Cannabis CERTIFIED™

Module 1

Cannabis Licensing

By Sarah Trent

Topics for Today

- Duties of the CRC
- Licensing Structure in NJ
- Details of different license types

Taught by Sarah Trent
Valley Wellness CEO

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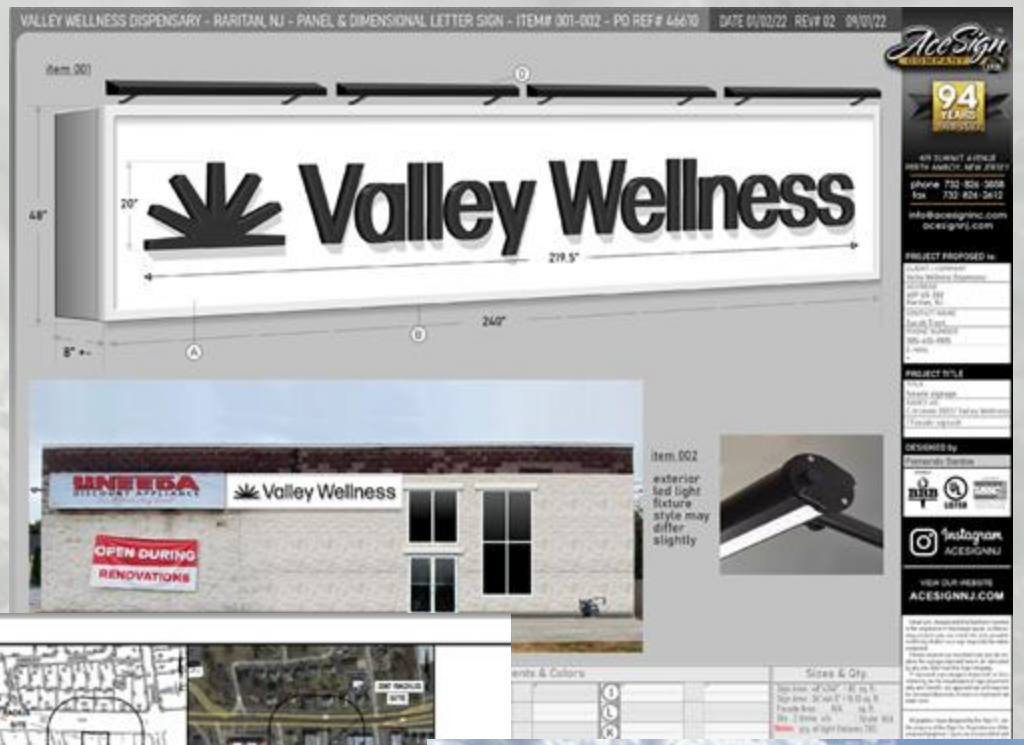
I have a full permit, now what?

- Construction
  - Land Use / Variances
  - Permits
- Investigations
- SOP writing
- Hiring
- Secured Storage
- Any advertising?



Open November 2022

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Coming Soon
Valley Wellness
Dispensary
valleywellnessnj.com

Sidewalk Installed
Coming Soon
Valley Wellness
Dispensary
valleywellnessnj.com
August 17, 2022

October 13, 2022

Sometime in July 2022
Meet Matt Sherrer our GC

THE CREAMM Act Empowers the Commission to Regulate the Following Through Implementation of the Personal Use Rules and Regs

Regulation of Cannabis

Commission can create an expert task force to help effectuate its duties below:

- Procedures, to monitor the incorporated licensing measures established by the Office of Minority . . .Cannabis Business Development
- Security requirements for cannabis establishments
- Requirements to prevent the sale or diversion of cannabis to persons under the legal age
- Labeling and packaging requirements for cannabis items
- Health and safety regulations and standards for the cultivation of cannabis, and the manufacture and sale of cannabis items
- Establish accreditation and licensure criteria for cannabis testing facilities
- Restrictions on the advertising and display of cannabis items and cannabis paraphernalia
- Procedures for conducting visits to cannabis establishments
- Record keeping requirements
- Procedures for inspecting samples of cannabis items
- Establishing the number of cannabis retailers, and permissible business arrangements with respect to other types of retailing businesses
- Civil penalties for the failure to comply with regulations
- Examine available research, and may conduct or commission new research or convene an expert task force, to investigate the influence of cannabis and marijuana on the ability of a person to drive a vehicle, on methods for determining whether a person is under the influence of cannabis or marijuana

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N.J.A.C. § 17:30-3.3, 3.6
N.J.S.A. § 24:61-35

Personal Use Cannabis Rules

Adopted
August 19, 2021

NEW JERSEY CANNABIS REGULATORY COMMISSION

Personal Use Cannabis Rules

Special Adopted New Rules: N.J.A.C. 17:30

Adopted: August 19, 2021 by New Jersey Cannabis Regulatory Commission, Dianna Houenou, Chair.

