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NEW YORK STATE | OFFICE OF CANNABIS MANAGEMENT

CHIP Academy 2

Session 17

Retail Regulations & Compliance Overview

NEW YORK SOCIAL & ECONOMIC EQUITY NY SEE

Resources & Information

All information presented in this session is available through various resources and documents released by the Office and other government agencies or is mentioned within the adult-use license application.

Links to resources that may be useful for adult-use licensees:

- Adult-Use Regulations, **Parts 123, 124, 125, 128**: https://cannabis.ny.gov/marihuana-regulation-and-taxation-act-mrta
- Adult-Use Regulations for Cultivation, **Part 123.4**: https://cannabis.ny.gov/AU-regs-express-terms
- Adult-Use Packaging and Labeling & Marketing and Advertising (PLMA) Regulations, **§ 128** & **129**: https://cannabis.ny.gov/part-128-129-plma-adopted

If there are any unanswered questions about transitioning licenses after this training session, **please refer to the FAQ resource and official guidance documentation published on the Office's website**. The OCM website should be your primary point of reference for all inquiries related to cannabis licenses.

CHIP Academy training sessions are intended as a resource to assist new licensees. This training does not constitute legal or professional advice. All assistance, and information provided to licensees during this program is publicly available. All licensees are bound by current and future state laws, rules, regulations, and guidance.

Agenda

1. Retail Dispensary Operations
2. Delivery Operations
3. Security and Storage

Retail Dispensary Operations

Retail Dispensary

§ 123.10(a) - Retail Dispensary Definition

(a) A retail dispensary shall be a physical brick and mortar store in New York State with posted hours of operation to be authorized to sell cannabis products and related items to cannabis consumers by in-person sale, over the internet or via a digital application pursuant to this Chapter.

§ 123.10(b) - Drive-Thru and Pick-up Lanes

(b) The retail dispensary may operate a drive-thru service window or pre-order pick-up lanes for individuals using ground transport, with prior written approval from the Office and in compliance with all applicable state and local laws, rules, and regulations.

Retail Dispensary

§ 123.10(c) - Supervision and Staffing Requirements

(c) Retail dispensary supervision and staffing requirements include, but are not limited to, the following:

(1) No employee shall be the employee in charge of more than one retail dispensary at the same time; and

(2) The following activities are to be performed by and overseen by the retail dispensary's employee in charge:

(i) the proper conduct of the employees of the retail dispensary;
(ii) the immediate supervision and management of the retail dispensary during hours of operation;
(iii) opening and closing the facility;
(iv) activities of retail dispensary employees;
(v) inventory and delivery acceptance;
(vi) recordkeeping and maintenance of files subject to audit or inspection by the Office;
(vii) employee training and compliance with state and local laws and regulations;
(viii) maintaining and providing to the Office, upon request, an up-to-date retail dispensary staffing plan for staff involved in activities related to the sale of cannabis products;
(ix) notifying the Office of the termination of an employee for diversion of cannabis product or theft of currency within 24 hours of the termination;
(x) notifying the Office of any change of information required to be reported to the Office; (xi) the turning away of individuals who present a risk to the public; and
(xii) any other activity determined by the Office.

(3) No employee shall be required to enter a limited retail consumption facility to conduct the duties of their job unless the employee agrees to this condition at time of hiring and such agreement is noted by the employee in charge in the licensee's records. Licensees shall accommodate all reasonable requests from employees to alter the terms of such agreement and, in the event an employee notifies the Office or Board that their reasonable request was not accommodated, the licensee shall alter the terms of such agreement if the Board deems such request to have been reasonable. Failure by the licensee to comply with these requirements may result in suspension, revocation, and/or a civil penalty pursuant to Part 133 of this Title.

Retail Dispensary

§ 123.10(d) - Verification of Identification and Age

(d) Verification of identification and proof of age for retail dispensaries.

(1) No retail dispensary shall sell, deliver, or give away or cause or permit or procure to be sold, delivered, or given away any cannabis or cannabis product to any individual, actually or seemingly under the age of twenty-one (21) years of age or any visibly intoxicated individual.

(2) Retail dispensary staff shall inspect the individual's identification and determine the individual's age to validate that the individual is twenty-one (21) years of age or older. Valid identification and proof of age shall include:

(i) a valid driver's license or non-driver identification card issued by the New York State Department of Motor Vehicles, the federal government, any United States territory, commonwealth or possession, the District of Columbia, a state or local government within the United States or a provincial government of the dominion of Canada;

(ii) a valid federal, state, or local government identification, including IDNYC, stating the individual's age and a photograph of the individual's face;

(iii) a valid passport issued by the United States government or any other country;

(iv) a consular identification card; or

(v) an identification card issued by the armed forces of the United States

(3) The retail dispensary employee may perform a transaction scan of the individual's identification as a precondition to the sale of any cannabis product.

(4) On-line orders, telephone orders or other means of orders not made in person for cannabis products shall include an attestation that the individual ordering is twenty-one (21) years of age or older. The retail dispensary employee who transports the cannabis product shall obtain verification of the identity and the age of the cannabis consumer at the point of delivery by viewing or scanning a document described in this Part before providing the cannabis product to the cannabis consumer. If the individual placing the order will not be the individual accepting the order, the individual placing the order shall attest that the individual accepting the order is over twenty-one (21) years of age and that individual shall provide verification of identity and age at the time of accepting the delivery or dispensing. Both individuals' identities shall be recorded in the licensees' point-of-sale system.

