



MEMORANDUM

TO: CANNABIS REGULATORY COMMISSION BOARD
FROM: JEFF BROWN, EXECUTIVE DIRECTOR
SUBJECT: URB’N DISPENSARY PROPOSAL FOR ENFORCEMENT (INV 45 2024)
DATE: [APRIL 11, 2024](#)

BACKGROUND: On February 29, 2024, a Notice of Violation was issued to URB’N Dispensary, for violations that occurred at the entity’s Newark dispensary. The Compliance Unit within the Office of Compliance and Investigations for the New Jersey Cannabis Regulatory Commission (“NJ-CRC”) became aware of this violation through review of the licensee’s camera systems on February 15, 2024, and February 16, 2024. At that time, an investigation was conducted, and a recommendation was provided via e-mail to the Director of the Office of Compliance and Investigations. Upon a determination by the Director of the Office of Compliance and Investigations that violations had occurred, the matter was presented to Counsel’s Office for consideration. In coordination with Counsel’s Office and the Office of the Executive Director, the Notice of Violation was issued on February 29, 2024. On March 4, 2024, URB’N Dispensary responded to the Notice of Violation.

AUTHORITY:

N.J. Admin. Code § 17:30-9.12

(a) A cannabis business shall limit access to cannabis item storage areas to the minimum number of authorized personnel necessary to maintain safe and orderly operations.

1. When it is necessary for visitors to be present in or pass through cannabis item storage areas, the cannabis business shall provide for adequate observation of the area by cannabis business personnel whom the license holder specifically authorized by policy or job description to supervise the activity.

2. The cannabis business shall, in its standard operating procedures, identify the personnel with authorization to access the storage area.

(b) Each cannabis business shall securely store finished usable cannabis and cannabis products that are ready for sale in a locked area, which may include a locked room, cage, or safe, with adequate security and limited access.



1. For purposes of this subsection, “adequate security,” at a minimum, shall be assessed, established, and maintained based on:

- i. The quantity of cannabis items kept on-hand;
- ii. The cannabis business's inventory system for tracking and distributing cannabis items;
- iii. The number of owners, principals, employees, volunteers, management services contractor staff, or vendor-contractors who have or could have access to the cannabis items;
- iv. The geographic location of the cannabis business and its associated environmental characteristics, such as the remoteness of the premises from local populations and the relative level of crime associated with the area;
- v. The scope and sustainability of the security alarm system; and
- vi. The findings of root cause analyses of any breaches of security and/or inventory discrepancies for cannabis items at that location.

N.J. Admin. Code § 17:30-14.7

All cannabis items shall be stored in an enclosed indoor, locked area pursuant to N.J.A.C. 17:30–9.12 where access to such area is limited to an owner, principal, employee, or volunteer of a license holder or staff members of a license holder's management services contractor that possesses a Cannabis Business Identification Card when acting in their official capacity.

N.J. Admin. Code § 17:30-20.4

(a) During an onsite assessment, a review of financial records, or other Commission review of the license holder and its operations, if the Commission identifies a violation of the Act or this chapter, the Commission shall provide notice of the violation, including an official written report of the findings and the nature of the violation, to the cannabis business or testing laboratory within seven business days following the onsite assessment or other identification of the violation.

1. Such notice may be provided by service of written notice or the receipt of a written notice from an investigating officer that a violation has occurred, which may be presented to the license holder's owner, principal, or manager at the licensed premises or administrative



office, or through other reasonable form of notice, such as certified mail or personal service pursuant to N.J. Ct. R. 4:4-4.

(b) Unless otherwise specified by the Commission, within 20 business days of receipt of the notice of violation pursuant to (a) above, the cannabis business or testing laboratory shall:

1. Correct the violation(s); and
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.

(c) The violation identified pursuant to (a) above shall not be deemed corrected until the Commission verifies, in writing, within seven calendar days of receiving notice of corrective action pursuant to (b) above that the corrective action is satisfactory.

(d) If the violation identified pursuant to (a) above has not been corrected in accordance with (b) above, the Commission may, in its discretion, issue a notice of proposed suspension or revocation to the license holder and seek to revoke the cannabis business license in accordance with N.J.A.C. 17:30-20.8.

N.J. Admin. Code § 17:30-20.6

(a) This section sets forth civil monetary penalties for violations of the Act or this chapter and enforcement procedures for imposing and collecting civil monetary penalties by the Commission.

(b) A monetary penalty imposed by the Commission on a license holder pursuant to this subchapter may not exceed \$500,000 per violation. Penalties may be imposed on a license holder as follows:

1. Not more than \$500,000 per major license violation; and
2. Not more than \$50,000 per any other license violation.

(c) A violation by each entity or person per day shall constitute a separate incident for purposes of calculating the number of violations.

(d) The Commission may impose greater penalties for successive violations up to the maximum amounts set forth at (b) above.

(e) The penalty for a subsequent violation shall only be imposed if the license holder has been notified of the prior violation or violations.



1. Such notice may be provided by service of written notice or the receipt of a written notice from an investigating officer that a violation has occurred, which may be presented to the license holder's owner, principal, or manager at the licensed premises or administrative office, or other reasonable form of notice such as certified mail or personal service pursuant to N.J. Ct. R. 4:4-4.

