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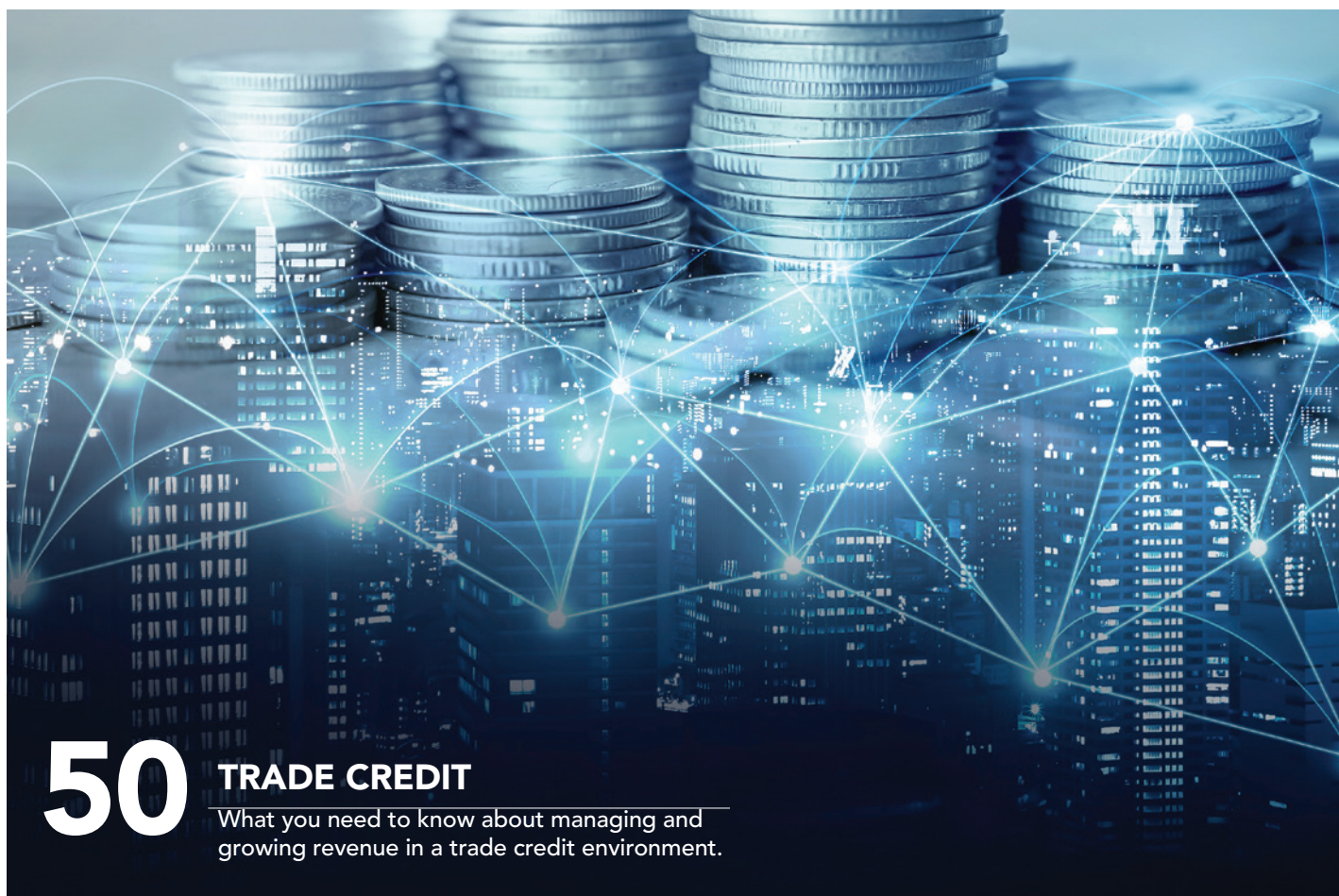
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Gorgeous Goals

Yummi Karma is creating female-friendly products that change the way we look at cannabis.





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TRADE CREDIT

What you need to know about managing and growing revenue in a trade credit environment.

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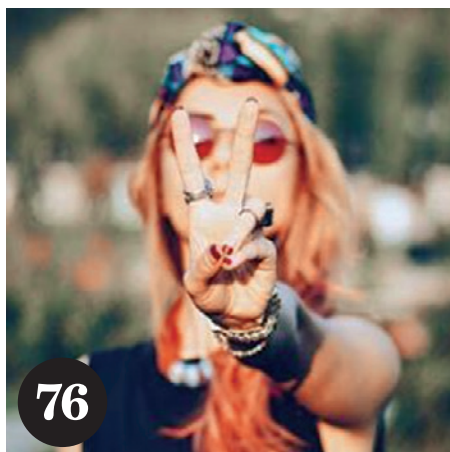
Things that cut, grind, chop, vape, smoke, grow, and taste really, really good.

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Paul Kiernan, senior sales representative for METRO Distributors, recommends...



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Continental Divides

PEOPLE OUTSIDE THE INDUSTRY TEND TO TALK about it as though it is a singular entity, a homogenous thing: *the cannabis industry*. The mainstream media regularly uses this fiction to label a presumed collective emotional state shared by everyone working in the space: *The industry is worried about Jeff Sessions cracking down*. The assumption is understandable. We're trained to think of industries as coordinated systems of business even when individual companies are in intense competition with one another, assuming at the very least the industry protects its collective interests.

