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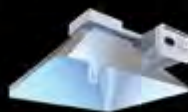


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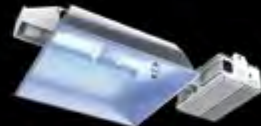


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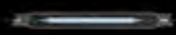
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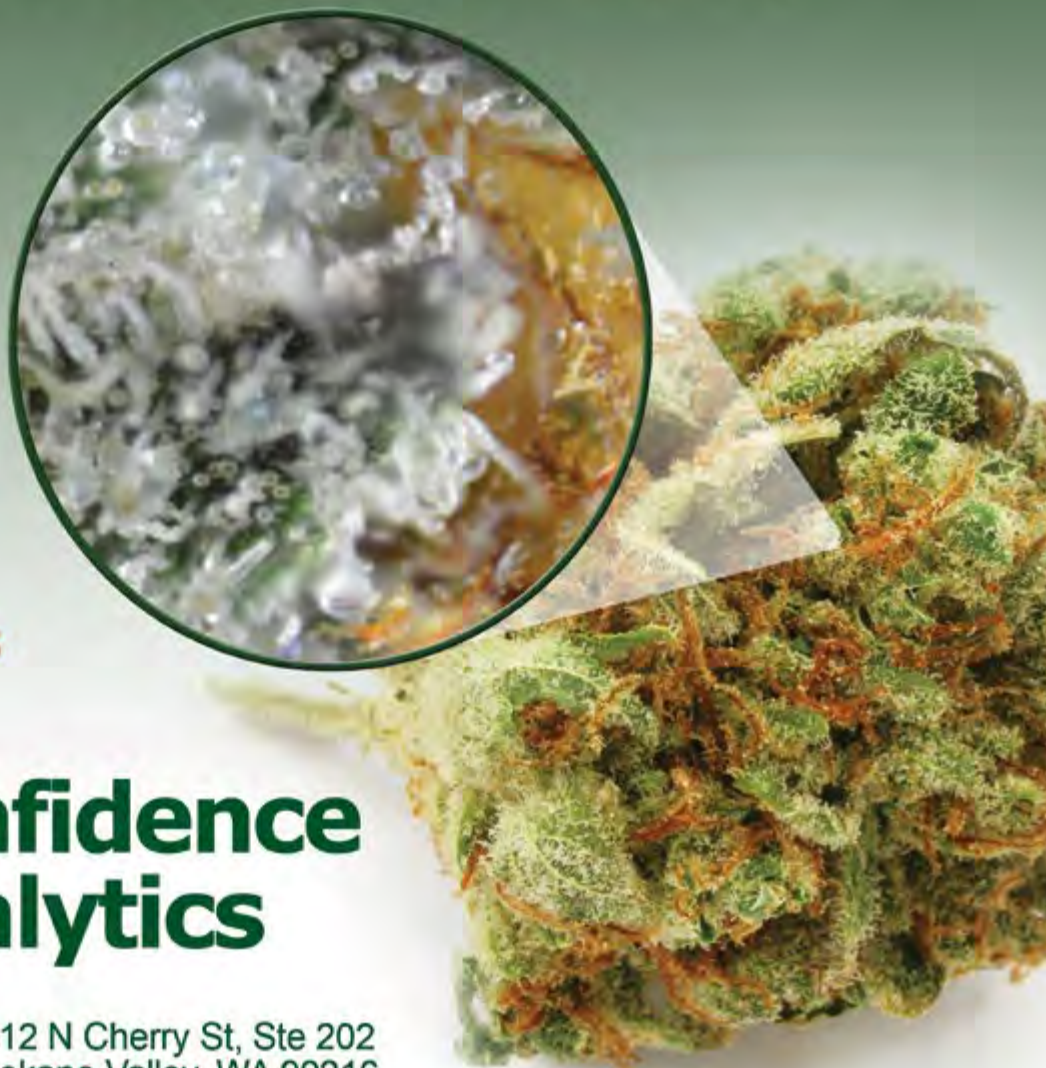
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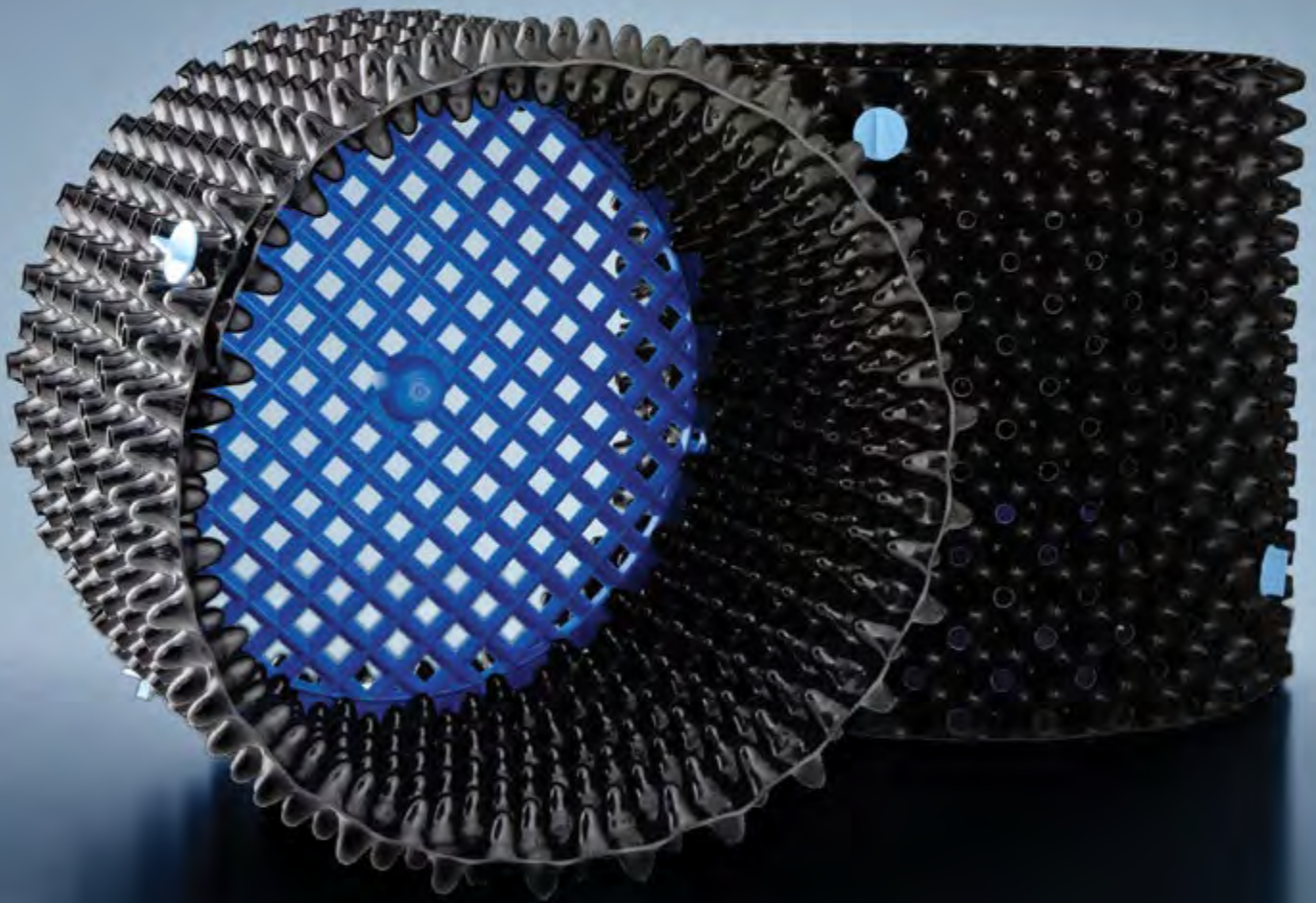
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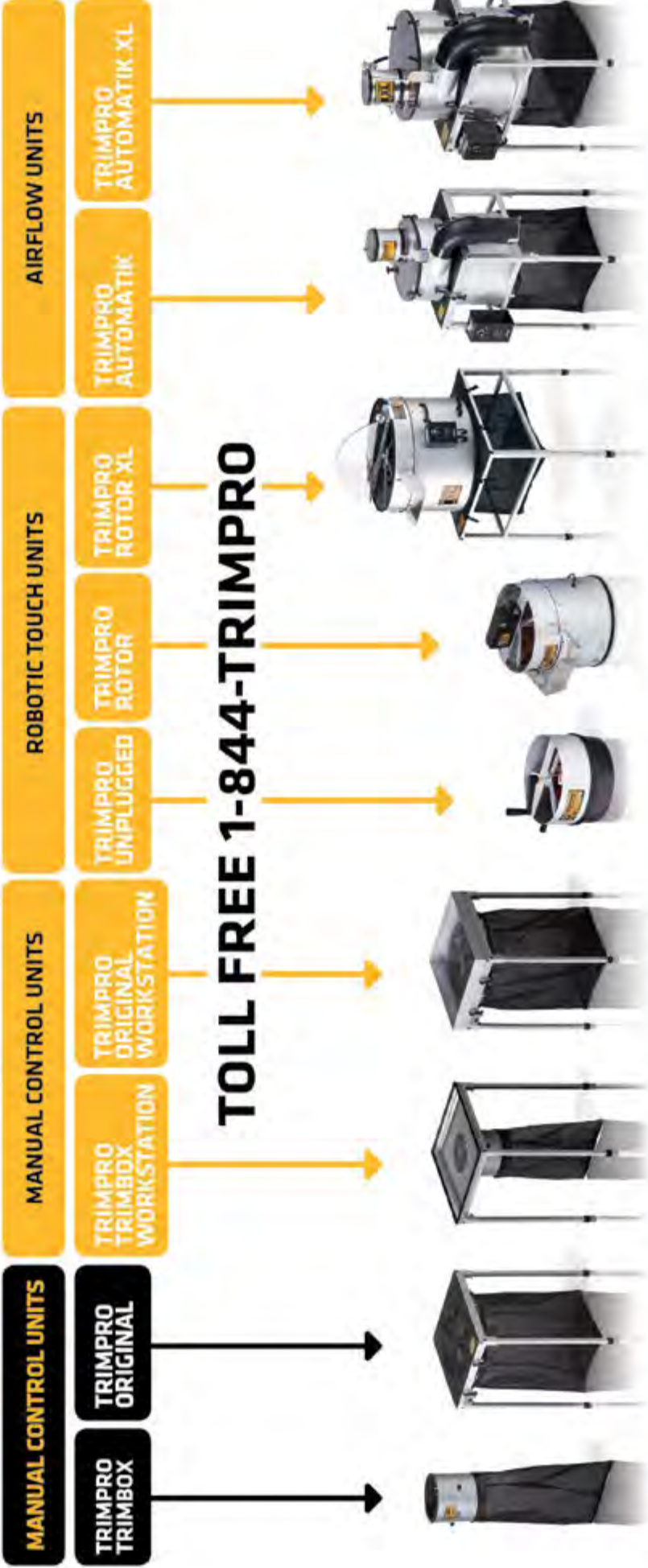


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70 **MIRACLE GREENS**

Former Marine uses experience as a bar owner to operate a retail store in a vacation hotspot

86 **PUERTO RICO**

With medical marijuana now legal, the U.S. territory in the Caribbean could become the next Jamaica

114 **CALIFORNIA**

State is on track to issue licenses in 2018, pot czar says in exclusive interview with Marijuana Venture

118 **SELLING THE FARM**

Black Dog Acres owner Toni Reita talks about the challenges of running a grow operation and why she's ready to sell her business

ABOUT THE COVER: The sun shines over the Grown Rogue outdoor farm in Southern Oregon. *Photo courtesy Grown Rogue.*





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contents



BASICS

- 24 | Calendar
- 34 | Market Watch
- 167 | P.O.V.
- 175 | Ad Directory
- 176 | Photo of the Month

PROFILES

- 38 | Caleb Tice
- 40 | Michael Latulippe
- 42 | North Coast Growers

SPOTLIGHTS

- 50 | Quest Mobile Dehumidifiers
- 50 | Big Green Exchange
- 52 | TKO Phosphite 0-29-26
- 52 | Genesis M
- 52 | CannaBox Containers
- 54 | GOLDENi
- 54 | N-Packed
- 56 | 'How to Trim Weed Fast'
- 56 | Happy Hydro Glasses

60

VERMONT

The state's bumpy road to legalization hits another snag.

78

RETAIL SECURITY

Experts say stores should go further to protect their businesses.

94

ALASKA TOURISM

With rugged natural beauty and legal marijuana, the country's northern-most state makes a play for tourists from the lower 48.

102

REPUBLICANS AGAINST MARIJUANA PROHIBITION

Nonprofit group from Texas bucks party's stand on legalization.

128

THE GREEN PAGES

This month's installment of Marijuana Venture's Green Pages features the ongoing debate about the value of organic production methods, as well as natural methods for controlling hemp russet mites.

BEST PRACTICES

- 142 | Taxes
- 144 | Watering
- 148 | Testing Automation

154

LEGAL PAGES

- The basics behind buying or selling a cannabis business.
- Delays impact Massachusetts' recreational launch.
- Making your mark without federal trademark protections.
- Investing in Canada's emerging marijuana market.

OPINIONS

- 18 | Message from the Publisher
- 22 | Letter from the Editor
- 22 | Letter to the Editor
- 28 | Quick Hits

mission

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John W. Vardaman – Former Assistant Deputy Chief (Money Laundering Section), U.S. Department of Justice
- **Business Lessons Learned from the Natural Products Industry**
Loren Israelsen – President & Co-founder, United Natural Products Alliance
- **Exclusive Industry Projections & Benchmark Data**
Chris Walsh – Editorial Director, *Marijuana Business Daily*
- **Marijuana Under a New Administration: The First 100 Days of Trump**
Featuring Congressman Earl Blumenauer (D-OR) among others

CULTIVATION SESSIONS INCLUDE:

- **Advanced Cultivation Tips & Techniques: Insights From Master Growers**
- **Going Big: How to Scale a Grow and Boost Operational Efficiency**
- **Profitability of Greenhouses vs. Indoor Grows – Exclusive Study Results**
- **Organic Cultivation Tutorial: Teaming With Microbes**
- **Cultivation Deep Dive: Trimming Strategies & Techniques**
- **Developing, Maintaining & Maximizing Small Grow Rooms**

START-UP SESSIONS INCLUDE:

- **Deep Dive: Creating a Winning License Application**
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- **Starting an Infused Products Company: Costs & Key Considerations**
- **Starting a Dispensary or Rec Shop: Costs & Key Considerations**



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- Battling the Big Boys: Entering a Mature Infused Products Market
- Tutorial: Social Media Strategies for Infused Products & Retail Companies

BUSINESS FINANCE SESSIONS INCLUDE:

- Deep Dive: Negotiating with Investors & Vendors
- How to Get a Loan for Your Cannabis Business
- Tax Tutorial: Navigating 280E to Boost the Bottom Line

BUSINESS EXPANSION SESSIONS INCLUDE:

- Taking Your Dispensary to the Next Level: Boosting Profits, Patient Counts & Competitiveness
- Multi-State Growth: Managing Risk & Vetting Partners
- The Perils of Rescheduling and FDA Regulation
- Tapping Key Market Segments: Seniors & Newbies
- Ancillary Tutorial: B2B Sales Strategies in the MJ Industry
- The Next Frontier: Rec Opportunities in Canada

INVESTING SESSIONS INCLUDE:

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- Assessing the Investment Climate: New Challenges & Hottest Opportunities
- How Much Is It Worth? Valuation Insights for Marijuana Investors

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MARIJUANA VENTURE Staff



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Publisher

Greg founded Topics Entertainment in 1990 and grew it to be the largest privately held consumer software company. After graduating from Bellevue High School in 1975, he enlisted in the Navy. He was honorably discharged after serving from 1975 to 1979. He has four kids and enjoys skiing, hiking, scuba diving, sailing, biking and foreign travel.

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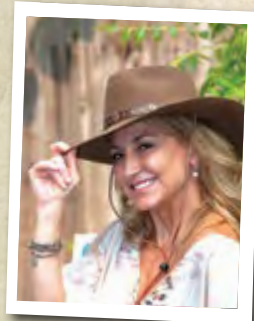


Garrett Rudolph

Editor

Prior to helping start Marijuana Venture in 2014, Garrett was an award-winning — and once laid-off — writer, editor, photographer and page designer for multiple newspapers, who never expected to be as knowledgeable as he is about the personalities of pet rats.

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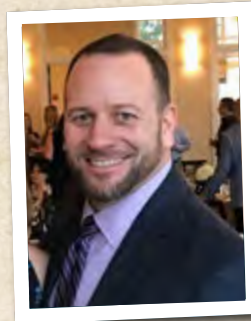


Lisa Smith

Sales Manager

Lisa is a longtime advocate for legal marijuana and feels fortunate to be a part of the industry. She especially enjoys working with and getting to know our advertisers. If you're interested in getting your message out and in front of this new & evolving category, drop her a line, we're certain she can help and would love to hear from you.

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Expert contributors

Marijuana Venture seeks out well-respected experts in their fields to contribute content and guidance for cannabis industry business owners and managers.



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We're jumping in!

Introducing The Retail and Dispensary Expo



After taking a long, hard look at the legal cannabis landscape, Marijuana Venture has decided the time is right to jump in and host our own trade show.

We are producing a business-only trade show that is free to all qualified buyers and razor focused on one aspect of the cannabis industry: Retail. We're calling it The Retail and Dispensary Expo (RAD Expo) and it will be this fall/winter in Portland, Oregon.

While most marijuana industry trade shows are reasonably well-produced, they all seem lacking in two key areas. First, all cannabis-related shows charge buyers to attend. This is not standard practice for any other industry. Even at giant, international trade events like the Consumer Electronics Show (CES) in Las Vegas, BookExpo in New York or E3 in L.A., customers (buyers) always receive free admission. This makes perfect sense because charging customers and buyers to attend discourages the very people exhibitors are paying to meet with. Second, our experience is that cannabis trade shows come in two varieties: cultivation-specific events and general business shows that cater to everyone, often including the public who just want to see what all the excitement is about. We believe a retail-focused trade show is something the cannabis industry really needs, and the RAD Expo will be quite different from any other event.

Here are a few reasons this show will be unique:

- Qualified buyers will be admitted free of charge. (Early registration is required.) This will ensure lots of qualified foot traffic.
- The event is business only. No public, no distractions.

• All businesses that cater to the retail end of the cannabis industry are welcome to exhibit.

• Speakers and panels will be held to a minimum. Frankly, we're tired of seeing the same speakers at every show. Speakers at the RAD Expo will have proven retail-related experience in marketing, packaging, sales, lighting, and store layout.

• The event will have a no-nonsense feel and will be managed in a manner that encourages business and minimizes wasted time and money.

• Exhibitors will have an opportunity to meet buyers from marijuana retailers and future retailers from states that have legalized recreational or medical marijuana.

A RETAIL-FOCUSED TRADE SHOW IS SOMETHING THE CANNABIS INDUSTRY REALLY NEEDS

We've had a great time producing Marijuana Venture for the last three-and-a-half years. Sales, circulation and our overall reach have steadily increased and the magazine is now distributed throughout the United States and Canada. According to newsstand sales numbers published by our distributors and Barnes & Noble, we're easily the No. 1

marijuana business publication and we're also in the top 25% of all magazine titles at retail, period. This is quite an accomplishment for a print magazine that just recently celebrated its three-year anniversary.

Over the years, we've worked with a variety of different trade show producers to help them promote events, but we've deliberately remained agnostic and have stayed away from the trade show arena — until now.

For more information about attending, sponsoring or exhibiting at the event, call 425-656-3621 or visit www.TheRadExpo.com.

We hope to see you there!

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The vast majority of people reading Marijuana Venture probably agree that the War on Drugs has been a complete and utter disaster.

Over the course of the past 30-plus years, U.S. taxpayers have shouldered too big a burden, the industrial prison complex has jailed far too many citizens and we've witnessed too much suffering with no evidence to suggest we're any better off than if the nation had legalized every drug on the planet.

When it comes to the legalization of cannabis, there's always the caveat that it's relatively harmless. Marijuana: It's safer than _____ (take your pick: alcohol, tobacco, peanuts, stairs, ketchup, ants, unemployment, water, espresso, Black Friday, McDonald's, aspirin, the police, exercise, sharks, football, politics and even bass fishing).

We've used these phrases in marketing and advocacy efforts; we've laughed at the foolishness of keeping this mostly benign drug illegal; we've cried at the ignorance that has criminalized otherwise law-abiding community members for decades; and we've stood our ground when prohibitionists use inaccurate scare tactics — addictive! Dangerous! Gateway drug!

We recognize that the societal impact of prohibition is far more dangerous than legalization — at least as far as marijuana and alcohol are concerned.

But are we willing to take the same stance when it comes to drugs that are actually dangerous and highly addictive?

I bring this up because North America is currently in the midst of an opioid crisis. Newspaper headlines bear stark reminders: an Ohio coroner is running out of room, with 2,000 overdose deaths projected in 2017; a pair of drug counselors at a halfway house outside Philadelphia were recently found dead of suspected overdoses; many cities across Canada have seen a spike of overdoses, including British Columbia and Ottawa.

Logic indicates that legalization (or at least decriminalization) could lead to better addiction treatment, reduced violence associated with illegal trafficking and perhaps most importantly, shift drug abuse to being an issue of health care, not criminal justice.

It's almost impossible not to have an emotional reaction to the suggestion that heroin or methamphetamines should be legalized. I find myself horrified to echo U.S. Attorney General Jeff Sessions: I don't think America's going to be a better place if they sell heroin at the corner pharmacy.

But we really need to determine if that would be better than punishing so many fellow citizens and passively watching addiction destroy people's lives.

I'm not sure about the answer; I just know we need to start asking the right questions.

GARRETT RUDOLPH
EDITOR

LETTER *to the* EDITOR

I just got the June MJ Venture. BRAVO!!! I love the entire issue and diversity theme, starting with the cover, featuring two Women of Color who are doctors. I immediately noticed the diversity in the feature on 40 industry leaders under 40. Great choice to begin the article with two Black business owners whose company focus is social responsibility. The Legal Pages article in the back by Lauren Rudick is spot-on and I was interested to read what different governments have done to promote diversity in the cannabis industry.

Thank you! And I look forward to reading more issues like this!

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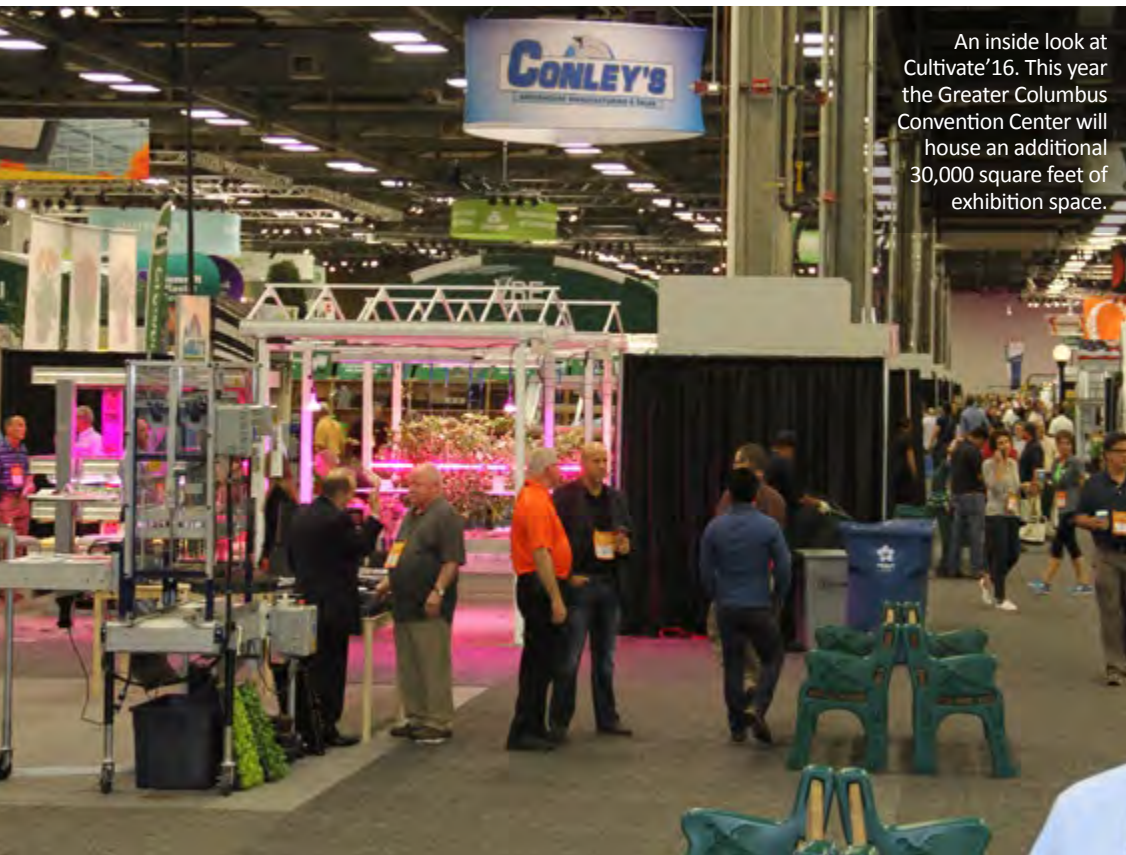
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An inside look at Cultivate'16. This year the Greater Columbus Convention Center will house an additional 30,000 square feet of exhibition space.

Major July events focus on terpenes and cultivation

Two events in July highlight the extraordinarily diverse realm of cannabis industry-related trade shows.

Cultivate'17 in Columbus, Ohio is considered the largest trade show focused on commercial horticulture (cultivate17.org). The July 15-18 event, held annually at the Greater Columbus Convention Center, will be bigger than ever with an additional 30,000 square feet added to the show floor to accommodate more than 700 exhibitors, including Marijuana Venture.

More than 10,000 attendees will visit the various booths, showcasing everything from fertilizers to greenhouses and a wide range of new technologies, as well as seminars from established experts in different avenues of the horticulture and agriculture fields.

Meanwhile, on the opposite end of the spectrum, the Terpefestival in Seattle is an educational event and competition that focuses on “whole plant knowledge” to increase consumer awareness and help vendors expand marketing strategies. The one-day event will be July 15 at Dockside Cannabis in Seattle’s SODO district.

Dominic Corva, the producer, founder and social science research director of Terpefestival, says the event was formed to create an intersection between the industry’s evolution and scientific education.

“Right now, the consumer has nothing to go on but price, cannabinoid content and packaging,” Corva says. “One of the things that can be there is the terpene percentage and the terpene difference, how that means very little to the average consumer and the average budtender, but they mean a lot to the actual producers who work with the whole plant.”

Organizers have packed a considerable amount of content into the event schedule including the keynote speech from renowned cannabis historian and advocate Dr. Ethan Russo, an educational panel and plenty of music, food, interactive displays and vendors to peruse on a mid-summer Saturday.

