

10 Compliance Standards Cannabis Teams Violate Most

A Deep Dive into the Top Regulatory Pitfalls Cannabis Businesses Should Avoid

As the cannabis industry matures, regulators continue to crack down on businesses that fall short of health, safety, and operational standards. From improper labeling to hazardous working conditions, cannabis teams often overlook compliance measures that are essential for legal and safe operations. Violations not only bring hefty fines but also damage reputations and can even lead to license suspension.

Below are the 10 most frequently violated compliance standards cannabis companies need to monitor and address proactively.

1. Lack of Proper Employee Safety Training and Documentation

One of the most commonly cited compliance violations is the failure to provide or document employee safety training. Cannabis operations—especially in cultivation and extraction—carry risks involving chemical exposure, electrical hazards, machinery, and repetitive stress.

- Employers often fail to provide adequate OSHA-compliant safety programs.
- Teams may lack documentation showing who was trained and when.
- Safety Data Sheets (SDS) for hazardous materials are often incomplete or outdated.

Why it matters: Training protects workers, prevents injuries, and keeps companies compliant with federal and state worker safety requirements.

2. Improper Use and Storage of Hazardous Chemicals

Whether it's fertilizers in grow operations or solvents used in extraction labs, many cannabis teams struggle to comply with chemical safety protocols.

- Improper labeling and storage of flammable or toxic substances is a frequent infraction.

- Some facilities lack adequate ventilation or fail to separate incompatible chemicals.

Why it matters: Improper chemical handling creates fire, explosion, and health risks—especially in indoor facilities.

3. Poor Recordkeeping and Incomplete Inventory Logs

Accurate and up-to-date records are a regulatory cornerstone in cannabis operations.

- Many businesses fail to reconcile physical inventory with digital records.
- Transfers, disposals, and discrepancies are often poorly documented.
- Metrc or other track-and-trace software is not used correctly or consistently.

Why it matters: State regulators use inventory data to prevent diversion and ensure product traceability throughout the supply chain.

4. Non-Compliant Packaging and Labeling Practices

Labeling rules are complex and vary by jurisdiction, but cannabis companies often miss the mark.

- Common violations include missing THC content, health warnings, or universal symbols.
- Packaging is sometimes not child-resistant or tamper-evident.
- Labels can contain misleading medical claims, which are prohibited.

Why it matters: Inaccurate or non-compliant labels can lead to product recalls and public health risks.

5. Failure to Maintain Surveillance and Security Systems

Cannabis businesses are typically required to have 24/7 surveillance, alarms, and restricted access zones.

- Security cameras are often not positioned properly or lack sufficient resolution.
- Video retention rules are overlooked—some jurisdictions require footage storage for 90+ days.
- Visitor logs and employee access records may be incomplete.

Why it matters: Inadequate security invites theft, product diversion, and fines from regulators.

6. Inadequate Sanitation and Cross-Contamination Controls

Product quality and consumer safety hinge on rigorous cleanliness standards.

- Many operations lack protocols for cleaning equipment between batches.
- Food-grade facilities must meet additional hygiene regulations that are sometimes ignored.
- Employees handling both cannabis and non-cannabis items without proper PPE or handwashing are frequently cited.

Why it matters: Poor sanitation can lead to microbial contamination, product recalls, and consumer illness.

7. Inconsistent Compliance with Local Zoning or Building Codes

Even after obtaining a license, cannabis businesses must comply with local ordinances.

- Growers may exceed plant limits allowed by zoning rules.
- Facilities often install electrical or HVAC systems without the proper permits.
- Unauthorized structural modifications are another red flag for inspectors.

Why it matters: Violating zoning or building codes can result in closure orders, costly retrofits, and civil penalties.

8. Employee Misclassification and Labor Law Violations

Labor issues are rising in visibility as the cannabis workforce expands.

- Some businesses misclassify workers as independent contractors rather than employees.
- Overtime, breaks, and wage laws are not always followed.
- There may be no written policies for harassment, discrimination, or workplace rights.

Why it matters: Labor non-compliance can lead to lawsuits, back pay settlements, and reputational damage.

9. Unlicensed or Improper Product Testing

Testing cannabis products for potency, pesticides, heavy metals, and microbial contaminants is mandatory.

- Some businesses skip testing or rely on labs that are not state-certified.
- Others fail to quarantine products until test results are received.
- Test result tampering or inconsistent batch sampling can also lead to enforcement actions.

Why it matters: Inadequate testing risks consumer health and undermines public trust in legal cannabis.

10. Failure to Respond Promptly to Regulatory Changes

Cannabis laws and standards evolve rapidly. Businesses that don't adapt fast enough often fall out of compliance without realizing it.

- New packaging rules, tax codes, or operational standards may go unnoticed.
- License renewals, background checks, and training certifications may lapse.
- Many businesses fail to assign a compliance officer to track regulatory updates.

Why it matters: Regulatory ignorance is not a defense—and delayed compliance can lead to citations, fines, and license loss.

Proactive Compliance Isn't Optional—It's the Foundation for Long-Term Success

The cannabis industry's growth comes with increasing regulatory scrutiny. Businesses can no longer afford to view compliance as a checklist—it must be embedded into company culture and daily operations.

What cannabis teams should do next:

- Conduct regular internal audits.
- Create SOPs for every compliance area (safety, security, labeling, etc.).
- Assign a dedicated compliance manager or partner with third-party experts.

- Stay up to date with new laws, especially in multi-state operations.

By staying ahead of these top 10 commonly violated standards, cannabis businesses can avoid penalties, ensure product safety, and build a foundation for sustainable growth.

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