Conditional Adult-Use Retail Dispensary (CAURD)

Frequently Asked Questions

Overview

On July 14, 2022, the Cannabis Control Board (Board) directed the Office of Cannabis Management (Office) to file regulations to be effective for the Conditional Adult-Use Retail Dispensary (CAURD) License.

CAURD licensees are the first retail dispensaries to open for legal adult-use cannabis sales in New York State, establishing businesses owned by justice-involved individuals at the bedrock of New York’s adult-use cannabis market. CAURD licensees are positioned to make New York’s first legal cannabis sales before the end of 2022, speeding the delivery of investments into communities across New York State that were impacted by the disproportionate enforcement of cannabis prohibition.

Please be aware that the Office is diligently working on the roll-out of additional license opportunities for the broader adult-use cannabis market and will be sharing more information on these opportunities soon.

Please continue to monitor the Office’s website for updates as future license information becomes available. If you have not done so already, please sign-up for updates from the Office at https://cannabis.ny.gov/sign_up_for_updates_from_OCM.
Conditional Adult-Use Retail Dispensary (CAURD)

Frequently Asked Questions

**What is CAURD? Am I Eligible?**

1. **What is the Conditional Adult-Use Retail Dispensary License?**

   Conditional Adult-Use Retail Dispensary (CAURD) Licenses will be the first adult-use retail dispensary licenses issued in New York State. The businesses awarded this license (licensees) will be the first to sell adult-use cannabis in New York State. Licenses will be approved by the Board and issued by the Office.

   The Office anticipates receiving many applications for the CAURD license. Not all applicants will be approved. To obtain a license, applicants must meet all eligibility requirements and submit a competitive application.

   If you do not meet the eligibility requirements for a CAURD license, or you apply and are not selected, you may have other opportunities to apply for an adult-use cannabis license in the future. Different license types are outlined in the Cannabis Law relating to adult-use cannabis, including retail dispensary, on-site consumption, distribution, cultivation, processing, and more. The Office anticipates releasing regulations and additional details for other license types in the coming months.

2. **Who is eligible for CAURD?**

   There are two sets of eligibility criteria. Applicants can choose to apply under the qualifying business criteria or the qualifying nonprofit criteria.

   To be eligible under the **qualifying business criteria**, at least thirty percent (30%) of the applicant must be owned by an individual who is/has:

   - Justice involved, as described in [question 13];
   - Qualifying business experience, as described in [question 21];
   - Sole control of the applicant, as described in [question 6]; and
   - Significant presence in New York State, as described in [question 4].

   In addition, the applicant must be majority owned by justice involved individuals, as described in [question 5]. Upon application the Office will request documentation evidencing the eligibility criteria above, where applicable.

   To be eligible under the **qualifying nonprofit criteria**, at least thirty percent (30%) of the applicant must be owned by a qualifying nonprofit organization that has:
• A history of creating vocational opportunities for current or formerly incarcerated individuals, including justice involved individuals;

• A history of intentionally serving current or formerly incarcerated individual, including justice involved individuals;

• At least one justice involved board member, officer, governing committee member, or advising committee member;

• At least five full time employees;

• Operated a social enterprise that had net assets or profit for at least two (2) years, defined as a business serving customers, operated by a nonprofit or fiscally sponsored by a nonprofit, which both fulfills the parent organization’s mission and generates revenue. For more information on a social enterprise, please see the CAURD Social Enterprise Definition;

• Sole control of the applicant, as described in question 6; and

• Significant presence in New York State or otherwise meets the definition of applicant in the Cannabis Law, as described in question 4.

In addition, the applicant must meet the ownership criteria set forth in the Qualifying Nonprofit FAQs.

All applicants must show that the following are US citizens or permanent residents:

• all members of a partnership; or

• if a corporation, each of its principal officers and more than one half of the directors.

All parties interested in a license must be at least twenty-one (21) years old.

3. What types of businesses are eligible to apply for a CAURD license?

Any business—regardless of its corporate structure—can apply for a license. For purposes of this FAQ and your application, the business that will operate your dispensary if you are selected for licensure is the “applicant.” This license will be available only to applicants who meet all eligibility requirements. If you do not meet the eligibility requirements, you will not be able to apply for CAURD.

4. What does it mean to have “significant presence” in New York State?

CAURD licensees must meet the eligibility requirements listed above in question 2, including having a “significant presence,” in New York State. Significant presence means that the person with sole control and at least thirty percent (30%) ownership of your retail dispensary must have residency (live in), assets (vehicles, land, etc.), real property (this includes primary, secondary, and/or rental homes), a bank account, or some other connection with or in New York State.

