

NY Hemp Operators Say Cannabis Crackdown Unfairly Targets Them

New York Law Enforcement Accused of Targeting Legal Hemp Shops in Cannabis Crackdown

New York law enforcement and marijuana regulators are facing allegations of raiding and closing licensed hemp shops under the guise of a statewide crackdown on illicit marijuana sales. These claims, made in court and in interviews, highlight growing tensions between the state's regulated marijuana industry and legal hemp businesses.

Hemp Merchants Claim Collateral Damage

Licensed hemp merchants in New York are increasingly finding themselves caught in the crossfire of a crackdown initially intended to curb illegal marijuana sales. According to Joshua Bauchner, a New York City-based attorney representing 12 hemp merchants, his clients are being erroneously penalized as the state ramps up efforts to shut down unlicensed marijuana stores.

“They’re shutting down unlicensed marijuana stores, but my hemp clients are collateral damage,” Bauchner said, criticizing the state’s approach to enforcement. He argued that political motivations are driving the crackdown, with authorities more focused on making headlines than addressing the underlying issues in the cannabis market.

“Hundreds” of Hemp Shops Raided

The Office of Cannabis Management (OCM) has declined to comment on the matter, citing pending litigation. However, according to hemp businesses and legal representatives, “hundreds” of hemp shops have been raided or closed since the state launched its crackdown on unlicensed marijuana sellers this spring.

The situation is particularly contentious in New York, where the legal marijuana market has struggled to gain traction since adult-use cannabis was legalized in March 2021. The slow rollout of licensed dispensaries, compounded by a thriving illicit market, has put additional pressure on the state to take action.

Earlier this year, Governor Kathy Hochul described the market’s rollout as a “disaster,” and state lawmakers subsequently granted law enforcement and the OCM new powers to combat illegal marijuana sales. These powers include the authority to lock the doors of suspected illicit sellers and keep them closed pending administrative hearings.

Court Rulings and Retaliation Claims

Despite the state’s aggressive approach, the crackdown has faced legal challenges. On August 14, a Queens County Supreme Court judge ruled that “summarily shuttering businesses prior to taking the necessary steps

to determine whether a violation has occurred” violates due process rights.

Moreover, an increasing number of OCM-licensed hemp retailers claim they have been unfairly targeted. In one case, the New York City Sheriff’s Office seized \$130,000 worth of hemp products from Brecken Gold Athletics, a Manhattan-based shop. Despite a lack of evidence that marijuana was present, the store was ordered to close permanently.

In a separate case, Eric Sanchez, owner of Papi’s Secret Stash in Peekskill, was denied a cannabis microbusiness permit despite having no record of illegal sales. Sanchez believes the denial may be retaliation for a court petition he filed in June, seeking to compel the OCM to issue the permit he applied for in November 2023.

“They’re lumping us all into this category (of unlicensed sellers), trying to thin the herd of pending applications,” Sanchez said, expressing frustration over the state’s handling of the licensing process.

Heavy-Handed Enforcement Amid a Struggling Market

The crackdown comes as New York’s legal cannabis market struggles to meet expectations. Adult-use marijuana sales in the state totaled only \$123 million in 2023, about one-quarter of the projected figures. While enforcement efforts appear to be boosting sales—totaling \$332 million through July—critics argue that the state’s approach is too heavy-handed.

Joseph Rossi, managing director at political consultancy firm Park Strategies, acknowledged that some hemp shops might have skirted the law, but argued that this is not the major issue facing New York’s cannabis market. He and others believe that the state should focus on expediting the licensing process rather than relying on enforcement to address market challenges.

“If the whole point behind MRTA (the Marijuana Regulation and Taxation Act) is to create a safe, regulated market, fine, let’s do that,” Bauchner said. “But licensing has been decimated.”

As the situation continues to unfold, the tension between state regulators and hemp merchants underscores the challenges of creating a fair and effective cannabis market in New York.

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