



State of New Jersey
CANNABIS REGULATORY COMMISSION

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Governor

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Lt. Governor

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Director

December 20, 2024

Daemen Reese
Happy Kola Brands, LLC
[REDACTED]

*Re: FINAL AGENCY DECISION
APPROVAL OF APPLICATION TO CONVERT FROM CONDITIONAL
LICENSE TO AN ANNUAL LICENSE*

Dear Daemen Reese:

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 five (5) 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. 17:30-7.7(f), the NJ-CRC shall approve an application to convert a conditional license to an annual license where the license applicant:

- (1) has submitted a complete conditional license conversion application in accordance with N.J.A.C. 17:30-7.8;
- (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 7.8;
- (3) has been deemed qualified for an annual license pursuant to N.J.A.C. 17:30-7.11;
- (4) has submitted its conditional conversion application submission fee, as applicable, pursuant to

- N.J.A.C. 17:30-7.17; and
- (5) has submitted sufficient information for the Commission to determine that it is implementing the plans, procedures, protocols, actions, or other measures set forth in its conditional license application and is in compliance with all applicable conditions.

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 seek approval for or report material 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 reported to the NJ-CRC for approval include:

- (1) any changes in ownership,
- (2) changes of management services contractors or changes to the terms of a management services agreement,
- (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.

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 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 determine whether the cannabis business's 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 Resolution 2024-220, the Commission has waived the requirement under N.J.A.C. 17:30-7.14(f), to request a final onsite assessment within 365 days. However, please be advised that awardees shall remain subject to all other terms and conditions of their FADs, including the requirement to demonstrate to the Commission that they have satisfied all commitments enunciated in their application. Please refer to the attached Certificate of Waiver for more details. Questions regarding the waiver or its applicability to your business should be directed to your assigned field monitor.

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 read 'DH' followed by a horizontal line.

Dianna Houenou
Chairperson
New Jersey Cannabis Regulatory Commission