

E.COLI, HEAVY METALS, COPYRIGHT INFRINGEMENT, AND 100 PERCENT FAILURE RATE

A LOOK AT NEW YORK CITY'S ILLICIT CANNABIS DISPENSARIES

NOVEMBER 2022

PREPARED BY

NEW YORK
MEDICAL CANNABIS INDUSTRY ASSOCIATION





OVERVIEW

IN THE ABSENCE OF
LEGAL ADULT-USE
CANNABIS
DISPENSARIES, A
BROAD NETWORK OF
UNLICENSED AND
UNREGULATED
“DISPENSARIES” HAS
FORMED.

The Marijuana Regulation and Taxation Act (MRTA) legalized adult-use cannabis in March 2021, and the state of New York is in the final stages of crafting the regulations that dictate adult-use cannabis sales. Currently, the sale and purchase of legal, regulated, and tested cannabis products can only occur at the 38 licensed medical cannabis dispensaries in New York State participating in the state’s medical cannabis program.

In the interim period before the launch of legal adult-use cannabis dispensaries, a broad network of unlicensed and unregulated dispensaries has surfaced within the state. Many of these locations falsely advertise the sale of THC products as legal or licensed, misleading consumers and selling products blatantly masquerading as popular name-brand chocolates, candies, gummies, and other well-known snacks.

In addition to deceptive advertising practices, these illicit operations and their products represent a significant public health concern. From 2019–2020, more than 2,000 individuals were hospitalized, and 60 people died due to illness caused by vaping-associated lung injury (EVALI), a phenomenon that was largely linked back to additives in illicit THC vapes like those currently sold in these illegally operating shops.

For a more comprehensive view of the health and safety implications of illicit products on public health, the New York Medical Cannabis Industry Association commissioned a survey of products purchased at multiple locations. After collecting samples, the survey team had them tested at a third-party lab following New York State’s testing protocols for legal cannabis, which are some of the most comprehensive among legal medical and recreational markets nationwide.

OVERVIEW

Results revealed the presence of several harmful contaminants, such as E. coli, pesticides, heavy metals, and salmonella in 40 percent of the illegal products purchased, including vapes. Many of the products tested did not contain the amount of THC advertised on the label and in one case, featured double the amount of listed THC. After reviewing the items under the state's proposed branding regulations, 100 percent of the products failed.

Allowing these unregulated, illicit operations to continue operating with impunity will only exacerbate an already alarming public health trend especially among teens and young adults who either are unaware of or choose to ignore the health risks. Sellers providing illicit and potentially dangerous products, which are easily and readily available in the gray market, risk consumer safety and threaten public confidence in the adult-use industry before it even begins.

In addition to presenting a public health crisis, these illicit dispensaries also serve to weaken and potentially debilitate the first round of licensed cannabis retailers by undercutting the consumer market through the avoidance of taxes, testing requirements, accounting measures, brick-and-mortar storefronts, and other legally required start-up costs. In addition, the illicit dispensaries easily confuse cannabis consumers, who are often unable to distinguish between illicit operations and legal adult-use stores.

New York has issued dozens of cease-and-desist letters and removed cannabis trucks from the streets to address this problem. However, there is still more decisive action needed to support a safe and successful statewide legal cannabis program. Even in states where cannabis retailing has been approved at the state level, individual townships are under no obligation to permit them locally, putting greater pressure on the regions that opt-in.

The report that follows will outline the current prevalence and threat of these illicit pop-up cannabis dispensaries in New York City, which presently encourage consumers to purchase untested products, forgo asking for legal identification, put public health at risk through the circulation of untested products, and avoid taxes and standards for workplace conditions and employment.

METHODOLOGY

Utilizing public online resources (Google Maps, Yelp, Facebook, and other social media sites) and physical exploration during August 2022, more than 30 unlicensed cannabis dispensaries operating in New York City were identified, including those with brick-and-mortar storefronts and those with mobile dispensaries (trucks).

While there are likely tens of thousands of illicit cannabis businesses currently operating out of bodegas, smoke shops, or other retail locations operating for an additional, legal purpose throughout the five boroughs, this research only included businesses that specifically and flagrantly advertise sales of THC products, as the estimated number of “back room” illicit locations in New York City is far too vast. This research also did not include cannabis delivery operations, though delivery is addressed later in the report.

Based on the identified list, 20 New York City locations were visited, and two THC products were purchased at each location. The research also assessed how the unlicensed dispensary communicates with prospective customers by asking:

- Are you operating legally or are you licensed?
- Where do the products come from?
- Are they tested?
- How high will they get you / what is the THC level of products?