If you are not sure if your owner has “significant presence” in New York State, please contact the Office at: licensing@cannabis.ny.gov.
Applicants that are eligible under the qualifying nonprofit criteria can meet the significant presence requirement or meet the definition of an applicant in the Cannabis Law by having a principal corporate location in New York State, being organized under the laws of New York State, or by having a majority of the board members be residents or physically present in New York State.

**For more information on qualifying nonprofit eligibility please review the FAQs here.**

5. **What are the ownership and control requirements?**

For applicants eligible under the qualifying business criteria, one (1) justice involved individual who also has owned at least ten percent (10%) of, and controlled, a qualifying business must own at least thirty percent (30%) of the applicant and have sole control of the applicant. Other justice involved individuals who did not own and control a qualifying business may also be a part of the ownership group. Justice involved individuals combined must own at least fifty-one percent (51%) of the applicant.

You must meet these ownership and control requirements to be eligible to apply, and—if selected for licensure—you must continue to meet these requirements for the entire time your dispensary has a conditional adult-use retail dispensary license.

If you are eligible under the qualifying nonprofit criteria, the ownership and control minimums are different.

**For more information on qualifying nonprofit eligibility please review the FAQs here.**

6. **What does “control” of a business mean?**

Having control over a business means you had the power to order or direct the management, managers, or policies of a business. You might have had control over a business if you had the authority to:

- approve the business’ operating budget,
- maintain the books or financial records for the business,
- hire or fire executive personnel, or
- approve contracts for management of facility services (e.g. HVAC, custodial, plumbing, etc).

There are many more ways to have had control over a business. If you’re unsure about whether the justice involved owner of the applicant had control over their qualifying business, contact the Office at licensing@cannabis.ny.gov.

Remember—as explained in question 5—one justice involved individual must show they have both owned and controlled a qualifying business (as described in question 19) and that they will own and control the retail dispensary (the applicant).
7. I am a justice involved individual and I have not owned and controlled a qualifying business. Can I become eligible by partnering with someone who is not justice involved but has owned and controlled a qualifying business?

No. As explained in question 5, one justice involved individual who also has owned at least ten percent (10%) of, and controlled, a qualifying business, must own at least thirty percent (30%) of the applicant and have sole control of the applicant.

8. My CAURD applicant has multiple justice involved owners—do we all need to have owned and controlled a qualifying business?

No. As explained in question 5, only one of those justice involved individuals must have owned and controlled a qualifying business. That individual must also own at least thirty percent (30%) of the applicant and have sole control of the applicant. Justice involved persons must collectively own fifty-one percent (51%) of the applicant.

9. If I am not eligible to apply for a CAURD license—or if I apply and I am not awarded a CAURD license—will I be able to get an adult-use retail dispensary license or any other cannabis license in New York?

If you do not meet the eligibility requirements for this license, or your application is not selected to receive a license, you will have the opportunity to apply for an adult-use retail dispensary license in the future.

The Cannabis Law outlines many different license types including cultivation, nursery, processing, distribution, delivery, retail dispensary, on-site consumption, cooperatives, and microbusiness. The Office will release regulations outlining the eligibility requirements and selection process for those licenses in the coming months. CAURD will not be the only retail dispensary licenses awarded by the Office.

Please Note: An applicant may be banned from seeking future licensing opportunities if the applicant commits fraud on their application.

10. I am an Adult-Use Conditional Cultivator or Adult-Use Conditional Processor licensee. Can I apply for a CAURD license?

No. While you may be eligible for a license and may wish to apply, the Cannabis Law has restrictions against having an interest in a cultivation and retail adult-use cannabis license at the same time.

11. Can I invest in multiple CAURD licenses?

A True Party of Interest (TPI) in a CAURD license can have an interest in up to three adult-use cannabis retail dispensaries. Please monitor the Office’s website for additional information and FAQ related to TPI.
Please note the Cannabis Law creates a strict two-tier market prohibiting licensees authorized to sell adult-use cannabis at retail from having an interest in any license authorized to cultivate, process, or distribute adult-use cannabis in New York State. Therefore, neither a CAURD licensee nor any of its TPI may have any direct or indirect interest in an adult-use cannabis cultivator, processor, distributor, registered organization, microbusiness, or on-site consumption license, or a permitted laboratory. Please continue to monitor cannabis.ny.gov/licensing for up-to-date rules and guidance related to financial ownership and TPI.

