

STATE OF NEW YORK
OFFICE OF CANNABIS MANAGEMENT
OFFICE OF ADMINISTRATIVE HEARINGS

OFFICE OF CANNABIS MANAGEMENT,

Petitioner,

-against-

DECISION

Inspection No.: 110202406110010

**2459 Broadway Convenience Corp.
2459 Broadway
New York, NY 10024**

Respondent.

Respondent requested an emergency hearing on June 18, 2024, which was made within seven (7) calendar days of the date of the inspection which occurred on June 11, 2024.

The emergency hearing was conducted on June 24, 2024, which is within three (3) business days of the Respondent's request.

The Respondent was represented by Marc Scolnick, Esq.

The Office of Cannabis Management (hereinafter "OCM") was represented by Ruben Espinosa, Esq. and Zachary Hirschfeld, NYS Fellow.

Investigator Raissa Lomba-Ajoku testified on behalf of OCM.

ISSUE

The allegations set forth in the Notice of Violation indicate that the Respondent was offering cannabis products, as defined by Cannabis Law Article 3, for sale without an appropriate registration, license, or permit. This allegation was based upon observations made during a regulatory inspection which was conducted at 2459 Broadway, New York, New York 10024.

The scope of the emergency hearing was limited solely to the issue as to whether the padlocking provisions of Cannabis Law Article 6 § 138-b were met, by a preponderance of the evidence.

CONCLUSIONS OF LAW

Cannabis Law Article 6 §138(a) provides that “The board or the Office of Cannabis Management shall, in accordance with the authority otherwise conferred in this chapter, have the authority to: 1. order any person who is unlawfully cultivating, processing, distributing or selling cannabis, cannabis product, cannabinoid hemp or hemp extract product, or any product marketed or labeled as such in this state without obtaining the appropriate registration, license, or permit therefor, or engaging in an indirect retail sale to cease such prohibited conduct. 2. seize any cannabis, cannabis product, cannabinoid hemp or hemp extract product, or any product marketed or labeled as such, found in the possession of a person engaged in the conduct described in subdivision one of this section.”

Cannabis Law Article 6 § 138-b(1) provides that: In addition to any other authority conferred in this chapter, pursuant to the provisions of this section, the board or the office shall have the authority to issue an order to seal the building or premises of any business engaged in unlicensed activity, when such activity is conducted, maintained, or permitted in such building or premises, occupied as a place of business as described in subdivision eight of section ten of this chapter, in violation of subdivision one or one-a of section one hundred twenty-five or subdivision one or eight or section one hundred thirty-two of this article.

Cannabis Law Article 6 §138-b (6) provides that an order to seal may be issued by the office or the board pursuant to subdivision three of this section only if:

- (a) no part of the premises to be sealed is used in part as a residence and pursuant to local law or ordinance is zoned and lawfully occupied as a residence; and
- (b) the unlicensed activity as described in this section is more than a de minimis part of the business activity on the premises or in the building to be sealed pursuant to this subdivision, the office shall issue a notice of violation and order to cease the unlicensed conduct, which shall constitute notice that such activity must cease immediately. (See Regulations at 9 NYCRR 133.25(f) (2-3)).

Cannabis Law Article 6 §138-b (7) provides that in assessing whether unlicensed activity within a building is more than de minimis, the office or board, as relevant, shall consider factors such as any one or more of the following:

- (a) the presence of signs or symbols, indoors or out, advertising the sale of cannabis or otherwise indicating that cannabis is sold on the premises;
- (b) information shared in any advertisements or other marketing content in connection with the unlicensed business activity and any direct or indirect sales of cannabis or other conduct in violation of this chapter;
- (c) the volume of illicit cannabis products on site; and

- (d) the variety of illicit cannabis products on site. (See Regulations at 9 NYCRR 133.25(f)(3) (i-iv)).

