

Missouri's Cannabis Black Market

The Threat of Hemp-Derived Intoxicants & Fake Dispensaries
Presentation to the
Missouri Veterans Commission

October 27th, 2025

Defining the Issue: Key Terms

THCA

A non-intoxicating compound found in raw cannabis that converts to THC when heated. While THCA is the precursor to THC, it does not produce a high on its own but heating it through smoking, vaping, or cooking converts the THCA into psychoactive THC.

Delta 8 ($\Delta 8$)

Occurs naturally in cannabis in small amounts but is usually manufactured from hemp-derived CBD. $\Delta 8$ THC causes intoxicating effects, though often less potent than $\Delta 9$ THC. Legal under federal law.

Delta 9 ($\Delta 9$)

Primary psychoactive compound found naturally in cannabis. Binds to cannabinoid receptors in the brain and central nervous system to produce its intoxicating effects. Illegal under federal law unless $< 0.3\%$.

COAs

In the licensed market, a passing Certificate of Analysis (COA) by a third-party testing lab is required for every batch to ensure only safe product is available for consumers (e.g., cannabinoid potency, heavy metals, pesticides, industrial solvents).

- The 2018 Farm Bill allows hemp containing $< 0.3\%$ $\Delta 9$ THC (i.e., legal Industrial Hemp).
- Under the guise of "Farm Bill" compliance, unlicensed dispensaries have proliferated across the state claiming to Farm Bill 'compliance'
 - However, multiple independent labs have identified these products to contain substantially more than 0.3% $\Delta 9$ THC.
 - These products are Schedule I Controlled Substances under federal law; only licensed operators permitted under state law.

There are now **hundreds of stores across the state selling Black Market cannabis products and synthetic cannabinoids**, nearly all of which **fail for Farm Bill compliance (i.e., $\Delta 9$ THC)**, were **imported from another state or country**, and **overwhelmingly failed for pesticides, heavy metals, and industrial solvents**.

Black Market Cannabis

Violates State & Federal Law

We have analyzed products and stores from across the state and discovered a flourishing black market that is a growing threat to public health and the state at large.

\$0.00

In cannabis taxes paid to municipalities and groups like the **Missouri Veterans Commission**.

Over 96%

Exceeded the legal limit of 0.3% Delta 9. **On average, these products exceeded the limit by over 22 times.** Effectively, these are black market dispensaries selling unregulated cannabis.

0%

Of products had DCR-compliant packaging designed to protect children from consuming psychoactive substances. Often times, these products mimic popular snacks.

No Age-Gating

Our internal investigations have shown these stores often do not card customers, meaning **there is nothing to prevent them from selling to underage teenagers.**

Over 30%

Failed state testing limits for heavy metals, pesticides, and industrial solvents. These include mercury, acetone, chromium, and other known carcinogens and neurotoxins.

0%

Follow daily or monthly purchase requirements. As they are not integrated into Track & Trace systems, there are **no restrictions on purchasing or prevention of intent to distribute.**

Out of State

Products display warning labels from other states' cannabis programs in **violation of both state and federal law.** Some synthetic cannabinoids can even be traced to China

Exhibit A: Packaging Designed to Appeal to Children

FAILED



Black Market Product
Not Made in Missouri
No Metrc Tag or Batch Number
No Marijuana Label Per DCR



Appeals to Children
Failed State Testing
Non-Compliant Symbols & Colors
Includes Trademarked Symbols

APPROVED



Legally Produced Product
Neutral Packaging
Made in Missouri
Includes Metrc Tag & Batch Numbers
Marijuana Label with Ingredients
Passed State Certified Testing

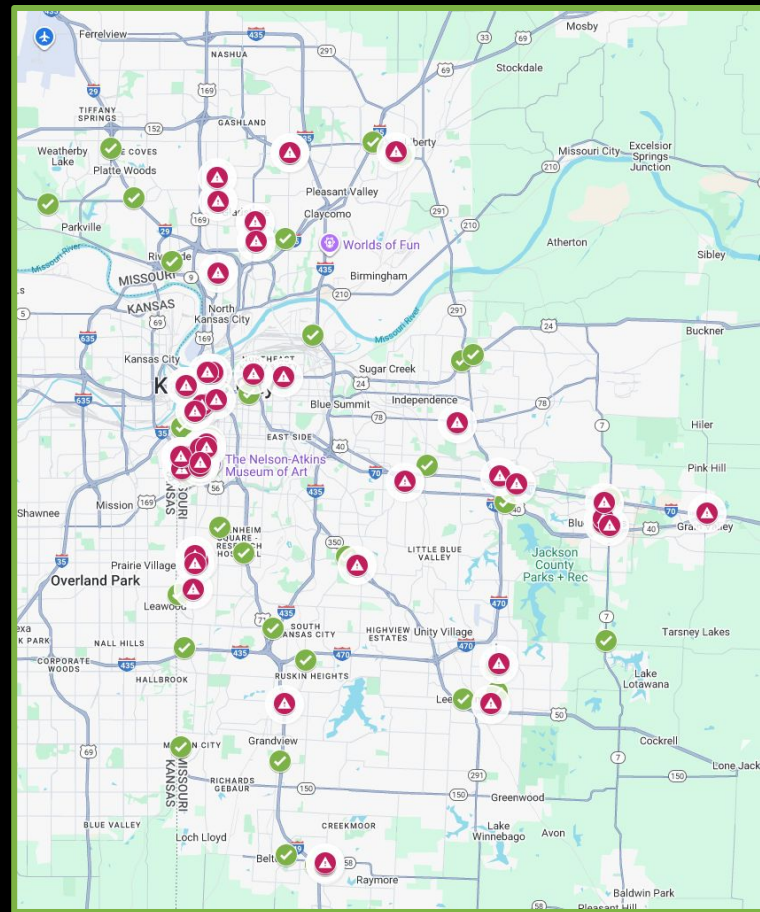
Exhibit B: Black Market Stores vs. Licensed Dispensaries in KCMO