Filed: August 19, 2021

Authority: N.J.S.A. 24:6I-31 et seq.

Effective Date: August 19, 2021

Expiration Date: August 19, 2022

This rule may be viewed or downloaded from the Commission's website at nj.gov/cannabis.

These rules are adopted pursuant to N.J.S.A. 24:6I-34(d)1a of the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, N.J.S.A. 24:6I-31 et seq., and became effective upon acceptance for filing by the Office of Administrative Law. The specially adopted new rules shall be effective for a period not to exceed one year from the date of filing of the new rules, that is, until August 19, 2022. The Commission has provided this special adoption to the Attorney General, State Treasurer, Commissioner of Health, and Commissioner of Banking and Insurance for a consultation period, after which the Commission anticipates filing a proposal to readopt these rules with amendments reflecting the results of that consultation. In accordance with N.J.S.A. 24:6I-34(d)1b the rules, as readopted, will become effective upon acceptance for filing by the Office of Administrative Law if filed on or before the expiration date of the rules published herein. The adopted amendments will be effective upon publication in the New Jersey Register.

Creation of the Commission

First Meeting
April 12, 2021

Five Members, and Executive Director, appointed by the Governor

- *Salaries capped at $125,000*
- *NJ Resident*
- *No direct or indirect interest, including employment in any ATC for 3 years prior.*
- *Must file financial disclosure*
- *Specific Experience*

Promulgate rules within 180 days from effective date/enactment date or within 45 days of all five members of the commission being appointed, whichever date is later. Initial rules shall be in effect for one year.