But cannabis is different, and always will be different from other industries, so many of which fall into systemic routines of eventual and inevitable boredom. Why would this crop be any different? The closer we look, the more we find, and the deeper we look, the deeper we will always need to look. The plant does not simplify upon closer inspection, but bounces into escalating complexity. Our lizard marketing brains may process only THC and CBD, but our personal chemistries understand the vastness of the possibilities before us. The place where cannabis lives within us is beyond words and labels, which is why so many people over so many millennia have had such an intimate and health-giving relationship with it.

That the laws of man divide us unnaturally does nothing to negate the plant's singular ability to interact so beneficially with so many people in so many ways.

Tom Hymes
tom@cannmg.com



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INGENIOUS

Marc Keith, owner of Okanogan Highlands Cannabis, stands in the doorway of his cave-like cannabis garden structure: a buried freight shipping container designed and built with organic architectural principles in mind.

 *Kristen Angelo*



Harvest

All the news that's fit to smoke.

- DRIVE-THRU OPENS
- GOVS WRITE TRUMP
- FLYING WITH GRASS
- WEED FOR EPILEPSY



INTERNATIONAL CHURCH OF CANNABIS HOSTS FIRST 'INVITE-ONLY' SERVICE ON 4/20

DENVER— Denver has a new must-see attraction that could become the best sort of habit to have: The International Church of Cannabis, which has the locals at OurCommunityNow.com very excited. A recent profile gushed about the “refurbished 113-year-old church in the West Washington Park neighborhood... The moment you step inside, you’re greeted by a barrage of colorful imagery from floor to ceiling. The congregation are referred to as Elevationists, a fitting name considering their message and their sacrament,” which involves providing “a home to adults everywhere who are looking to create the best version of themselves by way of the sacred plant.”

The church got a lot of media attention in the lead-up to its opening on 4/20, which originally included a plan to invite anyone over the age of 21. That idea was not to be.

“When city officials caught wind of the group’s plans, they put the kibosh on public access to any events or ceremonies involving cannabis consumption,” reported The Cannabist. “Instead, officials made clear in a meeting Monday with church leaders such events must be private, invitation-only functions.”

Unbowed, the faithful modified the service. “At 4:20 p.m., Elevation Ministries leader Steve Berke called on the approximately 70 congregants in the main sanctuary to join him in silence with their sacrament,” continued The Cannabist. “As lighters flicked, pungent plumes rose from the wooden pews up into the rafters painted with rainbow-colored geometric designs.”

More information about the Elevationists can be found at Elevationists.org.



Legalization of medical marijuana could impact West Virginia's opioid crisis

CHARLESTON, W.Va.— And the beat goes on. West Virginia is the twenty-ninth state to enact some form of cannabis legalization and regulation. In the Mountain State, they're taking it one step at a time. "It will allow vaporization, along with pills, oils, gels, creams, ointments, tinctures, and other liquids," reported Vox. "But it doesn't allow smoking pot, and it doesn't allow dispensaries to sell edibles. Qualifying conditions include terminal illnesses, cancer, HIV/AIDS, epilepsy, PTSD, and severe pain—all of which are standard for state medical marijuana laws."

Still, the benefits to the state could be transformative. "West Virginia is the state hit hardest by the opioid epidemic, with the highest opioid overdose death rate of any state in the country," noted Vox. "That makes it all the more urgent for the state to try different ideas to combat the epidemic, including medical marijuana."

Cannabis, after all, is a safe and immeasurably more effective treatment for chronic pain than prescription painkillers. Added Vox, "If some pain patients shift over to marijuana from opioids once pot is legal, it could save some lives. Indeed, the research suggests that states with laxer medical marijuana laws have fewer opioid deaths than they otherwise would."

CUISINE

THC Design collaborates with chef David Schlosser on CBD salad

LOS ANGELES— Even in the unpredictable world of cannabis, a picture is worth a thousand words. Such is the case with the photo above, of a special salad made with great care for a special individual. All we know about how the TCH Design/David Schlosser salad came to be is from Ophelia Chong of Stock Pot Images, who told mg, "Seth Jennemann and I were having dinner at Shibumi and I approached David Schlosser the chef about a collaboration, and the salad was born. David mentioned that he wanted to create a salad for Susan Sarandon made partially of cannabis leaves, and from there he got a tour of the facility and was handed leaves for the first salad." The result is the CBD salad, made with Chino farm greens, cannabis leaf, hemp seed avocado, and CBD tincture.



MELISSA ETHERIDGE SMOKE WEED WITH HER KIDS

HIPVILLE— Not much to see here, but it's worth a mention because...well, it's about Melissa Etheridge, who recently told Yahoo that she has smoked cannabis with her adult children—18-year-old Beckett and 20-year-old Bailey, of whom she shares custody with ex Julie Cypher.

"Cannabis is a part of my life," said the Grammy Award-winner and cancer survivor. "When the family's there, once everybody gets to sleep, it's our time. It's Mama time... We take a bath every night and smoke, talk, wind down, and sleep a very, very good night's sleep."

Again, not much to see, but a reaffirmation nonetheless that Etheridge is one of the world's most truthful cannabis activists.

Happy Mother's Day, Melissa!

74
Percentage of
Republicans who
think some form
of cannabis should
be legal

(Source: Civilized/PBS Research)



AMERICA'S FIRST DRIVE-THRU CANNABIS SHOP OPENS ON 4/20

PARACHUTE, Colo.— In another 4/20 first, the nation's only drive-thru cannabis dispensary opened for business on the nug holiday, and business could not have been brisker. "A steady flow of cars waited around the block Thursday afternoon outside the Tumbleweed Express to be among the first customers of the town's new, and the state's first, drive-thru marijuana retail store," reported VailDaily.com. "The event drew food trucks, camera crews filming for the Today Show and other national programs. Despite a little rain, nothing was going to spoil the grand opening that has turned a local shop into an industry forerunner."

