



# Conditional Adult-Use Retail Dispensary (CAURD)

## *Scoring Criteria and Selection Process*

This document is a summary of the scoring criteria and selection process for the Conditional Adult Use Retail Dispensary (CAURD) licensure. This document outlines the minimum eligibility criteria for licensure; the criteria on which applicants will be scored; reasons for applicant disqualification; the selection process to identify provisional licensees; and the process that will be used to assign provisional licensees to approved locations across New York State before receiving a final license from the Office of Cannabis Management (Office).

### **Minimum Eligibility Criteria**

There are two sets of eligibility criteria for CAURD. Applicants can choose to apply under the Qualifying Business Criteria or the Qualifying Nonprofit Criteria.

#### **Qualifying Business Criteria:**

To be eligible under the Qualifying Business Criteria, applicants must provide documentation evidencing that at least thirty percent (30%) of the applicant is owned by one individual who is/has:

- Justice involved: Conviction of a marijuana-related offense in New York State before March 31, 2021, on either themselves or a parent, legal guardian, child, spouse, or dependent; and
- Qualifying business experience: At least ten percent (10%) ownership, for at least two years, in a business that had positive net profits during the individual's ownership; and
- Sole control over the applicant, as defined by having the power to order or direct the policies, management, and managers of the business.

In addition, the applicant must meet the fifty-one percent (51%) justice involved owner criteria threshold described in the Ownership and Control Criteria section below.

#### **Qualifying Nonprofit Criteria:**

To be eligible under the Qualifying Nonprofit Criteria, applicants must provide documentation evidencing that at least thirty (30%) of the applicant is owned by one qualifying nonprofit organization that has:

- A history of creating vocational opportunities for current or formerly incarcerated individuals, including justice involved individuals; and
- A history of intentionally serving current or formerly incarcerated individuals, including justice involved individuals; and



- At least one justice involved board member, officer, governing committee member, or advising committee member; and
- At least five full time employees;
- Been recognized as an entity pursuant to section 501(c)(3) of the Internal Revenue Code;
- Operated a social enterprise that had net assets or profit for at least two 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](#); and
- Sole control over the applicant, as defined by having the power to order or direct the policies, management, and managers of the business.

In addition, the applicant must meet the qualifying nonprofit ownership threshold criteria described in the Ownership and Control Criteria section below.

#### Justice Involved and Marihuana-Related Offenses

A justice involved individual is someone who has been convicted of a marihuana-related offense in New York State before March 31, 2021; someone whose parent, spouse, child, legal guardian, or dependent has been convicted of a marihuana-related offense in New York State before March 31, 2021; or someone who is the dependent of someone who has been convicted of a marihuana-related offense in New York State before March 31, 2021. Unless otherwise prohibited under Section 137 of Cannabis Law, a marihuana-related offense is defined as:

- 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;
- An offense described under section 3382 of the New York State Public Health Law (Growing of the Plant Known as Cannabis by Unlicensed Persons) prior to its repeal on March 31, 2021;
- An offense described under article 105 of the New York State Penal Law where the conduct involved is an offense as described above; 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.



Significant Presence – Qualifying Business Criteria:

All applicants must have significant presence in New York State or otherwise meet the definition of an applicant in the Cannabis Law. If the applicant is eligible under the Qualifying Business Criteria, the owner with sole control of the applicant must have:

- Residency in New York State; or
- Assets, bank accounts, or property held in New York State; or
- Some other connection with or in New York State.

Significant Presence – Qualifying Nonprofit Criteria:

If the applicant is eligible under the Qualifying Nonprofit Criteria, the qualifying nonprofit with sole control of the applicant must:

- Be incorporated or organized under the laws of New York State; or
- Have its principal corporate location in New York State; or
- Have a majority of its board members reside or be physically present in New York State no less than 180 days in the current year or 540 days over three years.

Applicants that are eligible under the Qualifying Nonprofit Criteria can be organized as a separate entity from the qualifying nonprofit, as long as the entity that will be operating the retail dispensary upon licensure meets the minimum ownership thresholds described below and is solely controlled by the qualifying nonprofit organization.