12. **Does a CAURD license permit me to open multiple dispensaries?**

No. A CAURD license authorizes the acquisition, possession, sale, and delivery of cannabis from a single licensed premises. Licensees, or any TPI of a retail dispensary licensee, cannot have a direct or indirect financial or controlling interest in more than three (3) CAURD licenses. Please note, the Board does not intend—at this time—to award CAURD licenses in a manner that would result in the same individual having sole control over more than one licensee.

For more information on TPIs and ownership restrictions, see question 11 above and the ‘Completing your Application’ FAQs here.

**Justice Involved Individual**

13. **What does it mean to be a justice involved individual?**

A justice involved individual is someone who:

- Was convicted of a marihuana-related offense in New York State before March 31, 2021; or
- Had a parent, legal guardian, child, spouse, or dependent who was convicted of a marihuana-related offense in New York State prior to March 31, 2021; *Note*: Spouses include those individuals who were in a domestic partnership because they were not legally permitted to marry in New York State prior to the enactment of the Marriage Equality Act (June 24, 2011); or
- Was the dependent of someone who was convicted of a marihuana-related offense in New York State before March 31, 2021.

As part of the application process, applicants will be required to submit documentation proving this conviction and the convicted individual’s address at the time of their arrest or conviction. If applicable, you may also be asked to prove the justice involved individual’s relationship to the convicted family member.

For more information on completing your application please review the ‘Completing your Application’ FAQs here.

14. **What is a marihuana-related offense?**

A marihuana-related offense is:
• An offense described under article 221 of the New York State Penal Law (Offenses Involving Marihuana) prior to its repeal on March 31, 2021; or

• An offense described under article 220 or section 240.36 of the Penal Law where the substance involved was Marihuana, that occurred prior to the creation of article 221 in 1977; or

• An arrest for an offense as described above that ultimately led to a conviction for another offense, such as non-drug offense, violation, or misdemeanor, by means of a plea deal or other mechanism.

An offense that is otherwise prohibited under Section 137 of Cannabis Law cannot be a marihuana-related offense. For more information on Section 137 of the Cannabis Law, see question 15.

15. I was arrested for a marihuana-related offense, but I was convicted of a different offense. Am I justice involved?

Individuals who can provide evidence they (or their parent, legal guardian, child, spouse, or dependent; or someone that they were a dependent of) were arrested for a marihuana-related offense before March 31, 2021, may be considered justice involved if they were ultimately convicted of a different offense.

16. I was convicted of crimes other than a marihuana-related offenses, does that make me ineligible for CAURD?

It depends on the nature of the crimes. Under Section 137 of the Cannabis Law, certain felony convictions trigger a review process by the Board to determine eligibility. These are not automatic disqualifications, however.

Offenses specifically mentioned in Section 137 include individuals with any of the felony convictions listed below within the past three years:

• Fraud
• Money laundering
• Forgery or other unlawful conduct related to owning and operating a business
• Hiring, employing, or using a minor in transporting, carrying selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing offering to furnish, administering, or giving any controlled substance to a minor (NYS PL 221.50).

17. I believe I am eligible for a CAURD license because a family member of mine was convicted of a marihuana-related offense. Can you clarify what kind of family relationships make you a justice involved individual?

There are many types of family relationships that make you a justice involved individual, however there are some types of relationships that do not qualify. The
below table shows some examples of types of relationships and if they would make an individual justice involved.

<table>
<thead>
<tr>
<th>Could Make Me Justice Involved</th>
<th>Could Not Make Me Justice Involved</th>
</tr>
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<tbody>
<tr>
<td>My sibling, whom I was a dependent of, was convicted of a marihuana-related offense.</td>
<td>My sibling, whom I was not a dependent of, was convicted of a marihuana-related offense.</td>
</tr>
<tr>
<td>My spouse was convicted of a marihuana-related offense before we were married.</td>
<td>My boyfriend/girlfriend/partner was convicted of a marihuana-related offense when we were living together, but we were never married.</td>
</tr>
<tr>
<td>My child was convicted of a marihuana-related offense while they were under 18 and living at home.</td>
<td>My child’s other parent was convicted of marihuana-related offense, but we were never married.</td>
</tr>
<tr>
<td>My parent was convicted of a marihuana-related offense before I was born.</td>
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<tr>
<td>My biological parent was convicted of a marihuana-related offense – but we never lived in the same home.</td>
<td></td>
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<tr>
<td>My grandparent was convicted of a marihuana-related offense and they were my legal guardian or I was their dependent.</td>
<td>My grandparent was convicted of a marihuana-related offense, but they were not my legal guardian and I was not their dependent.</td>
</tr>
<tr>
<td>A person who was my domestic partner at the time of their arrest or conviction of a marihuana-related offense but is now my spouse because Marriage Equality made our marriage legal.</td>
<td>A person who became my domestic partner after NYS Marriage Equality legislation permitted same-sex marriage.</td>
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18. **My family member who was convicted of marihuana-related offense was deported as a result of their conviction, am I still justice involved?**

