

Cannabis Industry Quarterly Update

Q1 2025

A quarterly update from Benesch's Cannabis Industry Group

In This Issue:

Key Issues.....	1
Industry Regulations	2
Federal	2
State	4
Hemp.....	6
Payments.....	9
General Cannabis Business Trends.....	9
Regulation/Enforcement.....	13

Key Issues

Movement on legalizing cannabis inches ahead on a federal level

Cannabis rescheduling hearings began on [January 21, 2025](#), to evaluate moving cannabis from Schedule I to Schedule III of the Controlled Substances Act as public support for the change continues to grow. With a recent stay placed on the hearings, the future of rescheduling in 2025 remains uncertain. In the meantime, states continue to roll out new regulated cannabis adult-use programs, like Kentucky, while other states grapple with regulating, restricting, and/or banning hemp-derived THC products, like California.

States continue to see progress, complications with cannabis industry

While states like Kentucky, which [issued](#) its first medical cannabis dispensary license, and Missouri, where the industry is thriving, are finding success, other states like [Texas](#) and [Florida](#) continue to push legislation to block any legalization or erecting an industry. Any pushback by cannabis is dwarfed by growing support, such as in [Arizona](#) where the state accelerated the rollout of adult-use cannabis deliveries to get it in the hands of a growing customer base, and in D.C. where officials [advocated](#) for the removal of the federal restrictions that prevent the city from regulating cannabis sales, despite concerns over a burgeoning black market.

Hemp seeing more regulation as states, federal government starts to realize its potential

The U.S. hemp industry is experiencing significant regulatory and market shifts, and the National Hemp Association [believes](#) the market could explode under the forthcoming Trump administration, with RFK as their potential biggest supporter. Positive steps in the industry include the U.S. Hemp Authority [launching](#) a certification program for intoxicating hemp products like delta-8 THC, to address

Key Issues (continued)

safety and quality gaps amid increasing state-level restrictions. These types of concerns [prompted](#) Michigan to transition its hemp oversight to the USDA, to enforce stricter testing and quality assurance. The U.S. Department of Energy is also getting more involved in hemp as it [granted](#) \$8.4 million to Hempitecture for sustainable materials to tap into hemp's environmental potential.

2024 sees decline in cannabis business licenses, but should see bounce back in 2025

In [Q3 2024](#), the business aspect of the industry slipped as the number of active cannabis business licenses in the U.S. declined by 11%, dropping to 38,600, as economic pressures and market restructuring impacted established markets like Oklahoma and California, though emerging markets like New York and Ohio showed growth. Looking ahead experts [predict](#) in 2025 that mergers and acquisitions, interstate expansion, evolving consumer preferences, and technological advancements will drive significant growth in the cannabis industry, which could reach \$58 billion in sales by 2030.

Industry Regulations

Federal

Cannabis Rescheduling Hearings Postponed: How Did We Get Here and What Happens Next?

As of March 11, 2025, the process to determine whether cannabis should be rescheduled from Schedule I to Schedule III under the Controlled Substances Act has encountered significant delays. Initially, a preliminary hearing was held on December 2, 2024, to address the availability of representatives and witnesses for the forthcoming proceedings. Subsequently, an administrative hearing was scheduled to commence on January 21, 2025, intended to include testimony from government agencies, advocacy groups, industry representatives, and experts. However, on January 13, 2025, just eight days prior to the planned hearing, Chief Administrative Law Judge John Mulrooney issued an order staying proceedings pending the resolution of an interlocutory appeal filed by two parties involved in the proceedings. This stay effectively shifted the rescheduling process into the tenure of the Trump administration. While President Trump has previously indicated support for rescheduling cannabis, his recent appointments of individuals with hardline views on drug policy to key positions, such as the Pam Bondi as Attorney General and Anne Milgram as DEA Administrator, have raised concerns about the future direction of cannabis rescheduling. The outcome of the interlocutory appeal and the subsequent actions of the new administration will be pivotal in determining the trajectory of federal cannabis policy."

