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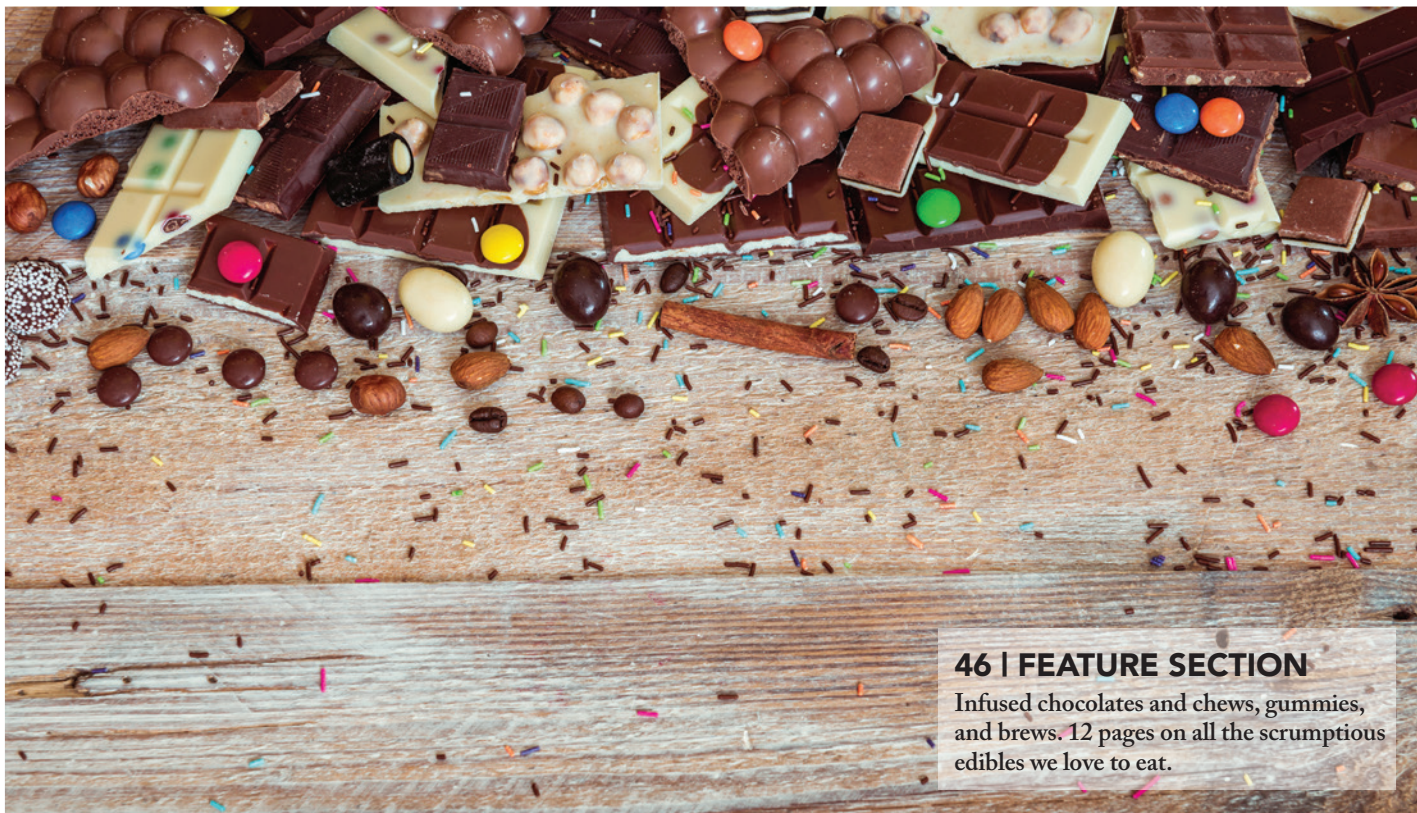


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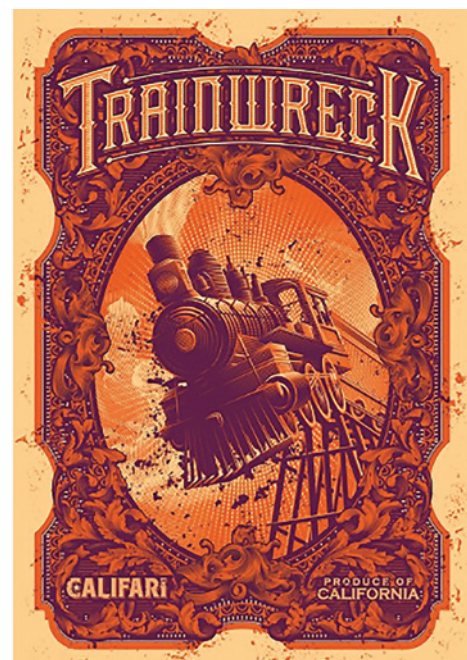
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# Economies of Scale

After talking with hundreds, if not thousands, of people over the past several months at cannabis trade and consumer events in Colorado, Nevada, Washington State, California, and elsewhere, the outline of a discernable national cannabis industry begins to take shape.

Cannabis and its byproducts may not legally cross state lines yet, but many pick-and-shovel businesses have established substantial national campaigns, and businesses that touch the plant are also visible and doing business on a national scale. True, each state is a regulatory and economic island unto itself, moving forward at a different pace from its neighbors (with many states still to come online), but the nation has already been quantified as a single cannabis market even in the face of White House comments about a renewed crackdown on "recreational" cannabis.

As unfortunate as such a thought may be, a far more powerful force will determine how the industry evolves. In fact, the prerogatives that come with economies of scale are already having their way in state markets that have achieved a certain level of stability. That should surprise no one. The foundational economic rule positing that a product made better for cheaper can, and usually will, come to dominate a market is as true for cannabis as it is for any other commodity.

Effort will be required to prevent the rise of cannabis monopolies, but nothing can prevent the benefits derived from economies of scale. No one should want to prevent those benefits. Instead, because economies of scale are a defining reality of business, accepting them and incorporating them into one's strategy now is the only way to roll.

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For the Cannabis Professional

EDITOR IN CHIEF: Tom Hymes

EXECUTIVE EDITOR: Rob Hill

CREATIVE DIRECTOR: Angela Derasmo

CONTACT: Editorial@cannmg.com

### CONTRIBUTING EDITORS

Adrian Z. Sedlin, Anastasia Kaufman, Benjamin Hoopes, Bruce Margolin, Chauntelle Tibbals, Danny Reed, David Hodes, Heidi Marks, Jeffrey D. Welsh, Kenneth J. Berke, Josh Wurzer, Leslie Bocskor, Lukian Kobzeff, Luke K. Stanton, Jackson, Joanne Cachapero, Larry J. Towns, Luna Stower, Matthew Rosen, Megan Stone, Michael S. Chernis, Michael Ray, Nancy A. Shenker, Neil Juneja, R.E. Graswich, Sahar Ayinehsazian, Sean MaHannah, Scott Jordan, Shara Ross, Steve Javors, Stewart Tongue, Tera McGrath, Tom Quigley, Travis Turner

COPY EDITOR: Kathee Brewer

### ADVERTISING & MARKETING

ADVERTISING DIRECTOR: Debbie Caracciolo

SALES DEPARTMENT:

Brie Ann Gould, Stephanie Smith

CONTACT: Sales@cannmg.com

### PHOTOGRAPHY

COVER PHOTOGRAPHY: Misha

CONTRIBUTING PHOTOGRAPHERS: Hew Burney,

Kristen Angelo, Mike Rosati

PHOTO EDITOR: Zack Korn

MAKE UP: Robert Sotello

### CONTRIBUTING ARTISTS

Amanda Nelson-Sinagra, Ryan Caradang,

Zack Korn

### DATA MANAGEMENT

DATA MANAGER: Sonia Erazo

### ONLINE DEPARTMENT

BRAND MANAGER: Ryan Caradang

WEB DEVELOPMENT: Executionists

SOCIAL MEDIA: Danny Reed

VIDEO DEPARTMENT: Eric Mittleman, TJ Roberts

### BUSINESS OFFICES

CHIEF EXECUTIVE OFFICER: Darren B. Roberts

EXECUTIVE DIRECTOR OF CONTENT: Linda Friedman

DIRECTOR OF OPERATIONS: Erin Zavala

CREATIVE STRATEGIST: Gavin Antill

PUBLIC RELATIONS: Craig Melone

EXECUTIVE ASSISTANTS: Jane Smith, Taz

GENERAL INFORMATION: Hello@cannmg.com

### MAILING ADDRESS

21333 Oxnard Street, Second Floor  
West Hills, CA 91367  
(310) 421-1860

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## PUNCTILIOUS

Sous Chef Edge of Synergy Brands in Seattle, WA prepares Annie Nelson's cannabis-infused chocolates, a Willie's Reserve flagship edibles product produced using conscious ingredients and innovative low heat techniques to keep the chocolate's raw vitality and flavor. All ingredients are fair trade, gluten-free, vegan, and 100% raw.

 *Kristen Angelo*



# Harvest

*All the news that's fit to smoke.*

- MORE FEDERAL REC RAIDS?
- NADELMANN DEPARTS DPA
- POT MOLD EYED IN DEATH
- MASS. POLS REWRITE LAW



## ARIZONA'S FRANKS WARNS OF NUKES IN POT BALES...AGAIN

PHOENIX— During an interview in February with CNN's Brianna Keilar, U.S. Rep. Trent Franks [R-Ariz.] repeated his previously expressed concern that nuclear weapons could be smuggled into the county in bales of marijuana.

"We used to make the point that if someone wanted to smuggle in a dangerous weapon—even a nuclear weapon—into America, how would they do it?" he asked. "And the suggestion was made that we'll simply hide it in a bale of marijuana."

In fact, it was he, not "we," who made the same comment in 2012 during a speech on the House floor, when he commented, "Specifically imagine for a moment, Mr. Speaker, the scenario of Hezbollah, one of Iran's terrorist proxies, gaining possession of just two nuclear warheads and bringing them across the border into the United States concealed, say, in bales of marijuana, then transporting them into the heart of two different, crowded, unnamed cities."

All of which begs the question: What has Franks been smoking?



## OREGON SEEKS CANNABIS GROWER INPUT

**SALEM, Ore**— In lieu of guidance from the federal government, state officials in Oregon are seeking help from pot farmers on the subject of pesticides. “The three state agencies that share oversight of marijuana production in Oregon made a public request Thursday for information on growers’ use of two common pesticides,” reported BendBulletin.com. “The aim... is to gather information on what practices work best to keep levels of pesticides below limits set by the state. Without guidance from the U.S. Environmental Protection Agency on appropriate use of pesticides on cannabis, state regulators are left to figure out best practices on their own.

“Specifically, the state seeks information from growers who use pesticides containing pyrethrins and piperonyl butoxide, two pesticides ‘not unlawful’ for use on marijuana, according to the agriculture department,” the site added.

The department hedges on its pesticide advice to cannabis growers because little is known about its effects on those plants and what happens once those plants are smoked by consumers or processed into other products.

### REPORT

## America’s marijuana industry headed for \$24 billion by 2025

**DATAVILLE**— Research by New Frontier Data indicates years of steady increase in revenue for the medical and adult use cannabis markets, with a projection of \$24 billion in combined revenue by 2025.

According to The Cannabist, “New Frontier estimates that the more than two-dozen states with medical marijuana programs and the nine recreational marijuana markets (including Washington, D.C.) should be fully operational, with the goliath California accounting for more than \$6.59 billion—more than one-quarter—of the national sales.

“New Frontier also estimated that by 2019, the marijuana industry could be responsible for 255,000 direct and indirect jobs,” added the site. “The firm

based its calculations on a 2016 Marijuana Policy Group report about the marijuana industry’s economic impact on Colorado.”



## COLORADO BILL WOULD MAKE GETTING WEED AS EASY AS ORDERING PIZZA

**DENVER** — Colorado gets very cold, so cannabis delivery is a really good idea that may become a reality if Senate Bill 192, which was introduced in late February, becomes law.

“Age restrictions and current marijuana laws would still apply, but SB 192 would enable retail marijuana shops to apply for a delivery ‘endorsement,’ which would allow an approved contractor to deliver marijuana flower, concentrates, edibles, and other associated products to a customer’s doorstep,” reported IBTimes.com. “The bill limits purchases to one ounce of recreational flower or comparable products, while medical cardholders would be able to purchase two ounces of products.”

Sen. Jonathan Singer [D-Longmont] commented, “This hopefully solves some of the problems as it relates to people concerned about marijuana DUIs or sick patients who don’t have access to dispensaries.”

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**Percentage of gummies sales in the edibles market in 2016.**

*(Source: BDS Analytics)*

## LAW



## Sean Spicer suggests increased federal enforcement of ‘recreational’ cannabis

WASHINGTON, D.C.— In response to several questions during a White House daily news briefing in February, Press Secretary Sean Spicer indicated the Department of Justice may increase enforcement of the federal prohibition on what he termed “recreational marijuana.”

The first question on the subject came from an Arkansas reporter via a remote video feed. The reporter mentioned his state’s recent passage of a medical marijuana amendment and asked about the administration’s policy may about “marijuana legalization where it’s in state/federal conflict.”

“There’s two distinct issues here: medical marijuana and recreational marijuana,” replied Spicer. “I think medical marijuana, as I’ve said before—the president understands the pain and suffering that many people go through who are facing especially terminal diseases, and the comfort that some of these drugs, especially medical marijuana, can bring to them. And that’s something that Congress, through a rider [Rohrabacher–Farr amendment] in...2011...can I get a little help...I think put in an appropriations bill that the Department of Justice wouldn’t be funded to go after those folks.

“There’s a big difference between that and recreational marijuana,” Spicer continued. “I think when you see something like the opioid addiction crisis blossoming in so many states around this country, the last thing that we should be doing is encouraging people... There is still a federal law that we need to abide by in terms of the medical...when it comes to recreational marijuana and other drugs of that nature. So, I think there’s a big difference between medical

marijuana, in the states where it’s allowed in accordance with the appropriations rider...have set forth a process to administer and regulate that usage versus recreational marijuana. That’s a very, very different subject.”

The next reporter followed up, asking, “Is the federal government going to take some action around recreational marijuana in these states?”

“I think that’s a question for the Department of Justice,” answered Spicer, who also corrected himself on the Rohrabacher–Farr date. “I do think you’ll see greater enforcement of it, because again, there is a big difference between the medical use, which Congress through its appropriations rider in 2014 made very clear what their intent was in terms of how the Department of Justice would handle that issue. That’s very different from the recreational use, which is something I think the Department of Justice will be further looking into.”

Following a few question on other subjects, another reporter queried Spicer about his enforcement comment, asking, “So, will we see greater enforcement of it?”

After a brief hem-and-haw, Spicer replied, “That’s what I said, but I think the DOJ is the lead on that. It is something you should follow up [on] with them, but I think they are going to continue to enforce the laws that are on the books regarding recreational marijuana.”

The subject did not come up again during the press conference, leaving unchallenged his comments conflating cannabis use with the nation’s opioid addiction epidemic.

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## Arkansas: Marijuana commission finalizes licensing rules

**LITTLE ROCK** — Final draft rules for awarding licenses to medical cannabis dispensaries and cultivators in Arkansas have been approved by the Arkansas Medical Marijuana commission.

“Commissioners will next hold a hearing March 31 at the University of Arkansas at Little Rock’s William H. Bowen School of Law to receive public feedback on the rules,” reported BaxterBulletin.com. “After the meeting, the commission’s rules must be approved by the state legislature before going into effect. Lawmakers have until May 8 to finalize the rules after a bill passed earlier this legislative session pushed that deadline back two months from March 9.”

The site added, “The commission will initially award thirty-two dispensary licenses to be divided evenly across eight geographic regions. It will also award five cultivation facility licenses, which do not have any geographic restrictions.

“Cultivation facility licensees will be selected based on the merits of their application. An application costs would-be growers \$15,000, with half that amount being refunded if the applicant is not awarded a license. Successful applicants will pay a \$100,000 yearly licensing fee.

“Dispensary licenses will be awarded based on a combination merit/lottery system. Applicants will draw numbers to determine the order that the commission will consider applications; after each presentation the commission can decide whether or not to issue a license to that applicant. A dispensary application costs \$7,500, with half of that amount being refunded if the applicant is not granted a license.”

*There will be two public meetings in March:*

ARKANSAS DEPARTMENT OF HEALTH  
March 10, 2 p.m.  
4815 W. Markham Street, Little Rock

MEDICAL MARIJUANA COMMISSION  
March 31, Time TBD  
1201 McMath Avenue, Little Rock



## WASHINGTON READY TO FIGHT, IF NECESSARY, TO KEEP ITS LEGAL POT

**OLYMPIA, Wash.** — Sean Spicer does not intimidate the state of Washington. Washington Attorney General Bob Ferguson, already famous for his successful challenge to Trump’s Muslim travel ban, is stepping up to defend Washington State’s legalization of adult-use cannabis against threats of increased enforcement against “recreational” use of cannabis by the feds.

According to KXLY.com, “Ferguson made the comments Thursday after White House spokesman Sean Spicer suggested during a press briefing that President Donald Trump’s administration might crack down on states that have legalized marijuana for recreational use.

“Ferguson...noted that he and Gov. Jay Inslee, both Democrats, previously were prepared to defend the state’s legal marijuana system against any efforts by President Barack Obama’s administration to shut it down. Ferguson and Inslee sent a letter last week to new Attorney General Jeff Sessions to request a meeting on the topic.”

