

DELAWARE MARIJUANA APPEALS COMMISSION

In Re:) OMC App. No. OMC-2025-001717
MATTER OF GALAXY)
TELEVISION, LLC,)
)
Appellant.)

Submitted: December 18, 2025

Decided: January 8, 2026

Natalie Woloshin, Esquire, Counsel,
to Appellant, Galaxy Television, LLC

Erica Sefton, Deputy Attorney General,
Counsel to the Office of Marijuana Commissioner

DECISION AND ORDER

Galaxy Television, LLC (“Galaxy”) applied for an Open Retail Marijuana Establishment License. Following a lottery implemented by the Office of the Marijuana Commissioner (“OMC”) and subsequent submissions, however, OMC ultimately denied Galaxy’s license application. Galaxy timely appealed that denial, and this is the decision of the Marijuana Appeals Commission. For the reasons set forth below, the Commission affirms the denial of Galaxy’s retail license.

BACKGROUND

On September 27, 2024, Galaxy applied to OMC for a license to operate a retail marijuana establishment. OMC then held a lottery in December 2024 to select applicants for further consideration. Galaxy was selected and was provided additional materials and guidance to further pursue its retail license. Galaxy submitted a supplemental application on February 7, 2025. Galaxy claims that it was then awarded a conditional license¹ and was given 18 months to identify a retail location to become operational. While it was allegedly in the process of working toward becoming operational, OMC informed Galaxy, through correspondence dated September 29, 2025, that OMC was denying Galaxy's application for a retail license.

¹ OMC disputes that Galaxy was ever issued a conditional license, and Galaxy provided no documentary or other evidence that it was issued a conditional license. The Commission finds that it is immaterial to its determination herein as to whether Galaxy received a conditional license or was in the process of obtaining one. There is no dispute that it had not received an actual, or “active” license as contemplated in OMC Regulation 4.8 and 4 *Del. C.* § 1346.

The September 29, 2025, denial from OMC provided three reasons for its decision: (1) the “applicant” was convicted of the charge of Obstructing Judiciary or Congress or Legislature or Commission, and neither the applicant nor his attorney notified OMC of this conviction, citing 4 *Del. Admin.* § 5001-4.7.4; (2) the conviction constituted a disqualifying crime of moral turpitude, citing 4 *Del. C.* § 1354(b)(4) and 4 *Del. Admin.* § 5001-4.7.1; and (3) the “applicant” failed to disclose that two of his licenses (presumably relating to the marijuana-regulated industry) were revoked in Missouri.

Galaxy timely appealed the OMC’s September 29, 2025, denial. At the Commission’s direction, on December 1, 2025, Galaxy submitted a letter brief in furtherance of its appeal. In short, Galaxy argued, first, that 4 *Del. C.* § 1352(a) required that OMC give applicants like Galaxy notice of a proposed denial with an opportunity to cure potential deficiencies before denying an application. Second, Galaxy argued that it had no obligation to notify OMC of any material changes in its application following its submission, including the fact that its sole owner was convicted of the above crime. Third, Galaxy argued that the above conviction was not a disqualifying crime of moral turpitude. Finally, Galaxy argued that *it* did not have any previous license revoked and that neither its owner nor his affiliate companies fell within the definition of “applicant.” Accordingly, Galaxy argued that the denial of its license constituted an abuse of discretion and that the Appeals Commission should therefore reverse OMC’s denial.

OMC responded to Galaxy’s submission on December 11, 2025. OMC asserted that OMC is not required to provide applicants with an opportunity to cure potential disqualifying submissions. And while there may not be an affirmative obligation of applicants to amend applications for material updates or issues, OMC argued that the facts and circumstances surrounding the applicant’s failure to update OMC of issues OMC learned during its investigation, described more fully below, warranted denying the license. Similarly, OMC asserted that the conviction at issue, including its facts and circumstances, warranted a denial of Galaxy’s license. As to the license revocation issue, OMC points out that Galaxy disclosed the very licenses in its application (under a section requiring a description of associated businesses) that were revoked. OMC argued that its denial was therefore not an abuse of discretion as that standard has been defined under Delaware law.

On December 18, 2025, and after due notice being provided to the parties, the Commission held a hearing to hear argument on Galaxy’s appeal. While the argument was not an evidentiary hearing, as its consideration was statutory limited to the record,² the Commission heard argument from both parties and received information that was largely not disputed.³

² See 4 *Del. C.* § 1322(b) (“The Appeals Commission shall: hear the appeal and shall review the matter on the record....”).

³ As noted during the argument, it would be helpful for OMC to fully articulate all factual bases for denying a license application and not to provide new information for the first time on appeal to the Commission. And while seemingly not required to do so by statute, providing applicants an opportunity to address and potentially cure concerns OMC may

Discussion

On April 27, 2023, the Delaware Marijuana Control Act, 4 *Del. C.* Chapter 13 (the “Act”), was signed into law. The Act provides, along with its implementing regulations, a comprehensive scheme for licensing the retail sale, cultivation, testing, and product manufacturing of marijuana in Delaware. *See 4 Del. Admin.* § 5001 Rules of the Office of the Marijuana Commissioner (“OMC Regulations”). As described in the OMC submission, OMC was authorized to issue up to 125 marijuana establishment licenses. Likely due to the volume of expected interest, OMC determined that it would utilize a lottery as part of its licensing program.