Related: [Top Congressional Democrats Push DEA To 'Swiftly' Reschedule Cannabis And 'Continue To Assess' Full Legalization—Cannabis Moment](#)
[USDA Won't Enforce Rule Requiring Hemp To Be Tested At DEA Labs For Another Year Due To 'Inadequate' Access For Growers—Cannabis Moment](#)
[Historic DEA Cannabis Rescheduling Hearing Opens, Paused Until Mid-January—MJBiz Daily](#)

Source: JDsupra

continued on next page

Industry Regulations (continued)

Researcher Seeks Delay In Cannabis Rescheduling Hearings Until After Trump Administration Takes Office

Panacea Plant Sciences CEO David Heldreth filed a motion requesting the DEA postpone its cannabis rescheduling hearings until the Trump administration assumes office, angling for a review under the forthcoming administration. Heldreth claims the DEA improperly excluded key witnesses, including Panacea, and violated federal rules requiring tribal consultation and small business considerations. Heldreth also argues his and Panacea's exclusion from the hearing appears to be retaliatory, "as a punishment for challenging DEA rule-making and other legal activities," including his opposition to the DEA banning psychedelic compounds.

Source: *Marijuana Moment*

For Many Biden Clemency Grantees, Freedom Is On Hold

In his final weeks in office, President Joe Biden granted clemency to approximately 2,500 individuals, primarily non-violent drug offenders, marking one of the broadest uses of the presidential pardon power in U.S. history. However, as of March 6, 2025, only 383 of these recipients have been released from prison, with an additional 325 moved to halfway houses or home confinement. This means that over 1,700 individuals remain incarcerated, awaiting the implementation of their commuted sentences. The delays in releasing these individuals have been attributed to administrative bottlenecks and procedural challenges within the federal prison system.

Related: [Biden Should Expand Cannabis Pardons And Issue New Cannabis Prosecution Memo Before His Term Ends, Lawmakers Say](#)—*Marijuana Moment*

Source: *Law360*

Chris Christie Predicted Trump Administration Will Ease Cannabis Restrictions and Balance Crypto Regulation

Former New Jersey Governor Chris Christie predicted President-elect Donald Trump will seek to remove cannabis from the DEA's controlled substances list, allowing for banking access for cannabis businesses but stopping short of federal legalization. Cannabis remains a Schedule I substance, meaning it is federally illegal despite the growing wave of state-level legalization. Christie says its legal status presents an obstacle for the cannabis industry, specifically when it comes to banking and financial business services. The cannabis industry has seen difficulty in encouraging business, Christie says, as the proceeds are "tainted" by the fact they are created through a drug that is illegal in the U.S.

Related: [Trump's Choice For Top Justice Department Role Says Cannabis Is A 'Gateway Drug' That Makes Consumers 'Boring And Smelly'](#)—*Marijuana Moment*

[Trump Throws Full Support Behind Florida Pot Legalization As DeSantis Fights It](#)—*Politico*

[RFK Jr. Could Advance Cannabis And Psychedelics Reform Agenda As Trump's Top Health Official](#)—*Marijuana Moment*

Source: *Benzinga*

continued on next page

Industry Regulations (continued)

State

Kentucky Awards Medical Cannabis Licenses Despite Out-of-State Controversy



The state issued its first 36 medical cannabis dispensary licenses by lottery, but the process has sparked controversy over out-of-state companies dominating its earlier October licensing round. Roughly 75% of cultivation and processor permits from October reportedly went to applicants tied to large out-of-state cannabis companies, raising questions about the lottery's fairness. The lottery selected four dispensary operators for each of the state's nine geographic zones, drawn from nearly 5,000 applicants. Winners must pay a licensing fee within 15 days or risk forfeiture. Gov. Andy Beshear defended the lottery and said there was no collusion or rigging to get specific companies selected. Kentucky's medical cannabis program launched January 1, 2025.

Source: *MJBiz Daily*

Missouri's Hemp Industry Sparks Debate Amid Regulatory Gaps, Cannabis Competition



Sparked by the 2018 Farm Bill provision, which legalized hemp but left states struggling to regulate cannabis, experts say Missouri's hemp industry is thriving, offering intoxicating products like delta-9 THC seltzers and edibles outside the heavily regulated cannabis dispensary framework. However, state regulators, critics and licensed cannabis businesses argue the unregulated hemp sales pose health risks and unfair competition. Efforts to ban intoxicating hemp products have stalled in the Show Me State following Secretary of State Jay Ashcroft's rejection of Governor Mike Parson's proposed emergency executive order banning the sale of psychoactive hemp-derived edibles outside of cannabis dispensaries. While the Secretary of State's rejection may delay implementation of the rule for six months or more, Hemp advocates have also filed a lawsuit lead by the Missouri Hemp Trade Association to prohibit the ban from taking effect at all. Still, hemp and cannabis industries are preparing legislative proposals for the upcoming session to establish clearer rules, with health and safety concerns driving the debate.