2. If violations are discovered during an undercover or unannounced inspection or onsite assessment, then no notice of any prior violation is necessary to impose the penalty for a subsequent violation.

(f) Notwithstanding anything in this section, the Commission may, in the Commission's sole discretion, consider additional factors in determining the penalty for each violation. Such factors may include, but are not limited to:

1. Any prior violations that the license holder has admitted to or was found to have engaged in;
2. Good faith measures by the license holder to self-report or prevent the violation;
3. The license holder's record of compliance with the laws and rules pertaining to personal use cannabis;
4. Corrective action(s) taken by the license holder related to the current violation or prior violations;
5. Willfulness and deliberateness of the violation;
6. Likelihood of reoccurrence of the violation; and
7. Violations involving damage or danger to the life, health, welfare, safety, or property of any person.

(g) Any penalties, costs, and/or fees pursuant to this subsection may be imposed and collected by the Commission in a summary proceeding pursuant to the Penalty Enforcement Law of 1999, P.L. 1999, c. 274 (N.J.S.A. 2A:58-10 et seq.).

(h) The Commission may additionally seek reimbursement for the costs of the State, including, but not limited to:

1. Costs of investigation, expert witness fees and costs, attorney fees and costs, and transcript costs for violations; and
2. Costs of cleaning up, mitigating, or remedying any environmental damage caused by a cannabis business or testing laboratory.



(i) The license holder may request an adjudicatory hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B–1 et seq., and 52:14F–1 et seq., to contest the Commission's imposition of a civil monetary penalty for any license violation within 14 days of receipt of the notice of civil monetary penalty.

(j) If the license holder requests an adjudicatory hearing pursuant to (i) above, the Commission shall arrange for a hearing to be conducted by the Commission and a final agency decision shall be issued after the hearing by the Commission.

1. If the Commission affirms the civil monetary penalty, it shall become final.

(k) The cannabis business may, pursuant to N.J.A.C. 17:30–20.10, apply for injunctive relief against the Commission's civil monetary penalty in the New Jersey Superior Court, Appellate Division.

N.J. Admin. Code § 17:30-20.7

(a) Violations shall be categorized as follows:

1. Category I, which is 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;

2. Category II, which is the failure to comply with administrative requirements, such that the licensee or permittee poses an immediate and serious risk of harm or actual harm to the health, safety, or welfare of consumers, personnel, or the general public, including, but not limited to, transfer of cannabis to a person under 21 years of age;

3. Category III, which is 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;

4. Category IV, which is 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; or failure to complete training course, or failure to be in physical possession of their Cannabis Business Identification Card while acting in the course of their duties; and

5. Category V, which shall consist of other violations of the Commission's rules, or violations of valid ordinances established by municipalities that do not constitute a major violation.



(b) The Commission shall issue sanctions for violations of this chapter that account for the particular circumstances of the violation. The Commission shall consider, at a minimum, issuing the following sanctions for violations:

| Category | Violation 1 | Violation 2 | Violation 3 | Violation 4 |
|----------|-------------|-------------|-------------|-------------|
| 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 |

(c) A license holder shall pay an imposed civil monetary penalty by the time specified by the notice of enforcement action.

IN-DEPTH REVIEW: URB’N Dispensary failed over a period of days and after prior warning to properly secure their storage area, leaving the cage door open during operating hours when no employees had need or use for storage area access. Failure to secure the storage area is a violation of both N.J.A.C. 17:30-9.12 and 14.7.

As is required when a Notice of Violation is issued, URB’N Dispensary did provide a corrective action plan within 20 days of receipt of the Notice of Violation. URB’N Dispensary stated in its corrective action plan that it has corrected the violations. URB’N Dispensary has ensured since notice of the violation that the door for the vault has been locked at all times and has not been left open or ajar. Managers have been instructed to monitor the door at all times and have been directed to terminate employees who fail to securely maintain the storage area. Access to the storage area has been restricted to select employees performing specific duties. Regular security audits are being conducted to assess the effectiveness of the security measures in place. Employee training programs have been expanded to include specific protocols for securing and accessing cannabis and cannabis items.

RECOMMENDATION: It is the opinion of staff that URB’N Dispensary has failed, in the instances addressed in this memorandum, to adhere to the administrative requirements imposed by the regulations. This failure to adhere to the administrative requirements, however, did not pose an immediate and serious risk of harm or actual harm to the health, safety, or welfare of consumers, personnel, or the general public. Further, URB’N Dispensary was expeditious in responding to the Notice of Violation and addressed the Commission’s concerns with updated employee training programs, heightened vigilance regarding the status of the storage area door, and internal rules for further limiting access to the storage area. In consideration of the corrective action, and finding that no additional infractions have occurred since issuance of the Notice of Violation, it is



recommended that no civil monetary penalty be imposed on URB’N Dispensary for these violations.

If any penalty were to be imposed, it would be prudent that the violations be treated as a Category V violation.

APPENDIX

N.J. Admin. Code § 17:30-20.4

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