To enter the lottery, applicants were required to undergo a pre-application screening. Accordingly, applicants submitted an initial application to ensure they first met certain basic requirements for licensure. According to OMC, it received 1,269 license applicants. Those meeting the preliminary requirements were then placed into the lottery. The lottery took place on two days, on October 24 and December 19, 2024. Selected applicants were then required to submit supplemental applications that included, among other things, criminal background checks. OMC provided materials to applicants to guide them through this process. The background checks were done on applicants and their employees and anyone holding an ownership interest of at least 10% in an applicant-entity. *See 4 Del. C.* § 1347(a).

Following a delay in getting the necessary FBI approval for background checks, background investigations were performed on behalf of OMC by the Division of Alcohol and Tobacco Enforcement (“DATE”). DATE conducted comprehensive financial and background investigations of applicants and made recommendations to OMC for each.

As part of its investigation of Galaxy’s application, DATE made efforts to contact Galaxy’s sole-owner, Jeffrey Yatooma. These efforts were unsuccessful, apparently because Mr. Yatooma was serving a 40-day prison sentence in Michigan relating to a contempt conviction. As explained during this proceeding, DATE was told by an attorney for Mr. Yatooma that he was unavailable for an extended period of time and would not have access to either a phone or email to answer questions. No explanation was provided to DATE as to why Mr. Yatooma was so unreachable. As set forth in its written submission on appeal, OMC concluded that Mr. Yatooma and this attorney mislead OMC regarding why he was not available. OMC also discovered that Mr. Yatooma had licenses in other affiliates that had been revoked by Missouri authorities for “engaging in questionable practices during the application process.”

Galaxy’s Arguments on Appeal

With regard to Galaxy’s first argument—that it should have been provided with a preliminary determination that OMC intended to deny Galaxy’s application so that

have, in appropriate circumstances, may facilitate the development of a more robust record that can be assessed by this Commission in its on-the-record appeals.

Galaxy could, essentially, cure any concerns, the Commission agrees with OMC that nothing in the Act or the OMC Regulations *requires* that OMC give applicants an opportunity to cure mistakes or concerns that OMC has in considering applications. Galaxy relies upon § 1352(a) in support of its argument. That section, however, provides only that OMC must timely notify applicants of its stated reasons for a denial of a license. OMC undisputedly did that here, when it sent its September 29, 2025, correspondence to Galaxy providing no less than three bases for denying Galaxy’s license application.

Beyond OMC’s compliance with the statute in denying Galaxy’s license, the Commission also notes that OMC’s licensing scheme afforded additional due process to applicants, including Galaxy. The record establishes that Galaxy was able to submit information to enter the lottery, that it subsequently submitted additional materials in furtherance of its application to obtain a license, that OMC attempted to contact Galaxy’s principal to address concerns it had and that its owner was unable to address those concerns solely because he was incarcerated on a contempt charge. And though this appeal was “on the record,” the Commission provided the parties additional opportunity to explain their positions on the record on appeal.

Galaxy’s second argument on appeal—that OMC abused its discretion in concluding that Yatooma’s conviction implicated moral turpitude—appears centered on the assertion that OMC mistakenly titled the crime of which Mr. Yatooma was convicted. Galaxy claimed that he was not convicted of “Obstructing Judiciary or Congress or Legislature or Commission.” OMC explained during argument that this characterization may be attributable to how the crime was described in certain criminal history reports obtained by DATE. Regardless, however, there appeared to be no debate that Mr. Yatooma was convicted of a crime that, according to documents submitted by Galaxy, carried a prison sentence of 40 days and a fine in the amount of \$1.2 million. While neither party expanded upon the nature and circumstances of the conduct leading to such a conviction, the sentence imposed, and the fine assessed, suggests strongly that it pertained to criminal contempt and was of a serious nature.⁴

The Act provides that OMC may refuse a license for a number of reasons, including whether anyone affiliated with the applicant was convicted of an offense that may impact on the qualifications, functions, or duties of the business or profession for which the application is made. It requires that the Commissioner conduct a “thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant” and determine whether such offenses “may impact the qualifications, functions, or duties of the business or profession for which the application is made.” 4 Del. C. § 1354(b)(4). Here, again, there was a dearth of information provided regarding

⁴ To be sure, OMC cited OMC Regulation 4.7.1, in addition to § 1354(b)(4), as authority to deny Galaxy’s license, and stated that the applicant’s conviction involved a crime of moral turpitude. The Commission finds it unnecessary to decide whether the conviction was of a crime involving moral turpitude. And doing so on this record is difficult given the lack of detail regarding the conviction and the conduct underlying it. Suffice for this appeal that OMC acted within its broad discretion when it concluded that the contempt conviction fell within the broad standard set forth in Section 1354(b)(4).

the nature and circumstances of Mr. Yatooma’s conviction. This may be due in part, at least, to the fact that DATE’s attempts to obtain more information were stymied by an attorney for Mr. Yatooma who was less than forthcoming about his inability to answer phone calls or emails for 40 days. But regardless, there is no dispute on this appeal that Mr. Yatooma, the sole owner of the applicant-entity, was convicted of contempt, was sentenced to a significant period of incarceration, and was assessed a significant fine. It cannot be said that OMC abused its discretion in determining that such a conviction, particularly given this context, may impact his qualifications—his ability to comply with strict and nascent regulatory requirements—to run a retail marijuana establishment in Delaware.

