



BULLETIN #1

To: All New York State Adult-Use Licensees

From: NYS Office of Cannabis Management

Date: March 5, 2025

Subject: **Important Reminder: Compliance Requirements for Adult-Use Retailers**

Dear Licensee,

The Office is sending this letter to remind adult-use retailers of their obligations under the Cannabis Law and relevant regulations. Together, these provisions prohibit adult-use retail licensees, including all true parties of interest in a retail license, from holding any interest in an adult-use cultivator, processor, or distributor.

The prohibition disallows any goods and services agreements, or similar arrangements, between retailers and any parties involved in the supply side licensees, including cultivators, processors, or distributors. Additionally, a cultivator, processor, and/or distributor cannot hold any interest in a retail dispensary or engage in agreements for goods and services with a retailer.

The Trade Practices Bureau (TPB) at the Office of Cannabis Management is aware that certain adult-use retailers are selling or offering for sale cannabis products that are branded—e.g. by packaging, labeling, or other means—with the name of the retail establishment. **Retail-branded cannabis products are prohibited—unless the retailer is an adult-use microbusiness or a registered organization with dispensing (ROD).**

To comply with **9 NYCRR § 123.9 Retail Dispensary Ownership, Interests, Business Authorizations and Prohibitions:**

- If an adult-use retail establishment has entered into any such agreements or arrangements, OCM expects these be terminated immediately;
- Where an adult-use retailer offers cannabis products for sale that carry that same retailer's brand name, OCM expects these products be pulled from sale (in-store, for delivery, and online) immediately, and that any inventory be quarantined.

OCM regularly conducts inspections to ensure licensee compliance with regulations. **Where OCM discovers retail-branded cannabis products that violate regulations, this can result in penalties and disciplinary action.** This includes, but is not limited to, the suspension or revocation of an adult-use license.

For your convenience, review the attendant regulations below. These provisions are not discretionary and the TPB will address violations accordingly.

9 NYCRR § 123.3 - Cultivator Ownership, Interests, Business Authorization and Prohibitions

(f) In addition to any other restrictions or prohibitions in this Title, including, but not limited to, Part 124, no cultivator or its true party of interest is permitted to have any direct or indirect interest,



including by being a true party of interest, passive investor, or having a goods and services agreement with, or by any other means, in an adult-use retail dispensary, on-site consumption, delivery, registered organization registered under article 3 of the Cannabis Law, or cannabis laboratory licensee or permittee.

9 NYCRR § 123.5 – Processor Ownership, Interests, Business Authorizations, and Prohibitions

(c) A processor may only enter into branding or white labeling agreements with its true parties of interest, or another licensee, provided that such licensee is not otherwise prohibited therefrom pursuant to this Title.

(i) In addition to any other restrictions or prohibitions in this Title, including, but not limited to, Part 124, no processor or its true party of interest is permitted to have any direct or indirect interest, including by being a true party of interest, passive investor, or having a goods and services agreement with, or by any other means, in an adult-use retail dispensary, on-site consumption, delivery, registered organization registered under article 3 of the Cannabis Law, or cannabis laboratory licensee or permittee.

9 NYCRR § 123.9 – Retail Dispensary Ownership, Interests, Business Authorizations, and Prohibitions

(j) In addition to any other restrictions or prohibitions in this Part, no adult-use retail dispensary or its true party of interest is permitted to hold a direct or indirect interest, including by being a true party of interest, passive investor, or having a goods and services agreement with, or by any other means, in an adult-use cultivator, processor, distributor, cooperative or collective, microbusiness, ROD, ROND, registered organization registered under article 3 of the Cannabis Law, or cannabis laboratory licensee or permittee, or any person outside of New York State, otherwise licensed to conduct the activities authorized under such licenses, registrations, and permits.

OCM appreciates your immediate attention to this matter. Should you have any questions, feel free to reach out to TradePractices@ocm.ny.gov.

Sincerely,

James Rogers, Director and Deputy General Counsel
OCM Trade Practices Bureau

Jennifer Terrett Blue, Director
OCM Compliance