"I didn't set out thinking this would be national news," said Chief Executive Officer Mark Smith. "I didn't have some big epiphany. I just saw a need for our customers."

Located in a former car wash, "Tumbleweed Express will be the first recreational marijuana shop to have cars pull into the building, thereby complying with state marijuana laws," noted VailDaily.com. Even so, for regulators it's something new. "As far as I can tell, we are not aware of this business model ever coming up before," Robert Goulding, spokesman for the Marijuana Enforcement Division, told the Post Independent. "It will have to follow all the rules and regulations that apply to every dispensary."



4 POT-LEGAL STATES TO TRUMP ADMINISTRATION: PLEASE DO NOT UPSET THE STATUS QUO

WASHINGTON, D.C.— Following a ratcheting up of anti-cannabis rhetoric from the Trump administration, the governors of four states that have legalized recreational cannabis use sent a joint (pun intended) letter dated April 3 to Attorney General Jeff Sessions. The letter seeks assurances he will "engage with us before embarking on any changes to regulatory and enforcement systems."

Far from hoping to advance the legalization ball, the short missive seeks to maintain the status quo by keeping two key federal guidelines in place. Regarding cannabis laws these states have crafted to meet specific concerns of the federal government, the governors insisted "The balance struck by the 2013 Department of Justice Cole Memorandum has been indispensable—providing the necessary framework for state regulatory programs centered on public safety and health protections."

They further claim the Cole Memo and "related Financial Crimes Enforcement Network (FinCEN) guidance provide the foundation for state regulatory systems and are vital to maintaining control over marijuana in our states. Overhauling the Cole Memo...would divert existing marijuana product into the black market... Likewise, without the FinCEN guidance, financial institutions will be less willing to provide services to marijuana-related businesses, [forcing] industry participants to be even more cash-reliant..."

The governors ended the letter optimistically, saying they "stand ready to have further discussion on how these important federal policies work in our states," but the request either fell on deaf ears or arrived too late. On April 16, Sessions issued his own memo to U.S. Attorneys announcing the creation of a "Task Force on Crime Reduction and Public Safety," one mission of which will be to review "existing policies in the areas of charging, sentencing, and marijuana to ensure consistency with the department's overall strategy on reducing violent crime and with Administration goals and priorities."

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Cannabis-based medicine may halve seizures for people with tough-to-treat epilepsy

BOSTON— Results from a “randomized, double-blind, placebo-controlled study” presented last month at the American Academy of Neurology’s 69th Annual Meeting in Boston indicate cannabidiol (CBD) has the potential to cut seizures in half for children and adults with a severe form of epilepsy called Lennox-Gastaut syndrome (LGS).

“Nearly 40 percent of people with LGS, which starts in childhood, had at least a 50-percent reduction in drop seizures when taking a liquid form of cannabidiol, compared to 15 percent taking a placebo,” reported ScienceDaily.com. “When someone has a drop seizure, their muscle tone changes, causing them to collapse. Children and adults with LGS have multiple kinds of seizures, including drop seizures and tonic-clonic seizures, which involve loss of consciousness and full-body convulsions. The seizures are hard to control and usually do not respond well to medications. Intellectual development is usually impaired in people with LGS.”

The site added, “Those receiving cannabidiol were up to 2.6 times more likely to say their overall condition had improved than those receiving the placebo, with up to 66 percent reporting improvement compared to 44 percent of those receiving the placebo.”

Most people reported side-effects, including “94 percent of those taking the higher dose, 84 percent of those taking the lower dose, and 72 percent of those taking placebo, but most side effects were reported as mild to moderate. The two most common were decreased appetite and sleepiness,” noted ScienceDaily.com.



MOST AMERICANS APPROVE OF PRO ATHLETES USING CANNABIS FOR PAIN

SPORTSVILLE, U.S.A.— Professional sports organizations may have differing policies when it comes to testing athletes for cannabis use, but Americans by and large seem unequivocal about the subject: They do not care. In fact, according to a Yahoo/Marist Poll conducted in March, “69 percent of the 1,122 adults questioned would have no problem with athletes using marijuana to recuperate from the physical impact of their sports. Twenty-six percent of respondents said they disapproved, while 5 percent said they didn’t know.”

That liberal view extends to the athletes’ personal lives. “The same poll found that similar proportions of Americans did not have a problem with athletes using marijuana for recreational purposes,” noted Yahoo Sports. “The most likely people to lose respect for athletes who use marijuana were older (52 percent of respondents 70 and older), political conservatives (47 percent) and those who have not tried marijuana (43 percent).”

The poll was released on the heels of comments by NFL commissioner Roger Goodell that he “may be open to negotiating with the NFL Players Association to alter the league’s policy when it comes to marijuana usage among players. Marijuana is currently banned by the league, but players not in the substance-abuse program are tested for recreational drugs only once per year in a testing period that lasts from April 20 to early August.”

If there is a statistic that defines the direction the NFL inexorably must move, it is that only nine teams play in a state where medicinal marijuana use is *not* permitted.

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DUNLEVIE.CO



SURVEY



More than half say they've flown with cannabis in the U.S.