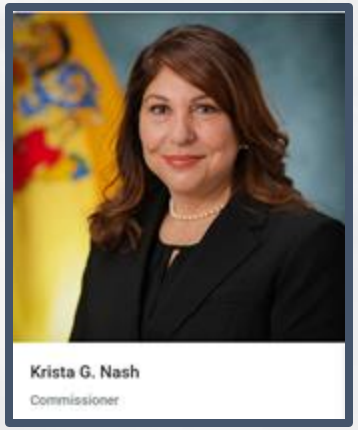
Dianna Houenou
Chair

Amelia Mapp
Commissioner

Christopher Riggs
Acting Executive Director

TBD

Harris Laufer
Appointed July 2025


Krista G. Nash
Commissioner

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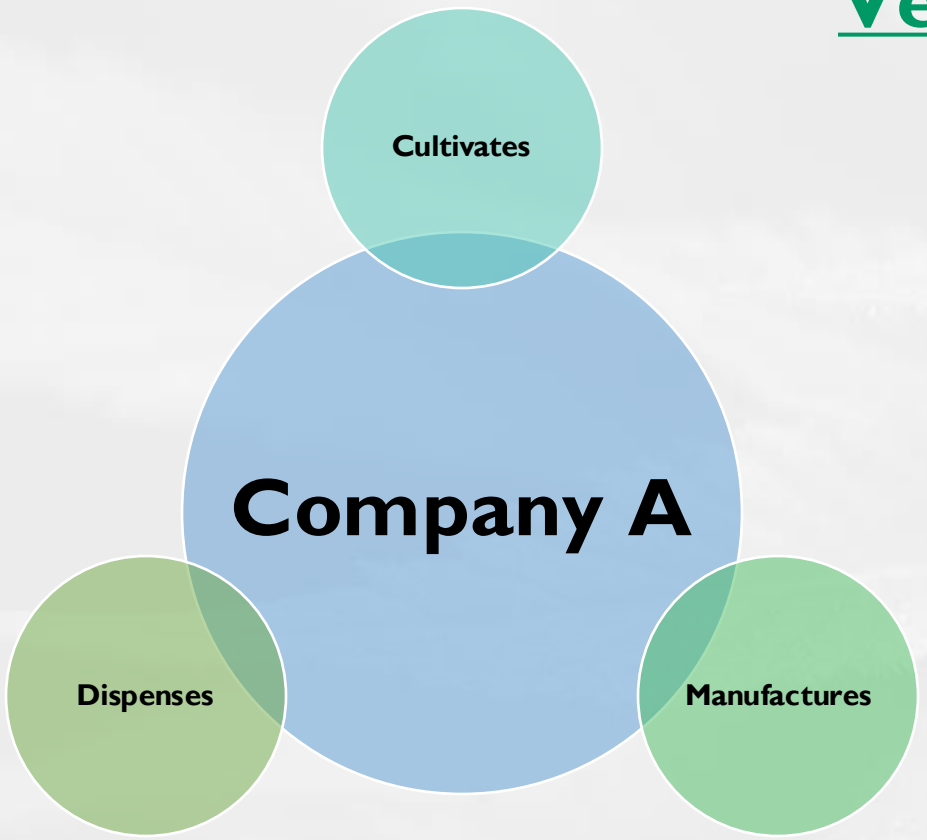
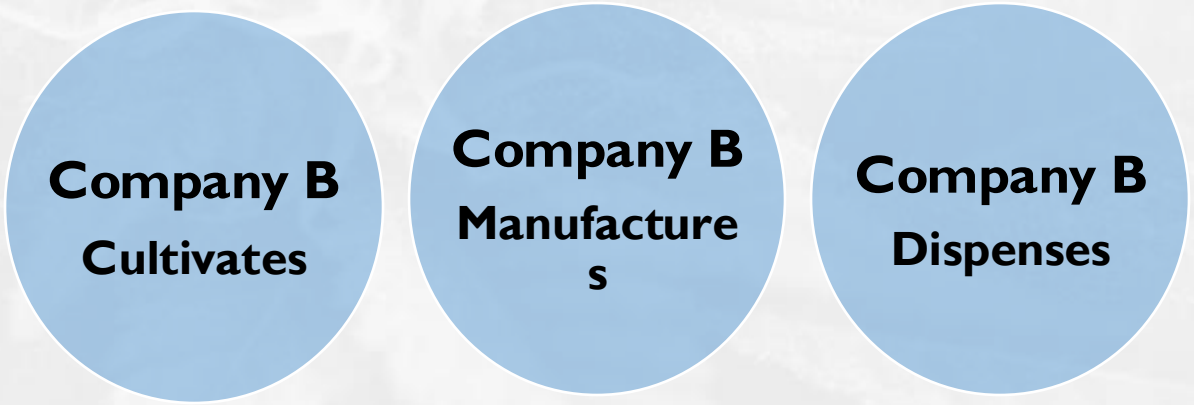
N.J.S.A. § 24:61-24(b)-(c)

NJ's existing ATC's are Vertically Integrated



Depiction of Vertical Integration



Depiction of Horizontal Integration

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The Industry

Green Thumb

Cultivation
- RYTHM
- DOGWALKERS CANNABIS PRE-ROLLS

Processing
- the Feel Collection
- incredibles
- Doctor Solomon's

Dispensary
- bluepoint WELLNESS CT
- RISE
- essence CANNABIS DISPENSARY

TERRASCEND

Cultivation
- STATEFLOWER
- KIND TREE CANNABIS

Processing
- VALHALLA
- ILERA HEALTHCARE

Dispensary
- THE APOTHECARIUM DISPENSARY

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Cannabis Business Licensing

MEDICAL

2010
6 vertical permits issued

2018
6 vertical permits issued

2019
Request for Applications:
4 vertical permits
5 cultivator permits – *10 issued*
15 dispensary permits – *30 issued*

ADULT USE

December 15, 2021
CRC opens applications for Adult Use Cultivators and Manufacturers

March 15, 2021
CRC opens applications for Adult Use Dispensaries

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Per March 2025 Report

Applications by Application Type

Row Labels	Number	Percentage
Annual	1,079	36%
Conditional	1,892	64%
Grand Total	**2,971**	**100%**

Awards by Class & Application Types

License Type	Approved Annual	Approved Conversion to Annual	Approved Conditional	Grand Total
Class 1 Cultivator	43	104	370	517
Class 2 Manufacturer	52	80	251	383
Class 3 Wholesaler	3	2	15	20
Class 4 Distributor	4	0	11	15
Class 5 Retailer	142	248	903	1,293
Class 6 Delivery	1	3	30	34
Testing Laboratory	9	0	0	9
Grand Total	**254**	**437**	**1,580**	**2,271**

