

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

OFFICE OF CANNABIS MANAGEMENT,

Petitioner,

-against-

DECISION
Inspection No. 205202405220002

Namrin Abili
World of Exotic, Inc.
565 W. 174th Street
New York, NY 10033

Respondent.

Respondent requested an emergency hearing on May 29, 2024, which was made within seven (7) calendar days of the date of the inspection which occurred on June 22, 2024.

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

The Respondent was represented by Nadia Kahnauth.

The Office of Cannabis Management (hereinafter "OCM") was represented by Tara Miner.

Investigative Specialist Lisa Warner testified on behalf of OCM.

Due to confusion on behalf of Ms. Miner, as to the location connected to this inspection number, Ms. Miner did not provide proposed exhibits to Ms. Kahnauth until shortly before the hearing commenced. Additionally, due to technical difficulties arising from the need to email large files to Ms. Kahnauth, Ms. Kahnauth did not receive the exhibits in full until the hearing began. Ms. Kahnauth was given the option of adjourning the hearing, in order to better prepare and to speak with her client regarding the exhibits. After speaking with her client, Ms. Kahnauth decided to proceed with the hearing.

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 (address of site which is the subject of investigation).

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. Respondent was offering cannabis products for sale without a license issued by OCM. Investigator Warner testified that the Respondent did not have a license to sell cannabis.

Investigator Warner stated that she has worked for OCM for approximately one and a half years. She explained that she received training on identifying cannabis products and illicit cannabis. During her testimony, she stated that when she arrived at World of Exotic she witnessed an employee smoking cannabis and observed that the air inside the premises was very smoky. She testified that at the location there was THC concentrate, flower, edibles, and other items on display, in addition to a large quantity of cannabis product behind the counter (Exhibit C).

2. During the hearing no evidence was presented that suggested any part of the premises to be sealed was used in part as a residence or pursuant to local law or ordinance, was zoned and lawfully occupied as a “residence.”

3. The unlicensed activity which warranted an order to seal constituted more than a “de minimis” part the business activity. The 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. One of those factors is that there are signs or symbols, indoors or out advertising the sale of cannabis or otherwise indicating that cannabis is sold on the premises. Investigator Warner stated during her testimony that she observed an oversize ornamental spliff or pre-roll on display in the window (Exhibit C). Additionally, a large variety and volume of illicit products were observed at World of Exotic. Investigator Warner testified that she observed a broad array of THC concentrate, flower, edibles and other items on display. As seen in Exhibits C, D, and E, a large volume and variety of products were present in World of Exotic on the date of inspection.

4. The 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, and there appeared to be evidence that unlicensed processing of cannabis products was occurring on premises. During Investigator Warner’s testimony Exhibit E (page 4) was introduced, which depicted a shoebox full of used grinders and a label maker. Investigator Warner explained that this was evidence of unlicensed processing occurring on premises. Additionally, she explained that the products were not labeled in accordance with New York Law, in that some products were not labeled with the strain, or information required by the Cannabis Law. According to her, these products could contain pollutants. Investigator Warner also testified that the location had on display psychedelic mushroom chocolate bars, and loose unlabeled cannabis flower.

WHEREFORE, PURSUANT TO CANNABIS LAW ARTICLE 6 §138-b (9), THE ORDER TO SEAL, ISSUED ON JUNE 7, 2024, IS HEREBY EXTENDED FOR ONE YEAR FROM THE DATE OF THIS DECISION.

Dated: June 7, 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 7, 2024, to the following:

Nickolas Perry
Sheila Wagner
Tara Miner, Esq.
Nadia Kahnauth, Esq.