**Ownership and Control Criteria**

Qualifying Business Criteria:

- Applicants that are eligible under the Qualifying Business Criteria must provide documentation evidencing that at least fifty-one percent (51%) of the applicant is owned by justice involved individuals described above. If a single justice involved individual does not own at least fifty-one percent (51%) of the applicant, other owners who are justice involved must provide the remainder of the majority of the ownership, provided one individual who is both justice involved and meets the Qualifying Business Criteria holds at least thirty percent (30%) ownership interest in, and has sole control over, the applicant. The individuals comprising the remainder of the majority of the ownership on the applicant are only required to be justice involved individuals and not the qualifying business experience criteria.

Qualifying Nonprofit Criteria:

- Applicants that are eligible under the Qualifying Nonprofit Criteria must provide documentation evidencing that at least fifty-one percent (51%) of the applicant is owned by a qualifying nonprofit organization, or by multiple qualifying nonprofit



organizations and/or justice involved people. If multiple organizations or individuals make up the fifty-one percent (51%) minimum, at least 30% must be owned by one nonprofit organization that qualifies under the nonprofit eligibility criteria, who must also have sole control of the applicant.

Applicants may be asked to submit further documentation to verify their ownership in the application. Applicants will not be scored unless the Office has verified their eligibility.

### **Scoring Criteria**

#### **Qualifying Business Criteria:**

If the applicant is eligible under the Qualifying Business Criteria, applications will be scored based on specific factors relating to the justice involved individual with sole control of the applicant and the qualifying business ownership. Factors that will be weighted more heavily in application scoring include, but are not limited to:

- If the conviction associated with the marijuana-related offense was on the justice involved individual with sole control of the applicant themselves or a parent, legal guardian, child, spouse, or dependent of that justice involved individual with sole control of the applicant;
- If the arrest associated with the marijuana-related offense occurred in an area that has been negatively impacted by over policing and mass incarceration, or has historically low median household incomes;
- If the qualifying business has similar characteristics to a cannabis retail dispensary, such as the sale of retail goods, inventory management, a physical store, and paid employees; and
- The strength of the applicant's qualifying business experience, as assessed by length of time in operation, size of the business, net revenue, and compliance with state and local laws, rules and regulations.

#### **Qualifying Nonprofit Criteria:**

If the applicant is eligible under the Qualifying Nonprofit Criteria, applications will be scored based on specific factors relating to the qualifying nonprofit with sole control of the applicant's social enterprise experience and commitment to working with justice involved individuals. Factors that will be weighted more heavily in application scoring include:

- The demonstrated history of working with current or formerly incarcerated individuals, including justice involved individuals, including length of time working with this population, having justice involved individuals on the board, the proportion of program expenses that serve this population, and the location of the social enterprise;



- If the qualifying nonprofit has demonstrated good governance principles, as shown by audited financials and the ratio of overhead and programming costs;
- If the social enterprise operated and managed by the qualifying nonprofit has similar characteristics to a retail cannabis dispensary, such as the sale of retail goods, inventory management, a physical store, and paid employees; and
- The strength of the applicant’s social enterprise experience, as assessed by the length of time in operation and size of the business.

**Ineligibility**

Applicants may be ineligible if any owner has a history of felonies and/or other criteria outlined in Section 137 of the Cannabis Law. Applicants may also be ineligible if: any owner has had a cannabis license revoked or suspended in another state; if the nonprofit status of the organization operating the social enterprise has ever been revoked or suspended; inability of the applicant to provide documentation proving the minimum eligibility criteria; or for other reasons determined by the Cannabis Control Board (Board). Additionally, no individual under the age of twenty-one (21) years old is permitted to have an interest in any CAURD licensee.

**Selection Process for Qualifying Business Applicants**

*Regional Preference and Allocations*

Applicants will select up to five (5) regions in order of preference within New York for a dispensary location. The regions of New York State are broken up as follows: Brooklyn, Capital Region, Central New York, Finger Lakes, Long Island, Manhattan, Mid-Hudson, Mohawk Valley, North Country, Queens, Southern Tier, Staten Island, The Bronx, and Western New York. The Office will license up to 150 Qualifying Business Applicants. Licenses will be allocated among the fourteen (14) regions based on commuter-adjusted population<sup>1</sup>.