FINDINGS

PRODUCT TESTING

Forty purchased products from 20 locations were hand-delivered to a third-party lab for independent testing. Some 40 percent of the products failed at least one of the various standard tests administered to legal cannabis products. Tests found the presence of E.coli, salmonella, and pesticides in various products, including:

- CannaaWorld Disposable Vape: Lead
 - Convenience Smoke Shop Steinway Fly Ninez Pre Roll: Myclobutanil
 - Empire Cannabis Club Apple Fritter Balanced Hybrid: E.coli, salmonella, and myclobutanil
 - Empire Cannabis Club Sour Berry Sour Mango Sour Limeade: E.coli and salmonella
 - Empire Cannabis Club Stiizy Vape Cart: Piperonyl butoxide and pyrethins pesticides
 - Granny Za's Peanut Butter Beath: E.coli and salmonella
 - Granny Za's Big Chief Kush Mints Liquid Diamond Vape: Nickel
 - Lamb's Bread Café Jet Fuel Gelato Flower: Lead
 - Noise NYC Inc. Baby Blunts: E.coli, salmonella and myclobutanil
 - Noise NYC Inc. 509 Gush Mints Flower: E.coli and salmonella
 - Noise NYC Inc. Flav Sour Gummy Belts: Piperonyl butoxide pesticide
 - Noise NYC Inc. Trolli Crunchy Crawlers: E.coli and salmonella
 - Paint Puff 'N Peace Chocolope Sativa Flower: E.coli and salmonella
 - Rick and Morty on 5th Banana Milk Flower: E.coli, salmonella, and nickel
 - Rick and Morty on 5th Treat Gelato Live Resin Vape: Pyrethins pesticide and aflatoxin G1
 - WeedWorld Unbranded Flower: E.coli and salmonella
-

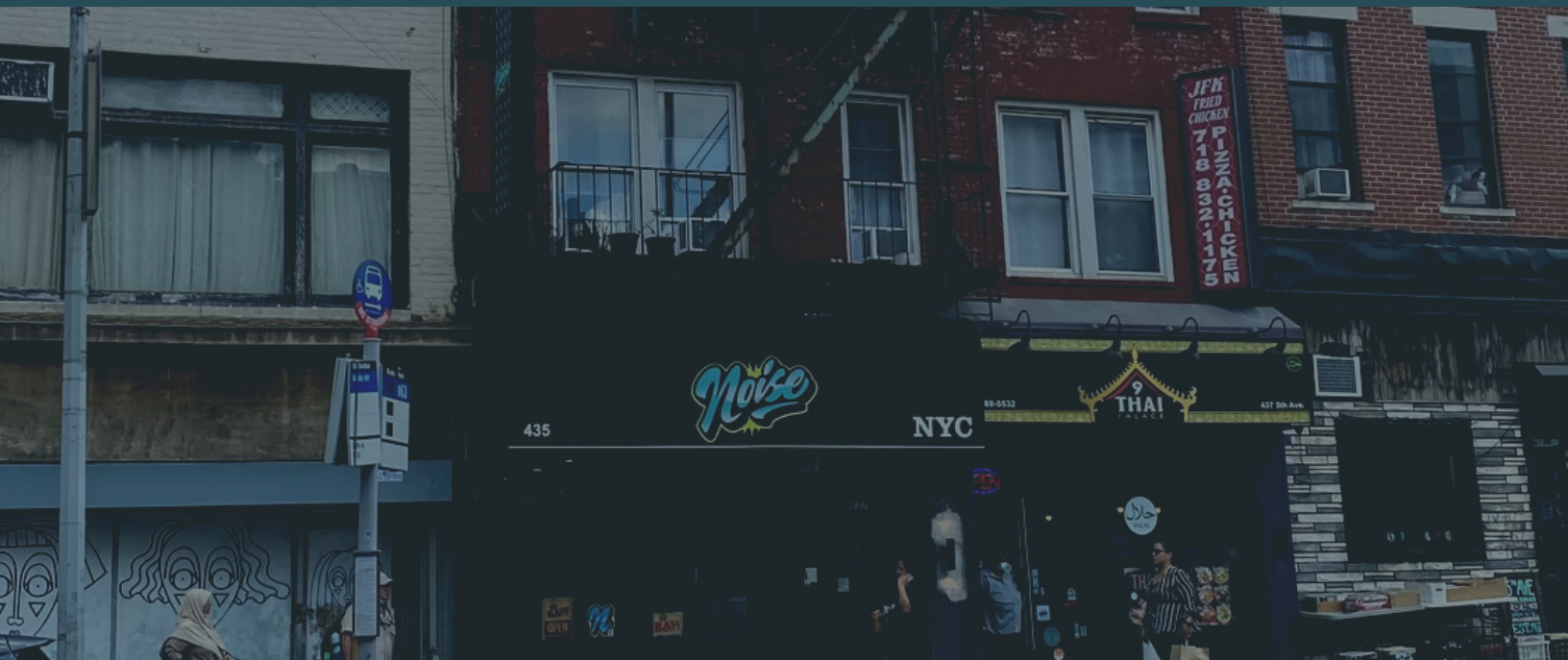
IMPLICATIONS OF CONTAMINATED PRODUCTS

Of the findings in this report, among the most concerning were the discovery in several products of *E. coli*, salmonella, and lead – all contaminants that can cause significant health concerns.

