



JEFFREY LEFRANCOIS
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CITY OF NEW YORK
MANHATTAN COMMUNITY BOARD FOUR

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July 12, 2022

Tremaine Wright
Chair
Cannabis Control Board
PO Box 2071 Albany, NY 12220

Christopher Alexander
Executive Director
Office of Cannabis Management
PO Box 2071 Albany, NY 12220

Re: Illicit Cannabis Dispensaries

Dear Chair Wright and Mr. Christopher Alexander,

Manhattan Community Board 4 (MCB4) writes to express growing concern over the smoke shops, cannabis clubs, sidewalk stands, vehicles, and other storefronts operating illegally as cannabis dispensaries within our district, and to request a reporting mechanism that would trigger effective, non-carceral enforcement of the Marijuana Regulation Taxation Act (“MRTA”) to inhibit the rapid spread of these “gray” market establishments. We applaud the Office of Cannabis Management (“OCM”) plans to methodically issue and distribute nine different types of cannabis licenses, and we look forward to engaging with properly licensed small business owners seeking to open New York’s first legal dispensaries and on-site consumption lounges within our district. But the current illegal operations, which are multiplying exponentially, are an affront to our community and to OCM’s laudable attempts to create a robust legal cannabis market.¹

We ask that OCM or the Cannabis Control Board (“CCB”) immediately launch a widespread advertising campaign, informing both “distributors” and consumers alike that, while the State has legalized the personal consumption of cannabis, it is currently *not* legal to sell or distribute cannabis

¹ This letter was unanimously approved by MCB4’s Executive Committee on 6/27/22 and subject to ratification at MCB4’s Full Board meeting on Wednesday, July 27th 2022.

without a proper license. For example, the Board is aware that certain smoke shops in our neighborhood are currently selling cannabis under the false assumption that they can legally begin selling cannabis before being licensed and intend to apply for a license when the relevant licenses become available. The Board asks the OCM or CCB to make clear to such businesses that any further sales of cannabis will automatically disqualify them for eligibility for a license, and encourage them to “self-report” and immediately cease their illicit sales (with the possibility that taking such steps would enable them to apply for a future license).

We also ask that OCM or CCB *widely advertise* an on-line reporting tool for community members to describe the illicit businesses within their neighborhoods, and to provide the Community Board with specific details on plans for effective MRTA enforcement, including on the immediate deployment of fines. To be clear, we do *not* support further criminalization of the sale of cannabis by using law enforcement to prosecute violations of current cannabis regulations. But many of the storefronts currently selling cannabis are knowingly flaunting the law, and we therefore request: a) a public reporting mechanism administered by the OCM or CCB, and b) for OCM or CCB to marshal state agencies capable of levying tickets and fines on these illegitimate businesses.

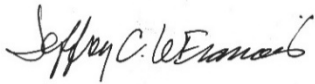
Likewise, we ask OCM and CCB to accelerate the pace of writing and implementing the relevant regulations, such that dispensary licenses can begin being issued as soon as possible. Until then, this “gray” market industry will constitute the only available marketplace for consumers, and continue to foment a myriad of issues, including:

- (1) **Public Health Risk.** We understand that some of these unregulated enterprises are selling cannabis edibles with exceedingly high THC contents, without proper labeling. As is the nature of any unregulated business, there are no guarantees that the products being sold are fit to be consumed as advertised. Likewise, these establishments *do not check* to confirm that purchasers are over the age of 21, and we have had several reports of sales to underage members of the public.
- (2) **Public Nuisance/Community Safety.** We understand that several illegally operating storefronts are not only ignoring cannabis laws, but are refusing to adhere to *any* city guidelines regarding small business operations and causing significant disturbance on their blocks. For example, as informed by community members, one business in Chelsea employed a DJ to perform outside on the sidewalk for an entire day without any permit to do so. Even more alarming, we understand that smoke shops illegally selling cannabis have become the frequent targets of robberies because assailants know the store owners will not call the police.
- (3) **Undermining the Value of the Dispensary License.** As the number of retail establishments illegally selling cannabis grows exponentially and without consequence, the value of the soon-to-be issued dispensary or on-site consumption licenses will necessarily dissipate. Small business owners wanting to enter this market will not have any incentive to pay the costs and wait for a properly issued license when the barrier to entry for the unlicensed has already proven significantly lower.
- (4) **Cutting the Line.** We support the MRTA’s goal of creating social and economic equity by encouraging small businesses and communities disproportionately harmed by disparate drug

enforcement to participate in this new industry. We understand that in support of these goals, among other initiatives, the first retail licenses to be distributed will be to those with prior convictions for marijuana-related offenses. Likewise, the MRTA has room for “legacy” distributors, *i.e.*, those who may have previously been operating illegally before the passage of the MRTA, to transition into the legal marketplace. But in spite of these worthy efforts based on principles of restorative justice, unlicensed retailers are *cutting the line*, taking up valuable real-estate, and placing those who want to participate legally at an unfair disadvantage.

We thank you in advance for addressing the issues raised in this letter in a prompt manner, and look forward to hearing from you.

Sincerely,



Jeffrey LeFrancois
Chair



Burt Lazarin
Co-Chair
Business Licenses & Permits
Committee



Frank Holozubiec
Co-Chair
Business Licenses & Permits
Committee

cc: Hon. Eric Adams, Mayor, City of New York
Hon. Jumaane Williams, Public Advocate
Hon. Mark Levine, Manhattan Borough President
Hon. Erik Bottcher, City Council
Hon. Gale A. Brewer, City Council
Hon. Brad Hoylman, State Senate
Hon. Robert Jackson, State Senate
Hon. Linda Rosenthal, State Assembly
Richard Gottfried, State Assembly