

New York Grants 105 Additional Cannabis Licenses Amidst Governor's Office Controversy

The New York Cannabis Control Board (CCB) has issued 105 new adult-use licenses and legalized home cultivation as part of a regulatory overhaul. This move comes amidst ongoing reforms within the state's cannabis regulators.

Governor's Office Controversy

Reports have emerged alleging that Governor Kathy Hochul's office ignored warnings regarding a \$150 million private equity deal linked to the state's CAURD program, raising concerns about predatory lending practices.

Latest License Allocation

The recent licenses include 25 cultivator licenses, 22 distributor licenses, 22 microbusiness licenses, 19 processor licenses, and 17 retail dispensary licenses. Additionally, 45 licenses transitioned from AUCC or AUCPs.

Focus on Equity Programs

Approximately 55% of the new licenses were issued under the Social and Economic Equity (SEE) program, aiming to promote diversity and inclusion in the cannabis industry.

Sales Forecast and Home Cultivation Regulations

The CCB anticipates legal adult-use sales to surpass \$200 million by early June, with May sales already reaching \$46.2 million. Moreover, regulations allowing adults aged 21 and older to grow up to six plants individually, with a maximum of 12 plants per household, have been approved.

Regulatory Overhaul and Governor's Response

Governor Hochul has initiated a regulatory overhaul following criticisms of the program's rollout, appointing new leaders and addressing organizational shortcomings. However, reports suggest her office's involvement in the troubled rollout, including allegations of disregarding warnings regarding the finance deal.

Concerns Over Finance Deal

Internal communications reveal concerns from the Office of Cannabis Management (OCM) regarding a finance deal with Chicago Atlantic Group, highlighting predatory lending practices and unfavorable terms that threatened licensee viability.

Ongoing Challenges and Criticisms

Key challenges included construction costs, real estate prices, and restrictive fund terms, leading to financial losses and operational inefficiencies within the program. Despite warnings from OCM officials, the rollout faced significant hurdles, prompting criticism of the governor's office.

Email: info@cannabisriskmanager.com | Phone: +415-226-4060

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