E. coli and salmonella were found in flower and edible products purchased at some locations. *E. coli* in cannabis can cause many types of infection and is most often associated with diarrheal illness and lung infections that can become dangerous. Also, if inhaled, salmonella bacteria can cause severe fevers and fatigue symptoms that can remit and relapse. Salmonella infection can also be extremely difficult to treat and can have prolonged detrimental effects.

Several products also contained heavy metals, including nickel and lead. Ingesting these contaminants in cannabis is also a cause for concern. Certain metals have the potential to cause headaches, nausea, and in cases of prolonged exposure, cancer, and organ failure. Respiratory illness can also occur upon combustion and inhalation of contaminated flower.

Beyond these serious health concerns, the negative experience of ingesting these products may exacerbate the harmful stigmas and hesitations that already exist and burden the legal cannabis industry. A first-time consumer that may buy these tainted products and be subsequently sickened by them will likely never try cannabis again, even if it's safe and regulated.





THC LEVELS

Upon testing, multiple products with available dosage/potency information did not contain the accurate dosage or THC potency marked in the store, on the packaging or in correlation to the advertised strain. On average, dosages and THC potencies were lower than indicated, most notably:

- Altitude Cannabis Club's Frosted Apricot Hybrid Flower: Advertised at 23% THC; tested at 12.314%.
- Dubai Cannabis Club's Grape Infused Gummies: Advertised at 50mg per piece; tested at 39.41mg per piece.
- Indoor Cannabis' Flav Ring Raspberry Gummies: Advertised at 100mg per piece; tested at 51.5mg.
- Medijuana Apple Fritter Hybrid Flower: Advertised at 25% THC; tested at 13.166%.
- Planted Café's Totally Legal Blood Orange THC Gummies: Advertised at 10mg per piece; tested at 2.60mg.
- Planted Café's Totally Legal Blue Dream THC Gummies: Advertised at 10mg per piece; tested at 2.80mg.
- Rick and Morty on 5th's Banana Milk Flower: Advertised at 25% THC; tested at 12.434%.
- WeedWorld's Unbranded Flower: tested at only 0.7% THC.

However, there were some cases where the product contained more THC than advertised or indicated. Most notably, Noise NYC's Flav Sour Belt Gummies were labeled at 100mg THC per piece, but tests revealed it to contain more than double that amount, at 204.77mg per piece.

The advertisement of accurate THC potencies and dosages is another critical measure for legitimizing the cannabis industry. Most consumers are concerned with what they might be putting into their bodies, and for people who are trying cannabis for the first time, it's key that they not only know the dosage but also that the dosage is accurate. If they're consuming something they believe is 100mg, but it's just 50mg or over 200mg, they'll have no reasonable frame of reference for the amount of THC they can comfortably handle.

Inaccurate dosage labeling can easily deter consumers from exploring the health and wellness benefits of cannabis users, even after only one bad experience. This hurts the industry holistically and opens the door for the further perpetuation of negative cannabis stigmas. The establishment of a legal recreational industry must be built on trust. Furthermore, inaccurately labeled products sold at illicit pop-up operations—which many consumers may actually believe is legal and legitimate—will erode consumer trust in the overall industry and its licensed operators acting in good faith with accurate, safe, and legal products.

Because the unclear and insufficient packaging on products did not provide any information about dry vs. wet THC levels, all flower samples were tested under “wet weight” for potency. In contrast, gummy samples were weighed to obtain the “per dose” or “per gummy” dosage of THC.



PACKAGING / BRANDING



The branding of purchased products varied widely but none adhered to the current proposed branding and packaging regulations in New York. Multiple products included names and images of well-known copyrighted brands and looked like candy and other treats popular with children. Offerings, like this Rice Krispies treat edible, are almost indistinguishable from the original dessert found in kids' lunchboxes across the country. In any legal and well-regulated market, packaging like this would not be considered a hazard. The risk of children accidentally consuming cannabis packaged like an ordinary candy or snack is unacceptably high and antithetical to the spirit of the regulated industry.

One of the biggest concerns voiced by those opposed to cannabis legalization is keeping products out of the hands of children. Offerings like these from these unlicensed operations amplify these concerns and undermine the overall industry. In order to successfully launch the legal adult-use market, the industry must build trust and bestow confidence in concerned parents, stakeholders, and public officials. Deceptive products in packaging designed to mimic existing trusted brands undermine those efforts and validate misconceptions that many have worked hard to correct.