THIRTY-FIVE THOUSAND FEET— More than half the respondents in a survey by MissTravel.com said they've packed cannabis when they've flown in the United States, reinforcing the fact that flying with flower is the second-most-popular way to enter the Mile-High Club. Results from the popup survey of 5,000 MissTravel.com members are:

Have you ever flown with marijuana within the U.S.?

YES: 2,639 (52.20 percent).

NO: 2,608 (47.80 percent).

Have you ever traveled with marijuana overseas?

YES: 527 (10.04 percent).

NO: 4720 (89.96 percent).

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GENERAL CANNABIS ANNOUNCES 69% ANNUAL REVENUE GROWTH

DENVER— General Cannabis Corp has announced financial results for the year and quarter ended December 31, 2016.

“Our year-over-year revenue growth of 69 percent and quarter-over-quarter revenue growth of 13 percent comes from both organic growth and a full year of expanding the businesses we launched in 2015,” said Chief Executive Officer Robert Frichtel. “With twenty-eight states and the District of Columbia now having legalized medical marijuana, of which eight states also legalized recreational use, there is a tremendous opportunity for us to significantly expand our business in 2017.

“We also have been focusing on managing our operating costs and expenses, and incurred only an 11 percent year-over-year increase, even as our revenue grew,” he added. “We have demonstrated our ability to acquire and develop substantial companies that serve this rapidly expanding industry.”

GeneralCann.com.



LeafLink raises \$3M to expand geographically

NEW YORK— Business-to-business cannabis e-commerce platform LeafLink has closed a \$3 million seed round led by New York’s Lerer Hippeau Ventures, a tech-focused venture fund with early investments in companies including Oscar Health, Casper, Warby Parker, Venmo, and BuzzFeed. Additional participants include strategic investors from both inside and outside the cannabis space, including Casa Verde Capital, Phyto Partners, Wisdom VC, and Wan Li Zhu and Paul Ciriello of Fairhaven Capital.

LeafLink, which is live in Colorado and Washington, will use the funds to expand its marketplace for brands and dispensaries into newly legal markets.

Cannabis retailers previously managed their ordering process through emails, texts, and phone calls with a decentralized web of cannabis flower, edible, concentrate, and topical vendors. With LeafLink, they can place all their orders in one legally compliant shopping experience. The vendors then manage incoming orders using the platform’s suite of business tools, including customer relationship management, data reporting, order status tracking, and fulfillment queue.

LeafLink.com



Former NFL star Reggie Williams is Pure Ratios’s brand ambassador

LOS ANGELES — Philanthropist and former NFL player Reggie Williams, for whom cannabis provided relief after years of excruciating pain, has signed on to become a brand ambassador for Pure Ratios.

A linebacker with the Cincinnati Bengals from 1976 to 1989, Williams played most of his career on a bad knee, enduring twenty-four surgeries, massive infections, and osteomyelitis. At one point, his doctors feared the only solution was amputation, but instead Williams found relief in the consistent application of Pure Ratios topical patches.

“I’m trying to be an advocate for natural medicines,” said Williams, “through the combination of scientific research, to ensure the best combination of THC and CBD are utilized to benefit the patient.”

PureRatios.com

“We take a bath every night and smoke, talk, wind down, and sleep a very, very good night’s sleep.”

— Melissa Etheridge, on smoking cannabis with her adult children



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women GRO



LEAH HEISE STEPS DOWN AS CEO OF WOMEN GROW

NEW JERSEY— Maryland regulatory compliance attorney Leah Heise and has stepped down as chief executive officer for Women Grow, effective immediately. Heise is the recipient of a Maryland dispensary pre-approval and will depart from her role as CEO to focus on the requirements to open her family-owned business. She will retain equity in the company and continue to vote along with Women Grow stakeholders on certain major decisions regarding its organization and expenditures.

"We fully support Leah on her decision to step down as CEO," said Jane West, founder of Women Grow. "Although saddened, we respect her decision and wish her the best as she focuses on her dispensary. We see this opportunity as yet another example of women making powerful moves within this industry."

"During Leah's time with Women Grow she made incredible strides in restructuring our organization and elevating our mission to another level," West continued. "We greatly appreciate her leadership and look forward to hearing more from her in the near future."

Chief Operating Officer Kristina "Kay" Neoushoff has stepped into the interim CEO position and will continue to cover the day-to-day operation as well as implement plans to expand the organization's mission of educating, connecting, inspiring, and empowering diverse leaders for the industry. She also will continue to develop the company's infrastructure, oversee the development of financial and marketing strategies, and implement growth-oriented changes.

WomenGrow.com

NAPPY ROOTS

Nappy Roots drop by The Nug Nation for epic interview

DENVER— American southern hip-hop group Nappy Roots stopped by The Nug Nation studio recently to be interviewed by fictional TV personality and news anchor Bong Burgundy in the bathroom. The stinky and possibly offensive interview released in mid-April on The Nug Nation spin-off show, Potty Talk with Bong Burgundy, in what Bong described as "the funniest interview I've ever done."

"Getting to work with the guys from Nappy Roots was an epic and memorable experience," said The Nug Nation show co-creator Mikey Peterson. He also said he sees an emerging pattern of interest from members of the entertainment industry. "We've gotten calls from other artists who want to be part of The Nug Nation series, and we welcome it with open arms."

TheNugNation.com and NappyRoots.com

KUSH BOTTLES, HIGH TIMES ENTER STRATEGIC PARTNERSHIP



KUSH BOTTLES

SANTA ANA, Calif.— *High Times* has tapped Kush Bottles to be the packaging partner for its series of U.S. High Times Cannabis Cup trade shows. Hosted in states that have legalized medical cannabis programs, the Cannabis Cup is the world's leading cannabis trade show, celebrating the emerging industry through competitions, instructional seminars, expositions, celebrity appearances, concerts, and product showcases. Kush Bottles will provide high-end, branded glass jars and bags for all Cannabis Cup entrants at every U.S. Cannabis Cup trade show during 2017.