License Type	Approved Annual	Approved Conversion to Annual	Approved Conditional	Grand Total
Class 1 Cultivator	16.93%	23.80%	23.42%	22.77%
Class 2 Manufacturer	20.47%	18.31%	15.89%	16.86%
Class 3 Wholesaler	1.18%	0.46%	0.95%	0.88%
Class 4 Distributor	1.57%	0.00%	0.70%	0.66%
Class 5 Retailer	55.91%	56.75%	57.15%	56.94%
Class 6 Delivery	0.39%	0.69%	1.90%	1.50%
Testing Laboratory	3.54%	0.00%	0.00%	0.40%
Grand Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

	Application Type		
License Type	Annual	Conditional	Grand Total
Cultivator	238	445	683
Manufacturer	196	285	481
Wholesaler	8	25	33
Distributor	6	27	33
Retailer	601	1,056	1,657
Delivery	19	52	71
Testing Laboratory	11	2	13
Grand Total	**1,079**	**1,892**	**2,971**

https://www.nj.gov/cannabis/documents/Quarterlies/Applicant%20Demographic%20Data%20Q1%202025.pdf

New Jersey Existing ATC's

2010

AWH

AYR

curaleaf

harmony DISPENSARY

The Botanist

2018

TERRASCEND

Green Thumb

COLUMBIA CARE

verano

JUSTICE GROWN

MPX INTERNATIONAL CORPORATION

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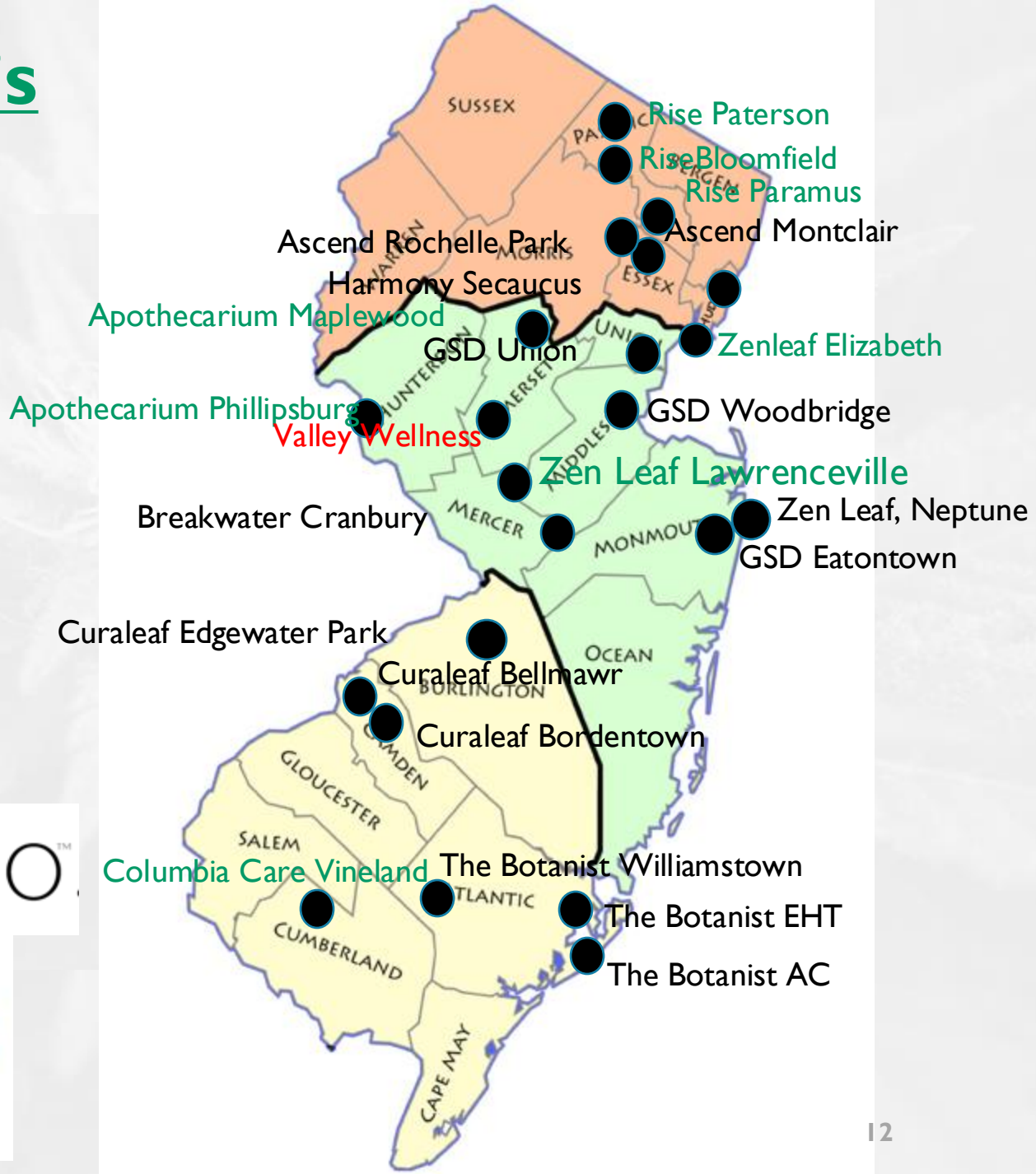

