

I appreciate the opportunity to speak with everyone today. My name is Joanne Wilson. I am the founder and CEO of Gotham, a licensed, legal cannabis dispensary in Manhattan. In my spare time, I am also Chair NY's Public Housing Community Fund and the co-founder and President of Gotham Gives, a public charity that only focuses on impact to the NY community.

My intention today is not to place blame or complain but to offer insights and constructive suggestions to help improve New York's legal cannabis regulations. I hope to shed light on the challenges faced by those of us operating within this system and to advocate for change where it is needed. There have been many prohibitive burdens placed on both hopeful dispensary licensees and farm licensees. While I believe many of these were put in place with the best of intentions, we now know how costly and inequitable some of these policies are.

The journey to becoming a legal dispensary begins with submitting an application.

In the first round of applications, prospective licensees were required to have a deed or an executed lease secured to apply, per OCM. In the case of our store Gotham, we acquired property in the summer of 2022 in preparation for applications to open up at a date we could only speculate. We were finally able to apply for our license on September 22, 2022. It wasn't until late November that our license was granted. During those six months of waiting, we were paying rent on a space, not knowing if we would actually be awarded a license to operate there.

In early October of this year, a new round of dispensary applications opened. In this round, it was no longer required to apply with real estate, BUT an applicant would receive priority status if they did so. In this round, we applied for two more licenses, each with costly leases in place, to ensure as best we could that we would be considered. I was recently told that these licenses would not be granted until the end of January, possibly early February 2024. You must understand that it is hard to get a landlord to rent a space to a cannabis operator- if they have a mortgage on their property because banks do not want to be engaged in the cannabis business. But if you do find a property to lease, you then have to hold that lease for months, waiting for the license. Asking license applicants to hold leases for months on end is extremely expensive—storefront rents in Manhattan, where our store is located, average \$35,000 a month.

The current application window forces those who wish to apply for a final license with property no choice but to sign a Labor Peace agreement without knowing if they will, in fact, be awarded a license in the lottery. Further, the lack of clarity on how exactly licenses will be awarded leaves room for the OCM to select applicants for the award as

they see fit and with little transparency. This is very risky as it leaves room for further litigation and could once again slow down the rollout of the legal market.

If you manage to get past the real estate challenge and get awarded the license to operate, you must navigate the next hurdle- extended waiting periods for OCM approvals. Opening a licensed store is an expensive process, requiring robust security systems, insurance, software, compliance teams, and employees. The delay in obtaining approvals only adds to the financial strain. For example, we wanted to lease a car for delivery but were forced to purchase one because leasing was unacceptable.

As dispensary operators, we are under immense pressure from the state to open quickly and generate tax revenue. However, there seems to be a lack of support from the state in navigating the obstacles that hinder revenue generation. A prime example of this is the proliferation of illegal stores throughout the city and state. We have at least ten in a two-block radius of our store. Most New Yorkers don't even realize that those stores are illegal. Where are the PSAs telling the public about them?

We don't allow unlicensed liquor stores to operate in NYC and NYS. Why do we tolerate unlicensed cannabis stores? As I have already expressed, the licensing process is very challenging. When you combine that with the option of operating an unlicensed illegal store with impunity, we shouldn't be surprised that there are thousands of illegal stores and only a handful of licensed ones. The proliferation of illegal stores throughout the city and state is significantly undermining the growth of the legal market.

The disconnect between the issuance of farmer's licenses and dispensary licenses has caused supply chain issues. Farmers have a surplus of products because there are not enough operational dispensaries. While I applaud the creation of the Cannabis Growers Showcase program to address this surplus, it is essential to expedite the approval process for such initiatives.

I also commend the state for granting over 400 licenses to previously incarcerated individuals. However, we should provide them with more support. What if New York had created a \$500m fund for the licensees, giving each \$2m with oversight in return for a small stake in their business? Like venture capital, the state would have had losers and winners but would likely have made that money back, plus some, and created jobs and revenue for the state.

In light of these challenges, I propose the following suggestions:

1/ Amend the lease requirement on all applications to a requirement of an LOI on a prospective dispensary property. In most cases this would not be at any cost to the applicant. Signing a lease or buying a property for what is essentially a lottery application is an enormous risk, considering if an applicant is not selected, they will be left with property that they may not have use for.

2/ Allocate more resources to the OCM to expedite all decision-making processes. Licensing applicants and legal operators should receive responses in a day or, at most, a week rather than a month.

3/ We need to educate the citizens of New York State that buying cannabis products from unlicensed, unsafe, and illegal stores that don't pay taxes is wrong. The only way to tell that my store is legal is to look very carefully for a small sticker on our store's front window that hardly anyone looks for. We can and should do better.

4/ The licensing process needs to move more quickly. Certainly, we should be saying "No" more quickly. Applicants who don't meet the bar should find out quickly so they don't have to carry leases for months before finding out. This is another reason that the OCM needs more resources.

I have so much more to share and so many more ideas, but I am only allotted three minutes. I welcome any further conversations this body wishes to engage in. My door is always open. I truly believe that the cannabis industry in New York State holds significant potential. I hope that the issues we face now will be addressed over time. The OCM needs assistance and flexibility to adapt and evolve, and I am eager to collaborate with them in this journey.