# DUNLEVIE

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## Nadelmann steps aside as Drug Policy Alliance executive director

WASHINGTON, D.C. — Ethan Nadelmann, who founded the Drug Policy Alliance (DPA) in 2000, will be stepping down as executive director of the non-profit as soon as this April.

“After founding the Lindesmith Center, Nadelmann started the DPA in 2000,” observed Freedom Leaf. “A prominent voice in the national debate concerning the War on Drugs since 1993, his TED Talk has amassed about 1.5 million views, he’s a frequent speaker at conferences and trade shows, and is widely quoted in mainstream media coverage of drug policy reform issues. In 2013, Rolling Stone called him ‘the Real Drug Czar.’”

In a letter to DPA staff announcing his resignation, Nadelmann wrote in late January, “I’ve been thinking about making this transition for almost two years, for all sorts of reasons: passing the age at which my father died; the prospect of turning 60, as I will six weeks from now; my growing sense of multiple missions accomplished, as evidenced by transformations in public opinion, our political victories, and the rapid expansion of our organization and movement; and also, I must say, by a desire for new adventure and challenges. Even as I’ve imagined, with both trepidation and anticipation, different futures for myself, I’ve made no plans or commitments.”

While the DPA looks for a replacement, Derek Hodel, the DPA’s former deputy executive director, will head the organization.

## REPORT

## CALIFORNIA MAN’S DEATH MAY HAVE BEEN CAUSED BY MOLD IN MEDICAL CANNABIS

**SACRAMENTO**— Researchers are considering the possibility that mold-contaminated medical cannabis may have played a role in the death of a California man who died of a rare fungal infection while undergoing intensive chemotherapy. The man was among a group of patients who were fighting serious forms of cancer that “suddenly became much more complicated with a relatively rare but particularly lethal fungal infection,” reported CBS News.

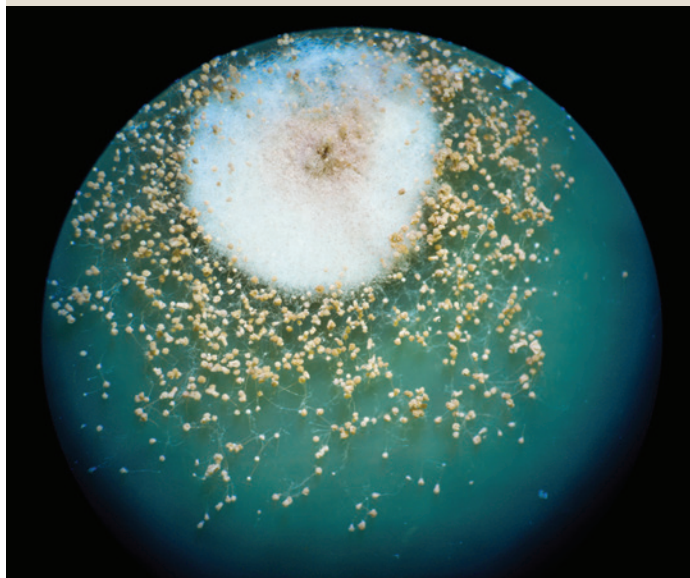
“We thought it was strange to have [multiple] cases of such a bad fungal disease in such a short amount of time,” said Dr. George Thompson, a fungal infection expert with UC Davis Medical Center who joined with Dr. Joseph Tuscano of the University of California, Davis, Cancer Center to see if they could find the source of the fungal infection.

The researchers quickly zeroed in on cannabis, which two of the patients used to help counter the effects of chemo. But was it also doing unknown damage?

With the assistance of Steep Hill Lab, the researchers “gathered twenty samples of medical marijuana from across California and took them apart, pulling out a range of dangerous bacteria and fungi which they analyzed right down to their DNA,” reported CBS News.

The results surprised even Dr. Donald Land of Steep Hill, who admitted to being “a little bit startled that 90 percent of those samples had something on them—some DNA of some pathogen.”

More to the point, Tuscano observed, “The cannabis was contaminated with many bacteria and fungi, some of which was compatible with the infections that I saw in my patients.”



# THERE'S SOMETHING TO BE SAID FOR BEING A PIONEER IN A GROWTH INDUSTRY.

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## LAWMAKERS TO REWRITE MASSACHUSETTS MARIJUANA LAW

**BOSTON—** A pair of state lawmakers have been tasked with the job of rewriting the marijuana law approved by voters in November in order to alleviate legislators' concerns. As reported by WWLP.com, "Massachusetts adults can legally use marijuana, though it is against the law to sell the drug without a license. State lawmakers want to make significant changes to the ballot law before retail shops open in 2018.

"The Massachusetts House and Senate created a new 'Committee on Marijuana Policy' to take a second look at the recreational pot law," the site added. "Top state leaders have several concerns, from public safety to the tax structure to the number of pot plants someone can grow at home."

Rep. Mark Cusack [D-Braintree] will work with Sen. Pat Jehlen [D-Somerville] to re-write the recreational marijuana law. Republican Governor Charlie Baker wants a comprehensive bill to sign by this June.



## South Carolina House passes medical marijuana bill

**COLUMBIA, S.C. —** Legislation legalizing medical cannabis cleared a South Carolina House of Representatives subcommittee hearing in late February, a positive first step for a bill that would allow physicians to recommend the medical use of marijuana under certain conditions.

"Supporters argue the government shouldn't prevent people from getting relief from a plant, while the synthetic opioids they're otherwise prescribed are killing people," reported ABCNews4.com. Passed by a 3-0 vote, the bipartisan bill now heads to the full Medical Military and Municipal Affairs Committee.

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## MONTEL WILLIAMS RECEIVES LIFETIME ACHIEVEMENT AWARD

**LOS ANGELES**— Women Abuv Ground (WAG) has awarded its 2017 Lifetime Achievement Award to Emmy Award-winning TV personality Montel Williams for using his celebrity to bring awareness to medical cannabis for treatment of chronic illnesses. Williams—who also used the occasion to promote the release of his own cannabis brand, called LenitivLabs—received his award at WAG's first annual CannaCool Lounge, hosted by Super Bowl champ Marvin Washington on February 9 at the Casa Vertigo in Los Angeles.

The event also served as the official launch of Women Abuv Ground (WAG), founded by cannapreneur Bonita “Bo” Money. WAG is a professional cannabis networking organization, dedicated to educating and empowering people in the emerging cannabis industry. For the 420-friendly community, the signature lifestyle event will offer cannabis connoisseurs a chance to explore new brands as well as cannabis-infused food and drinks.

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**“The cannabis was contaminated with many bacteria and fungi, some... compatible with the infections... in my patients.”**

— Dr. Joseph Tusciano, UC Davis



## HELLOMD LAUNCHES NATIONWIDE MARIJUANA DOCTOR REGISTRY

**SAN FRANCISCO** — HelloMD, a leading digital healthcare platform for medical marijuana patients, has launched a national Cannabis Physician Registry connecting qualified physicians directly to those curious about how medical cannabis could benefit them.

“Millions of patients are entering the cannabis industry for the first time and aren’t quite sure of what they need or how to find a trusted source, and doctors currently have no efficient way to

reach these patients,” said HelloMD Chief Medical Officer Dr. Perry Solomon. “This platform will allow a physician to directly engage with the rapidly growing medical marijuana community. In turn, patients can be confident they are being directly connected to a physician who has been fully vetted and is knowledgeable about the benefits of medicinal cannabis.”

*HelloMD.com*



## GreenSafe Worldwide launches global distribution platform for legal cannabis industry

**BONITA SPRINGS, Fla.** — Florida-based GreenSafe Worldwide LLC has launched as a global distribution platform for leading North American companies, with an initial focus on companies serving the legal cannabis industry. The company will market a select group of high-quality products in order to help companies generate increased revenue and heightened visibility.

GreenSafe Worldwide launches with an exclusive contract for a plant nutrient enhancer called Hydroponic Moonshine, for which it has sole distribution rights in North America, Central America, and South America. Moonshine is a brewed plant bio stimulant that promotes impressive plant growth, health, and terpene production. It is suitable for use with any growing medium, soil, hydro system, and NFT.

“Hydroponic Moonshine’s popularity throughout the United Kingdom and Europe is soaring as a result of its impressive ability to promote plant growth and health,” said CEO Scott T. Chadwick. “More than 200 retailers and distributors are already set up to market the product, and demand is keen with current sales already exceeding \$2 million.”

GreenSafe Worldwide is accepting inquiries from leading companies interested in increasing sales and distribution worldwide and will accept a small group of companies with which to work.

*GreenSafeWorldwide.com*



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## MARIJUANA GOES MAINSTREAM AT SOUTH BY SOUTHWEST

**LAS VEGAS** — Hugh Hempel, CEO for Strainz, a national cannabis brand-management and lifestyle products company, will speak on the panel “Cannabis for Treatment of Injuries and Illness” during the South by Southwest (SXSW) Conference & Festivals in Austin, Texas. The panel will take place March 13 from 11 a.m. to noon at the Four Seasons Ballroom AB.

SXSW plans a dramatic extension of cannabis content in 2017 that will feature many cannabis industry trailblazers, athletes, politicians, media, and venture capitalists. There will be a total of thirteen cannabis-focused panels this year with topics covering all aspects of the marijuana industry.

“I am honored to represent Strainz and the burgeoning cannabis industry at SXSW,” said Hempel. “SXSW was founded with the objective to bring the brightest and most creative minds together to collaborate and network. We hope to open the door to a larger conversation on the countless benefits and attributes of this remarkable plant.”

Cannabis professionals scheduled to appear at the event include Steve DeAngelo of Harborside, Giadha DeCarcer of New Frontier Data, Diane Czarkowski of Canna Advisors, Rob Kampia of Marijuana Policy Project, HelloMD Chief Medical Officer Dr. Perry Solomon, and Siebo Shen of VapeXhale.

Other speakers include Diane Russell, a member of the Maine House of Representatives; Congressman Earl Blumenauer of Oregon; Heather Fazio of Marijuana Policy Project, and John Hudak of The Brookings Institute.

*Strainz.com and SXSW.com*



## O.penVAPE donates to Grow for Vets

**ROGER MARTIN**, right, founder and executive director of Grow for Vets, a national non-profit that provides free cannabis to veterans in need, receives the first of many checks from Chris Driessen, president of Organa Brands, which donates one dollar from every sale of specially-branded Grow for Vets/O.penVAPE batteries.

*GrowforVets.org/OpenVape.com*

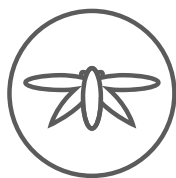


## SECURITY COMPANY INTRODUCES HIDDEN WEAPON-DETECTION TECHNOLOGY TO CANNABIS SPACE

**PALM SPRINGS, Calif.** — Hard Car Security has announced plans to incorporate a built-in weapons detection system into the walls of client locations all over the U.S. An asset-protection and armored-transportation company that serves clients in California, Nevada, and Arizona, Hard Car is a veteran-owned organization specializing in the safe transport of high-value assets, including cash, cannabis, and other sensitive or valuable property.

“The weapons-detection market has changed. Traditional, old-school metal detectors are not efficient enough and can lead to numerous errors,” said CEO Todd Kleperis. “The system we’re bringing to the cannabis space will be hidden in walls of our clients’ locations, completely unnoticed, allowing our team access to threat-detection in advance of a cash pickup or drop off.”

*HardCarSecurity.com*



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A collage of approximately 15 photographs from the INDO EXPO. The photos are arranged in a non-linear, overlapping fashion. Key individuals include: a woman with bright pink hair and a black t-shirt covered in patches; a woman with long dark hair and a black t-shirt; a man with a large brown beard and a blue t-shirt; a man with a beard and a black cap; a man with a beard and a blue cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap; a man with a beard and a black cap. The photos show people in various settings, some wearing cannabis-themed clothing like 'I NORML' and 'DICATE' shirts, and others wearing patches or lanyards. The background of the photos shows an indoor event space with other attendees and displays.



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## EVENTS CALENDAR



### NEXT MONTH'S INDUSTRY EVENT SCHEDULE

The following is a listing of select industry events taking place during April 2017.

#### **THE HEMP & CANNABIS FAIR APRIL 1-2**

*Oregon State Fair & Expo Center, Salem, Ore.*

Featuring sessions on growing, harvesting, medicinal uses, legislation, and more, THC Fair brings everything related to hemp and marijuana under one roof. Open to everyone 21 or older.

*THCFair.com*

#### **THE FOUR-TWENTY GAMES APRIL 1**

*Santa Monica Pier, Los Angeles*

The second-annual Los Angeles Four-Twenty Games is a great event for anyone who wants to exercise, listen to some beats, and partake in one of the fastest growing industries in the world.

*420games.org*

#### **INTERNATIONAL CANNABIS BUSINESS CONFERENCE APRIL 10-11**

*Maritim ProArte Hotel, Berlin*

As Germany moves ahead with medical marijuana regulation, companies will soon cultivate cannabis that will be supplied through pharmacies. Explore an emerging market with endless potential.

*InternationalCBC.com*

#### **IMPERIOUS BUSINESS EXPO APRIL 12-13**

*Phoenix Convention Center*

Emphasizing business before pleasure, Imperious expos focus on developing business for medical and industrial cannabis while including recreational trade.

*ImperiousExpo.com*

#### **CANNIFEST APRIL 15-16**

*Redwood Acres Fairgrounds, Eureka, Calif.*

Celebrating Humboldt's famous cannabis industry with a cannabis flower competition, vendors, educational workshops, live music, food, and friendly Humboldt grow games competition.

*Cannifest.com*

#### **HUMBOLDT GREEN WEEK APRIL 15-24, 2017**

*Multiple venues, Arcata, Calif.*

Humboldt Green Week is a celebration of the confluence of two of our favorite holidays: Earth Day and the cannabis holiday 4/20.

*HumboldtGreenWeek.com*

#### **SOUTHWEST CANNABIS CONFERENCE & EXPO APRIL 20-22**

*Fort Worth Convention Center, Fort Worth, Texas*

This second-annual business-to-business event brings together experts from the local, regional, and national cannabis industry to network and share the latest industry information.

*SWCCExpo2016.com*

#### **CANNACON 2017 APRIL 20-22**

*Sonoma County Fairgrounds, Santa Rosa, Calif.*

Attracting 10,000 attendees and more than 300 vendors, CannaCon is a leading marketplace for producers, processors, and retailers.

*CannaCon.org*

#### **HEMPCON: 420 FREEDOM FESTIVAL APRIL 21-23**

*Cow Palace, San Francisco*

An educational event featuring three days of seminars, live music, industry exhibits, and presentations by industry leaders, advocates, and attorneys.

*420FreedomFest.com*

#### **O'CANNABIZ CONFERENCE & EXPO APRIL 21-23**

*Sheraton Centre, Toronto*

Join patients, physicians, licensed producers, industry professionals and people from across the world to learn, network, and advocate while exploring the latest issues in Canada.

*OCannaBiz.com*

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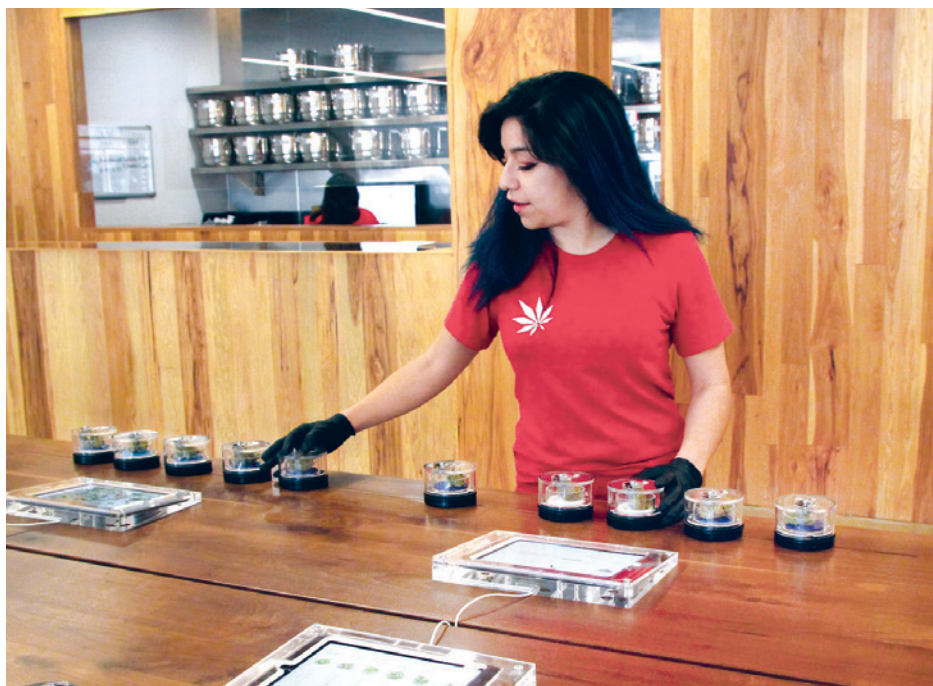
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## DISPENSING MEDICINE WITH Donna Serrato OF MEDMEN

**D**ONNA SERRATO, 27, had worked for three Borders bookstores when the company declared bankruptcy in 2011. Wanting to find more stable employment in a growing industry, she transitioned to budtending.

“The position at MedMen worked around my busy school schedule, and it gave me the freedom to do well in school and graduate,” Serrato said.

She’s since fallen in love with her job and is now making cannabis her career. She’s even become one of the top budtenders in Hollywood.