(5) A retail dispensary may not acquire or record cannabis consumer personal information without consent, unless this information is typically acquired in a sales transaction, which can include the cannabis consumer's age.

Retail Dispensary

§ 123.10(e) - Cannabis Product Sales Requirements

(e) Cannabis Product Sales Requirements.

(1) A retail dispensary will be operational and available to sell cannabis products to cannabis consumers only during their designated hours of operation as provided in the application for a license or in the retail dispensary operating plan. Retail dispensaries may operate within the business hours stipulated in section 119.2 of this Title, unless operating hours are otherwise specified by the jurisdiction in which the business operates, in accordance with Cannabis Law and this Chapter.

(2) The retail dispensary shall:

(i) post, visible to consumers, its hours of operation in a conspicuous location inside each retail dispensary premises;

(ii) post, visible to consumers, any and all signs or posted placards required by the Office, including posting of the adult-use retail dispensary license issued by the Office and allowable possession and purchase limits, in a conspicuous location inside the retail dispensary premises;

(iii) only offer for sale cannabis products, cannabis paraphernalia, or cannabis merchandise with the licensee's brand. Such provision shall not preclude the sale of cannabis merchandise with the brand of a trade association. Cannabinoid hemp products may only be provided, however, when the retail dispensary has obtained a cannabinoid hemp retailer license pursuant to article 5 of the Cannabis Law;

(iv) offer for sale or provide containers to consumers for the secure storage of cannabis that lock and are child resistant pursuant to Part 128 of this Title;

(v) utilize an inventory tracking system pursuant to section 125.8 of this Title, with the capability of compiling a retail dispensary's cannabis product inventory, transaction data and tax liability as prescribed by the Office. The retail dispensary's system shall be compatible and capable of reporting the data to the Office on a real time basis; and

(vi) conduct a monthly analysis of its inventory tracking system to determine that no software has been installed that could be utilized to manipulate or alter inventory or sales data and that no other methodology has been employed to manipulate or alter data. The use of any means to willfully underreport or overreport sales or manipulate inventory is prohibited and subject to penalties pursuant to Cannabis Law and Part 133 of this Title.

(3) A retail dispensary may display, in secure, locked cases, samples of each cannabis product offered for sale. Authorized employees may remove samples from the display case and provide it to the cannabis consumer for inspection, provided the cannabis consumer may not consume or otherwise use or remove the sample from the retail dispensary.

(4) Cannabis products shall only be sold by authorized employees of the retail dispensary who shall be twenty-one (21) years of age or older if interacting with cannabis consumers.

(5) A retail dispensary shall be in a location consistent with distance requirements in Part 119 of this Title or as determined by the Board.

Retail Dispensary

§ 123.10(f) - Cannabis Product Sales Transactions Requirements

(f) Cannabis Product Sales Transactions Requirements.

(1) Each sales transaction record shall be sent to the Office's inventory tracking system, real time, in a manner as determined by the Office, and provide enough detail to independently determine the taxability of each sale and the amount of tax due and collected. Detailed information required for each sales transaction includes, but is not limited to, the:

(i) individual item(s) sold, including the form and the quantity of cannabis products and any other items sold;
(ii) selling price;
(iii) tax due including a separate delineation for each retail tax imposed on adult-use cannabis pursuant to article 20-C of the Tax Law;
(iv) method of payment;
(v) first name and the first letter of the last name of the employee completing the sales transaction;
(vi) device that was used to complete a sales transaction that may be a combination of software and hardware;
(vii) unique identifier for the sales transaction; and
(viii) date and time of the sale;

(2) A cannabis consumer shall be offered a receipt of their purchase, including, but not limited to:

(i) the name, address, and license number of the retail dispensary; (ii) the date and time of sale;
(iii) the form and the quantity of cannabis products and any other items sold;
(iv) the first name and the first letter of the last name of the employee completing the sale, and the delivery licensee's license number fulfilling the sale, if applicable; and
(v) the tax paid including a separate delineation for each tax imposed on adult-use cannabis pursuant to article 20-C of the Tax Law;

(3) Cannabis products purchased by a cannabis consumer may be placed into an exit package pursuant to Part 128 of this Title.

(4) Nothing in this section shall prevent a retail dispensary employee from refusing to sell cannabis product if, in their judgment, doing so could endanger the health or safety of the cannabis consumer.

Retail Dispensary

§ 123.10(g) - Retail Dispensary Prohibitions

(g) Retail Dispensary Prohibitions. A retail dispensary shall not:

(1) violate distance requirements pursuant to section 119.4 of this Title, or the Cannabis Law;

(2) conduct or transact business at a retail dispensary under a name which contains as a part thereof the words "drugs", "medicines", "drug store", "apothecary", "pharmacy", or similar terms or combination of terms, or in any manner by advertisement, circular, poster, sign or otherwise describe or refer to the licensed premises, or describe the type of service or class of products sold by the retail dispensary, by the terms "drugs", "medicine", "drug store", "apothecary", or "pharmacy". A retail dispensary name shall comply with the requirements in Part 129 of this Title;

(3) prominently display cannabis products or cannabis paraphernalia or cannabis merchandise or any packaging or labeling that could reasonably be mistaken for a cannabis product in a storefront window or other similar location that makes the product or paraphernalia easily visible to individuals utilizing the public thoroughfare on which the dispensary is located;