2010 **Then and Now** 2023

In accordance with the terms of the Reorganization Agreement, Acreage assumed all debts, liabilities and obligations of CCF, including fees, costs and expenses to be incurred by CCF in connection with the dissolution and wind-up of CCF and paid to the former trustees of CCF an aggregate total of $10,000,000 at closing.

Garden State Dispensary, at first a nonprofit, was one of New Jersey's original six companies permitted to grow, process and sell cannabis to patients a decade ago. Miami-based Ayr Wellness, which operates in eight states, purchased the company in September 2021 for $101 million. When it was purchased, Garden State had the largest sales footprint of all operators. The New Jersey locations join Massachusetts and Pennsylvania as AYR-branded stores.

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Expanded ATC's

Must submit municipality approval to the Commission.

Certify that it has sufficient quantities of medical cannabis available to meet the reasonably anticipated needs of patients.

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

Expanded ATC's shall not make operational changes to reduce access for medical cannabis patients.

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N.J.A.C. § 17:30-7.1

Licensing Structure

Class 1

Cultivator

- Grows, cultivates, or produces cannabis; including for research purposes.
- Cannot be located on Farm Assessed land or take advantage of any State or local economic incentive.
- Cannot sell directly to consumers/patients.

Class 2

Manufacturer

- Processes cannabis items in the State.
- Manufacturing, preparing, packaging, and transporting permitted.
- Cannot sell directly to consumers and patients.

Class 3

Wholesaler

- Transports cannabis in bulk intrastate from any one class of licensed cannabis establishment to another class of establishment.
- May engage in temporary storage.

Class 4

Distributor

- For the premises where cannabis items are warehoused.

Class 5

Retailer

- Purchases or obtains cannabis from cultivators, manufacturers or wholesalers to sell to consumers.
- Deliver and sell cannabis and products to consumers/patients.

Class 6

Delivery

- Provides courier services for consumer purchases of cannabis fulfilled by a cannabis retailer.
- Including the ability of the delivery service to take orders directly and present them to a retailer for fulfillment.

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Municipal Authority

The CREAMM Act – allows municipalities to enact rules governing:

1. the number of cannabis establishments, distributors, or delivery services.
2. as well as the location, manner, and times of operation of establishments.
3. cannot prohibit delivery within its borders.

What happened if a municipality did not enact a law within the first 6 months of the CREAMM Act?

Allows municipalities that permit cannabis operators within their borders to impose up to 2% Transfer Tax that would be payable directly to the municipality.

Based on receipts of sales to adult-use consumers or on receipts of transfer of cannabis from one establishment to another.

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N.J.A.C. § 17:30-6.3
N.J.A.C. § 17:30-5.1
N.J.A.C. § 17:30(10)

Taxes

- State Sales Tax = 6.625%
- Local tax = 2%

- In its current construct, SEEF has an inversely proportional mechanism. This means that as the average retail price of an ounce of cannabis decreases, the SEEF charged to a cultivator increases.
- The Commission shall set the amount of any imposed Social Equity Excise Fee and provide notice of adjustments by Nov. 1 of the current year, effective Jan 1 the next year
- Shall be imposed on the receipts from the sale, or equivalent value of the transfer, of usable cannabis by a cannabis cultivator to any other cannabis establishment, other than another cannabis cultivator
- Shall be used for annual appropriations for investing in social equity programs
- The current 2025 rate of the SEEF is $2.50 per ounce.
- Max rate 1/3 of 1 percent of the Statewide average retail price of an ounce of usable cannabis. This formula has been used to set the SEEF rate since 2022.

