

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

OFFICE OF CANNABIS MANAGEMENT,

Petitioner,

-against-

DECISION

Inspection No.: 102202406050002

Z Snacks Inc.

Respondent.

Respondent requested an emergency hearing on the order to seal, which was made within seven (7) calendar days of the date of the inspection which occurred on June 5, 2024.

The emergency hearing was conducted on June 17, 2024 which is within three (3) business days of the Respondent's request.

The Respondent was represented by James Kirshner, Esq.

The Office of Cannabis Management (hereinafter "OCM") was represented by Trent Justice Biscone under the supervision and observation of Michael Waller, Esq.

Investigative Specialist Bladimir Nunez 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 2102 Avenue Z.

The scope of the emergency hearing was limited solely to the issue as to whether or not the padlocking provisions Cannabis Law Article 6 § 138-b of have been met by a preponderance off 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 orders to seal: 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. The evidence presented during the hearing demonstrated that Respondent was offering cannabis products for sale without a license issued by OCM. Investigator Nunez testified that he received training at OCM in identifying cannabis products. He explained that during his investigation of Z Snacks Inc., he observed the following products offered for sale among other merchandise: loose THC flower, edibles, THC concentrate, and pre-rolls (Exhibit B, Exhibit C, and Exhibit D).

2. During the course of the hearing no evidence was presented that indicated that part of the premises to be sealed is used in part as a residence or pursuant to local law or ordinance, is zoned and lawfully occupied as a "residence." The photos introduced into evidence in Exhibit B, Exhibit C, Exhibit D, and particularly Exhibit E, showed that the location was a commercial venue, and no other evidence was presented that showed the venue was residential or zoned as a residential property.

3. The unlicensed activity which warranted an order to seal constituted more than a "de minimis" part the business activity, in that there was a wide variety and volume of illicit

cannabis products on site. Exhibit D, page 2 depicts at least five brands of THC vape pens or cartridges. Exhibit D, pages 3, 8, 9, and 10 show a diversity of edible brands and products. Exhibits D and B both also contain a wide range of flower and other THC products branded and unbranded. In some cases, there were multiple product types offered from the same brand. Additionally, the premises had signs that advertised the sale of cannabis. Specifically, a large blow up Raw branded joint or blunt and enlarged posters depicting cannabis flower packaging (Exhibit E pg. 1, 2, and 3).

4. The unlicensed activity occurring at Z Snacks Inc., 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. There was also evidence that unlicensed processing of cannabis products was occurring at the building or premises. Exhibit B contains photographs of multiple jars of cannabis flower that are not labeled lawfully. Exhibit D, page 2 contains photographs of THC cartridges and pens labeled with the California cannabis warning sticker, or alternatively what appears to be a miscellaneous cannabis warning sticker. Exhibit C contains ample evidence of unhygienic and unlicensed cannabis processing occurring on the premises. Exhibit C shows multiple scales, including three in a bathroom on top of a toilet tank which is adjacent to a dirty and unlidded toilet bowl, a pre-roll maker, and a rolling tray covered in loose pieces of detritus and/or what appears to be cannabis flower.

WHEREFORE, PURSUANT TO CANNABIS LAW ARTICLE 6 §138-b (9), THE ORDER TO SEAL, ISSUED ON JUNE 5, 2024, IS HEREBY EXTENDED FOR ONE YEAR FROM THE DATE OF THIS DECISION.

Dated: June 24, 2024

Laurie Cartwright
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 24, 2024 to the following:

Nickolas Perry
Sheila Wagner
Trent Biscone
Michael Waller, Esq.
James Kirshner, Esq.