



Conditional Adult-Use Retail Dispensary (CAURD) *Frequently Asked Questions*

What is a Qualifying Business?

[As explained in the CAURD Frequently Asked Questions](#), applicants and licensees must be owned and controlled by a justice involved person who owned at least ten percent (10%) of and controlled a qualifying business for two (2) years, unless eligible under the qualifying nonprofit criteria.

Any Business Can Be a Qualifying Business!

Any business can be a qualifying business, no matter the type of services it provides, the corporate structure of the business, or where it is located. A business does not need to still be operating to be a qualifying business, nor does it need to be currently owned by the justice involved person if it is still operating. Businesses of any structure can be a qualifying business. Some common structures are a sole proprietorship, a partnership, a limited liability company, a corporation, or a cooperative.

An Independent Contractor is a Business Owner

If you were a profitable independent contractor for at least two (2) years, you may have owned a qualifying business. [As outlined by the New York State Department of Labor](#)¹, there are some instances where an independent contractor may be misclassified. If the Office believes your qualifying business is an employer-employee relationship misclassified as an independent contractor, the Office may ask for additional information about the business or a determination from the New York State Department of Labor.

What Makes a Business a Qualifying Business?

For a business to be a qualifying business, it must both:

Be (or have been) profitable for at least two (2) years

You will be asked to submit tax documents which show that the qualifying business was profitable for two (2) years. The Office may also accept other documents for the qualifying business.

Depending on the corporate structure of your qualifying business, some documents that the Office would accept as evidence of your qualifying business' profit include:

- [IRS Form 1040, Schedule C](#)
- [IRS Form 1065](#)
- [IRS Form 1120](#)
- [IRS Form 1120-S](#)
- Business bank account records
- Audited financial statement

¹ New York State Department of Labor publication IA318.14



Be (or have been) owned by ten percent (10%) or more, and controlled, during two (2) profitable years, by a justice involved individual.

The Office will use the documents you submit to prove your qualifying business' profitability to also prove that it is (or was) owned and controlled by a justice involved individual who will also own your dispensary if you are awarded a license. If the documents you submit don't show this individual's ownership, the Office may contact you for additional information.

[As described in the CAURD FAQ](#), 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 your dispensary (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 of the applicant. All justice involved individuals combined must own at least fifty-one percent (51%) of the applicant.

What is a retail business?

A retail business is one where at least 75% of the annual dollar volume of sales is direct to customers and not for resale. A retail business could include but is not limited to grocery stores, hardware stores, clothing stores, restaurants, hotels, watch repair establishments, barber shops, and other such local establishments selling goods and services to the general public, as established in section 116.4(c)(3)(iv) of the CAURD regulations.

Question Not Answered Here?

If your question is not answered here, [view the CAURD FAQ](#) or contact the Office at licensing@ocm.ny.gov or call 1-888-OCM-5151 (1-888-626-5151)