



CannTrust (TSX:TRST) Busted With Black Market Weed: Stay Away!

Description

The year 2019 has been quite a year for the legal weed industry. Following the legalization of recreational use of marijuana in Canada last year, the industry has been booming.

Canada is home to some of the world's largest and most successful weed companies. The performances of weed stocks have been phenomenal, except for a few significant setbacks. One of the primary culprits is **CannTrust** (TSX:TRST)(NYSE:CTST) – ironically, a pot stock that you cannot trust.

Selling black market cannabis as legal weed

The legal cannabis industry, which sells recreational use weed, is technically new. It is an entirely different matter that the business of selling marijuana for recreational use still existed illegally for a long time, thanks to the black market.

The legalization of cannabis for recreational use in Canada should have eliminated black market participation — and it did.

The burgeoning new industry was doing well, and everything seemed fine for a promising new industry – or so we thought.

Senior operating staff employed by CannTrust's Pelham, Ontario facility decided late last year to introduce products to the market made from seeds procured from the black market. Ergo, the pot flowing into the legal weed market was [illegal](#). BNN Bloomberg obtained documents highlighting troublesome facts regarding the situation.

The documents indicated an apparent effort by the senior management to hide the black market cannabis seeds. Employees also changed the names of several strains to those which ones CannTrust is licensed to sell in the medical and recreational markets.

According to sources, at least two strains of cannabis grown from black market seeds went into production and were distributed in the recreational market.

The “Brady Bunch” initiative

Three sources that were directly involved with illegal cannabis claimed that this initiative was the brainchild of Brady Green. Brady recently left CannTrust, after serving five years at the company and ultimately becoming the company’s vice-president of cultivation.

Hired by the company in 2014, Green was a grow technician who always sought to innovate production methods. CannTrust even said, “[Green] has a passion for developing new cannabis strains, constantly improving growing methods and efficiencies, and passing his knowledge onto budding growers at the CannTrust Niagara Perpetual Harvest Facility,” on its website.

The team that handled the production of illicitly-sourced cannabis is named the “Brady Bunch.” Green has not made any comments on the whole situation.

A severe predicament for the cannabis producer

Under *The Cannabis Act*, the distribution or sale of cannabis through illicitly sourced materials can lead to punishments, ranging from small fines to a 14 year-long imprisonment for individuals found guilty.

Health Canada is reviewing all of the information provided by the company and determine any action that needs to be taken against the people involved.

What does all this mean for investors?

It’s quite apparent what the latest development means for investors. It means *stay away from CannTrust at all costs*.

With [issues](#) already plaguing the cannabis producers, the recent development can see the next stop for CannTrust stocks plunge all the way down to \$0. As an investor, when you buy a stock, you own part of the company.

If the company you trusted puts you at risk by deciding to go with the idea of growing illicit cannabis in secret rooms, you need to jump ship. Invest your hard-earned money in a company that is transparent and you’ll end up with a better investment portfolio.

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