The number of new unregulated stores is increasing constantly, with several opening in just the last 6 months. Some of these stores are smoke shops carrying illegal products, while a growing number fully present themselves as cannabis dispensaries to deceive the public:



Methodology: Products have been purchased from the stores on this map and tested with an independent state certified lab, and/or store websites have also been verified to carry black market products via their websites, mentions and photos in online reviews, business social content, location page posts from the store, and via direct phone calls made to the store where staff verified they carry cannabis.

This list does not include liquor stores or gas stations selling THC beverages or gummies.



 Black Market  Licensed

Enforcement: The Key to Ending the Black Market

The primary hurdle in addressing the issue is assigning jurisdiction and setting a clear mandate from the state banning intoxicating hemp-derived cannabinoids and unregulated retailers. Multiple state across the country have already successfully pulled this off. In our dealings with local law enforcement and other governing bodies, each has told us it's up to the other to solve this problem, meanwhile no progress is being made and the problem is only worsening.



Declining Tax Revenues:

The Collapse of Missouri's Legal Cannabis Market

Missouri's legal cannabis program supports Vet's, but that commitment is at risk as Black Market cannabis continues to proliferate.

MVC TRANSFERS:

- 2023: \$14.2m
- 2024: \$15.2m
- 2025: \$16.7m *to date*
- 2026: \$12.5m (forecast)
- 2027: \$9.3m (forecast)
- 2028: \$7.0m (forecast)



25%+ Drop in Sales

Some of the largest operators and employers in Missouri have seen revenue fall between 25% and 37% since Q2 of 2025.

Because black market products don't pay cannabis taxes or adhere to the legal industries regulatory restrictions and incur those employment costs, they are able to sell unregulated products at significantly lower prices.

Since they ignore local regs, they can operate 24/7, whereas legal stores must close by 10 PM in most districts.

There are now more stores selling black market products in Missouri than there are legal stores.

Ultimately, we anticipate the legal cannabis market in Missouri is on the verge of collapse within the next 12-18 months if nothing changes.

With that, taxes to MVC, DHSS, State Public Defender, and other local initiatives will continue to drop.

As revenue drops, so will jobs. Legal cannabis supports over 20,000 jobs in Missouri, and as licensees go under or abandon the regulated market to compete, layoffs will continue unabated.

In 2024, MO Legal Dispensaries Paid \$245,000,000 in State & Local Cannabis Taxes. Black Market Stores Paid \$0.00.

Where We Go From Here: Engaging with Local Leaders & State Representatives

Missouri will not be the first state to restrict these substances. Several others have already successfully taken action:

Arkansas	Montana	Nevada
California	New York	Utah
Colorado	Idaho	Oregon
Delaware	Wyoming	Hawaii
Maryland	Washington	Rhode Island
Ohio	North Dakota	

City Council & State Legislators

City and State officials need to hear from you. Let them know this is a priority and pressure them for action. The proliferation of black market cannabis in the state threatens jobs, public health, taxes, and other initiatives.

- Contact partners in the City Council, State Legislature, and the Attorney General's office.
- Engage in solutions-driven dialogue at the committee level.
- Pressure the DHSS and DCR to address the growing threat.
- Convince each legislature that a ban on black market cannabis is required to protect Missouri's economy and a major job engine.

Local & Federal Law Enforcement

The overarching theme of conversations with law enforcement is confusion: each organization believes it's someone else's responsibility to solve this problem. We need to help them understand the issues and clarify jurisdiction.

- Open a channel with the heads of local police departments and let them know they can no longer turn a blind eye.
- Clarify best practices with the DEA and FBI on how to handle violators.
- Update the criminal code to remove gray areas in the sale of unlicensed cannabis

Thank You

We Look to Solving this Problem Together

Additional Resources:

- **StopFakeDispensaries.com**
 - List of Black Market Dispensaries
 - Educational Videos
 - Digital Letter Writing Form to Local Reps
 - Failed Lab Results from Illegal Products
 - Additional Reporting & Resources
- **KnowYourCannabis.org**
 - Reporting on the 'Missouri Hemp Hoax'
- **DHSS Health Advisory: Health Risks Associated with Hemp-Derived Intoxicating Cannabinoids**
 - The State has issued warnings about the danger presented by this issue.

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