Source: *Marijuana Moment*

Sacramento Approves Cannabis Consumption Lounge Licenses, Issuing Starts In 2025



The Sacramento City Council approved a measure which paves the way for the city to issue consumption lounge licenses sometime in 2025. The ordinance passed despite opposition from public health groups citing concerns about secondhand smoke and its impact on employees and neighbors. Sacramento plans to finalize land-use and zoning amendments by early 2025 before issuing licenses come spring or summer. The move aligns with a Calif. law taking effect January 1 allowing cannabis businesses to expand offerings like food, drinks and live entertainment, pending local approval.

Source: *MJBiz Daily*

continued on next page

Industry Regulations (continued)

Hawaii Medical Cannabis Caregiver Program Expired Dec. 31 Unless There's Legislative Action



The state's medical cannabis caregiver program, which allows caregivers to grow cannabis for registered patients unable to grow it themselves or shop at dispensaries, ended on Dec. 31, 2024 unless the legislature intervenes. Currently, 2,628 caregivers serve over 30,000 registered medical cannabis patients in the state. The program permits up to 10 cannabis plants per patient, grown at designated locations. Even though State Rep. David Tarnas has drafted a bill to legalize recreational cannabis, potentially addressing gaps in access, the next legislative session doesn't start until Jan. 17. State Rep. Della Belatti says it was a failure on the local government's part to not address the December 31 deadline and the resulting gap until the next session.

Source: *MJBiz Daily*

Texas Lieutenant Governor Pushing for Statewide Ban on THC Products



Lt. Gov. Dan Patrick of Texas will introduce a bill banning all consumable THC products, including hemp-derived items like gummies, drinks and vapes. Patrick cited concerns over the proliferation of high-THC products sold in thousands of stores statewide, describing them as unsafe. The proposed ban comes as hemp-derived THC products, legal under the 2018 Farm Bill's loophole, have surged in popularity, particularly in Texas, which lacks adult-use cannabis legalization. Patrick says the bill, sponsored by Republican Sen. Charles Perry, will be a top priority for the upcoming legislative session starting January 14.

Source: *MJBiz Daily*

Related: [Texas GOP Attorney General Sues To Overturn Voter-Approved Cannabis Decriminalization Law In Dallas—Marijuana Moment](#)

Arizona Launching Adult-Use Cannabis Deliveries Two Months Early



The Arizona Dispensaries Association (ADA) says adult-use cannabis deliveries began statewide on November 1, 2024, two months earlier than initially planned. The expedited launch was achieved through Arizona Department of Health Services' "dedicated efforts" while also maintaining its directive to create a safe and regulated program, said the ADA. Previously limited to medical cannabis patients, the ADA says the expansion marks a significant milestone for consumer accessibility for Arizona's cannabis market.

Source: *Cannabis Business Times*

continued on next page

Industry Regulations (continued)

GOP Congressman, D.C. Officials Push To End Federal Ban On Cannabis Sales in Nation's Capitol

Republican Congressman Dave Joyce and local Washington, D.C. officials are calling for the end of a federal ban preventing D.C. from legalizing and regulating cannabis sales. At a House Appropriations subcommittee hearing in early December, Joyce criticized the spending bill rider that blocks D.C. from using local funds for a commercial cannabis market, and D.C. Council Chairman Phil Mendelson called the rider one of the most damaging infringements on the city's autonomy, contributing to a \$600 million black market and public safety concerns from illegal cannabis operations. With over half of U.S. states permitting recreational cannabis, D.C. remains the only jurisdiction unable to regulate it. Joyce said ending the ban would ensure the safety of both the public and the product.

Source: Marijuana Moment

Hemp

USDA Takes Over Oversight Of Michigan Hemp Farmers As State Shuts Down Program



Michigan hemp farmers will now operate under the USDA after the state decided to shut down its industrial hemp program. This change means stricter pre-harvest THC testing requirements, with all tests to be conducted at DEA-approved labs and stringent compliance obligations, such as detailed recordkeeping. However, farmers will now pay lower licensing fees compared to the previous \$1,350 fee farmers were charged to pay. The change is set to take effect in 2025, following Michigan's decision to discontinue its program due to financial sustainability concerns.

