

Unlicensed Cannabis Sales Lead to \$9.5M Fine for NY Shop

New York Cannabis Store Owner Hit with \$9.5 Million Fine for Operating Without a License

A small store in upstate New York, located near Rochester, has been slapped with a massive \$9.5 million fine after its owner repeatedly defied state orders to cease unlicensed cannabis sales. The shop, *Jaydega 7.0*, situated in Canandaigua, was owned by George West, who now faces severe legal consequences for his actions.

Attorney General Letitia James issued the penalty this week, marking a significant step in New York State's ongoing efforts to regulate its fledgling cannabis industry. West's refusal to comply with legal directives has escalated his situation from a simple licensing violation to a landmark case in the state's cannabis enforcement efforts.

Cease-and-Desist Ignored

West had been operating *Jaydega 7.0* without a proper cannabis retail license, despite receiving multiple warnings. According to a news release from James' office, West was initially issued a cease-and-desist notice in June 2023 after the New York Office of Cannabis Management (OCM) discovered that he had been selling marijuana illegally since at least September 2022. However, the warnings did little to deter him.

In November of last year, OCM and the Attorney General's office secured a court order that mandated the closure of *Jaydega 7.0*. Yet, West continued to operate his store, accumulating revenue from unlicensed sales, which only exacerbated his legal troubles. This month, a New York court finally imposed the substantial fine, citing West's ongoing non-compliance as the primary reason for the stiff penalty.

"The owner of *Jaydega 7.0* chose not to comply with the law and ignored multiple warnings to cease selling cannabis without a license," Attorney General Letitia James said in a statement. "West is obligated to pay \$9.5 million for breaking our laws and harming local communities. Cannabis stores must follow rules and regulations like any other business in New York."

The Legal Breakdown: \$9.5 Million Penalty

The \$9.5 million penalty imposed on West comprises a combination of fines and penalties. These include administrative fines, disgorgement of illegal profits, daily penalties for continued operation after receiving the cease-and-desist order, and revenue-based penalties tied to the sales generated through illicit means.

The Attorney General's office revealed that West had made at least \$2.4 million in revenue between June 2022 and October 2023. This figure formed part of the basis for the court's decision, which included a requirement for West to forfeit over \$1 million of his earnings from unlicensed marijuana sales.

In addition to that, the court also imposed an \$8.4 million fine, underscoring the serious nature of the violation. The penalties reflect the broader framework in New York's cannabis law, which allows for significant fines to be levied against businesses operating outside the law.

New York law stipulates that businesses can be fined up to \$10,000 per day for selling cannabis without a license. Furthermore, continuing to sell after being served with a cease-and-desist order can result in fines of up to \$20,000 per day. Given West's continued operation of *Jaydega 7.0* even after legal action, the fines quickly escalated, leading to the current multimillion-dollar judgment.

Statewide Efforts to Regulate Cannabis

The hefty fine against West is part of a larger crackdown by New York authorities on illegal cannabis sales as the state seeks to establish a legal and regulated market. The recreational use of cannabis was legalized in New York in March 2021, but the licensing process for dispensaries has been slow, and many unlicensed stores have emerged in the meantime.

The state's Office of Cannabis Management is responsible for overseeing and regulating the legal cannabis industry. However, businesses like West's that choose to bypass this process face steep penalties. In recent months, the OCM has ramped up its efforts to close unlicensed stores, often in coordination with the Attorney General's office.

James' office emphasized that *Jaydega 7.0* persisted in selling cannabis without a license until November 2023, when the court order to close the shop was issued. The ongoing defiance of the law, coupled with the substantial revenue generated through illegal sales, prompted state authorities to seek a significant financial penalty.

Setting a Precedent

This case marks one of the most notable actions taken against an unlicensed cannabis seller in New York State. The \$9.5 million judgment is substantial, but not unprecedented. Earlier this year, Attorney General Letitia James announced a \$15.2 million judgment against David Tulley, another upstate New York entrepreneur, who operated a chain of seven unlicensed cannabis stores.

Tulley's case, like West's, involved continued operation despite cease-and-desist orders. In both instances, the state sought to recover illegal profits and impose penalties designed to deter others from engaging in similar behavior.

Impact on Local Communities

West's decision to operate *Jaydega 7.0* without a license not only violated state law but also undercut local communities that are looking to benefit from a regulated cannabis industry. New York's legal cannabis market is intended to create jobs, generate tax revenue, and provide opportunities for small businesses, particularly in communities that have been disproportionately impacted by previous cannabis criminalization.

By selling marijuana without proper authorization, West sidestepped these regulations, creating unfair competition for businesses attempting to navigate the state's licensing process legally. The Attorney General's office stressed that compliance with state cannabis laws is crucial for the success of the legal market and for ensuring that communities can reap the intended benefits.

Looking Ahead

As New York continues to build out its legal cannabis market, cases like George West's serve as a warning to other businesses operating without a license. The \$9.5 million fine, a mix of disgorgement, administrative fines, daily penalties, and revenue-based penalties, highlights the state's commitment to enforcing its cannabis laws and shutting down illegal operations.

For West, the ruling likely marks the end of his business, at least in its current form. He has not yet commented publicly on the judgment, but his options for appealing or mitigating the fine are limited given the substantial evidence gathered by state officials.

With New York's cannabis industry still in its infancy, this case underscores the importance of following the law as regulators work to ensure that the market remains fair, safe, and profitable for legal operators.

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