



Conditional Adult-Use Retail Dispensary (CAURD)

Scoring Criteria and Selection Process

This document is a summary of the scoring criteria and selection process for the Conditional Adult Use Retail Dispensary (CAURD) licensure. This document outlines the minimum eligibility criteria for licensure; the criteria on which applicants will be scored; reasons for applicant disqualification; the selection process to identify provisional licensees; and the process that will be used to assign provisional licensees to approved locations across New York State before receiving a final license from the Office.

Minimum Eligibility Criteria

There are two sets of eligibility criteria for CAURD. Applicants can choose to apply under the qualifying business criteria or the qualifying nonprofit criteria.

To be eligible under the qualifying business criteria, applicants must provide documentation evidencing that at least thirty percent (30%) of the applicant is owned by one individual who is/has:

- Justice involved: Conviction of a marijuana-related offense in New York State before March 31, 2021, on either themselves or a parent, legal guardian, child, spouse, or dependent; and
- Qualifying business experience: At least ten percent (10%) ownership, for at least two years, in a business that had positive net profits during the individual's ownership; and
- Sole control over the applicant, as defined by having the power to order or direct the operation, policies, management, and managers of the business.

In addition, the applicant must meet the fifty-one percent (51%) justice involved owner criteria threshold described in the Ownership and Control Criteria section below.

To be eligible under the qualifying nonprofit criteria, applicants must provide documentation evidencing that at least thirty (30%) of the applicant is owned by one qualifying nonprofit organization that has:

- A history of creating vocational opportunities for justice involved individuals; and
- A history of intentionally serving justice involved individuals; and
- At least one justice involved board member, officer, governing committee member, or advising committee member; and
- At least five full time employees; and
- Operated a social enterprise that had net assets or profit for at least two years, defined as a business serving customers, operated by a nonprofit or fiscally



sponsored by a nonprofit, which both fulfills the parent organization's mission and generates revenue. For more information on a social enterprise, please see the [CAURD Social Enterprise Definition](#).

In addition, the applicant must meet the qualifying nonprofit ownership threshold criteria described in the Ownership and Control Criteria section below.

For the justice involved criteria, unless otherwise prohibited under Section 137 of Cannabis Law, a marijuana-related offense is defined as:

- An offense described under article 221 of the New York State Penal Law (Offenses Involving Marijuana) prior to its repeal on March 31, 2021; or
- An offense described under article 220 or section 240.36 of the Penal Law where the substance involved was marijuana, that occurred prior to the creation of article 221 in 1977; or
- An arrest for an offense as described above that ultimately led to a conviction for another offense, such as non-drug offense, violation, or misdemeanor, by means of a plea deal or other mechanism.

For more information on the justice involvement criteria, please see the [Justice Involved Definition](#).

All applicants must have significant presence in New York State or otherwise meet the definition of an applicant in the Cannabis Law. If the applicant is eligible under the qualifying business criteria, the owner with sole control of the applicant must have:

- Residency in New York State; or
- Assets, bank accounts, or property held in New York State; or
- Some other connection with or in New York State.

If the applicant is eligible under the qualifying nonprofit criteria, the qualifying nonprofit with sole control of the applicant must:

- Be incorporated or organized under the laws of New York State; or
- Have its principal corporate location in New York State; or
- Have a majority of its board members reside or be physically present in New York State no less than 180 days in the current year or 540 days over three years.

Applicants that are eligible under the qualifying nonprofit criteria can be organized as a separate entity from the qualifying nonprofit, as long as the entity that will be operating the retail dispensary upon licensure meets the minimum ownership thresholds described below and is solely controlled by the qualifying parent nonprofit organization.



Ownership and Control Criteria

- Applicants that are eligible under the qualifying business criteria must provide documentation evidencing that at least fifty-one percent (51%) of the applicant is owned by individuals meeting the justice involved criteria described above. If a single justice involved individual does not own at least fifty-one percent (51%) of the applicant, other owners who are justice involved must provide the remainder of the majority of the ownership, provided one individual who is both justice involved and meets the qualifying business criteria holds at least thirty percent (30%) ownership interest in and sole control of the applicant. The individuals comprising the remainder of the majority of the ownership on the applicant are only required to meet the justice involved criteria above, and not the qualifying business experience criteria.
- Applicants that are eligible under the qualifying nonprofit criteria must provide documentation evidencing that at least fifty-one percent (51%) of the applicant is owned by a qualifying nonprofit organization, or by multiple qualifying nonprofit organizations and/or justice involved people. If multiple organizations or individuals make up the fifty-one percent (51%) minimum, at least 30% must be owned by one nonprofit organization that qualifies under the nonprofit eligibility criteria, who must also have sole control of the applicant.

Applicants may be asked to submit further documentation to verify their ownership and control criteria in the application. Applicants with complete and verified applications are eligible to be scored and selected for a provisional CAURD license.