Source: MJBiz Daily

U.S. Hemp Authority Launches Certification Program For Intoxicating Hemp Products

The U.S. Hemp Authority introduced an Adult Use Hemp Product Certification Program aimed at ensuring the safety and quality of intoxicating hemp-derived products, such as delta-8 THC. The certification program targets manufacturers and sellers of hemp products in a market without federal regulations, aiming to promote industry self-regulation. To qualify for certification, products must meet strict criteria, including child-resistant packaging, purity standards and third-party testing. This program comes as states impose tougher regulations or bans on hemp-derived THC products, with the industry facing ongoing scrutiny.

Source: MJBiz Daily

continued on next page

Industry Regulations (continued)

Parts of N.J. Hemp Law Ruled Unenforceable By Judge



A N.J. judge ruled parts of the state's hemp law, which differentiated between in-state and out-of-state hemp products, are unenforceable. U.S. District Judge Zahid Quraishi's ruling blocked the state from labeling hemp products, like CBD lotions and delta-8 gummies, as "intoxicating" if they comply with the laws of the state where they were made. The decision was made just two days before an Oct. 12 deadline for businesses to remove hemp products such as CBD lotions, hemp-based drinks and delta-8 gummies from their shelves.

Source: *MJBiz Daily*

Texas Hemp Businesses File Federal Lawsuit Over Alleged Illegal Raid By Law Enforcement



The Hemp Industry Leaders of Texas (HILT) and smoke shop operator Sabihe Kahn filed a federal lawsuit against the city of Allen, Texas, and multiple law enforcement agencies, alleging an illegal raid on a legal hemp business and unlawful arrests. The suit claims law enforcement used an overly broad search warrant based on faulty THC testing methods, resulting in the seizure of legal hemp products compliant with the federal 0.3% THC limit under the 2018 Farm Bill. The lawsuit seeks injunctive relief, improved testing standards, the return of seized property, and attorney fees. HILT argues the raid and subsequent arrests have unfairly stigmatized legal hemp businesses, causing significant harm to their reputation and operations.

Source: *MJBiz Daily*

DOE Grants Hemp Start-Up \$8.4M For Sustainable Alternatives in Building, Auto Industries

The U.S. Department of Energy (DOE) awarded \$8.4 million to Hempitecture, a startup producing sustainable, hemp-based alternatives for construction materials, packaging and automotive parts. This funding is part of DOE's broader \$428 million investment in clean energy manufacturing projects, with a focus on revitalizing coal communities. Hempitecture plans to expand its operations with the grant, including a new facility that will create 25 full-time jobs and produce cannabis-based materials for the auto industry. The company aims to supply American automakers with bio-based textiles to reduce their carbon footprints and will repurpose hemp manufacturing waste into biomass pellets as a coal alternative.

Related: [Feds Award More Than Half A Million Dollars To Analyze Hemp-Derived Products That Are Growing In Popularity](#)—*Marijuana Moment*

Source: *Marijuana Moment*

continued on next page

Industry Regulations (continued)

N.J. Begins Enforcing Hemp Product Ban Amid Legal, Regulatory Challenges



The state's Cannabis Regulatory Commission will enforce a ban on certain hemp products, targeting intoxicating products and those containing synthetic cannabinoids like delta-10 and THC-O and aiming to prevent children from accessing such items. Beau Huch, a cannabis and hemp attorney with Porzio Governmental Affairs, said the state is sending a message to the industry's "bad actors." Under the law, enacted in October, unlicensed sales of these products could result in fines starting at \$100 for the first offense, escalating up to \$10,000. The commission also has another five months to draft rules before licensure even begins, leaving businesses in limbo until said rules are finalized.

Source: Marijuana Moments

Army Updates Drug Policy To Ban Delta-8 THC, Warns Soldiers About Poppyseed Risks

The U.S. Army updated its drug policy to explicitly prohibit soldiers from using intoxicating hemp-derived products like delta-8 THC and to caution against consuming poppyseed-containing foods, which could cause false positives for opioids on drug tests. The revised policy, effective October 4, clarified products mimicking THC, including delta-8, are prohibited due to their potential for abuse. Targeted testing for delta-8 THC will now be part of Army inspections.