(4) sell or otherwise dispense any cannabis product later than the product date of expiration or use by date marked on the label, however, when the cannabis product is identified as an outdated product, the secure segregation and holding of such product beyond its date of expiration or use by date for disposal shall not be deemed a violation of this paragraph;

(5) dispense or otherwise sell cannabis products from a vending machine or allow such a vending machine to be installed at the interior or exterior of the premises of the retail dispensary;

(6) abandon the licensed premises without surrendering the license to the Board and making appropriate arrangements for the disposal of cannabis products;

(7) sell cannabis products obtained through the use of, or accept a sale of cannabis products from, any business that does not hold a license in New York State pursuant to article 4 of the Cannabis Law;

Retail Dispensary

§ 123.10(g) - Retail Dispensary Prohibitions

(g) Retail Dispensary Prohibitions. A retail dispensary shall not:

…

(8) provide cannabis samples to a cannabis consumer, other than to allow inspection of the product prior to purchase;

(9) allow employees under twenty-one (21) years of age to have direct interaction with individuals inside a licensed retail dispensary; (10) engage in cannabis processing, manufacturing, or compounding at the retail dispensary;

(11) knowingly sell, deliver, or give away to a cannabis consumer:

(i) any amount of cannabis product which they know would cause the cannabis consumer to be in violation of the Cannabis Law or possession limits established by article 222 of the Penal Law;

(ii) any cannabis product, cannabis paraphernalia, or cannabis merchandise if the cannabis consumer is unable to produce valid proof of government-issued identification and age confirming that they are twenty-one (21) years of age or older;

(iii) cannabis products if the cannabis consumer or the public would be placed at risk. This includes, but is not limited to, the cannabis consumer engaging in daily transactions that exceed the legal possession limits or that create a risk of diversion;

(iv) food, beverage, or personal care item that is not a cannabis product;

(v) any product that contains nicotine; and

(vi) alcoholic beverage as defined in section 3 of the Alcohol Beverage Control Law.

(12) make recommendations to a cannabis consumer who is also a medical cannabis patient if the patient's dosing recommendation is "Per Pharmacist Consultation" and that patient presents their patient certification, issued pursuant to Part 113 of this Title, at the retail dispensary, without disclosing to the cannabis consumer that they are not a pharmacist. Further, any patient who presents a valid medical cannabis patient certification shall be provided a list of the nearest registered organization dispensing facilities;

Retail Dispensary

§ 123.10(g) - Retail Dispensary Prohibitions

(g) Retail Dispensary Prohibitions. A retail dispensary shall not:

…

(13) solicit or receive an order for, keep or expose for sale, or keep with intent to sell any cannabis product or cannabinoid hemp product to a cannabis consumer by means of any vehicle or wheeled frame used for transporting objects, for carrying goods and materials, including, but not limited to, a cart, car, van, truck or trailer;

(14) place back into stock of any retail dispensary or re-dispense cannabis product which is returned by a cannabis consumer. The returned product shall be quarantined for disposal pursuant to section 125.9 of this Title;

(15) sell any form or type of cannabis product not authorized by Cannabis Law or this Chapter;

(16) sell any cannabis product that has not passed quality assurance laboratory testing pursuant to Part 130 of this Title;

(17) sell any cannabis product for which the required tax pursuant to article 20-C of the Tax Law has not been paid;

(18) sell any cannabis product that does not meet the packaging and labeling requirements in Part 128 of this Title;

Retail Dispensary

§ 123.10(g) - Retail Dispensary Prohibitions

(g) Retail Dispensary Prohibitions. A retail dispensary shall not:

…

(19) advertise or market any cannabis or cannabis products not in compliance with Part 129 of this Title;

(20) allow the consumption of any cannabis product by employees, individuals or cannabis consumers, including any smoking or vaping, in any area of the licensed premises except a consumption facility;

(21) pay for marketing or promotion through a third-party platform, marketplace, or aggregator that lists cannabis products for sale;

(22) contract with a third-party provider offering two or more of the following services: point of sale, payment processing, inventory tracking, or e-commerce, unless such third-party provider offers readily accessible integration of the same functionality to independent alternative service providers for each service offered pursuant to this provision; provided however that such third party provider may impose commercially reasonable terms and require compliance with applicable security and privacy laws and regulations in providing such integration; or

(23) fulfill any order placed or otherwise acquired from the retail dispensary's purported website on a third-party marketplace or aggregator where other retail dispensary licensees are listed, or visa-versa.

Retail Dispensary

§ 123.10(h) - Exceptions

(h) Exceptions. Nothing in this section shall prohibit:

(1) delivery of cannabis products into a town, city or village that, by local law, prohibits the establishment of a retail dispensary; and

(2) delivery of cannabis products into a local jurisdiction beyond the prohibited hours for retail dispensary sales in such jurisdiction provided the delivery occurs within the hours of operation set forth in this section.

§ 123.10(i) - Cannabis Consumer Education

(i) Cannabis Consumer Education.

(1) The retail dispensary shall be required to make available to cannabis consumers, including to consumers who place delivery orders, certain public health and other educational materials provided or required by the Office.

(2) Consumer education materials may not make health claims regarding cannabis or cannabis products.

(3) Consumer education materials shall be made available for inspection by the Office upon request.

Retail Dispensary

§ 123.10(j) - Storage Requirements

(j) Storage Requirements. All cannabis products shall be stored in accordance with section 125.3 of this Title.

