logo Image not found or type unknown

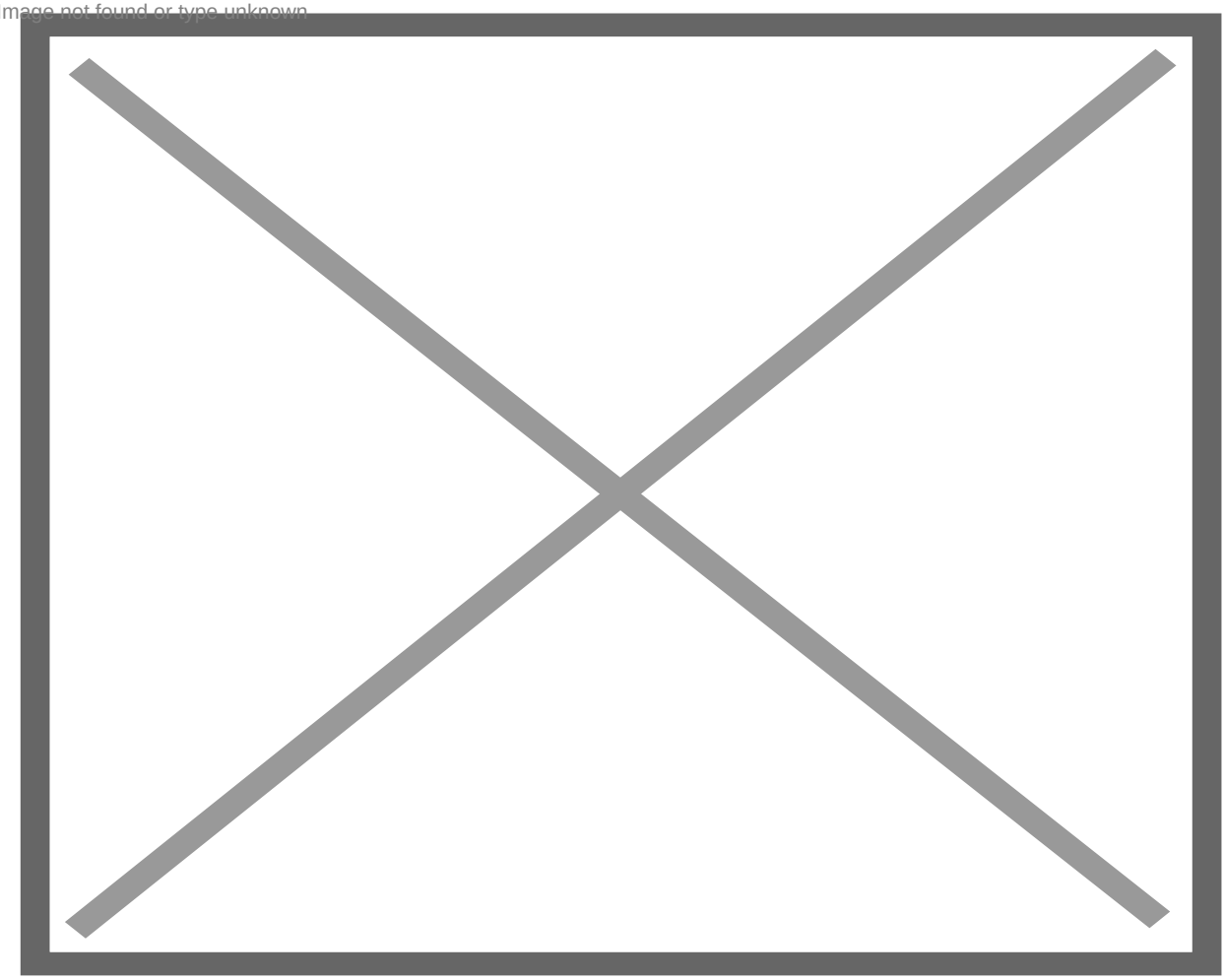
Federal Judge Blocks Enforcement of Hemp Inventory Surrender Law in USVI

Chief Judge Robert Molloy issued a Temporary Restraining Order halting Section 3 of Act No. 9072, finding Homegrown showed likely success on constitutional claims tied to a 2025 seizure and the risk of irreparable harm.