Source: Marijuana Moment

National Hemp Association Pushing For Reforms, Hoping For Support From RFK Jr.

The NHA is lobbying Secretary of Health and Human Services Robert F. Kennedy Jr., with four key requests aimed at advancing the hemp industry. The NHA's priorities include allowing hemp grain in domestic animal feed markets, expanding FDA Center for Veterinary Medicine staffing to streamline approvals, grandfathering hemp as a commodity under FDA regulations, and establishing a legislative framework for cannabinoids. NHA Chair Geoff Whaling emphasizes these measures could unlock multi-billion-dollar opportunities and reduce regulatory hurdles, and is optimistic about support from the incoming administration, pointing to Trump's previous role in legalizing hemp under the 2018 Farm Bill.

Source: Cannabis Business Times

Payments

Delaware Enacts Law Protecting Banks Serving State Cannabis Businesses



The state passed a law protecting financial institutions and service providers, such as banks, credit unions and accountants, from state-level prosecution for working with licensed cannabis businesses. Signed by Gov. John Carney, the legislation aims to support the state's regulated cannabis industry, which is set to launch adult-use cannabis sales in 2025. The law focuses on challenges faced by cannabis businesses in accessing financial services, helping them compete with the illegal market, reduce costs and fulfill tax obligations. Delaware plans to issue 125 licenses via a lottery system, including for retailers, cultivators, manufacturers and testing labs.

Related: [Delaware Governor Signs Bill To Protect Banks That Work With Cannabis Businesses Ahead Of Adult-Use Market Launch](#)—Marijuana Moment

Source: MJBiz Daily

Banks Could Earn \$2.4B From Cannabis Industry Loans By 2035: Report

A [report](#) by CTrust, Whitney Economics, and Green Check Verified projects U.S. banks could generate up to \$2.4 billion in interest revenue from loans to the expanding cannabis industry by 2035. With the cannabis market expected to grow from \$28.8 billion in 2023 to \$87 billion by 2035, businesses will require between \$65.6 billion and \$130.7 billion in growth capital. The report also suggests the need for tailored lending solutions and calls for legislative reforms like the SAFER Banking Act.

Source: Marijuana Moment

General Cannabis Business Trends

U.S. Cannabis Licenses Decline In Q3 2024 Due To Market Restructuring, Economic Pressures

The number of active cannabis business licenses in the U.S. dropped to 38,600 in Q3 2024, reflecting an 11% year-over-year decline as economic challenges and regulatory restructuring hit established markets. Oklahoma, once known for unlimited licenses, and California, the largest cannabis market, saw significant reductions with active licenses dropping by half in Oklahoma and 4% in California. However, emerging markets like New York and Ohio offset some of the declines, with New York nearly tripling its active licenses from late 2023 and Ohio issuing new adult-use licenses. Nationwide, over 2,200 licenses were issued in Q3.

Source: MJBiz Daily

continued on next page

General Cannabis Business Trends (continued)

Mass. Grants First Cannabis Research License To Curaleaf



The state issued its first-ever cannabis research facility license to Curaleaf Processing. Approved unanimously by the Cannabis Control Commission, the company's facility in Newton aims to advance cannabis science and safety. This license enables academic, nonprofit, or commercial entities to conduct specific cannabis research studies within a regulated framework. Mass. joins four other states—N.Y., Conn., Wash. and Co.—in offering such licenses, and nationwide 15 such research licenses have been issued.

Source: *MJBiz Daily*

Florida Awards 22 Medical Cannabis Dispensary Licenses



The state's Office of Medical Cannabis Use approved 22 new Medical Cannabis Treatment Center licenses, selecting from 74 applicants who initially applied in April 2023. Successful applicants include Belushi's Farm Florida, Greenlight, Klutch Cannabis and Stiizy Florida. The expansion comes shortly after the state election where voters showed majority support for adult-use cannabis legalization, though the measure failed to reach the required 60% threshold. The awarded licensed dispensaries will join Florida's existing medical cannabis market, which already includes over 700 operational MMTCs.