(1) A retail dispensary shall store working stock of cannabis products locked behind a counter or other barrier to ensure a cannabis consumer does not have direct access to the cannabis products.

(2) Retail dispensaries shall have policies and procedures in place for the handling and storage of cash at the retail dispensary and for transportation of cash to financial institutions to prevent theft, loss and associated risks to the safety of employees, retail customers and the general public.

§ 123.10(k) - Delivery Service

(k) Delivery Service.

Retail dispensaries providing delivery service shall have a written delivery service plan available for inspection by the Office. Delivery of cannabis products to a cannabis consumer shall be conducted pursuant to section 123.20 of this Part and section 125.10 of this Title;

Retail Dispensary

§ 123.10(l) - Product Returns and Recalls

(l) Product Returns and Recalls.

(1) All recalls shall be conducted pursuant to section 125.9 of this Title, unless the retail dispensary is otherwise directed by the Office.

(2) Retail dispensaries shall establish written policies and procedures to monitor, track and resolve complaints, cannabis product returns and quality assurance concerns.

Retail Dispensary

§ 123.10(m) – Pricing

(m) Pricing.

(1) A retail dispensary shall designate the price of each cannabis product or item sold by attaching to, or otherwise displaying immediately adjacent to each such item displayed in the interior of the licensed premises where sales are made, a price tag, sign or placard setting forth the price at which each such item is offered for sale at the dispensary. Pricing shall also be included on any menu accessible to cannabis consumers.

(2) The price of all cannabis products and items offered for sale on the internet to prospective cannabis consumers shall be available on any internet website or digital application of the retailer.

(3) No retail dispensary shall refuse or fail to make product pricing available to cannabis consumers, upon request, including quoting pricing to a prospective cannabis consumer by telephone or other means of communication.

(4) When the retail dispensary displays a cannabis product price, it shall also display, separately, but in a similar font size or manner to the price, the total cost of the item which includes all taxes that would be paid by the consumer on the cannabis product or item.

Retail Dispensary

§ 123.10(n) - Cannabinoid Hemp Products

(n) Cannabinoid hemp products in an adult-use retail dispensary.

(1) Adult-use retail dispensaries that sell cannabinoid hemp product to a cannabis consumer shall comply with the applicable requirements of Part 114 of this Title, including obtaining a cannabinoid hemp retail license.

(2) Cannabinoid hemp flower products clearly labeled or advertised for the purposes of smoking, or in the form of a cigarette, cigar, or pre-roll, or packaged or combined with other items designed to facilitate smoking may be sold at a retail dispensary.

Retail Dispensary

§ 123.10(o) - Limited Retail Consumption Facility

(o) Limited Retail Consumption Facility.

(1) A limited retail consumption facility shall be a type of consumption facility that is that is a part of the licensed premises of the associated dispensary regardless of whether the facility is indoors, as follows:

(i) within the boundaries of the same parcel as the associated dispensary; or

(ii) within the boundaries of a parcel which is contiguous with the parcel containing the associated dispensary.

(2) Cannabis products sold at a limited retail consumption facility may not be rolled, packed, split, infused, mixed, or otherwise prepared by a licensee or any persons affiliated with the licensee, including, but not limited to, the licensee's employees;

(3) A limited retail consumption facility shall not charge an entry fee, cover, or other similar fee for limited retail consumption facility functions, provided however, such limited retail consumption facility may charge such fee in association with an event, including, but not limited to, cannabis events pursuant to section 120.19 of this Title;

Retail Dispensary

§ 123.10(o) - Limited Retail Consumption Facility

(o) Limited Retail Consumption Facility.

…

(4) A limited retail consumption facility shall not have a point of sale within the limited retail consumption facility;

(5) A limited retail consumption facility shall not allow an adult-use nursery, 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 true party of interest of any of the aforementioned to advertise at the limited retail consumption facility through use of a brand representative;

(6) The Office may limit the number of cannabis events at a limited retail consumption facility;

(7) A limited retail consumption facility shall comply with the requirements of Part 125 of this Title which pertain to a consumption facility; and

(8) A limited retail consumption facility shall comply with any other requirements as determined by the Board.

Delivery Operations

§ 123.20 Delivery Operations

(a) Delivery licensees and licensees authorized for and providing delivery of cannabis products to consumers shall have a written delivery plan available for inspection by the Office.

(b) Delivery licensees shall comply with the relevant requirements set forth in Part 125 of this Title.

(c) Delivery licensees shall not:

(1) conduct sales of adult-use cannabis or medical cannabis;

(2) accept cannabis or cannabis products from any person other than a licensee authorized for the retail sale of cannabis:

(3) deliver cannabis to any location outside of New York State;

(4) deliver cannabis to anyone inside of a motor vehicle;

(5) deliver cannabis products to anyone other than the individual detailed in the order and only upon verifying the identity and age of the individual pursuant to subdivision (d) of section 123.10 of this Part;

§ 123.20 Delivery Operations

(c) Delivery licensees shall not:

…

(6) deliver cannabis or cannabis products to anywhere other than residential properties, including short and long-term residences and private businesses anywhere in New York State, and shall not deliver cannabis to:

(i) public buildings;

(ii) public spaces including parks;

(iii) community centers;

(iv) any school grounds;

(v) day-care centers; or

(vi) houses of worship.

