

Cannabis MSO Challenges Hemp THC Amid \$2B Market Fight

Cannabis Multistate Operator Sues to Stop Hemp Derived THC in Pennsylvania

A High Stakes Legal Fight Over Pennsylvania's \$2 Billion Cannabis Market

The battle between regulated marijuana operators and hemp-derived THC sellers has escalated in Pennsylvania. On Tuesday, subsidiaries of Jushi Holdings, a Florida-based marijuana multistate operator (MSO), filed a lawsuit in state court aiming to halt the sale of hemp-derived THC products. The case highlights a broader national clash over how intoxicating hemp products, legal under certain interpretations of the federal Farm Bill, compete with tightly regulated state cannabis programs.

Jushi, which operates 40 dispensaries across seven states and has a strong footprint in Pennsylvania's medical marijuana market, argues that the unchecked growth of hemp-derived intoxicants threatens both public health and the state's legal cannabis industry, valued at over \$2 billion annually.

The Central Argument: Protecting Pennsylvania's Medical Marijuana Program

At the core of Jushi's lawsuit is the claim that hemp-derived THC products are undermining Pennsylvania's medical marijuana program. These products, often sold in vape shops, convenience stores, and online without the same testing or oversight as regulated cannabis, have become widely available to consumers.

Jushi's legal filing asserts that "illegal products flowing into unregulated retail channels directly undermine the Commonwealth's regulated medical marijuana program." The company points to lax enforcement and gaps in state law as enablers of this gray market.

Industry projections show medical cannabis sales in Pennsylvania could reach as high as \$2.1 billion in 2025. However, Jushi argues that the growth of unlicensed hemp competition could siphon away customers who might otherwise turn to dispensaries for legal medical marijuana.

Public Health and Safety at the Forefront

Trent Woloveck, Jushi's chief strategy director, underscored the company's position in an interview, framing the issue as one of consumer protection. He referred to hemp-derived THC as "gas station weed," a term meant to highlight concerns about product quality and safety.

According to Woloveck, these products often lack the rigorous testing required in the regulated marijuana industry. That means consumers could unknowingly purchase items contaminated with mold, pesticides, or other toxins. Jushi argues that without intervention, the proliferation of such products puts Pennsylvanians at risk and undermines confidence in the broader cannabis marketplace.

Defendants Named Across Multiple States

The lawsuit targets 10 distribution companies and online retailers, with defendants based not only in Pennsylvania but also in California, Florida, Maryland, and Texas. Jushi's legal team alleges that these businesses exploit hemp loopholes to market products that are indistinguishable from marijuana to most consumers.

While hemp was legalized federally in the 2018 Farm Bill, lawmakers have since clarified that the law was intended to permit non-intoxicating hemp uses, such as industrial hemp fiber and CBD wellness products. However, the bill's vague wording on THC content has allowed hemp-derived delta-8, delta-9, and other psychoactive cannabinoids to flourish in an unregulated retail environment.

The Legal and Political Roadblocks to Adult-Use Marijuana

Complicating matters further is Pennsylvania's political deadlock on cannabis reform. Although adult-use legalization has been debated for years, partisan gridlock—particularly resistance from Republican state lawmakers—has prevented forward movement.

Meanwhile, unlike some states that have moved to regulate or outright ban intoxicating hemp-derived cannabinoids, Pennsylvania has not yet enacted strong restrictions. This leaves hemp THC sellers free to expand while licensed marijuana companies, like Jushi, remain tightly regulated.

Jushi's Financial Pressures and Strategic Moves

The lawsuit also comes against the backdrop of Jushi's own financial challenges. In its most recent quarterly filing, the company reported a net loss of \$12.3 million on \$65 million in revenue. The MSO is also carrying a debt load of \$192 million, with scheduled repayments looming.

Like many large marijuana operators, Jushi is under pressure to shore up revenues and preserve its market position. Beyond Pennsylvania, the company announced plans to open its first marijuana retail store in New Jersey later this year or in early 2026, a move seen as critical to diversifying its revenue streams.

A Broader Industry Showdown

Jushi's legal battle is far from an isolated event. Across the country, regulated marijuana companies have grown increasingly vocal about the impact of hemp-derived THC. The conflict underscores two competing realities: hemp producers argue that their products are federally legal and meet consumer demand, while licensed marijuana companies contend that hemp operators are bypassing the rigorous and costly regulatory systems that they themselves must follow.

This clash is reshaping cannabis policy debates nationwide. States that once tolerated hemp-derived THC sales are now rethinking their approach, with some implementing bans, potency limits, or strict testing requirements. Pennsylvania's response—or lack thereof will be closely watched as the lawsuit proceeds.

What Comes Next

The outcome of Jushi's lawsuit could have far-reaching implications. If successful, it could restrict hemp-derived THC sales in Pennsylvania and strengthen the position of licensed medical marijuana operators. However, if the courts side with hemp sellers, it may embolden the gray market and further complicate Pennsylvania's path to adult-use legalization.

For now, the case underscores the growing friction between two segments of the cannabis industry—one operating under strict state oversight, and the other flourishing under federal ambiguity. As both markets vie for consumer dollars, Pennsylvania finds itself at the center of a fight that could shape the future of cannabis regulation in the United States.

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