THE NEIGHBORHOOD ENTREPRENEUR LAW PROJECT

Our Mission:

The Neighborhood Entrepreneur Law Project (NELP) of the City Bar Justice Center was founded in 2003 to provide legal services to NYC-based micro-entrepreneurs of limited economic resources to help them start their small businesses on sound legal footing.

To date, NELP has assisted over 20,000 entrepreneurs and small businesses and has worked with volunteer attorneys from over 100 different law firms and corporate in-house legal departments to deliver legal services to individuals who see entrepreneurship as a means of creating economic stability for their households and their communities.
LEGAL ISSUES WE ADDRESS

NELP focuses on transactional legal issues relevant to small businesses. These include:

- Choosing and setting up the right business structure (sole proprietorship, partnership, corporation or LLC)
- Protecting intellectual property rights through trademark and copyright
- Drafting and reviewing business contracts
- Helping clients understand their legal obligations as employers
- Reviewing commercial leases and assisting in lease negotiations

• We do not provide assistance with non-profit entity formation, litigation, collection matters or disputes.
**OUR SERVICES**

We deliver our services in three ways:

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<th>Presentations</th>
<th>Legal Clinics</th>
<th>Direct Pro Bono Representation</th>
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| • Attorneys discuss topics of interest to entrepreneurs such as:  
  • Business Structure  
  • Commercial Leasing  
  • Intellectual Property  
  • Worker Classifications  
  • Crowd Funding  
  • Presentations are open to all entrepreneurs, regardless of income.  | • Entrepreneurs get on-the-spot legal advice during a 45-minute appointment with an attorney or team of attorneys about their business law issues.  
  • Clinics are open to all entrepreneurs, regardless of income. | • Entrepreneurs can get full legal representation for a particular issue, such as forming a limited liability company, through NELP. They are not charged any legal fees, but are responsible for any filing fees.  
  • Direct pro bono representation is only available to those NYC-based entrepreneurs who qualify for assistance in line with NELP’s income guidelines. |
Contact us for more information or for help:

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Neighborhood Entrepreneur Law Project

212-382-6633
Building Your Budding Business

Ryan Sakacs

• Former Assistant District Attorney with the Office of the Special Narcotics Prosecutor for the City of New York and the founding Chief of the Prescription Drug Investigation Unit
• Former Counsel to the New York State Athletic Commission
• Former Special Counsel with Kasowitz Benson Torres LLP
• Counsel to the New York State Cannabis Association of Minority and Women Professionals
• Co-Founder and Managing Partner of Empire Cannabis Consulting
• Active member of the New York City Bar Association Drugs and Law Committee
Overview of Legal Cannabis Industry

- Federal Controlled Substances Act lists marihuana as a Schedule 1 drug (high potential for abuse and no accepted medical use)
- 37 states and U.S. territories regulate legal cannabis programs
  - Illegal to transport across states lines
  - Restrictions on banking and investing
  - Tax implications for operators under IRS Code 280(e)
- Federal legislation pending (Safe Banking, MORE Act, CAOA)
- Public support for cannabis legalization never higher
Overview of Legal Cannabis Industry

U.S. Cannabis Retail Sales Estimates: 2015-26

Source: MJ Biz Factbook

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Marijuana Regulation and Taxation Act ("MRTA")
https://cannabis.ny.gov/

- Generate significant new revenue by regulating and taxing cannabis
- Make substantial investments in communities and people most impacted by cannabis criminalization
- Prevent access to cannabis by those under 21 years-old
- Reduce the illegal drug market and reduce violent crime
- End the racially disparate impact of existing cannabis laws
- Create new industries and increase employment
“Generational Wealth Opportunity”

- New York cannabis market is estimated to be worth $4.6 billion a year by 2023
- By 2027, market size is expected to grow to $5.8 billion
- Total economic impact by 2027 could be upwards of $10 billion, with tens of thousands of jobs created
  - Colorado reached $2.2 billion in sales in 2020, and California generated $4.4 billion
Choose Your License

- Adult-Use Cultivator
- Processor
- Cooperative
- Distributor
- Retail Dispensary
- Microbusiness
- Delivery
- Nursery
- On-Site Consumption
Form an Entity

NYS Business Wizard
www.ny.gov/services/start-business-new-york-state

• Sole Proprietorship or General Partnership
  o File in the county where they’re located

• Limited Partnership
  o File a Certificate of Limited Partnership with the Department of State

• Business Corporations
  o File a Certificate of Incorporation with the Department of State

• Limited Liability Company
  o File Articles of Organization with the Department of State
Form an Entity

• Get your Federal Tax ID/Employer Identification Number (EIN)
  o www.IRS.gov

• Register as NYS Sales Tax Vendor
  o Apply to NYS Department of Taxation and Finance for sales tax Certificate of Authority

• Required Insurance
  o Unemployment Insurance - can be obtained through NYS Department of Labor
  o Workers’ Compensation - can be obtained through NYS Insurance Fund or private carrier

• Depending on your structure, location, and employees, you may need:
  o Disability insurance - can be obtained through NYS Insurance Fund or private carrier
  o Health insurance - can be obtained from NYS Department of Health
Start-Up Assistance & Resources

• NYS Small Business Development Centers
  o Get free counseling to help start your business, receive training on how to write business and marketing plan, plus tips on doing business with NYS

• NYS Empire State Development Corporation
  o Get technical and small business assistance
  o Accessing Capital and Incentives
  o Business financing programs
  o Explore loan options, available grant, tax credits, and receive financing and technical assistance

• MWBE Certification
  • NYS Certification - https://esd.ny.gov/mwbe-new-certification
Adult-Use Retail Dispensary
Adult-Use Retail Dispensary

- Acquisition, possession, sale and delivery from dispensary to consumer
- No direct or indirect financial or controlling interest in more than 3
- No cultivation, processor, microbusiness, cooperative or distributor license
- Possession of premises through lease, management agreement or LOI
- Principal entrance from street level and located on public thoroughfare
- Cannot be within 500 ft of school grounds or 200 ft of house of worship
Pre-Licensing Steps

- Understand relevant MRTA provisions and OCM rules and regulations adopted by OCM
- Business Plan (license, location, branding, executive team, mission statement)
- Investor Deck (start-up and operating costs)
- Documentation (SOPs, community plan, environmental plan)
- Understand application and process
Benefits for Cannabis Operators

• Rewards of being an entrepreneur
• Low cost of entry to market
• Potential growth of cannabis industry
• High profitability
• Exit strategy and “Generational Wealth Opportunity”
• Being part of history and emerging market
• Redress harms to families and communities
Challenges for Cannabis Operators

• Competitive industry
• Small profit margins
• High financial barrier to entry
• Vast regulations
• Evolving legal landscape
• Threat of federal prosecution
• Inexperience in running a business
Post-Licensing Needs

• Legal/Regulatory Compliance
• Accounting
• Insurance
• Strategic Partnerships (licensed operators and vendors)
  o Security (on-site and electronic)
  o Auditing and IT (seed-to-sale tracking system)
  o Payment Processing
  o Waste Disposal/Environmental
Contact Me

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