“Mostly, I do it for the patients,” she said. “I’ve seen people’s lives change in front of me.”



Bloom cartridges, Honeyvape cartridges, 710 Kingpen,  
Kushy Punch gummies, Edipure, Kiva, Sprig

### HOBBIES

Snowboarding, going to concerts, and sporting events.

### TRAINING

Prior to joining MedMen, I had extensive customer service experience. At MedMen, I received comprehensive training on cannabis, cannabinoids and terpenes and their known effects, and current regulations around the products.

### RETAIL DISPLAY

Most of the products at MedMen are in display cases in the storefront. The flowers are displayed in a state-of-the-art cannabis pod equipped with a magnifying glass and scent vent for inspection. It’s all very organized, and we have tight security within the premises.

### AVERAGE PATIENTS PER DAY

Between 150 and 200.


### TESTING

I personally test all the edibles and vapes I recommend. Our supply manager does all the purchasing, but I do give my feedback when a product is something I would or would not recommend.

### FUTURE

One day I’ll be running the cannabis industry!

### FIRST AND LAST THINGS YOU DO AT WORK EVERY DAY

First thing I do is say hello to everyone, and the last thing I do is say goodbye to everyone. 

### *Serrato’s Law:*

“COMMUNICATION IS EVERYTHING,  
AND TRY TO REMEMBER  
EVERYONE’S NAME. IT FEELS GOOD  
TO GO WHERE  
EVERYONE KNOWS YOUR NAME.”

“ **MOST OF THE PRODUCTS AT MEDMEN ARE IN DISPLAY CASES IN THE STOREFRONT. THE FLOWERS ARE DISPLAYED IN A STATE-OF-THE-ART CANNABIS POD, EQUIPPED WITH A MAGNIFYING GLASS AND SCENT VENT FOR INSPECTION.** ”

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# Bainbridge Chic in Washington State

IN 2005, *MONEY* MAGAZINE NAMED BAINBRIDGE ISLAND THE SECOND-BEST PLACE TO LIVE IN THE UNITED STATES, BUT WITH THE ADDITION OF THE ULTRA-CHARMING PAPER & LEAF CANNABIS BOUTIQUE, CO-FOUNDED BY BLUES TRAVELER DRUMMER BRENDAN HILL, IT NOW MAY BE NUMBER ONE.

BY ROB HILL

**A**S A FOUNDING MEMBER of the band Blues Traveler, drummer Brendan Hill has always been somewhat of a dreamer. In 2013, he began daydreaming about the perfect retail cannabis boutique as Washington State's i502 initiative was about to be passed. The bill had a whopping 72-percent support in his hometown, Bainbridge Island. Hill began attending city council meetings and even joined the Chamber of Commerce.

"I think the success of Paper & Leaf has proven that once you show folks the positive aspects of cannabis and highlight the educa-

tion part, the community will embrace you," he said.

Hill and co-founder Steven Kessler deemed Bainbridge Island the perfect place to try a different kind of cannabis retail business model. They elected to create an art gallery atmosphere, displaying the different flower strains in well-lit picture boxes so customers could easily walk around the store, clearly see the product, and choose something they like or ask questions about a strain. This simple shift away from a menu-based dispensary instantly changed the way people thought about purchasing cannabis.

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Hill and Kessler were ecstatic.

"I've had an amazing life so far and now am blessed to have a wonderful wife, three awesome kids, a rock 'n roll band, and one of the coolest side projects ever: a cannabis store," he said.

## DESIGN

"Initially, we were faced with a challenge," noted Hill. "The place was just a very ordinary warehouse in a business park, but that became a blessing in disguise. No one expected to see something special there, so we had the element of surprise on our side."

"After framing and sheet-rocking the walls, we had this amazingly simple space with polished concrete floors, high ceilings painted black, and these big, blank, gallery-white walls."

"The decision to put each grower in their own box was my partner Steve's idea, along with wrapping the boxes and counters with palette wood," he continued. "This design was not only Bainbridge chic, but it was also very economical. Big Edison bulbs hang down over the counters, almost like idea bulbs, with cool and distinct patterns. The last piece that really brought the shop floor together was the twelve-foot elm table we installed."

## ARCHITECT

Devin Johnson, Johnson Squared, Bainbridge Island. Initial design drawings were done by Thom Jones of Semigood Design in Seattle. Creative interior/exterior design and aesthetics, and the Paper & Leaf font and logo were created by Steve and Sarah Kessler. Construction management, lighting, and logistics were handled by Brendan and Sophie Hill.

## BUDTENDER REQUIREMENTS


"We were very lucky in the beginning," Hill said. "I think we hired eight out of the first ten applicants. Being a budtender—or salesperson, as we prefer to call it—is all about being able to read people. They also have to be friendly, attentive, hardworking, and able to handle pressure, as well as knowledgeable about all 1502 rules and regulations."

## POS SYSTEM

"We use Greenbits, which is terrific," Hill noted. "It gives us the ability to examine and export reports on basically every metric of our business, from [cost of goods sold] to profit margins, customer loyalty, sales and discounts, and inventory management. Most importantly, the system keeps us compliant with tax collection and payment."

## CHALLENGES

"There have been many," Hill said. "Negative stigmatism has been hard. We knew when taking this industry on that we were in for an uphill battle. The previous perception of cannabis was in line with what one would expect of a Schedule 1 drug: criminal and dangerous."

"Regulations and the constant state of flux they continue to be in have been tough," he continued. "We are constantly readjusting and pivoting aspects of our business to align with whatever the latest restriction may be. And, of course, the 280E tax regulations. Not being able to deduct expenses from income, except for those considered cost of goods sold, is very challenging for a business." 



NUMBER OF  
EMPLOYEES

15

AVERAGE  
CUSTOMERS A DAY:  
250-300



**I'VE HAD AN AMAZING LIFE SO FAR AND NOW AM BLESSED TO HAVE A WONDERFUL WIFE, THREE AWESOME KIDS, A ROCK 'N ROLL BAND, AND ONE OF THE COOLEST SIDE PROJECTS EVER: A CANNABIS STORE."**

—Brendan Hill,  
co-founder, Paper & Leaf



## Best-selling Brands

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BODHI HIGH

FAIRWINDS

SONIC GREEN

CANNA ORGANIX

NORTH COAST GROWERS

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# Serving Sizes For Every Lifestyle

ZOOTS OFFERS CONSISTENTLY DOSED PRODUCTS THAT ALLOW CONSUMERS TO CHOOSE PRECISELY WHAT THEY WANT.

BY DANIEL REED

**M**ANUFACTURERS OF CANNABIS-INFUSED EDIBLES face a unique challenge when trying to reach new customers. There is a good chance an inexperienced consumer will ingest more than the recommended dosage and have a wild, anxiety ridden experience. It's difficult to convince first-time consumers to become repeat customers if a product scares the daylight out of them.

In the heat of the moment, it can be challenging to figure out exactly what 1/6 of a cookie is, making the likelihood of over ingestion pretty high. Even if one is precise as they break apart their infused pastry, how can they be certain the dosage was evenly distributed? What if one side has a higher concentration of THC than the other? Zoots products offer solutions.

Zoots was founded July 16, 2014, when the owners received their license from the state of Washington. According to Zoots co-founder Patrick Devlin, the company's mission is to "set new standards of purity, consistency, and quality, all to ensure a better, more informed and more enjoyable experience for the consumer."

This may sound like many other mission statements, but Zoots has created a product line that backs up the talk. ZootsDrops, for instance, comes with a child-resistant measuring cap that also protects adults by allowing them to control their serving size with ease. "A single capful will hold a 5mg THC serving, so just pour yourself more or less as

desired," Devlin said.

Fans of candies may be excited to hear about ZootRocks. The infused nuggets come in Caramel, Tart Green Apple, and ZootBerry. The sweets are gluten-free and available in vegan and sugar-free forms as well as the original. ZootRocks contain 5mg of THC in each piece.

Although Zoots makes interesting products, working with cannabis is not all fun and games. "We understand that our products are intoxicants, and it is our utmost priority to promote responsible adult use and consumer safety," Devlin said.

Consistent dosing is instrumental in promoting consumer safety. "We use in-house, sophisticated technology that tests for the potency of each batch of extract," said Devlin.

Properly dosed extracts are an important ingredient in the edibles-making process, but Zoots takes additional steps to ensure product quality. "When it comes to producing the edibles, we blend our Cypress Extract throughout the product to ensure even distribution and to provide a more predictable and consistent experience. Some companies just spray the THC directly onto the exterior of their products."

Trusting a cannabis product's impact opens the consumer to new ways of using infused products. Cannabis no longer is relegated to the college campus. There is an emerging market for mature consumers, seeking fun in moderation. "We've found that more and more people are seeking low-dose products they can enjoy socially, as they may do



(from left to right) Patrick Devlin, Michael Devlin, and Dan Devlin

at a party with a glass of wine or a cocktail,” Devlin said. Discretion is another important factor for non-millennial consumers. A picture posted online of a parent inhaling a joint may create a difficult situation to explain to a child.

But a few discrete ZootDrops in a drink help avoid that situation. Although 5mg of THC may not be a lot to ingest, skeptical newcomers easily can cut the dose in half. “Our ZootDrops Cannabis Infused Concentrates can easily be dosed at 2.5mg with just a half capful,” Devlin pointed out.

Cannabis is becoming incorporated into active lifestyles. “We’ve developed products with those consumers in mind,” Devlin said. ZootBlasts, for example, are infused energy shots caffeinated with yerba matte and guarana. They also “include lemon balm to provide sustainable energy and mental clarity. We call them a clear-headed high with an energy kick.” With the phrase *carpe diem* written on the label of every bottle, ZootBlasts are designed to make the most of the day.

Zoots is convinced product-labeling is a key to turn occasional users into devoted fans. The company has branded in a way “that customers would easily recognize as a normal consumer-packaged good, like something they might buy at Starbucks or their neighborhood market,” Devlin said. All Zoots products include usage instructions, nutritional facts, ingredients lists, and cautions about allergens. “Buying brownies with pot leaves all over the packaging would not foster a comfortable purchase, especially for new consumers.”

Beyond promoting a mainstream feel, Zoots’s packaging serves other considerations. “We use a specific color palette in our designs that is directed to a more mature audience, as well as child-safe packing to prevent access from minors,” Devlin said.


Product containers no longer are considered an afterthought, but rather the first line of defense in preventing unintentional ingestion. States have crafted specific requirements to ensure safety guidelines for infused edibles are followed correctly.

This creates a challenge for cannabis companies. Many companies have been forced to develop entirely new containers. Since states create their own regulations, the challenge is even bigger for companies operating in multiple states. Some Zoots products are packaged differently for sale in Colorado than they are in Washington in order to meet the child-resistant packaging requirements of each state. “The differences in regulations from state to state can be challenging, but smart, effective regulations will ultimately affect the longevity and success of the cannabis industry,” Devlin said.

Success in different states may require considerable work, but it will position Zoots to be a major force as the cannabis industry moves forward. This month, Zoots will be available in the Northeast. The company also plans to be operating in California and Oregon by the end of the year.

Zoots also intends to expand its product line. “Bringing more CBD products to the market is a priority for us,” Devlin said.

Devlin is looking ahead to a time when federal authorities will work directly with cannabis companies. “Although the FDA currently does not regulate marijuana, we voluntarily chose to follow its guidelines on food safety,” Devlin said while describing how Zoots makes its products. “Our facilities uphold the same standards as any other packaged-food facilities.”

The future looks good for Zoots, but Devlin said he is excited about the industry as a whole: “Businesses affiliated with the industry in the U.S. have a tremendous opportunity to become world leaders in exporting technology and intellectual property.” 

**“WE UNDERSTAND OUR PRODUCTS ARE INTOXICANTS, AND IT IS OUR UTMOST PRIORITY TO PROMOTE RESPONSIBLE ADULT USE AND CONSUMER SAFETY.”**

—Zoots co-founder Patrick Devlin





# Indus Holding Company Delivers the Goods

ALREADY SERVICING MORE THAN 600 DISPENSARIES WITH EIGHT BRANDS, **INDUS** CEO, ROBERT WEAKLEY, IS LOOKING FORWARD TO A MASSIVE ESCALATION IN CONSUMER INTEREST IN CALIFORNIA.

BY JOANNE CACHAPERO

**C**ALIFORNIA, OPEN YOUR GOLDEN GATE. Cannabis products distributor Indus Holding Company can't wait for legalization in Cali to be sorted out over 2017. According to Indus founder and chief executive officer Robert Weakley, consumer demand, which had been growing steadily throughout 2016, took off in November.

"Since the election, you can feel the excitement for the adult-use market to start in California," Weakley said. "Business is great.

"We've seen a huge increase in consumers asking where they can buy our products," he continued. "Now that it's 'legal,' we have to explain to them they have to wait until January '18. Also, our dispensary partners are saying they have people showing up every day, calling to purchase product, and excited about trying legal cannabis. We still have a long way to go here as we work toward 2018."

By dispensary partners, Weakley is referring to the 600-some-odd California dispensaries on Indus's client list and to which they represent eight brands: Dixie Brands, Altai Brands, CannaPro, Juju Joints, Flavor, Therabis, Moon, and W Vapes.

"Currently, our Moon Bars and W Vapes are the two brands that lead sales," he commented.

"W Vapes is an amazing vape pen," he continued. "They've got a great product and an amazing team behind it. They spend a lot of

time supporting the brand through marketing efforts, as well as educating patients and budtenders on proper use. Quality and consistency—Moon is kind of the leader when it comes to high-dose chocolate edibles right now. It's a quality product offered at a low price for the medicinal user—today's user."

As the legal market opens for recreational use, one trend Weakley said is getting hotter is "micro-dosing"—cannabis products in 5mg to 10mg dosages, to give new consumers a THC-light option.

"Micro-dosing' is a hot term these days," he explained. "It's taking a small dose to be social, for individuals that don't indulge in the product on a daily basis, per se. The new customers coming in with recreational, they haven't had the strength, so it's just like anything else. If you've never had alcohol before and you have one drink, you feel may feel completely buzzed. As we all know, you can never die from an 'overdose' of cannabis, but you can definitely have a bad experience. You never want someone to have a bad experience with your products."

The new consumer also is label- and ingredient-savvy, so accuracy in labeling and using premium quality ingredients are all-important: Customers are looking for lab-proven THC percentages, words like "vegan" and "organic," and a brand's commitment to eco-friendly practices.



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“Products with more natural ingredients—these days, that’s kind of a trend,” Weakley said. “People want to see what’s in their product, so having clear labeling and testing is vital. We’re very particular on our testing. When we tell you it’s 25mg or 250mg, that’s of active THC. We always want to make sure it’s about consistency. [We want to make sure] every time you try one of our products, you have the same experience.”

“We’re always looking for products that have the potential to be best-in-market in their category,” Weakley said. “Doesn’t necessarily mean the most expensive, but more the best product for the best price. Giving the patient a quality product for the best price is usually a winning combo.”

Manufacturers looking for representation in California are eager to establish themselves for the green rush of 2018. Weakley encourages any prospective vendors to have a solid game plan. Becoming a recognized brand in a big, competitive market takes long-term commitment and resources, on top of funding and not a small amount of old-fashioned hard work.

“It’s important for a new team to understand the resources needed to start a brand here in California. Everyone’s excited to present a product to the largest cannabis market in the world, but they usually underestimate the financial and human capital needed for launching a brand here into the void,” Weakley explained.

“We always ask a brand that’s interested in or coming under our umbrella to contact us,” he added. “They need to be prepared with product samples, management team bios, and a marketing plan including research as to where their product fits in. We really evaluate the teams behind each brand. It’s important who we’re doing business with, so the team is very important when it comes to brand building.”

Especially for a new product vendor, being represented by a licensed distributor in a large region like California can be key to getting on shelves and spreading brand awareness to dispensaries and, eventually, retail vendors. Indus aims to assist with operational issues including local regulations. “It’s our goal to kind of collaborate with the manufacturer, to get the stress of operations off their minds, so they can concentrate on their brand and brand building,” Weakley said.

So, how does he see 2017 shaking out in regard to the massive effort required to make the California market a shining example of the industry to supporters and opponents alike?

“Where do we start?” Weakley asked, laughing. “2017 is going to be a very interesting and challenging year. There’s so much to do here still, with setting up the regulatory market.

“You know, California is not like any other state,” he continued. “We’ve had a cannabis industry here for decades, so it’s not just starting out something new. We have to figure out how to transition it and what that transition will look like, with both local and state agencies; working through what that transition looks like. Some areas and cities have set up different ordinances, so how do we align it? The state regulations require a company to operate in compliance with local laws before they can even apply for a state license.


“You’ve got approximately 4,000 to 5,000 dispensaries in California right now. Who gets licenses? Who doesn’t? How do you transi-

tion to the license?” he asked, touching only the tip of the hulking regulatory iceberg.

“There are a lot of things still to be worked out. You’ve got MMRSA and AUMA, which are both medicinal and recreational,” he added. “There’s overlap, but there’s also a lot of differences between the two bills. How do they combine those two so we can have a consistent regulatory system here?”

Indus has worked closely with local state, county, and city governments to remain compliant with any requests and regulations, even as local officials also are trying to understand new standards and formulate policy. Committed to raising community awareness about adult use of cannabis, Indus and Weakley also believe contributing back to local communities eventually will lead to public acceptance.