Name of Region	Commuter Adjusted Population	Population Distribution	Max. Number of Qualifying Business CAURD Licenses
Brooklyn	2,852,632	12.3%	19
Capital Region	1,145,370	5.0%	7
Central New York	1,093,219	4.7%	7
Finger Lakes	1,383,303	6.0%	9
Long Island	3,110,067	13.4%	20
Manhattan	3,375,059	14.6%	22
Mid-Hudson	2,603,489	11.3%	17

<sup>1</sup> Calculated using 2020 ACS data and published Census methodology (Commuter-adjusted (daytime) population for a county = Total Population + Workers working in area – Workers living in area)



Name of Region	Commuter Adjusted Population	Population Distribution	Max. Number of Qualifying Business CAURD Licenses
Mohawk Valley	281,983	1.2%	2
North Country	586,426	2.5%	4
Queens	2,525,120	10.9%	16
Southern Tier	480,753	2.1%	3
Staten Island	500,926	2.2%	3
The Bronx	1,565,988	6.8%	10
Western New York	1,622,461	7.0%	11

### *Application Review and Ranking*

The Office will review applications from applicants eligible under the Qualifying Business Criteria and submit licensing recommendations to the Board on a regional basis. The sequence of regional review will depend, in part, on the total number of applications in each region.

In each region, applicants will be ranked by scores, based in part on the key factors described in the *Scoring Criteria* section. The top scoring applicants who rank that region as their first preference, up to the number of allocated or available licenses in that region, will be selected for a provisional license in that region. Provisional licensees eligible under the Qualifying Business Criteria will be assigned, through a regional preference matching process, an approved location by the Office. Location leases for applicants eligible under the Qualifying Business Criteria will be provided through the New York Social Equity Cannabis Investment Fund (Fund). For more information on the Fund please review the [CAURD FAQ: Qualifying Business Criteria](#).

If a region does not reach its CAURD license allocation after all applicants have been selected for a provisional license based on their first regional preference, then the top scoring applicants who chose that region as their second regional preference and were not already selected for a provisional license in their first regional preference will be considered for a provisional license in that second regional preference. If necessary, third, fourth, or fifth regional preferences will be considered until the region has reached its CAURD license allocation. Applicants in these rounds will be ranked by the same scoring criteria used in the distribution of licenses based on first regional preferences.

The selection process will prioritize assigning applicants to their first regional preference, even if that means an applicant would be put on a waitlist for a location in that region. Applicants on a waitlist for a location in a region will not be considered for selection in another region that they ranked lower on their application, except in the circumstances explained in the paragraph above.





### *Tiebreaking Procedure*

In the event of a tie between Qualifying Business Applicants where issuing a license to each applicant that had a tied score would exceed the limit on licensees in a region, a random selection process will be used. The order in which applicants are randomly selected will be their final selection sequence and will determine who is granted a provisional license.

### *Placement and Assignment*

Provisional licensees approved by the Board will be contacted by the Office to determine their retail dispensary location assignment. Provisional licensees in each region will share with the Office their preferences among the available locations leased by the Fund. The Office will match provisional licensees to locations. The Office does not guarantee provisional licensees in a region will be assigned a location at the same time. Additional details on the Fund and location matching process will be available by the Fund, DASNY, and Office before selection and location matching take place.

After matching with a location, provisional licensees eligible under the Qualifying Business Criteria will have sixty (60) days to finalize their business arrangements by submitting additional documentation through the Office's online application system. This includes, but is not limited to, notifying the municipality in which the retail dispensary is located of their intent to open and begin retail cannabis operations; providing fingerprints for the applicant and all true parties of interest (owners and interested parties) to the Office; and submitting final documentation to the Office on business continuity plans, audited or certified financial statements, and insurance requirements. If a provisional licensee fails to provide the required evidence of finalized business arrangements within this sixty (60) day period and good cause is not shown for an extension, the provisional licensee will not receive final approval and the provisional license may be distributed to another applicant. Upon receiving evidence of the completion of these required final business arrangements, the provisional licensee will be fully approved for operating a cannabis retail dispensary.