(7) have a total of more than twenty-five (25) individuals, or the equivalent thereof, providing full-time paid delivery services to cannabis consumers per week under one license;

(8) allow any employee providing delivery services on behalf of a licensee authorized for the retail sale of cannabis to leave the premises of a licensee authorized for the retail sale of cannabis with any cannabis products before having received at least one (1) delivery order from a licensee authorized for the retail sale of cannabis;

§ 123.20 Delivery Operations

(d) Employees providing delivery services on behalf of a delivery licensee or licensee authorized for the retail sale of cannabis shall not:

(1) purchase cannabis products from a licensee authorized for the retail sale of cannabis and obtain reimbursement from the individual receiving the delivery;

(2) solicit orders from potential consumers;

(3) possess more than:

(i) $20,000 of cannabis products in the aggregate at any time in an enclosed vehicle; or

(ii) $5,000 of cannabis products in the aggregate at any time in a non-enclosed vehicle, including, but not limited to, bikes and scooters, or while traveling on foot.

§ 123.20 Delivery Operations

(e) At least 30% of the value of cannabis products in the possession of a delivery employee's vehicle or, if traveling by foot, on their person, shall be ordered and paid for by a cannabis consumer before the delivery employee leaves the licensed location. For the purposes of this section, the value of cannabis products shall be determined using the current retail price of all cannabis products carried by, or within the delivery vehicle of, the delivery employee. This provision shall become effective after January 1, 2025.

(f) Employees providing delivery services for a delivery licensee or licensee authorized for the retail sale of cannabis shall maintain an updated shipping manifest, pursuant to section 125.10 of this Title, reflecting current inventory in possession of the delivery employee after every order is delivered.

(g) Retail dispensary delivery employees shall not work concurrent shifts to provide delivery services for multiple retail dispensary licensees.

Security & Storage of Cannabis

§ 125.3 Security and Storage

(a) General Requirements.

A licensee shall implement sufficient security measures to deter diversion, theft, or loss of cannabis and cannabis products, theft, or loss of cash, prevent unauthorized entrance into areas containing cannabis or cannabis products, and to ensure the safety of the licensee's employees and the general public. Unless otherwise approved by the Office, such security measures taken by the licensee shall include, but not be limited to, the following:

(1) positively identifying individuals who are not employees of the facility and are seeking access to the premises to limit access solely to individuals twenty-one (21) years of age or older;

(2) implementing and maintaining a security plan which may be included within the licensee's operating plan and shall include a description of the security measures to:

(i) prevent unauthorized access to the licensed premises by unauthorized persons and protect the physical safety of employees;

(ii) deter theft or loss of cannabis and cannabis products;

(iii) prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by the Cannabis Law and this Title are allowed to remain on the premises of the licensee;

(iv) lock all perimeter doors and windows; and

(v) provide for safe cash storage and handling, and transportation of cash to financial institutions; and

§ 125.3 Security and Storage

(a) General Requirements.

A licensee shall implement sufficient security measures to deter diversion, theft, or loss of cannabis and cannabis products, theft, or loss of cash, prevent unauthorized entrance into areas containing cannabis or cannabis products, and to ensure the safety of the licensee's employees and the general public. Unless otherwise approved by the Office, such security measures taken by the licensee shall include, but not be limited to, the following:

(1) positively identifying individuals who are not employees of the facility and are seeking access to the premises to limit access solely to individuals twenty-one (21) years of age or older;

(2) implementing and maintaining a security plan which may be included within the licensee's operating plan and shall include a description of the security measures…

(3) securing all entrances to the licensed facility to prevent unauthorized access;

(4) ensuring that both the inside, and the outside perimeter of the licensed facility are sufficiently illuminated to facilitate surveillance;

(5) maintaining trees, bushes, and other foliage outside of the licensed premises so as to prevent a person from concealing themselves from sight; and

(6) any other requirements provided in this section, and as determined by the Office.

§ 125.3 Security and Storage

(b) Storage.

Cannabis and cannabis products shall be stored in a secure, locked safe, vault, or other approved equipment or location within the licensed premises to prevent diversion, theft or loss, and in such a manner, as to protect against physical, chemical and microbial contamination, and deterioration of the cannabis and cannabis products as follows:

(1) all safes, vaults or any other approved equipment or areas used for the cultivation, processing, and/or storage of cannabis or cannabis products shall be securely locked and protected from entry, except for the actual time required to remove or replace cannabis and cannabis products;

(2) keys shall not be left in the locks or stored or placed in a location accessible to individuals who are not authorized to access cannabis or cannabis products;

(3) security measures, such as combination numbers, passwords or biometric security systems, shall not be accessible to individuals other than those specifically authorized to access cannabis or cannabis products;

(4) a separate secure area shall be designated for temporary storage of any cannabis or cannabis product that requires disposal;

(5) cannabis and cannabis products within storage areas shall be kept out of plain sight and not visible from a public place outside of the licensed premises without the use of binoculars, optical aids, or aircraft; and

§ 125.3 Security and Storage

(b) Storage.

Cannabis and cannabis products shall be stored in a secure, locked safe, vault, or other approved equipment or location within the licensed premises to prevent diversion, theft or loss, and in such a manner, as to protect against physical, chemical and microbial contamination, and deterioration of the cannabis and cannabis products as follows:

…

(6) access to cannabis and cannabis product storage areas and areas within the licensed facility where security equipment and recordings are stored shall be restricted to:

(i) authorized licensee personnel;

(ii) employees of the Office or its authorized representatives;

(iii) emergency personnel responding to an emergency; and

(iv) other individuals authorized by the licensee for the sole purpose of maintaining the operations of the facility.