Source: *MJBiz Daily*

Experts Say M&A, Interstate Expansion, Consumer Trends Will Drive Cannabis Market For 2025

With 2025 now upon us in the cannabis industry, experts at MJBizCon 2024 say with sales projected to reach \$58 billion by 2030, the sector is poised for significant transformation. Experts see 2025 as a transformative year for the industry, fueled by innovation, changing regulations and shifting consumer behaviors, such as:

- Mergers and Acquisitions (M&A): Overleveraged companies are expected to be acquired by financially stable operators, driving consolidation and market efficiency;
- Interstate Expansion: Experienced operators with strong track records are likely to expand into new markets, leveraging debt and equity;
- Consumer Trends: Growing demand for edibles, infused beverages and higher-quality cannabis products—especially among women—signals a shift in preferences;
- Rescheduling and Research: Federal rescheduling could unlock pharmaceutical research and new medical cannabis advancements; and
- Technology and AI: Cannabis businesses are embracing AI for supply-chain optimization, market predictions, and enhanced consumer experiences. Ancillary services, like scalable software systems, also present untapped opportunities.

Source: *MJBiz Daily*

continued on next page

General Cannabis Business Trends (continued)

Minnesota cannabis license lottery challenge moves to state appeals court



A district court judge in Ramsey County's District Court halted Minnesota's social equity license preapproval lottery indefinitely after denied applicants sued the State alleging the State's made an "arbitrary and capricious decision" in denying their applications. Following the Ramsey County District Court's decision to halt the social equity license preapproval lottery, the Minnesota Office of Cannabis Management (OCM) has announced the complete cancellation of the preapproval process—eliminating a key advantage that social equity licensees would have held in the emerging marketplace. Instead, all adult use cannabis business licenses will now be awarded through a general lottery set to take place between May and June 2025, delaying the timeline from the originally anticipated launch in early 2025. The application process for both social equity and general licensing applicants began on February 18, 2025 and ends on March 14, 2025.

Source: *MPRNews*

N.J. Launches Cannabis Training Academy For Current, Aspiring Entrepreneurs



The free, online educational Cannabis Training Academy (CTA) platform looks to help current and aspiring cannabis entrepreneurs launch and manage a licensed cannabis business. Developed by the N.J. Business Action Center with support from the Cannabis Regulatory Commission, the program offers training on licensing, municipal approvals, zoning, raising capital and operational best practices. Gov. Phil Murphy and Lt. Gov. Tahesha Way says the program will help foster a diverse and well-informed community of cannabis business leaders. The CTA includes pre-recorded webinars, live virtual Q&A sessions and in-person workshops.

Source: *Cannabis Business Times*

Bipartisan Support For Cannabis Legalization Holds Firm At 68%: Gallup

A Gallup [poll](#) found 68% of Americans support cannabis legalization, showing strong bipartisan backing despite a slight dip from last year's 70%. Support includes 85% of Democrats, 69% of independents and 53% of Republicans, with majorities across all age groups favoring reform. The survey also highlights a growing perception that cannabis is less harmful than alcohol and tobacco, as more adults now use cannabis than smoke cigarettes.

Source: *Marijuana Moment*

Urban Outfitters Teams With Cannabis Brand To Sell Joint Rollers, Pre-Roll Papers

Urban Outfitters partnered with DaySavers to offer joint rollers and pre-roll papers in its stores nationwide, marking a significant move into the cannabis market. The DaySavers "Perfect Pack" machine, which can roll three joints in under a minute, and 10-pack cones are available both in-store and online. DaySavers said it's excited for the collaboration as it'll allow the company to reach mainstream audiences through the UrbanUrban Outfitters.

Source: *Marijuana Moment*

continued on next page

General Cannabis Business Trends (continued)

Snoop Dogg Launches Direct-To-Consumer Marketplace For Hemp-Derived Products, Lifestyle Goods

Snoop Dogg rolled out SWED.com, an e-commerce platform offering hemp-derived products, smoking accessories and exclusive lifestyle merchandise. The website features curated selections of Snoop Dogg and Death Row Records branded items, including tobacco wraps and limited-edition merchandise, available to consumers nationwide. SWED.com also provides information on S.W.E.D.'s physical locations in Los Angeles and Amsterdam, with more stores planned. The platform is designed to offer a premium shopping experience, with products hand-selected by Snoop himself.