Yes. If your parent, legal guardian, child, spouse, or dependent was deported due to being convicted of a marihuana-related offense in New York State, or you were the dependent of someone who was deported due to being convicted of a marihuana-related offense in New York State, then you are justice involved if you can provide documentation of the conviction.
19. I was in a same sex domestic partnership when my spouse was convicted of a marihuana-related offense before same sex marriage was legal in NYS – does this make me “justice involved”?

Yes. For the purpose of this license, an individual is justice involved if their spouse has a marihuana-related conviction (as defined above). Spouses include those individuals who were in a domestic partnership because they were not legally permitted to marry in New York State prior to the enactment of the Marriage Equality Act (June 24, 2011).

For more information on completing your application please review the ‘Completing your Application’ FAQs here.

20. How can I prove that I was a guardian and/or dependent of someone who was convicted of a marihuana-related offense?

In addition to submitting documentation of the marihuana-related offense conviction in question, you would also need to provide documentation of the relationship you have with the individual who was convicted.

This could include a birth certificate, adoption paperwork, tax forms showing that you claimed an individual as your dependent or that someone claimed you as a dependent, or a legal document showing guardianship or dependency.

For more information on completing your application please review the ‘Completing your Application’ FAQs here.

Qualifying Business

21. What is a qualifying business?

A qualifying business is a business that had net profit for two (2) of the years the business was in operation. Any business can be a qualifying business, no matter the type of services it provided, structure of the business, or where it was located.

As described in question 5, one justice involved individual who also has owned at least ten percent (10%) of, and controlled, a qualifying business must own at least thirty percent (30%) of the applicant and have sole control of the applicant.

For more information on a qualifying business, see the CAURD webpage.

22. I'm a justice involved individual because of a family member's conviction. Can I also count that family members' business experience?

No. Although a family member’s conviction can make you a justice involved individual, you cannot count a family member’s experience owning and controlling a qualifying business as your own.

As described in question 5, for the convicted family member’s business experience to count towards the license eligibility, that family member would have to own the
applicant. That family member would need to own at least thirty percent (30%) of the applicant and solely control the applicant.

23. **I am justice involved and have owned and controlled a qualifying business, but I do not own the majority of the business applying for a CAURD license. Am I eligible?**

That depends on whether other justice involved individuals also own the applicant. As described in question 5, justice involved individuals must own a majority of the applicant.

If one justice involved individual who has owned and controlled a qualifying business owns at least thirty percent (30%) of the applicant, then other justice involved owners of the applicant do not need to have owned and controlled a qualifying business. All justice involved individuals combined must own at least fifty-one percent (51%) of the applicant.

**Application and Documentation**

24. **What kind of documentation do I need to submit to prove that I am eligible for CAURD?**

Applicants will be required to submit documents to prove eligibility including:

- Documentation showing you are justice involved;
- Proof of where the individual who was convicted of the marihuana-related offense lived at the time of the arrest/conviction; and
- Proof of ownership and control of a qualifying business.

*[For more information on completing your application please review the 'Completing your Application' FAQs here.]*

25. **What other kind of documents will I have to submit with my CAURD application?**

Applicants will be required to submit a range of documents. This will include:

- Proof you meet the eligibility criteria;
- Documents that identify all the individuals, partners, and/or organizations that will own or control your retail dispensary, including their financial disclosures;
- A business plan for the applicant; and
- Financial documents related to the applicant.

*[For more information on completing your application please review the 'Completing your Application' FAQs here.]*
26. What if I do not have audited financial statements?

If the applicant was formed within the year preceding the application, you are not required to provide audited financial statements. Instead, you must provide certified financial statements for the period of time the applicant has existed. Certified financial statements are financial statements that have been compiled by an accountant but have not been audited by an accountant. If the applicant has no financial activity, you are still required to provide financial statements.

If the applicant is an existing business that has been operating at least one (1) year prior to this application, you must provide audited financial statements for that business as part of this application.

You will not be required to provide financial statements until the final stages of the application process, which will be made clear as you go through the online application. Selected applicants will be notified by the Office when they must submit this as part of their application.

