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## **NEW YORK STATE SECURES LANDMARK \$15.2 MILLION FINE AGAINST ILLICIT CANNABIS OPERATOR**

*Largest Penalty to Date Issued Against Unlicensed Retail Cannabis Business*

**NEW YORK, NY**– Governor Kathy Hochul announced a resounding blow to illegal cannabis operations as the Office of the Attorney General and the Office of Cannabis Management secured a court decision to impose a staggering \$15.2 million fine against David Tulley, the owner of "I'm Stuck," an unlicensed business operating from six illicit cannabis shops in Oswego, Cayuga, and Wayne counties. This landmark penalty results from the November 21, 2023, action filed by the Office of the Attorney General (OAG) on behalf of the Office of Cannabis Management (OCM), which was its inaugural petition for emergency relief under Section 16-a of the Cannabis Law, a freshly enacted provision.

### **A Closer Look at The Court Ruling Against Tulley:**

- **Disgorgement**
  - Tulley must forfeit 90% of his illicit earnings from cannabis sales from February 11, 2022, and May 2, 2023, at each of his locations.
- **Penalties for Unlicensed Sales:**
  - \$10,000 per day for selling cannabis without a license.
  - \$20,000 per day for continuing unlicensed sales after receiving a Notice of Violation.
- **Penalty for Removing Notice of Violation:**
  - Tulley faces a \$5,000 penalty for removing a notice of violation from his Lyons, NY, location on June 27, 2023.
- **Reimbursement of Costs:**
  - Tulley must cover the actual costs incurred by the Office of the Attorney General in this case, totaling \$1,324.98.

**Total Judgment:** The judgment against the Tulley Respondents amounts to \$15,252,629.12 in disgorgement and penalties, plus interest.

This groundbreaking judgment, occurring just months after the enactment of the [new enforcement powers](#) granted by the legislature, sets a crucial precedent empowering the State to pursue prolonged closures for establishments found guilty of unlawful cannabis sales. It delivers an unequivocal message to rogue operators that there is no sanctuary for illicit cannabis in New York State and the ramifications will be impactful. OCM and OAG stand steadfast in their commitment to purge illegal activity from the cannabis industry, upholding regulatory integrity and safeguarding public health and safety.

Operators of illicit cannabis shops in New York State are hereby put on notice: there is no room for non-compliance, and the consequences will be grave and severe.

“This significant fine sends a clear message to illicit operators that the State will vigorously enforce cannabis regulations to ensure the safety and integrity of the industry,” **said Daniel Haughney, Director of Enforcement for the New York State Office of Cannabis Management.** “Our decisive action against unlawful activities demonstrates our commitment to protecting consumers and maintaining a level playing field for legitimate businesses. This is a pivotal moment for New York State, demonstrating our unwavering dedication to upholding the law and rooting out illegal operators from our communities, your time in town is up. Also, we would like to thank both The New York State Department of Tax & Finance and Sheriff Rob Milby and the Wayne County Sheriff’s Office for their invaluable assistance in executing this enforcement task. Their dedication and support were instrumental in carrying out the operations smoothly and effectively, ensuring that the enforcement actions were executed with precision and safety. The collaboration between the Office of Cannabis Management, the Office of the Attorney General, The Department of Tax & Finance and local law enforcement agencies like the Wayne County Sheriff’s Office demonstrates the importance of a united front in upholding the law and protecting our communities from illegal cannabis activities.”

David Tulley, the owner of eight retail cannabis stores spanning Cayuga, Monroe, Oswego, and Wayne counties, faced legal action after operating without a license since early 2022. Despite receiving cease-and-desist letters from the Office of Cannabis Management (OCM) and notices of violations, Tulley, in a flagrant manner continued to operate his stores, misleadingly describing them as "consulting" businesses. Undercover investigations by the Office of the Attorney General (OAG) revealed sales to minors and deceptive advertising practices, including an Easter egg hunt offering cannabis products as prizes.

In response to Tulley's defiance of orders to cease unlicensed activity, OCM inspections in June and July 2023 seized significant quantities of cannabis products. Despite these efforts, Tulley persisted, prompting OCM to enlist the Attorney General's assistance in permanently closing the locations. Undercover OAG investigators also uncovered instances where store clerks failed to include taxes in purchase prices, further illustrating the extent of illegal activity within Tulley's operations.

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