



Office of Cannabis Management

2024

NEW YORK STATE OFFICE OF CANNABIS MANAGEMENT ENFORCEMENT REPORT

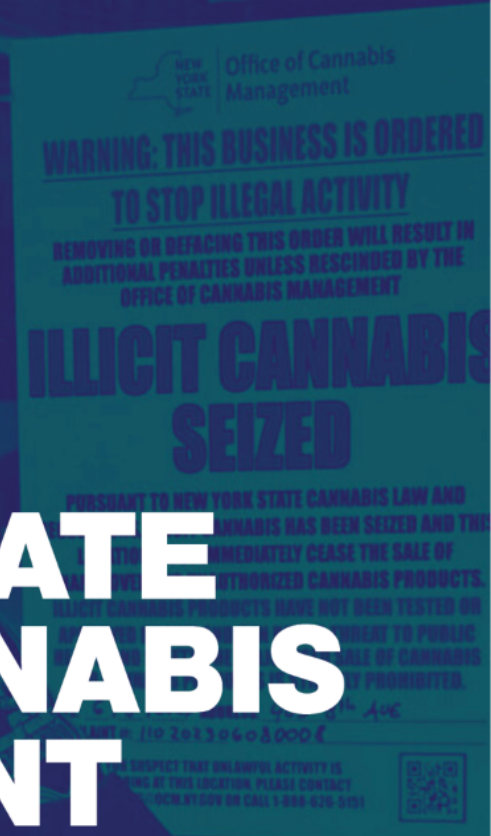


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Letter from the Director of Enforcement and Investigations

Dear Governor Hochul, Leader Stewart-Cousins, Speaker Heastie, and all New Yorkers:

It is with pleasure and pride that I present the Office of Cannabis Management's (OCM) 2024 Enforcement Report, mandated by Cannabis Law Article 2, § 11(15). This report gives an overview of the OCM Enforcement and Investigations Division (E&I) work over the past year. With expanded enforcement abilities, E&I focused its actions against unlicensed, illicit cannabis operators and worked with our colleagues in OCM and our partners across the state to give effect to New York's cannabis regulatory goals.

Most significantly this year, the Legislature granted OCM the authority to conduct regulatory inspections at unlicensed cannabis retail locations and padlock these storefronts. This authority permits OCM investigators to physically shut down locations selling unregulated cannabis and cannabis products—which present pointed risks to public health and safety and frustrate the economic development goals of a well-regulated cannabis marketplace. Since May 2024, E&I has conducted over 1,000 inspections across the state and padlocked approximately 450 unlicensed stores. These actions have led to thousands of pounds of illicit cannabis being seized approaching a market value of \$70 million. Further, E&I continued making strides in 2024 to educate and partner with local governments and other law enforcement entities to collaborate on efforts to shut down the illicit cannabis market. For instance, when a county government passes legislation to authorize cannabis enforcement at a local level, E&I investigators work with that county to educate and train their officers on OCM's enforcement processes and cannabis product recognition. This educational outreach is instrumental in building out our communication network with local agencies and informing law enforcement of the legal cannabis landscape.

E&I's enforcement efforts have a direct, often immediate, market impact. Where OCM investigations have resulted in enforcement actions, licensed retailers nearby have seen next day and out week sales performance skyrocket. In addition, E&I investigations remind communities that illicit operators are frequently contributing to other local public safety concerns; at illicit locations, E&I teams have discovered unlawful firearms, psilocybin, methamphetamine, narcotics, armor piercing ammunition, and cannabis products being manufactured and packaged in exceedingly unsanitary conditions.

Hiring new investigators continues to be E&I's top priority as OCM builds out its capacity to meet the present and future needs. Our investigative staff is comprised of seasoned investigators from federal, state and local agencies, most with decades of investigative experience. They are motivated, highly trained, and experts in cannabis enforcement.

As we look to 2025, we will be working to complete our staff hiring to fill each authorized position within Enforcement and Investigations. We hope to complete the build out for all our evidence warehouses



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across the state, to ensure all seized product is accurately and safely maintained. We will also continue and build upon our educational efforts with local governments and law enforcement agencies. With the foundation for cannabis enforcement that has been built in New York, we are excited to see the systems and processes we have established mature into the model of how cannabis enforcement should be handled nationwide.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Haughney".

Daniel Haughney
Director of Enforcement and Investigations



Enforcement & Investigations: A Year of New Opportunities

OCM's Enforcement and Investigations (E&I) staff investigate complaints about cannabis-related activities involving either licensees or unlicensed entities, and, if appropriate, take enforcement action. In May 2024, new emergency regulations included provisions expanding OCM's enforcement powers.

Additions to Part 133: Violations, Hearings and Enforcement included:

- Giving E&I the ability to padlock and shut down illicit cannabis stores when a threat to public safety and welfare exist.
- Outlining the process for stores inspected and padlocked for illicit activity to request an emergency hearing.
- Requiring stores inspected for illicit activity to provide a verified statement of ownership information upon OCM's request as a condition to proceeding with a hearing.

These initiatives are the strongest set of policies enacted to date to tackle the illicit cannabis market.