California always has been a boom-or-bust state. It’s the last frontier for outlaws, Easterners, immigrants, get-rich-quick types, and, lately, billionaire barons of tech. What does Weakley think will happen once the feds come out West with their newly confirmed attorney general, Jeff Sessions?

“It is kind of that wait-and-see thing, where we are right now,” he said. “It’s something we all need to watch closely, but it’s also somewhat out of our control. Those in the industry just need to focus on their business and work with the state to hopefully show how the industry shines. It can be a very legitimate industry with a positive impact.” 



### *Trends currently of interest at Indus Holding Company, according to founder and CEO Robert Weakley:*

- 1 “Micro-dosing.” Products with active THC at less than 25mg, often 5mg to 10mg doses. For new recreational users, starting with a low dose creates a pleasant social buzz.
- 2 Accurate and professional labeling. Today’s consumers are label-conscious in terms of THC percentage, ingredients, and branding.
- 3 Already a sales leader, the market for vape pens and cartridges is poised for steadily increasing sales as consumer interest in vaping continues to grow.

# NANOLUX

Technology Inc

## 315W Fixture

Model CMH-315NC-SLF

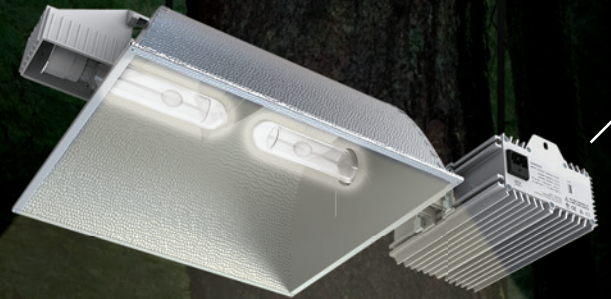
- Lumens (initial) 33,000
- Lumens (total output) 28,096
- ⚡ Volts 120/240V - Amps 2.74/1.37
- ⚡ CRI 3K (91.1)/4K (95.5)
- 🌀 BTU 1140 - umol/s per watt 1.8



## 630W Fixture

Model CMH-630NC-DLF

- Lumens (initial) 66,000
- Lumens (total out) 52,710
- ⚡ Volts 120/240 - Amps 5.34/2.37
- ⚡ CRI 3K (91.1)/4K (95.5)
- 🌀 BTU 2129 - umol/s per watt 1.8



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Q&A WITH DENVER  
CONSULTING GROUP'S

# Greg Gamet

BY ROB HILL

**A**LMOST TWENTY YEARS AGO, Greg Gamet, now 44, drove to Colorado from Iowa in his beat-up Cadillac to join a rock 'n roll band with Justin Jones, with whom he now co-owns Denver Consulting Group. While their love for music was strong, the pair knew they needed to earn extra money. Cannabis was all the rage in Colorado, so in 2009 they opened Dank Colorado, a licensed medical dispensary and grow operation. As the business continued to grow and earn a reputation as a customer-centric store, they added staff. Jay Griffin became one of the company's first employees, and Bryan Sullivan came on as an investor/partner in 2010. Dan Glenn joined the now-thriving business in 2014. The dispensary became one of the first recreational stores in Colorado.

"In the years we've been running a grow operation and dispensary, we really learned the ropes, perils, and pitfalls," said Gamet. "So, we started the Denver Consulting Group to help entrepreneurs start and run a successful cannabis businesses."

To date, Denver Consulting Group has assisted cannabis businesses in almost every state. From application and license support to compliance and packaging, budtender training, and human resources issues, Denver Consulting Group has assembled a team of the industry's top experts from all sectors to provide comprehensive A-to-Z services.

## **WHAT STATES ARE YOU MOST BULLISH ON WHEN IT COMES TO OPENING NEW DISPENSARIES?**

We are especially bullish on Massachusetts and believe that, once a few challenges can be overcome, the state could become the second largest market in the nation [behind California]. The state's proximity to major population centers, and the fact that New York's program is too narrow, means Massachusetts could become a hub for legal cannabis for the entire Eastern Seaboard.

## **DCG CREATED *THE STANDARD OPERATING PROCEDURES MANUAL*. TELL US ABOUT IT.**

This book helps guide businesses and establishes protocols to protect workers, customers, and the company's license. Additionally, virtually every issue that can be imagined is planned for and steps are outlined to correct any problem. This is extraordinarily valuable, because the time to make decisions is under calm deliberation, not stress and havoc. Our

SOP Manual is customized for each business and provides them with a roadmap for operational success.

### WHEN IT COMES TO BRANDING AND MARKETING WHAT ADVICE DO YOU GIVE CLIENTS?

We believe that branding, marketing, and public relations is key to the success of any cannabis business. We work exclusively with Randall Huft at the Innovation Agency and recommend him to our clients. He knows the industry and has helped many cannabis companies go from start-up to leaders in their sector.

### WHAT IS DCG CURRENTLY WORKING ON?

We are working on an exciting project in California which will become the largest grow operation in the nation. Details are still under wraps, but this is not only the biggest project we've ever worked on, it's also literally the biggest project in the entire cannabis industry to date.

### *Gamet's Law*

*Dispensary location is not as important as it is in other retail operations.*

*If you build a great business and do everything right,*

*[dispensaries] can sometimes be located in an out-of-the-way location.*

*If you build it correctly, they will come.*


### WHAT TRAITS DO YOU LOOK FOR WHEN HIRING A GENERAL MANAGER OR BUDTENDER?

We look for personal traits more than experience. You can train someone to do a job. You can't train someone to be friendly, compassionate, understanding, and have a genuine desire to help others. Those are the traits we look for in any new hire.

### WHAT'S THE BEST WAY FOR A DISPENSARY TO GROW THEIR CUSTOMER BASE IN A CROWDED MARKET?

Market your business! You need to be listed on the appropriate websites and garner excellent customer reviews. Moreover, you need to create a brand identity: What do you stand for as a company? Are you a low-cost provider, or more of an exclusive store? There are many components to launching a brand, which is why we work with experts in marketing, advertising, and public relations. Of course, it's vital to have a great product mix and personable, well-trained employees.

### WHAT ARE SOME OF THE REASONS ONE DISPENSARY IS PROFITABLE AND ANOTHER IS NOT?

We have helped many dispensaries become profitable when they were struggling to stay open. We find that usually the factors are one or more of the items I mentioned above: A failure to brand, market and advertise; a failure to train employees; a failure to have a great selection of products. Interestingly, location is not as important as it is in other retail operations. If you build a great business, and do everything right, [dispensaries] can sometimes be located in an out-of-the-way location. If you build it correctly, they will come. 



## *MISTAKE BUSTERS*

According to DCG, the three biggest mistakes dispensaries make are...

- 1 Not having enough inventory on hand to meet customer demand.  
.....
- 2 Not managing cash flow, and therefore being unable to purchase adequate inventory while making payroll.  
.....
- 3 Not paying enough attention to compliance. This is a tightly regulated industry, and the slightest infraction can cost a dispensary owner large fines or even license suspension or revocation.



**DCG IS WORKING ON AN EXCITING PROJECT IN CALIFORNIA WHICH WILL BECOME THE LARGEST GROW OPERATION IN THE NATION. DETAILS ARE STILL UNDER WRAPS, BUT THIS IS NOT ONLY THE BIGGEST PROJECT WE'VE EVER WORKED ON, IT'S ALSO LITERALLY THE BIGGEST PROJECT IN THE ENTIRE CANNABIS INDUSTRY TO DATE.**

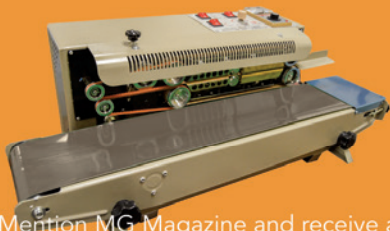
—Greg Gamet



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# The Year of Gummies, Chews, Pills, Tinctures, Caramels, Mints, and More





IN THE PAST TWO YEARS, LEGAL EDIBLES SALES IN COLORADO, OREGON, AND WASHINGTON STATE HAVE REACHED MORE THAN A HALF-BILLION DOLLARS—11 PERCENT OF THE \$4.7 BILLION SPENT ACROSS ALL PRODUCT CATEGORIES—AND ARE ONLY GROWING WITH INNOVATION, CREATIVE BRANDING, NEW STATES LEGALIZING, AND, OF COURSE, GOOD OLD-FASHIONED CULINARY ZEAL.

BY ROB HILL

WHEN DIRECTOR OF DISPENSARY Relations for BDS Analytics Greg Shoenfeld was asked what makes the edibles sector one of the most fascinating to watch, he smiled, looked out his office window at the Colorado mountains sugared with fresh snow, and said: “From the get-go, many of the strongest brands to emerge in cannabis have come out of the edibles segment.”

Curious, to say the least, as the edibles sector has had to jump through many different hoops, often varying county by county. In fact, each state has approached the sector differently in terms of laws, regulations, and packaging, which has made navigating and earning a profit in the a extraordinarily difficult. However, from 2014-to-2016 legal edibles sales in Colorado, Oregon, and Washington reached more than a half-billion dollars—11 percent of the \$4.7 billion spent across all product categories over that period.

In first quarter of 2014, BDS Analytics identified 76 edibles brands selling at dispensaries and retailers in Colorado, Oregon, and Washington. Fast forward to the first quarter of 2016, and the figure had jumped to 350.





## PROFIT ISLAND: COLORADO

According to Shoenfeld, 74 percent of edibles sales take place in Colorado, recreational-use sales being the main driver. Washington State's regulations on shapes, colors, and logos that might appeal to children have effectively eliminated the best-selling category—gummies—from the state's shelves. However, 6 percent of all cannabis sales in Washington State still are edibles.

"This generates roughly \$4 million a month in retail sales [in the state]," said Cy Scott, co-founder and chief executive officer for the data company Headset, which raised \$2.5 million in January 2017. "Sixty-five percent of edibles sales are going to 100mg package sizes, followed by 10.9 percent of sales going to single-serving 10mg products."

Scott points to the many impressive brands launching in the state, including The Goodship Company, Mr. Moxey's Mints, and Cannabis Quenchers.

Oregon's experiment with edibles is just getting started and Washington's regulations limit some categories, so the result has been Colorado emerging as the number-one state for edibles once again.

## GUMMIES ARE GOOD FOR BUSINESS

Currently, gummies are the largest overall edibles category. Shoenfeld remains optimistic that gummies will continue to lead, but other sub-categories are on the rise.

Pills are the fastest-growing category within edibles due to discreteness, while chocolates are the second-largest category.

Shoenfeld is also a big believer in tinctures. "There are currently some great products emerging in tinctures," he noted.

Scott is bullish on caramels, chews, and mints. "All of these are best-selling subcategories with very strong growth rates largely driven by new product introductions from leading manufacturers," he said.

## THE GROWTH CONTINUES

In 2016, combined edibles sales in Colorado, Oregon, and Washington reached \$270 million—12 percent of total reve-

nue. Across the three states, the category grew 61 percent over 2015's figures. Colorado contributed two-thirds of the sales in 2016; compared to 2015, the category grew 51 percent. In Washington, edibles sales grew 72 percent. Oregon's saw a 127-percent increase and would have grown more significantly if not for new testing requirements that stymied sales in the fourth quarter.

## THE FUTURE WILL BE BIG AND HUNGRY

Compared to a few years ago, starting an edibles-only business today seems, well, downright mainstream, and things are only getting started. With voters approving recreational use in November, California, the most populous state in the nation (more than 40 million people), offers a huge opportunity for new, compliant edibles companies with a savvy eye for branding.

"California offers the potential for brands to achieve a scale at which they can become far more profitable and powerful," Shoenfeld said.

Scott agreed: "I think having an adult-use market will drive a lot of new companies to the space, much like we saw in Colorado and Washington. California already has some great edibles brands, but I think we're just at the beginning."

Although far smaller in scale, states like Nevada, Massachusetts, Illinois, and New York all have the wind at their backs. Dozens and dozens of new dispensaries are being opened, creating thousands of square feet of new shelf space to be stocked. To be sure, the edibles category will grow, diversify, and become more varied.

"Cannabis and food go hand-in-hand, and American's like to eat," Shoenfeld said. "With those two truths in mind, we can confidently say edibles sales have a very long runway. Over 80 percent of edibles sales are from sweets, and while there is plenty of room for expansion within those segments, we anticipate a future with more edibles brands and categories. The future will be big."



*BDSAnalytics.com; Headset.io*



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Top: Bob Eschino  
Bottom: Rick Scarpello



# Predictions for 2017

POWERED BY INCREDIBLES FOUNDERS BOB ESCHINO AND RICK SCARPELLO

FOUNDED IN 2010, INCREDIBLES has long since established itself as a popular and respected fixture in the Colorado cannabis marketplace. We ran a few questions by founders Bob and Rick to get a snapshot look at what the company is up to and what we can expect to see from them in 2017.

## WHAT TRENDS IN THE EDIBLES MARKET DO YOU ANTICIPATE TAKING OFF IN 2017?

Last year's cannabis edibles trend in Colorado focused on the shift to "micro-dosing," and we predict this trend will continue, with a renewed focus on branding. We often remark that micro-dosing was the official cannabis-industry buzzword of the year. New users approaching cannabis feel more comfortable with edibles, therefore lower-dose items are increasing in popularity. In response to these market forces, we'll be updating our branding and introducing two completely new product lines in 2017.

## PREDICT TRENDS IN CANNABIS CONCENTRATES THROUGHOUT 2017.

Concentrates were the fastest growing cannabis category in Colorado in 2016, with new product categories—like rosin, fresh frozen, or our sap—emerging seemingly every day. Pay attention. As the market for concentrates continues to mature, we'll see consumer sophistication levels increase. Therefore, we'll see demand for full-spectrum,

terpene-rich concentrates rise proportionately. That's why our incredible extracts are quickly becoming the connoisseur's choice: our strain-specific, cannabis-derived terpenes profiles and proprietary genetics.

## WHAT DO WE HAVE TO LOOK FORWARD TO FROM INCREDIBLES IN 2017?

Not only will incredible be revamping its look in 2017, but we'll also be supercharging our ingredient quality standards. Since the beginning, we've been committed to gluten-free ingredients, but now we're adding sustainable palm oil. Responsible production is an important part of our mission. We're even planning to use hemp in our upcoming packaging.

## WHY SHOULD WE CARE?

The best cannabis products are made from superior extraction technology. It's that simple. We've spent nearly six years investing in our proprietary extraction methods and genetics. Throughout 2017, we're going to focus on telling the story of how the incredible brand is updating its look and branding to reflect the connoisseur-grade quality used in every aspect of our production line. From seed to sale, we can't wait for Coloradans to try our new gummy products. incredible represents consistency and the highest, safest quality for consumers.

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# Syrup! It's a More Effective Way of Medicating

Q&A WITH NADEEM AL-HASAN,  
FOUNDER, BAKED BROS



other edibles, allowing more of the medicine to be absorbed as opposed to it being wasted. It's a more effective way of medicating.

## WHAT HAVE YOU LEARNED SO FAR?

First, diversity: We serve so many different patients. It's really an eye opener to what this beautiful medicine can do.

Secondly, impact: We have several patients that were on high doses of opiates, and now they are completely off them.

Lastly, quality is consistency: Medicine getting the same effect every time is out-of-this-world important.

## WHY SYRUP?

We were making brownies, cakes, chocolate, caramels, cereal-bar footballs, etc. These all have something in common: All are difficult to dose, especially if you're trying to find your dose. So, we thought "Western medicine has always used syrups, pills, and needles to dose, so why not do that?" The syrup is much more bioavailable than many

## HOW ARE SALES?

In 2016, our sales doubled over 2015. We expect them to double again as we launch more education programs and more patients become available to serve.

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# Making Gummies the Americanna Way

A BRIEF Q&A WITH AMERICANNA'S PRESIDENT DAN ANGLIN.

## EXPLAIN THE ORIGINS OF AMERICANNA, AND WHY GUMMIES?

Americanna was born out of a concern for higher-quality food products and a vision to change the concept of “food grade cannabis oil” from low-quality decarb to the highest quality distillate. Additionally, the vision was to create proprietary shapes for gummies and other food products that would resonate with consumers and allow anyone to recognize these products were cannabis products, thereby preventing confusion for non-consumers. We chose gummies because I was an owner and Frank was the top representative of one of the largest cannabis gummy companies in the space, and that’s where our passion lives. We learned a lot building the first large edibles brand and used those experiences to build the next brand for a global market.

## WHAT IS THE TRUE SECRET TO A GREAT CANNABIS GUMMY? HOW DO YOU MAINTAIN DOSAGE CONSISTENCY? CAN YOU IMPROVE UPON YOUR GUMMIES?

The secret is that the candy itself has to be delicious. High-quality food ingredients combined with high-quality distillate cannabis oil is the secret to Americanna’s success as the number-one-selling product in edibles. Dosage consistency is achieved through metered dosing, and the details on that are trade secrets for the company. However, there are laboratory processes and equipment that we utilize to achieve accurate dosing, which is proven in our testing. We don’t plan to improve the gummies anytime soon, as we’ve taken the time to get it right.

Our new line of gummies, called CannaPuffs, are an aerated gummy that have a better mouth feel, consistency, and taste and are unique to the marketplace, which shows our consumers we are always innovating to provide them the best possible product.

Americanna will diversify into other edible products, as well as other segments of the market, so our loyal consumers can have a variety of products to choose from since they have confidence in the quality of our brand.