"We are delighted to partner with *High Times* to provide our premium cannabis packaging to their Cannabis Cup events, which are the most established in the industry and have been operating for almost three decades," said Kush Bottles CEO Nicholas Kovacevich. "Sponsoring this industry-leading event will expose leading cannabis companies to our wide range of packaging products and service offerings and is expected to significantly raise our profile among our core target customers."

KushBottles.com



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BLOOM FARMS DONATES 500,000 HEALTHY MEALS IN CALIFORNIA



SAN FRANCISCO— Bloom Farms has donated its 500,000th healthy meal to the state's nonprofit food banks in April 2017. For every Bloom Farms product sold, the one-for-one cannabis business donates money to food banks across the state to cover the cost of sourcing and distributing a healthy meal to a family or individual in need.

One Bloom Farms item sold has equaled one healthy meal donated since it started its one-for-one program in December of 2015. The Bay Area company is on target to reach one million

donated meals by Thanksgiving 2017.

"True corporate responsibility involves investing equally in the success of your business and the social good," Ray told his staff this week. "It's always been important to me that Bloom Farms grows into a different kind of cannabis company, and I couldn't be prouder of this team and this very important milestone."

In addition to its one-for-one program, Bloom Farms gives its staffers four hours of paid volunteer time every month to dedicate as they see fit—and many of them choose to spend those hours working in one of the organization's partner food banks. It's that bilateral dedication that has made a lasting impact at these cash-strapped nonprofits.

getbloomfarms.com



GUARDIAN
DATA SYSTEMS

Cannabis Benchmarks, Guardian Data Systems partner on business intelligence

STAMFORD, Conn.— Cannabis Benchmarks, a division of New Leaf Data Services, and Guardian Data Systems, an enterprise resource planning and point-of-sale solution provider, have partnered to bring real-time transaction and cost data to cannabis businesses. The partnership will enable Cannabis Benchmarks to expand its data-collection system while providing Guardian Data Systems's software clients with access to real-time aggregated data on wholesale prices and cultivation costs.

By capturing data directly from Guardian Data Systems software, Cannabis Benchmarks will deepen its data set, collecting more granular, real-time price and cost data. This critical data will allow cultivators and retailers to manage inventories and buy/sell transactions with greater transparency into local prices and trends. The partnership also will enable cultivators and investors to make more informed business decisions about cost-saving strategies to enhance return on investment.

Guardian Data Systems's clients, through a new service called Guardian Tracker, will have access to aggregated data in addition to their own data, which will allow them to illustrate, graphically, how their operations compare to other operators and help them identify best practices for their business.

CannabiBenchmarks.com



LEAFLOCKER INTRODUCES CHILD-RESISTANT PACKAGING

AURORA, Colo.— LeafLocker has released a new line of child-resistant and senior-friendly packaging for the global market: The LeafLocker SlideBox. The company intends for the patent-pending design to become the standard-bearer of safe and responsible cannabis packaging. The product is certified child-safe and senior-friendly under Code of Federal Regulations (CFR) Title 16, Part 1700.

"Successful manufacturers of cannabis products understand the importance of associating their brand with a total commitment to safe and responsible consumption, and that starts with safe and responsible packaging," said Andy Heins, LeafLocker Vice President of Sales and Marketing. "We all know that there are many advocacy groups and lawmakers looking for any reason to place stronger regulations—or even a total prohibition—on the industry. Cannabis companies must take every precaution to protect against accidental consumption and keep cannabis out of the hands of children. It just makes sense to utilize child-safe packaging for all cannabis products, even in state and local jurisdictions that have not yet implemented safe-packaging regulations."

The SlideBoxCR allows for easier fulfillment and lower labor costs for production, improved selling experience for dispensaries and bud-tenders, and a more premium unboxing experience for consumers. It also represents a more earth-friendly option for child-resistant packaging than many other alternatives.

TheLeafLocker.com



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EVENTS CALENDAR



NEXT MONTH'S INDUSTRY EVENT SCHEDULE

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

HIGH TIMES CANNABIS CUP JUNE 3-4

Sonoma County Fairgrounds, Santa Rosa, Calif.

Featuring competitions, seminars, expositions, celebrity appearances, concerts, and product showcases, the Cannabis Cup is where the cannabis community comes to network and celebrate.

CannabisCup.com

THE 420 GAMES JUNE 10

Sellwood Waterfront, Park Portland, Ore.

The Four-Twenty Games is the ideal event for anyone who wants to exercise, listen to some beats, learn about cannabis, and partake in one of the fastest growing industries in the world.

420games.org

CANNABIS LIBERATION DAY JUNE 11

Flevopark, Amsterdam, Netherlands

Holland's largest cannabis event celebrates its ninth year with a stage program, artists, speakers, DJs from around the world, a hemp market, a vape lounge, and mouthwatering food and drink.

CannabisLiberationDay.org

NCIA'S 4TH ANNUAL CANNABIS BUSINESS SUMMIT & EXPO JUNE 12-14

Oakland Convention Center, Oakland, Calif.

Hosted in the epicenter of the cannabis movement by the industry's only national trade association, this award-winning event brings together the industry's brightest minds.

