



CannTrust (TSX:TRST) Director Steps Down for This Pot Stock

Description

CannTrust (TSX:TRST)(NYSE:CTST) director John Kaden resigned today from the company's board of directors. Kaden had joined the corporation's board one year ago in October 2018. Kaden was also a vital member of the select committee, which investigated the cannabis production scandal earlier this year.

In July, Health Canada discovered [secret grow rooms](#) and unlicensed cultivation in CannTrust facilities. The stock's board of directors responded by investigating the leadership responsible for the unauthorized production activities. Kaden, along with the rest of CannTrust's board of directors, fired its former CEO Peter Aceto with cause.

Health Canada suspended CannTrust's licence to produce and sell cannabis products in September. The licence suspension has lowered the stock's revenue potential — as it can no longer generate revenue from marijuana. Moreover, the company is side-lined at a crucial time for pot players to compete for market share.

The company suffered even more losses this month when it was forced to destroy cannabis plants and inventory worth \$77 million, some of which clients had returned. As a result, the stock's price declined by 75% in just a few months.

Kaden optimistic on CannTrust remediation

CannTrust is still moving toward regaining its cannabis licence. After the internal investigation, the company has been working with Health Canada on [completing a remediation plan](#), which Kaden no doubt helped write.

It is not clear if the legal problems at CannTrust influenced Kaden's decision to step down from his short tenure on the board of directors. Regardless, the legal issues certainly did not encourage him to stay on the board. The statement Kaden released regarding his resignation only commented favourably on the ability of CannTrust to regain its licenses:

“With its remediation plan now underway, I believe CannTrust is well-positioned to fulfil its commitments to both bring the company into full regulatory compliance and seek the full reinstatement of its licences.”

This statement implies that Kaden felt the timing of his resignation was, in part, related to CannTrust's progress toward legal remediation. Hopefully, CannTrust will continue to move in the direction of regulatory compliance without Kaden on the team.

John Kaden to focus on Navy Capital Green

John Kaden is also the co-founder, managing partner, and chief investment officer of Navy Capital Green Management LLC. Navy Capital is an investment management firm, which, as of November 2018, had a \$14.7 million stake in **MariMed** ([OTC:MRMD](#)), a Canadian cannabis producer.

MariMed's market cap is only slightly lower than CannTrust's at \$213.68 million. The price on its stock currently sits at just under \$1 per share. Perhaps Kaden will take a more active role in Navy Capital Green's partnership with MariMed now that he is no longer on CannTrust's board of directors.

With Kaden's experience and reputation, MariMed could very well be a top cannabis stock in the next few years. The stock certainly has an advantage over CannTrust after the legal controversy.

MariMed began designing and developing marijuana cultivation centres and dispensaries as far back as 2012. Now that the industry is officially legal, MariMed stands as a first mover in hemp CBD and precision-dosed cannabis brands.

Cannabis investors should keep an eye on John Kaden and the MariMed venture stock — they might lead the industry sooner than you'd think!

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