### **Selection Process for Qualifying Nonprofit Applicants**

#### *Regional Preference and Allocation*

Applicants will select an order up to five (5) regional preferences within New York for a dispensary location. The regions of New York State are broken up as follows: Brooklyn, Capital Region, Central New York, Finger Lakes, Long Island, Manhattan, Mid-Hudson, Mohawk Valley, North Country, Queens, Southern Tier, Staten Island, The Bronx, and Western New York. Because of the anticipated smaller number of nonprofit licensees, these applicants will be grouped into two larger regional pools based on their first regional preference: New York City (which would include Brooklyn, Manhattan, Queens, Staten Island, and The Bronx) and Rest of State (which would include Capital Region, Central New York, Finger Lakes, Long Island, Mid-Hudson, Mohawk Valley, North Country, Southern Tier, and Western New York). The Office will use the applicant's top



regional preference to determine the applicant's regional pool. Allocations will be made based on population distribution, with forty-seven percent (47%) of licenses going to New York City and fifty-three percent (53%) to the rest of the State<sup>2</sup>.

The Office plans to award up to twenty-five (25) licenses to Qualifying Nonprofit Applicants, an approximate proportion of nonprofit employees in the private sector workforce in New York, in addition to the 150 Qualifying Business Applicants<sup>3</sup>.

### *Application Review and Ranking*

Applicants eligible under the Qualifying Nonprofit Criteria will be scored and selected separately from applicants eligible under the Qualifying Business Criteria, ensuring that all applicants are given fair chance at selection. Within either of the two regional pools, applicants will be ranked by scores, based in part on the key factors described in the *Scoring Criteria* section. The top scoring applicants who rank that regional pool as their first preference, up to the number of allocated or available licenses in that regional pool, will be selected for a provisional license to operate within in that grouping of regions. If there are fewer applicants in either regional pool than licenses allocated, the Office may offer top scoring applicants from the other regional pool the opportunity to obtain a CAURD license in the regional pool with excess licenses.

### *Tiebreaking Procedure*

In the event of a tie between Qualifying Nonprofit Applicants where issuing a license to each applicant that had a tied score would exceed the limit on licensees in a region, a random selection process will be used. The order in which applicants are randomly selected will be their final selection sequence and will determine who is granted a provisional license.

### *Placement and Assignment*

The Office plans to grant up to twenty-five (25) licenses to Qualifying Nonprofit Applicants, as a way of creating new opportunities for justice involved New Yorkers who are not currently situated to launch their own stores. Unlike provisional licensees eligible under the Qualifying Business Criteria, Qualified Nonprofit Applicants will not have access to the Social Equity Cannabis Fund and will be required to provide their own compliant storefronts once they receive a provisional license. CAURD locations DO NOT need to be secured by Qualifying Nonprofit Applicants before applying for a CAURD license, nor will application scoring be based on whether an applicant has a location ready for use.

Provisional licensees eligible under the Qualifying Nonprofit Criteria will have up to six (6) months after notification of selection to secure and submit a location to the Office for review and approval, with an extension available upon receiving written approval from

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<sup>2</sup> Calculated using 2020 ACS data and published Census methodology (Commuter-adjusted (daytime) population for a County = Total Population + Workers working in area – Workers living in area)

<sup>3</sup> <https://www.osc.state.ny.us/files/reports/special-topics/pdf/economic-nonprofits-2019.pdf>





the Office. All retail dispensary locations must be approved by the Office before provisional licensees can begin to complete and submit their final application documents. The Office may prioritize the review and approval of locations submitted by provisional licensees eligible under the Qualifying Nonprofit Criteria who present evidence that they have a right to use such property. Those who are unable to provide their own retail storefronts should not apply for a CAURD license.

After approval of a dispensary location from the Office, provisional licensees eligible under the Qualifying Nonprofit Criteria will have sixty (60) days to finalize their business arrangements by submitting additional documentation through the Office's online application system. This includes, but is not limited to, notifying the municipality in which the dispensary is located of their intent to open and begin retail cannabis operations; providing fingerprints for the applicant and all true parties of interest (owners and interested parties) to the Office; and submitting final documentation to the Office on business continuity plans, audited or certified financial statements, and insurance requirements. If a provisional licensee fails to provide the required application elements within this sixty (60) day period and good cause is not shown for an extension, the provisional licensee will not receive final approval and the provisional license may be distributed to another applicant. Upon completion of these final requirements, the provisional licensee will be fully approved for operating a cannabis retail dispensary.