

Cannabis Shops Sue OCM Over New Dispensary Location Rules

Licensed New York Cannabis Retailers File Lawsuit Against Office of Cannabis Management

The coalition seeks to halt OCM's policy reversal that could force 152 dispensaries to move, calling on the state to protect small businesses.

NEW YORK- A coalition of licensed cannabis operators has filed a lawsuit against the New York Office of Cannabis Management (OCM) and the Cannabis Control Board, alleging that the agencies' abrupt reinterpretation of state regulations threatens to dismantle the state's fragile legal cannabis market.

The lawsuit, filed on Aug. 15 in the New York Supreme Court in Albany (INDEX NO. 908591-25), centers on OCM's sudden reversal of its policy governing the distance between dispensaries and schools. The reinterpretation, announced in July 2025, retroactively places at least 152 licensed retailers out of compliance, potentially forcing them to relocate or close altogether.

The plaintiffs operating under the campaign "Save New York Legal Cannabis for All"—include Housing Works Cannabis Co. and 11 other licensed dispensaries. They argue that OCM's reversal jeopardizes their businesses despite their adherence to the state's original approval process.

Rally at New York City Hall

On Aug. 8, dispensary owners and local policymakers gathered at the steps of New York City Hall to call for state intervention. Many accused OCM of undermining the very businesses it had pledged to support.

Shockwaves Through New York's Legal Cannabis Market

For years, OCM crafted proximity policies through community review, presenting them as a safeguard for both public health and business stability. The July reinterpretation, however, effectively nullified that work.

Operators who followed state guidelines are now deemed noncompliant, leaving their leases, license renewals, banking access, and investor confidence in jeopardy. Many had already poured millions into buildouts, staffing, and compliance.

Communities and Equity at Risk

The policy shift disproportionately affects justice-involved individuals—the very people the state promised to prioritize in licensing. Nearly 90% of the impacted dispensaries are owned by Black, Latino, or justice-involved entrepreneurs. Women and veterans, already underrepresented in the industry, also stand to lose.

Advocates argue that the reversal not only threatens individual livelihoods but also undermines the broader goals of the **Marihuana Regulation and Taxation Act (MRTA)**, which emphasized equity and restitution for communities harmed by prohibition.

Jeremy Rivera, President of the **Cannabis Retail Alliance of New York (CRANY)**, and **Matthew Robinson**, CRANY Director, released a joint statement:

Legal Arguments

The lawsuit outlines **10 causes of action**, including:

- Unlawful rulemaking under the State Administrative Procedures Act (SAPA)
- Arbitrary and capricious agency action
- Violations of due process and equal protection clauses
- Regulatory taking without compensation
- Breach of MRTA's equity mandate

The coalition is seeking a permanent injunction blocking OCM's reinterpretation of § 72(6), as well as a declaration that existing locations remain compliant. A preliminary hearing is scheduled for Aug. 29.

Plaintiffs

The coalition includes:

- **Conbud**
- **The Cannabis Place**
- **Rezidue**
- **Summit Canna LLC**
- **Hush**
- **High Fade**
- **Elise Pelka LLC**
- **Housing Works Cannabis Co.**
- **Common Courtesy Dispensary LLC**
- **Toastree LLC**
- **Monarch NYC LLC**
- **Luxe Leaf Boutique LLC**

What's at Stake

The lawsuit underscores the fragility of New York's cannabis program, which has faced delays, lawsuits, and challenges since its inception. With high taxes, limited banking access, and stiff competition from the illicit market, licensed retailers argue that another major disruption could sink the entire experiment.

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