27. What do I do if I cannot prove where I lived at the time of arrest?

The Board may provide alternative forms of evidence that may be accepted for proof of residency if an applicant is unable to provide documentation listed in section 116.1(t)(1-12) of the CAURD regulations.

For more information on completing your application please review the 'Completing your Application' FAQs here.

28. What documentation is needed to prove that I own at least ten percent (10%), and controlled, a qualifying business?

You will be asked to submit tax documents which show that the qualifying business (or social enterprise) was profitable for two (2) years. The Office may accept other documentation if you cannot obtain tax documents for the qualifying business, such as business bank account records or audited financial statements. Documentation must prove that ownership for at least two (2) years and show a net profit during that same period. Depending on the type of documentation you provide, the Office may ask you to provide additional information to substantiate that you owned a qualifying business.

For more information on completing your application please review the ‘Completing your Application’ FAQs here.

29. How will CAURD applications be scored?

If you are an entity applying under the qualifying business criteria, you will be scored based on specific factors related to the justice involved individual and the qualifying business.
If you are eligible under the qualifying nonprofit criteria, you will be scored based on specific factors relating to the qualifying nonprofit organization and its social enterprise.

Please see the Scoring and Selection page for more detail on what will be scored.

30. I read through the eligibility criteria for CAURD licensure and don’t meet all the qualifications. Does this mean I won’t be able to get a license to operate a cannabis business in NYS?

No—these licenses are just the first step in building New York State’s cannabis industry. There are additional adult-use license types outlined in New York State Cannabis Law for which the Board will be posting regulations in the coming weeks and months. This includes additional adult-use retail dispensary licenses that will not require a justice involved individual who owned a qualifying business.

**Dispensary Set-Up and Location**

31. Can I choose where my CAURD licensed retail dispensary will be located?

Applicants who are selected will be assigned a retail dispensary location in one of the fourteen (14) geographic regions of NYS. When applying you will be asked to indicate which region(s) of the State you would prefer to be assigned a license in. You will be able to rank your top five (5) preferred regions. You will not be able to choose the specific street address or neighborhood for this dispensary. Provisional licensees will be able to share their preferences among the available locations in the region for which they have been selected.

If you would like to select your own site for a retail dispensary, the CAURD license may not be the right fit for you. Future adult-use retail dispensary licenses (and those for on-site consumption sites) will have more flexibility in allowing licensees to choose their own location.

32. How will CAURD licensed retail dispensary locations be assigned?

After all applications have been scored, applicants will be ranked by score within their first preference region. The top scoring applicants in each region will be selected and provisionally approved. Applicants will be assigned to locations in accordance with their preferences sequentially by their score.

33. Will I be able to move my CAURD licensed retail dispensary once it is opened?

Once a location is provided and accepted, the applicant is not allowed to move locations during the four (4) year conditional period.

Please note, pursuant to the Cannabis Law, some local governments have chosen to opt-out of allowing adult-use cannabis retail sales within their jurisdictions. Applicants are not authorized to open a retail dispensary in municipalities that opted out of cannabis retail sales before the State’s January 2022 deadline. Applicants will
be required to notify municipalities of their plans to open a retail dispensary and to comply with all local rules and regulations pertaining to the time, place, and manner, not to be unreasonably impracticable as determined by the Board and as described in rules to be promulgated by the Board.

**Cannabis Investment Fund and Loan**

34. **What is the New York Social Equity Cannabis Investment Fund (Fund)? Is that where I get a loan?**

The Office offers loans through the Fund which licensees will not be liable to repay in the event of a default. Loans will be disbursed by the Fund, operated by a general partner, who will be available to the licensee for any questions. Please note the general partner is not a business advisor—they will not give you advice on business operations.

Individual lease terms will reflect a market rate rental price for the location provided, meaning locations in more expensive markets may have more expensive monthly fees. Additionally, the licensee will be responsible to pay a program fee to the Fund for their rent of the assigned location and any loans received by the licensee.

Please continue to monitor the Office’s website for terms related to the Fund. The Office and/or Fund will make available business technical services for applicants for the purposes of accelerating the CAURD’s business plans to open a retail dispensary.

35. **What can I use the loan money for?**

Loans offered through the Fund can be used for construction, renovations, and equipment purchasing associated with establishing or developing your retail dispensary.

36. **I have a question about CAURD that is not answered here. Who can I contact?**

If your question is not answered here, view the other information on the CAURD website or—if your question is not answered there—contact the Office at licensing@ocm.ny.gov or call 1-888-OCM-5151 (1-888-626-5151).