5 Cannabis Retailer license must satisfy all of the following conditions:

- Have business operating hours include at least 14 patient-only hours spread over at least three (3) days per week, including at least one (1) weekend day. Patient-only hours should be held at different times throughout the week to accommodate patients and designated caregivers with different schedules;
- Provide exclusive parking options for patients and designated caregivers at all times;
- Designate points-of-sale that will be available for use exclusively by patients and designated caregivers at all times. All points-of-sale shall be available for patient use at any time. If patients are experiencing a wait time in excess of five (5) minutes, other points-of-sale must be made available to serve patients to reduce the wait time before serving personal-use cannabis purchasers;
- Provide express access to the ATC to minimize the wait time for patients and designated caregivers;
- Provide patients and designated caregivers with the exclusive ability to reserve products ahead of time so that they can be assured their order will be filled when going to the ATC;
- Provide a patient access telephone line staffed by ATC employees during all business hours to assist patients and designated caregivers trying to access the ATC; and
- Provide the NJ-CRC with quarterly reports on patient access. Reports must include, at a minimum, the following information:
 - Number of patients served
 - Medicinal Cannabis Product Dispensed

Additionally, the NJ-CRC encourages, but is not requiring, each ATC wishing to expand to recreational cannabis sales to provide exclusive home delivery for patients and online ordering and exclusive express curbside pick-up for patients.

The expanded ATC must cooperate with the NJ-CRC by providing reports on the entity's efforts to maintain patient access to medicinal cannabis.

Plans for Ensuring Adequate Medicinal Cannabis Inventory

Where applicable, an expanded ATC must maintain a "Minimum Adequate Supply" of medicinal cannabis for patients, plus a "Reasonable Minimum Reserve."

A Minimum Adequate Supply shall be calculated by determining the average purchases of packaged products by patients in the preceding three (3) months at the ATC. The "Minimum Adequate Supply" should be adjusted up to account for new patient enrollment, should the ATC experience an increase in the number of patients enrolled at the ATC month over month.

$$\text{Minimum Adequate Supply} = [(\text{current patients enrolled at the ATC}) \div (\text{patients enrolled at the ATC 3 months prior})] \times (\text{Average amount of medical cannabis purchased over the preceding three (3) months at the ATC})$$

A Reasonable Minimum Reserve shall be a three-month reserve calculated by determining the

average amount of medical cannabis purchased over the last three (3) months and multiplying it by three (3). To meet the Reasonable Minimum Reserve, the ATC may include packaged and bulk product. The ATC may also include flower that is drying or curing, and the raw materials for manufacturing medicinal cannabis products.

$$\text{Reasonable Minimum Reserve} = [\text{Minimum Adequate Supply}] \times 3$$

The expanded ATC must cooperate with the NJ-CRC by providing weekly reports on medicinal product availability and inventory levels.

Plans for Social Equity

The expanded ATC must satisfy all of the following conditions:

- In accordance with N.J.A.C. 17:30-9.4(e), make a good faith effort to employ individuals who either:
 - (1) have past marijuana- or hashish-related convictions, or
 - (2) at the time of employment, have lived in an Economically Disadvantaged Area for five (5) of the last ten (10) years *and* in the preceding tax year made 80% or less of the median house-hold family income.

Any such efforts shall be conducted in compliance with P.L. 2014, c.32, P.L. 2019, c.199, and any other applicable employment or labor laws and regulations.

- Submit progress reports that include specifics on the good faith efforts being made to ensure the expanded ATC's social equity plans as presented in the entity's certifications to the NJ-CRC are being achieved. These progress reports should be prepared in accordance with guidance from the Commission's Office of Diversity and Inclusion.

The Commission may request additional information from the ATC to help it determine if efforts are being made in good faith.

Labor Peace and Collective Bargaining

All medical and adult-use cannabis businesses are required by law to execute a labor peace agreement with a bona fide labor organization. Labor peace agreements provide the NJ-CRC with the assurance that, should an entity be licensed, its operations will not be shut down due to labor-dispute or labor-related work stoppages.

N.J.S.A. 24:6I-7.2(e) and -36(c) impose additional collect bargaining requirements within 200 days of opening.

Failure of an expanded ATC to abide by its labor peace agreement and collective bargaining agreement requirements may result in adverse action against the entity, including possible suspension or revocation of an ATC's license or permit or denial of any permit or license renewal.

Laboratory Testing

The expanded ATC is required to utilize a Commission-licensed testing laboratory to test cannabis items pursuant to the Commission's regulations.

Next Steps

Upon accepting this provisional award, the expanded ATC must submit payment for the associated expanded ATC certification fee under N.J.A.C. 17:30-7.17. Accordingly, payment in the amount of **\$300,000** is due and owed before the entity can engage in any activities associated with the adult-use cannabis market. The NJ-CRC will email you an invoice that must be paid online using the Commission's licensing portal. If payment is not received within thirty (30) days of accepting this award, the NJ-CRC will email a final notice regarding the unpaid invoice. Failure to pay the required fees within sixty (60) days of accepting this award will result in the award automatically being rescinded and the entity's license being rejected in the online licensing portal.

After the entity has completed any necessary construction or preparation to operate as an expanded ATC and satisfies the required terms and conditions set forth above, the expanded ATC shall request an onsite assessment from the NJ-CRC. Commission staff will then conduct an onsite assessment of the expanded ATC and determine whether its premises, operations, and procedures are consistent with the expanded ATC's certification materials and are compliant with the law and regulation. A license shall not be issued, and the expanded ATC shall not operate in the personal-use cannabis market, until the NJ-CRC has completed its onsite assessment and determined that the expanded ATC is in compliance with the law and terms and conditions set forth above.

Congratulations once again on your successful request and thank you for your continued interest in working with the NJ-CRC to establish a safe and equitable cannabis industry for the state of New Jersey. Should you have any questions regarding this correspondence, please submit your inquiry to the NJ-CRC Licensing inbox at crc.licensing@crc.nj.gov.

Sincerely,



Dianna Houenou
Chairperson
New Jersey Cannabis Regulatory Commission