

Cannabis Recall Grows in New York Amid Inversion Allegations

New York Expands Cannabis Recall Over Alleged Product Inversion as Regulators Tighten Oversight

State Officials Say Brooklyn-Based IndoGro Illegally Inserted Out-of-State Marijuana Into Legal Supply Chain, Triggering Recall of 28 Products

New York cannabis regulators have widened a product recall after alleging that a licensed producer engaged in a prohibited practice known as “inversion”—the introduction of unregulated cannabis into the legal market. The state’s Office of Cannabis Management (OCM) made the announcement in a June 25 enforcement update, stating that Brooklyn-based IndoGro used cannabis flower sourced from outside the state’s regulated supply chain.

This latest regulatory action underscores growing concern over product integrity, compliance enforcement, and public safety in New York’s maturing cannabis market, where track-and-trace systems and testing protocols are still evolving.

What Is Inversion? Understanding the Illegal Pathway Into Legal Cannabis

“Inversion” refers to the act of bringing unregulated or illicit cannabis—often grown or processed outside the legal system—into the legal marketplace, typically disguised as compliant product. The OCM alleges that IndoGro violated this core principle of state law by incorporating out-of-state cannabis into its offerings, bypassing rigorous cultivation, testing, and safety standards designed to protect consumers and uphold the legal industry’s credibility.

The agency issued a stern warning to consumers, advising anyone in possession of IndoGro products to “immediately discontinue use” and discard them. Affected product lines may be labeled under various brand names, including Indi, Grow by Indi, Our Creation, and Grow with Us.

Initial Test Results Versus Retesting: Conflicting Lab Data Raises Questions

In response to the accusations, IndoGro has denied knowingly using non-compliant products. In a statement made to Albany-based WTEN, a company representative claimed that the problematic flower batches were sourced from third-party growers, not directly handled by IndoGro itself.

The company added that independent lab results initially cleared the products, but a subsequent round of testing, conducted by a different lab, flagged the same batches for containing unallowable pesticide levels. Upon receiving those new results, IndoGro said it took immediate steps to recall the affected products.

This back-and-forth highlights a larger issue plaguing New York’s cannabis regulatory framework: inconsistencies in lab testing results and a lack of transparency around the certification and accountability of testing laboratories.

Recall Stems From Earlier Discovery of Prohibited Pesticides in IndoGro Products

The current recall builds on an earlier enforcement action. On June 11, the OCM announced an initial recall of IndoGro’s flower and pre-roll products after finding “unallowable pesticides” in multiple product lots. The agency stated that this finding was triggered by concerns over the validity of testing from a former permitted laboratory, though it has not publicly identified the lab in question.

Subsequent retesting by a different laboratory reportedly confirmed pesticide contamination in nine product lots, prompting the OCM to quarantine the products and begin a deeper investigation into IndoGro’s supply chain and sourcing practices.

An official investigation is ongoing, and the OCM has not indicated whether further enforcement or licensing consequences are being considered against IndoGro or any related parties.

Broader Inversion Concerns Extend Beyond New York and Into National Industry

While New York’s cannabis market is still relatively new, the issue of inversion is not unique to the state. Industry veterans and regulators across the country have long warned that the legal marijuana market is vulnerable to fraudulent sourcing, THC inflation, and underground supply chain manipulation.

In states like Colorado, which have more mature regulatory systems and long-standing track-and-trace requirements, inversion remains a persistent concern. Unscrupulous operators may be tempted to purchase bulk THC oil derived from hemp, which is more affordable and loosely regulated, and then funnel it into the regulated cannabis market under false pretenses.

Such practices jeopardize not only consumer safety but also market stability, as legitimate operators struggle to compete with lower-priced products that may not meet legal standards.

New York Has Already Faced Recalls of Major Cannabis Product Lines in 2024 and 2025

This latest recall comes on the heels of a massive quarantine order in May 2025, when regulators pulled approximately \$10 million worth of marijuana products off shelves—including popular national brands—due to regulatory violations and safety concerns. The aggressive action signaled the state’s willingness to prioritize compliance and public health as more retail stores open and competition intensifies.

The IndoGro incident further underscores that compliance is not optional, and even licensed producers must adhere to rigorous safety and sourcing rules or face immediate regulatory consequences.

Leadership Changes and Licensing Expansions Reflect a Rapidly Evolving Market

Even as regulators step up enforcement, they are also expanding access to the legal market and refining their internal leadership. On Friday, June 28, the Cannabis Control Board confirmed a new Chief Equity Officer, L. Simone Washington, to lead the Office of Cannabis Management’s equity and inclusion efforts.

Washington brings experience in diversity, equity, inclusion, and accessibility initiatives, replacing Tabatha Robinson, who departed in January to lead the Maryland Cannabis Administration.

Alongside the leadership transition, the board also approved 53 new adult-use cannabis business licenses, broken down as follows:

- Processors: 21
- Microbusinesses: 14
- Retailers: 12
- Distributors: 5
- Cultivators: 1

With these additions, New York now boasts 413 licensed adult-use cannabis retailers operating statewide. While the state's rollout has faced delays and legal battles—particularly around social equity licensing—it is now one of the fastest-growing adult-use markets in the country.

Regulators Must Balance Market Growth With Vigilant Oversight and Transparent Testing

The IndoGro recall and the broader concerns about inversion serve as a reminder that regulatory diligence must keep pace with market expansion. As the cannabis industry matures in New York and beyond, agencies like the OCM are under pressure to develop clearer testing protocols, stronger lab oversight, and consistent enforcement mechanisms.

At the same time, producers and retailers must recognize that shortcuts or oversights—whether intentional or not can lead to major reputational damage, consumer mistrust, and financial loss.

Whether the IndoGro incident is an outlier or a sign of deeper cracks in the supply chain, one thing is clear: New York's cannabis regulators are watching and acting.

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