§ 125.3 Security and Storage

(c) Security System. All facilities operated by a licensee where cannabis or cannabis products are stored or handled shall have a security system to prevent and detect diversion, theft or loss utilizing commercial grade equipment, which shall, at a minimum, include:

(1) a perimeter alarm that communicates with an internal designee and a third-party commercial central monitoring station when intrusion is detected;

(2) video camera surveillance in all areas, except in areas where cannabis consumers are consuming cannabis, that may contain cannabis or cannabis products, all surveillance areas or rooms and at all points of entry and exit, and in any parking lot, which shall be appropriate for the normal lighting conditions of the area under surveillance. Video camera surveillance shall meet the following additional requirements:

(i) video cameras shall be directed at all safes, vaults, sales areas, and any other areas where cannabis and cannabis product, as applicable, is cultivated, harvested, processed, prepared, stored, handled, transferred, or sold and for the purpose of securing cash;

(ii) video cameras shall be positioned at entry and exit points, and at each point-of-sale area, to allow for the capture of clear and certain identification of any person entering or exiting the facility or at the point-of-sale;

(iii) video cameras shall have the ability to immediately produce a clear color still photo from any camera image (live or recorded);

(iv) video recordings shall allow for the exporting of still images in an industry standard image format (including .jpeg, .bmp, and .gif). Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system;

(v) video cameras shall include a date and time stamp embedded on all recordings. The date and time shall be synchronized and set correctly, measured in accordance with the United States National Institute Standards and Technology standards and shall not significantly obscure the picture;

§ 125.3 Security and Storage

(c) Security System. All facilities operated by a licensee where cannabis or cannabis products are stored or handled shall have a security system to prevent and detect diversion, theft or loss utilizing commercial grade equipment, which shall, at a minimum, include:

(2) video camera surveillance in all areas, except in areas where cannabis consumers are consuming cannabis, that may contain cannabis or cannabis products, all surveillance areas or rooms and at all points of entry and exit, and in any parking lot, which shall be appropriate for the normal lighting conditions of the area under surveillance. Video camera surveillance shall meet the following additional requirements:

…

(vi) video cameras shall produce continuous recordings during hours of operation and at any time that cannabis or cannabis product is handled, and motion activated recordings at all other times, from all video cameras, which the licensee shall make available via remote access or login credentials for immediate viewing by the Office or the Office's authorized representative upon request. All recordings shall be retained for at least 60 days;

(vii) licensees shall make an unaltered copy of video camera recording(s) to the Office upon request;

(viii) if a licensee is aware of a pending criminal, civil or administrative investigation or legal proceeding for which a recording may contain relevant information, the licensee shall retain an unaltered copy of the recording until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the licensee that it is not necessary to retain the recording, but in no event for less than 60 days; and

(ix) the physical media or storage device on which surveillance recordings are stored shall be secured in a manner to protect the recording from tampering or theft; and

§ 125.3 Security and Storage

(c) Security System. All facilities operated by a licensee where cannabis or cannabis products are stored or handled shall have a security system to prevent and detect diversion, theft or loss utilizing commercial grade equipment, which shall, at a minimum, include:

…

(3) a failure notification system that provides an audible, text, or visual notification of any failure in the security system. The failure notification system shall provide an alert to the licensee's designated representative(s) within five (5) minutes of the failure, either by telephone, email, or text message;

(4) the ability for the security alarms and video surveillance system to remain operational during a power outage for a minimum of eight (8) hours;

(5) limiting access to any surveillance areas and keeping all on-site surveillance rooms locked. A licensee shall make available to the Office or the Office's authorized representative, upon request, a current list of authorized employees who have access to any surveillance room;

(6) keeping all locks, storage and security equipment in full operating order and shall test and inspect such equipment at regular intervals, not to exceed 30 calendar days from the previous inspection and test. Records of security tests shall be maintained for five (5) years and made available to the Office upon request; and

§ 125.3 Security and Storage

(c) Security System. All facilities operated by a licensee where cannabis or cannabis products are stored or handled shall have a security system to prevent and detect diversion, theft or loss utilizing commercial grade equipment, which shall, at a minimum, include:

…

(7) outdoor areas designated for cannabis cultivation shall implement the video surveillance requirements as set forth in this Part, which shall be operating for no less than the three-week period preceding a harvest, as well as at all times while drying, curing, storing or disposing of cannabis. To ensure that outdoor areas are not readily accessible to unauthorized individuals and to prevent and detect diversion, theft or loss of cannabis, cultivation security measures shall, based on tier of the outdoor cultivator, include the following:

(i) a perimeter security fence or perimeter breach detection device, unless otherwise approved by the Office, designed to prevent unauthorized entry with signs notifying observers that it is a Limited Access Area; fencing shall:

(a) be constructed of metal or another similarly secure material;

(b) measure at least eight (8) feet from the ground to the top;

(c) have support posts that are securely anchored; and

(d) meet the requirements of the relevant municipal code provisions; and

(ii) use commercial-grade, nonresidential locks;

(iii) motion activated floodlights, which may face away from the canopy, or other technology, such as motion activated night vision cameras, which provide sufficient visibility in darkness; and

(iv) controlled point of access.

§ 125.3 Security and Storage

(c) Security System. All facilities operated by a licensee where cannabis or cannabis products are stored or handled shall have a security system to prevent and detect diversion, theft or loss utilizing commercial grade equipment, which shall, at a minimum, include:

...