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The February 2023 and June 2022 recommendations to legislature can be found at: nj.gov/cannabis/resources/reports-stats-info.

Per June 2024 Report

Applications by Application Type

Application Type	Number	Percentage
Annual	865	33%
Conditional	1756	67%
Grand Total	**2621**	**100%**

Awards by Class & Application Types

License Type	Approved Annual	Approved Conversion to Annual	Approved Conditional	Grand Total
Class 1 Cultivator	38	86	339	463
Class 2 Manufacturer	30	70	236	336
Class 3 Wholesaler	-	-	10	10
Class 4 Distributor	1	-	8	9
Class 5 Retailer	107	194	834	1135
Class 6 Delivery	-	-	17	17
Testing Laboratory	6	-	-	6
Grand Total	**182**	**350**	**1444**	**1976**

License Type	Approved Annual	Approved Conversion to Annual	Approved Conditional	Grand Total
Class 1 Cultivator	20.9%	24.6%	23.5%	23.4%
Class 2 Manufacturer	16.5%	20.0%	16.3%	17.0%
Class 3 Wholesaler	0.0%	0.0%	0.7%	0.5%
Class 4 Distributor	0.5%	0.0%	0.6%	0.5%
Class 5 Retailer	58.8%	55.4%	57.8%	57.4%
Class 6 Delivery	0.0%	0.0%	1.2%	0.9%
Testing Laboratory	3.3%	0.0%	0.0%	0.3%
Grand Total	100.0%	100.0%	100.0%	100.0%

	Application Type		
License Type	Annual	Conditional	Total
Cultivator	195	416	611
Manufacturer	158	261	419
Wholesaler	4	21	25
Distributor	5	21	26
Retailer	483	995	1478
Delivery	7	42	49
Testing Laboratory	13	-	13
Grand Total	**865**	**1756**	**2621**

https://www.nj.gov/cannabis/documents/Quarterlies/Applicant%20Demographic%20Data%20Q2%202024.pdf

Class 5 - Retailers

- Required to have protocols in place to help educate consumers about safe consumption and the risks associated with cannabis.
- The Commission shall seek to ensure that cannabis retailers have adequate access to licensed sources of cannabis items to discourage purchases from the illegal market. N.J.A.C. 17:30-6.1(b)(5)
- Retail applicants shall certify that the retailer location is not in or upon any premises in which operates a grocery store, delicatessen, indoor food market, or anywhere where liquor is sold. N.J.A.C. 17:30-7.10(c)

Curbside Retail Sales

- Prior to initiating curbside retail sales, the cannabis business shall provide the Commission with, and shall seek approval from the Commission on, standard operating procedures

Consumption Areas

- Subject to receiving an endorsement pursuant to section 28 of P.L.2019, c.153 (C.24:6I-21):
- A cannabis retailer may operate a consumption area . . . [where] on-premises consumption of cannabis obtained from the retailer, or brought . . .to the consumption area, may occur.
- Each retailer may operate one cannabis consumption area.
- The cannabis consumption area shall be either (a) an indoor, structurally enclosed area of the licensed cannabis retailer that is separate from the area in which retail sales of cannabis items occur or (b) an exterior structure on the same premises as the retailer, either separate from or connected to the retailer.
- Can allow medical cannabis, adult-use, or both.
- Cannot sell alcohol, tobacco, or food. .

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N.J.A.C. § 17:30-14
N.J.S.A. § 24:61-42(g)

Consumption Areas

- Portal open as of January 2, 2025
- Requires *both* NJ-CRC approval and municipal approval.
- May be indoors or outdoors but must be enclosed.
- Guests must be 21+ years of age and cannot over-sell to its consumers.
- No food sales are permitted in consumption areas, but consumers may bring or have food delivered to the consumption area.
- Alcohol and tobacco consumption is prohibited.
- Application fees:
  - $1,000 for all businesses + $1,000 for microbusinesses –or- $5,000 for standard licenses

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N.J.S.A. § 24:61-21
N.J.S.A. § 24:61-42(g)

Clinical Registrant Permit

The proposed rules pertain to the permitting and operation of clinical registrants, which are clinically focused alternative treatment centers. Clinical registrants must be partnered with an academic medical center in the region to conduct research on medicinal cannabis and its applications - in addition to cultivating, manufacturing, and dispensing medicinal canna and medicinal cannabis products to qualifying patients and designated and institutional caregivers.