In concluding that OMC was within its discretion in denying the license, the Commission is troubled by the lack of forthrightness of Galaxy and its agent during the application process. It appeared undisputed that when DATE made inquiries about Mr. Yatooma’s conviction, outside counsel in Michigan claimed that Mr. Yatooma would not be able to talk for a period of time and would also not have access to email. It also appeared undisputed that out-of-state counsel did not inform DATE that the reason for Mr. Yatooma’s inability to speak with DATE was due to his incarceration. Though no evidence suggests affirmative deception on the part of Mr. Yatooma’s outside counsel, outside counsel’s failure to volunteer this information under the circumstances would rightfully concern any reasonable state regulator, particularly one determining whether to issue a license to conduct a business that was considered, until just two years ago, a criminal enterprise.⁵ Under these circumstances, we cannot conclude that OMC committed an abuse of discretion in basing its license denial, at least in part, upon this out-of-state conviction.

As to the final issue on appeal—the revocation of out-of-state licenses of an affiliate—the record was similarly not clear below. The license denial states that the “applicant” failed to disclose that the State of Missouri revoked two licenses that “he” was awarded in the State of Missouri and indicated that the revocation was due to “engaging in questionable practices during the application process.” The denial fails to detail that the licenses in question were held by a company affiliated with Galaxy and/or Mr. Yatooma. However, there appears to be no dispute that the licenses were revoked by Missouri and the licenses were held by a company by the name of “CannaZonedMLS,” an entity listed by Galaxy in its application materials as an “affiliate” of Galaxy. The argument before this Commission as to why OMC’s reliance on these revocations was an abuse of discretion centered on a hyper-technical assertion, relying upon statutory definitions, that Galaxy had no duty to make this disclosure because this self-disclosed affiliate did not fall within the definition of “applicant” under the Act and the OMC Regulations.

⁵ The Commission wants to be clear that Galaxy’s counsel on this appeal was not counsel to Mr. Yatooma or Galaxy during OMC’s investigation and processing of Galaxy’s license. In fact, Galaxy’s appellate counsel was not involved with Galaxy’s application to OMC.

Galaxy's position on this last point is not without merit. There is no argument that CannaZonedMLS fits cleanly within the definition of those entities whose license revocations would require disclosure. However, Galaxy's argument is almost too cute by half. The Commission concludes that Galaxy's failure to make this disclosure, when it disclosed the existence of these licenses by an affiliate in its application to OMC, served as a sufficient basis for OMC to deny the application, particularly when viewed in the larger context of Galaxy's application process. Galaxy believed that CannaZonedMLS was sufficiently related to the "applicant" to disclose its licenses as an affiliate. Disclosing these licenses may be viewed in as an attempt to bolster the experience and credibility of an applicant. Therefore, OMC would rightly consider a corresponding failure to also disclose that those licenses were revoked as a questionable and concerning omission. And it bears repeating that inquiries into Galaxy's fitness for Delaware licensure were stymied by both its principal's incarceration on contempt charges and its attorney's lack of explanation for his whereabouts. The totality of the circumstances overwhelming supports a conclusion that OMC did not abuse its broad discretion in denying Galaxy a retail license.

CONCLUSION

The Commission may reverse OMC's decision to deny a license only for an abuse of discretion. Discretion is not abused unless it can be shown that "all bounds of reason in view of the circumstances" were exceeded or where "recognized rules of law or practice" were "ignored" to "produce injustice." *Harper v. State*, 970 A.2d 199, 201 (Del. 2009) (cleaned up). Given the totality of the mostly undisputed facts and circumstances presented in the parties' submissions and during the hearing before the Commission, it cannot be said that OMC abused its discretion in denying Galaxy's license. While Galaxy's arguments as to each of OMC's reasons set forth in its September 29, 2025 denial are not meritless and may have some surface appeal, the Commissioner acted within the bounds of the statute and the regulations in exercising his sound discretion to deny the license given the totality of the information (and lack thereof from the applicant) under this deferential standard.

So ordered, this 8th day of January, 2026, that the September 29, 2025 decision of the Office of the Marijuana Commissioner to deny the application for an Open Retail Marijuana Establishment License filed by Galaxy Television LLC is hereby AFFIRMED.

/s/ Michael Houghton
Michael Houghton, Chair

/s/ William L. Chapman
William L. Chapman, Jr., Member

/s/ Rita Mishoe Paige
Rev. Rita Mishoe Paige, Member