Legal / **Published On February 25, 2026 05:47 PM /**

Ernice Gilbert February 25, 2026

Image not found or type unknown



Chief Judge Robert Molloy of the District Court of the Virgin Islands has issued a Temporary Restraining Order blocking the Government of the U.S. Virgin Islands from enforcing a provision of Act No. 9072 that would require licensed hemp retailers to surrender their inventory without compensation.

The order, issued Wednesday at 11:35 a.m., grants emergency relief to Homegrown Bar and Grill, LLC, operator of Little Amsterdam Coffee & Cannabis Lounge at 10 Dronningens Gade on Main Street in St. Thomas. The ruling prevents enforcement of the inventory surrender requirement of Section 3 of Act No. 9072 against Homegrown "or any other licensed hemp retailer" for 14 days, pending a full evidentiary hearing scheduled for 11:00 a.m. on Wednesday, March 11, 2026, in St. Thomas.

The court also waived the bond requirement under Rule 65(c) of the Federal Rules of Civil Procedure.

In his written order, Chief Judge Molloy found that Homegrown satisfied the four elements required for temporary injunctive relief: likelihood of success on the merits, irreparable harm, balance of equities, and public interest. Citing Osorio-Martinez v. Att'y Gen. and Winter v. Natural Resources Defense Council, the court stated that the standard for issuing a temporary restraining order mirrors that for a preliminary injunction.

The court determined that Homegrown "has made a sufficient showing that Defendants' April 2025 seizure of Homegrown's inventory lacks a lawful basis, and that Homegrown has a reasonable probability of success on the merits of its claims." It further found that the company would sustain "immediate and irreparable injury" absent relief, particularly in light of the February 12 DLCA notice requiring immediate compliance with Act No. 9072 and the risk that surrendering its entire inventory would force it out of business.

Homegrown's lawsuit, filed February 19, alleges two constitutional violations under the Fifth Amendment's Takings Clause.

The first involves an April 29, 2025 seizure, when agents from the Department of Health, the Department of Licensing and Consumer Affairs, the Office of Cannabis Regulation, and the V.I. Police Department entered the Main Street store without a warrant, without advance notice, and, according to the complaint, without legal authority. The affidavit of Raheem Smith attached to the motion states that agents physically seized hemp-derived products from both the retail floor and storage areas, removing a "significant portion" of active retail inventory.

According to the complaint, at the time of that seizure, no Virgin Islands statute, regulation, or administrative order authorized such action. The products, the filing asserts, were federally legal under the 2018 Agriculture Improvement Act, commonly known as the 2018 Farm Bill, and were possessed under a valid Hemp Products Retailer License issued by DLCA.

The second claim challenges Section 3 of Act No. 9072, signed into law by Governor Albert Bryan Jr. on January 23, 2026. That section requires licensed hemp retailers to immediately cease selling intoxicating hemp products and surrender existing inventory to the Department of Health without compensation, valuation, or a transition period. According to the press release issued by counsel, Homegrown's remaining inventory of intoxicating hemp products is valued at least at $60,000.

The Act does not include a grandfather clause. Hemp products that were legal to sell on January 22 became subject to civil penalties and potential license revocation on January 23, the day the Governor signed the bill. On February 12, DLCA issued a press release warning licensed hemp retailers of penalties unless they complied.

In balancing harms, the court found that a TRO would impose relatively little burden on the government while preserving due process. Citing Knick v. Township of Scott, Pennsylvania, the

order states that “a government violates the Takings Clause when it takes property without compensation.” The court concluded that because substantial constitutional rights are implicated, the public interest favors immediate injunctive relief.

The order directs the parties to file witness lists and proposed exhibits by March 5 and to submit electronic copies of exhibits via the court’s secure system. Plaintiff must serve defendants with the order by February 26 and file proof of service.

Attorney Robert A. Leycock, counsel for Homegrown, described the ruling as “a significant victory – not just for our client, but for every licensed business in the Virgin Islands that has invested in compliance with territorial law.”

“The Government cannot seize a business’s lawful inventory without paying for it. The Constitution is clear: the government must pay for what it takes. We look forward to the March 11 hearing,” he said.

Homegrown’s lawsuit seeks declaratory and injunctive relief as well as just compensation under the Fifth Amendment Takings Clause, the Fourth and Fourteenth Amendments, and 42 U.S.C. § 1983.

The evidentiary hearing on whether to extend the restraining order into a preliminary injunction is set for March 11.