CannabisBusinessSummit.com

CANNABIS WORLD CONGRESS & EXPO JUNE 14-16

Jacob K. Javits Convention Center, NYC

Attend this event if you're employed in the industry, a business owner, interested in starting a business, or provide private equity/investment resources or professional/business services.

CWCBexpo.com

MARY JANE CANNABIS EXPO JUNE 16-18

Funkhaus, Berlin, Germany

With 150-plus national and international exhibitors, Mary Jane Berlin is Germany's biggest cannabis exhibit/festival, featuring live concerts, lectures about the plant, and a bevy of food stalls.

MaryJane-Berlin.com

INTERNATIONAL CANNABINOID RESEARCH SOCIETY SYMPOSIUM JUNE 22-27

Le Centre Sheraton Montreal, Quebec, Canada

This will be the 27th-annual ICERS Symposium about the cannabinoids. The ICERS is a non-political, non-religious group dedicated to scientific research in all fields of the cannabinoids.

ICRS.co

THC FAIR JUNE 24-25

Tanana Valley Fairgrounds, Fairbanks, Alaska

You'll find hemp and cannabis products, accessories and tools, grow and harvest equipment, and more in the expo hall, as well as sessions about growing, medicinal benefits, Prop. 91, and more.

THCfair.com

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DISPENSING MEDICINE WITH Laurel Cleveland OF VELA

LIKE MANY BUDTENDERS, Laurel Cleveland, 25, became a budtender to make people happy. Before selling cannabis, she sold coffee and was a stylist at a commercial photography studio. Then, in August 2016, she made a leap to Vela, where she serves as a budtender and the creative director.

"I learned the art of arrangement through years of industrial design classes," Cleveland noted. "Sometimes I styled up to 300 items a day."

“ I THINK EXCEPTIONAL SERVICE, EVERY TIME, IS THE NAME OF THE GAME. I MAKE IT A POINT TO LEARN MY CUSTOMERS’ NAMES, ANSWER ALL THE QUESTIONS THEY’RE SHY TO ASK, ASK THEM ABOUT THEIR PASSIONS, AND ALWAYS BE GENUINE. WE ARE BUILDING RELATIONSHIPS WITH THE COMMUNITY. ”

HOBBIES

Hula hooping to keep me active, especially in the sun. Painting, photography, and film to keep me in a creative state of mind.

TRAINING

I was trained at Vela and Theorem. Their teams were extremely knowledgeable and more than willing to talk for hours about the intricacies of our industry. I love the fact that my co-workers are consistently teaching each other. There are always new things to learn when I start a shift with them—everything from the science of the plant to new laws and regulations.


KEEPING CUSTOMERS HAPPY

I think exceptional service, every time, is the name of the game. I make it a point to learn my customers’ names, answer all the questions they’re shy to ask, ask them about their passions, and always be genuine. We are building relationships with the community.

THE SHOPPING EXPERIENCE

Vela focuses on making sure our guests can easily peruse our product sections with help from the Spectrum. The Spectrum is our experienced-based, way-finding color guide. There are four categories: Indica, Indica Hybrid, Sativa Hybrid, and Sativa. We call them Hush, Unwind, Flourish, and Ignite. This way, as customers look at the cards they can see where that product lies on the Spectrum.

FUTURE

Cannabis has always been one of my passions, a borderline obsession, and I can’t think of any other industry I’d rather be involved with. My future goal is to normalize cannabis throughout the United States while also staying true to the loving, creative, and thriving cannabis culture we all love. 

CLEVELAND’S LAW

What I’ve Learned

“Everyone’s experiences are different. Never assume what works for you is going to work for everyone.”

Vela: 1944 1st Ave. S, Seattle, Washington 98134 | Motto: “Elevate your day.” | Weedmaps Rating: 5 stars | VelaCommunity.com

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CLEAN, BRIGHT, AND FRESH MOCA MODERN CANNABIS DISPENSARY BLENDS IN
WITH CHICAGO'S HIPPEST NEIGHBORHOOD.

WHAT eventually would become MOCA Modern Cannabis began in the fall of 2013, shortly after the Illinois legislature passed the Medical Cannabis Pilot Program to start in 2014. Danny Marks, a bar owner in Chicago and now the owner of MOCA, wanted to get a license.

“The landlord for one of the bars I own, Emporium, was a lifelong pharmacist and pharmacy owner, and I asked him if he would be interested in becoming a partner,” Marks recalled.



However, there was an immense amount of competition for licenses, and a ton of red tape. Eventually, Marks was successful because he “had a great team and we applied to locate in a location where we already lived and worked.” Next up was endearing themselves to the community where, overall, they have been very well received.

"I feel like this [cannabis legalization] is one of the most important changes happening in our country today," Marks said. "From opioid deaths to prison populations to the economy and taxes...it's all addressed in cannabis legalization."



NUMBER OF
EMPLOYEES:

11

AVERAGE
PATIENTS PER DAY:

50

DESIGN

Clean, bright, and modern with pops of neon. “We wanted it to feel fresh and new but still fun,” Marks noted. “I wanted to avoid stoner clichés but also not make it boring or stuffy. Our location is in the hippest neighborhood in Chicago, so I wanted a space that felt very fresh and of-the-moment.”

BUDTENDER REQUIREMENTS

“Vast cannabis knowledge and experience, compassionate interpersonal skills, reliability, detail-oriented, take themselves, and the industry, seriously,” said Marks. “Our budtenders are on the front line of a revolution, and that is not to be taken lightly. We need to be compassionate to sick people, but we also need to make sure we are representing cannabis legalization in a responsible manner. We can’t afford a single misstep if this is going to succeed.”