(7) outdoor areas designated for cannabis cultivation shall implement the video surveillance requirements as set forth in this Part, which shall be operating for no less than the three-week period preceding a harvest, as well as at all times while drying, curing, storing or disposing of cannabis. To ensure that outdoor areas are not readily accessible to unauthorized individuals and to prevent and detect diversion, theft or loss of cannabis, cultivation security measures shall, based on tier of the outdoor cultivator…

(8) The Office shall determine the appropriate security measures for outdoor nursery areas and based on cultivator tier size, for outdoor canopy areas in the period preceding a harvest and for drying, storage, and disposal areas at all times.

§ 125.3 Security and Storage

(d) Employee and Visitor Identification. Employees, visitors, and other persons at licensed premises, including persons engaged in the transportation of cannabis or cannabis products, shall be required to provide identification to the Office, or other authorized enforcement official upon request.

(1) All licensees and employees on the licensed premises shall be required to hold and properly display an identification badge, issued by the licensee, at all times, while on the licensed premises or when engaged in the transportation of cannabis or cannabis products. The identification badge shall include, at a minimum, the following information:

(i) employee's first and last name;
(ii) employee's photograph;
(iii) licensee's legal name; and
(iv) licensee's license number as issued by the Office;

§ 125.3 Security and Storage

(d) Employee and Visitor Identification. Employees, visitors, and other persons at licensed premises, including persons engaged in the transportation of cannabis or cannabis products, shall be required to provide identification to the Office, or other authorized enforcement official upon request.

…

(2) Non-employee visitors to the licensed premises, other than cannabis consumers, shall be required to hold and properly display an identification badge issued by the licensee at all times while on the licensed premises.

(3) The licensee shall maintain a visitor log of all persons, other than employees, cannabis consumers visiting a retail dispensary, permitted cannabis laboratories or laboratory sampling firms, emergency personnel responding to an emergency, or any other persons as determined by the Office, that shall be maintained on the licensed premises for a period of five (5) years and be made readily available to the Office upon request. The log shall include the following information:

(i) the full name of each visitor, as well as the company the individual works for entering the licensed premises;

(ii) the time of arrival;

(iii) time of departure; and

(iv) purpose of the visit.

§ 125.3 Security and Storage

(e) Incident Reporting. A licensee shall notify the Office in a manner prescribed by the Office, of any breach of security or other incident set forth in this section immediately and, in no instance, more than twenty-four (24) hours following discovery of the security breach or incident.

(1) Notification to the Office shall be provided for the following incidents:

(i) discovery of inventory discrepancies;

(ii) diversion, theft, or loss of any cannabis or cannabis product;

(iii) any criminal action involving or occurring on or in the licensed premises;

(iv) any suspicious act involving the cultivation, processing, distribution, or sale of cannabis or cannabis products by any person;

(v) unauthorized destruction of cannabis or cannabis products;

(vi) any loss or unauthorized alteration of records related to cannabis or cannabis products;

(vii) an alarm activation or other event that requires response by public safety personnel, including, but not limited to: local law enforcement, police and fire departments, public works or municipal sanitation departments, and municipal inspectional services departments, or security personnel privately engaged by the licensee;

(viii) the failure of any security alarm system, or video surveillance, due to a loss of electrical power or mechanical malfunction that is expected to last more than eight (8) hours;

(ix) a significant motor vehicle crash that occurs while transporting or delivering cannabis products and would require the filing of an accident report with the New York State Department of Motor Vehicles;

(x) any other breach of security; and

(xi) any other event that may compromise public health and/or safety including the health and safety of the workforce at the licensed premises;

§ 125.3 Security and Storage

(e) Incident Reporting. A licensee shall notify the Office in a manner prescribed by the Office, of any breach of security or other incident set forth in this section immediately and, in no instance, more than twenty-four (24) hours following discovery of the security breach or incident.

…

(2) The licensee shall, within ten (10) calendar days of any incident in paragraph (1) of this subdivision, submit an incident report in a form and manner determined by the Office which details the circumstances of the incident, any corrective action taken, and confirmation that the appropriate law enforcement authorities were notified.

(3) All documentation related to an incident shall be maintained by a licensee for not less than five (5) years or the duration of an open investigation, whichever is longer, and made available to the Office and law enforcement authorities within their lawful jurisdiction upon request.

Upcoming CHIP Academy Sessions

Upcoming CHIP Academy Sessions

Tentative March Schedule*

Key
All Licensees
Cultivation, Microbusiness Licensees
Processing Manufacture Licensees
Retail