Hackensack Meridian
Hackensack University Medical Center

UNIVERSITY HOSPITAL
Newark, New Jersey

Robert Wood Johnson University Hospital | RWJBarnabas HEALTH

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N.J.S.A. § 2C.24:61-7.3

Testing Laboratories

The testing laboratories listed below are the only laboratories licensed by the New Jersey Cannabis Regulatory Commission to test medicinal and recreational cannabis for commercial sale. All laboratories are held to the state's guidelines for sampling, collection, labelling, preservation, transportation, storage, and testing. Tests are required to follow those guidelines for thorough examination for potency, pesticides, residual solvents, microbiological impurities, pathogens, heavy metals, allowed inactive ingredients, and stability.

Each one is required to submit a renewal application to the New Jersey Cannabis Regulatory Commission every year. Select the organization's name to view or to download PDFs of current licenses.

Active Cannabis Testing Laboratory Permits

Testing Laboratories	Address	Expiration Year

Testing Guidelines

- Each batch of cannabis must be tested – requirement to take effect when the "Commission certifies that a sufficient number of laboratories have been licensed . . ."
- No limit placed on number of labs.
- The Commission shall accreditation and licensure criteria for cannabis testing facilities.
- Evidence of ISO 17025 certification from an accreditation body that requires conformance by the testing laboratory to the International Organization for Standardization (ISO

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N.J.A.C. § 17:30-18 & 19

Marketplace Regulations

The CREAMM Act stipulates that at least 15% of licenses across all license classes should be awarded to minorities, and 15% should be awarded to women and disabled veterans.

The Commission shall accept new license applications and issue additional licenses, as it deems necessary to meet the market demands of the State

N.J.A.C. § 17:30-6.1(a) & (b)
https://www.forbes.com/sites/roberthoban/2020/08/31/the-critical-importance-of-social-equity-in-the-cannabis-industry/?sh=68f1a0ce1a6d

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Priority Review and Approval

applications are reviewed as they are received on a continuous rolling-basis

Social Equity

Are owned by people who have lived in economically disadvantaged areas of the state or who have past convictions for cannabis offenses;

Owned by individuals who have lived in an Economically Disadvantaged Area, as defined by a zip code that has 80% or less of the average median household income in the state; has a health uninsured rate that is at least 150% of the health uninsured rate in the State; and has a poverty rate that is at least 150% of the statewide poverty rate, as determined annually by the U.S. Census Bureau; or

Owned by individuals with previous marijuana-related convictions.

Diversely Owned Businesses

Are minority-owned, woman-owned, or disabled veteran-owned and certified as such by the New Jersey Department of the Treasury in one or more of the listed categories;

Impact Zone Businesses

Are located in an Impact Zone, owned by people from Impact Zones, or employ residents of Impact Zones. Note: Under the statute, Impact Zones are municipalities with a large population, high unemployment rate, or high numbers of crime or arrests for marijuana.

Cannabis

N.J.A.C. § 17:30-6.4
N.J.A.C. § 17:30-6.6
N.J.A.C. § 17:30-6.5

Specific Types of Licenses

Microbusinesses

- 100% of ownership interest must be current NJ residents who have lived in the state for the past two consecutive years.
- At least 51% of owners, 51% of principals, 51% of employees, or 51% of total persons included in the applicant or license holder must be residents of municipality where the micro-business will be located, or directly bordering.
- No more than 10 employees (full and part-time) / Square footage, canopy and product limits.
- AFTER 1 YEAR - can apply to CRC to convert permit.
- Shall always count toward %, notwithstanding the micro-businesses converted operations.
- Transfer & ownership restrictions.
- Not required to have a Labor Peace Agreement.
- Shall pay 50% of the amount of a standard license application, renewal, or other fee.
- Microbusiness conversion process – N.J.A.C 17:30-7.15
- *N.J.A.C. § 17:30-7.3, § 17:30-7.10, Compare to* C.24:6I-36(f)(2)(b)
- 10% of total licenses issued C.24:6I-37

Conditional Permits

- At least one owner who has resided in NJ for two years.
- Those with financial interest have adjusted gross income of no more than $200,000 / $400,000.
- No interest in another permit.

