

State of New Jersey
CANNABIS REGULATORY COMMISSION

PHILIP D. MURPHY
Governor

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July 25, 2024

VIA CERTIFIED AND ELECTRONIC MAIL to: thomasmarino@thesocialleaf.com

Thomas Marino, CEO
The Social Leaf LLC
1616 Shady Lane
Toms River, New Jersey 08753

Re: NOTICE OF VIOLATION – The Social Leaf LLC; INV 141 24

Dear Mr. Marino,

This letter is a Notice of Violation, issued by the New Jersey Cannabis Regulatory Commission ("NJ-CRC") in accordance with N.J.A.C. 17:30-20.4 to The Social Leaf LLC ("Social Leaf"). The investigation commenced on April 22, 2024, and concluded on July 18, 2024, during which time Social Leaf was found to have committed the following regulatory violation:

1. Violation 1: 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 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...
- b. Failure to seek approval for such material changes pursuant to (a) above may result in sanctions upon the license 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.

Social Leaf submitted a request for a change of ownership that was assigned to an investigator in the Office of Compliance and Investigations on April 22, 2024. The change requested the transfer of one owners full stake in the company to the remaining members. During the course of the investigation, it was found that the change had been effectuated on November 30, 2023, prior to Board consideration, in violation of the regulations.

Within 20 business days of the receipt of the Notice of Violation, Social Leaf shall (1) Correct the violation; (2) Notify the Commission, in writing, with a postmark date that is within 20 business days of the date of receipt of the Notice of Violation, of any corrective actions taken to correct the violations, and the date of implementation of such corrective actions.

This Notice of Violation satisfies the NJ-CRC's responsibility to provide five-day notice before any enforcement action shall be taken, as required by N.J.A.C. 17:30-20.5. Social Leaf is notified that the above-referenced violations may result in the imposition of civil monetary penalties in accordance with the schedule set forth at N.J.A.C. 17:30-20.7.

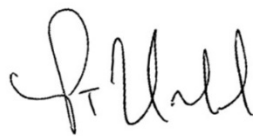
N.J.A.C. 17:30-20.5(a) establishes that: "In response to a violation of any provision of the Act or this chapter, the Commission is authorized to take enforcement action or impose sanctions upon a license holder. Sanctions may include, but are not limited to, civil monetary penalties; suspension, revocation, non-renewal, or denial of a license; referral to State or local law enforcement, pursuant to N.J.A.C. 17:30-20.6, 20.7, and 20.8; or any combination thereof." Corrective action taken by Social Leaf does not preclude the NJ-CRC from imposing penalties but may be taken into consideration when considering the penalty to be imposed for each violation. N.J.A.C. 17:30-20.6(f)(4).

Social Leaf has acted in violation of the Jake Honig Act, the CREAMM Act, and the implementing regulations by effectuating an ownership change prior to Board approval.

The NJ-CRC hereby orders Social Leaf to immediately conform its operations and ownership structure with the initial application on file with the Commission. The NJ-CRC reserves the right to impose sanctions for this regulatory violation.

The NJ-CRC appreciates your expeditious cooperation in this matter. Any questions regarding this correspondence can be sent via e-mail to your assigned Field Monitor.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Urbish", is written over a light gray rectangular background.

Paul Thomas Urbish, Esq.
Director
Office of Compliance and Investigations
New Jersey Cannabis Regulatory Commission