

BOND

THE CANNABIS INDUSTRY INFORMATION MEMO

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New York Proposes Greater Penalties for Illicit Cannabis Shops

As we previously wrote, unlicensed gray market cannabis shops have proliferated across New York State despite blatantly breaking New York's cannabis law. In an effort to increase the State's enforcement options against these stores, Gov. Kathy Hochul proposed legislation on March 22, 2023 (the Proposed Legislation) to create harsher penalties for businesses who sell cannabis without a license to do so.

While some New York municipalities had previously put forth their own local laws to curb illicit cannabis sales, the Proposed Legislation would authorize the State's Office of Cannabis Management (OCM) and Department of Taxation and Finance (DTF) to fine businesses \$10,000 per day for making unlicensed cannabis sales and \$200,000 for illicit cannabis plants or products. Additionally, these agencies would be permitted to close down illicit cannabis shops entirely. The Proposed Legislation also gives DTF agents peace officer status, empowering them to go after unlicensed storefronts.

Importantly, the Proposed Legislation would not impose any additional penalties on individuals for personal cannabis use.

Bond's cannabis attorneys continue to closely monitor developments surrounding New York's cannabis industry. For questions about the information provided above or about the cannabis industry in general, please contact [Dustin M. Dorsino](#), [Jeffrey B. Scheer](#) or the Bond attorney with whom you are regularly in contact.