Conditional applicants need to submit: N.J.A.C. 17:30-7.3

- The mailing and physical address of the license applicant's proposed cannabis business premises or administrative office
- Background disclosure information,
- Business plan and a regulatory compliance plan.
- Conditional license-holders that convert to an annual license will not have to submit the sections of the application that, under statute, require applicants to demonstrate experience in a regulated cannabis industry.
- 35% of each license type C.24:6I-37

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N.J.A.C. § 17:30-6.7
N.J.A.C. § 17:30-7.2-8

License Holder Requirements

OPERATIONS MANUAL

Each cannabis business shall develop, implement, and maintain on the premises an operation manual that addresses, at a minimum, the following:

1. Adverse Event Reporting;
2. Quality assurance and quality control;
3. Recall of cannabis items as needed or directed;
4. Packaging and Labeling of cannabis items;
5. Inventory Control, Storage, Diversion Prevention;
6. Waste Disposal, Sanitation;
7. Accounting and tax compliance; and
8. Reporting of test results, as applicable, based on the class of license sought.
9. Hours of operation and after-hour contact information;
10. Fee schedule;
11. Confidentiality and privacy standards regarding cannabis business operations and consumers, as applicable;
12. For a cannabis retailer, criteria for refusing service to a consumer pursuant to unacceptable behavior; and
13. Procedures for ensuring consumers comply with cannabis business age verification policies.

RECORDKEEPING

A cannabis business shall maintain a complete and accurate confidential record of all sales of usable cannabis or cannabis products, including the cannabis business to whom the cannabis item is sold, if applicable, and the quantity, variety, form, and cost of the cannabis item.

Maintain business records including manual or digital records of assets and liabilities; monetary transactions; and journals, ledgers and supporting documents, including agreements, checks, invoices and vouchers, that the cannabis business keeps as its books of accounts.

Retain every written report from a testing laboratory for any cannabis item that the cannabis business cultivated, manufactured, or sold to a consumer.

Maintain personnel records

SECURITY

Each cannabis business shall provide effective controls and procedures to guard against unauthorized access to the premises or the business's electronic systems; theft, and diversion of cannabis. Such controls may include but are not limited to systems to protect against electronic records tampering

The security alarm system and video surveillance system pursuant to paragraph (b) shall be continuously monitored, 24 hours a day, seven days a week.

*These requirements do not apply to administrative offices distributors or delivery services where cannabis items are not possessed/stored.

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N.J.A.C. § 17:30-9.7
N.J.A.C. § 17:30-9.10
N.J.A.C. § 17:30-9.6

Prohibitions Applicable To Cannabis Businesses

- No cannabis item or alcohol to be consumed on the premises or administrative offices of the cannabis business, or in public areas in the vicinity of such premises or administrative offices.
- Sales of food, beverages, alcohol or tobacco on the premises of a cannabis business are prohibited, except that food may be sold to personnel in an area separate from the physical plant.
- Entry onto the premises of a cannabis business by a person who is under the age of 21 is prohibited, unless the individual is accompanied by and supervised by a parent or legal guardian or is otherwise permitted by law.
- A license-holder and its personnel and agents shall not sell or give for consumption any cannabis items to a person under 21 years of age.
- Pursuant to N.J.A.C. 17:30-9.4 (b), a cannabis business shall not use, display, advertise, or operate under any alternate name, including but not limited to any doing business as an alternate name, nor shall it hold itself out to be an entity operating under an alternate name.

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N.J. expands edible weed choices, levies $100K and $50K fines to two big companies

Updated: Sep. 09, 2023, 11:29 a.m. | Published: Sep. 09, 2023, 9:00 a.m.

- Category I – the exhibition of a pattern and practice of violating the requirements of the rules, posing a serious risk of harm to the health, safety, or welfare of consumers or personnel;
- Category II – the failure to comply with administrative requirements . . .
- Category III – the submission of fraudulent, false, or misleading information, as to a material fact, to the Commission, or falsifying or concealing any record required to be maintained by the license holder;
- Category IV – the failure of any owner, principal, management services contractor, employee, or volunteer of a cannabis business license holder or testing laboratory to register with the Commission and be issued a Cannabis Business Identification Card . . .
- Category V - other violations of the Commission's rules, or violations of valid ordinances established by municipalities that do not constitute a major violation.

Classification of Violations

Category	Violation 1	2	3	4 or after
I	Revocation			
II	$500,000	Suspension	Revocation	
III	$250,000	$500,000	Revocation	
IV	$10,000	$25,000	$50,000	Suspension
V	$5,000	$10,000	$25,000	$50,000

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Thank You