Scoring Criteria

If the applicant is eligible under the qualifying business criteria, applications will be scored based on specific factors relating to the justice involved individual with sole control of the applicant and the qualifying business ownership. Factors that will be weighted more heavily in application scoring include:

- If the marijuana-related conviction was on the justice-involved owner with sole control themselves or a parent, legal guardian, child, spouse, or dependent;
- If the relevant arrest occurred in an area that has been negatively impacted by over policing and mass incarceration, or has historically low median household incomes;
- If the qualifying business has similar characteristics to a cannabis dispensary, such as the sale of retail goods, inventory management, a physical store, and paid employees; and
- The strength of the applicant's qualifying business experience, as judged by length of time in operation, size of the business, net revenue, and compliance with state and local laws, rules and regulations.



If the applicant is eligible under the qualifying nonprofit criteria, applications will be scored based on specific factors relating to the qualifying nonprofit with sole control of the applicant's social enterprise experience and commitment to working with justice involved individuals. Factors that will be weighted more heavily in application scoring include:

- The demonstrated history of working with justice involved individuals, including length of time working with this population, having justice involved individuals on the Board, the proportion of program expenses that serve this population, and the location of the social enterprise;
- If the qualifying nonprofit has demonstrated good governance principles, as shown by audited financials and the ratio of overhead and programming costs;
- If the social enterprise has similar characteristics to a retail cannabis dispensary, such as the sale of retail goods, inventory management, a physical store, and paid employees; and
- The strength of the applicant's social enterprise experience, as judged by the length of time in operation and size of the business.

Ineligibility

Applicants may be ineligible if any owner has a history of felonies and/or other criteria outlined in Section 137 of the Cannabis Law. Applicants may also be ineligible if any owner has had a cannabis license revoked or suspended in another state, if the nonprofit status of the organization operating the social enterprise has ever been revoked or suspended, inability of the applicant to provide documentation proving the minimum eligibility criteria or for other reasons determined by the Cannabis Control Board. Additionally, no individual under the age of twenty-one (21) years old is permitted to have an interest in any CAURD licensee.

Selection Process

Regional Preference

Applicants will select up to five regional preferences within New York for a dispensary location. The regions of New York State are broken up as follows: Bronx, Brooklyn, Capital Region, Central NY, Finger Lakes, Long Island, Manhattan, Mid-Hudson, Mohawk Valley, North Country, Queens, Richmond, Southern Tier, and Western NY. Final allocations will be announced in the future.

Ranking

Within each region, applicants will be ranked by scores, as described in the *Scoring Criteria* section. The top scoring applicants who rank that region as their first preference, up to the number of allocated or available licenses in that region, will be selected for a provisional license in that region. Each provisional licensee will then be assigned a location by the Office. Location leases will be provided through the New



York Social Equity Cannabis Investment Fund (Fund). For more information on the Fund please review the CAURD FAQ: Qualifying Business Criteria ([link](#)).

If a region does not reach its CAURD license allocation after all applicants have been selected for a provisional license based on their first regional preference, then the top scoring applicants who chose that region as their second regional preference and were not already selected for a provisional license in their first region will be considered for a provisional license in that region. If necessary, third, fourth, or fifth regional preferences will be considered until the region has reached its license allocation. Applicants in these rounds will be ranked by the same score used in the distribution of licenses based on first regional preferences.

The selection process will prioritize assigning applicants to their first regional preference, even if that means an applicant would be put on a waitlist for a location in that region. Applicants on a waitlist for a location in a region will not be considered for selection in another region that they ranked lower on their application.

Qualifying Nonprofit Organizations

The number of licenses granted to applicants under the qualifying nonprofit criteria will be determined by the Board based on the number and quality of qualifying non-profit applications received. Because of the anticipated smaller number of nonprofit licensees, these applicants will be selected within two regional pools: New York City and rest of State. Applicants under the qualifying nonprofit criteria will be scored and selected separately from other applicants, ensuring that all applicants are given fair chance at selection. Nonprofit provisional licensees will be selected from the top scoring applications of this type.

Tiebreaking Procedure

In the event of a tie between applicants where issuing a license to each applicant that had a tied score would exceed the limit on licensees in a given region, a random selection process will be used. The order in which applicants are randomly selected will be their final selection sequence and will determine who is granted a provisional license.

Placement and Assignment

Provisional licensees approved by the Board will be contacted by the Office to determine the placement of their retail dispensary location. Provisional licensees in each region will be able to share their preferences among the available locations in that region. Locations will be subject to approval by the Board.

After selection, provisional licensees will have twelve months to finalize their business arrangements by submitting additional documentation through the Office's online application system, including but not limited to notifying the municipality in which the dispensary is located of their intent to open and begin retail cannabis operations; providing fingerprints for the applicant and all true parties of interest (owners and interested parties) to the Office; and submitting final documentation to the Office on



business continuity plans, audited or certified financial statements, and insurance requirements. If a provisional licensee fails to provide the required application elements within this twelve-month period, the provisional licensee will not receive final approval and the provisional license may be distributed to another applicant. Upon completion of these final requirements, the provisional licensee will be fully approved for operating a cannabis retail dispensary.