Dormitory Authority of the State of New York
515 Broadway
Albany, NY 12207-2964

New York State Office of Cannabis Management
P.O. Box 2071
Albany, NY 12220

Attention to:

Office of Professional Integrity, DASNY (integrity@DASNY.org)
Whistleblower Hotline, DASNY (whistleblower@dasny.org)
Mr. Reuben R. McDaniel, III, DASNY President & CEO (RMcDaniel@dasny.org)
Ms. R. Nadine Fontaine, DASNY General Counsel and Ethics Officer
(nfontaine@dasny.org)
Mr. Chris Alexander, NYS OCM Executive Director (Chris.Alexander@ocm.ny.org)
Mr. Damian Fagon, NYS OCM Chief Equity Officer (Damian.Fagon@ocm.ny.gov)
Ms. Linda Baldwin, NYS OCM General Counsel (Linda.Baldwin@ocm.ny.gov)

Re: Selection of CPAs and Accounting Firms by CAURD Applicants and Licensees

The New York State Society of Certified Public Accountants’ (NYSSCPA), representing more than 20,000 CPAs in public practice, industry, government and education, Cannabis Industry Committee has provided comments regarding the selection of CPAs and accounting firms by CAURD Applicants and Licensees.

If you would like additional discussion with us, please contact Richard Laneve, Jr., Chair of the Cannabis Industry Committee, at 201-442-9665, or Renata Serban, vice chair of the Cannabis Industry Committee at 212-697-1000 or Keith Lazarus, NYSSCPA staff, at (212) 719-8378.

Sincerely,

Lynne M. Fuentes
President

Attachment
We are writing today on behalf of the Cannabis Industry Committee of the New York State Society of Certified Public Accountants. It has recently come to our attention, that the Dormitory Authority of the State of New York (DASNY) is influencing (and effectively limiting) the selection of CPAs and accounting firms by CAURD applicants and licensees.

Per the published DASNY Social Equity Investment Fund Program FAQs, #9(E), Social Equity Investment Fund recipients would be offered the opportunity to “utilize services coordinated by Fund, including “fractional” bookkeeping, accounting, tax compliance, budgeting, human resources, and IT services by a large, industry-leading accounting firm. Per #9H, the Fund is also required to provide a “searchable database of vetted lawyers, accountants, marketing managers, website developers, and IT specialist (with a particular focus on M/WBE service providers/vendors).”

In our recent Cannabis Committee meeting, multiple members reported that CAURD applicants and licensees have been told by DASNY/Fund representatives that the only accounting firm that is acceptable to be used is Marcum LLP. We have also heard from multiple members that CAURD applicants and licensees were told that unless they use Marcum LLP, they will not be eligible to receive funding via the Fund.

This was shocking news to our membership!

Considering that CAURD licenses are the only dispensary licenses that are being granted at the current time, and potentially well into the future (due to the doubling of CAURD licenses being issued along with the rules on spacing – 1,000 feet from each other, houses of worship, schools, etc.) CAURD licensees are the only dispensary licensees that will have operations into the foreseeable future.

By limiting the accounting services to Marcum LLP, this amounts to the state officially sanctioning a monopoly on accounting for dispensaries!

Why are accounting services being limited to Marcum LLP but legal services are not being limited to a specific firm?

Also, how are DASNY and the Fund “vetting” the accountants? As the country’s oldest CPA Society, with a Cannabis Committee that was formed in 2017, and that has been working hand in hand with the OCM/CCB on multiple initiatives (we’ve had Ms. Wright attend meetings and our members have enthusiastically participated as mentors in the mentorship program for legacy to legal operators) we would have expected that someone from the OCM, CCB, DASNY, or the Fund would have reached out to ask for our assistance in the vetting process for qualified cannabis accountants and accounting firms.

To this end, we would be happy to provide DASNY and the Fund a list of accountants and firms that are members of the Cannabis Industry Committee and that we have vetted as experienced in providing services to cannabis clients. We would also be open to assisting in vetting accountants and firms that are not part of our Committee, but would like to be on the list of vetted providers.
We also would strongly recommend that DASNY and the Fund release an additional FAQ that states clearly, concisely, and without a doubt that as long as a CAURD applicant/licensee is utilizing a vetted accountant or accounting firm from the list, they are not at risk of losing their opportunity to be funded by the Fund. Without this clearly stated FAQ, the state is continuing to allow the reality (or at the very least perpetuate the circulating rumor) that Marcum LLP is the only acceptable accountant/accounting firm.

Thank you for your time and consideration.

Richard J. LaNeve Jr.
Chair, NYSSCPA Cannabis Industry Committee

Renata Serban
Vice Chair, NYSSCPA Cannabis Industry Committee

NYSSCPA Cannabis Industry Committee Members

Eric H. Altstadter, EisnerAmper LLP
Benjamin Beskovic, PKF O'Connor Davies, LLP
Andrew B. Blackman, Schulman Lobel Zand Katzen Williams & Blackman LLP
Richard J. Byllot, Klein Liebman & Gresen LLC
Christopher G. Cheeseman, Giambalvo Stalzer & Company CPAs P.C.
Brett Connell, EisnerAmper LLP
Jacqueline T. Coudriet, Beak & Skiff Apple Farms Inc.
Nicole P. Cunningham, RGP
Sean P. Cunningham, Blue Dream Accounting LLC
Leigh A. Downing, David Tarlow & Company P.C.
Yan L. Gindin, CAPCO
Jeffrey S. Gittler, PKF O'Connor Davies, LLP
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Timothy T. Heck, Jr., Suffolk County Community College
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Christopher A. Johnson, PKF O'Connor Davies, LLP
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