WHAT’S SELLING

“It has been interesting to see it evolve,” Marks said. “Illinois is not Colorado or California, so there has definitely been a learning curve for our patients. Overall, we are about 50 percent flower and 50 percent everything else. Illinois cultivators really do an excellent job of creating pure products and are getting more ambitious in trying new things.”

EXPANSION

“We have some California things in the works and are looking at other opportunities, as well,” said Marks.

SALES GROWTH

“Things have ramped up a lot since we opened in February 2016,” Marks said. “Sales have grown steadily, considering Illinois has only about 12,000 active patients. General rule of thumb for margins I see statewide, with many exceptions, is an approximate two times markup from wholesale to retail, although with [IRS code] 280E we are still losing a lot of money despite operating at a profit.”

— Rob Hill

“

OUR BUDTENDERS ARE ON THE FRONT LINE OF A REVOLUTION, AND THAT IS NOT TO BE TAKEN LIGHTLY. WE NEED TO BE COMPASSIONATE TO SICK PEOPLE, BUT WE ALSO NEED TO MAKE SURE THAT WE ARE REPRESENTING CANNABIS LEGALIZATION IN A RESPONSIBLE MANNER. WE CAN’T AFFORD A SINGLE MISSTEP IF THIS IS GOING TO SUCCEED.

— Danny Marks

”



The 5 biggest challenges to opening a dispensary in Illinois are...

1

ILLINOIS has very strict rules regarding approved conditions and other patient stuff, so the patient counts are a fraction of what they should be in a large-population state.

2

MARKETING restrictions. Google and Facebook blacklist all cannabis companies from advertising; state advertising restrictions are ambiguous.

3

THE many regulations in Illinois make it hard to plan and invest in the future. 280E, combined with ambiguous state and federal legislation, make running a cannabis business in Illinois challenging.

4

NOT only do all medical marijuana employees need to be licensed, all dispensaries must be under 24-hour camera surveillance, and workers at dispensing and cultivation centers must undergo criminal background checks.

5

AN entrepreneur must have at least \$400,000 in liquid assets before applying. Fees eat up an additional \$60,000.



Twist and Save (time, money, hassle)

KEIRTON INC.'S TWISTER TRIMMER LINE FOCUSES ON
HELPING GROW YOUR ROI.

OUR CORE CUSTOMERS range from recreational hobby growers to commercial producers in over twenty countries,” said Marketing Manager Rachel Turner. The T2, launched in 2007, can produce seven pounds of wet product or 11 of dry product in one hour. Lining up two in tandem can more than double output. “T2 is a solid piece of well-engineered machinery,” Turner said. “It has watertight electrical features, which can be power-washed for a quick cleaning after a hard day’s work.”

The T4 launched in 2014 with a few tweaks. Its modular design and lighter weight make it easier to move and scale up or down in a customized fashion. Its user-friendly design allows four pounds of wet trimming or five pounds of dry trimming in a single hour. Assembly and takedown for cleaning can be done tool-free in just a few minutes. Distinctive rotation technology makes the machine adaptable for use on a broad variety of plants, too.

A dry tumbler option allows quick clean-up of dried flowers and buds while maintaining a gentle and clean cut in the finished product.

“As with all of our machines, the hopper and adjustable feet make for a trim tailored exactly to your needs,” Turner said.

THE T6

The T6, Twister’s most versatile machine to date, is expected to debut May 20. Constructed of high-performance materials and featuring a plug-and-play interface, the tabletop T6 was designed with the home-grower in mind.

“After months of perfecting your home grow, simply allow the T6 to crown it with the perfect home trim,” Turner said.

TRIMMING SUCKS!

Known primarily for its world-class trimmers, Keirton experienced unexpected success in another area: merchandise. According to Turner, the company’s “Trimming Sucks!” and “Machines Don’t Need Lunch” T-shirts have been a huge hit with customers and, oddly, hand trimmers. (Both shirts may be purchased on Keirton’s website.)

Turner also said sales are growing every month. Keirton currently employs thirty-five people and plans to hire more in 2017. “Get the right people in the right place with the right tools, and something special happens,” Turner said.

Founded in 2007, Keirton has grown quickly in the past few years as the legal market expanded worldwide. Turner said the company has seen solid growth in both the commercial and home-grow sectors and has responded by scaling quickly and expanding its product line.

“We want any size of grower to be able to reap the benefits of harvesting automation,” she said. — Rob Hill

**“AFTER MONTHS OF
PERFECTING YOUR HOME
GROW, SIMPLY ALLOW THE
T6 TO CROWN IT WITH THE
PERFECT HOME TRIM.”**

—Rachel Turner, marketing manager,
Keirton Inc.




