

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

OFFICE OF CANNABIS MANAGEMENT,

Petitioner,

-against-

**Zen Zone 1 Corp.
2846 Church Ave.
Brooklyn, NY 11226**

Respondent.

DECISION
Inspection No.: 115202406040005

Respondent requested an emergency hearing on June 6, 2024, which was made within seven (7) calendar days of the date of the inspection which occurred on June 4, 2024.

The emergency hearing was conducted on June 11, 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 Zachary Hirschfeld under the observation and supervision of Reuben Espinosa, Esq.

Investigative Specialist James Lawson and Ms. Camille Bovell 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 2846 Church Ave. Brooklyn, New York 11226.

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 Lawson testified that he received training at OCM in identifying and categorizing cannabis products. He explained that during the inspection of the location he observed cannabis flower, edibles, and pre-rolls. (Exhibits A-1, B, B-1a, and C).
2. Investigator Lawson testified that no part of the premises sealed appeared to be used in part as a residence pursuant to local law or ordinance, or was zoned and lawfully occupied as a "residence." He explained that he did not observe a kitchen or shower and that the location appeared to be commercial in nature.

3. The unlicensed activity which warranted an order to seal constituted more than a “de minimis” part the business activity. A large variety and volume of illicit products were discovered at Zen Zone 1 Corp. 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. Though many of the photographs entered into evidence during the hearing were blurry, it was clear that Zen Zone 1 Corp. had a large variety and volume of illicit cannabis being offered for sale on the premises. Exhibit C, page 6 depicted a trash bag full of branded and unbranded pre-rolls. Exhibit C, pages 1, 2, and 3 contained lists of products either ordered as inventory to the location, or offered for sale to the public on large white boards. It should be noted that Investigator Lawson testified that the inventory list was located in close proximity to the register. Exhibit A-2, page 7 depicted what appeared to be Stiiizy brand products.

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. Exhibit B-1a and Exhibit B page 2, as testified to by Investigator Lawson, depicted products that were labeled with the California warning label, in violation of New York law. Exhibit C pages 6 and 8 also depicted completely unlabeled containers of cannabis flower and pre-rolls that were improperly labeled according to both the Cannabis Law and OCM Regulations.

Respondent argued in summations that there was insufficient evidence introduced during Petitioner’s case to show that Zen Zone 1 Corp. was the entity responsible for the premises at 2846 Church Ave. However, Respondent did not raise this issue as an affirmative defense in motion papers pre-hearing as required by OCM Regulation § 133.12 (c). Nor did the Respondent claim either during or prior to the hearing that they were not in fact in control of the premises located at 2846 Church Ave. While it would have been helpful for OCM to present evidence connecting the Fiend City exterior sign at 2846 Church Ave. to the name Zen Zone 1 Corp., it was unnecessary as Respondent submitted to personal jurisdiction by appearing through an attorney at the hearing and failing to raise the matter as an affirmative defense, at the outset of the hearing.

WHEREFORE, PURSUANT TO CANNABIS LAW ARTICLE 6 §138-b (9), THE ORDER TO SEAL, ISSUED ON JUNE 14, 2024, IS HEREBY EXTENDED FOR ONE YEAR FROM THE DATE OF THIS DECISION.

Dated: June 14, 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 14, 2024, to the following:

Nickolas Perry
Sheila Wagner
Zachary Hirschfeld
Reuben Espinosa, Esq.
James Kirschner, Esq.