IDENTIFICATION

Over 50 percent (11 out of 20) of locations did not ask for any form of identification upon entrance or purchase. While some of these operations noted externally that customers had to be 21+ to enter and/or purchase products, many did not actually request or check identification for customers inside. Locations with security guards also tended to verify the age of their customers.

LOCATION

While Illicit cannabis dispensaries proliferate throughout New York City, there are large clusters of dispensaries around tourist locations such as Times Square, the Empire State Building, and the Lower East Side. Many of the pop-up dispensary locations in Brooklyn and Queens can be found in high-traffic areas with large amounts of retail shops and restaurants.

Some locations with an online presence did not have a physical storefront.

PRODUCT ORIGIN

Seventy-five percent (15 out of 20) of locations said the products came from California or the West Coast, one claimed that their assortment originated in New York, while budtenders at the other four locations did not know the product origin.

Other products featured unclear or undetailed product information.



ADDITIONAL OBSERVATIONS

- There were multiple “gifting” operations where the operation would have the customer purchase art, an NFT, a mixtape, or even a Pokémon card and gift cannabis.
- Many of these illicit locations also have websites that make claims about being licensed and provide a menu of available products.
- Products in Brooklyn seemed to be pricier than those in Manhattan and Queens.

DELIVERY

While not included in this study, online-only delivery and pick-up options (without a storefront) abounded during our online search. This included Blaze Cannabis, an organization falsely positioning itself as licensed. In many cases, operations offering pick up did not disclose the location until customers moved forward with a purchase. Those locations are usually casual spots for exchanges.



TABLE

Name of Dispensary	Address	Date of Visit	Are you operating legally or are you licensed?	Where do your products come from?	Are they tested?	Were you asked to show an ID?	Products Purchased?
Altitude Cannabis Club	1302 Myrtle Ave. Brooklyn	8/23/2022	Maybe	New York	Yes	Yes	Vape cartridge and flower
Cannaa World	319 7th Ave. Brooklyn	8/23/2022	Yes	California	Yes	No	Vape and Gummies
Convenience Smoke Shop	31-89 Steinway St.	8/26/2022	Yes	West Coast	Yes	No	Pre roll and vape cart
Convenience Smoke Shop	3103 36th Ave.	8/26/2022	Maybe	California	Yes	No	Edible
Dubai Cannabis Supply	105 Stanton St.	8/17/2022	Maybe	West Coast	Yes	No	Edible
Empire Cannabis Club	147 8th Ave	8/17/2022	Yes	California	Yes	Yes	Edible gummies and a vape cartridge
Empire Cannabis Club - Williamsburg	262 Metropolitan Ave.	8/23/2022	Yes	California	Yes	Yes	Flower and edible
Granny Za's	81 Rivington Street	8/17/2022	Maybe	West Coast	Yes	Yes	Flower and reusable vape
Higher Empire	71 1st Ave	8/17/2022	Yes	California	Yes	Yes	Flower and pre-roll
Indoor Cannabis	526 7th Ave	8/22/2022	Yes	California	Yes	Yes	Edibles and Pre-Rolls
Lamb's Bread Cafe	2128 2nd Ave	8/22/2022	Maybe	California	Yes	No	Flower
Medijuana Care Dispensary	307a 7th Ave. Brooklyn	8/23/2022	Yes	California	Yes	No	Flower and gummies
Noise NYC Inc	509 85th St. Brooklyn	8/23/2022	Maybe	California	Yes	No	Flower and vape
Noise NYC Inc.	278 Smith St. Brooklyn	8/23/2022	Maybe	California	Yes	No	Edible
Noise NYC Inc.	435 5th Ave, Brooklyn	8/23/2022	Maybe	California	Yes	No	Baby blunts and gummies
Paint Puff "N" Peace	2037 3rd Ave	8/22/2022	Maybe	n/a	n/a	Yes	Flower and edible
Planted Cafe	333 Smith St.	8/23/2022	Yes	n/a	Yes	No	Edible
Rick and Morty on 5th NY Smoke Shop	383 5th Ave.	8/22/2022	Yes	California	Yes	No	Vape pen and Flower
Weed World	480 7th Ave.	8/22/2022	Yes	n/a	Yes	Yes	Edibles and Flower
ZaZa Astoria -	30-61 Steinway St.	8/26/2022	Maybe	n/a	Yes	Yes	Flower and gummie

MAP





CONCLUSION

Thousands of New Yorkers spent years fighting for a solid and successful adult-use cannabis market. Just as the Empire State is poised to achieve that significant goal, new illicit operators have sprung up, latching on to the coattails of the respected pre-existing legacy market and threatening both public health and safety and the long-term success of legal operators, particularly CAURD licensees who will launch first in the nascent adult-use industry. These bad actors present a clear danger that could undermine both the budding industry and the health of New York residents and visitors.