Tickets for Terpefestival are available now and start at \$30.

More information: cannabisandsocialpolicy.org/terpefestival-2017.

MORE EVENTS

July 8

710 Degree Cup

American Royal Palace
Phoenix, Arizona
Cost: \$0-85
Theerrlcup.com

July 13-15

CannaCon

Hynes Convention Center
Boston, Massachusetts
Cost: \$25-200
Cannacon.org

July 15

Terpefestival

Dockside Cannabis –
Sodo Lot
Seattle, Washington
Cost: \$25-60
Cannabisandsocialpolicy.org

July 15-18

Cultivate'17

Greater Columbus Convention Center
Columbus, Ohio
Cost: \$0-450
Cultivate17.org

July 19-21

Cannabis Compliance Summit 2017

Los Angeles, California
Cost: \$95-985
Infocastinc.com/cannabis

July 21-23

Cannabis County Fair

Black Oak Ranch
Laytonville, California
Cost: \$220-440
Cannabiscountyfair.com

July 31-August 2

Cult X

San Francisco, California
Cost: \$1,099
Cultivationcannabis.iqpc.com

August 5-6

Indo Expo

Oregon Convention Center
Portland, Oregon
Cost: \$30-199
Indoexpo.com



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CANNABIS CALENDAR

August 18-20

Seattle Hempfest

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Seattle, Washington

Cost: \$10 (suggested donation)

Hempfest.com

August 23-25

Farwest

Oregon Convention Center
Portland, Oregon

Cost: \$10-129

Farwestshow.com

August 28-30

2017 Cannabis Science Conference

Oregon Convention Center
Portland, Oregon

Cost: \$40-399

Cannabisscienceconference.com

September 8-10

Montana State Hemp &

Cannabis Festival

Lolo Hot Springs, Montana
Cost: \$20-80

Montanastatehempfest.com

September 12-14

CEA Hands-on Workshop

CEA Learning Center West
Dyersville, Iowa

Cost: \$995

Growerssupply.com/techcenter

September 13-15

Cannabis World Congress and Business Exposition

Los Angeles Convention Center

Los Angeles, California

Cost: \$99-499

Cwcexpo.com

September 29-30

King Cannabis Expo

Spokane Convention Center
Spokane, Washington

Cost: \$40-300

Kingcannabisexpo.com

October 4-6

Cannabis World Congress and Business Exposition

John B. Hynes Convention Center

Boston, Massachusetts

Cost: \$99-499

Cwcexpo.com

October 11-13

CEA Hands-on Workshop

CEA Learning Center East
Windsor, Connecticut

Cost: \$995

Growerssupply.com/techcenter

October 17-18

Second Cannabis Sustainability Symposium

Embassy Suites by Hilton
Denver

Denver, Colorado

Cost: \$85

Cannabissustainability.org

Early November

RAD Expo

Portland Expo

Cost: Free for qualified buyers

TheRADEXPO.com

November 5-7

Eighth Annual Native American Healthcare Conference

Morongo Casino Resort and Spa

Cabazon, California

Cost: \$395-895

Nativenationevents.org

November 15-17

MJ Business Conference Fall Expo

Las Vegas Convention Center
Las Vegas, Nevada

Cost: \$199-1,447

Mjbizconference.com

To submit an event for inclusion in the Marijuana Venture calendar, email Editor@MarijuanaVenture.com.

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The Name Game

Since states began legalizing marijuana, a rash of innovative, new cannabis-inspired products and services have proliferated across the Internet and into retail shops, though many are just regular products with the word “canna” added. We’ve gathered up some of the many products we’ve seen in the past years. Test your canna-memory to see if you can spot a canna-product that isn’t already on the canna-market.

Meowijuana

Cannabis Toothpicks

Kush Perfume

Dope-on-a-Rope

Blowing Smoke

“There’s a fair and growing amount of research that suggests that it actually, contrary to being a gateway drug, can be a weapon in the opioid pushback.”

Democratic front-runner of New Jersey’s gubernatorial primary elections, Phil Murphy, on expanding marijuana laws during the state’s primary debates.

“[The vote] reflects the bipartisan support this effort has gained across the state, and I think we’ll continue to see that moving forward. Texans know the time has come to use our limited law enforcement resources in the most effective way possible by being smarter on marijuana policy.”

El Paso Democrat Joe Moody after his bill, which would eliminate criminal penalties for less than one ounce of marijuana, passed the state’s senate.



Dope of the Month: NASCAR

Despite approving full-car wraps advertising liquor and pharmaceuticals to be placed on cars turning left for three hours, NASCAR officials in May made a right(-wing) turn and forced driver Carl Long to remove from his car the logo of a Colorado-based vape company. According to Facebook posts from the company, the logo was approved, but then was peeled from the hood (left) of Long’s No. 66 Chevy because it broke rules regarding advertising. NASCAR has yet to return phone calls explaining what rule was actually broken, but according to Veedverks, the logo was initially approved due to the belief it was a nicotine vaping company, not cannabis. Long, whose car ran without a logo, finished the race in 31st place and apparently in 1937.

We hardly knew ye



Border Patrol agents stopped a hearse near Tombstone, Arizona and after a short investigation of the vehicle, a K-9 unit was called and was alerted to the scent of marijuana. Agents found 67 pounds of cannabis and several bags of manure inside a coffin in the hearse — perhaps symbolic of the black market being killed by marijuana legalization. The driver was identified as a 28-year-old male U.S. citizen.

Photo courtesy U.S. Border Patrol.

By the Numbers

\$70 million

The price to acquire High Times by a group of investors.

6,000+

The number of prospective applicants for marijuana retail licenses in California.

\$105 million

Colorado’s marijuana tax revenue from 2016-2017.

Sources: San Francisco Chronicle, Marijuana Venture interview, The Cannabist.

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The Name Game



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DOPE-ON-A-ROPE

✓ Great for visits behind bars, this cannabis-free, pot leaf-shaped soap comes with a free hemp rope!

In The News

American Legion supports rescheduling cannabis

With approximately 20 veterans committing suicide every day and thousands of others dealing with ailments related to their service, the American Legion is always looking for ways to help its members deal with their pain and anxiety.

“Let’s leave no stone unturned,” says Joe Plenzler, director of media relations for the American Legion’s national headquarters in Washington, D.C. “Vets are dying and suffering every day.”

The Legion asked the president for a meeting to discuss the rescheduling of cannabis to allow further research into its medicinal properties. Plenzler says the letter is in response to the president’s statements about wanting to help counter the opioid epidemic, which includes veterans whom he says are commonly over-prescribed.

“We’re not calling for legalization at this point,” Plenzler says. “We’re saying ‘Let’s do the research.’”

The Legion is the largest veterans service organization in the country and Plenzler says that over the years, a lot of members, veterans from the wars in Iraq and Afghanistan, in particular, have reported beneficial results from the use of medical marijuana.

To date, the Legion has not yet heard back from the White House regarding its meeting request, but Plenzler says it is not discouraged and will continue to push for rescheduling.

“We’re persistent,” he says, “and we’ll get our meeting.”

Cannabis cuts some seizures in half

Results from a study described by scientists as “the first solid, rigorously obtained scientific data” showing that cannabis can cut by up to 50% the number of seizures experienced by children with Dravet syndrome, a form of epilepsy that mainly affects children, were published last month in the *New England Journal of Medicine*.

The study tested the effectiveness of a CBD product called Epidiolex, made by GW Pharmaceuticals of London and currently seeking U.S. FDA approval. The drug contains no THC, the psychoactive compound found in cannabis.

According to the findings, serious seizures with convulsions dropped from about 12 per month to about six for those on the drug and did not change in the others. Three patients on the drug became seizure-free during the study.

Sessions relaunches the War on Drugs

U.S. Attorney General Jeff Sessions directed federal prosecutors to pursue the most severe penalties possible, including mandatory minimums, reinvigorating the War on Drugs that resulted in long sentences for many minority defendants.

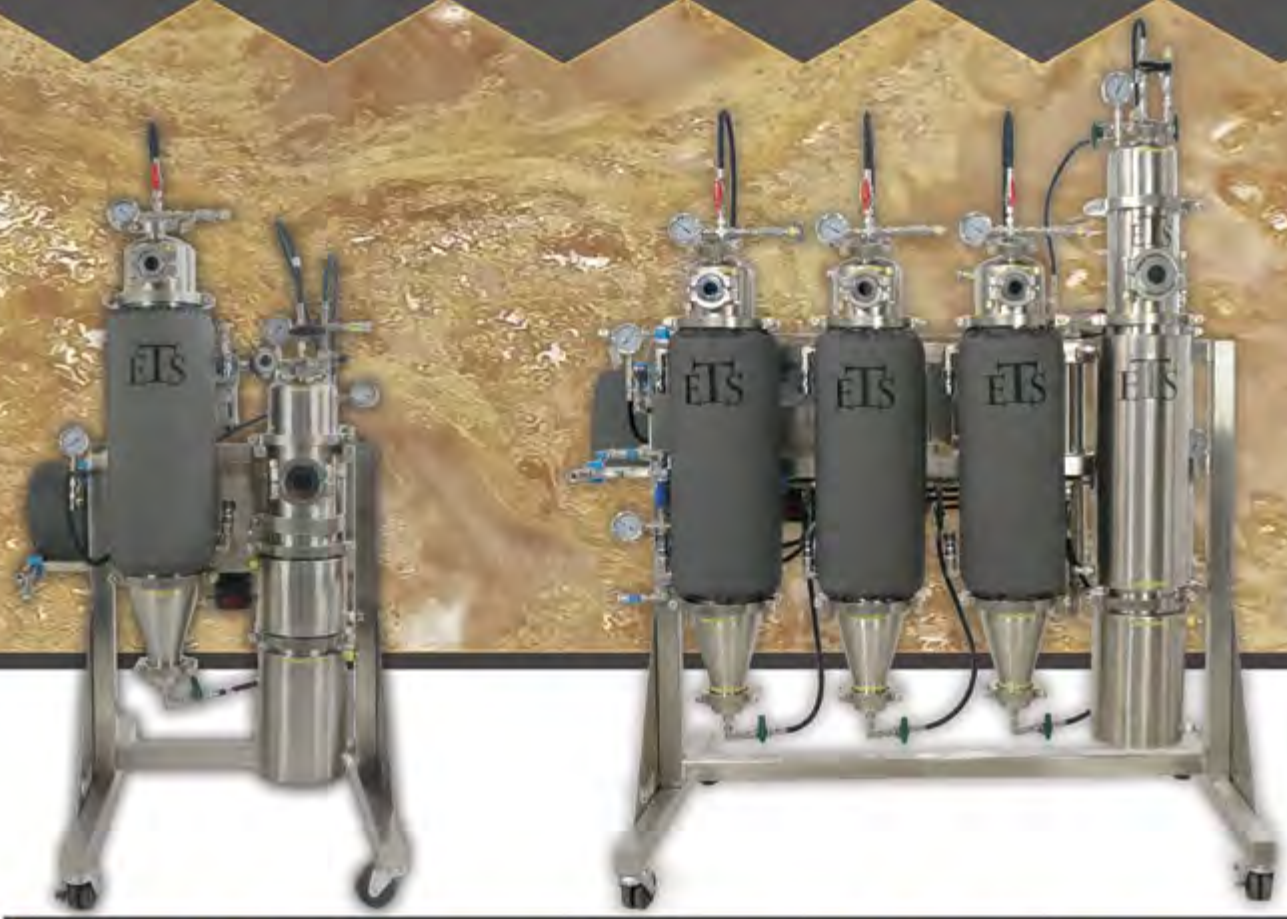
The policy is a change from the Obama era, during which prosecutors were instructed to avoid charges that could result in mandatory minimum sentences. Additional direction on how the Justice Department will handle the legal marijuana industry is expected later this year.

Corrections

Due to an editing error, Indo Expo was listed with an incorrect location in the June issue of *Marijuana Venture*. The event takes place at the Portland Convention Center in Portland, Oregon on Aug. 5-6.

From our May issue: Alicia Rose is the sole founder HerbaBuena, she is not married to her former co-worker Brant and does not exclusively offer biodynamic-certified cannabis. A researching error reported otherwise.

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WHY ATTEND RADEXPO?

Most retail and dispensary owners don't bother attending today's cannabis trade shows for a variety of reasons: Admission prices are too high; many vendors are targeting cultivators; the public are allowed in; they lack focus; the same speakers talk about the same tired subjects at every event, etc.

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- Portland, Oregon sits squarely in the middle of the biggest legal marijuana market in the world. (60 million people in California, Oregon, Washington and Alaska.)



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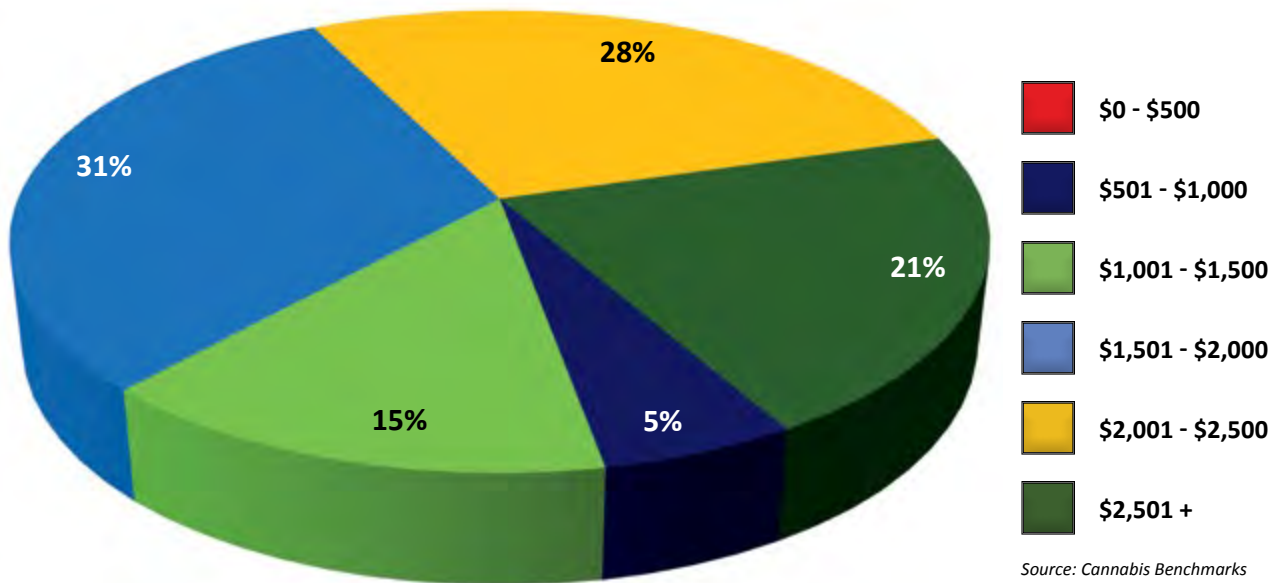
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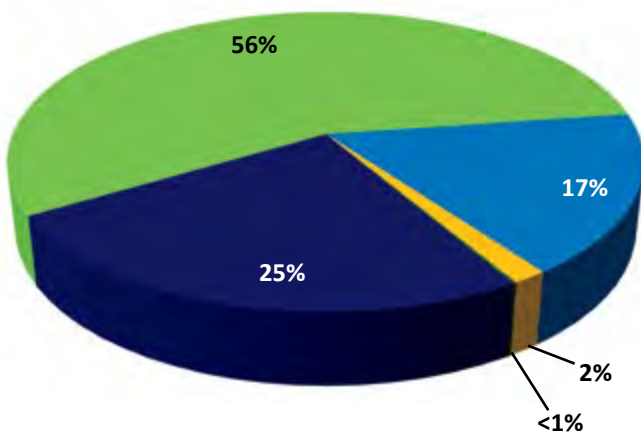
A look at business metrics from the legal cannabis market, with information provided by FrontRunnerData.com and CannabisBenchmarks.com

National spot pricing by grow type

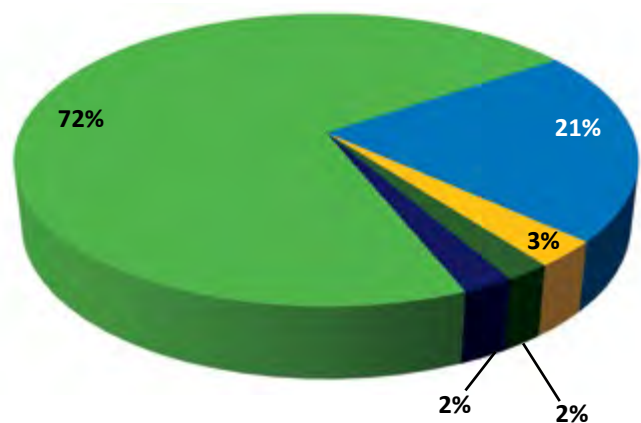
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CALEB TICE

Arizona transplant helps lead growing Oregon retail chain

By JORDAN BERRY

One of the defining moments of Caleb Tice's life was when he mustered up the courage to leave his home state of Arizona in January 2016 for the business opportunities presented by Oregon's rapidly developing cannabis industry.

"Phoenix had been my home forever," Tice says. "I took a risk in changing my environment and selling everything of mine that couldn't fit in my four-door Chevy Cruze. I grew up in the desert and it was just time for a change."

Tice, 33, is the director of operations for Foster Buds, a state-licensed marijuana retailer with two locations in Portland. He oversees day-to-day operations of the retail chain, including employee training and management, handling regulatory compliance, managing inventory and working with vendors.

Because he's familiar with every aspect of the company from entry-level positions to management, he spends a lot of time coaching his workers and keeping the operation ready for inspections and audits.

Foster Buds finance manager Robert Guarneri describes Tice as a diligent, responsible manager.

"He gets everybody excited about being busy, even when it's not very busy in the store," Guarneri says. "He is compassionate because he puts himself in employees' shoes, but he is not a pushover. He expects feedback from tasks managers are assigned. Caleb is at the top (of the company), but his personality trickles down to the floor employees."

Tice says he's a predictable kind of guy. His daily routine consists of waking up early with coffee and meditation at about 6 a.m., followed by checking his calendar and reading over his to-do list.

"I motivate myself by knowing what I'm capable of and not slacking," Tice says.

Tice credits his father as being his biggest inspiration in life and helping him develop into the leader he is today.

"My dad had four kids by the age of 33 and worked full-time," Tice says. "Just knowing his work ethic inspired me."

Tice earned a bachelor's degree from Arizona State University and an MBA from the University of Phoenix. He gained his first experience managing dispensaries in 2011, after an investment group that included him and his father won the lottery for one of Arizona's early medical marijuana licenses. Together, they founded SWC Tempe and later helped start SWC Prescott.

Those dispensaries have since been sold, but the extensive, two-year process would have

been wasted if their application wasn't selected. He and his father applied for licenses in both Tempe and Flagstaff, where the winning applicants were selected by the random draw of a ping-pong ball. They'd already missed out on the two opportunities in Flagstaff by the time the Tempe drawing occurred.

"It was fate," Tice says of the SWC Tempe entry being the only entry selected out of about 10 other applicants.

"The entire experience was surreal," Tice says. "We were very fortunate in every step of the process, not just the lottery."



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MICHAEL LATULIPPE

Cannabis Society founder takes an alternative approach to form Massachusetts chapter

By PATRICK WAGNER

The Cannabis Society of Massachusetts has attracted a “who’s who” of industry players from New England by taking a less-conventional approach to recruiting members.

After residents of the commonwealth approved recreational marijuana legalization in November 2016, Cannabis Society founder Michael Latulippe turned his back on the all-inclusive model that most trade organizations and advocacy groups favor.

“What we did at the Cannabis Society is we created a membership card program,” Latulippe says. “We limited it to 200 people. We made it exclusive.”

Exclusivity provides a vetting process to protect the society from being inundat-

ed by outside interests and sales pitches, Latulippe explains.

“The goal is intellectual discourse, new ideas and creating a forum where people feel safe in expressing new topics and not having to worry about it,” he says. “No one is selling anything.”

The Cannabis Society is a nonprofit organization where business owners, artists, doctors and other thought leaders from the marijuana industry gather for a variety of events, including simple meet-and-greets, speaker-driven seminars and even formal evenings, such as the High Season series on art and classical music. The society has chapters in New York, California, Colorado and now Massachusetts.

By day, Latulippe works as the de-

velopmental director of Massachusetts Patients Alliance, the same group that helped pass the state’s medical marijuana law. Latulippe organizes fundraising events and corresponds with public officials and state agencies.

“During the day, it’s patient-focused activities, as opposed to my social activities with the Cannabis Society,” he says. “But it’s always cannabis. My whole life is cannabis at this point.”

As Massachusetts transitions — slowly — from medical-only to a regulated adult-use market, interest in the state from investors has skyrocketed. Latulippe says the sudden attention felt disingenuous to many industry members who had carried the weight of legalization up to that point.

“Massachusetts likes to be very independent,” he says. “People here need to see that you are for real in your actions, that you’re not a profiteer trying to benefit from the Massachusetts cannabis community.”

Latulippe plans to recruit another 200 members by the time the state’s recreational program is operational, which is expected in mid-2018. However, not all of the Cannabis Society’s in Massachusetts are for members only; certain events, such as its monthly Toasty Tuesdays, continue to be open to the public.

“Toasty Tuesdays are just networking events,” Latulippe says. “We do them for two hours, from 6 to 8. We don’t charge admission. It’s just people talking and getting business cards. When you have to sit down and listen to people talk for an hour, that’s no longer a networking event.”





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WHAT'S IN YOUR GROW?

A look at the equipment, supplies and processes deemed indispensable by commercial cannabis growers

By Garrett Rudolph

NORTH COAST GROWERS ARLINGTON, WASHINGTON

In the years just before Washington state legalized marijuana, Matt Sampson was living with the Amish and converting barns on dairy farms into grow rooms.

Members of the Amish community would use batteries and diesel generators to power sprouting systems to produce barley seeds. At a glance, these facilities would seem to have almost nothing in common with commercial indoor cannabis production, but Sampson said it was invaluable experience.

“We learned so much about controlled environment agriculture, just learning to build systems and implement technology — especially cheap technology,” he says, “because the Amish, they needed some things that would work without a huge power draw.”

Prior to putting his green thumb to work full time, Sampson was an investment banker in Silicon Valley, where he also grew cannabis as a hobby. He says he was fortunate to make enough money in investment banking to hang up his suit and tie, and move into other ventures. He moved to Washington to work in real estate development and eventually opened a couple grow stores in 2009.

Now, Sampson is the owner of North Coast Growers, a Tier 2 grow operation in Northwestern Washington that has focused on clone production, but has also found its flower to be a hit with Pacific Northwest consumers.

North Coast Growers is one of the top business-to-business clone sellers in Washington, a sector of the market that allows higher margins than flower, according to owner Matt Sampson.

Sampson says he's lucky to be surrounded by a great team of 22 employees, who helped the company win multiple awards at the recent Dope Cup. He says it's a nice combination of people with strictly business backgrounds and those with experience in the cannabis space.

FACILITY

North Coast Growers has a relatively small indoor grow facility with about 6,500 square feet of plant canopy, but plans to expand that footprint by at least 50%. The Tier 2 license limits North Coast to 10,000 square feet of canopy.

While about 80% of the square footage is dedicated to mother plants and clones, that only accounts for about 20% of the company's revenue, Sampson says. Meanwhile, the 1,400 square feet of space dedicated to flowering generates the other 80%.

"We figured it would be closer to 50-50, but we hit it bigger in the flower than we imagined," Sampson says, adding that clones can be sold at a higher margin than flower.

Part of the challenge is that Wash-

ington's clone market has been a little slow to develop, he says. Most growers have avoided specialization, electing instead to handle all aspects of cultivation from seed to sale. There's also a high level of trust that needs to be built between genetics providers and their customers.

"There's a lot involved, and I think as the industry matures and people take a harder look at their bottom line and figure out what they can do better, I think outsourcing clones is going to be a huge part of the plan," Sampson says. "If they're in the business of selling flowers, they need all the space they can for flowers."

LIGHTS

North Coast Growers utilizes Gavita products to fuel the grow, including 1,000-watt fixtures, E-Series ballasts and the EL2 master controller. When its expansion is complete, North Coast Growers will use about 140 lights for flowering, up from 80.

"The one thing cool with the Gavita technology is they have sensors, so that if your HVAC dies, they automatically power down the lights to keep the

temperature under control," Sampson says. "And if that isn't enough for some reason, they'll shut off the lights until repairs can be made. That's saved us at least a half-dozen times when a breaker blew or the HVAC shut down one reason or another."

Sampson says the investment was well worth the money, both from an operational standpoint and for peace of mind.

Eventually, every grower is going to have a power outage or system malfunction. With high-intensity grow lights, it's crucial to avoid crop loss and burned plants in the event of an overheated flowering room. Also helping ensure a proper growing environment is a Daikin HVAC system to maintain ideal conditions regardless of the temperature outside.

PLUMBING AND IRRIGATION

Sampson says the company invested heavily in setting up the grow the right way from the outset, so it could operate as efficiently as possible. One of these expenses included a \$30,000 investment in an automated ebb-and-



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The finished product: Harvested bud and packaging from North Coast Growers.

flow hydroponic system capable of handling 80 gallons of pH-balanced water a minute and saving about eight man-hours a day compared to a manual system.

“When you look at it from a cannabis perspective, we wanted to spend the money up front buying the most efficient, high-tech gear,” he says. “We wanted everything to be push-button controlled environment agriculture.”

His goal was to produce cannabis at about \$1 per gram.

“On the production side, we’re at \$1 per gram,” Sampson says. “On the processing side, we do it a little more expensive than we could, just to create that final, craft product. That was a decision we made as we were hitting the market and seeing how the market was responding.”

For example, North Coast chose a local labeling company, rather than saving money with cheap overseas labels that could have saved an extra \$1,000 a month. Fortunately, that cost has been offset by the company’s ability to build its revenue and client base without spending any money on marketing.

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Quest Mobile Dehumidifiers

Wisconsin-based Quest Dehumidifiers is releasing two new portable dehumidifiers designed specifically for cannabis growers who need to quickly increase or decrease the humidity in their operations.

The CDG 74 and CDG 174 are both mobile units with built-in wheels. They're encased in protective materials and are designed to be moved from room-to-room as needed. The dehumidifiers do not produce any light so they can be used during night cycles.

The CDG 174 is a 135-pound unit that can remove 176 pints of water per day at 80 degrees and 60% relative humidity. The more compact CDG 74 weighs 82 pounds and can remove 75 pints of water per day in the same conditions.

WWW.QUESTHYDRO.COM

Big Green Exchange

Described by its creator as “eBay for cannabis,” the Big Green Exchange is a transparent, online marijuana auction site that provides manufacturers and retailers with direct access to product.