## WHAT IS YOUR CURRENT MARKET SHARE? ANY NEW PRODUCTS ON THE HORIZON?

According to BDS Analytics, in just three quarters of 2016 (we launched the brand in April 2016), we have taken the fifth top spot as a brand in Colorado. Additionally, our sour gummies SKU was the number-one-selling individual product for the year, and our sweet gummies SKU was the number-five-selling product.

We now have the CannaPuffs line and individual flavors, but we are working on multiple new products to be released in 2017. Expanding the menu is a priority for the company, as well as expanding into other regulated markets to bring our brand to those states.

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# Cookie Enforcement: Taste the Difference

BROTHER AND SISTER DUO JEFF KOZ AND ROBERTA WILSON SUCCESSFULLY LAUNCHED DR. NORM'S IN HONOR OF THEIR COOKIE-LOVING MOM AND OLD-SCHOOL MEDICAL DOCTOR DAD. HERE ARE THE FIVE LAWS BY WHICH THEY LIVE.

## *Dr. Norm's Laws*

- 1 **TASTE THE COOKIE, NOT THE CANNABIS:** We strive to make products with as little cannabis taste as possible. We achieve this through the use of our proprietary, award-winning THC extract. We infuse our cookies with a clear, distilled oil with 91-percent potency.
- 2 **KNOW YOUR DOSE:** We want to change the perception of edibles by promoting our mantra, "Know your dose." Our commitment to delivering bite-sized, reliable, and consistently dosed products allows our patients to learn what dosage is right for them.
- 3 **LEGACY:** We honor the legacy of our dad, the original Dr. Norm, by caring about the wellbeing of our patients. We imbue his healing powers, personable and caring ways, and great sense of humor in all that we do. As Dr. Norm did, we treat people like family.
- 4 **ORGANIC GROWTH:** It's better to grow organically. By this we mean you need to connect personally with the patients and dispensaries. People love our cookies, and we want to turn them into fans and advocates.
- 5 **BRAND IT WITH HUMOR, AND THEY WILL EAT IT:** The cannabis industry is still in its early days in terms of marketing and branding, and we plan on pushing the envelope here. Humor is key.

## DID YOU KNOW?

DR. NORM'S HAS NO CANNABIS AFTERTASTE BECAUSE THE BAKERS USE 91-PERCENT-PURE DISTILLED THC EXTRACT AND 100 PERCENT THC POTENCY—THE SAME STUFF USED IN SHATTER AND HIGH-END VAPE CARTRIDGES.



*"We honor the legacy of our dad, the original Dr. Norm, by caring about the wellbeing of our patients. We imbue his healing powers, personable and caring ways, and great sense of humor in all that we do. As Dr. Norm did, we treat people like family."*

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# Straight Outta Portland

4 THINGS CEO CHRISTINE SMITH HAS LEARNED FROM LAUNCHING GRÖN.

**GRÖN** (PRONOUNCED “GREWN”) means green in Swedish, a nod to founder and Chief Executive Officer Christine Smith’s love for Scandinavia. She fell in love with the region when she attended design school in Denmark.

Grön’s conception in 2014 was a happy accident. “I was a practicing architect at a large Portland firm when my husband opened a marijuana dispensary,” said Smith, 43. “I quickly became aware the selection of edibles available was disappointing, so I decided to start dabbling with something that might appeal to a more mainstream market.”

**TESTING:** Edibles production on a large scale is less about the art of food and more about the science of medicine, as testing dictates distribution. We spend a significant amount of time and resources testing, retesting, and testing again. That is the only way to stay compliant in this industry. Grön is very proud to be the first Oregon processor to receive process validation from the state of Oregon.

**NO OVERNIGHT SUCCESSES:** Edibles companies don’t start overnight. 2016 was our year of growth, but that growth couldn’t have happened without the base of development that was generated prior.

**FORWARD THINKING:** Look up and think ahead. We are currently procuring raw materials that will go into production in late-March. Always look ahead, and read the rules that will affect your future.

**TENACITY:** Enough said!

DID YOU KNOW?



*“Grön now produces 50,000 chocolates a month. We expect to double that by the end of 2017”*

— Christine Smith

- **Distribution:** Oregon
- **Launch Date:** Late-2014
- **Dispensaries:** More than 80
- **Number of Employees:** 20

GrönChocolate.com

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# More Than A Chef for Higher

WHAT'S NEW IN INFUSED DINING EXPERIENCE, WITH CHEF FOR HIGHER'S "HAWAII MIKE" SALMAN, WHO BEGAN THE "DINNER IS DOPE" SERIES WITH HIS WIFE, STEPHANIE.

## HOW DID THE CHEF FOR HIGHER "DINNER IS DOPE" SERIES GET STARTED? HOW MANY DINNERS DO YOU HOST IN A YEAR, AND WHERE?

Chef for Higher began with our dream of creating a line of cannabis-infused edibles. We wanted a way to introduce what we do, so we came up with the idea of doing a monthly "Tupperware party" [sort of event], a hosted social gathering to showcase our products but presented in the style of a supper club. Our mission is to normalize the use of cannabis as an everyday essential, and we use food to communicate that.

It quickly took off. Our twenty-second consecutive monthly event in New York City was on February 26. We did dinners in San Francisco, Los Angeles, and Washington, D.C. in 2016 and will be going back to each in 2017, as well as to Denver, Boston, and Portland, among other places. We're open to new spots; you just have to hit us up.

## WALK US THROUGH A TYPICAL CFH DINNER EXPERIENCE. WHAT ARE SOME OF YOUR DINERS' FAVORITE DISHES?

Each dinner consists of a five-course tasting menu and starts with a toast where we welcome everyone, give a brief history of cannabis and how it has been used in various cultures throughout time, and the plant's history in the U.S. We use alcohol as our "gateway drug," as it's a familiar sensation and the immediate buzz helps to quell the anticipation of edibles to take effect. This really helps us with our less experienced attendees. After the second appetizer, we have a smoke break where guests get to relax into the effects, mingle, and interact with us. After the break, we serve the main course followed by dessert. The whole dinner service is about two and one-half hours long.

All of the dinners are themed, and all of the menus are composed of seasonal comfort food that reflects the theme. I would have to say Smac 'n' Cheese Balls, Chick in Waffle, Twice Fried Wings, and my personal fave, Poke, were favorites in 2016. We're working on a cookbook that will feature the recipes from our dinner series, so you'll be able to do what we do for you and your friends at home.

## WHAT ELSE IS CHEF FOR HIGHER UP TO? WHERE DO YOU SEE YOUR REVENUE STREAMS DERIVING FROM?

Right now we're doing well with the dinners, but they are really just a platform to share our perspective on cannabis, knowledge in infusing food, and building a community of informed consumers. We're currently in the process of finding supply partners on the farming and extraction side so we can start producing the Chef for Higher line of cannabis-infused cooking essentials.

## DO YOU SEE THE CANNABIS DINING EXPERIENCE EVOLVING TO INCLUDE NEW TYPES OF EXPERIENCES?

I see it having an infinite amount of options that are only limited by our imagination. Once we look at cannabis as another ingredient that we can infuse into recipes, not a Schedule 1 drug that has no history as a nutritional supplement, you will see a shift in how we incorporate it into not only dining but also hospitality and travel. We have been getting a lot of calls for our services around larger events like awards shows and music festivals. There will be lots of collaborations within the music, fashion, and entertainment spaces, since brands and labels are always looking for new experiences to create for media, influencers, and consumers.



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# Korova's "Potent" Impact on the Cannabis Industry

THE EDIBLE MAKER CONTINUES TO ADD TO THEIR LINE OF TASTY INFUSED DELICACIES.

**KOROVA'S SLOGAN GETS RIGHT TO THE POINT:** "Unrivaled potency." The company's 1000mg cookies long have been considered a great option for patients with a high tolerance for THC.

The company continues to build a reputation for making delicious pastries with a punch. Korova has expanded its line of infused edibles since we last spoke with them. "We've dropped a new Salted Caramel Blondie at 500mg and a Mint Black Bar at 1000mg," Korova founder Blake Powers said.

Korova also has developed a Gluten-Free Chocolate and Vegan Bar. "The vegan bars are an excellent alternative for people looking for a healthier option," Powers explained.

For those seeking a low-dose option, Korova's newly released popcorn may offer a solution. "Overall, the popcorn is still high-potency at 300mg per bag; however, it is very easy to titrate your dose by just eating a few kernels to start," Powers said.

The product line is growing at a steady pace, and so is Korova's market. "We are always adding new accounts in California. We currently serve over 700 dispensaries and delivery services statewide. We are now available in Arizona and Nevada, as well," said Powers.

Now that voters in California have approved recreational use, Powers hopes tax dollars taken in by the state will be used wisely. He also looks forward to a more refined legal structure. "The patients and consumers of cannabis deserve a well-regulated market held to the highest of standards," he said.





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# Why Numa, Why Now: The Making of a Singular Brand

THE MINIMAL-CALORIE, LOW-SUGAR, LOW-FAT, AND EASY-DOING EVANESCE POWDER IS NOT QUITE AN EDIBLE OR SUBLINGUAL BUT IS REPLETE WITH FLAVOR, FLEXIBILITY, AND SPIRIT. NICHOLAS BUNKER, THE PRESIDENT OF NUMA, WEIGHS IN.

## THE PITCH

First and most obvious, we are different and provide another category for [dispensary] shelves. NUMA allows consumers the option of turning their favorite food into an edible if used as a topping or additive, or they can directly ingest it through their sublingual glands as it instantly melts in the mouth.

**INNOVATIVE EDIBLES** is the brainchild of our executive chef, Doug DeGeeter. He was a food person who loved cannabis, and I was a cannabis person who loved food. Doug identified a hole in the marketplace with NUMA—"an edible more fit for the 21st century." It is truly amazing how much flavor can be contained in less than two grams of food ingredients. This is especially true when you consider that one gram of this is our base mix of tapioca-maltodextrin.

## BRANDING/PACKAGING/LOGO

We settled on the five point star when Doug pointed out there are five sections of the human flavor palate—sweet, sour, salt, bitter, umami—and with this new edible format, we could express them all. One day, Doug said to me, "How do you feel about the name Numa based on the Greek word 'pneuma' which translates to 'the breath or wind of spirit?'"

## PATENT

In June 2016, we were ready to launch but decided to hold back after our patent attorney said, "I think your patent is going to get

approved." In December 2016, our patent was not only approved but split into two. Our methodology was approved and our composition is still pending. The main purpose of our patent is twofold: one, to make cannabis concentrates easier to use for the culinary industry, and two, to make dosage control precise and manageable in the edible and sublingual format.

## FLAVORS

In both NUMA Light and NUMA Sky we have the following three: Pineapple/Rose, White Chocolate/Cinnamon, and Parmesan/Peppercorn/Clove. For NUMA Rose, our first offering is Chocolate/Hempseed, my personal favorite. Doug is very proud of the Parmesan/Peppercorn/Clove.

*"It is truly amazing how much flavor can be contained in less than two grams of food ingredients. This is especially true when you consider that one gram of this is our base mix of tapioca-maltodextrin."* —Nicholas Bunker

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# Hungry for Yummi Karma

THE ALREADY-SUCCESSFUL EDIBLES MAKER IS READY TO KICK THINGS INTO HIGH GEAR.

“WHEN WE STARTED YUMMI KARMA, our goal was to make cannabis products more approachable, especially for women,” said Krystal Kitahara, owner of Yummi Karma. With discreet tinctures and “non-stoner” packaging, it is no wonder people think Yummi Karma’s products are very approachable.

Since we last spoke with Yummi Karma, a lot of exciting releases have dropped. The packaging has become even more vibrant, and some of the new food inside really stands out. Two of the company’s new popcorn flavors—Mac and Cheese, and Parmesan and Herb—are not run-of-the-mill flavors. Can you say “Yummi?”

Yummi Karma is determined to live up to the latter part of its name. Designed with military veterans in mind, the new high-CBD tincture is spreading karma. “That was a labor of love for the veterans who approached us looking for relief from PTSD,” said Kitahara.

The company also backs up its commitment to helping women free themselves from the stigma of cannabis use. The new High Gorgeous line was designed to blend cannabis use into the normal routines of many women. “It is a line of topicals for women that look, smell, and feel like the products we’re all used to using from the big chain beauty stores,” Kitahara said. The line includes several unique infused products such as body lotions, bubble bath, and lip balms.

Summer will be here soon, and Kitahara plans to be ready. “We are expanding our High Gorgeous line to include a summer line of tanning and after-sun topicals,” Kitahara explained.

Sitting on the beach with some Yummi Karma-infused chips while taking in the sun with High Gorgeous tanning lotion may be the perfect summer relaxation. 



# We're proud to announce the newest additions to our flavor team.



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Learn more at [innovativeedibles.com](https://innovativeedibles.com)

## Use as sublingual.

or

## Use as edible.

For best results, avoid swallowing to allow product to fully absorb in mouth.

- Begin to feel effects in 2-5 min<sup>†</sup>
- Achieve full effect 10-20 min<sup>†</sup>

Add product to prepared food or swallow immediately with water.

- Begin to feel effects in 30-45 min<sup>†</sup>
- Achieve full effect in up to 2 hrs<sup>†</sup>

<sup>†</sup>Times are average with proper intake and will vary from person to person.



# THE INDOMITABLE NATURE OF G

FOR ALL ITS OPPORTUNITY, THE CANNABIS INDUSTRY REMAINS AN EXISTENTIAL CHALLENGE FOR EVEN THE MOST INTREPID ENTREPRENEUR. Prepare for the worst, cross every T and dot every I, and still the whims of fate can easily throw a curve that puts your business in instant peril. It happens all the time, often the result of forces outside one's control.

INTERVIEW BY TOM HYMES



YOU  
NEVER  
REALLY  
KNOW  
WHAT'S  
INSIDE  
UNTIL  
YOU'RE  
RIPPED  
OPEN.



Berto Torres, left, and Ata Gonzalez

“

**HONESTLY, IT'S HARD FOR ME TO TAKE A LESSON [FROM THE RAID], BECAUSE IN ANY SITUATION MOVING FORWARD THAT I FEEL WE'RE IN THE RIGHT, I'M GOING TO STRIKE AT IT**

—Ata Gonzalez

”

And yet, time and again in the face of such profound uncertainty we see a fortitude of character that marks the industry and the people in it as passionately independent, hopelessly romantic, and rigorously pragmatic. In other words, as American as apple pie. Or café con leche, if you're G FarmaBrands, the founders of which are of Cuban descent. Either way, the very same work ethic and family values that define G Farma's brand and account in large part for its impressive growth from such modest beginnings have also been called upon to help the company deal with one of the most challenging tests a business can face—the sudden and unexpected loss of significant, essential revenue.

G Farma is not what you would call a legacy company. It doesn't have decades-deep roots in California, and it's only been in existence as a brand since 2013. But by most other metrics it's a major brand, with national recognition and a dizzying array of quality products that run the gamut of options available to today's cannabis patient and adult-use consumer. Indeed, one would be hard-pressed to name another company that makes and markets its own flower, oil, vapes, and complete line of edibles, at last count offering more than 70 individual SKUs to the public.

**#OF  
DISPENSARIES**

**CALIFORNIA:**  
more than 900 (2016)

**WASHINGTON:**  
close to 100 (2016)  
(G Stiks only)

and then had stores, but they were getting robbed, so we decided to open more of a manufacturing thing.”

G FarmaLabs launched in November 2013, and by the following year the last of their dispensaries had been sold. The model for sustainable growth had been established. “We've always raised money in this industry by growing weed,” explained Ata. Money raised growing weed would then put to work on new projects and products, enabling steady expansion of both the product line and the number of stores that carry G Farma products. It was a solid business model that worked from the beginning. “LiquidGold vape was our first product, and then we came out with the chocolate and then the G Stiks,” recalled Ata. “The lemonade has been available for about a year now.”

From the start, Ata made the critical decision not to hide, even when others did their best to keep a low profile. “What made us different from everybody else was that we stepped out into the public,” said Ata. “Once the old guys saw this new guy from Miami taking all their glory, they started coming out with their own brands.

“The first company to really go national was Dixie Elixirs, but after Dixie went national it was G Farma,” he added. “Afterwards,

## ROOTS

G FarmaLabs founder Ata Gonzalez moved to California from Miami along with his wife, Nicole, and boyhood friend Berto Torres. Their collective career in cannabis began with cultivation. “We grew in a small Northern California town for five to six years when we first came out,” said Ata.

The early years were lean. “The three of us moved out here with nothing,” recalled Nicole. “I bought my daughter's clothes on eBay when we first moved out here.”

“Then she gave them to me for my daughter,” added Berto, who serves as chief operating officer for parent company G FarmaBrands and oversees the company's Washington State operation.

The early grow may have been up north, but the team settled in the southern part of the state, where it started planting roots. “We weren't the first cannabis brand in California,” Ata said. “We owned stores in 2012, when there were very few brands in the state. There was Bhang and Venice Cookie Company; Venice probably had more variety of products. Then O.penVAPE came along with its oil. We were growers first—with a lot of lights and a lot of outdoor—

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many have come, but until then no one had held the flag and said, 'We're in California, we're a brand, and we're national.'

The company footprint in California also grew exponentially. By 2016, its products were sold in more than 900 stores, with the company vending to an average of more than 500 stores a quarter. Things progressed so well that in October 2015, the company made two big moves. First, it created G FarmaBrands as a holding company, and it hired Ata's ex-wife, Dr. Cristina Gonzalez, a licensed pharmacist, to replace Ata as the company's chief executive officer. Ata took on a consulting role while also tending to ancillary businesses such as the news outlets GFarma.News and GFarma.TV. With many years in corporate retail under her belt, Gonzalez's role, following an extensive learning curve, is to streamline the company's efficiencies in order to free resources for other projects.

