



State of New Jersey
CANNABIS REGULATORY COMMISSION

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March 8, 2023

CLADE9 NEW JERSEY LLC
Rich Fryling
rich@clade9.com
16 Drover Court
Trabuco Cyn, California 92679

*Re: **FINAL AGENCY DECISION***
APPROVAL OF ANNUAL LICENSE APPLICATION

Dear Rich Fryling:

Congratulations! The New Jersey Cannabis Regulatory Commission ("NJ-CRC") has approved your application for an Annual Class 1 Cannabis Cultivator license to operate an adult, personal-use cannabis business in the State of New Jersey.

This letter serves as written notice that the above-listed entity has submitted complete, accurate, and verifiable information, and the NJ-CRC has approved the entity to operate as a licensed cannabis business. As further explained below, receipt of this letter does not authorize the entity to engage in cannabis activities. Following this written notice of approval, the entity must notify the NJ-CRC within seven (7) business days whether it will accept the license or if it will abandon the license. Details on the Commission's review of application materials, terms and conditions of Commission approval, and next steps are provided below. Please read the following information carefully; failure to satisfy any requirements may result in penalties levied against the entity, including fines and license suspension, revocation, or renewal denial.

NJ-CRC Review of Application Materials

Pursuant to N.J.A.C. 17:30-7.9(g), the NJ-CRC shall approve a license applicant for an annual license that:

- (1) has submitted a complete annual license application in accordance with N.J.A.C 17:30-7.10;
- (2) has scored sufficiently high to be issued an annual license in accordance with the criteria included in the notice of application acceptance pursuant to N.J.A.C. 17:30-6.1 and 7.10;
- (3) has been deemed qualified to hold an annual license pursuant to N.J.A.C. 17:30-7.11; and

- (4) has submitted its annual license application submission fee pursuant to N.J.A.C. 17:30-7.17.

The NJ-CRC Board of Commissioners has determined that the above-referenced entity has satisfied all the criteria.

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 application materials. As such, the Commission's approval of the entity's application is subject to the terms and conditions explained below.

Adherence to the entity's plans submitted to the Commission and the terms and conditions below is an ongoing requirement for licensure as a cannabis business. Failure to adhere to the conditions and commitments in the entity's application materials, or failure to satisfy any required terms and conditions set forth below, may result in adverse action taken against the entity, 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.

As an annual license awardee, you are subject to the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization ("CREAMM") Act as well as all regulations implementing the CREAMM Act, set forth at N.J.A.C. 17:30. 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.

Additionally, please be advised that pursuant to N.J.A.C. 17:30-7.14(g), you have a continuing duty to report and, as applicable, seek approval for changes in the information submitted as part of the annual license application, pursuant to N.J.A.C. 17:30-9.2. Examples of material changes that must be approved by the NJ-CRC include:

- (1) any changes in ownership,
- (2) changes of management services contractors or changes to the terms of a management services agreements,
- (3) changes of financial sources or changes to the terms of a financial source agreement,
- (4) changes of location,
- (5) modifications of an entity's capacity, physical plant, or premises, and
- (6) changes of the cannabis business's name.

Please be advised that there will be an ongoing and continuing review of financial source and management services agreements to ensure the entity is compliant with the governing regulations. Entities are required to obtain a separate NJ-CRC approval for any management services agreements, financial source agreements, or vendor-contractor agreements.

Next Steps

Following this written notice of approval, the entity must notify the NJ-CRC within five (5) business days whether it will accept the license or if it will abandon the license pursuant to N.J.A.C.

17:30-7.14(b). The decision to accept or abandon of the license must be supplied by a letter from the entity's listed primary contact, submitted electronically to crc.licensing@crc.nj.gov. Pursuant to N.J.A.C. 17:30-7.14(c), an entity's failure to notify the NJ-CRC of its decision to accept or abandon the license by the specified deadline shall result in the license being deemed abandoned.

Upon accepting this provisional award, the entity is required to pay any application approval fees required pursuant to N.J.A.C. 17:30-7.17. 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.

Pursuant to N.J.A.C. 17:30-7.14(h), after the entity has completed any necessary construction or preparation to become operational, the entity shall request in writing that the NJ-CRC conduct a final onsite assessment. Thereafter, pursuant to N.J.A.C. 17:30-7.14(i), Commission staff will conduct a final onsite assessment of the cannabis business and shall determine whether the cannabis business premises, operations, plans, procedures, protocols, and actions are consistent with the annual license application and compliant with the CREAMM Act, the governing regulations, and any additional requirements provided by the NJ-CRC. The Commission will provide the annual license to the entity no later than 30 days after the onsite assessment, unless the NJ-CRC finds the entity is not in compliance with the governing regulations or the NJ-CRC is notified by the relevant municipality that the entity is not in compliance with its ordinances or regulations. After an annual license is issued, the entity must notify the NJ-CRC in writing of a proposed opening date for the cannabis business within fourteen (14) days of being issued an annual license.

Pursuant to N.J.A.C. 17:30-7.14(f), you have 365 days from the date of this written notice of approval to request a final onsite assessment.

If you are getting close to the deadline to become operational and wish to have your deadline extended, you may submit an extension request to the NJ-CRC's Permitting and Licensing Committee by sending a detailed request, along with supporting documentation or evidence, to crc.licensing@crc.nj.gov at least 15 days before the applicable deadline. The Committee cannot extend a regulatory deadline once it has passed. Submission of an extension request does not guarantee that you will be granted an extension. Cannabis businesses are encouraged to avoid last-minute requests by submitting their extension request as soon as the need for an extension becomes apparent. More information on requesting an extension is available at <https://www.nj.gov/cannabis/businesses>.

Again, congratulations on your successful application and thank you for your 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,

A handwritten signature in black ink, appearing to be 'DH' with a horizontal line extending to the right.

Dianna Houenou
Chairperson
New Jersey Cannabis Regulatory Commission