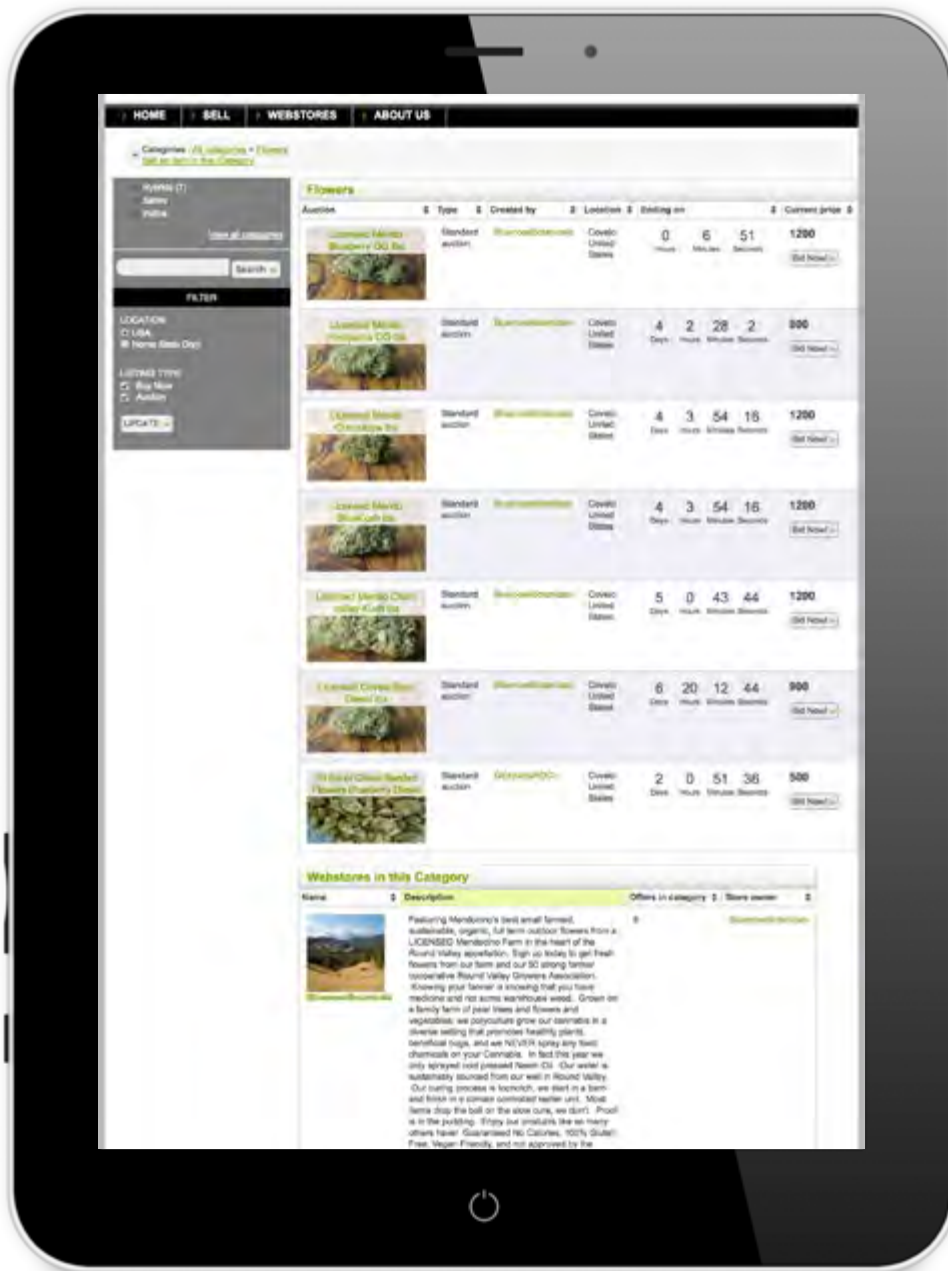
Licensed marijuana growers can place their products on the website and buyers can bid or purchase the product outright, as well as make connections with cultivators. The website is intended for business-to-business transactions, not

for the general public.

According to the company, all products listed on the site are tested pesticide-free and come with comprehensive lab certificates. After a purchase is made on the site, a licensed distribution company can deliver the cannabis.

The Big Green Exchange is free and currently available for use in California with plans for expansion into other states in the future.

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PRODUCT SPOTLIGHT

TKO Phosphite 0-29-26

Nova Green, a provider of environmentally friendly agricultural products, has a new “one-and-done solution” for growers looking to stimulate cannabis growth, yield and immunity. TKO Phosphite 0-29-26 is a water-soluble product containing a high concentration of phosphorous and potassium that allows plants to improve nutrient uptake and reduce waste.

In a recent Growth Products study, TKO was demonstrated to be an effective fungicide and disease

control agent. The study, testing TKO’s disease control efficacy on cucumbers and tomatoes, showed a 68% reduction in disease incidents and a 76% drop in powdery mildew breakouts over the control group when paired with Bravo Weather Stik fungicides.

The solution can be used in soil, soilless mixes, indoors and outdoors for all strains of cannabis. The product is free of heavy metals and safe for the environment and workers.

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Genesis M

Pure Plasma Lighting has introduced the Genesis M, which the company claims is the world’s first 1,000-watt plasma light system for the horticulture industry. The Genesis M is an efficient, electrode-less light source that generates full-spectrum lighting. It delivers a white light with a color rendering index (CRI) of greater than 95 with a corrected color temperature range of 4,500-6,500 Kelvin.

The housing is made of forged aluminum steel pressed from a mold. It produces a minimal amount of heat and the company promises that the bulb shows no degradation after 50,000-plus hours of use and will never need to be replaced.

PUREPLASMALIGHTING.COM



CannaBox Containers

CannaBox Containers are a turn-key solution for growers looking to get started in the marijuana cultivation business. Like a starter kit, the units provide the bare essentials necessary to get a grow operation off the ground. Each non-insulated unit is equipped with high-intensity light fixtures and controls, climate control, dehumidification, an air oscillation system and a water inlet and hose bib.

The units come in two sizes, a 20-foot or 40-foot model. The 20-foot model has eight lights, while the 40-footer has 16. The boxes come equipped with LED lighting, though the company can build them with 600-watt or 1,000-watt high-pressure sodium fixtures. The company will also design a custom CannaBox if requested.

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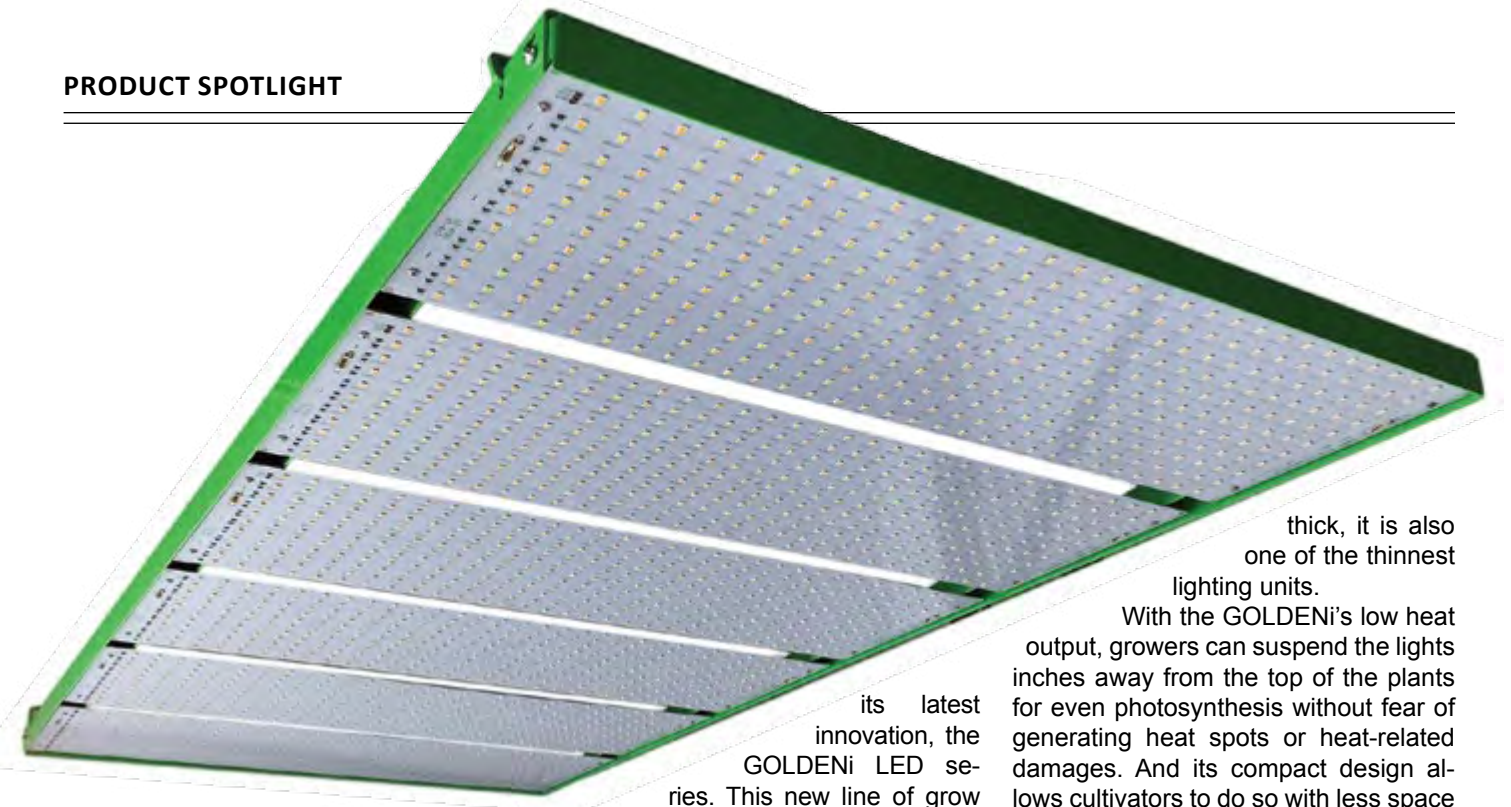
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GOLDENi

Smart Grow Systems, a company specializing in lighting and waste reduction in vertical farming, has just announced

its latest innovation, the GOLDENi LED series. This new line of grow lights is one of the widest fixtures on the market; each unit spans two feet wide and four feet long with nearly 2,000 LED chips installed. Yet, at just one inch

thick, it is also one of the thinnest lighting units.

With the GOLDENi's low heat output, growers can suspend the lights inches away from the top of the plants for even photosynthesis without fear of generating heat spots or heat-related damages. And its compact design allows cultivators to do so with less space than competing manufacturers.

The lighting systems are UL certified and backed by a three-year warranty.

SMARTGROWSYSTEMS.COM

N-Packed

The new Nitrogen Flushing System from N-Packed offers growers an affordable way to protect and store cannabis in an oxygen-free environment. Nitrogen flushing cannabis can preserve cannabinoid levels and prevent degradation.

The N-Packed system includes a tank of nitrogen and a special pump that is inserted into any type of bag or into specially-designed jar lids to pump the packaging full of nitrogen.

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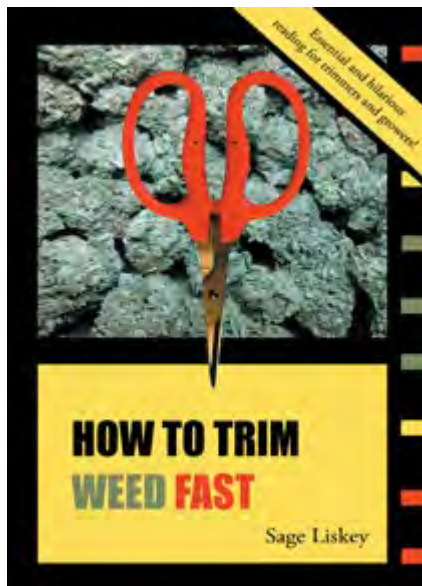
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'How to Trim Weed Fast'

"How to Trim Weed Fast" is a book by Sage Liskey that offers growers, trimmers and farmhands easy-to-follow instructions for the stickiest part of cannabis cultivation. Readers can learn the ins and outs of basic and advanced trimming techniques, as well as proper etiquette, in a way that is both humorous and helpful. The guide also provides managerial tips such as how to set up a trimming room or station and techniques for how to manage trimmers effectively, like weight-per-hour ratios, maintaining employee health and a checklist of necessary tools.

Liskey outlines steps using approachable and sometimes tongue-in-cheek language, full-color pictures and a glossary of terms. The book is priced at \$12.

SAGELISKEY.COM



Happy Hydro Grow Room Glasses

Growers know that spending hours under artificial lights can cause headaches and vision problems, due to the harsh, bright nature of indoor agricultural lighting.

To help combat those negative effects, online hydroponic supplier Happy Hydro has introduced the new Grow Room Glasses, made specifically to protect eyes from high-pressure sodium and metal halide grow lights.

Along with protecting eyes from sharp objects and debris, the glasses

also shield growers against ultraviolet radiation, which according to the American Optometric Organization can have negative long- and short-term effects, including the development of photokeratitis.

The glasses, when held in front of a camera lens, can also filter out the light's effects and make the photos appear as though they were taken under natural light.

The glasses are available for purchase from Amazon.

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VETOED IN VERMONT



Cannabis professionals look ahead following the governor's veto of adult-use legislation

By PATRICK WAGNER

Twice now in the past year, Vermont residents have watched and waited as state lawmakers have drafted bills that would legalize cannabis for adult use, only to fall short due to conflicting ideas on how it should be implemented by the state Senate, House and now the governor.

In that same stretch of time, Vermont's medical marijuana program, which has some of the most restrictive regulations in the country, has seen an increase in both patient participation and qualifying conditions, as well as the promise of future expansion.

But with polls showing the majority of residents support recreational cannabis in Vermont, many inside and outside of the state are asking, "What happened?"

WHAT HAPPENED?

With just hours left to either sign, veto or let the legalization bill pass into law without his signature, Governor Phil Scott struck down the bill, stating that his concerns about public safety and health need to be addressed before he is willing to move forward with legalization.

"We must get this right," Scott said in a press release following his decision. "Let the science inform any policy we make

around this issue, learn from the experience of other states and take whatever time is required to do so. In my view, policymakers have an obligation to all Vermonters — and those who visit us — to address health, safety, prevention and education questions before committing the state to a specific timeline for moving forward."

But Scott's decision to veto the bill doesn't mean lawmakers and advocates necessarily need to start over. Discussion on cannabis legalization will resume during the summer veto session beginning June 21.

"It could have been a lot worse," says Matt Simon, legislative analyst for the Marijuana Policy Project.



Simon has been working on legislative reform in Vermont since 2013. Through four years of medical breakthroughs and adult-use disappointments, he remains surprisingly affable even one day after the governor’s decision to veto the bill.

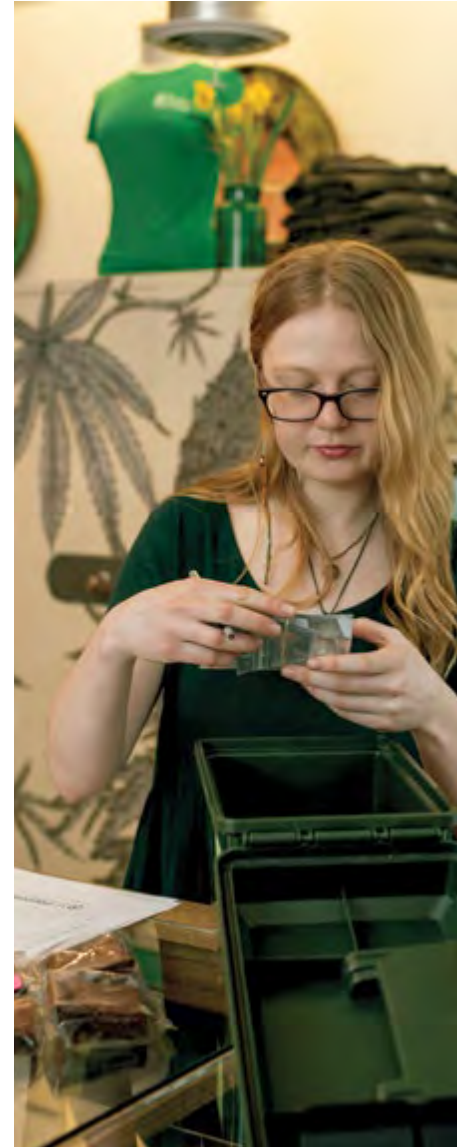
“Well, obviously, we’d prefer it if he signed the bill,” Simon says, but points out that the summer session keeps the issue alive. “We were assuming that with a veto we were dead until January.”

Scott says he’ll be providing the Leg-



islature with recommended changes, adding that if lawmakers are willing to work with him to address his concerns, “there is a path forward on this issue.”

Among those recommendations, Scott said he would like to see aggressive penalties for “consumption while driving, and usage in the presence of minors” and that the penalties for illegal sales remain unchanged. He has called for the Marijuana Regulatory Commission to conduct further studies into the impact



of legalizing marijuana in Vermont on multiple levels.

“I am not sure what more information could be gathered, other than the real-world examples coming (from) out West and now potentially from Maine and Massachusetts,” says Shayne Lynn, operator of Champlain Valley Dispensary and Southern Vermont Wellness, two of the state’s four licensed medical dispensaries. “They have been talking about this for four years.”



Vermont Governor
Phil Scott. Photo by
Chief National Guard
Bureau via Flickr.



The inside lobby at
Grassroots Vermont.

Even Lieutenant Governor David Zuckerman expressed his displeasure regarding Scott's veto.

"I am sad to see the Governor disregard the will of most Vermonters and reduce individual liberties in our state," Zuckerman said in a statement. "Prohibition has failed and causes approximately 100,000 Vermonters to be labeled law-breakers. Vermont is now lagging behind other states in the region and is missing opportunities to capture revenue from an underground market that would allow us to address highway safety, drug education and treatment, and other needed state investments to reduce the temptation of drug use. For the Governor to veto this bill over the makeup of the commission seems very short sighted."

In a poll leading up to Scott's decision to veto the bill, roughly 57% of the state's roughly 627,000 residents said they support marijuana legalization. Simon says the majority of Vermont's population and government leans left, but with a libertarian streak that can make legislative cooperation somewhat difficult to achieve. This recent failure was the second time Vermont has come painfully close to making history as the first state to legalize cannabis without a voter

initiative. A bill passed by the Senate in 2016 was considered too restrictive by the House of Representatives. The new bill, designed to alleviate those concerns, was approved by both the Senate and House in 2017, but was ultimately viewed as too open-ended by Scott.

"As I look at this matter, I general-

I AM SAD TO SEE THE GOVERNOR DISREGARD THE WILL OF MOST VERMONTERS

ly view it through a libertarian lens," Scott said. "That's why I've previously supported — and continue to support — medical marijuana laws and decriminalization."

But while the vetoed bill would have allowed for home-growing and possession of up to an ounce of flower by adults over 21, medical operators question where a bill like that would leave the state's medical program.

WHAT ABOUT MEDICAL?

Despite its recent recreational failures, Vermont's medical program has seen growth in both patient participation and qualifying conditions, as well as incorporating the statewide delivery program that was approved in 2014.

Vermont legalized medical marijuana in 2004, but dispensaries didn't open their doors for another eight years. At that time, only about 600 patients were registered.

When Alex Ford opened Grassroots Vermont in 2013, only 43 patients were registered with her dispensary. Grassroots Vermont now has about 550 registered patients and the state has about 4,000 total.

Increasing those numbers are Ford's top priorities.

"Vermont has always seen this program as a last resort, which is unfortunate," Ford says.

When delivery began in early 2016, Ford had about 250 patients registered at her dispensary — a number that has now more than doubled. She believes the growing patient rolls came from adding chronic pain and glaucoma to the state's qualifying conditions, reducing the wait



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The Vermont State House in Montpelier is the seat of the Vermont General Assembly where the 150 members of the House and 30 members of the Senate meet and vote. *Photo by Jonathan King via Wikimedia Commons.*

times to qualify for a medical card and the delivery program.

“Delivery has been a huge aspect for patients,” she says. “I think we have one of the most robust and expansive delivery programs. We go anywhere in the state and the most we charge is \$20. It’s helpful to get our name and product out there to let some patients know that there are some choices and that they are not stuck with geographically what is in their neighborhood.”

With new medical marijuana legislation awaiting the governor’s signature, Ford remains optimistic that the program will be improved further.

The bill, S. 16, would allow medical operators to convert to for-profit entities, open a second dispensing location and expand qualifying conditions to include Parkinson’s disease, Crohn’s disease and PTSD.

“We are such a small state and such a small group that the legislators really do listen to us,” Ford says. “Our building is 7,000 square feet and we still have a lot of room to grow within that. We grow in 10-by-20-foot pods. We’re looking at moving into a situation where we can have double of what we are doing now.”

As Ford carefully plans expansion, Lynn and Simon continue to weigh how recreational legalization might impact the current medical program.

“How do we participate and ensure that we have access to those opportunities and make sure that the medical program is not forgotten about for a whole bunch of reasons?” Lynn asks. “Because we need to have a separation between adult usage and medical.”

THIRD TIME’S A CHARM?

There’s still a chance that adult use legalization could happen in the coming months.

“The governor is saying, ‘let’s try and do it this summer,’ on the veto session that starts June 21,” Simon says. “If the governor is serious and is committed to championing this then it should be doable.”

The changes proposed by Scott range from specifics like keeping the existing penalties for selling cannabis to a minor on school property to open-ended ideas like social research and drawing out a longer time frame to collect data on the impacts of legalization.

“If the Legislature agrees to make the changes I am seeking, we can move this discussion forward in a way that ensures the public health and safety of our communities and our children continues to come first,” Scott said in his press release.

According to Simon, there are a number of vehicles that the governor could use to propel legalization forward. Making compromises on existing Senate and House bills could work, provided that they are not so different that new con-

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Clockwise, from the top left: The inner-office of Champlain Valley Dispensary; Shayne Lynn sorts through paperwork as calls pour into the Burlington office; outside Grassroots Vermont, where Alex Ford offers — but cannot advertise — her Green Mountain Splendor strain that has a 16:1 ratio of CBD to THC.

cerns arise. Or a new bill could be drafted altogether, but that would take more time and amendments before it passes.

“The governor even mentioned that it could, conceivably, be worked into the budget,” Simon says.

Scott said his concerns focus on how the state plans to keep its highways safe and how police will detect impaired drivers; funding and implementing additional substance abuse prevention and education; child safety and aggressive measure against those who impede it; and measuring how adult-use cannabis would impact the current epidemic of substance abuse and mental health Vermont is currently facing.

“The biggest hurdle isn’t the details, it’s probably the procedure,” Simon says, adding that the Marijuana Policy Project

is drawing up specific suggestions based on Scott’s comments.

As that happens, the state’s medical operators, who are finally on the cusp of becoming profitable, ponder their future role within the state.

“We want to make sure we survive,” Lynn says. “We also want to be involved in the adult usage side, because obviously, it’s going to be a huge market and we don’t want to get run over by that marketplace.”

Simon, however, remains focused on doing everything he can to appease the Senate, House and governor’s concerns in order to end prohibition in Vermont.

“If it doesn’t work out in this veto session then we are, basically, going to be angry,” he says. “He has the chance to be a hero. We’d like to see him take it.”

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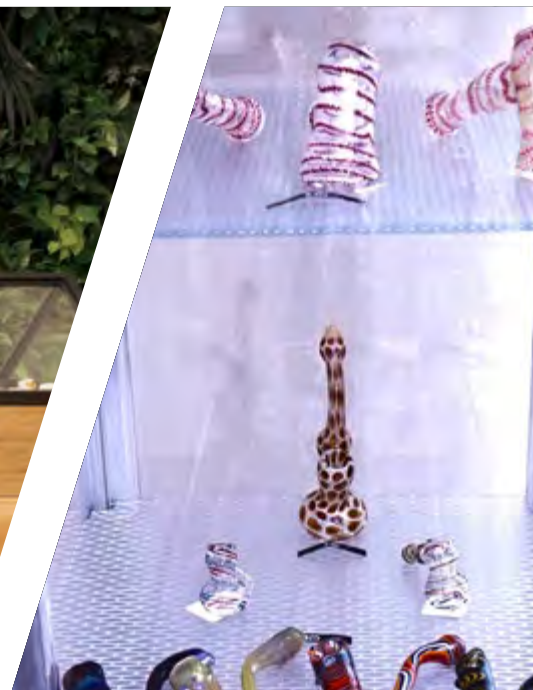
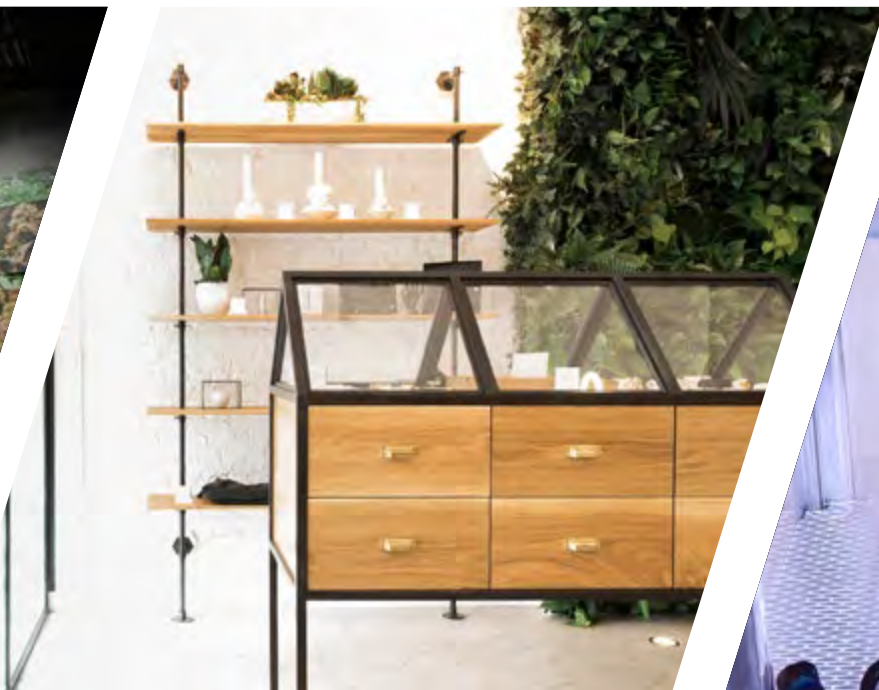
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Rather than a waiting room, Miracle Greens visitors are immediately greeted with a comfy information lounge.

FROM BARTENDING TO BUD-SELLING

Miracle Greens owner emphasizes service and selection at Oregon retail shop

By PATRICK WAGNER

Mike Hayes runs several successful businesses in Central Oregon, but that doesn't prevent some of his former colleagues from razzing him about his latest venture.

Long before opening Miracle Greens, a marijuana retail store in Bend, Hayes spent 10 years in the Marine Corps, eventually rising to the rank of captain. Now 16 years removed from his time as an officer in the Marines, he still has many friends serving in the armed forces. When asked about the possibility of publishing a photo of him in uniform, Hayes responds with a laugh.