Illicit Cannabis Enforcement Taskforce

On May 21, 2024, Governor Hochul launched the Illicit Cannabis Enforcement Task Force (ICE-T). The Task Force was a statewide effort, coordinating staff from more than 20 state agencies to combat the illicit cannabis market. Through collaboration between these State agencies, in particular, the New York State Police, NYS Department of Taxation and Finance (DTF), and OCM, ICE-T was equipped to tackle the scope of illegal cannabis activity across the State. ICE-T worked with local municipalities and landlords to evict tenants operating illegal storefronts and to issue consequences to landlords who failed to pursue eviction against tenants using the landlord's premises to engage in illicit cannabis operations. ICE-T sealed and padlocked approximately 350 illegal cannabis storefronts throughout New York.

The State's commitment to shutting down unlicensed cannabis storefronts has a direct impact on the legal cannabis industry. Legal cannabis sales increased 72 percent in New York City 10 weeks after enforcement actions began, with retailers collectively reporting \$2.6 million in weekly revenue growth over that period.

Along with OCM's agency partners E&I conducts weekly inspections of various unlicensed retail locations. From December 2023 - December 2024 E&I has conducted more than 1,300 site inspections. As a result, OCM has taken out of communities the following illicit products:

- Cannabis flower: 7084 lbs.
- Cannabis concentrate: 620 lbs.

- Cannabis edibles: 9209 lbs.
- The total retail value for the illicit products seized is \$68,511,900.

Further, OCM attorneys within our Office of General Counsel have worked with more than 145 landlords who have evicted tenants or otherwise had unlawful operators vacate their premises.

By taking decisive action against unlicensed cannabis businesses, ICE-T has a direct role in safeguarding public health and safety, consumer confidence, and the integrity of the State's social and economic equity-driven, legal cannabis market.

Licensing and Compliance

Within OCM, E&I works most frequently with the agency's Licensing and Compliance units, and with OCM's Office of General Counsel. E&I assists Licensing with applicant background checks and location inspections to confirm requirements in the Cannabis Law and its associated regulations. E&I works closely with the Compliance unit on investigations and site visits when licensees are suspected of engaging in illegal activity.

Agency and Local Government Partners

State and local law enforcement agencies, as well as the NYS Attorney General's Office, are critical partners in OCM's work. E&I coordinates with these agencies when conducting inspections, and routinely arranges for uniformed officers or deputies to be on scene outside the locations while enforcement inspections are underway. Additionally, OCM investigators have assisted law enforcement agencies throughout the state executing search warrants related to illicit cannabis investigations. This collaboration helps local agencies and OCM identify the sources of illicit product coming into the New York market. This collaboration also serves as a mechanism for OCM investigators to educate local law enforcement about cannabis laws and product identification. In the past year, this cooperative effort has included OCM investigative staff working with over 80 unique law enforcement agencies across the state, from Niagara Falls Police Department (PD); to Canton PD; Auburn PD and Suffolk County PD to name a few.

Legislation and Regulations

Enforcement Legislation and Regulation

In addition to the padlocking authority granted to OCM in the 2024-25 Budget, the legislation also enabled the New York City Sheriff the authority to seal unlicensed cannabis retail locations, in conjunction with local New York City administrative code changes. Other municipalities also have the ability to pass their own local laws to allow enforcement against unlicensed cannabis retailers by agencies within that jurisdiction. OCM is creating and sharing a model local law to assist municipalities in adopting similar enforcement practices against unlicensed cannabis

dispensaries. To incorporate these changes into regulation, the Cannabis Control Board voted to approve modifications to Part 133 the Violation, Hearing and Enforcement regulations three times throughout 2024.

Staffing and Offices

Enforcement has continued to prioritize recruiting and hiring a diverse, inclusive, and trained team to achieve its mission. Once investigator candidates are identified through Civil Service test results or through the NYS HELPS program, they must pass physical, agility, and psychological exams, as well as a background investigation before being offered a position. Once hired, all investigators must successfully complete a peace officer academy to be certified through Division of Criminal Justice Services. In 2024, OCM enforcement recruited and hired 20 investigative staff.

The enforcement teams are statewide, with offices in New York City, Albany, and Buffalo.

Conclusion

OCM E&I will continue to expand its enforcement efforts. Our actions remain focused against unlicensed cannabis retailers, which undermine New York State's ability to build a truly equitable market with the power to deliver new resources to schools and communities disproportionately impacted by cannabis prohibition statewide. Proliferation of unlicensed cannabis shops continues to pose a public health threat as the unregulated products on their shelves are not tested to OCM standards and are often packaged in a manner attractive to youth. OCM Enforcement will continue collaborative efforts with State and local partners to shut down unlicensed cannabis distribution channels. Building on the initial efforts of the Governor's Illicit Cannabis Enforcement Task Force, OCM will expediently and significantly expand its enforcement resources to ensure sustained pressure on the unregulated market. Working with other state and local law enforcement agencies, we will continue to follow the illicit cannabis supply chain to identify and shut down the networks supplying the illicit cannabis operations in New York.