## ANUARY 4-10, 2016 J RICE \$3.00

## HIGH TIMES IN THE OLD TOWN

Legalization across the nation has flooded New York with marijuana. *Crain's* goes underground to see how the city's illegal-weed industry is dealing P. 13

> ALSO Inside one of New York's last buyers clubs P. 17



VOL. XXXII, NO. 1 WWW.CRAINSNEWYORK.COM

Building small has never been so big (or lucrative) P.5 Tax changes you need to know about in 2016 P.7 PLUS THE LIST NYC's largest business improvement districts P. 11



## INSIDE A MARIJUANA BUYERS CLUB

Secretive groups that have run their own medical-weed programs for decades say they'll continue to fill a need

## **BY CAROLINE LEWIS**

SOME MEMBERS ARE UNINTERESTED IN LEGAL WEED, MADE FROM CANNABIS EXTRACTS. "NOTHING LIKE THE REAL THING, BABY."



n a recent Thursday evening in an apartment somewhere in Manhattan, R&B pumped from a set of speakers in a dimly lit bedroom—and Tom, a tall, slim guy in a green shirt, parceled out marijuana into plastic bags. He labeled each bag with a red cross covered by a pot leaf and the words, "New York City Buyers Club." In smaller print below, stickers read "For Patient's Use Only."

The New York City Buyers Club was open for business—just as it has been, in one form or another, for the past 20 years. One of the last of its kind in the city, the club sells cannabis to people for their medical conditions. Members must submit proof of a diagnosis to join.

Mike, a 57-year-old Wall Streeter in a suit and peacoat who suffers from multiple sclerosis, poked his head into the bedroom and was greeted with a big smile.

"What can I do for you?" asked Tom, also in his 50s, and also carrying a serious diagnosis—HIV.

"Can I get a hundred of the good stuff?"

Long before Gov. Andrew Cuomo signed the Compassionate Care Act in July 2014 legalizing medical marijuana, the buyers club was on a mission to bring relief to sick patients. Tom and others (who all agreed to be interviewed if their real names were not used) have volunteered their apartments, screened new members and procured marijuana to keep the group going. The club has weathered changing marijuana policies, arrests and even a gunpoint robbery.

Most members say they will continue to patronize the club, even as 20 legal marijuana dispensaries are scheduled to open across the state this month, including two in Manhattan and one each in the Bronx and Queens.

Meetings rotate through the homes of members, and on that Thursday, 21 people looking to buy pot passed through a cozy, rent-stabilized apartment over the course of two hours. Arriving guests took off their shoes and waited in the living room for their names to be called. Some stuck around afterward to share a joint and a chat.

"I haven't been smoking much lately," said Cole, a decade-long member of the club, as he watched the host sit on his Oriental rug, rolling a joint. Cole said he'd come to "get out of the house, relax and see familiar faces," not to buy weed. He confided that his mother had passed away a few days earlier.

"It's nice to be around like-minded people who are dealing with similar health issues," said Tom, a member since 1997. Organizers strive to give the club an air of safety and legitimacy, even printing photo IDs (which carry no legal weight) for new members. It's far easier to join the buyers club than to become a certified patient in New York's new medical-marijuana program. Many members have one of the 10 conditions that would qualify them for the program but are unsure whether their doctors would help them get certified.

After buying her pot, Kate, a 60-year-old school aide in a tie-dyed T-shirt, sat on the edge of the bed, rolling joints for later. She stacked them in a Tupperware container to keep the smell from filling her purse.

Kate said she was referred to the buyers club by her psychologist. Smoking weed, she said, helps with her chronic pain and insomnia. Painkillers that she's been prescribed—first Vicodin, then Percocet, then OxyContin—have left her "zombie-eyed," she said.

"I would rather do this and be natural and take it one day at a time," she said.

Alejandro, 52, who treats his cancer symptoms with oil he extracts from cannabis he buys at the club, said he fears the limited number of companies authorized by the state to grow and sell marijuana will create a "cartel" and price the drug beyond his reach. Like many members, he receives disability payments and lives on a fixed income.

Some members are simply uninterested in legal weed. "Yawn," said Jack, 50, who works in television. His HIV-positive status now qualifies him to buy legal cannabis medication, if his doctor recommends it, but he'd rather keep buying \$50 of the club's low-grade pot every couple of weeks than the processed cannabis extracts authorized for legal sale. "Nothing like the real thing, baby," he said.

The buyers club no longer subsidizes its weed, as it did when it was born in the mid-90s in the basement of the long-gone TriBeCa music venue Wetlands. At first, the founders gave away weed, then started charging \$3 per gram. Today, the California bud goes for \$18, about \$2 below the market rate. The closest thing the club has to a financial assistance program is less-potent marijuana for \$9 a gram.

Because the club sells grams only, higher quantities of pot sometimes end up costing members more than they would on the street. But here, the weed comes with the club logo and a sense of solidarity.

The group has remained in legal limbo since 1996, when then-Manhattan District Attorney Robert Morgenthau agreed to dismiss a case against founder Johann Moore, a member of HIV/AIDS organization ACT UP, for selling weed to members on the street.

"We made a tacit agreement with the D.A. that they would not prosecute legitimate medical-marijuana use in Manhattan," said Ruth Liebesman, who was Moore's attorney.

At least one buyers club has shut down since medical marijuana was legalized.

"Because my club operated in a legal gray area, it was better served by no law than this ridiculous law," said Kenneth Toglia, 49, whose club had operated since 1998 out of a Lower East Side cultural organization called University of the Streets. He said police were aware of the group and mostly tolerated it. He also had charges against him dismissed when he was caught distributing pot to members in Manhattan in 2000.

Tom said he has no interest in changing his club's legal status.

"I don't really need it to be legalized," he said, "to make it seem like suddenly I'm doing something right."