"Hell no," he says. "My friends are all colonels now. It's pretty funny how they are already like, 'Oh, what's up Captain Haze? Now you're slinging weed, huh?' They'd love it."

But all jokes and punny nicknames aside, Hayes' background as an officer in the Marine Corps and his experience in Bend's competitive restaurant market, have positioned him as a leader among Oregon's emerging recreational cannabis industry.

BEND, OREGON

Hayes left the Marines with enough education, drive, discipline and leadership skills to take him almost anywhere. After receiving his MBA and working for three years in Silicon Valley, he decided San Francisco didn't feel like the right place to raise a family.

"So, I said, 'If I could live anywhere, where would I want to live?'" he recalls. That question brought him to Bend.



Miracle Greens uses digital menus to display the products in stock, as well as the markup on each product. Below: Miracle Greens' spacious interior sets it apart from most Oregon dispensaries.

RETAIL OPERATIONS

Miracle Greens was designed with an open and welcoming atmosphere in mind.

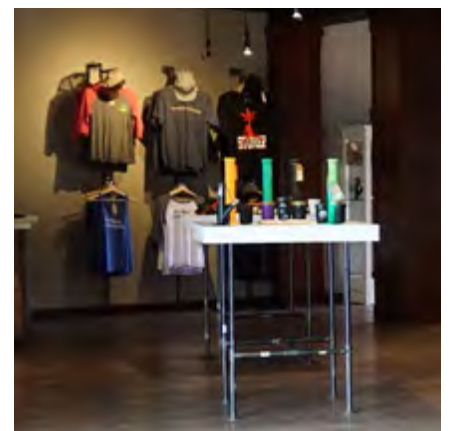
"It's kind of a pseudo cigar/coffee shop where there is no waiting room. You just walk right in," Hayes says. "It's not normal by any means for Oregon."

Many cannabis retail stores still resemble a medical dispensary, where patients sign in and wait in a lobby before meeting with a budtender.

"You walk into the sales room and you see the menu and you say to yourself, 'I don't really know if I want anything,'" Hayes says. "But you already feel committed, right? You've already checked in and waited in line. I didn't want that. I wanted people to walk in. By law we don't have to check somebody's ID until they go to the counter and try to buy something."

Immediately inside Miracle Greens, there's an information lounge with leather chairs, a coffee table and plenty of reading materials. At the back of the store, behind large wooden pillars, is a long, apothecary-style sales counter lined with glass jars of flower.

Hayes also displays his margins to be transparent with customers.



"You can't beat it," he says.

Hayes, a native Oregonian and Oregon State University graduate, loves living in a haven for outdoor recreational activities. In the winter, he uses his family's farm as a ski house, with the nearby slopes of Mount Bachelor boasting some of the top skiing in the entire Pacific Northwest. During the sunnier months, Hayes works on his golf game as a member of Tetherow Golf Club, hopeful that enough practice on the links-style course will bring down his handicap.

"This area is nothing but recreation," he says. "If you're not in the service industry, then you're doing something Internet-related in Bend. It's like Boulder. Everybody's healthy and running around. It's an awesome place to raise kids."

A true local, Hayes regularly jogs six miles across town, which he says is to counteract his love of sweets.

Miracle Greens is the fifth business he's

started in Central Oregon. His wife, Amber, also owns a yoga studio about three miles down the road.

Miracle Greens' newly remodeled, 2,500-square-foot building fits in right alongside the Patient Angler Fly Shop. It's one of more than 20 cannabis businesses serving the area, but Hayes is familiar with highly competitive industries. He's been serving locals and tourists in Bend for the past 13 years as the owner of Maverick's Country Bar, Tumalo Tavern, Cascade West and Red Dog Depot.

"I survived a recession in the restaurant industry," he says, "and it sounds a little weird, but I remember sitting there cleaning the bathrooms in my bigger bar one morning and thinking, 'This is awesome. I've got a master's degree and I'm cleaning a toilet.' But you've got to do what you've got to do, and my employees know I would never ask them to do something that I wouldn't do myself."

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Owner Mike Hayes (left) poses with operations manager Anthony Accinelli behind the sales counter at Miracle Greens.

WE HAVE TO EDUCATE OUR CUSTOMERS THAT THE PRICE HAS NOTHING TO DO WITH THE QUALITY

“We have to educate our customers that the price has nothing to do with the quality of the cannabis,” he says. “It has everything to do with how much the farm charges us.”

MIRACLE’S GREENHOUSE

Miracle Greens will be growing its own flower soon at a new, 3,600-square-foot Ceres greenhouse located on the Hayes family farm.

“My dad and I laugh now, because I have a farm that just got approved and in 44 years this is the first time the property will actually make money,” Hayes says.

Hayes is following through on his business plan to open the retail operation first, so he’ll always have a place to sell his own cannabis. Influenced by his experience as a barkeeper, he believes it’s important to give customers a wide

variety of options and never expects his internal brand to supersede established favorites.

“As a business, you just have to keep in mind that there’s always going to be two tap handles: there’s going to be craft and your domestic,” he says.

The same could be said of cannabis: customers range from connoisseurs to bargain shoppers and everything in between. Hayes has 18 tap handles at his bar in Bend and more than 30 strains at Miracle Greens, so there’s always something for everybody.

And despite the competitive nature, Hayes says he supports Bend’s other locally owned cannabis shops.

“We’ve got to stick together to make sure the big boys don’t come in and overwhelm the little mom-and-pop shops,” Hayes says.

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Lock It Up!

Protecting your cannabis retail shop from internal and external threats

By BRIAN BECKLEY

Despite the increasing trend of marijuana legalization at the state level, federal laws and other obstacles to banking services force these legitimate, licensed businesses to operate on a cash-only basis.

With the combination of cash, high-dollar merchandise and laws that make having a firearm in marijuana stores a federal offense, cannabis retailers and dispensaries have become popular targets for criminals looking to pocket some quick cash.

“They know there’s a lot of cash, a lot of drugs and no guns,” says Eric Gaston,

co-owner of three Evergreen Market retail shops in the Seattle area.

Gaston knows from experience. During the early days at the first Evergreen Market location, he says the store had its security “tested” at both the front and back doors. The attempted break-ins led the company to make some changes, like steel through bolts that lock into the steel-rein-

forced door frame at three points.

“We were a little bit naive in that first instance,” Gaston says. “Now we’ve got a very robust system of locks and doors.”

Store security requirements vary by state, with Oregon among the strictest and Washington among the most lax. For example, there are no requirements for a safe room in Washington or Colorado stores, while Oregon requires all retailers to have a safe weighing at least 750 pounds in which all product must be kept during hours when the shop is closed.

All three states, however, require video surveillance of the shops at all times. But security experts agree that still might not be enough.



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Washington requires every inch of a cannabis operation to be monitored at all times.

'THE NATURE OF THE BEAST'

While the allure of cash and marijuana are undeniable to the criminal element, Commander James Henning of the Denver Police Department's Investigative Support Division says there generally aren't a lot of issues at the licensed shops in his town, though they do account for about 12% of all business burglaries in Denver, the top business type to be hit.

"They will be the target of burglaries," Henning says. "That is the nature of the beast."

There have been successful attempts in which burglars break through ceilings or walls from neighboring businesses, or even use vehicles to crash through the sides of buildings, but Henning says those have resulted mostly in product being taken, not cash. Most retailers lock money in safes, although it's not required by law.

But even the burglaries are not as common as Henning says the law enforcement community expected at the onset of the legal cannabis era. He attributes this to the required surveillance. In Colorado, for example, the law requires 24-hour-per-day camera coverage of all limited

access areas, point-of-sale areas, all areas where product is displayed and all entrances and exits, which must be covered from both indoor and outdoor vantage points. Proposed regulations in Nevada include a 24-hour video feed that can be accessed directly by police.

The cameras might not stop a determined criminal, but they will deter the vast majority of would-be burglars.

"It's easier to rob a bank," Henning says.

NOT ALL CAMERAS ARE EQUAL

Camera systems are more for state agencies to make sure stores remain in compliance with legal regulations regarding the product than they are designed to provide security from theft, according to CannaGuard founder and CEO Noah Stokes.

He generally recommends going "above and beyond" whatever the state requirements are and warns that in his experience, marijuana businesses are "statistically far more likely to get robbed by an employee or former employee."

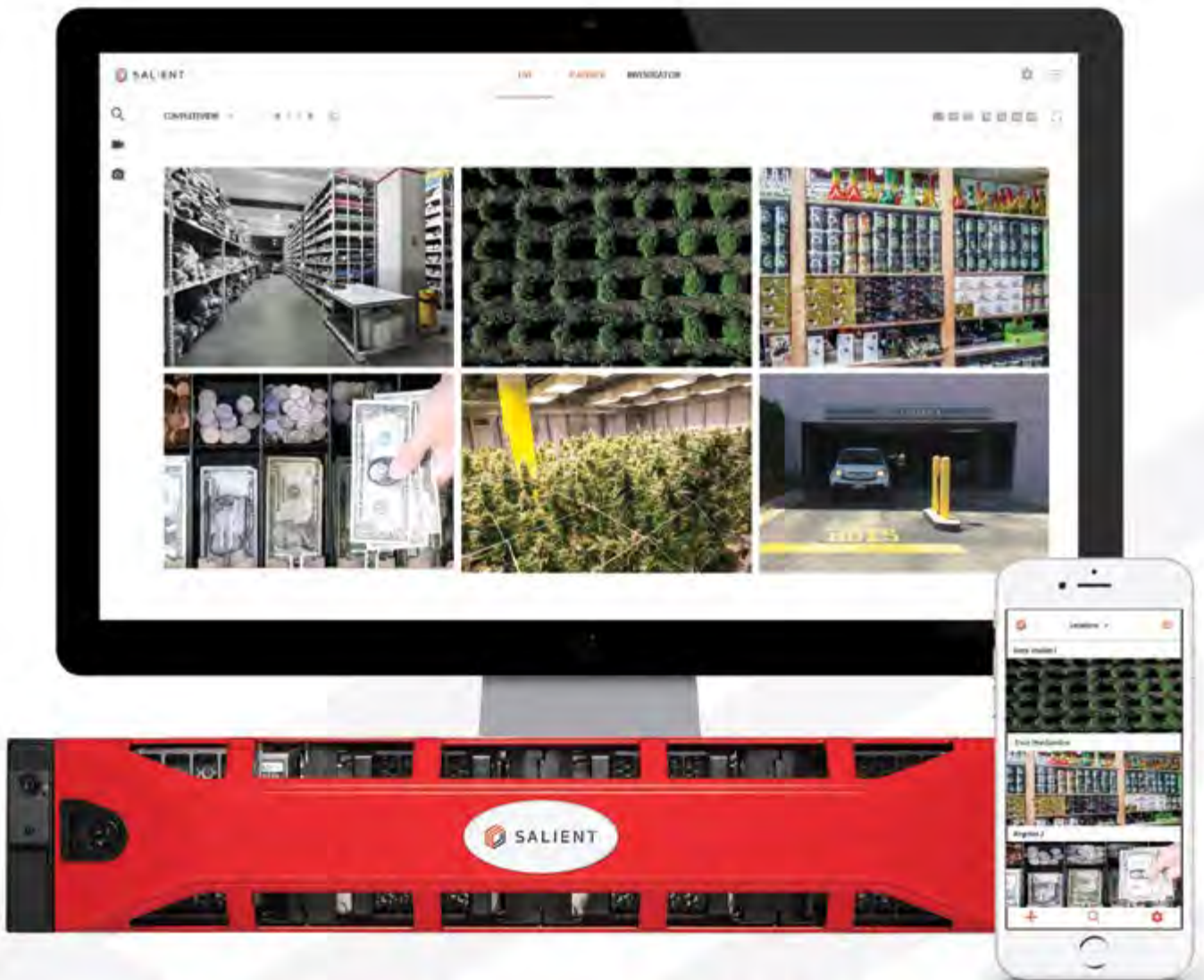
Stokes, who also owns OmniGuard

Security, formed CannaGuard about two-and-a-half years ago. OmniGuard provided security and cameras for non-cannabis businesses and was called by a medical grow operation that was robbed and was looking to beef up its surveillance program. Realizing a need in the growing industry and wanting to insulate OmniGuard from any marijuana-related banking challenges, Stokes opened the cannabis-specific company soon after.

To date, CannaGuard has helped more than 4,000 applicants in 10 states, though his company does not operate in Colorado. Stokes says the majority of his job is making sure licensees understand the laws in their respective states and stay in compliance. He says surveillance regulations range from the "crazy" in Washington (where every square inch must be monitored) to the "fairly vague" in other states like Oregon, where rules focus more on the diversion of large amounts of product or money from shops.

COMMON SENSE PROTECTIONS

Both Henning and Stokes preach "common sense" when it comes to security. For



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example, whether it is required — like in Oregon — or not, both recommend removing product from display cases during non-business hours, like a jewelry store would.

“Put it in a safe someplace,” Stokes says.

Stokes, however, is careful to point out that purchasing a safe based solely on weight or fire rating may not result in the best product. Stokes says it is more important to check performance requirements to see how long the safe resists entry using burglary tools. All safes should also be bolted down.

Beyond that, Stokes recommends multiple safes to house merchandise and cash. He says buying more than one safe may be an additional expense initially, but will be “cheap in the grand scheme of things.”

Stokes also tells his clients to make sure their security system has a cloud-based backup to prevent a burglar from simply destroying the recordings. Additionally, he recommends off-site monitoring and non-emergency notification options, which would notify owners or security personnel whenever anyone accesses the store, whether that access is authorized or

not, since he believes it is more important for owners to watch out for the inside job.

“Someone that knows when you have that half-million bucks in the safe — those are the guys that will run you out of business,” he says. “Those are the ones you have to worry about.”

Stokes says shop owners must always be careful to change security codes and not make copies of electronic keys as a way to prevent disgruntled employees seeking to make a quick buck.

ABOVE AND BEYOND

Back at the new Evergreen Market store, safety and security are top priorities.

“Don't scrimp,” says Marty Smith, Evergreen's director of compliance and facilities. “Spend the money you need to make the facility safe for your staff.”

The company keeps a large safe bolted to the floor in the secure room. The walls and floors are steel-plated and lined with motion-detecting sensors. The room is locked and monitored at all times and only select employees have access.

All product is kept on rolling carts that are pushed into the safe room each night. The

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Visual deterrents such as scissor gates (shown above) and motion-sensor lights provide a strong front-line defense against would-be robbers.

stores also have a 2,000-pound safe in the retail section used for cash drops throughout the day to secure money and further limit trips to the main safe room. In addition, all employees wear panic buttons.

In total, there are more than 50 cameras in and around the shop and its 3,500 square feet of retail space, including in the floors.

Evergreen Market also uses scissor gates at the shops, which slide out of the way during hours of operation but provide a strong, visual deterrent when the shop is closed.

“The facility itself is your first line of defense,” Gaston says.

Gaston also recommends reaching out to and cultivating a good relationship with local law enforcement officials. He says it's important for the police to be comfortable with the owners and vice versa.

“We're all on the same team,” he says, adding that he would also like to see the state make robbing a marijuana retailer an enhanced crime, similar to robbing a pharmacy.

Henning and Stokes recommend all retailers follow Evergreen's lead and do more than the basic minimum the state might require.

“You always go above and beyond, that's what I suggest,” Henning says.

Stokes is even more direct.

“Don't be the easiest target on the block,” he suggests. “Criminals are lazy; that's why they don't have jobs. They will go for the easiest target.”

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Paradise in

IMC Corp. navigates the challenges of Puerto Rico's fledgling cannabis industry

By GREG JAMES

When most people think of cannabis and a Caribbean island paradise, Jamaica is the likely spot that comes to mind. With its huge advertising budget and many established tourist hotels, the island known for Bob Marley, white sandy beaches and reggae has become synonymous with both cannabis and the Caribbean lifestyle.

A lesser-known, but equally beautiful, piece of paradise in the Greater Antilles is



the Caribbean

the island of Puerto Rico. Located 18 degrees north of the equator and south of the Tropic of Cancer, Puerto Rico is the only U.S. territory or state with a true tropical rainforest. It also has a predictably mild climate year-round and some of the most spectacular white sand beaches in the entire Caribbean.

In a moment of supreme enlightenment, Puerto Rico's former governor, Alejandro Padilla, legalized medical marijuana by executive order in 2015.

Alberto Burckhart, who had been fol-

lowing developments on the West Coast of the United States, saw an opening and quickly went to work. With mostly local financing and some outside capital, he drew up plans for a medical marijuana production facility and eventually managed to make it through the rigorous licensing process. IMC Corp. (Institute for Medical Cannabis) was one of the first medical marijuana facilities to be granted a license. Operating in a 44,000-square-foot industrial building, the cultivator currently has 15,000 square feet of indoor

cannabis under lights with an additional 1,800 square feet of ISO Class 7 manufacturing space.

As a United States territory, Puerto Rico enjoys a lot of the benefits that come from being part of the U.S., while still retaining its own cultural identity and political independence. To many Puerto Ricans, this represents the best of both worlds as they are able to freely travel back and forth to the mainland, while enjoying relatively simple business ties, free elections and banking regulations



that roughly parallel those in the U.S. For these reasons, Puerto Rico has become a favorite satellite location for many U.S. companies that see the relative stability in the region as a big plus.

One hundred miles long and 35 miles wide, Puerto Rico (Spanish for “Rich Port”) is a place of spectacular natural diversity and geography. The interior is mountainous and rugged, with peaks that climb to nearly 4,000 feet, plunging waterfalls and the 28,000-acre El Yunque National Forest. The coastal regions are flatter, containing most of the island’s population, along with its biggest cit-

ies, including San Juan, which has nearly 400,000 residents and Ponce, with 150,000.

Headquartered in the city of Ponce, along the island’s southern coast, the IMC grow is in a building leased from the Puerto Rican government.

While the debate in the U.S. surrounding medical costs and health care is a huge issue, the problem is especially acute in Puerto Rico, the poorest jurisdiction in the United States. As such, costs associated with health care are a major concern.

“The medical marijuana community is very large in Puerto Rico, and many pa-

tients are looking to get away from addictive and costly chemical compounds,” Burckhart says. “Our current health system is failing and many people simply want a smart alternative to the traditional model. Medical marijuana is an ideal solution as it reduces costs, increases availability, cuts down on crime and helps people get well without breaking the law.”

In addition to the medical benefits, Burckhart, with a background in investment banking, also recognized that the new industry could also be a viable — and profitable — business opportunity that would employ locals and contribute



Operating at a third of its capacity, IMC has 15,000 square feet of cannabis growing inside its facility; Right: The Department of Health has established strict testing regulations to ensure safe products for the territory's potential 250,000 patients.



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CURRENT
HEALTH
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FAILING**



IMC Corp. founder and CEO Alberto Burckhart

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In Puerto Rico, employees are required to have either an employee occupational license or occupational management license from the Department of Health. The licensed trimming crew at IMC shows off their company pride.

to the Puerto Rican economy.

“We have a fairly high unemployment rate in Puerto Rico,” Burckhart says, “and this is a great example of how we can turn a big negative like illegal drug dealing into a positive that helps people and the economy.”

Despite the island’s relatively hot and humid climate, Burckhart has had no problems cultivating medical-grade cannabis in his indoor facility. However, future plans call for the expansion into a greenhouse facility and Burckhart believes that sativa strains will likely be better suited to the tropical environment.

The island’s first dispensaries opened just as Padilla was leaving office in January 2017. At the present time, Puerto Rico has five operating marijuana dispensaries with another seven or eight expected to

open in 2017. In addition, more than 100 potential outlets have been identified and qualified.

Burckhart and IMC represent another huge leap forward for the cannabis industry, as yet another community recognizes its potential for the economy and citizens. However, Burckhart is quick to point out that while he doesn’t foresee any major problems with the medical marijuana industry, he believes fully legal recreational marijuana is still years away in Puerto Rico because of an active and highly vocal opposition.

In the meantime, this tropical paradise is benefiting from an enlightened government that has joined other pragmatic jurisdictions in allowing the development of an industry that an ever-increasing segment of the population views favorably.

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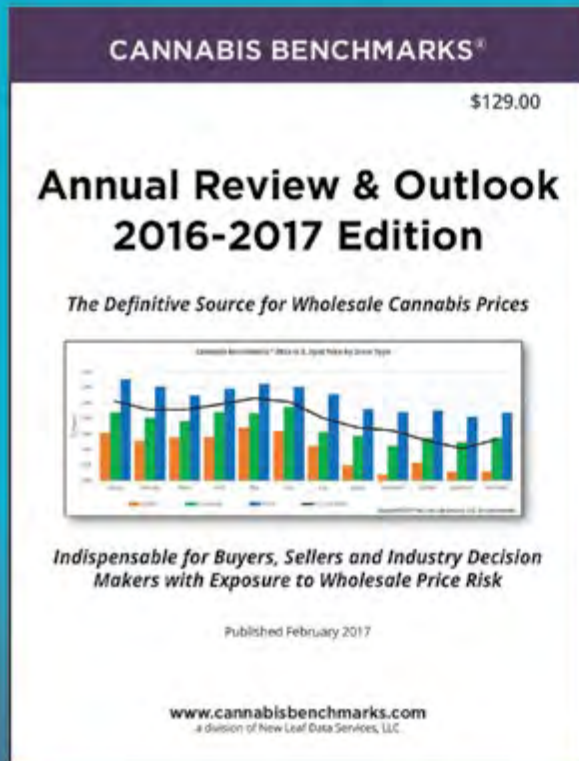
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**IF ALASKA
BUILDS IT,
WILL THEY
COME?**



Travelers could be a boon for the state's developing cannabis industry if public consumption is allowed

Story and photos by BRIT MCGINNIS



The tourism website for the city of Valdez highlights the natural beauty and myriad outdoor opportunities for visitors to the small, Alaskan burgh about 100 miles east of Anchorage. The site showcases glacier hikes and arctic sunbathing, heli-skiing and kayak adventures and, of course, hunting and fishing.

Not on the list? Cannabis tours.

Valdez is home to Herbal Outfitters, Alaska's first marijuana retail store. It's a hip, clean building located in place of what was once the First Bank of Valdez. Derek Morris, the shop's owner, says his town is renowned for its natural beauty.

"I think we're a tourist destination al-

ready," he says of Valdez. "The cannabis shop adds one more unique stop to the visit."

According to Morris, visitors to his store have come from all across North America and even overseas. The company keeps a map on the wall with pushpins indicating where its customers have come from, with pins in most U.S. states and a handful of foreign countries like Russia, China and Iran.

But while some of those visitors chose his city and state because of legal marijuana shops like Herbal Outfitters, Morris says he thinks the majority have simply made it part of their already-planned Alaskan vacation.

Compared to other states with legal cannabis, Alaska has not distinguished itself as a haven of pot-related tourism. Travel agents in Colorado, for example, offer multiple pot-themed vacations, ranging to cannabis-infused massages to themed attractions such as Aspen Canyon Ranch. Initial reports out of the Centennial State show that the year after Colorado opened its recreational market, tourism in the state increased and 23% of tourists surveyed said the availability of marijuana played into their decision to visit, especially among younger travelers. There is even a website explaining the state's laws to tourists.

Alaska, on the other hand, has nurtured



A close-up of fuzzy buds available from Herbal Outfitters in Valdez. Left: an Alaskan home grower's Blue Band strain.



no such appeal. Medical and recreational use is legal in Alaska, but like in other states, the illegality of public consumption creates a conundrum for locals and visitors alike, making it nearly impossible for out-of-staters to legally enjoy a puff of the famous Northern Lights strain while watching the actual Aurora Borealis.

CAPTURING TOURIST APPEAL

The spectacular isolation that makes Alaska such a beautiful tourist destination could also be a disadvantage to those seeking a cannabis-themed getaway. The state ranked 34th in a 2014 poll of most popular states to visit by American citizens, and legal cannabis could be a

“**WE'RE A TOURIST DESTINATION ALREADY. THE CANNABIS SHOP ADDS ONE MORE UNIQUE STOP TO THE VISIT.**”



A map at Herbal Outfitters shows that Alaskans still provide the bulk of its business, which is open seven days a week and regularly sees a line waiting for the store to open.



Blue Dream grown by Green Rush Gardens, available at Herbal Outfitters.

much-needed boon.

But the cost and distance can be a hindrance. To travel to Denver from New York City or Los Angeles on an early summer weekend, flights can be found for about \$100 from either location. Flying to Anchorage would generally cost at least double that, plus additional transportation costs once in Alaska, due to the size and relatively minimal road system, all reinforcing the idea that no one takes a casual jaunt to Alaska. (Case in point, despite Anchorage and Valdez being separated by only 100 miles as the crow flies, it's a 300-mile drive on the roadways.)

"I think Alaska's always been an adventure destination," says Jillian Simpson, vice president of the Alaska Travel Industry Association.

Simpson is skeptical that cannabis could ever be enough of a draw on its own to entice visitors to hop a plane and fly to the northwest corner of the continent, but is quick to point out Alaska's natural features and appeal to niche groups, such as cruise passengers and ice climbers.

However, currently for a tourist, enjoying Alaskan-grown cannabis means you have to be willing to bend or break the law. State laws prohibit public consumption and it is also banned on the majority of cruise ships that bring tourists to the state through federal waters and across state lines.

Hypothetically, a cruise passenger could get off the ship at Anchorage and buy a Ganja Bar at Dankorage, but they would have nowhere to legally consume it in the city. They would also be technically barred from bringing it onto the ship and consuming it in their room. Hotel policies vary from business to business, but they're considered private property by the state.

So for many cautious travelers, the risk may not be worth it.

THE SLOG OF THE LAW

The slow process of permitting public use is not a surprise. Every state with legal cannabis prohibits public consumption, and the 49th state is not generally known for its innovative and progressive Legislature.

However, fees and bureaucracy are mainstays of Alaskan government, and cannabis is the most recent and public example. The application fee for a commercial marijuana license is \$1,000 with an

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Alaska's Growing Landscape

Alaska is by far the largest state in the union and it also has one of the smallest populations, giving it a population density of about one person per square mile. The distance between cities and the harsh landscape instilled a do-it-yourself work ethic in the state's first settlers that still defines the population today.

Marijuana laws have been no exception.

In 1975, the Alaska Supreme Court ruled in *Ravin v. State* that the state constitution protects the rights of citizens to possess small amounts of marijuana, making it the first state to essentially decriminalize the plant, decades before any other.

It also gave birth to a thriving culture of home-growing in Alaska. The current limit for growing in Alaska is six plants per person, with a 12-plant limit per household depending on the number of adults in the house.

Because of that, there were questions about whether retail outlets would still draw customers who had always grown it themselves. Or as one home-grower put it, "The people that are here seem to take care of themselves already. Is there room for a shop?"

For his part, Derek Morris of Herbal Outfitters in Valdez isn't seeing a lack of demand for store-bought cannabis. In fact, he counts himself lucky that he hasn't had a problem with running out of product, even though his shop is open seven days a week. Supply issues have cropped up at most stores in Alaska, similar to other states that have seen shortages in the early stages of the rec program.