Cannabis Law Article 6 §138-b (3) provides that the office may issue an order to seal with an immediate effective date if such order is based upon a finding by the office of an imminent threat to the public health, safety, and welfare. (See Regulations at 9 NYCRR 133.25(f)(1)).

Cannabis Law Article 6 §138-b (4) sets forth the factors that determine an imminent threat to public health, safety, and welfare shall be limited to:

- (a) documented sales to minors;
- (b) unlicensed processing of cannabis products at the building or premises;
- (c) orders issued following an inspection wherein the person engaged in the unlicensed activity engaged in violent, tumultuous, or other behaviors indicating expressed intent to not comply with the office’s order to cease the unlicensed activity;
- (d) documented presence of unlawful firearms at the building or premises;
- (e) proximity of the building or premises to schools, houses of worship, or public youth facilities;
- (f) presence of products deemed unsafe based on reports of illness or hospitalization; or
- (g) sales of, or offers to sell, cannabis products not tested or labeled lawfully in accordance with this chapter. (See Regulations at 9 NYCRR 133.25(f)(1) (i-vii)).

FINDINGS OF FACT

1. Respondent was offering cannabis products for sale without a license issued by OCM. Investigator Lomba-Ajuko testified that they received training at OCM in identifying and categorizing cannabis products. They explained that during the inspection of the location they observed cannabis flower, edibles, concentrates and pre-rolls. They corroborated this testimony with photographs that they took at the time. (Exhibits B1-3, C1-11, and D1-11).

2. No part of the premises sealed appeared to be used lawfully as a residence. The Investigator testified that they did not observe any evidence of a residence, including no bed, kitchen, or bath, and that the location appeared to be solely commercial in nature. No evidence was offered by the respondent to contradict these observations.

3. The unlicensed activity which warranted an order to seal constituted more than “de minimis” business activity. A large variety, and a substantial volume, of illicit products were discovered during the inspection at this location. Cannabis Law Article 6 §138-b (7) and OCM Regulations part 133.25(f)(3) enumerate the factors to consider when determining if unlicensed

activity occurring within a business is more than de minimis. From the photographs entered as evidence during the hearing, and the testimony of the Investigator listing the items seized by OCM, it was clear that this location had a large variety and a substantial volume of illicit cannabis being offered for sale. (Exhibits D 1-11).

4. This unlicensed activity constituted an imminent threat to public health, safety, and welfare in that: there were sales of, or offers to sell, cannabis products that were not tested or labeled lawfully in accordance with Cannabis Law Article 6. Exhibit C, as testified to by the Investigator, depicted products that were labeled with the California cannabis label, and many items were brightly colored or depicted cartoon characters with special appeal to children, all in violation of New York law.

5. The Notice of Violation and Order to Seal were properly served upon the Respondent on June 11, 2024. The Investigator's credible and undisputed testimony established that the Notice and Order were personally served upon the sole store employee present at the time of the inspection and that they were also conspicuously posted on the front door of the premises. This service was further corroborated by Respondent's attorney, when he submitted a sworn affirmation on June 18, 2024 indicating that his client, store owner Abraham Kassin, was requesting an emergency hearing to contest the Notice and Order. This hearing request referenced the inspection number listed on the Notice and Order served and posted by the Investigator on June 11, 2024.

WHEREFORE, PURSUANT TO CANNABIS LAW ARTICLE 6 §138-b (9), THE ORDER TO SEAL, ISSUED ON JUNE 11, 2024, IS HEREBY EXTENDED FOR ONE YEAR FROM THE DATE OF THIS DECISION.

Dated: June 26, 2024

Thomas Kidera

Administrative Law Judge

PLEASE BE ADVISED: Either party may appeal this decision within 30 calendar days of receipt, according to the specific manner described in Regulations at 9 NYCRR 133.25(k). This decision was sent via email on June 26, 2024, to the following:

Nickolas Perry
Sheila Wagner
Marc Scolnick, Esq.
Ruben Espinosa, Esq.

