

Cannabis Company Plans Lawsuit Over New Mexico Crop Destruction

New Mexico Authorities Seize and Destroy Thousands of Pounds of Cannabis in Largest Operation Since Legalization

In a major crackdown on alleged violations of New Mexico's cannabis regulations, **New Mexico State Police** have seized and destroyed tens of thousands of pounds of marijuana plants from greenhouses in northwestern New Mexico. The operation, which involved dozens of state police agents, targeted a growing operation by **NNK Equity LLC** in Waterflow, near the Colorado border. Authorities claim the seizure marks the largest confiscation and destruction of cannabis in the state since New Mexico legalized recreational marijuana possession and cultivation in 2021.

The large-scale operation, which concluded in October, was the result of a prolonged investigation by both the **New Mexico Cannabis Control Division** and the New Mexico State Police. The Cannabis Control Division began taking steps to revoke NNK Equity's license earlier this year due to alleged regulatory violations, and the enforcement action highlights the state's commitment to maintaining strict compliance within the cannabis industry.

Allegations of Regulatory Violations Spark Investigation

The Cannabis Control Division began scrutinizing NNK Equity in early 2024 after identifying several compliance issues. According to the Division, NNK Equity failed to meet essential licensing and operational requirements, including:

Posting Licenses On-Site: Regulators claim that the company did not properly display its cannabis cultivation licenses, as required by state law.

Water Rights for Cultivation: NNK Equity allegedly did not secure necessary water rights, which is essential for large-scale agricultural operations in New Mexico's arid climate.

Insufficient Surveillance: The company reportedly did not have the necessary camera systems to monitor all areas of its greenhouse operations.

Sanitation and Health Violations: Allegations of health and sanitation issues were cited, indicating possible risks associated with the cultivation environment.

Due to these alleged violations, the Cannabis Control Division issued a **noncompliance order** and subsequently a **default order** against NNK Equity, setting in motion the process of license revocation. In June, regulators also conducted a compliance check at NNK Equity's facility in Waterflow, where they determined that the company had exceeded its permitted plant count. A second unlicensed location with additional plants was later discovered, further compounding the violations.

Massive Enforcement Operation Leads to Destruction of Cannabis Plants

Following the compliance investigation, the **New Mexico State Police Special Investigations Unit** joined the operation. In October, state police agents undertook a large-scale effort to seize and eradicate the cannabis plants found at NNK Equity's facilities. Authorities announced the operation's conclusion on Monday, highlighting its significance as the largest cannabis confiscation in the state since legalization.

The New Mexico Cannabis Control Division justified the destruction, stating that the volume of marijuana plants and the alleged disregard for state regulations left them with no choice but to take immediate enforcement action. State police reported that they had assigned dozens of agents to oversee the operation, marking a significant mobilization of resources aimed at ensuring compliance and accountability in New Mexico's cannabis industry.

Legal Battle Over License Revocation and Destruction of Property

Jacob Candelaria, an attorney representing NNK Equity, disputes the state's claims and has raised concerns about due process and fair treatment. He argues that his clients, **Irving Lin and Bao Xue**, were not properly notified of the license revocation proceedings and were denied the opportunity for a hearing to defend their operations. According to Candelaria, his clients have limited English proficiency and had requested documentation in Mandarin, which he claims was ignored by state regulators.

Candelaria contends that the Cannabis Control Division did not follow proper notification protocols, which he believes is a violation of his clients' civil rights. He has announced plans to request that a state district judge overturn the license revocation order and mandate a formal hearing. Additionally, NNK Equity intends to pursue legal action against the state, claiming that the destruction of the cannabis plants caused financial harm by eliminating assets worth hundreds of thousands of dollars.

The attorney argues that the state's decision to move forward with plant destruction based on a temporary restraining order without providing his clients with adequate notice or a fair hearing represents a concerning overreach. He suggests that the lack of transparency in the process should be of concern to anyone who values constitutional protections.

Cannabis Control Division Defends Its Enforcement Actions

In response to the accusations, the Cannabis Control Division maintains that it acted within the law and complied with due process requirements. State regulators argue that they provided sufficient notification and allowed the company the opportunity to respond to the charges. The Division's filings indicate confidence that it adhered to state requirements for revocation, inspection, and enforcement.

According to the Cannabis Control Division, NNK Equity's repeated violations warranted strong action to ensure compliance within the state's growing cannabis market. Regulators emphasize that New Mexico's cannabis industry is subject to stringent rules designed to ensure the safety and legitimacy of legal cannabis products, and they view these measures as essential to maintaining public trust in the system.

Background on NNK Equity and Previous Regulatory Challenges in the Region

NNK Equity received its license to operate a cannabis cultivation facility in Waterflow, New Mexico, in December 2023. The company's site is located in a rural area near the Navajo Nation, a region that has recently experienced increased regulatory scrutiny. In 2024, state regulators cracked down on two other cannabis operations in the same area, citing similar compliance issues. Additionally, Navajo Nation authorities have taken enforcement actions against members of the tribe involved in unauthorized cannabis

cultivation.

This latest case involving NNK Equity highlights the ongoing challenges of regulating cannabis in regions that are geographically isolated but strategically positioned close to state borders where cannabis laws may differ. The New Mexico Cannabis Control Division, together with local authorities, has been vigilant in monitoring these operations, underscoring the state's commitment to rigorous enforcement of cannabis regulations.

Compliance Violations Extend Beyond Plant Count and License Posting

Beyond exceeding plant count limits and failing to post licenses on-site, NNK Equity faces accusations of breaching **transportation and tracking requirements**. Under New Mexico's cannabis regulations, every cannabis plant must be assigned a unique identification number for tracking purposes. Regulators claim that NNK Equity did not meet these requirements, further complicating their compliance profile.

The tracking system is crucial for preventing black-market diversion and ensuring transparency in the state's legal cannabis industry. Failing to adhere to these standards not only violates state regulations but also jeopardizes the credibility of New Mexico's tightly regulated market. The Cannabis Control Division cited these tracking lapses as a key factor in its decision to move forward with enforcement actions against the company.

Future Implications for New Mexico's Cannabis Industry

The seizure and destruction of cannabis plants at NNK Equity's facility mark a significant moment for New Mexico's cannabis regulatory landscape. As the largest enforcement action since the state's legalization of recreational marijuana, it signals a zero-tolerance approach to noncompliance. This high-profile case may serve as a warning to other operators about the consequences of failing to meet regulatory standards.

The outcome of NNK Equity's legal challenge could also have broader implications. If the courts side with the company, it may prompt a review of the Cannabis Control Division's enforcement protocols, particularly around language accessibility and notification practices. This case brings to light issues around due process and the importance of providing all operators with clear, accessible communication regarding their rights and obligations.

Moving Forward: A Stricter Regulatory Environment

As New Mexico's cannabis market continues to expand, regulators are likely to increase their focus on compliance and enforcement. With more operators entering the industry, the Cannabis Control Division will face ongoing pressure to monitor and enforce the standards that keep the state's cannabis products safe and reputable. For industry stakeholders, the NNK Equity case serves as a stark reminder of the importance of adhering to state guidelines.

In the wake of this large-scale operation, cannabis businesses in New Mexico can expect heightened scrutiny. For regulators, ensuring industry-wide compliance is essential for maintaining a balanced and fair market. For NNK Equity and its legal representatives, the battle may be far from over, as they continue to challenge what they argue are overreaches in regulatory enforcement.

The coming months will reveal how New Mexico's courts respond to these issues, shaping the future of cannabis regulation in the state.