In March 2016, the company made a major move and established a footprint in Washington State, where it received a Tier 3 license that allows it to cultivate and manufacture. Currently, the company sells G Stiks only in the state and reportedly dominates the market.

"We sell thousands of G Stiks in Washington State," said Ata. "In fact, we're the number one pre-roll up there because we're selling it at about \$3.50 per stick. Here, we're used to selling it for \$10. So, the dispensaries are buying up our G Stiks left and right." He said about forty Washington dispensaries currently carry G Stiks.

Things have been going so well that the company, which also delivers its own products to dispensaries throughout California, put in motion a grand plan to build a massive location in Desert Hot Springs intended to hold 60,000 square feet of canopy and 30,000 square feet of kitchen space. Best laid plans. Unfortunately, fate intervened.

## THE CALAVERAS COUNTY RAID

In late October 2016, G Farma was at the wrong end of a raid conducted by Calaveras County Sheriff Rick DiBasilio. The action reaped an estimated \$10 million worth of just-harvested cannabis, all of which was legally grown. Widely reported in the mainstream and cannabis media, the raid was controversial from the get-go, with the sheriff making wildly confused statements regarding the legal justification after the fact. Despite efforts by Ata's lawyers to keep the sheriff's department from destroying any of the seized product, DiBasilio ignored their entreaties and carted the cannabis away. The damage had been done, according to Ata, who recounted the reasons why G Farma was growing in Calaveras in the first place.

"We had Desert Hot Springs, a city that welcomed us with open arms," he explained. "We were one of the first people to go to the city and say, 'Look, we are not [backed by big capital]. We don't have \$15 million to \$20 million to build our facilities. Why don't you give us an interim grow so we can put up greenhouses?'"

Ata had grown outdoors in California before. "We came to California with nothing," he said. "Our first, year we grew ninety-nine plants outdoors, and from that we built G Farma. That was eight years ago. Outdoor, for us, was a way to create money to put back into the company, just like we did in Washington State.

**5 TOP SELLING PRODUCTS 2016**

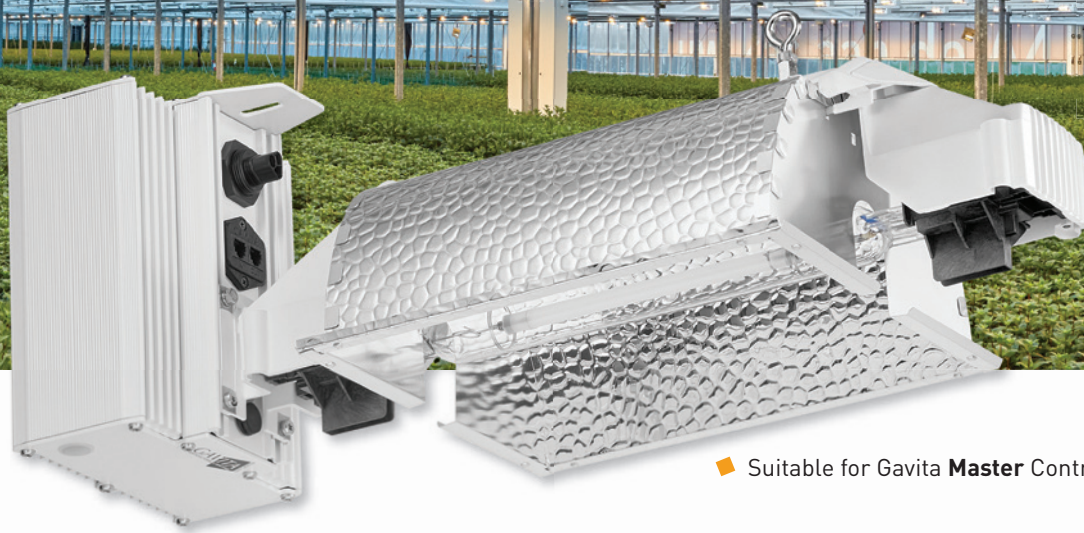
- 1** **GStiks** AMARILLO (100% PURE ROLLED CANNABIS CORE IN THE WORLD)
- 2** **LIQUID GOLD** VAPE
- 3** **LIQUID GOLD** Pina Colada (CANNABIS INFUSED BEVERAGE)
- 4** **NUG** VAPE OIL (INDICA)
- 5** **Original Lemonade** (CANNABIS INFUSED, 100mg THC, 16 FL OZ (473 ML))

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*Cristina Gonzalez, left, and Nicole Gonzalez*

“

**I THINK WE'RE BLESSED. YOU'RE TALKING TO PEOPLE WHO  
MOVED TO CALIFORNIA TO GROW WEED**

—Nicole Gonzalez

”

“So, we asked the city to let us put greenhouses and containers on our undeveloped property, and they said fine,” he added. “They approved us for 80,000 square feet, and the conditional use permit (CUP) was granted June 7. We didn’t have to do roads or anything. We could plant 80,00 square feet in the desert.

“Two weeks after getting the CUP, though, we still had not received our building permits from the city,” he continued. “We had to make a hard decision, and by June 14 we decided that it wasn’t going to happen in the desert. We had already been up to Calaveras County looking for grow sites, and we had already borrowed money to do the outdoor grow. We had to go either here [in Desert Hot Springs] or there [in Calaveras], and we made the determination to go to Calaveras. All our attorneys and team members agreed.

“We went up and located several properties and worked out a deal,” he said. “They’re the licensees, and we got the product from them. We told them exactly what nutrients we use and taught them how to grow our strains.”

good, and we moved the product there to dry.”

Nothing was out of the ordinary, said Ata. “We were doing what we’ve done for many years. One day, they came to conduct a regular inspection, walked through, and left; everything was fine. The next day, they came again for what seemed to be another regular inspection, but where on the first day it was a city zoning guy, the sheriff came the second day. He came with officers but it was more like a walk-through, and then suddenly there was an investigation underway and it turned into a ten-hour ordeal. They arrested about twenty-seven people, including twenty-five trimmers. But when we went to the arraignment, no charges were filed.”

They were not so lucky when it came to the weed. “A couple of days later our attorney sent the sheriff and the officer in charge a letter advising them not to destroy the cannabis. They were going to be responsible for it, because there was nothing illegal there. But he wiped his ass with it and the next day came with the dump trucks and dumped it all somewhere. They said they took two and half tons.” Value was placed at \$10 million.

**#OF  
SKUS**

More than  
**70**

**OCTOBER 25, 2016**

Everything was proceeding according to plan at the three farms, which were licensed for 22,000 square feet of canopy each, for a total of 66,000 square feet. “We had the first grow up in about five weeks, which included full automation and irrigation,” said Torres. The rest followed suit, and all of the canopy space was planted in anticipation of a full harvest.

“We were cropping as the raid happened,” recalled Ata. “As the season ended, we were considering our options: Do we get an inflatable building or what, to dry the stuff?”

“There was a dispensary owner up there who had rented the old airport,” he continued. “He also had a license to grow, but he wasn’t using a lot of the space so we thought maybe he could rent some of it to us. I approached him and asked. He was also Cuban from Miami, and he said ‘yes’ on a friendly handshake. I didn’t sublease or anything, but it was a licensed location. I did not want to bring my product to an unlicensed location, but wanted to use a licensed place on purpose. We got letters of opinion from two attorneys making sure we could move the product from the farms to the licensed facility in the county. It was all

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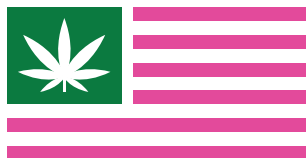


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“

## THE BIGGEST LESSON WE'VE LEARNED IS TO STAY LEAN

—Berto Torres

”

Adding insult to injury, the sheriff offered a lame justification for the raid. “He went on TV to say that we were reading the ordinance wrong and that we could only grow and could not do anything else with the plant,” said Ata. “All we were doing at that facility was harvesting it. We were drying, trimming, and bagging it.”

The weed may be gone, but the sheriff may have unwittingly given G Garma a gift by appearing on TV to talk about the case.

“My lawyer contacted county counsel, asking why the sheriff made the comments he did on TV, and the county counsel was like, ‘No, he didn’t say that.’ My lawyer sent them a tape of the interview, and they were like, ‘Fuck.’ They know he messed up.”

Ata plans to sue. “I think the lawsuit, which we’re going to file in federal court in San Francisco, will set a precedent for California because we will prevail,” he said. “There’s no reason why we won’t.”

As to why the raid was undertaken in the first place, a local referendum on processing was held the week following the raid. It failed to pass. But Ata feels as though another, equally disturbing undercurrent was at play. “When you’re Hispanic, you’re considered Mexican,” he said. “I’m Cuban, so I don’t know about cartels, but they do make that assumption. I have never felt rac-

ism before in my life, but in that town, I felt racism like crazy from the beginning.

“Now we’re more embedded there and they know us better,” he added, “but I definitely felt the racism.”

### DOMINO EFFECT

Time has passed since the raid and business continues, but the scars have not healed. “As time goes by, we’re realizing that it hurts us more and more. He took two and a half tons of legal product from us that is worth millions of dollars.”

Neither has the domino effect of the raid abated. “Apart from opportunities I do not have money to strike at because of the raid, this was money that I borrowed that I have not been able to pay back,” said Ata. “Through everything I am keeping my composure, but you don’t understand the pressure I go through when I have to deal with people I’ve dealt with all my life, and I have to tell them I don’t have the money to pay them. I don’t know how that gets compensated.”

It also hurts that he now has to sell the Desert Hot Springs property, “which is attached to all this,” explained Ata. “That property is now worth \$3.5 million at least,

that I now have to put on the market and sell. This is the result of this whole domino effect.”

The unjust nature of the raid also makes it hard to derive any lessons from the incident. “Honestly, it’s hard for me to take a lesson, because in any situation moving forward that I feel we’re in the right, I’m going to strike at it,” said Ata. “I got two opinions from attorneys. I did everything I could. So, if I keep on moving forward and do not strike at opportunities, why am I in business?”

That indomitable spirit is part and parcel of the Gonzalez character, which also includes a deep appreciation. “I think we’re really privileged to be here,” said Nicole. “I have pride, but I don’t look at it as pride. I think we’re blessed. You’re talking to people who moved to California to grow weed.”

For Torres, there is a very real lesson to be gleaned from the raid and its aftermath. “The biggest lesson we’ve learned is to stay lean,” he said.

### LEAN MACHINE

G GarmaBrands may have been dinged by the raid, but it is hardly bowed. The company refused to fire any workers because of its tight-

DELIVERY  
MILES DRIVEN  
EVERY MONTH

3,000  
miles

ened belt, and it is moving ahead on a number of fronts. First and foremost, the company is determined to keep its products on the market and to have a production license in hand by January 1, 2018.

"I don't care about the grows," noted Ata, adding that farmers in Calaveras are now banding together to fight a proposed ban on cultivation. "Calaveras or Riverside, I'll find something. But where is our production facility going to be? We're very close to finding a place. One step at a time."

### WHAT DOESN'T KILL YOU

The raid isn't the only challenge G Farma has faced recently. In early 2017, NBC4 News in Los Angeles aired the results of a lab test performed on more than forty products bought at area dispensaries. The lab stated G Farma's products were contaminated with pesticides.

G Farma condemned the report, issuing a statement asserting the tests were performed by a lab affiliated with a competitor. The lab, according to G Farma, "lacks even the most basic ISO 17025 accreditation, which is the legal requirement for any state-licensed cannabis testing laboratory.


"G FarmaLabs only works with the most highly regarded ISO 17025-accredited laboratories," the statement continued. "With the aid of industry leading scientist[s] such as Dr. Jeffery Raber

of the Werc Shop, Dr. Roberts of CW Analytical, and Dr. Leah Shaffer from CannaSafe Analytics, G FarmaLabs has always gone above and beyond all legally mandated safety standards, and we remain steadfast in our commitment to providing our consumers with safe, high-quality cannabis products that are second to none."

The statement gave voice to a concept Ata said is integral to the company's mission: "We at G FarmaBrands...remain committed to leading the charge toward the development and implementation of consistent safety and regulatory standards, both internally and across the entire emerging cannabis product marketplace."

Bruised but not broken by adversity, the G Farma family is determined to weather the storm and prove the old adage "what doesn't kill you makes you stronger." In fact, the company already has discovered strength can come from unexpected sources. "Two of our biggest distributors backed us when we needed it," Ata said. "I was also approached by Southern California lawyers offering to help for free, saying they think the situation in Calaveras could set precedent for the state.

"It's times like this that let you see who's real and who isn't," he added. "A whole new set of people helped us get [through recent setbacks].

"When you lose it all you're a fucking dumbass. When you hit it you're a genius. Yeah, we've learned a lot about that." 



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# Stocking Edibles

HOW ONE STORE OPERATOR THINKS ABOUT AND MANAGES HIS EDIBLES INVENTORY.

BY TOM HYMES

**F**OUNDED AS CAHUENGA CAREGIVERS and incorporated with the California Secretary of State in 2006, Sherman Oaks Health Center originally was located in North Hollywood. A few years ago, zoning issues required a move to its present location at the intersection of Kester and Oxnard in a building that used to house a motorcycle parts and repair shop. Now the space holds choice flower, concentrates, and a mind boggling selection of edibles. Operator Gregory Meguerian revealed market trends in edibles, how he makes inventory decisions, and what's in store.

## DO YOU REALLY CARRY MORE EDIBLES THAN ANYONE ELSE IN LOS ANGELES? HOW MANY SKUS DO YOU HAVE?

Well, we may not actually carry more edibles than anyone else in Los Angeles, but 192 edible SKUs likely puts us in the top percentile of dispensaries.

## WHAT ARE YOUR MOST POPULAR EDIBLES?

Kiva products (chocolate), Venice Cookie Company (chocolate, drinks, baked goods), Kushy Punch (gummies), and Sensi Chew edibles do the best in our shop. I like to smoke my cannabis personally, but my employees enjoy these edible companies, as well.

## HOW DO YOU DECIDE WHAT TO CARRY? IF SOMETHING ISN'T SELLING, HOW LONG BEFORE IT'S PULLED?

There was a time in our existence when we didn't have formal procedures in place to determine what to carry or for how long to keep it on our shelves, but we've grown a lot over the past ten years. Today, we run on [point-of-sale] and make data-driven decisions thanks to providers like BDS Analytics. POS, of course, enables me to get insight on my own dispensary sales and patient demographics while BDS Analytics allows us to take it to the next level by, for example, comparing our store data to industry data to see if we're excelling and where we can focus our efforts.


We have some products that require a bit of education, like topical or bath salts, so we'll allow a product like this to sit on our shelf for up to three months before pulling it due to poor performance. If it's a vaporizer, for instance, a product with a smaller learning curve due to familiarity, we'll allow up to a month before pulling this type of product for the same reason.

## HOW ARE EDIBLES DOING COMPARED WITH FLOWER AND CONCENTRATES?

As we become more data-informed, we're seeing flower lose market share to concentrates and edibles, for sure. Vapes and concentrates have eaten up a lot of the flower market. Total donations by category for our shop are approximately 40-percent flower, 30-percent concentrates, 25-percent edibles, and 5-percent between topicals, tinctures, and other miscellaneous products.

## ARE YOU UP TO ANYTHING NEW AND EXCITING?

We always have something new and exciting to talk about, brother. Most recently, we've decided to rebrand the dispensary as The Reefinery. As state regulations materialize, we're looking to elevate the experience and presence of our existence by showcasing our beliefs through a refined retail experience. We've always made small improvements over time, but we're looking to do a major rebranding over the next twelve months that will focus on a curated menu aligned with brands that have similar values as we do, and [we'll be] carrying only brands that responsibly supply full-panel lab results of their products.

Moving forward, quality assurance is an area we'll be paying a lot of attention to, especially with the new regulations coming into play. We're also expected to launch a few brands over the next six months, which we're all really excited about. 



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# Recipe for Success

MOONMAN'S MISTRESS FOUNDERS LIZ RUDNER AND JAMEL RAMIRO  
ARE TASTEFULLY DISRUPTING THE EDIBLES INDUSTRY.

BY JEFFERSON REID

**W**HAT DO YOU GET WHEN YOU MIX a creative director/health-conscious baker who has overcome two debilitating autoimmune diseases and a personal trainer pushing the envelope to find fresh ways to rejuvenate himself and his clients after hardcore workouts?

You get MoonMan's Mistress, an award-winning artisanal paleo-centric edibles company that produces tasty gluten-free, dairy-free, and low-glycemic snacks.

If that seems too much of a mouthful, company cofounder and kitchen magician Liz Rudner said MoonMan's Mistress is on a mission to prove "eating healthy doesn't have to be boring and tasteless." She and her business partner, Jamel Ramiro, founded the

company three and a half years ago as a passion project they took on in addition to their day jobs. The company has taken off.

## WHAT'S EATING YOU IS WHAT YOU'RE EATING

In addition to working as a creative director and brand director for tech startups, Rudner studied holistic nutrition as part of her personal journey to health. She and boot camp fitness maestro Ramiro synced up at wellness retreats in Costa Rica.

"I've always been a pretty active cannabis user," said Rudner. "But what we discovered, through traveling and working with people to kind of reset their rhythms, was a lack of people in the industry creating products around wellness.