So far, the statistics show that Alaskans have embraced legal weed, with sales and tax revenues increasing each month, though sales are still below initial state projections.

According to the Juneau Empire newspaper, the state collected \$693,029 in marijuana tax revenue from cultivators through April 2017. The state estimates a total of \$2 million in taxes by the end of the fiscal year on July 1. All taxes on marijuana in the state of Alaska are paid by growers, not retail shops.



Herbal Outfitters is located in Valdez, Alaska, a city that receives 305 inches of snowfall annually.

annual fee of \$5,000 if the application is approved. There is also a requirement that a grower must be a resident of Alaska for at least one year, and the ban on outside investment in cannabis enterprises has hindered industry growth.

Members of the five-person Alaska Marijuana Control Board, the body tasked with writing the state's cannabis regulations, voted in February to kill a proposal that would have allowed on-site consumption at retail stores, though a second vote to keep the measure alive for further discussion passed in March. Alaskan officials are not necessarily opposed to the concept of public consumption, having voted to allow it last year, but the regulations that would govern such spaces are yet to be written, meaning that for the time being, it is still for all intents and purposes illegal.

But the rules are continuously being written and rewritten. One Alaska resident, known by the moniker, Mid Toker, holds out hope that the state's Legislature embraces the frontier spirit of the people and blazes its own trail through public consumption laws.

"We're creating policy and law; we

can do whatever," says the host of "Far North Tokers," a cannabis-themed podcast. "So many people up here in Alaska, they're so afraid of being first, especially with on-site consumption."

Currently, public consumption is punishable by a \$100 fine — a citation similar to a traffic ticket, not a criminal charge — for those busted for smoking in public.

Morris says he too is disappointed by how slow the Legislature is moving on rules like public consumption and on advertising, but that public consumption sites are needed in order to compete for tourist dollars.

WAITING AND SEEING

The state Legislature is expected to address public consumption sites this year, but until lawmakers make a decision, Alaska's nascent cannabis tourist industry remains mostly under wraps.

That means taking a wait-and-see attitude, which for those in the industry who have watched as the state took 40 years to go from decriminalization to full legalization, is nothing new. The question is whether tourists will be willing to wait for clarity and make the Last Frontier part of their cannabis vacation plans.

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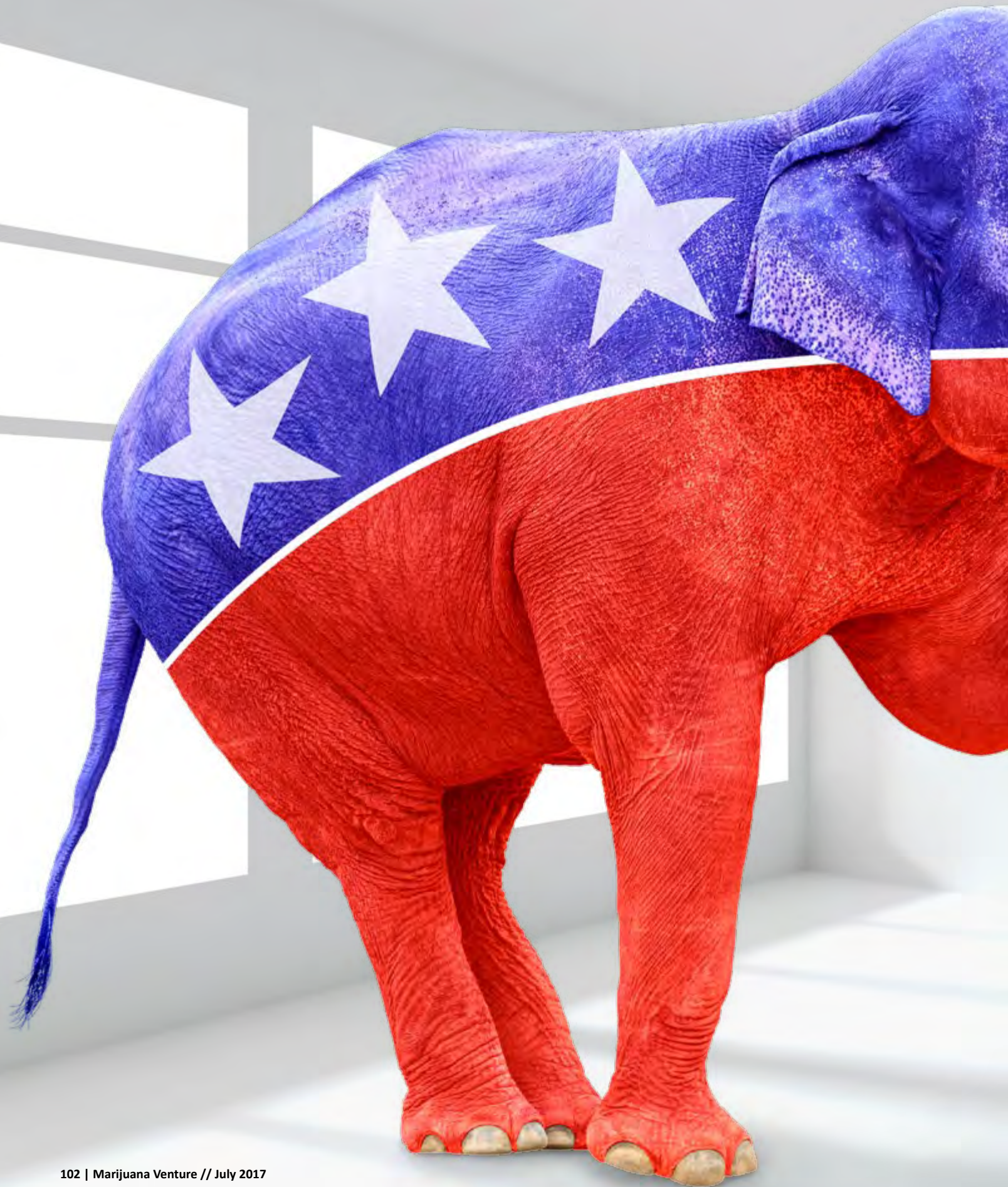


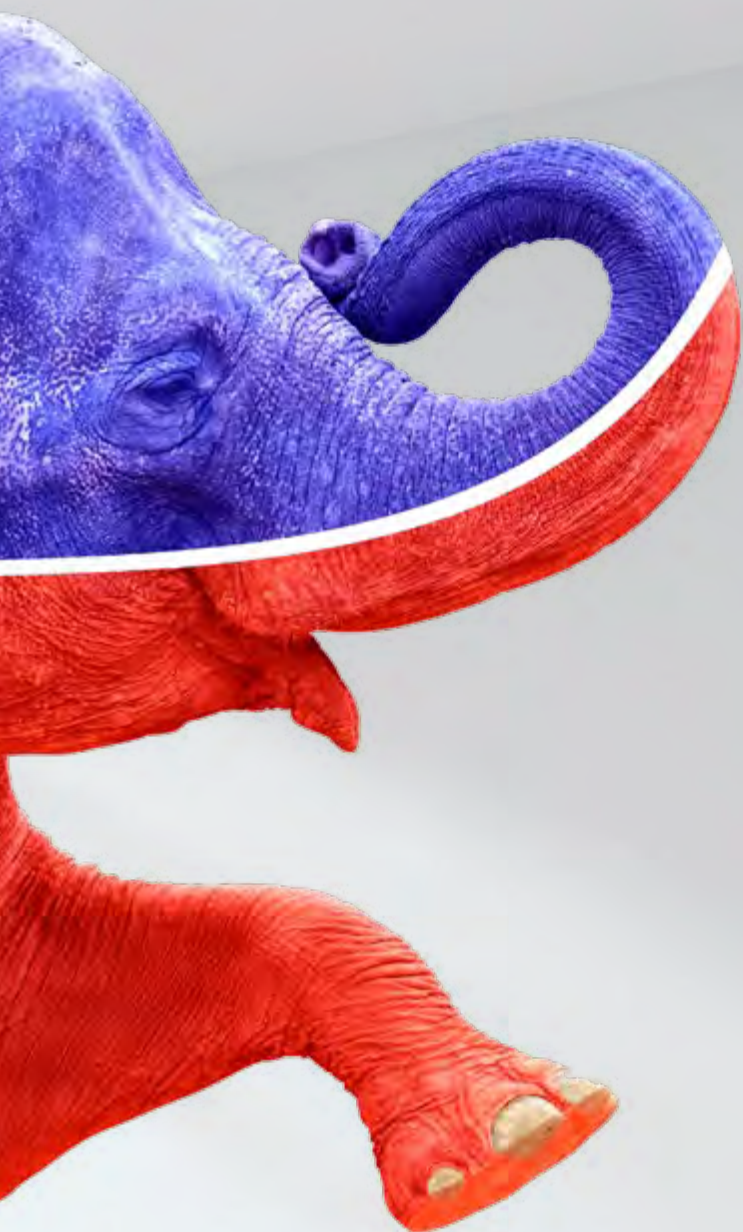
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The *Elephant* in the Room

As the partisan divide widens within the United States, cannabis could be the cure for common politics

By GARRETT RUDOLPH

When it comes to politics, the United States is anything but united. A 2016 study by the Pew Research Center indicated that American partisanship was at its most divisive point in more than two decades. And that was before the country elected a president whose campaign strategy included promising to jail his political rivals and delegitimizing the free press and before Republican leaders repeatedly declined to investigate startling evidence of a connection between a sitting president and a foreign government.

For the first time since the Pew Research Center began tracking this survey

data in 1992, a majority of both Republicans and Democrats viewed the opposing party “very unfavorably.” By some deeper analyses, the country may be more divided than any time since the Civil War.

Yet, comparatively speaking, liberals and conservatives have found common ground in one of the most controversial subjects of American politics: Marijuana.

Many high-ranking Republicans, including members of President Donald Trump’s cabinet, maintain a prohibitionist stance based on debunked theories about marijuana being a gateway drug that’s just as dangerous as heroin. However, more and more conservatives are beginning to see through the misinformation campaign

that has kept cannabis prohibition in place for nearly a century.

Typically considered a left-wing cause — and still supported by far more Democrats than Republicans — marijuana legalization is gaining momentum even among staunch conservatives in traditionally red states, thanks in part to groups like Republicans Against Marijuana Prohibition (RAMP), a 501(c)3 nonprofit founded in Texas in 2012 by Ann Lee and her late husband, Bob Lee.

Through an interview with RAMP communications director Hunter White, Marijuana Venture takes a deeper look at the organization’s mission and how it’s guiding conservatives toward the light.

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Marijuana Venture:

What is the mission of RAMP?

Hunter White: Our overall mission is to see an end to marijuana prohibition as a whole. That's a pretty broad mission, but we tackle prohibition in all its forms, from the criminal justice issues related to decriminalization, to medical rights, patient rights, individual liberties. We fight for the economic benefit of recreational marijuana and industrial hemp, as well.

The way we do that is we really try to get people who are involved in state and local Republican politics to get marijuana reform on state Republican party platforms.

MV: What are the central reasons RAMP opposes marijuana prohibition?

HW: Really, marijuana reform is something that should resonate with Republicans.

From an economic side, fiscal conservatives like the issue because it saves taxpayer money. We're not throwing people in jail and having to pay for them to be there. We're not having to pay police and these special agencies more to enforce these laws.

It appeals to the liberty-minded Republicans and more Libertarian-leaning Republicans, because why can the government tell me what I can and can't do, or what I can put in my body?

Another thing we have found as a good tenet for breaking into Republican circles is making a pro-life argument for marijuana reform — basically trying to show that a lot of people in the pro-life movement have a problem where they only care about the quality of life until the child is born.

They'll do everything they can to protect this child's life, and the child is born with intractable epilepsy and has a horrible quality of life. If marijuana can treat that and give them back their life, how can you say you're pro-life, but deny this medicine to this child? Or deny this medicine to somebody with multiple sclerosis.

We've actually found that to be effective in the southern states. You slap a pro-life issue onto it and Republicans start to listen. It's amazing.



MV: In the current political climate, Republicans and Democrats seem to disagree on everything. Yet, in a lot of ways, marijuana legalization should be a truly bipartisan issue. Do you agree with this? And do you think cannabis could be a subject that helps heal the massive political divide that we see right now?

HW: I absolutely agree that it's a bipartisan issue. This is something Democrats and Republicans can agree on.

I saw that happen in Texas just earlier this month. We had decriminalization and medical bills with very broad bipartisan support with Democrats, moderate Republicans and extreme conservatives all jumping aboard medical marijuana and supporting decriminalization. At least for Texas, it was a very nice change of pace from our normal, horrific party battles that go on.

I know that other chapters, especially our Virginia chapter, have seen that a lot. It is an issue that can bring us together. Even on the federal level, while there isn't the critical mass to get reform done, there is strong bipartisan support.



Hunter White, the communications director of Republicans Against Marijuana Prohibition.



Receiving a RAMP award, former Rep. David Simpson (center) is joined by (from left to right) Taylor Kuebler, RAMP founder Ann Lee, advocate Ileene Robinson and RAMP assistant executive director Zoe Russell.

Unfortunately, in Texas and states like Indiana and North Carolina, there are very entrenched conservatives who just will not budge on this issue for either no good reason or for some pretty unfortunate reasons. Depending on how your state is laid out, they can stop reform. We saw that here in Texas and we've seen it in other states as well.

MV: A lot of people we've talked with in Texas almost jokingly say it's going to be the last state in the country to embrace reform. Do you feel like you're seeing some traction and movement in a positive direction?

HW: Unfortunately, this is a bad time to ask because our session is about to wrap up and all of our bills died. But we did see an amazing amount of support in the Republican-controlled House. We saw some positive developments from Governor Greg Abbott about his pretty hardline stance. It didn't go far enough, but any step is good.

We've definitely seen reform and I doubt we'll be the last (state to legalize cannabis). I truly think, based on the number of lawmakers I've spoken with, that they'll see the amount of money California gets and after two or three years of that, they will not turn their backs. That's one of the reasons California was a big deal for our state, because that's a massive domino. That really pushes the needle for us.

MV: What does RAMP see as the biggest impediment to legalization?

HW: Some of it has to do with the political structure of states. In some states, it's just easier to get reform done; they have better access to the ballot, longer legislative cycles and usually governors that wield much more power than ours do.

As far as the federal level goes, half of it is just the lumbering mechanism that is Congress. It's hard to get that many people to agree on anything, especially when

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On the *Right* side of legalization

While many of the highest-profile Republicans in the country, including the president and members of his cabinet, are not friendly to the legal cannabis business, not every member of the party ascribes to the same rigid ideology on the matter. Republicans Against Marijuana Prohibition does not endorse candidates, but communications director Hunter White pointed out four Republicans whose views align with the pro-cannabis nonprofit.

Jason Isaac (Texas state legislator)

Jason Issac was elected to the Texas House of Representatives in 2010 as a conservative Republican. He recently co-sponsored bills legalizing medical marijuana and decriminalizing possession of small quantities on the plant.

David Simpson (former Texas state legislator)

David Simpson is a former Tea Party-supported member of the Texas House whose support of marijuana legalization stems from his belief that God does not make mistakes and the government should not outlaw plants designed by the Creator.

Rep. Thomas Garrett (Virginia)

Earlier this year, freshman legislator Thomas Garrett introduced in the U.S. House of Representatives the "Ending Federal Marijuana Prohibition Act." If passed, the law, which was originally introduced by Sen. Bernie Sanders in 2015, would remove cannabis from the Controlled Substances Act. According to Garrett's website, it is a criminal justice and states' rights issue for him.

Joe Rullo (candidate for New Jersey governor)

Current New Jersey Governor Chris Christie opposes legalization, but the man seeking to replace him does not share the same myopic view. Joe Rullo has said the success in other states convinced him New Jersey could also use the new revenue stream and save money on drug-related police enforcement.

partisanship is so high. Even when there is bipartisan support, some yahoo will throw something onto a bill or somebody in an important committee position can just kill a bill. There's no way around it.

Of course, there's also the rhetoric that comes from certain branches of government — mainly the executive at this point. When the attorney general speaks about an issue, people listen, and when the attorney general is saying very bad things about your issue, it doesn't matter that you may have the support for it. People tend to be either scared off or give it a second thought about whether it's right.

MV: What is RAMP's stance on President Trump? While it remains up in the air what direction he'll push marijuana laws (or at this point, how long he'll even stay in office), several of his appointments, including Jeff Sessions as attorney general, seem to indicate a re-escalation of the failed War on Drugs.

HW: As far as Mr. Trump is concerned, our organization was happy to hear that he had a position of non-interference with medical marijuana. It's not as good as the good old days when he said, 'legalize everything,' but that is a pretty status quo policy and at the moment, that seems about the best we can ask for.

Some of his comments about recreational marijuana have been disappointing, but he doesn't seem to want to act on any of that. Considering how popular that is and his current position, it seems very unlikely that would be something he'd want to touch, because he's already under fire and that would put him a little bit more under fire.

We were very happy to see that Mr. Trump retracted the nomination of Tom

Marino to be drug czar, and then in his dream budget he sent to Congress, he slashed the funding for the department. That was a positive development. I hope it was for the right reason in that it was a hindrance to reform, rather than just a drastic budget-slashing maneuver.

From what I understand, Marino had some rather large conflicts of interest, which would have made him a really unsuitable person for that position.

As far as how we combat Jeff Sessions wanting to reignite the Drug War, we're trying to get the states to change their laws at such a rate that the federal government won't have the time or the resources to claw back all the reform that's been made.

MV: What are the best ways for people to support RAMP and its mission?

HW: As far as supporting RAMP, that would be mainly donations or becoming members. But as far as the mission, honestly, it's doing the same thing we train and coordinate our activists to do, which is to get involved in your county Republican party. It's different for every state, but get involved in the process of modifying your party's state platform. Get involved in that process. Get involved in different Republican organizations that fit your demographic or specific ideology and bring up the issue. Make the argument that makes sense to them. And basically, try to lift the stigma that there aren't any Republicans who support this issue.

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TRAINING DAYS



Cannabis Industry Institute aims to improve and standardize training processes through online education courses

By GREG JAMES and GARRETT RUDOLPH

Employee training remains one of the most nebulous subjects within the cannabis industry.

Tom Brooksher, the president and CEO of Cannabis Industry Institute, is trying to change that by creating a series of online education programs designed to bolster the operational procedures of marijuana businesses.

The team behind Cannabis Industry Institute (www.cannabisindustryinstitute.com) has a long history of creating adult education programs, including more than 300 training courses in more than a dozen industries.

“We are using that expertise to leverage training and certification to build a career path that will provide the fundamental operating structure that the industry is missing today,” Brooksher says.

Marijuana Venture recently spoke with Brooksher about his company, the need for quality training programs and the future of the marijuana business.

Marijuana Venture:

Where do you see the most need for training in the marijuana industry?

Tom Brooksher:

Staff training and development. It’s almost non-existent today. Most retail and cultivation companies are so small that they can’t afford to hire a professional trainer. So most staff training consists of one employee teaching another, which perpetuates bad habits and misinformation. And third-party trainers in the industry are all focused on training investors, entrepreneurs and job seekers. Without professional staff training and development, the industry’s growth will be limited.

MV: How did the Cannabis Industry Institute get started?

TB: Based on my experience of creating highly successful training organiza-

tions in other industries, I was approached by a cannabis investment group and asked to start a professional training company for cannabis. They believed that the industry was missing that component and that without it their investments would be at risk. So we partnered to start CII to fill the void in the industry’s business services infrastructure.

MV: How is Cannabis Industry Institute different from other training organizations?

TB: We’re professional curriculum developers and trainers first and cannabis enthusiasts second. We’re also experts in online learning, which is critical for the cannabis industry. Live classroom training has its place, but in an industry dominated by small operations and populated by sub-\$20-an-hour workers, classroom training won’t scale. A dispensary in Pennsylvania can’t afford to put a new budtender on a plane and have them spend two weeks in California learning to do their job. Highly effective distance learning is critical to the growth of cannabis.



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Tom Brooksher,
president and CEO
of the Cannabis
Industry Institute.

MV: Where are you focused geographically?

TB: We're national in scope with plans to serve the international market as well. We currently have staff in Colorado and Washington state, but we service clients in all legal cannabis markets.

MV: What impact will California have on the market overall and on opportunities in the field?

TB: California is already a huge part of the market and its impact will be tremendous as the rec market comes online. It adds mass that will drive investment sources that aren't currently active in the industry to become active. That will further fuel opportunity and growth. We're really a small industry today and along with the federal regulatory uncertainty, our size is holding us back. California will be the biggest single factor in scaling the industry to the next level.

MV: Are you seeing a move to a more professional approach to the business?

TB: Yes, but the velocity needs to increase. The industry is still domi-

nated by licensees who don't have a great deal of business leadership experience. That, coupled with the fact that most are running very small businesses, means that too often they don't have the experience to envision where they need to take their businesses as the industry grows and matures.

We see a little more professionalism among companies that sell products and services to the industry, but only a little. If you walk the floor of any industry expo, the 'big' suppliers are companies with 20 to 30 employees. There are benefits to being an industry of micro businesses, but there are also lots of drawbacks that will slow our growth and development.

I strongly believe that the cannabis industry is highly unique because it has a core of people who passionately care about the plant and what it can do for the world. We don't want to destroy that spirit by turning the industry into just another profit-driven business. If we're going to bring cannabis to the masses and serve the needs of hundreds of millions of patients and consumers, we're going to need to become more professional. But we need to do it in a way that honors the legacy of the industry's pioneers and balances the need for reasonable profit with compassion. I believe cannabis has the opportunity to create the first truly caring industry in the world.

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CALIFORNIA RACES

State's top marijuana official talks about the licensing process and timelines of the Golden State's recreational roll-out

By GARRETT RUDOLPH

Everybody wants to know: Will California's regulatory structure be in place by Jan. 1, 2018, the deadline for the state to begin issuing marijuana business licenses?

"Yes, we'll make our timelines," says Lori Ajax, head of the Bureau of Medical Cannabis Regulation. "We have every intention of making the timeline."

Considering the extent of the regulations and the size of the state, developing and implementing proper regulations is an enormous challenge. And Ajax knows it.

THE UNKNOWNNS AHEAD

Licensing delays have been a complaint among applicants in nearly every state that has legalized and regulated either medical or recreational cannabis.

Ajax, known informally as California's pot czar, says the state is "on track to finalize our regulations."

"We should have our systems up and running," she says. "We have plans in place to make sure we can issue licenses on day one, but we won't be able to issue licenses to everyone on day one. We want to make sure we're doing responsible licensing."

Ajax says her agency has the authority to issue temporary licenses to businesses that have been approved by their local jurisdictions for commercial cannabis operations. Permanent licenses won't be granted until the state has been able to complete its background checks and other due diligence.

Businesses already in compliance with their local jurisdictions will be allowed to continue operating without a state license during the transitional stage, which should mitigate the rush of applicants when the state opens its portal for applications.

In addition to wondering whether the state



AGAINST TIME

will be ready on day one, Ajax has been bombarded by a wide variety of questions from potential applicants. People want to know what the application is going to look like and what info is going to be needed. They want to know when the advisory committee is going to be selected. But at the moment, there are far more questions than answers.

“I’m hoping we have answers fairly soon,” she says.

Her goal right now is getting staff in place at levels that are appropriate to handle what will likely be a tidal wave of business applications in early 2018. That includes a “lot of heavy lifting on our IT system,” she says.

It’s also important for her agency to get the word out to current and prospective cannabis entrepreneurs, so they’re familiar with the steps and the process. The state has set up its Cannabis Portal (cannabis.ca.gov), which acts as a centralized site for all information regarding marijuana businesses and appli-

cations. People can also sign up for regular email alerts from the state through the site.

Applications will be available online. Prospective business owners should work with both the state and their local municipality to ensure they have their ducks in a row prior to Jan. 1, 2018.

LICENSING

Similar to her counterparts in other states, Ajax had previously served as chief deputy director at the Department of Alcoholic Beverage Control, where she worked for 22 years.

Fortunately for her — but also potentially adding another layer of complications to the process — is that the Bureau of Medical Cannabis Regulation shares the licensing authority with two other state agencies. The BMCR is the lead agency and will handle retail and dispensary licenses, testing labs and distributors, while the Department of Food and Agriculture will license

growers and the Department of Public Health is responsible for regulating manufacturers of cannabis-infused edibles. Myriad other state agencies will also be involved in regulatory aspects, including the State Water Resources Control Board, the Department of Pesticide Regulation and the Department of Fish and Wildlife.

“We’re all focused on what needs to get done and the time frame in which it needs to get done,” Ajax says.

Although the language is slightly different between the medical and recreational sectors, dual licensing is a cornerstone of both programs.

Under the MCRSA, businesses have to be locally licensed before they can receive a state license.

Under the AUMA, the state can’t issue a license that would be in conflict with a local regulation or ordinance.

Both programs give a great deal of control to individual municipalities, so it’s vi-

tal that applicants communicate with their local governing agencies.

All three licensing agencies have been and will continue to hold meetings on proposed regulations. Ajax encourages feedback from members of the industry and the general public.

“Nothing is finalized yet and we’re really hoping people participate in that process,” she says. “We really have encouraged people to provide feedback on draft regulations.”

OUTREACH

Another frequent question that comes up revolves around the subject of banking. Entrepreneurs want to know what — if anything — the state will do to address the lack of access to traditional banking services and problems with the cash-only nature of the cannabis industry.

Ajax says it’s an important subject from a state perspective, in particular because it has to do with public safety.

“We’re trying hard to make sure that we solve that issue and that may mean some engagement at the federal level,” Ajax says. “It would be great if we had this solved by Jan. 1, 2018, but I’m not sure that can happen. We want to make sure people are safe. I don’t think anybody wants folks dealing with such large amounts of cash. It definitely is an issue and something that we’re committed to solving in California.”

Ajax has been researching the pros and cons of other state legalization programs and reaching out to her counterparts in Colorado, Washington and elsewhere.

“They were the first, so I always want to make sure that we’re benefiting from what they’ve learned,” she says.

For example, she says, early incidences of problems with edibles in Colorado have spurred conversations about dosages, packaging, limiting THC potency per serving, requiring THC symbols on packages and other ways to promote safe and responsible practices.

Testing is another complication every previous state has had to tackle and if preliminary reports are any indication, California could be in for a grave awakening when it comes to pesticides and other contaminants (see more on this subject in The Green Pages starting on Page 128).

However, Ajax is careful to point out that not all teachable moments from other states have been negative. She’s been impressed



with how early adopters of legal marijuana have handled public outreach — a key element to California’s roll-out based on the sheer size and population of the state.

Ajax says her counterparts in other states have been “very generous with their time.

“I’ve been very grateful how much they want to help us and make sure we get it right,” she says.

She also believes in keeping the regulations fluid and adaptable.

“I think even after they’re finalized this year, we’re going to be constantly making changes to them,” she says. “There’s going to be things in our regulations that have unintended consequences. I’ve always felt as a state, we need to react to those things quickly.”

