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NEW YORK CANNABIS REGULATORS REAFFIRM REGULATIONS:

EQUITY OWNERS MUST CONTROL THEIR BUSINESSES

Board Decision Strengthens Protections for
Social and Economic Equity License Holders

NEW YORK, NY — The New York State Office of Cannabis Management (OCM) and the Cannabis Control Board (CCB) upheld the state's commitment to an equitable cannabis market after the board reaffirmed that equity license holders must maintain sole control over their cannabis businesses as required by 9 NYCRR § 116.4.

"Sole Control is not just a technical requirement. It is how equity is delivered," **said John Kagia, Executive Director of the New York State Office of Cannabis Management. "**This decision makes clear that the people these licenses were created for must have real authority over their businesses and a real stake in their success. It also sends a clear message that is committed to upholding the rules and protecting the interests of our social economic equity licensees."

The ruling followed a request from Gotham Buds LLC, a Conditional Adult-Use Retail Dispensary (CAURD) licensee, seeking clarity on whether certain business agreements followed New York's cannabis law and regulations. Based on OCM's analysis of the company's operating agreements, the Board determined that the licensee did not maintain true, day-to-day control of the business, a core requirement of the State's equity program.

New York's equity program is built on the premise that individuals and communities most impacted by past drug laws should have meaningful opportunities to own and operate businesses in the legal market. This framework relies on license holders being true operators, not just figureheads on paper controlled by third parties. Allowing third

parties to take control via intricate agreements subverts the program's intent and deprives entrepreneurs of their rightful benefits. This ruling reinforces that those outcomes are not allowed under New York law.

"The Cannabis Control Board has a responsibility to ensure that the intent of New York's equity program is upheld in practice," **said Jessica Garcia, Chair of the New York State Cannabis Control Board.** "This ruling makes clear that equity licensees must maintain real control over their businesses. When that standard is not met, it is our role to step in, provide clarity, and protect the integrity of the program for all participants."

"The Board has given clear direction on how these regulations must be respected and enforced," **said Barbara Graves-Poller, General Counsel of the New York State Office of Cannabis Management.** "Following that direction, the Office is strengthening its capacity to review business arrangements and protect the integrity of New York's equity program."

In response to the ruling, the licensee may submit revised agreements within 30 days that address the identified issues, contest the findings during the next regularly scheduled Board meeting, or they may surrender their license.

For more information on the OCM's CAURD license program and the State's ongoing commitment to investing into communities across New York State that were impacted by the disproportionate enforcement of cannabis prohibition visit www.cannabis.ny.gov/conditional-adult-use-retail-dispensary

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The New York State Office of Cannabis Management (OCM) oversees the State's medical, adult-use, and cannabinoid hemp programs. Guided by its core pillars—public health and safety, social and economic equity, community reinvestment, environmental sustainability, and consumer education—OCM works to advance a regulated cannabis marketplace rooted in transparency and accountability.

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