"I have Hashimoto's and celiac autoimmune diseases, so I'm really limited with food in general," she continued. "And then in the cannabis space, if you have a soy/dairy/gluten allergy, you have to hang out with flowers and concentrates—edibles are not really available to you. So basically that's where it sort of evolved. We saw there was a need for products that were really about healing your body with food."

Ramiro noted that before jumping into the cannabis space, the duo started a paleo baking company to answer his fitness clients' need for healthy snacking alternatives. They quickly discovered that market was already saturated.

"That's how we decided to take it a step further," he said, "with Liz using cannabis to



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help heal herself, and me using it for athletic recovery as well as an anti-inflammatory, because of all of the intense fitness things that I do.”

Asked to compare a typical twenty-four hours when their business began with an average span of the same length now, they said the two situations are like night and day... and then half the night again. MoonMan's Mistress has morphed rapidly from a small, pet project into a full-blown company.

Their “big launch moment” occurred in 2015 when they won Healthiest Edibles at the Edibles Awards. “That was kind of our launch,” said Rudner. “We never officially launched, because when you're a company of two, every day is a launch.”

Things have changed dramatically since then. “I spent the past year fully 100-percent investing my time, no longer in corporate, and Jamel's working full time,” Rudner continued. “It's a lot. Our days don't end. There's not a beginning, middle, or end; it's just a continuous flow. “Jamel's day starts at 4:15 a.m. and goes to about 11 o'clock at night. My day starts at 6:30 a.m. and goes to about 2 a.m.”

So much for that whole “stoner slacker” stereotype.

## JUST TWO GOOD

Citing Rudner's design experience and his background in sales, marketing, and content writing, Ramiro said their meshed skill sets create synergy. “A lot of people look at our stuff, look at our branding, look at our packaging, and they can't believe it's just us two.”

Perhaps the dynamic duo is demonstrating a personal entourage effect, similar to the way using whole-plant cannabis is known to have a multiplier effect when THC, CDB, terpenes, and other organic compounds in marijuana all work in concert to amplify their medicinal benefits. Indeed, the power of whole-plant cannabis is central to MoonMan's Mistress's new CDB line, and it starts from the ground up.

Rudner said she and Ramiro purposely sourced from a simpatico “permaculturist organic grower from Sonoma County” who has been farming for fifteen-plus years and “re-



Jamel Ramiro and Liz Rudner

ally values the quality of whole-plant cannabis CDB. They're beyond organic. Our values really align.

“The whole idea with the CDB line was finding the right farmer and then developing cookies that were really a step above,” she said. “A lot of people have nut allergies, so we went with 100-percent seeds. There are a lot of beneficial elements when it comes to seeds for your body. So, we made the Star Cluster, which is all superfood seeds. Then we made the Solar Flare, which is a spin on a chocolate chip cookie: a sunflower cookie.

## SUPERFOOD SUPERSTARS

“As a national concern, our food industry is really in pretty bad shape when it comes to eating healthy and wellness,” said Rudner. “We really want to focus on the preventative: Where can we change your habits now versus when you're really sick? We really believe that our end-user is the most important person in the framework. Human beings aren't scalable: You have one body, one life, and why not take care of it? Which is why we source only sustainable, organic, non-GMO, and pesticide free. We use the best ingredients because you only have one body.

“So, our biggest challenge is we're going against people who have no problem cranking stuff out at a very low price-point because they don't care.”

Not caring obviously is not an option for MoonMan's Mistress's owners. The company's expanding product line is constantly evolving as California embraces full recreational legal status.

“The cannabis space is very saturated, so it's important that we're still one of those high-level brands that's all about education,” Rudner said. “I think there's still a knowledge deficit around ‘what is healthy,’ especially if you are very patient-centric. So, I think it's important for us to still be advocates for the patients at the end of the day—and advocates for the wellness of the community.”

Amplifying his partner's thoughts, Ramiro said, “I think ultimately what it comes down to is if you can eat well, you'll move well. If you can move well, you can live life well. That's what we're really just pushing towards. We want to be preventative, and we want to show there is a way to use real food as medicine; to use cannabis as a superfood and as a medicine.” *mg*

## Liz Rudner's Road to Wellness: EATING (AND FEEDING) HER WAY TO HEALTH

“Honestly, the idea I was able to heal my body with food is such a great soap box to be on—to show people that you can do it, and that small adjustments make all the difference.” So said Liz Rudner, whose long, strange trip to health was a twenty-year battle with Hashimoto's and celiac diseases, which included an overmedicated childhood, adult obesity, and losing all her hair at 28. Over time, she established a healthy paleo diet, medicated with cannabis, and learned exercise techniques from business partner Jamel Ramiro. Now Rudner's mission is all about giving back to others with goodwill, good food, and medical cannabis.

“To see people over the age of 75 who have been on compound medications and just feel like shit all the time, to see them feel better is amazing,” she said. “Or working with a teenager who's been jacked on ADHD meds since they were seven, to see their quality of life improve... You can't quantify that. It's literally like a MasterCard moment: It's priceless.

“To see people heal their bodies, it's magical, almost. We're healers, not dealers. That's what I'm most excited about: the people.”



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# How to Plan, Prepare & Present to Finance Your Marijuana Business - Part II

BY SCOTT JORDAN

IF YOU ARE SEEKING FINANCING to start or expand your marijuana businesses, there are three critical steps to success: Plan, prepare your documents, and present to the right people.

In the previous article, I covered the planning phase and the importance of identifying the right funding sources. In this article, we'll cover the three keys for preparing your documents based on how much money you need, the stage of your business, and your personal financial profile:



As you answer some important questions about your business and research the types of financing sources available, you will discover the differences between debt- and equity-based lenders and which source may be right for you.


Debt-based lenders are interested in numbers and results. They are focused on the five C's:

- CREDIT SCORE
- CHARACTER
- CAPACITY TO REPAY
- CASH FLOW
- COLLATERAL

To prepare for either funding source, you will need to organize the following financials:

- CREDIT REPORT AND SCORES
- TAX RETURNS AND KEY NUMBERS
- PERSONAL FINANCIAL STATEMENT
- BANK AND CREDIT CARD STATEMENTS
- INCOME STATEMENT
- BALANCE SHEET
- CASH FLOW STATEMENT

Consider having a certified public accountant review or audit your financials before you meet with prospective lending sources, especially if you are considering debt-based options. Lenders are specifically interested in your balance sheet, income statement, and liabilities to confirm you have the ability to repay your loan.

Once you have prepared your documents, start preparing your executive summary and pitch. 

READ PART I ONLINE AT: [mgretailer.com](http://mgretailer.com)



**SCOTT JORDAN** is the director of business development for Dynamic Alternative Finance. He has arranged more than \$24 million in loans and equipment leases for cannabis business owners over the past two years. Jordan is a commercial finance expert known throughout the marijuana industry. He has been interviewed by Denver TV and radio stations, authored articles, and been a featured speaker at national conferences. Reach him at 303.754.2050 or [s.jordan@dynaltfinance.com](mailto:s.jordan@dynaltfinance.com)



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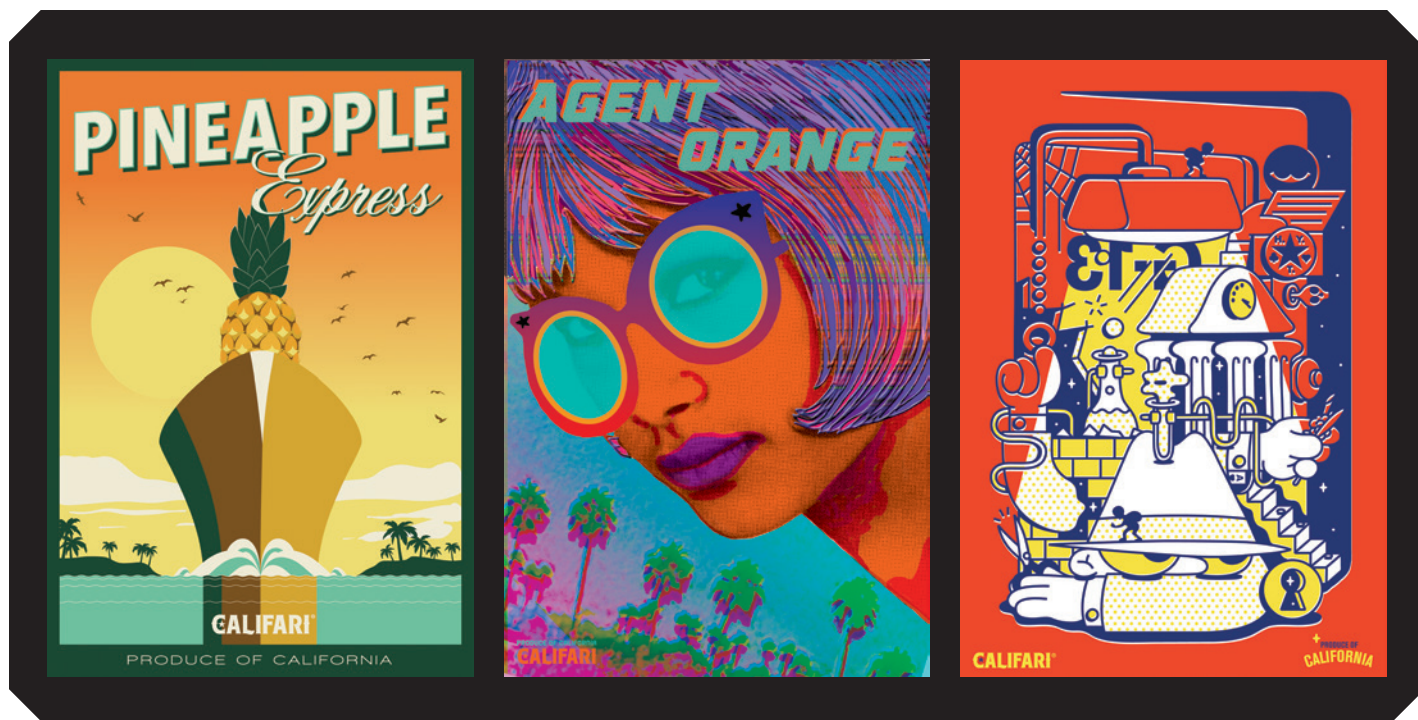
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# Strain Me Up

CALIFARI'S CANNABIS STRAIN POSTER SERIES MIXES 60S PSYCHEDELIC POSTER ART AND THE FINEST STRAINS ALL IN THE NAME OF ART, CANNABIS, AND ROCK 'N ROLL.

BY ROB HILL

**B**EFORE FOUNDING the branding/licensing/art services company Califari, Jason McHugh, 48, was an entertainment entrepreneur who had produced a handful of TV shows, films, and music-based events. “I worked for Perry Farrell and Lollapalooza producing a mobile prankster game called Mindfield,” he said. He’s best known for producing the first two feature films for Trey Parker and Matt Stone, *Cannibal! The Musical* and *Orgazmo*.

McHugh has been a cannabis lover ever since sneaking off to Grateful Dead concerts in the 1980s. His early affair with recreational marijuana evolved into a health-and-well-being lifestyle “thing” that has been very empowering for the Californian.

“There were many years where I simply thought of myself as a career stoner,” he said. “Now I understand that I was just following my own personal compass to wellness.”

## IN THE NAME OF CALIFARI

The name Califari emerged when McHugh was trying to define his own unique set of spiritual values having lived in California for the majority of his life. “I started delving into how most of my spirituality is driven by musical and artistic events that span from Reggae on the River to Burning Man,” he said. “But Califari had to have its own sacrament: cannabis.”

## GOOD LOVIN’

The Califari Strain Series was inspired by the groovy psychedelic concert posters from the 1960s, album art, and turn-of-the-century produce art. “My parents founded the psychedelic poster and card company East Totem West in 1967,” McHugh noted. “Many of their prints are now on display at [the Museum of Modern Art in New York City] as part of the ‘60s retrospective. The entire collec-

tion was acquired by the Victoria and Albert Museum. My Dad liked to joke that East Totem West was an advertising agency for LSD, so it makes sense that I founded Califari, which is really an advertising agency for cannabis.”

### SAGES AND ARTISTS

Califari works with a handful of artists from all parts of the globe, from India to Ireland to North America. “I started by networking with the artists who contributed to the Primus Poster Tour Series and went from there,” McHugh noted. “I also have a scouting list I am constantly updating because there is no limit to the styles that can apply to the work we’re doing. I am always on the lookout for talented artists.” Strain Series artists include Ron English, Jesse Hernandez, Justin Hampton, Matt Leunig, Binx, and Hide Your Toys, among others.


### THE STRAIN IS THE DESTINATION

“The process begins with the name of the strain and the obvious imagery it conjures up,” McHugh said. “I create a conceptual springboard document, and then I find the artist who best pairs with the thumbnail idea. Once the artist is selected, they are given the springboards and the keys to go create something great.”

### JOINT VENTURE WITH HARBORSIDE: CANNABIS AND ART

“Wine and food pairings have become a huge trend lately,” McHugh noted. “Well, now Califari and Harborside are collaborating to create the first-ever cannabis and art pairings party. Partygoers can sample Harborside’s Sour Diesel while gazing at the original Califari Sour Diesel poster by Matt Leunig. Then they can move on to sample the next pairing station with another fantastic strain. We have about twenty-two posters in the mix so far.”

### TRUCKIN’

“We are a small and still pivoting company that has a presence in California and Colorado with plans to keep our art on permanent tour,” said McHugh. 

“

**THE PROCESS BEGINS WITH THE NAME OF THE STRAIN AND THE OBVIOUS IMAGERY IT CONJURES UP. I CREATE A CONCEPTUAL SPRINGBOARD DOCUMENT, AND THEN I FIND THE ARTIST WHO BEST PAIRS WITH THE THUMBNAIL IDEA. ONCE THE ARTIST IS SELECTED, THEY ARE GIVEN THE SPRINGBOARDS AND THE KEYS TO GO CREATE SOMETHING GREAT.”**

—Jason McHugh, founder-at-large, Califari

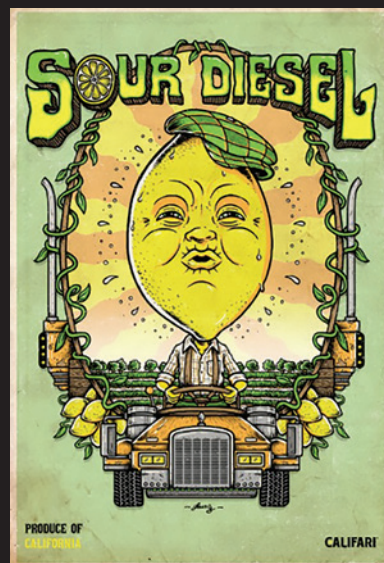


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califari.com

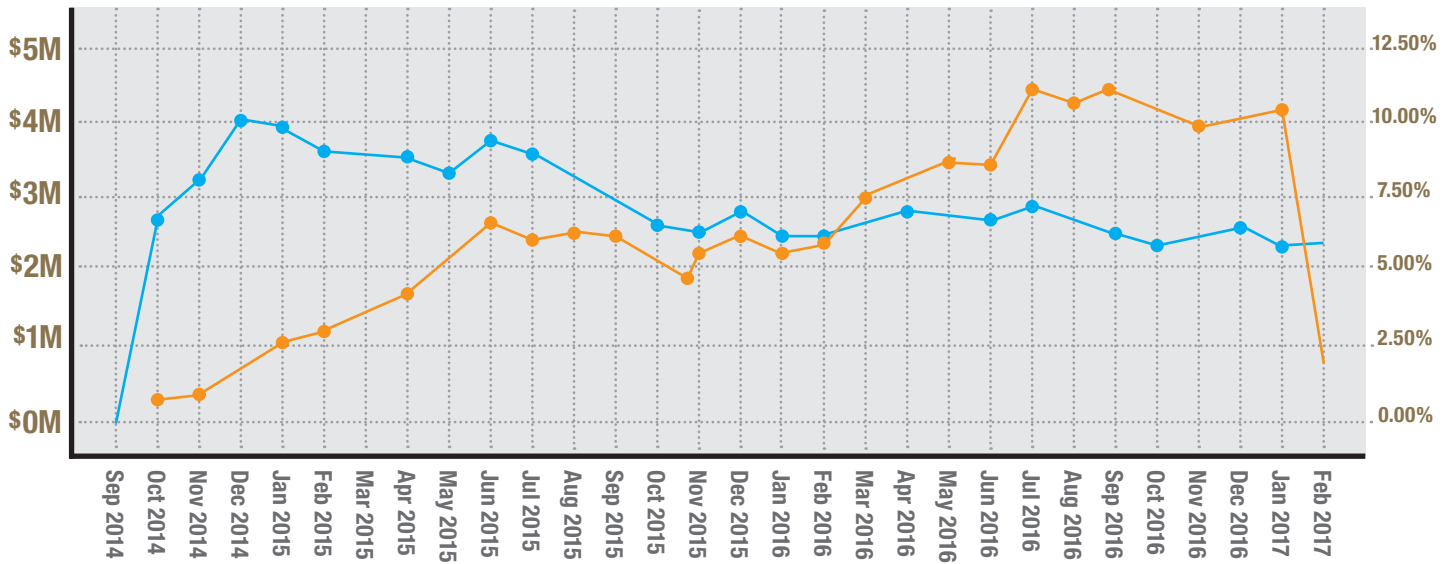
# Edibles Market: Washington State

Source: headset.io

## MARKET MOVEMENT

(2017)