MEDICAL AND RECREATIONAL

When Governor Jerry Brown first appointed Ajax, her agency was only responsible for regulating California’s medical sector under the Medical Marijuana Regulation and Safety Act. That task alone would have been monumental as medical marijuana has been legal in the Golden State for more than 20 years without any significant statewide regulations or licensing.

In many cities, local licensing has created a glut of gray market businesses with a limited path to full compliance.

Ajax’s challenge ballooned almost overnight when California voters approved the Adult Use of Marijuana Act in November 2016. She was appointed chief of the Bureau of Medical Cannabis Regulation in February 2016 (the agency was

originally called the Bureau of Medical Marijuana Regulation — and derisively nicknamed “Bummer”). Despite its direct connection to “medical” cannabis, the agency will oversee both the medical and recreational sectors.

Based on population, the size of other states’ retail markets and other factors, Ajax estimates the state will receive roughly 6,000 applications for retail licenses, including both the medical and recreational sectors.

Size and geography will be somewhat unique challenges for California’s regulatory agencies, but those factors will impact the roll-out more so than the actual regulations, Ajax says.

“It will be interesting to see how that shapes up next year,” she says.

But she admits that the agency doesn’t know exactly how many dispensaries are currently operating within the state, whether legally or illegally.

“We don’t really have a good solid number to give you,” she says. “We’ve done research on the websites and you can talk to the locals, but there are some areas where we don’t have a good sense of how many dispensaries are out there.”

In 2016, Marijuana Business Daily reported that approximately 2,800 dispensaries were operating in California and had generated about \$850 million in revenue. By comparison, Marijuana Business Daily’s numbers indicate California had 10% more dispensaries than the rest of the country combined (yet, had reported about 30% less revenue).

Just one year prior, there were fewer than 2,200 dispensaries in the state, according to research by economics professor Erick Eschker of the Humboldt Institute for Interdisciplinary Marijuana Research, a research organization based at Humboldt State University.

Ajax says she recognizes the importance of developing regulations that are robust, but aren’t so burdensome that existing businesses move back toward the black market.

However, once businesses are licensed, the state will work on a plan to deal with those that are operating outside the regulated market. Ajax says her agency is collaborating with California Highway Patrol and other law enforcement agencies to eventually shut down unlicensed businesses.

“You want to give them some incentive to come into the regulated market,” she says.



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Selling the Farm

Black Dog Acres founder Toni Reita addresses the pitfalls and obstacles of being among the first state-licensed cannabis growers in the country and why she's ready to part ways with her pot plantation

By GREG JAMES

Toni Reita is not the type of person who sits still very long. Reita's eclectic career has spanned a wide variety of industries, from construction to homeopathic medicine to agriculture. So it's not surprising that after three years as a cannabis farmer, she's ready for her next adventure.

The free-spirited founder of Black Dog Acres is putting her Goldendale, Washington property and state-licensed grow operation on the market.

Marijuana Venture first interviewed Reita for its February 2016 cover story, "Force of Nature," and now reconnects to discuss the rollercoaster life of a marijuana industry pioneer.

Marijuana Venture:
Why are you selling your business?

Toni Reita: Wouldn't a static life be boring? Dreams change. We don't choose them, they choose us.

If I were able to clone myself as successfully as my plants, wild horses couldn't pull

me away from this business. One clone would continue running the business, living and enjoying the tranquility of this gorgeous environment. Another clone would return to her roots of the self-indulgent gypsy life, footloose, fancy-free globetrotting.

That inner voice tells me that it's time to dabble my toes once again on distant shores, take tango lessons, revisit Machu Picchu, maybe cross paths with Arjan Roskam, the famed strain hunter of ancient landrace strains. Time, perhaps, for my linguistic abilities to once again take wing, though cannabis will always be part of my life.

It's just time to pass the dream to someone else.



MV: What has it been like to be one of the first state-licensed marijuana businesses in the country?

TR: Everything changes frequently. Currently, legalized cannabis cultivation and sales are regulated and treated with greater scrutiny than transporting nuclear waste. A natural plant is classified as a drug, yet plants are grown in soil, while drugs are manufactured in buildings. It's an upside-down world where Alice in Wonderland would blend beautifully.

Everything is a moving target in this developing industry. Yet, we love it because we are either adrenaline junkies, require psychiatric care or like that it helps keep us on our toes, offers a continual challenge, keeps us mentally agile and is creating history while normalizing this amazing plant.

The current pioneers of this industry

are only three years old, coming from many previous professions with different levels of experience and expectations. There were no mentors, flow charts, training or instruction manuals to guide us. We learned from the school of hard knocks and many of us feel like we've been put through the wringer.

Yet, at times, everything clicks into place and the euphoric synchronicity is wonderful, knowing that the system is starting to come together and will become increasingly better.

MV: What changes do you see happening in the future?

TR: It's a legal industry, yet we're regarded by some family, friends, neighbors and government officials as barely legal. The regulations are written in a way that at some point every day, I guarantee every producer, processor or

retailer is out of 'compliance' because of the wording and definition of getting something done 'immediately,' which isn't even close to being realistic with the time-consuming requirements.

When you consider that this federally illegal industry is rapidly spreading across states, it's easier to understand that the more strenuous rules and regulations were implemented initially and to imagine that as the industry evolves it will look different after some of the burdensome, time-consuming requirements soften and relax.

It isn't really too hard to imagine the winery model will eventually pass legislation as it did for the wineries. Think of other possibilities: Cannabis-flavored festivals helping to inspire tourism; wondrous innovations and exciting products; robotics for packing or harvesting. Truly, the industry is ripe for creative folks who are already in or are willing to invest early. Better too early than too late, isn't it?



Toni Reita describes high points in her cannabis career as “euphoric synchronicity.”

Once the industry is fully established, only the deepest pockets will be able to participate.

MV: What is the biggest challenge for cannabis growers today?

TR: Can you imagine the cost of tomatoes if farmers had to bar-code every single tomato immediately after reaching a certain size? Then they would need to package in one-ounce or smaller sizes and deliver them all over the state? Then the poor, dazed, exhausted farmer would also have to weigh his dead tomato leaves and vines, immediately enter information into a database every time a tomato died, find a spot to store the waste for three days, then actually destroy it and dispose what was only waste. Who would be able to afford tomatoes?

At every point of touching the plant, those bar codes change. If there is a reorder of the same product, the bar codes change again. So do the labels. Keeping track from seed to sale need not be so laborious and expensive. Some of the burden could be passed by changing legislation so we could sell wholesale quantities to retailers and they could package their own product. What could cannabis sell for if the dynamics of cultivation, recordkeeping and marketing were intelligently changed?

MV: What advice would you give to someone getting into the cultivation side of the business today?

TR: Perfect timing, whether by design or by default. You avoided the extreme growing pains associated with being licensed early without having any connections or realistic concept of how you would proceed. There were no informative metrics to direct us, few labs, no transportation companies, no online marketing services, no associations, few retail stores. Banks were running scared. Packing materials often took months for delivery.

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Reita says she is stepping away from her tranquil farm to resume her previous life as a fancy-free globetrotter.

with hard numbers or do they conflict with reality? How many participating principals are on board with the structure of your company? Who will handle that 3 a.m. emergency on a weekend in the middle of winter? This is very much a daily hands- and eyes-on business; is absentee ownership really practical? Plants and people need daily attention. Who can offer that better than an owner? Doesn't there need to be an informed decision-maker immediately available? Doesn't it make sense that every principal in your business knows how to do — and is willing to do — every aspect of your operation? The time you spend prior to planting your first plant should be directed to how you want to grow, to whom and how will you sell and can you do it for less than it costs you to grow it? Or do you have sufficient development funds until conditions change? Cannabis doesn't just sell and deliver itself. Take your sharpest pencil and factor in every known expense. Consider many eventualities to see if, or how, they could impact you. Know your niche and stick to it, but be flexible enough to change with market conditions. Remember, this industry is in its infancy and will change significantly.

MV: What should a grower avoid?

TR: Wasting their precious energy evaluating every industry rumor. They quickly pop up, are always dire, spread like wildfire and never materialize. Give everything a glance and then move on if it doesn't warrant further attention.

CHANGE IS INEVITABLE SO LEARN TO RIDE THE TREND, STAY FOCUSED AND HAVE FUN

Who will manage the intensive record keeping commitments? Who will market your product and how? Avoid hiring a 'master grower' who 'grows the world's best cannabis.' Who invented such a term? Will growers next be called 'cultivating engineers?' If one or more of your principals isn't fully capable of growing plants to your expectations, how can you trust someone who boasts that they do? Make sure you train your workers to do

it your way, not the way they did when growing six plants illegally in a closet.

Avoid egos. Very few things are personal. Be humble.

My motto is 'Bridges you cross before you get to them are over rivers that aren't there.'

Don't overly concern yourself with what every other grower's numbers or methods look like; spend your energy on due diligence for your unique circumstance and adjust accordingly. Change is inevitable so learn to ride the trend, stay focused and have fun.

MV: How have your retailer relationships been?

TR: Short and sweet. I consider myself a farmer and am truthfully disinterested after the harvest and trimming of the product. I would prefer that someone else pack and sell — although I do both retail and wholesale sales.

I like the outdoors and object to being confined inside. While I would be thrilled with vertical integration, it isn't here yet. In order to keep my prices trimmed, my costs must also be trimmed so it's not practical to visit every retail store in the state, although face-to-face encounters are always the best.

Retailers also come in all shapes and



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Reita wishes to pass the business off to another “adrenaline junky” who is willing to take the plunge into Washington’s ever-changing cannabis industry.

sizes with varying numbers of employees and tremendous responsibilities and obligations. They are busy people and may be too hurried to spend a lot of time chatting about what products you have to offer, or the buyer may not be available when you call or show up unannounced. To respect their time and maximize my effectiveness, the majority of my sales are done via email or texts. That’s just amazing to me, but it really saves time on both ends and provides both of us with a written record of our conversation and transaction. The few retailers I’ve met have visited the farm and those were a wonderful pleasure for me and a welcome relief and experience for them to see a full field of flowers blowing in the constant breeze.

MV: Is sun-grown still the cultivation method you believe in?

TR: The short answer is yes, but with lengthy qualifications that each individual must consider for themselves. Keeping in mind that cannabis happily and robustly grew outdoors in many inhospitable climates without significant human intervention for millennia.

But how best to grow it and profit?

Cannabis growing moved indoors only due to prohibition, for no other reason than to conceal it from law enforcement when special interests successfully demonized the highly respected herb.

Now we have growing choices. There are numerous considerations in answering what sounds like such a simple question. Expectation of perfection will lead to disappointment; we must each evaluate our decisions carefully based on our unique circumstances.

My answer is that I’ll always be sun-grown, even if some of that sun comes through plastic or polycarbonate to help protect the girls from pounding, relentless rain or hail and also offering the ability to supplement with lighting if it seems prudent during prolonged gloomy days.

MV: How have your greenhouses worked out?

TR: The best of both worlds. Imagine the magical sensation of working in below-zero temps on a sunny winter day, when within minutes, temperatures could easily reach over 100 degrees if you aren’t proactive about opening doors and/or turning off heat. There is a learning curve for the most basic greenhouses compared to the high-tech, push-button, fully automated versions. There are also huge cost differentials.

Greenhouses are truly essential if you plan to grow clones to perpetuate your genetics or get a head start on your outdoor crop, or if you want to stagger your harvests to even out the success or failure of an all-or-nothing, outdoor-only crop. My greenhouses are as basic as you can get and did amazingly well in temps of 13 degrees below zero with snow on the ground for months this past winter.

I will definitely be adding more greenhouses, staggering harvests and I also have a few ideas up my sleeve to mimic orchard growers as well for the outdoor crop.

I avoid obstacles, but welcome challenges, and this industry is full of both!



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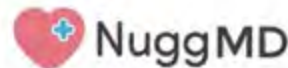
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Cultivating Trust



Cannabis growers continue to debate the importance of organic practices and the value of third-party certification. **BY R.W. NAVIS**

MANY EXPERTS see parallels between the cannabis and natural foods industries, leading to visions of a future where marijuana is sold in grocery stores like Whole Foods.

When that day comes, an organic certification would carry a lot of weight in distinguishing one producer from the next.

But until major changes happen both within the retail industry and in regards to federal regulations, the debate over merits of quasi-organic cannabis and the various certification programs available will continue.

The Case for Organic

As marijuana moves out of the shadows of the black market and the gray area of poorly-regulated dispensaries, consumers are increasingly paying attention to how their cannabis is grown. Like with produce, many health-conscious people want to know exactly what they're ingesting.

For those using cannabis for medical purposes, this is even more important — and unfortunately, much of the industry has done a poor job of self-regulating illegal pesticide use. In February, for example, an investigation conducted by NBC Los Angeles revealed high levels of pesticide residue on a range of cannabis products purchased from 15 different Southern California dispensaries.

Natural sunlight and soil are two of the USDA's requirements for becoming certified as organic.



The news organization purchased 44 cannabis products from dispensaries in Los Angeles, Orange, Riverside and San Bernardino counties and had the samples tested for 16 different pesticides by Steep Hill Labs in Berkeley.

According to the news report, almost every sales person at the dispensaries told the reporters that the products were pesticide-free.

The lab results would prove otherwise: An astounding 41 of 44 samples (93%) tested positive for pesticides “at levels high enough that those products would’ve been banned for sale in some other states that currently regulate the use of pesticides in marijuana products,” the report said.

The NBC Los Angeles report was published on the heels of dozens of entries being disqualified from the Emerald Cup in December 2016 for using banned pesticides. According to a story by the Santa Rosa Press Democrat, about 25% of the 263 entries in the concentrates category and about 5% of the 735 flower entries were disqualified for banned pesticides.

“We were dumbfounded that we’d see this (pesticide use) at that level,” Emerald Cup founder Tim Blake told the Press Democrat. “We’re going to have to be very careful about that in the future.”

Aside from the health aspects of clean cannabis, organic proponents point to increasing sustainability and superior flavors as reasons to avoid conventional fertilizers and pesticides.

Jason Kallen, director of San Luis Obispo NORML, believes organic, sun-grown cannabis also yields better terpene profiles. Kallen currently operates a 20-acre artichoke farm that is certified USDA Organic. He hopes to turn it into an organic cannabis operation in the near future.

“People who are educated in organic will want it in cannabis too,” he says.

Federal complications

At this point, however, there’s no such thing as certified organic cannabis.

“Organic (cannabis) is for real only in terms of organic practices,” says Justin Beck, president Cultivation Technologies in Irvine, California. “Organic certification is not yet available from the USDA or any of their authorized certifying bodies.”

Although the USDA will not issue its organic stamp of

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approval for cannabis, there are a handful of third-party certifiers that mirror the National Organic Program. But for a variety of reasons, many growers using all-natural practices forgo any sort of third-party certification.

On the opposite end of the spectrum, hundreds of cultivators use “organic” in their marketing without any independent verification of their methods — blurring the lines between organic and conventional techniques.

“It really comes down to trust in the cultivator,” says Obie Strickler, CEO of Grown Rogue in Medford, Oregon.

Strickler, who uses predatory mites to control pests naturally, believes his company has earned the confidence of consumers, but he’s also considering Clean Green Certification to appease the general public and reassure any skeptics.

“We’re potentially more regimented than what Clean Green Certification requires,” Strickler says. “I would say there is a high probability that we’re going to acquire their stamp. It gives the public assurance that we meet their standards.”

Independent Certification

Any discussion of organic cannabis eventually leads back to Clean Green, an independent certification program based on the USDA Organic standards, and its director, Chris Van Hook.

There are more than 80 Clean Green Certified farms in California and a couple dozen in other states that have legalized cannabis. While indoor growers can qualify for Clean Green Certification, the vast majority of farms are outdoor and greenhouse operations.

Van Hook says indoor-grown cannabis will never be certified USDA Organic, due to a requirement that crops be grown in soil with natural sunlight. He maintains that indoor grows are perfect environments for pests that usually require the use of pesticides.

Van Hook believes Clean Green Certified farms will be ahead of the curve once California enacts regulatory measures in 2018. As California’s retail marijuana shops start opening,



Restore Collective was one of only two Clean Green Certified cannabis cultivators in Los Angeles County at the time that an NBC news team found widespread residual pesticides at multiple Southern California dispensaries.



Grown Rogue uses predatory mites as an alternative to harmful pesticides.

Van Hook expects more and more customers will be looking for organic cannabis — a trend that has emerged with legalization.

One organization that has embraced organic methods and products is Restore Collective, a Clean Green Certified producer and processor based in Frasier Park, California.

Co-founder Mina Carrillo came into the cannabis world as the result of personal tragedy. The former Bay Area engineer had three siblings lose their children to a rare disease and she feared her daughter might suffer the same fate.

When physicians from the University of California, San Francisco recommended cannabis to treat her daughter's seizures, Carrillo was initially skeptical due to the stigma. But she eventually added some CBD to her daughter's dinner one night and within three hours noticed a complete change. Most of the palsy-like symptoms disappeared and three years later, those symptoms remain under control with continued CBD treatments.

Because it focuses on medical patients like Carrillo's daugh-

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Michael Brady leans in to smell the bouquet of Grown Rogue's Sour Cherry Soda strain

ter, Restore Collective is extremely selective of the both the cannabis and the ingredients used to produce its edibles.

“We send all our ingredients to Clean Green and they double-check where we buy from and that they all fall under the National Organic Program (guidelines),” Carillo says.

The Flip Side

However, not all growers are sold on the concept of organic farming — partially because the word can be misleading and partially because they see other techniques as more effective.

Some growers are concerned that the public is being manipulated by the use of the word “organic” in conjunction with cannabis.

“Using the term ‘organic’ in cannabis masks poor-quality products,” says Graham Shaw, the proprietor of California-based Graham’s Brand.

For example, he says, organic growers often use OMRI Listed pesticides. They may be organic, but it doesn’t mean they’re harmless.

Rather than growing organically, Shaw’s Humboldt County grow utilizes a lab-quality hydroponic setup to avoid the need for pesticides altogether.

“Organic is not better,” Shaw says. “Pesticide- and mold-free is the best.”

At Grown Rogue, Strickler also opts to not use pesticides, instead promoting general plant health and stronger immune systems by maintaining a clean growing environment.

For him, it comes down to a simple question: “Would you want your grandmother to use your product?”

In general, the cannabis industry has been seeking mainstream acceptance for years. Whether right or wrong, the general public has been sold on the benefits of organically grown fruits and vegetables, so producing organically grown cannabis could go a long way toward the greater acceptance the industry wants.

**USING THE TERM
‘ORGANIC’ IN
CANNABIS MASKS
POOR-QUALITY
PRODUCTS**

NUTRIENTS FOR COMMERCIAL CANNABIS CULTIVATION

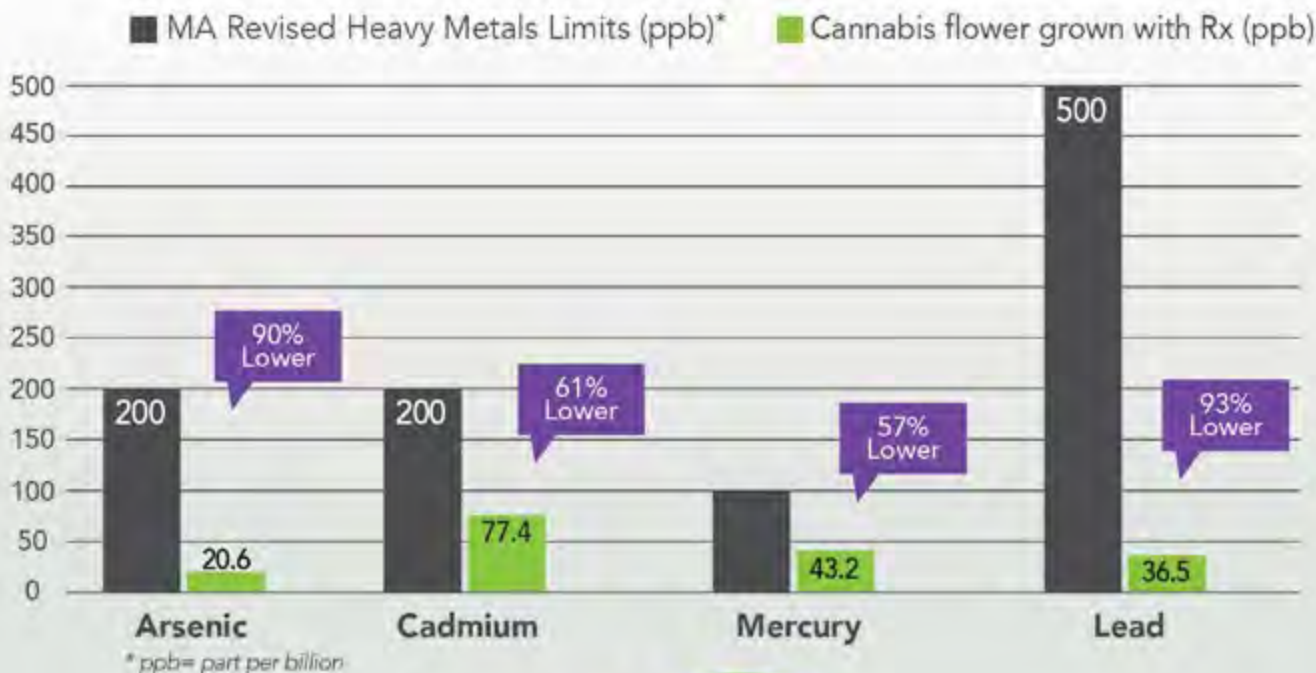


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The chart below details the results of heavy metals tests on samples of cannabis flower grown with Rx Green Solutions' full nutrient program in an inert growing media. Tests were conducted at Massachusetts Cannabis Research Labs (MCR Labs), located in Framingham, MA, on November 3, 2016. Visit our website for the full report and whitepaper.

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Tiny Terrors: The Hemp Russet Mite



How to recognize damage, plus strategies for prevention and control. **BY ANDREW BLACK**

T

HE HEMP RUSSET MITE is a type of microscopic arthropod that feeds on leaves, new growth, flower buds and on glandular trichomes of cannabis. The hemp russet mite belongs to the Eriophyidae family of mites which are economically significant crop pests in citrus, apples, grapes, hazelnuts, coconuts and tomatoes.

Symptoms of hemp russet mite damage can be confused with nutrient deficiencies, viruses and physiological disorders. The pests have the potential to be a major problem for cannabis production and have been reported by both indoor and outdoor cultivators in California, Oregon, Colorado and Washington.

The hemp russet mite (*Aculops cannabicola*) is closely related and belong to the same genus as the tomato russet mite. Studies of the tomato russet mite show that populations of the pest are suppressed by very cold temperatures or temperatures higher than 86 degrees Fahrenheit. In areas with very cold winters, pest populations decline dramatically. However, most cannabis growers clone plants from mothers that are stored indoors or in greenhouses where temperatures rarely drop below freezing, and russet mites on mother plants can be passed on to clones.

As legalized cannabis production expands, many cannabis producers are acquiring cloned plants from other farms or nurseries and may be inadvertently introducing hemp russet mite onto their farms. If growers don't understand how to spot hemp russet mite damage and deal with it using natural, organic-approved control strategies, they risk severe reduction in crop yield and quality.

Spotting Damage

Russet mites are a manageable pest if outward signs and symptoms of an infestation are recognized early. Because of its miniscule size, the mite is difficult to observe, even with a hand lens. You really need a microscope to see this pest. But growers can teach themselves to recognize characteristic leaf damage and flower damage and respond with appropriate, organic pest control strategies.

Good farmers can detect subtle changes in plants because they understand the life cycle of the crop and its pests. They know what normal plant growth looks like and can spot abnormalities quickly. The key to successful pest control is frequent scouting and recognizing pest damage.

- **Yellowing:** Signs of russet mite damage during the cannabis vegetative stage include yellowing at leaf edges, extending toward the leaf midrib. The yellowing observed in the photo to the right is from hemp russet mite damage observed on a cannabis mother plant at a state-licensed operation in Oregon. The yellowing is caused by mites piercing plant cells and feeding off the contents. As the damage progresses, leaf edges may appear burned and necrotic. Leaves may also appear rough, crinkled and stunted. The pattern of yellowing and necrotic leaf edges is often mistaken for nutrient deficiencies, fertilizer burn, or virus.

- **Canoeing:** The “canoeing” or curling of the leaves upwards at the petiole where the leaf attaches to the leaf stalk is another characteristic symptom of hemp russet mite damage. Unnatural leaf curling is a warning sign that the plant is under attack.

When plant leaves curl, it is often a physiological response to pests like mites and aphids.

- **Flower Damage:** As they feed on developing cannabis buds, hemp russet mites cause the pistils to darken and die prematurely. In this early flowering stage, the pistils are usually light colored, long and vibrant. Flower buds that are smaller than normal and browning can often be a sign of russet mites. Symptoms of russet mite damage on leaves during the flowering stage are less obvious than during the vegetative stage.

Yellowing is one sign of possible hemp russet mite damage. In order to spot infestations early, growers need to set time aside to observe their plants. *All photos courtesy Certified Kind.*

During the flower stage, leaves with damage from russet mites may appear rougher and smaller than normal. Leaf edges may appear slightly burned or wilted and have abnormal curls.

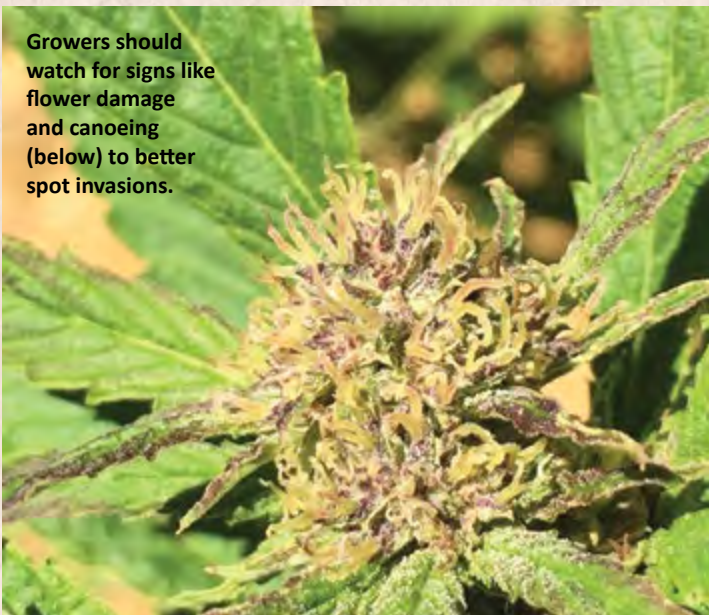
Controlling the Hemp Russet Mite

Scouting is the first line of defense to prevent crop pests, but scouting is only effective if you know the signs and symptoms to look for. Considering legalized cannabis is currently an extremely high-value crop, a regular pest-scouting regimen is recommended. For hemp russet mites, this means recognizing leaf symptoms and using a microscope to search the underside of cannabis leaves for presence of the pest.



