



## Next CannTrust (TSX:TRST) Scandal: Drug Cartels May Be Funding TSX Pot Stocks

### Description

**CannTrust** (TSX:TRST)(NYSE:CTST) is down 61% this year with much of the loss credited to the recent scandal. Canadian law enforcement recently discovered unlicensed cannabis growing operations, accelerating the stock's decline in market value. Marijuana investors should take a lesson and be cautious that their marijuana investments don't face a similar outcome.

CannTrust building walls to hide illegal grow rooms is nothing compared to the real scandals underlying cannabis stocks. A history of violence, bribery, and extortion funds these enterprises.

Stocks like **Canopy Growth**, **Aurora Cannabis**, and CannTrust are not as dependable as they would like us to believe. CannTrust is not the only cannabis operation growing marijuana illegally. Foreign cartels and drug gangs are still growing black-market marijuana even in areas where the drug is legal for recreational use.

### Where did the financing originate?

The international drug trade is transitioning into legality, and billions of dollars are flowing through pot stocks on the Toronto Stock Exchange. Some of it may be money laundered from the illegal drug trade. Investors should research these companies to ensure the next cannabis scandal doesn't wipe away their savings.

How much of the money flowing through pot stocks is laundered from the illegal drug trade? Probably more than imagined.

It wouldn't be a surprise to hear that stocks like Canopy, Aurora, and CannTrust have been cleaning decades of illegally generated profits from black-market marijuana sales. Many of them finance acquisitions and growth through cash from operations. KPMG has already withdrawn its financial audits, admitting unreliability.

How many pot stock financial audits are undependable? These financial audits could easily be the

templated work product of overpaid college graduates. These financial auditors will not alienate clients by raising real red flags and giving unsolicited advice during the audits.

These audits are more than likely nothing more than a parade of due diligence.

## Who are the South American partners?

The ease at which these companies have expanded to countries such as Colombia, Uruguay, and other dangerous South American countries known for [drug cartels](#) raises even more suspicions.

When Colombia legalized marijuana in 2016, the illegal drug cartels didn't lament the decision. It is more likely that they backed the legislation — and became the first legal operators. Marijuana legalization in South American countries is a demonstration of the cartel's power.

By legalizing drug trafficking, drug cartels with a history of murder and violence can now operate more openly. It doesn't hurt their profits because they can still extort, bribe, and rob to maintain power over the drug industry.

The struggle is in cleaning the illegally earned money to avoid law enforcement investigations. It is risky for an illegal cannabis enterprise to transition quickly into the legal sector because law enforcement can use the cash flows to smoke out criminals.

## Investors should be wary of the next CannTrust scandal

The next CannTrust scandal will emerge from a real audit of the cannabis supply chain. South American supply chain partners are not humble farmers who only saw an opportunity in marijuana after legalization. It would be too dangerous for anyone not affiliated with the cartel to begin legal marijuana enterprises in Central or South America.

Investors: take care of your retirement savings and avoid allowing the [next pot scandal](#) to wipe out your savings.

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**Date**

2025/08/19

**Date Created**

2019/08/26

**Author**

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