Source: Cannabis Business Times

LeafLink Acquires Leaf Trade In Bid To Boost Market Reach

The cannabis wholesale platform acquired Leaf Trade, a marketplace serving multistate operators and enterprise cannabis businesses, though financial terms of the deal were not disclosed. Both platforms will continue to operate independently while LeafLink integrates Leaf Trade's systems. Leaf Trade' retail operating platform Sweed will remain a separate business. LeafLink CEO Artie Minson said the acquisition aligns with the company's mission to optimize operational processes and improve financial performance for cannabis businesses of all sizes.

Source: MJBiz Daily

Canopy Growth Completes Acquisition Of Acreage Holdings, Says Purchases Expands Reach

Canadian cannabis operator Canopy Growth finalized its acquisition of U.S.-based Acreage Holdings through its American holding company, Canopy USA. Canopy says the deal, valued at \$21.2 million, will boost its vertically integrated presence in key U.S. markets. Additionally, Canopy USA also completed acquisitions of edibles brand Wana Wellness and 77% of vape company Jetty Extracts. Canopy says the purchases will help it synergize its expanded portfolio and drive growth in edibles, vapes and flowers while eliminating redundancies.

Source: MJBiz Daily

Regulation/Enforcement

N.Y. dispensary Owner Fined \$9.5M For Continuing Unlicensed Cannabis Sales



An N.Y. Supreme Court judge ordered George F. West, owner of the unlicensed Jaydega 7.0 dispensary, to pay over \$9.5 million for continuing cannabis sales after state authorities ordered him to cease operations in June 2023. The court ruled West must pay \$1.78 million for 89 days of continued sales and an additional penalty of \$6.6 million. Jaydega 7.0 was operated without a license since Sep. 2022, months before N.Y.'s first legal cannabis dispensaries opened in Dec. 2022. This ruling follows a similar \$15.2 million judgment against another unlicensed operator in May 2024.

Source: *Cannabis Business Times*

N.Y. Medical Cannabis Operators Sue Over 'Punitive' \$20M Licensing Fee



Licensed medical cannabis operators in N.Y. filed a lawsuit against the state, challenging a \$20 million "special licensing fee" for entry into the adult-use cannabis market. The New York Medical Cannabis Industry Association argues the fee is unconstitutional, punitive and far exceeds similar charges in other states. Filed in the State Supreme Court in Albany, the suit claims the Office of Cannabis Management and Cannabis Control Board overstepped their authority under the 2021 Marijuana Regulation and Taxation Act. The fee, imposed to fund social equity programs, allegedly violates constitutional protections and undermines businesses' value.

Related: [New York City's Illicit Cannabis Crackdown Is Unconstitutional, Judge Rules](#)—*MJBiz Daily*

Source: *MJBiz Daily*

Federal Court Rules N.J. Workers Can't Sue Employers For Violating Cannabis Anti-Discrimination Law



A federal appeals court ruled N. J. workers cannot sue employers for violations of the state's cannabis anti-discrimination law due to a lack of explicit remedies. The decision stems from a lawsuit by Erick Zanetich, who was denied a Walmart job after testing positive for cannabis, allegedly in violation of the Cannabis Regulatory Enforcement Assistance and Marketplace Modernization Act. The Third Circuit Court of Appeals upheld the dismissal, with Judge Peter Phipps stating the law does not provide a private right to sue, and any remedy must come through state agencies. A dissenting judge, Arianna Freeman, argued the issue should be reviewed by the New Jersey Supreme Court, and Zanetich's legal team is considering further appeals.

Source: *Marijuana Moment*

N.J. To Enforce Ban On Synthetic Hemp-Derived THC Products, Delta-8, Delta-9 To Remain Legal



State officials announced the state will enforce a ban on hemp-derived THC products containing synthetic cannabinoids, such as delta-10 THC and THC-O. This follows Gov. Phil Murphy signing a bill in Sept. restricting such products to state-licensed cannabis stores, though parts of the law were found unconstitutional by a federal judge. The judge ruled that some provisions violated the Farm Bill and commerce clause, making them unenforceable. However, the state's Cannabis Regulatory Commission clarified that products with naturally occurring cannabinoids, such as delta-8 and delta-9 THC, are not affected by the ban.