FIGHTING PEST MITES WITH PREDATOR MITES CAN BE ESPECIALLY EFFECTIVE IN INDOOR SETTINGS

Growers should watch for signs like flower damage and canoeing (below) to better spot invasions.



There are a host of natural predators available and recommended to use at indoor, outdoors and greenhouse grow operations.

Handheld digital microscopes capable of capturing photos and video have also proven useful for positively identifying hemp russet mites and for assessing population size and degree of infestations. These mites are microscopic and can hitch a ride on clones acquired from other farms or even on the clothing of farm workers. Proper quarantining of new plants and consistent sanitation practices are essential to prevent and control russet mites.

Cannabis farmers who propagate cuttings from mother plants can take steps to prevent hemp russet mites by ensuring that their nursery is set up to provide the plants with optimal light, heat and water. Reducing stress will help to increase the plant's vigor and natural defense mechanisms.

Biological Controls

A non-toxic approach to dealing with many mite and insect pests is to introduce their predators into areas with known infestations. Commercially available beneficial predatory mites that have been shown to prey on the russet mite include *Neoseiulus californicus*, *Amblyseius andersoni* and *Amblyseius swirskii*. *Stratiolaelaps scimitus* is a soil-dwelling generalist mite that feeds on fungus gnat larvae, pupating thrips, patho-



genic nematodes and larval stages of root aphid. This predator mite may help to create a barrier at the soil surface and prevent hemp russet mites and broad mites from crawling up plant stalks to the leaves.

Fighting pest mites with predator mites can be especially effective in indoor settings where temperature and humidity can be manipulated to help the predator mite survive. For example, the beneficial predatory mite *Amblyseius swirskii* has been shown to be effective against white flies, spider mites, thrips, broad mites and the tomato russet mite, and works best at temperatures between 72 and 84 degrees Fahrenheit and 70% humidity. *Amblyseius andersoni* is active and effective at low humidity and high temperatures and is known to feed on hemp russet mites.

Both indoor and greenhouse cannabis growers can reuse their soils and mulch with straw to provide habitat for predator mites. One of the fundamental activities of any organic farmer is to work with natural cycles to build soil. By enhancing habitat for a diverse array of soil organisms, including predatory mites, cannabis cultivators can grow vigorous, pest-free plants. Outdoor farmers can help establish populations of beneficial insects and arthropods by mulching and planting cover crops and insectary crops.

Pesticides allowed by Certified Kind

Biopesticides include pest control materials derived from natural ingredients and plant-derived pest products like neem oil and garlic oil, as well as pest control materials derived from bacteria or fungus like *Bacillus thuringiensis* or *Isaria fumosorosea*. Cannabis farmers have had success combating hemp russet mite using a combination of biopesticides, including products with *Chromobacterium subtsugae*, neem seed oil, *Isaria fumosorosea* and citric acid.

Growers have also reported success using plant oils and horticultural oils that work by smothering the mite. Mites in the *Eriophyidae* family are known to be sensitive to sulfur as well. Elemental sulfur sprays have been used to control the Eriophyid mites in citrus groves in Florida since at least the 1930s. Elemental sulfur is an allowed pesticide in organic farming and is used extensively in modern-day organic grape and tomato production to control mites and fungal pathogens. Sulfur is also effective against hemp russet mites infestations in cannabis.

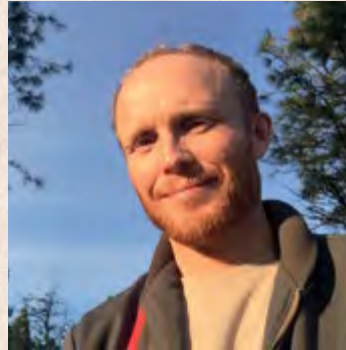
Growers should consider using a permitted sulfur spray

only after exhausting other allowed strategies. As with any pesticide, sulfur should be used with care and applications should follow label instructions including the use of personal protective equipment and re-entry intervals. Although the Environmental Protection Agency has established that sulfur pesticides are exempt from the establishment of a residue tolerance on food crops, no research has been conducted about sulfur pesticides used on cannabis intended to be smoked or concentrated into an extract. Common sense suggests that farmers should avoid applying sulfur to cannabis during the flower stage.

Growers should also not use horticultural oil and sulfur together since that combination will damage plant leaves. Ideally, cannabis farmers will detect hemp russet mites early and choose natural methods for control. Growers must develop robust, overlapping strategies for prevention of pests like the hemp russet mite. Building confidence in dealing with difficult

pests using natural and organic methods takes dedication, time and practice, yet is an essential and extremely valuable part of the kung fu of organic cannabis farming.

Andrew Black started Certified Kind (www.certified-kind.com) in 2014, with the mission to empower cannabis



growers using organic methods. Since 2005, he has worked for one of the nation's most trusted USDA Organic certification agencies. He has inspected hundreds of organic farms and food processing facilities and has made certification decisions for hundreds more.

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7 QUICK TIPS TO MAXIMIZE CANNABIS TAX BENEFITS

Knowing the rules can help business operators reduce tax obligations **BY PETER METZ**



Trying to understand tax laws related to the cannabis industry can make one dazed and confused. It is critical to consider the right ways to structure the ownership of these businesses and know the tax rules in order to reduce the taxation impact for investors.

Here are a seven tips cannabis business owners should take into consideration when investing:

1. Be prepared to pay a high tax rate. Since all expenses, other than cost of goods sold (COGS), are disallowed, your effective tax rate will be high. In fact, the tax could exceed the gross profits, meaning your business could be losing money and you still have to pay taxes.

2. Maximize your COGS. An often overlooked component is the additional Section 263A cost. This enables a portion of certain costs to be converted into inventory. When the inventory eventually gets sold, that's called COGS.

3. Understand how to allocate your expenses for COGS. There is guidance amongst IRS literature and tax court cases.

4. Not all entities are the same. Because of basis rules, C corporations work better, tax-wise, than partnerships. Here's why:

- Using a partnership vehicle to invest in cannabis could be a mistake because the "basis" rules do not work in your favor. High basis comes from income and capital contributions — it reduces your taxable income upon the sale of your partnership interest. Low basis comes from losses and withdrawals — it increases your taxable income upon the sale of your partnership interest. So the fact that non-COGS expenses are not deductible and cause a decrease in your basis is bad for your business.

- Your basis in a C corp is the amount of your investment. The basis does not change, despite the activities of the C corp, including when non-deductible expenses are incurred.

5. Consider non-traditional business arrangements. Would your non-COGS vendors want to be co-owners with you? Maybe they do. Rather than having your business pay them without getting a tax deduction benefit, you may be able to offer these vendors participation in your venture if they forego payment. These vendors may want to swap their income for a profits interest in your venture — and there could be some upside for them.

6. Diversify your businesses. Move away from just selling cannabis. For example, offer non-cannabis food and products, as well as therapy services. You might have some non-COGS expenses which could be allocated to non-cannabis products and services, which makes that allocated portion tax-deductible.

7. Capitalize on investment opportunities. Can I invest with my IRA and defer the gains? Yes, you can buy cannabis-related stocks which trade in the marketplace. The stocks are C corps. Indirectly, real estate investment trusts — which rent out space to their cannabis tenants — are another way to invest in this industry.

Knowing the tax rules for allowing recovery of a portion of non-COGS expenses and structuring one's investments are critical. An investor, working side by side with a trusted tax professional, can develop optimal strategies for minimizing taxes.

Peter Metz is a principal at the tax practice Grassi & Co. and brings more than 20 years of accounting experience to the firm. He has expertise in financial reporting, auditing, preparing financial statements, reviews, compilations, tax preparation and projections, forensic work and international tax compliance. He can be contacted at pmetz@grassicipas.com.

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A HIDDEN KILLER: THE CHAIN REACTION OF OVER-WATERING

Improper irrigation can ruin an otherwise perfect environment **BY JACK BOHANNAN**



Photo by SacajaGanja via Growery.org. (CC BY-NC-SA 4.0).

Every cannabis grower knows the perils of improper watering. Most can recall a time or two when they damaged the health of one of their plants through an overzealous watering schedule or simple forgetfulness. But few recognize the epidemic of ongoing, low-level over-watering.

Mild over-watering is hard to detect. It doesn't necessarily cause leaf droop and often presents no outward signs in the canopy, putting it into a category of "If it ain't broke, don't fix it." High-quality cannabis

and excellent yields are certainly possible despite imperfect hydration, but in the case of the world's most lucrative cash crop, optimization is paramount. Even a 4% bump in yield can create enormous addi-

tional revenue. Prudent watering can also lower overhead by decreasing the runoff of pricey nutrients while minimizing the electricity used for dehumidification.

THE CAUSES OF OVER-WATERING

As grow operations evolve, marijuana plants lead increasingly privileged lives. In the quest to increase quality and maximize yield, greenhouse conditions now approach environmental perfection. Climate-controlled temperatures, abundant CO₂, boutique nutrients and the 100% chance of sunshine have pushed growth far beyond what nature anticipated.

But in the case of watering, these ideal grow conditions create some ironic liabilities. For example, greenhouses maintain high humidity levels to ensure the stomata of the plants stay open to maximize CO₂ intake. Cool, humid mornings are the ideal opportunity for photosynthesis and greenhouse grows strive to replicate this time of day. This practice speeds growth, but plants are locked into a metabolic moment that only occurs in nature for a relatively brief period in the earlier hours of the daylight.

Throughout the rest of the day, the stomata open or close either to allow evapotranspiration to cool the plant in the hot sun or to conserve moisture if it's in short supply. The afternoon is a critical time for moisture regulation, typically in the form of moisture conservation. This period also presents an opportunity to eliminate extra water in the soil. Transpiration through the leaves releases water, but a humid greenhouse stymies the process and growers must carefully regulate relative humidity and temperature — in addition to their watering schedule.

VAPOR PRESSURE DEFICIT

Relative humidity (RH) is just that — relative. The amount of water vapor that air can carry is relative to its temperature: warm air can carry more moisture than

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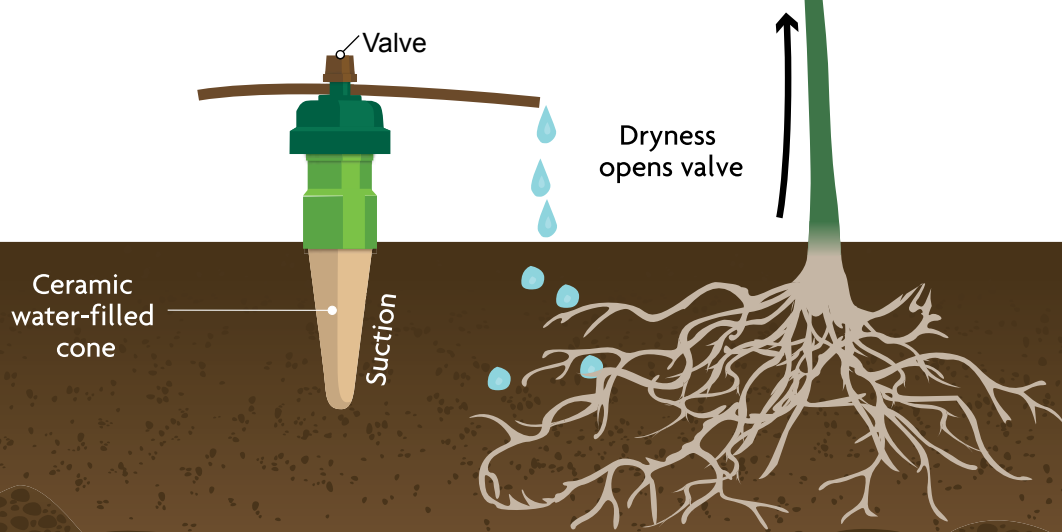
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Dryness = negative hydrostatic pressure = suction.

cold air. Warm air at 70% RH contains more moisture than cooler air at the same RH. Cultivators carefully monitor the RH and temperature of their grow rooms, but those conditions are just indicators of a more important phenomenon.

The pressure differential between the inside of the leaves and the outside of the air affects the canopy's ability to regulate and release moisture. More specifically, it's a lack of pressure in the air — a relative vacuum — that “pulls” moisture out of the leaves, and, in turn, out of the soil and through the plant. This vacuum is known as the vapor pressure deficit (VPD).

VPD matters more in the “minds” of cannabis plants and it's directly tied to the plant's transpiration — which is directly linked to watering. Transpiration — evaporation from the leaves — increases the moisture in the air, which lowers the VPD and limits the plant's ability to transpire. This compromises the plant's ability to cool itself under hot grow lights — even though ample moisture is available in the soil. Irrigation (the water introduced to the grow room) is the key to regulating VPD.

Even if RH and temperature are maintained within acceptable ranges, a variance in either condition can create a significant difference in VPD, which changes the watering needs. In the vegetative growth phase, a wide range of humidity levels is acceptable and the temperature should be maintained between 72 and 82 degrees Fahrenheit. But the air in the grow room exerts significantly more pressure at 82 degrees and 70% RH than at 72 degrees and 50% RH. Such a

difference requires an adjustment to the irrigation schedule to match the change in transpiration behavior.

So in the “mind” of the plant, changing VPD levels can make a set irrigation schedule seem irregular. It won't really damage the plants, but it can disrupt the near-perfect environment that maximizes growth.

HYDROSTATIC PRESSURE

A positive pressure, or “push,” takes place in the soil. Hydrostatic pressure is a complementary force to VPD, meaning that water is present in the air pockets of the soil and pushes on the roots. When these forces are in harmony, the plant can move water and nutrients up the xylem of the stalk at the rate it prefers.

When surplus water in the soil (hydrostatic pressure) pairs with a low VPD, the plant begins to “drown” because the process of transpiration can't keep up. Water displaces the oxygen needed by the roots. Because the ionic processes of photosynthesis require oxygen as a medium to release electrons, photosynthesis stops. Too much water can also drown beneficial soil microbes and spur the growth of other microbes that excrete alcohols and damage the roots. Once over-watering compromises the population of beneficial microbes, it may not recover, and nutrients that would have been provided by microbes are no longer available.

IDEAL IRRIGATION

Hygrometers, thermometers and soil moisture meters help manage VPD, but the time-intensive process is best handled by

an integrated automation system. Increasingly, computerized automation can adjust watering on the fly, yet simpler methods can eliminate the irrigation adjustments that are necessary to control VPD.

One such system, Trof Blumat, uses the principle of hydrostatic pressure to deliver water slowly and at the plant's preferred rate, allowing each plant to determine its own irrigation schedule according to changes in VPD, which minimizes wasted water and the need for dehumidification.

The ongoing assessment of VPD in relation to soil moisture can be a time-intensive endeavor. When a plant-responsive irrigation system is employed, plants have a variable they can control to regulate their own health, so they can adapt better to changes in grow room conditions that may be mildly unfavorable.

In fact, the plant's response to irrigation might be the only way they can provide growers with definitive feedback. Cannabis ultimately asks for more water, speaking in the language of dry soil, or refuses the water with a soggy signal it's had too much. When VPD is taken into consideration, irrigation can be planned from a better vantage point.

Letting the plants manage water intake can be a solution to the vicious irrigation/transpiration/dehumidification cycle.

Jack Bohannon is a Denver-based freelance marketing writer. He specializes in technical, cannabis-related subject matter. He can be reached at jack@jackb-writer.com.

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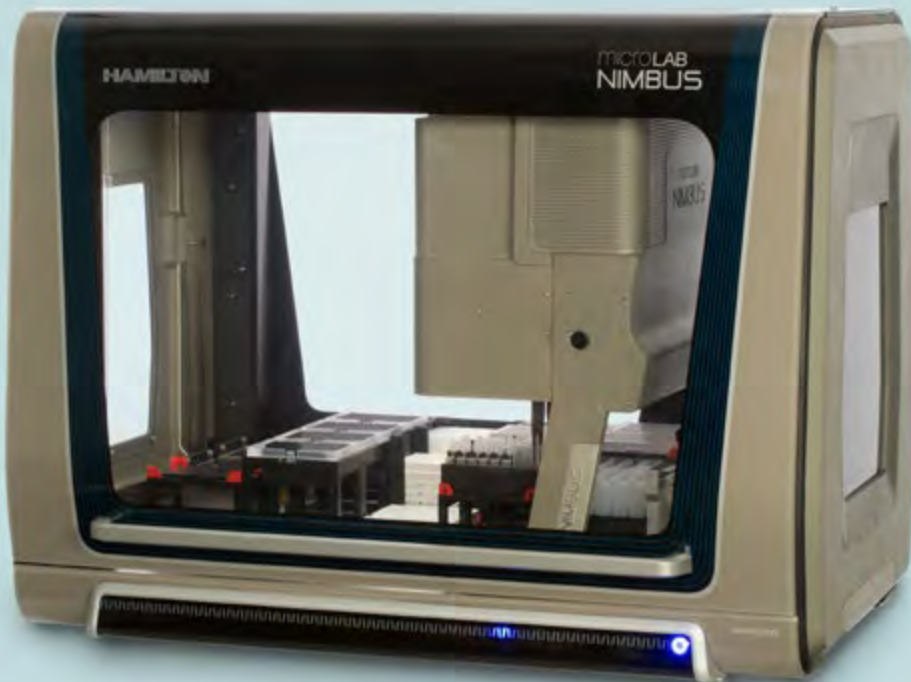
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AUTOMATION EASES TESTING BOTTLENECKS

Standardization can save time and ensure consistency for cannabis testing labs **BY RYAN M. RAVENELLE, PH.D.**



The Microlab NIMBUS automated liquid handling workstation from Hamilton Robotics provides speed, flexibility, and precision so that labs can ease sample testing bottlenecks and shorten time to results.

One of the biggest hurdles that producers and processors encounter is the process of regulatory testing. Testing requirements vary from state to state, but often include analyses on potency, pesticides and other contaminants, as well as documenting the sample's physical attributes.

The increased number of samples submitted to laboratories, along with ever-changing and complex testing requirements and protocols, means that it can take weeks to receive test results, which may be an impediment to efficiency or profits. This is further compounded if testing does reveal a problem and at least a portion of

the harvest must be destroyed.

An unfortunate workaround to this outward-seeming obstacle is the practice of “lab shopping,” whereby producers familiarize themselves with labs that provide favorable data.

However, it's important to remember that public health and safety are the pri-

mary motivations for cannabis testing requirements — not just for consumers, but for anyone exposed to cannabis cultivation and processing. At the same time, a grower or processor's reputation, and by extension, livelihood, could be a secondary motivator, as subversion for the sake of short-term revenue can have long-lasting or permanent consequences.

Earlier this year, two major Canadian medical cannabis producers were forced to recall large quantities of product due to failed pesticide testing. The two producers, Organigram Inc. and Mettrum, collectively serve about 25,000 customers, or about 20% of the medical card-holding market in Canada. It's highly likely that legal ramifications will follow as patients complained of deleterious health effects, according to a story published by CBC News. Consumers will undoubtedly remember these producers in a tarnished light, if the companies remain solvent.

Another consideration is the reputation of the entire cannabis industry, which has been striving for decades to gain public acceptance. It stands to reason that peer pressure will collectively drive responsible testing and abolish the practice of “lab shopping.” Yet, in spite of the critical nature of regulatory testing, the challenge remains for laboratories to satisfy their customers — the growers and processors — by minimizing downtime in the seed-to-sale production cycle, while still providing high-quality, accurate results.

THE BALANCING ACT

Testing facilities face a constant balancing act between external and internal pressures. Their customers demand quick turnaround and reliable, consistent results at an affordable cost. Cannabis testing labs need to attract, train and maintain qualified employees. Testing regulations continue to change, yet standardized test methods, such as those used in agriculture and pharmaceutical markets, do not

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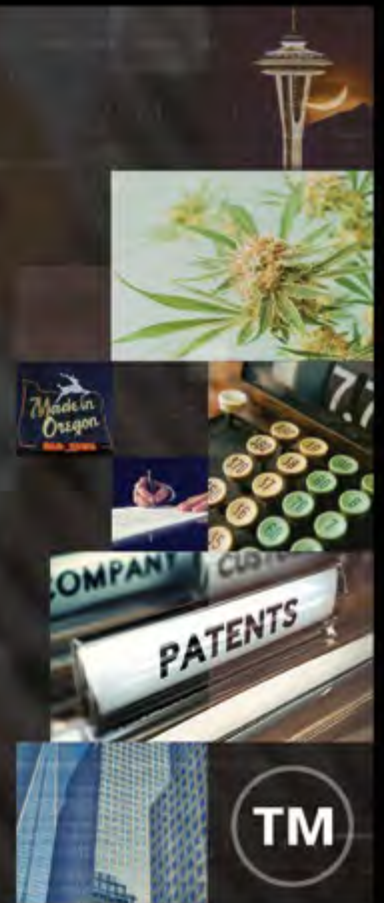
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AUTOMATION ENGINEERING

Packaging machinery may improve workflow, but it may also cause more bottlenecks

BY ALEX JOHNSTON

You don't have to be an industry insider to see that the edibles market is exploding. As consumers become more comfortable with these types of products, demand will continue to grow and producer/processors will need to scale up their operations to keep pace.

For child safety reasons, most jurisdictions place restrictions on packaging for edible products. The combination of these two factors means a considerable amount of time and energy are being put into placing cookies, chocolates and brownies into compliant packages, all at a rising cost.

The obvious solution to rising expenses is automation, but how do you know where to start? There are literally hundreds of packaging automation companies, offering a variety of solutions, at price points ranging from a few thousand dollars to multi-million dollar systems. It is important to have a well-thought-out plan for what you are hoping to achieve with your system and to clearly define your requirements. This means looking at all your current and planned products, projected quantity of the product and the steps involved in getting them packaged in an attractive and compliant package.

Once that is figured out, match each step in the process with a machine that fits your budget, but make sure to allocate your automation resources evenly. One of the biggest mistakes people make is over-spending on capacity they can't use. Think about it like buying a Ferrari, then being forced to drive behind a school bus; Just because the sales rep tells you a machine can produce 300 pieces of candy per minute doesn't mean you will be running it that fast, especially if the steps before and after that machine are slower.

There are a lot of people excited about this industry and looking for ways to invest. Capital equipment is a popular channel for third-party investment, but even if the money is available, make sure you are buying the capacity you can actually use. For example, one manufac-

yet exist in the cannabis market. Labs are therefore responsible for developing and validating their own test methods that are often unique to the wide variety of cannabis-based products, from flowers to various edibles, concentrates, tinctures and more. Each product category takes time and money to develop testing methods.

Typically, each test is performed manually, which can take significant time and limit the number of tests that can be conducted each day. For example, the procedure for preparing cannabinoid extraction samples is notoriously burdensome; samples are ground, then various extraction solvents and dilution buffers are added and the mixture is filtered prior to analysis. When performed manually, the visual interpretation of particle size and physical force necessary to push a solution through a membrane during the grinding and filtration steps, respectively, often vary from technician to technician, thereby impacting consistency of results, and perhaps requiring retesting if performed incorrectly. These steps and the addition or removal of liquids require active time from technicians in the context of the overall testing workflow, which can last for several hours each. As individual samples are handled independently, the technician becomes the critically limiting factor in sample processing time and throughput.

Most cannabis testing laboratories operate on tight budgets, so any negative disruption to the delicate and ever-shifting balance between cost, time and change could impact not only the quality of results, but the success of the business. At the same time, retailers and, ultimately, consumers, rely on lab results to authenticate that what they are selling and consuming is safe, and at the correct dosing concentration.

AUTOMATION SALVATION

Automated instruments are a tool that cannabis testing laboratories can employ to ease the sample bottleneck and quickly adapt to change without sacrificing quality or long-term profits. Automation is already used by cannabis producers, from irrigation systems to packaging machines. The general principle is to get more done in less time, and in a consistent, repeatable manner. The same principle applies to a wide array of automated laboratory instruments that are already well-established in a host of related industries, including life science, diagnostics, food, agriculture and many more.

In the cannabis testing lab, an automated instrument like a liquid handler can be used to perform routine sample preparation and extraction tasks such as dispensing, aspirating or evaporating liquids. Steps are pre-programmed into the instrument and can be quickly recalled, while lock-out protocols prevent unauthorized or accidental changes. This increases the efficiency of sample processing, even among different sample types, while it removes the risk of operator variability. This frees staff members from tedious and repetitive laboratory test procedures, so they can focus on important issues like data analysis and developing new methods for testing and validation in response to changing regulations.

Automation can save time while increasing throughput, for increased workflow efficiency that benefits the entire cannabis supply chain.

Laboratories can easily achieve a 25% decrease in overall elapsed workflow time for a batch of 96 samples. The active time required by techni-

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turer was about to buy an \$80,000 filling machine until he realized he could fill all his orders just by buying a \$20 set of specially sized measuring cups.

When looking at a new automation purchase, be sure to ask yourself the following questions: Is this the slowest part of my production process? Once I get this machine, what operation becomes my new bottleneck? What constraints does this machine place on my future business (such as limits on product dimensions, package style, etc.)? How much capacity of this machine will go unused?

Manufacturers like Nestle, Mars and Hershey's spend millions of dollars every year not just on equipment, but making sure they buy the right equipment. As cannabis-infused edibles companies mature and the industry grows even more competitive, they will need to apply the same level of rigor to their automation plan.

Alex Johnston is an industrial systems engineer and Lean Six Sigma black belt. He and his team specialize in helping companies find the right automation solutions for their processing and packaging systems. For more information on automation system design and process improvement, contact him on LinkedIn at www.linkedin.com/in/alexjohnstonusa.

icians is reduced by around 40%, allowing them to focus on other tasks. By removing manual operator variabilities, result accuracy is increased along with a reduced need for repeat analyses. It's worth highlighting that as labs move into higher throughput analyses, their overall per sample analytical cost goes down as both manpower and related material cost per sample decreases.

With the tight control and consistency of automated methods comes a natural progression toward standardization too. When a standard method is developed, validated and programmed, it is locked down and easily transferrable to other automated instruments, whether in the same lab or across other locations, saving significant time and efforts associated with duplicated standard operating procedures. It also contributes toward gathering collective knowledge and quality assurance for organizations such as the Association of Commercial Cannabis Laboratories.

Another benefit is accountability through complete sample tracking and

data records. If a producer questions results, the lab has a documented trail of data attached to the sample and any lab technicians involved in the testing processes.

As the cannabis market continues to expand and gain public acceptance, testing requirements will likewise evolve and mature. This places even more importance on the testing lab and the benefits of automation will become a critical asset, as it can alleviate concerns from all sides of the industry, from producer to consumer, and increase overall efficiency, quality and safety in this nascent field.

Ryan M. Ravenelle obtained his Ph.D. in chemical and biomolecular engineering from the Georgia Institute of Technology. He joined Hamilton Robotics in 2015 as scientific leader of applied sciences. He focuses on industries outside of traditional biology and life sciences, including promoting and developing automation solutions for the cannabis industry.

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The building blocks for buying or selling a business

Recent changes spur seller's market for Washington licensees

By David Kerr



Recent legislative changes and proposals are likely to generate a bit of a seller's market for licensed cannabis businesses in Washington.