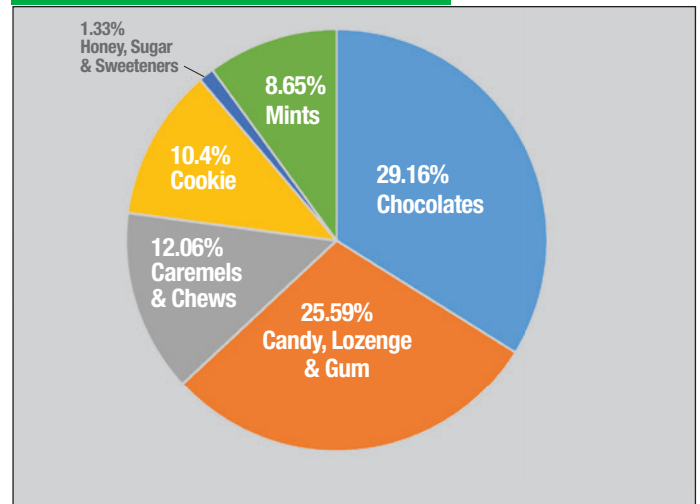
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AVG. WHOLESALE: \$2.76 | AVG. RETAIL: \$6.69



BASED ON JANUARY, 2017 SALES FIGURES

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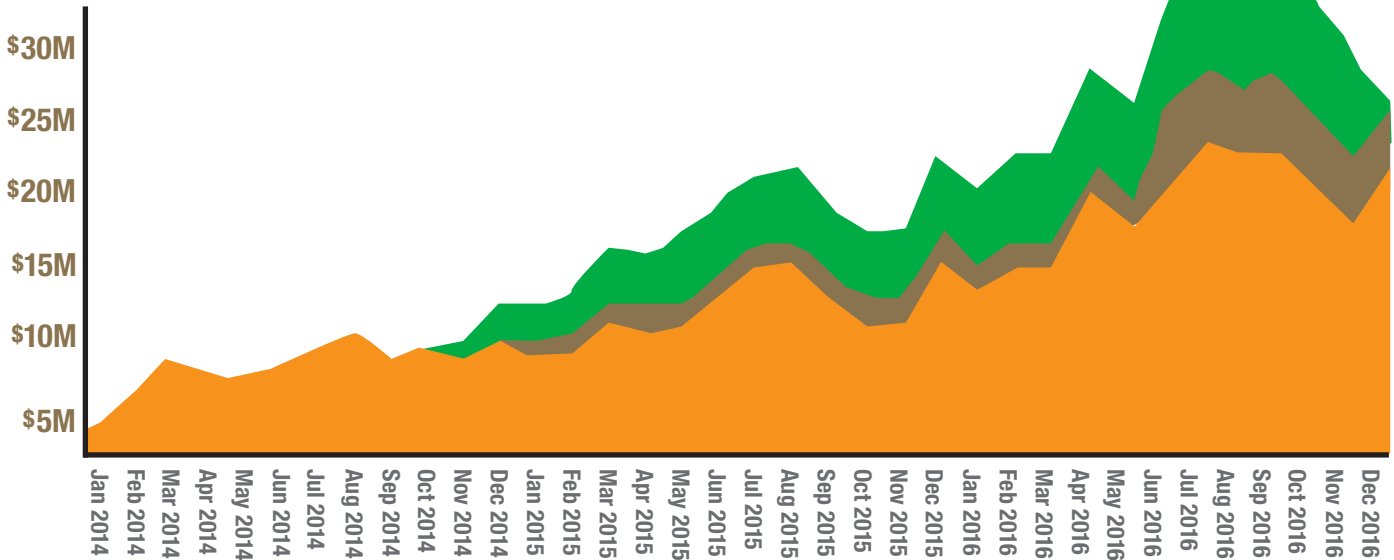
# Three-State Overview

Source: BDSAnalytics.com

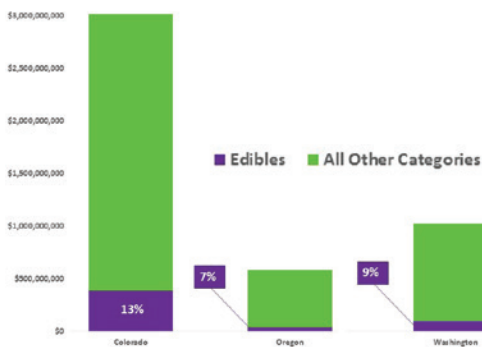
## EDIBLES SALES BY STATE

(2017)

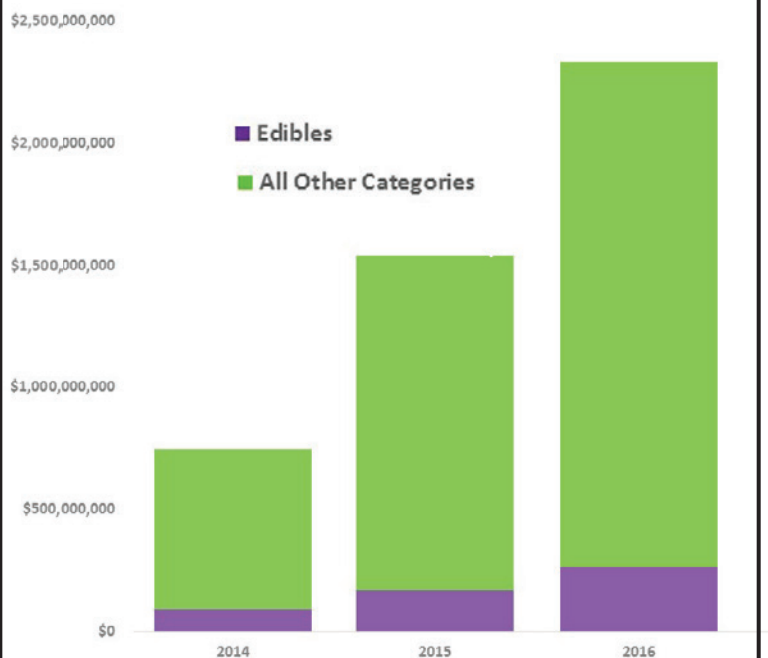
COLORADO OREGON WASHINGTON



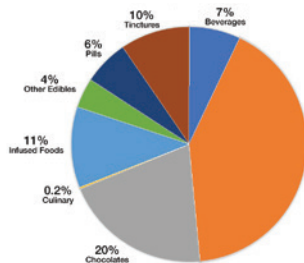
### EDIBLES CONTRIBUTION TO TOTAL BY STATE (2014-16)



### EDIBLES SALES CONTRIBUTION TO TOTAL SALES



### EDIBLES SALES 2016 (CO, OR, WA)



BDS Analytics aims to drive the cannabis sector to thrive with well-informed decisions based on factual data. By capturing millions of transactions from dispensary point-of-sale systems they provide actionable insights based on accurate information enabling dispensaries, brands, and growers to sustain their success. BDSAnalytics.com

# Horticulture & Growing



## SMARTBEE WATER CONTENT SENSOR MODULE

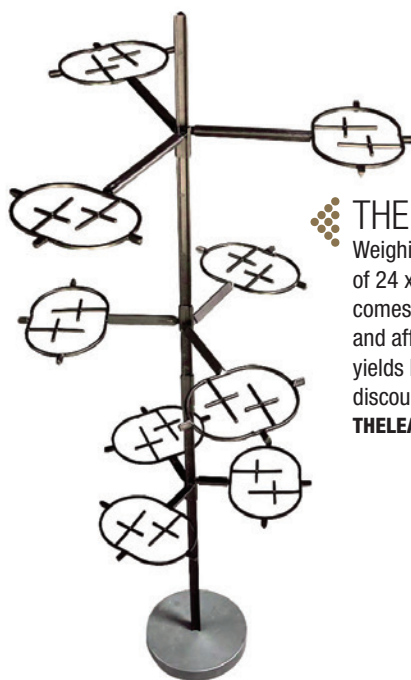
Irrigation timers are great, but they often are based on strict timing, not the plant's actually need for water. SmartBee Sensor Module irrigation controls have been designed specifically to combine the benefits of timed feedings while considering the amount of water. Once set points are put in place, the Hive Gateway gathers and interprets sensor data and waters accordingly.

**SMARTBEECONTROLLERS.COM**



## TRIM TRAY

Trim Tray is designed as a feather-light laptop trimming surface. The product separates pollen while trimming. It also features a comfortable nonslip base, 150-micron stainless steel screen, magnifying card scoop, and two accessory screens. **THETRIMTRAY.COM**



## THE LEAF TREE

Weighing only 6 lbs. with dimensions of 24 x 8 x 6 inches, The LeafTree comes in a set of five and is an easy and affordable way to make your yields bigger and wider. Bulk order discounts available.

**THELEAFTREE.COM**

## OG TEA COMPANY: ROOT WEBSTAR

The founder and Chief Executive Officer of OG Tea Co., based in Sonoma, California, learned the process of veganic growing from the "old-school growers" in Utah. Root WebStar is an exotic blend of mycorrhizal fungi propagules designed for stimulating rapid root growth. Best to use at the beginning of the growing cycle with rooted seed or clone, the product works with every nutrient regimen and every growing technique.

**OGTEA.COM**



## GROSENSE HANDHELD

The new GroSense HandHeld meter is an ideal measuring instrument for growers, enabling precision irrigation through a more accurate measurement. It offers users of the Grodan system with a detailed display of the water content (WC), the EC, and the temperature of the stone wool substrate.

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**EASYGRINDER.COM**



## CHIEFTON APPAREL

If you are looking to stock cannabis-related apparel (hoodies and T-shirts), Denver-based Chiefton Supply Co. has got you covered, literally. Their mission: make apparel that allows both medical patients and recreational enthusiasts the opportunity to represent the industry in a progressive and professional manner. **CHIEFTONSUPPLY.COM**

## MARLEY NATURAL WATER PIPE

Marley Natural's elegant line of smoking accessories are not only smokingly cool but also will liven up any coffee table. Featuring plush black walnut stems and handblown borosilicate glass, the Marley Natural Water Pipe make the ritual of smoking a bespoke experience. 11.8" high x 5" diameter base; 1.5 lbs.

**MARLEYNATURAL.COM**



## PUFFCO PRO 2

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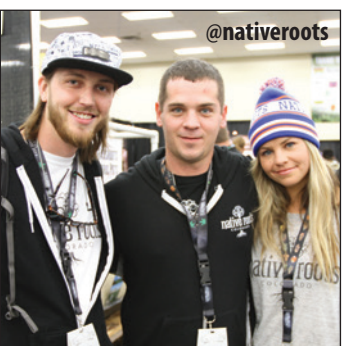
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# The New Administration

WON'T TRUMP MARIJUANA'S MOMENTUM

BY KENNETH J. BERKE AND SAHAR AYINEHSAZIAN

**2**016 WAS THE YEAR OF MARIJUANA. After sweeping victories in November elections, 28 states and Washington, D.C., now allow medical or adult recreational marijuana use. The presidential election also established a conservative administration that some fear could reverse marijuana's momentum. However, the Trump administration's statements about marijuana, marijuana's profitability, and the ramifications of eliminating state legal marijuana industries all indicate compliant marijuana businesses and the financial institutions that service them are safe.

## JEFF SESSIONS

Though new U.S. Attorney General Jeff Sessions has long been a marijuana opponent, his responses to marijuana inquiries at his

confirmation hearing reveal he will take a reasonable stance on cannabis. When asked about marijuana, Sessions stated that, while the guidelines in Deputy Attorney General James M. Cole's 2014 memorandum Guidance Regarding Marijuana Enforcement (the "Cole Memo") are "truly valuable," he "won't commit to never enforcing federal law." The Cole Memo seeks to preserve federal resources by protecting state-licensed marijuana businesses that follow its eight enforcement priorities. Sessions reiterated this objective, stating enforcement is "a problem of resources for the federal government."

Sessions' reference to resources is especially significant, because marijuana's current federal safeguards, such as the Rohrabacher-Farr Amendment, prohibit the Department of Justice from using its resources to "prevent any [state] from implementing [its] own laws that authorize the use, distribution, possession, or cultivation of

medical marijuana.” (Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, § 542.) In August 2016, the United States Court of Appeals for the Ninth Circuit further bolstered the amendment, citing “at a minimum... [the amendment] prohibits DOJ from spending funds...for the prosecution of individuals who engaged in conduct permitted by the State Medical Marijuana Laws and who fully complied with such laws.” (United States v. McIntosh et al., Case No. 15-10117, --F.3d --, 2016 WL 4363168 [9th Cir. Aug. 16, 2016]).

Sessions also indicated he will defer to the president on marijuana, stating “it is not the Attorney General’s job to decide what laws to enforce.” Such deference is encouraging, since President Trump believes marijuana is a states’ rights issue.

“

**MARIJUANA’S PROFITABILITY IS NO SECRET. IN 2016, THE U.S. LEGAL MARIJUANA MARKET WAS WORTH ROUGHLY \$6.7 BILLION. THAT NUMBER IS EXPECTED TO RISE TO \$21.8 BILLION BY 2020, GENERATING IMMENSE TAX REVENUE.**

—Kenneth J. Berke & Sabar Ayinehsazian

”

## PROFITS

Marijuana’s profitability is no secret. In 2016, the U.S. legal marijuana market was worth roughly \$6.7 billion. That number is expected to rise to \$21.8 billion by 2020, generating immense tax revenue.

Washington State, which legalized recreational marijuana in 2014, collected approximately \$265 million in marijuana taxes in 2016. Colorado’s 2016 marijuana tax revenue totaled more than \$150 million from \$1.1 billion in sales. Oregon’s first year of legal recreational sales in 2016 generated more than \$60 million in taxes. By 2020, California is expected to collect \$1.1 billion in marijuana taxes annually.

State regulators use marijuana taxes to fund education, law enforcement, drugged-driving prevention programs, and health and social services like mental health and drug counseling. Consequently, Sessions will be hard-pressed to eliminate an industry that generates such substantial tax revenue, since this will severely harm state economies and impair social welfare.

## RAMIFICATIONS


Medical and adult recreational marijuana legalization has created strictly regulated industries dedicated to eviscerating the marijuana black market, keeping marijuana away from minors, and deterring drugged driving and illegal transactions. Successful legal marijuana

industries like Washington’s require all marijuana sales be tracked from seed to sale, making it nearly impossible for licensees to perform illicit transactions like money laundering and tax evasion. State regulations also mandate retailers and dispensaries prominently label all marijuana products with warnings like “for use only by adults 21 and older. Keep out of reach of children” and “marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug.” (WAC 314-55-105 (11)(d)-(e).) In turn, marijuana-related arrests “have plummeted...saving [states] millions of dollars,” according to the Drug Policy Alliance report *So Far, So Good*.

Financial institutions servicing these highly regulated businesses play a significant role in industry compliance and the public safety. To abide by the federal Financial Crimes Enforcement Network’s marijuana banking guidelines, financial institutions perform extensive “Know Your Customer” diligence, ensuring their marijuana clients comply with state law and do not invoke any of the eight enforcement priorities listed in the Cole Memo. Additionally, financial institutions promote public safety by reducing marijuana cash and its accompanying dangers.

Should Sessions eliminate state-regulated marijuana industries and prosecute legally operating marijuana businesses and the financial institutions that service them, such action would detract from the federal government’s objective of destroying the marijuana black market, putting drug cartels out of business and promoting public safety.

## SOLUTIONS

The Trump administration’s statements about the marijuana industry indicate meticulously compliant marijuana licensees will be safe and remain lucrative clients for the banks serving them. While it is unclear how state legal marijuana industries will change, if at all, it is now more important than ever for marijuana businesses to strictly comply with all federal and state laws and regulations and for financial institutions to perform thorough and continuous due diligence. This includes ensuring marijuana business pre-package all marijuana before sale to consumers and track all marijuana sales using the state-mandated software system, and do not use virtual currency, like Bitcoin. To make compliance easier, marijuana businesses and the financial institutions that serve them can work with compliance platforms like PayQwick, which ensures licensed marijuana businesses follow all applicable federal and state laws and regulations. 



KENNETH J. BERKE is the co-founder and CEO of PayQwick Inc.

SAHAR AYINEHSAZIAN is the director of regulatory and governmental affairs for PayQwick. [payqwick.com](http://payqwick.com)

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**Wet Betty** is a non-ionic surfactant (also called a wetting agent) that lowers the surface tension of your nutrient-rich water, allowing easier spreading and uptake of nutrients into your plants. That means your plants get the nutrients they crave faster and more efficiently than ever before. Plus, scientific testing by the leading plant PhD in surfactant studies shows **Wet Betty** (by itself) consistently increases plant growth by an average of 6%!

### 2. F1

Short-chain **Fulvic Acid** is still not 100% understood scientifically, but it directly stimulates plant growth and is 1,000 times smaller than humic acid—making it easily utilized by your plants. Fulvic Acid is also a natural chelator that gives you quicker nutrient absorption, transport, and enhanced cellular metabolism.

### 3. H2

Introducing long-chain **Humic Acid** to your root zone is like building a "condominium complex" for beneficial bacteria and fungi, giving them an optimal structure to flourish in.

### 4. Amino Acids

Many athletes supplement with **amino acids** to help fuel muscle growth because they're the essential "building blocks" of protein. In the same way, your plants benefit from amino acids! The broad spectrum of 20 amino acids in Advanced Nutrients base nutrients fuel metabolic pathways

for enhanced essential-oil production and are critical to the construction of cell walls in stems, leaves, and flowers.

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