Source: *MJBiz Daily*

continued on next page

Regulation/Enforcement (continued)

Nebraska Judge Upholds Voter-Approved Medical Cannabis Measures, Clears Way For Legalization



The state is set to become the 39th state to legalize medical cannabis after Lancaster County District Court Judge Susan Strong dismissed a legal challenge to two voter-approved measures that would legalize medical cannabis and establish a regulated marketplace. The challenge, filed by prohibitionist John Kuehn, questioned the validity of signatures gathered for the petitions, but Judge Strong ruled the measures met the required signature thresholds. Despite Kuehn's claims of fraud and invalid signatures, the judge found insufficient grounds to invalidate the petitions, though Kuehn is considering an appeal.

*Related: [Nebraska Voters Pass Medical Cannabis Legalization Measures; Litigation Remains Ongoing](#)
—Cannabis Business Times*

Source: Cannabis Business Times

Conn. Retailers Sue State Over THC Limits On Hemp Products



Retailers in Conn. filed a lawsuit against the state over the updated THC limits for hemp products. The suit, led by the owners of Infinity Smoke Shop and PuffCity, challenges a state law that limits the THC content in manufactured hemp products to 1 milligram per serving starting in Oct. 2024 and 0.5 milligrams by Jan. 2025. The plaintiffs argue the law violates federal regulations, particularly the 2018 Farm Bill, which allows hemp products with less than 0.3% THC, and their suit seeks an injunction to block the changes, claiming they improperly redefine hemp.

Source: MJBiz Daily

Minn. Government Sues Hemp Retailer Over Illegal Cannabis Products



The state's Office of Cannabis Management (OCM) filed a lawsuit against hemp seller Zaza Lake Street over the sale of illegal cannabis products, and is seeking court permission to destroy up to \$20,000 worth of items. The OCM's inspections revealed that Zaza was selling products with THC levels far exceeding the legal limit, with some items containing up to 70 times the permissible amount. During inspections, employees attempted to conceal illegal products, including hiding items in backpacks and refusing to allow inspectors to search them. The OCM is also asking for reimbursement of costs associated with the destruction and storage of the illegal products, and warns these violations could prevent Zaza from obtaining future cannabis licenses.

Source: Marijuana Moment

D.C. Cannabis Stores Sue City Officials Over Enforcement Efforts



Seven recreational cannabis stores in Washington, D.C., filed a lawsuit against city officials to halt enforcement actions targeting their businesses. The lawsuit, filed by the Alliance for Recreational Cannabis Entities, names five city officials, including Mayor Muriel Bowser and Attorney General Brian Schwab, and challenges efforts by the city's Alcoholic Beverage and Cannabis Administration to shut down stores for the illegal "gifting" sales of cannabis. The practice has emerged due to Congress's restriction on funding for the legal recreational cannabis market. D.C. officials have also demanded that businesses sign affidavits admitting to illegal sales to transition to legal status, which the plaintiffs oppose.

Source: MJBiz Daily

continued on next page

Regulation/Enforcement (continued)

Ohio Bill Plans To Ban Intoxicating Hemp Products, Cites Public Safety Concerns

State Senator Steve Huffman introduced Senate Bill 326 to prohibit the sale of intoxicating hemp-derived products, such as delta-8 and high-THC items, in the state. The bill sets strict THC limits, including 0.5 milligrams per serving or 2 milligrams per package, and imposes criminal penalties for violators, including fines up to \$50,000 and potential felony charges. Proponents argue the legislation is necessary to protect public safety, particularly among youth, as unregulated hemp products compete with Ohio's newly launched adult-use cannabis market. The bill, declared an emergency measure, would allow the state to immediately begin enforcement.

Source: *Cannabis Business Times*

For more information regarding our Cannabis Industry practice please contact:



Bryna Dahlin
Chair, Cannabis Industry Group
bdahlin@beneschlaw.com
T: 312.624.6340



Alissa "Ali" Jubelirer
Of Counsel, Cannabis Industry Group
ajubelirer@beneschlaw.com
T: 312.506.3442

The content of the Benesch, Friedlander, Coplan & Aronoff LLP *Cannabis Industry Quarterly Update* is for general information purposes only. It does not constitute legal advice or create an attorney-client relationship. Any use of this newsletter is for personal use only. All other uses are prohibited. ©2025 Benesch, Friedlander, Coplan & Aronoff LLP. All rights reserved.