The state Legislature recently increased the number of marijuana retail licenses an individual can own from three to five, and the Washington State Liquor and Cannabis Board is working through the rulemaking process that could potentially allow licensed producers to hold an interest in more than one license (the public comment period closed in May).

While there are potential opportunities available, the reality is that in a highly regulated industry like marijuana, buying or selling a licensed business is a complex undertaking that requires patience, diligence and attention to detail. So let's review some of the basics of buying or selling a cannabis business in Washington.

GETTING STARTED

Finding a qualified buyer or seller is the first, and often the trickiest, part of the buy/sell process. The word "qualified" is the key, and this may mean different things depending on whether you are the seller or the buyer.

For the seller, a qualified buyer is one who: a) is serious about the acquisition of your business and not just casually exploring the possibility or "kicking the tires" as they say; b) actually has the financial resources available to enter into and complete the transaction on terms acceptable to the seller; and c) is able (and willing) to go through the somewhat lengthy Liquor and Cannabis Board approval process, which includes a review of the buyer's residency, source of funds and criminal history.

For the buyer, a qualified seller is one who: a) holds the licenses in good stand-

ing with the state regulatory agency; b) actually owns and has the right to sell the business; and c) isn't trying to dump a business that is saddled with debts or other obligations that would accrue to the purchaser because the transaction cannot be an asset purchase that would be free of any of the liabilities of the business. Ownership is not always as clear-cut as it may seem and requires the buyer to conduct a review of the seller's ownership structure, particularly when the business being sold has a complex or contentious ownership history.

LETTER OF INTENT OR OPTION AGREEMENT

Assuming a qualified seller and a qualified buyer are ready, willing and able to enter into an agreement for the sale/purchase of the business, the next step is hammering out the terms of the deal and getting these down on paper so the deal can move forward.

This is usually accomplished by the seller and buyer entering into a preliminary and conditional agreement — either a non-binding Letter of Intent (LOI) or an Option Agreement that can be either binding or non-binding depending on how it is structured.

At this stage of the process, both the seller and the buyer are looking for some degree of certainty that this transaction is going to move forward. The seller wants to nail down the buyer as best they can so that the buyer doesn't dump them and run off to pursue another deal; the buyer wants to tie up the seller and the business so they don't continue to shop around for more money or better terms.

The agreements are still preliminary and conditional at this stage because Liquor and Cannabis Board rules prohibit the actual sale of the licensed business, the exchange of money to purchase the licensed business and the buyer exercising control of the business being purchased unless and until the buyer is

approved by the agency. Getting ahead of the Liquor and Cannabis Board at this stage of the transaction can have disastrous consequences for the licensee selling the business.

CONTINGENT SALES CONTRACT

An alternative to entering into an LOI or an option agreement is for the buyer and seller to negotiate and sign a Contingent Purchase Agreement. This agreement is the actual contract document that will finalize and complete the purchase and sale of the licensed business, but it is contingent upon Liquor and Cannabis Board approval of the transaction and the change in governing people.

FINAL PURCHASE AGREEMENT

If the parties are using an LOI or option agreement, they will also need a final Purchase Agreement that will memorialize and contain all terms of the purchase and sale of the licensed business. It is generally a good idea to negotiate this agreement at the time you enter into the LOI or option, so that the Purchase Agreement can be attached to and incorporated into either of these documents.

BUYING OR SELLING A LICENSED BUSINESS IS A COMPLEX UNDERTAKING

Having a negotiated Purchase Agreement serves to provide greater assurance to both the seller and the buyer. It also nails down the terms and conditions of the transaction, and provides the representations and warranties of both the seller and the buyer. Of course, you can wait and do the final Purchase Agreement later in the process, but I recommend that if you are going to have a disagreement about any of the terms and



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conditions in the Purchase Agreement, it is better to settle that disagreement before everyone spends a lot of time, energy and money.

PROMISSORY NOTE

If any portion of the payment price is going to be paid over time, then that will require a promissory note from the buyer to the seller that outlines the necessary terms for payment. The parties will want to negotiate and clearly state the period of time for payment of the balance of the purchase price, the frequency of payments to the seller, the interest rate and how any default in the payment will be handled.

Sellers often require some form of security to ensure payment of the outstanding purchase price. The seller can take a security interest in the non-marijuana assets of the business, that when properly perfected, will make the seller a secured debtor. It is also possible to take a security interest in the stock or membership interest of the business, so that the seller

can (in effect) take back the business if the buyer defaults. This is considerably more complex, but a skilled attorney can and should assist you in drafting the necessary documents.

Neither buying nor selling a licensed marijuana business is simple or easy. It is certainly trickier than buying the coffee stand on the street corner. I have done a number of these transactions and I can tell you, no two of them are the same and no two of them unfold in the same way. There are always challenges and stumbling blocks along the way. Get someone in your corner who has been down this path a number of times before and work with them. Their experience and expertise can help and guide you.

Attorney David Kerr serves business clients throughout Washington, including an emphasis on the emerging legal, regulatory and compliance issues facing new cannabis businesses. He can be reached at david@dkerrlaw.com.

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Massachusetts lawmakers delay recreational launch

Cultivator applications may be pushed back to 2020

By Yoni Bard



Massachusetts has all the makings for a prosperous cannabis market. Unlike most other states that have legalized marijuana, Massachusetts is within driving distance of the nation's most densely populated urban centers. Boston itself is home to more than 30 colleges and a steady flow of tourists, so it's no wonder that legal marijuana is expected to generate more than a billion dollars of revenue in the commonwealth by 2020.

Massachusetts voters passed a comprehensive and sensible recreational marijuana law in November 2016, sowing the seeds for explosive economic growth and promising an end to the black market. But just weeks after the law took effect, a handful of state lawmakers gathered behind closed doors and decided to delay the rollout of the recreational industry by rewriting the law.

The Legislature's delay affects all aspects of the new law and establishes a new time frame for various steps required for the program's rollout:

- The governor must make initial appointments to the Cannabis Advisory Board, a panel without regulatory authority that makes recommendations to the Cannabis Control Commission by Aug. 1;
- The state treasurer must make initial appointments to the Cannabis Control Commission by Sept. 1;
- The commission must promulgate marijuana regulations by March 15, 2018;
- The commission must begin accepting applications for dispensary, cultivator and/or product manufacturer licenses from entities that hold final or provisional registrations to operate medical marijuana locations from the Department of Public Health under the medical licensing regulations by April 1, 2018;
- The commission must begin accepting licensing applications for marijuana

testing facilities by April 1, 2018;

- The commission must begin accepting applications from all retail and manufacturer applicants by April 1, 2019; and
- The commission must begin accepting applications from all cultivator applicants by April 1, 2020.

The Joint Committee on Marijuana Policy is responsible for suggesting changes to the current law and has begun considering dozens of bills, which range from small tweaks to a complete repeal. One of the industry's concerns is that the new law will snatch regulatory control away from the state treasurer and place it in the hands of an independent commission destined to become an industry lap dog.

Increased local control is perhaps the biggest and most likely threat to the Massachusetts recreational industry. Under the ballot law, municipalities can pass reasonable zoning measures related to cannabis operations. But any severe limitation — prohibiting an entire type of establishment, reducing the number of marijuana retailers to fewer than 20% of the number of liquor retail licenses issued or allowing fewer retailers than medical marijuana treatment centers — requires a majority vote of the residents in the municipalities. At least 10 municipalities have already banned recreational marijuana establishments and more are soon to follow. Other towns have delayed retail marijuana through temporary moratoria, insisting they need additional time to develop zoning rules and regulations.

Governor Charlie Baker wants greater local control. He worries about the business density dilemma that has developed in Colorado, where marijuana retailers are concentrated in low-income neighborhoods. To avoid this problem in Massachusetts, Baker favors capping the number of retailers per neighborhood.

However, if municipalities are free to impose bans without a popular vote, wealthy neighborhoods will slam their doors and the recreational shops will

gravitate toward lower-income neighborhoods that need the revenue. Additional local control may undermine the fundamental policy driving legalization because the black market will continue to thrive in places where adult users cannot access regulated retail marijuana.

The Joint Committee is racing to unveil new legislation on some of the most pressing issues (such as selecting a regulatory body) by the end of June. The rest of the rewrite — and the billion-dollar industry relying on it — will have to wait until later.

Yoni Bard is an associate in Foley Hoag's litigation department, where he represents individual and corporate clients in a broad range of civil disputes (www.massachusettsmarijuanacounsel.com). He has advocated for low-income clients before the U.S. District Court and the Boston Immigration Court. He also served as a judicial intern for the U.S. Department of Justice within the Executive Office for Immigration Review.

At a Glance

In November 2016, Massachusetts voters approved the Regulation and Taxation of Marijuana Act with 53.6% of the vote. The act legalizes possession of up to one ounce of cannabis for people age 21 and older and establishes a Cannabis Control Commission with the authority to license, regulate and tax marijuana businesses.

The act also:

- Sets a 12% maximum tax rate on marijuana establishments;
- Allows registered dispensaries to operate as retail outlets and permits marijuana product manufacturing or cultivation to be located on the same premises; and
- Allows entities that have received a provisional license from the Department of Public Health under the medical marijuana program to apply one year before any other applicant for one recreational retail, product manufacturing and/or cultivation license.

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Beyond federal trademarks: Perils and opportunities

Industry-wide legal headaches are on the horizon

By Robert W. Payne



With the legalization of marijuana in California, trademark protection issues will erupt like never before. Roughly 30 states have now legalized medical or recreational marijuana. Moreover, the election of President Donald Trump and the confirmation of Attorney General Jeff Sessions portend a possible change in federal enforcement efforts regarding the sale and possession of marijuana and related paraphernalia.

The trademark legal front is also active. On Oct. 27, 2016, the Trademark Trial and Appeals Board denied federal trademark registrations for marijuana-related sales and services to JJ206, LLC (dba JuJu Joints). The JuJu mark was for a “smokeless marijuana or cannabis vaporizer apparatus” and “cannabis delivery device.”

Larger-scale commercialization of marijuana puts this nascent industry on a collision course with federal obstacles of a far greater scale than existed just months before. It is time to pause and ask: What level of trademark protection can these companies enjoy? What strategies can be used to cope with these issues?

Trademark protection is important to marijuana businesses, as it is to all successful companies. New companies will face increasingly vigorous competition. Differentiating their product and enhancing their brand not only serves as a symbol of source but also assures consumers of the character and consistent quality to expect.

At its core, that is what federal trademark protection provides. A registered mark provides significant benefits, including nationwide protection and priority, and a presumption of ownership of the trademark. Priority from federal registration is nationwide, giving the first to use the mark a coast-to-coast market. But

federal trademark registration is generally not available for cannabis businesses.

Federal trademark registration is not permitted for unlawful uses. The federal Controlled Substances Act prohibits making, distributing or possessing controlled substances, including marijuana, and the sale or use of drug paraphernalia. Thus, marijuana-infused food and beverages, oils, creams and smoking implements do not qualify for registration. Further, enforcements based on unlawful use in connection with federal registrations are not enforceable, according to a Ninth Circuit federal case in 2007 brought by CreAgri, Inc.

One option marijuana businesses have is seeking registration for a non-regulated use. While federal registration is not available for goods and services that are illegal, federal registration is still an option for goods or services capable of use outside the drug context. Registrations have been granted, for example, for dissemination of marijuana-related information, promotional items and food and beverages which do not contain a controlled substance.

This will not go as far as these businesses prefer, of course. However, registered protection for food items like non-cannabis brownies under the mark “DreamSweets” might give some protection against a competitor selling “DreamSweets” or even “DreamTreats” brownies containing marijuana.

ALTERNATIVES TO FEDERAL REGISTRATION

Consider two hypothetical producers of recreational marijuana. One is based in Colorado and begins selling under the Canna Bong brand in 2015. The other is based in Washington and markets CannaBhang edible products in 2016. What can possibly go wrong?

- **State Trademark Registration:** Aside from federal registration, one option both companies have is to seek state trademark

registration. One could simply seek registration of the mark in each particular state in which legalization has occurred. This would be an unusual strategy in any other industry, where a single, federal registration would replace dozens of state registrations. While most businesses need not resort to state registrations, some marijuana-oriented companies may need to consider it.

A state registration strategy would involve multiple filings in selected states, creating a patchwork of protection. Aside from the cumbersome process itself, another shortcoming is that in most states, there is no process for applications prior to sales of the product with the branding.

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Intent-to-use applications, available in federal registrations, allow one to secure priority rights to a mark even before sales of the goods or services begin. This is particularly helpful in a new, fast-growing industry. It allows an applicant to select and secure the mark while it develops the product, before others rush in. However, the registration is issued only after the product is sold.

Even without intent-to-use protection, however, state registration is a good approach for many legalized sellers. Applications are relatively simple and thus cheap.

However, there’s a big glitch in states like California, which currently follows the federal USPTO standards for issuance of registrations. Thus, a mark that is not registrable at the USPTO is not registrable in California, even if the sale of goods is lawful under state law. However, the

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California Legislature is considering a change to that standard, so stay tuned.

Relying on a state-by-state strategy means companies have to “race” to each legalized state to be the first to use or register a mark with that particular state. Since the Canna Bong and CannaBhang marks are confusingly similar and for similar but different goods, the first to register in California may block the second from obtaining protection. Canna Bong may be registered in Nevada to the exclusion of CannaBhang; CannaBhang may be registered in Maine, to the exclusion of Canna Bong.

• **Common Law Protection:** The second option is to rely on the common law and not seek federal or state registrations. Common law trademark rights arise simply from good faith (bona fide) sales in a given area. Thus, one who begins selling product with a distinctive trademark can have priority over a second seller using a confusingly similar mark for similar goods.

One limitation of these unregistered marks is that protection only reaches as far as the goods are sold. Localized sales of Canna Bong in the San Diego area,

would give that producer local, but not statewide priority. If CannaBhang is the first to establish sales in Northern California, it may have priority there. Note that the first to sell a product anywhere (in this case Canna Bong) is irrelevant on the statewide or common law level.

Complicating this picture further, the territorial reach of a company is not always obvious. Is Canna Bong only sold in the San Diego area or has it been established further north, into Orange County or parts of Los Angeles? Carried out over a 30-state map, this can get very complicated. The pattern of trademark protection may become even more balkanized by this process.

While there is no explicit bar in enforcing marijuana-based common law marks in federal court, the issue of illegality is untested so far.

• **Priority Fights Looming:** Current strategies aside, widespread state registrations and common law protection will (necessarily) create industry-wide legal headaches in the future. There will be complications in enforcing common law rights between parties. It is not always easy to prove the first sale in an area or to

define the area adequately.

What if federal law changes to allow federal registration? Problem solved? No. If prolonged, the current trends will complicate our trademark future. The relatively clear national priority rights arising from federal registration will be problematic at that point. The ongoing process of patchwork creation of state registrations and common law rights will produce a thicket of exceptions to national priority by then. For example, a producer may come along and register Kana-Bang for marijuana cigarettes in the USPTO before Canna Bong or CannaBhang. However, each of the latter companies will have priorities over Kana-Bang in the areas and goods for which rights have already been established, so even federal registration won’t mean what it usually does.

Robert W. Payne practices intellectual property law at Payne IP Law (www.bob-payne.com), serving clients nationwide. He is the former chairman of the California Bar’s Intellectual Property Section and has represented clients in trademark, patent and copyright matters for more than 20 years.

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Canada's robust environment for cannabis investing

Legalization measure bolsters investor confidence

By Lauren Rudick



In more ways than geography, Canada is “higher” than the United States.

Since the 2015 election of Prime Minister Justin Trudeau, investors globally have had an eye on Canada. In April, the Liberal government introduced a measure to legalize cannabis; investor confidence is soaring; Canadian cannabis stocks continue to trade successfully in public markets; and the average private investment in Canada is reportedly tens of millions of dollars more than that in the United States.

Upon parliamentary and royal assent, Canada's legalization measure, Bill C-45, will set the framework for regulations governing the production, distribution, sale and possession of cannabis throughout Canada. Currently licensed medical marijuana producers will be automatically licensed to continue their activities under the act. The Canadian government anticipates that legal sales of cannabis will begin mid-2018.

The act also contains a series of objectives, many of which echo the priorities of U.S. federal enforcement delineated in the 2013 Cole Memorandum and the criminal sentencing guidelines that formerly existed in the 2013 Holder Memorandum, which encouraged strict sentencing for only the most serious and high-level drug kingpins and traffickers (U.S. Attorney General Jeff Sessions rescinded the 2013 Holder Memorandum in May).

Above all, the act seeks to: (a) restrict youth access; (b) protect young people from promotion or enticements to use cannabis; (c) deter and reduce criminal activity by imposing serious criminal penalties upon those who violate the law, especially those who import, export or provide cannabis to youth; (d) protect public health through strict product safety and quality requirements; (e) reduce the burden on the criminal justice system; (f) provide for the legal production of cannabis to reduce criminal activities; (g)

allow adults to possess and access regulated, quality-controlled legal cannabis; and (h) enhance public awareness with respect to health risks associated with cannabis.

The act legalizes dried and fresh flower, oil, seeds and plants. Edibles are expected to be legalized, but are prohibited for now, as the government grapples with regulations governing dosing, packaging, labeling and product warnings.

Cannabis businesses may also anticipate heavy regulations on advertising — more akin to tobacco regulation than alcohol. Branding will be kept to a minimum, to the chagrin of current licensed producers. Taxation remains an open question, as regulators seek to make legal cannabis more affordable than cannabis offered through the black market. Likewise, penalties for black market activity are steep: up to 14 years imprisonment for illegal distribution or sale, or production of cannabis beyond personal cultivation limits or with combustible solvents, and up to five years for possession over the limit.

Under the act, adults 18 and older may publicly possess and gift up to 30 grams of dried cannabis (or the equivalent in non-dried form); grow up to four plants per residence, anywhere on their properties, to a maximum height of 100 centimeters each; and make edible and other infused products at home, provided they follow safety standards. Provinces are empowered to alter these federal minimums and maximums, including enacting zoning regulations and measures to allow or restrict consumption in public places, such as cafes and bars. As long as local law is followed, there will be no barriers to transporting cannabis between provinces and territories.

Transportation across international boundaries remains prohibited. According to Michael Bergman, a Canadian cross-border transactional attorney, “Once in force, Canada's cannabis legislation will radically change the environment for the horticulture, refining, sale, distribution and personal use of cannabis, no doubt challenging the check-

erboard permissive cannabis use legislation in some of the states the United States.”

The concept of legal cannabis is not new in Canada. Medical cannabis is overseen by Health Canada, the country's governmental public health department. Unlike the U.S., federal legality has allowed licensed medical cannabis producers to operate openly, without fear of civil asset forfeiture or governmental raid or arrest, conduct much-needed medical research, enjoy traditional banking relationships and taxation schematics, register federal trademarks and foster general stability. Existing licensed producers are scaling up in anticipation with far greater ease than cannabis businesses in the U.S.

For example, in April, the Toronto Stock Exchange welcomed the world's first publicly traded cannabis fund, Horizons Medical Marijuana Life Sciences ETF (TSE: HMMJ). Its top stock, Aurora Cannabis (NASDAQOTH:ACBFF) is up 345% over a one-year period.

On May 9, Aphria recorded the country's largest capital raise to date. The “low-cost” producer powered solely by sunlight in Ontario, Canada's greenhouse capital, closed more than \$86 million.

Then, in late May, MedReleaf shattered that number with a \$100 million IPO with shares priced at \$9.50 apiece, making it the second-largest publicly traded medical marijuana company behind Canopy Growth.

Of the top 10 licensed producers, seven enjoy a market cap greater than \$100 million, including Canopy Growth (TSE:WEED), the industry's first unicorn, with a \$1.2 billion valuation and a one-year return of 316%.

While significant economic barriers to entry exist, the reward is enticing: Conservative forecasts estimate that the value of the Canadian market will exceed \$8 billion by 2024. For those eager to invest or go public in a decidedly stable market, options abound in Canada.

Lauren Rudick represents investors and startup organizations in all aspects of business and intellectual property law, specializing in cannabis, media and technology. Her law firm, Hiller, PC (www.hillercp.com), is a white-shoe boutique firm with a track record for success and handling sophisticated legal matters that include business and corporate law.

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P.O.V.

P.O.V. is a monthly section in Marijuana Venture showing images of operational cannabis businesses throughout the U.S. and Canada. To submit photos for consideration in future issues email: Editor@marijuanaventure.com.



The first O’Cannabiz conference drew a wide variety of patients, physicians, licensed producers, industry professionals and members of the public to Toronto for a series of discussions and seminars focused on Canada’s emerging marijuana market. Speakers included: (above, from left to right) Noa Kahner, Tracy Ryan, Dr. Gina Berman, Maya Michelle, Lily Hester, Dr. Uma Dhanablan; activist Jodie Emery (below, left) and singer Melissa Etheridge (below right), who also owns Etheridge Farms. *Photos courtesy O’Cannabiz.*



P.O.V.



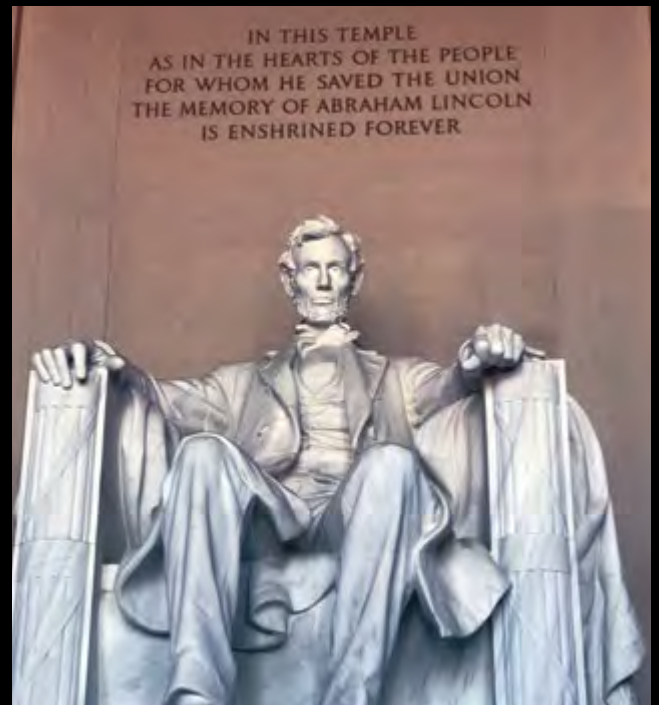
The spring Marijuana Business Conference and Expo found its way to Washington, D.C. in May, with thousands of attendees from all across the country descending on the Gaylord Convention Center for a week of networking, product demonstrations and giveaways for products ranging from vaporizers to nutrients to extraction machines and safes.



Among the rows of vendors at the Marijuana Business Conference and Expo were everything from lawyers, above, to grow lights. *Photos by Brian Beckley and Marijuana Business Media.*



P.O.V.



Outside the convention hall, attendees and exhibitors, like Marijuana Venture managing editor Brian Beckley and account executive Aaron Greenreich (lower left) were treated to warm, sunny days in the nation's capital and the opportunity to visit the U.S. Capitol (top), as well as the Washington and Lincoln Memorials.



Among the larger booths at the Marijuana Business Conference and Expo was the one belonging to website Leafly, above, and displays of the newest lighting technology, bottom.



P.O.V.



Clockwise from top: Kara Schoener, operations manager for the Canna West Seattle retail shop displays some of the products available for purchase at her store, including flower from Canna Organix and Washington Bud Company (photo by Greg James); Marijuana Venture magazine made its debut at Chapters bookstores in Canada with the May issue, expanding circulation to more than 5,000 copies throughout the Great White North; a close-up of a Purple Punch bud grown by Pinnacle Organics in Oregon (photo by Michael Caley).

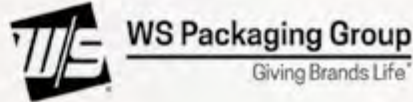


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Business Intelligence

Cannabis Benchmarks.....93
Lemonhaze.....58

Consulting/education

Bridge West.....113
Clean Green Certified166
Denver Consulting Group.....82
RW Navis.....163
Superior Cannabis Consultants165

Contractors

Picatti Brothers.....157

Distributors

Vital Garden Supply.....156

Employment Services

420 Careers125
Alliance 2020.....173

Events

Cannabis Science Conference.....92
CWCB Expo.....76
Interchange Summer '17.....77
MJ Business Conference12
RAD Expo 32, 68
The Seminar Group.....157

Extraction Equipment

Across International178
Eden Labs55
ExtractionTek.....31
Precision Extraction.....57

Financial Services

Tax Defense Accounting.....22

Greenhouses

Evolve Greenhouse Systems111
Growers Supply67
Hort Services.....163
Next G3N.....177
Nexus107

Growing equipment

Accelerated Growth Solutions165
Aessence47
AgriAir Equipment44
AiroClean420..... 9
Air-Pot..... 6
BOLD Light Deprivation143
Canarm19
CO2 Meter.....162
High Caliper Growing System.....11

HydroLogic109
Left Coast Wholesale15
NCFI Polyurethane.....29
Puradigm Solutions45
Rambridge.....23
Savant Tech53
Surna.....27
WaterPulse.....145

Insurance

Nine Point Strategies161
Shirreff Insurance159

Legal

DK Law152
Gleam Law149
Gordon Thomas Honeywell Law157
GSB Law46

Lighting

Bios Lighting 3
Forever Green Indoors.....51
Nanolux Technology 1
NCWGS.....123

Misc.

Energy Trust166
Method Seven149
Pacific Sportswear174
Peterson Cheese.....112
Suite 420 Marketing147
Vanity Number VIP163

Packaging

Assurpack.....147
Bio Hazard Inc.131
Cannaline36
Evans MacTavish.....174
Futurola 4
Kush Bottles25
Maverick Label26
MV Package Design48
VC999.....75
WeighPack.....121
WS Packaging173

Producer/processors

Chicago Culinary FX161
Clarity Farms83
Kushy Punch.....141
Maple Leasing165
Silkie Farms151

Retail services/equipment

Bud Bar Displays.....145

PayQwick166
Retail by Champion63

Security

CustomVault.....84
Salient Systems81

Seeds

Crop King.....20
Seeds Here Now41

Soil/nutrients/pesticides

Berger101
Bio Nova.....65
Flying Skull159
Growth Products39
Lambert Peat Moss.....17
Miller Soils104
Mills Nutrients99
Netafim161
North Country Distributors155
Premier Tech91
Rx Green Solutions135
Safer..... 2
West Coast Horticulture35

Testing Labs

Confidence Analytics 5

Trade/business associations

Hemp Industries Association155

Transportation

Campbell Nelson159
Terpene Transit.....151

Trimming

Centurion Pro79
Speedee Trim174
Trimpro 7
Twister Trimmer73



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TREES OF SOUTHERN OREGON

A Grown Rogue employee stands next to one of the company's big green monsters — a plant that will get even bigger as it approaches harvest season.

PHOTO COURTESY GROWN ROGUE.

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