Session #	Audience	Topic(s)	Date of Webinar	Link to Connect
1	All Licensees	Introduction to CHIP Cannabis Academy	Monday, March 4, 2024	LINK
2	All Licensees	Growing Systems #1: Soil Cultivation	Tuesday, March 5, 2024	LINK
3	Cultivation, Microbusiness Licensees	Breeding 1: Basics	Thursday, March 7, 2024	LINK
4	Cultivation, Microbusiness Licensees	Compliance Overview Cultivators	Friday, March 8, 2024	LINK
5	All Licensees	Microbusiness Compliance Overview	Monday, March 11, 2024	LINK
6	All Licensees	Inventory Tracking & Record Keeping Strategies	Tuesday, March 12, 2024	LINK
7	All Licensees	Distribution Regulations & Compliance Overview	Wednesday, March 13, 2024	LINK
8	Cultivation, Microbusiness Licensees	Transitioning Cultivation into Compliance Part 1	Thursday, March 14, 2024	LINK
9	Processing Manufacture Licensees	Processing Regulations & Compliance Overview	Monday, March 18, 2024	LINK
10	All Licensees	Cannabis Business Accounting, Capital Raise/Management, and THC Tax	Tuesday, March 19, 2024	LINK
11	Cultivation, Microbusiness Licensees	Sustainable Practices for Small Scale Cultivation (Outdoor and Greenhouse)	Thursday, March 21, 2024	LINK
12	Cultivation, Microbusiness Licensees	Transitioning Cultivation into Compliance Part 2	Friday, March 22, 2024	LINK
13	All Licensees	Legal Considerations & Business Formation	Monday, March 25, 2024	LINK
14	All Licensees	Track and Trace/POS Systems/Working with Bio Track	Tuesday, March 26, 2024	LINK
Roundtable 1		Breeding and Genetics for the Northeast: What will be the mix of methodologies and strategies?	Wednesday, March 27, 2024	LINK
15	Cultivation, Microbusiness Licensees	Cultivation and Processing, Harvest and Post Harvest Essential BMP	Thursday, March 28, 2024	LINK
Roundtable 2		Cannabis Growers Alliances, Coops Strategies and Scenarios	Friday, March 29, 2024	LINK

Click the links to join each live session

* Most sessions **start** at **6:00 PM EST** and **end** at **7:30 PM EST.**
Dates, topics, and times subject to change.

NEW YORK STATE | OFFICE OF CANNABIS MANAGEMENT

Upcoming CHIP Academy Sessions

Tentative April Schedule*

Key
All Licensees
Cultivation, Microbusiness Licensees
Processing Manufacture Licensees
Retail

Session #	Audience	Topic(s)	Date of Webinar	Link to Connect
16	All Licensees	Cannabis Business Accounting & Capital Raise	Monday, April 1, 2024	LINK
17	Retail	Retail Regulations & Compliance Overview	Tuesday, April 2, 2024	LINK
18	All Licensees	Labor #1: Labor Laws and Worker Safety and Training	Wednesday, April 3, 2024	LINK
19	Cultivation, Microbusiness Licensees	Environmental Controls, Lighting and Temperature	Thursday, April 4, 2024	LINK
20	Processing Manufacture Licensees	Small Scale Processing Methods and GMP Part 1	Friday, April 5, 2024	LINK
21	All Licensees	Agricultural HR and Building Your Work Team	Tuesday, April 9, 2024	LINK
~~Roundtable 2~~		~~Sustainable Practices~~	~~Wednesday, April 10, 2024~~	~~LINK~~
22	Processing Manufacture Licensees	Small Scale Processing Methods and GMP Part 2	Thursday, April 11, 2024	LINK
23	All Licensees	Supply Chain and Distribution in NY	Tuesday, April 16, 2024	LINK
24	Processing Manufacture Licensees	Medium Scale Good Manufacturing Practices	Thursday, April 18, 2024	LINK
25	All Licensees	Process Based Risk Assessment & Recall Plans	Tuesday, April 23, 2024	LINK
Roundtable 3		TBD	Wednesday, April 24, 2024	LINK
26	Cultivation, Microbusiness Licensees	Soilless Substrate and Soil Health Management for Greenhouse & High Tunnel Production	Thursday, April 25, 2024	LINK
27	All Licensees	Lab Testing and the COA	Tuesday, April 30, 2024	LINK

Rescheduled

Click the links to join each live session

* Most sessions **start** at **6:00 PM EST** and **end** at **7:30 PM EST.**
Dates, topics, and times subject to change.

NEW YORK STATE | OFFICE OF CANNABIS MANAGEMENT

Upcoming CHIP Academy Sessions

Tentative May Schedule*

Key
All Licensees
Cultivation, Microbusiness Licensees
Processing Manufacture Licensees
Retail

Session #	Audience	Topic(s)	Date of Webinar	Link to Connect
28	All Licensees	Security Compliance Overview	Wednesday, May 1, 2024	LINK
29	All Licensees	DOL Cannabis Business Resources	Thursday, May 2, 2024	LINK
31	All Licensees	Packaging and Labeling Regulations, Sustainable Packaging	Tuesday, May 7, 2024	LINK
Roundtable 4		TBD	Wednesday, May 8, 2024	LINK
32	Cultivation, Microbusiness Licensees	Plant Pathology and NYS IPM	Thursday, May 9, 2024	LINK
33	All Licensees	Taxes	Tuesday, May 14, 2024	LINK
34	All Licensees	Compliance Inspection Process	Wednesday, May 15, 2024	LINK
35	Cultivation, Microbusiness Licensees	Low Inputs Indoor Cultivation	Thursday, May 16, 2024	LINK
36	Retail	Retail	Tuesday, May 21, 2024	LINK
37	Processing Manufacture Licensees	Extraction Equipment	Thursday, May 23, 2024	LINK
38	All Licensees	OCM Closing Session	Tuesday, May 28, 2024	LINK

Click the links to join each live session

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Dates, topics, and times subject to change.

NEW YORK STATE | OFFICE OF CANNABIS MANAGEMENT

Thank you!

If you have any questions, please email SEE.Academy@ocm.ny.gov
and the SEE Team will get back to you as soon as possible.

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