



State of New Jersey
CANNABIS REGULATORY COMMISSION
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SAMUEL DELGADO, *Vice Chair*
KRISTA NASH, *Commissioner*
MARIA DEL CID-KOSSO, *Commissioner*
CHARLES BARKER, *Commissioner*
CHRIS RIGGS, *Acting Executive Director*

RESOLUTION 2024-278
IMPOSITION OF SANCTIONS AGAINST LEAF HAUS LLC

WHEREAS, pursuant to N.J.S.A. 24:6I-35(a)(15), the New Jersey Cannabis Regulatory Commission (“Commission”) shall adopt rules and regulations, which shall include civil penalties for the failure to comply with regulations adopted pursuant to this section; and

WHEREAS, pursuant to N.J.A.C. 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 Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, P.L.2021, c.16, N.J.S.A. 24:6I-31 et seq., (the “Act”) or the implementing Personal-Use Cannabis Rules (the “Personal-Use Regulations”), 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; and

WHEREAS, pursuant to N.J.A.C. 17:30-20.4(b), unless otherwise specified by the Commission, within 20 business days of receipt of the notice of violation, the cannabis business or testing laboratory shall correct the violation(s) and notify the Commission, in writing, of any corrective actions taken to correct the violations, and the date of implementation of such corrective actions; and

WHEREAS, pursuant to N.J.S.A. § 2C:35-10a(b), transferring one ounce of usable cannabis without remuneration is permitted, “provided that such transfer is for non-promotional, non-business purposes”; and

WHEREAS, pursuant to N.J.A.C. 17:30-14.2(c), a cannabis retailer may sell usable cannabis and cannabis products to consumers in any authorized form, in accordance with N.J.A.C. 17:30-11.2(c). A cannabis retailer shall only sell usable cannabis and cannabis products that are packaged and labeled in accordance with N.J.A.C. 17:30-16.2 and 16.3; and

WHEREAS, pursuant to N.J.A.C. 17:30-14.2(e), a cannabis retailer shall only sell cannabis items directly to a consumer; and

WHEREAS, pursuant to N.J.A.C. 17:30-14.3(f), the cannabis retailer shall only sell to consumers cannabis items that have been properly tested, packaged, sealed, and labeled in accordance with the provisions at N.J.A.C. 17:30-16.2 and 16.3; and

WHEREAS, on April 9, 2024, a Notice of Violation was issued to Leaf Haus LLC for gifting samples of cannabis items at events and gifting expired cannabis and cannabis items to employees that Leaf Haus could no longer legally sell, which would constitute a transfer without remuneration for a promotional or business purpose; and

WHEREAS, on May 7, 2024, Leaf Haus LLC responded to the Notice of Violation and provided a corrective action plan within 20 days of receipt of the Notice of Violation; and

WHEREAS, pursuant to N.J.A.C. 17:30-20.5(a), 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; and

WHEREAS, pursuant to N.J.A.C. 17:30-20.6(b), a monetary penalty imposed by the Commission on a license holder pursuant to this subchapter may not exceed \$500,000 per major violation or \$50,000 per any other license violation; and

WHEREAS, pursuant to N.J.A.C. 17:30-20.6(c), a violation by each entity or person per day shall constitute a separate incident for purposes of calculating the number of violations; and

WHEREAS, pursuant to N.J.A.C. 17:30-20.6(d), the Commission may impose greater penalties for successive violations up to the maximum amounts; and

WHEREAS, pursuant to N.J.A.C. 17:30-20.6(f), 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; and

WHEREAS, pursuant to N.J.A.C. 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;

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Cannabis Regulatory Commission that Leaf Haus LLC violated the Act and regulations by gifting cannabis samples at events and gifting expired cannabis to employees. The Commission further finds that the violation 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.

The Commission has determined to impose a penalty of \$5,000.00 against Leaf Haus LLC pursuant to N.J.A.C. 17:30-20.6 and 20.7. A Notice of Enforcement shall be provided to the license holder in accordance with this Resolution and the Commission's regulations.

Pursuant to N.J.A.C. 17:30-20.6(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 Enforcement Action.

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Submitted by:



Dianna Houenou, Chair

CERTIFICATION

I hereby certify that the foregoing is a true copy of the Resolution adopted by the Cannabis Regulatory Commission at its meeting held on the 19th day of September 2024.



Dave Tuason, Chief Counsel

Vote on the Approval of This Resolution	Motion	Second	Yes	No	Abstain	Absent	Recused
Commissioner Barker			X				
Commissioner Del Cid-Kosso							X
Vice Chair Delgado			X				
Chairwoman Houenou		X	X				
Commissioner Nash	X		X				