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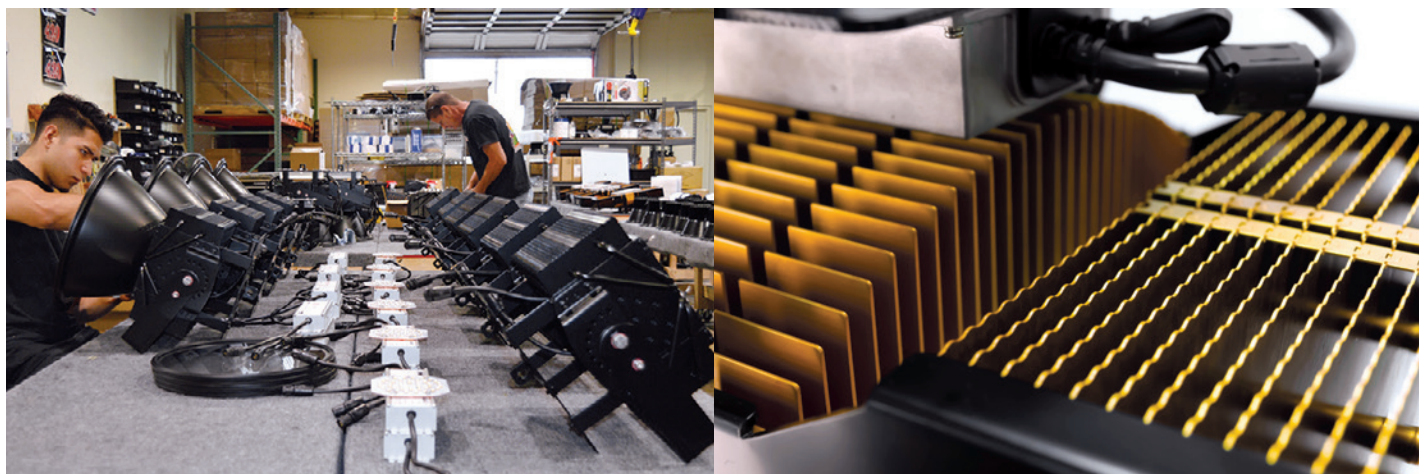
EDIBLES			INDICA			SATIVA			EXTRACTS					
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	G	1/8 1/4 1/2 OZ												
	2-15 ea	15-175 mg	JESUS CHRIST KUSH	25	00	150	300	500	PRESIDENTIAL MOON ROKAS	25	00	150	300	500
	9-40 ea	150-1000 mg	FLINTSTONE'S VITAMINS	25	00	150	300	500	ESTATE ZWINDL	25	00	150	300	500
	12-24 ea	70-100 mg	LUBERT CHEESE	25	00	150	300	500	MALLE DEART	10	50	100	175	300
	5-27 ea	20-120 mg	ONCE UPON A TIME IN JAMA...	25	00	150	300	500	GINGER (OH) SNAPS	10	50	100	175	300
			BLEU CHEESE	10	50	100	175	300	PURPLE JACA	10	50	100	175	300
			PURPLE CREAM	10	50	100	175	300	DR. PEPPER, MD O.G.	10	50	100	175	300
			CREAM CHEESE	10	50	100	175	300	OTTER TOP KUSH	10	50	100	175	300
			HEAD D'JOR	10	50	100	175	300	THIN MINT	10	50	100	175	300
			LE F.O.G.	10	50	100	175	300	BURMESE MOUNTAIN KUSH	10	50	100	175	300
			DIAMINA O.G.	10	50	100	175	300	DEAD HEAD O.G.	10	50	100	175	300
			MONTICALLY O.G.	10	50	100	175	300	CHIEF 1	10	50	100	175	300
			LOUISIANA O.G.	10	50	100	175	300	CHIEF DAWG	10	50	100	175	300
			OBAMA O.G.	10	50	100	175	300	LEMON O.G.	10	50	100	175	300
			SMOOF DOGG MASTER KUSH	10	50	100	175	300	SWISS MISS COCOA KUSH	10	50	100	175	300
			PLUTO KUSH	10	50	100	175	300	CANDILAND	10	50	100	175	300
			ATGHANI BULLKIDDER	10	50	100	175	300						
			DUTCH WINDMILL	10	50	100	175	300						
			DOOR MAT O.G.	10	50	100	175	300						
			SELF DESTRUCT O.G.	10	50	100	175	300						
			KUSTI O.G.	10	50	100	175	300						
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LED Grow Lights Come of Age at Spectrum King

AND THE INDOOR CANNABIS FARMERS SAID, “LET THERE BE LED LIGHT.” AND THERE WAS LED LIGHT, AND IT WAS GOOD. BUT NOT RIGHT AWAY.

FOUNDED THREE YEARS AGO by former growers who wanted a high-quality, lower-cost lighting source for indoor farming, Spectrum King LED has been on a mission to make that goal a reality. And the future is looking brighter all the time.

Not that it wasn't darned bright right off the bat. Spectrum King LED was profitable in its first year, said Chief Executive Officer Greg Muller, who added, “We've seen the business continue to accelerate. We expect to nearly triple sales this year over last and anticipate substantial growth going forward for the next three to five years, at least.”

Spectrum King's lofty trajectory is boosted by its strategic partnership with big-time LED chipmaker Cree, as well positive customer word of mouth, a clear yet technically sophisticated website, and successful products like the SK600 (“the world's brightest and most efficient LED grow light”).

LED (light-emitting diode) grow lights long have held great promise: They use a fraction of the power and produce far less heat than the traditional high-intensity discharge (HID) lighting prevalent in the cannabis industry. LED lights also create far less toxic waste than spent HID bulbs, which dump thousands of metric tons of mercury and aluminum oxide into landfills and aquifers. Still,

changing technology in an established market where customers are set in their ways is never easy, especially in an industry that's been flying under the radar for decades.

Rami Vardi, Spectrum King's chief financial officer and founder, was a grower for thirteen years and a success in the commercial LED lighting field for nine years. He was obsessed with cracking the LED grow light problem in a way that benefits farmers, retailers, and the environment. But solving the puzzle wasn't easy. Many lighting companies have tackled the problem of matching HID lighting's intensity and proven growing spectrum, with mixed results.

THE LIGHT BULB OF DISCOVERY

An avid technologist with a background in engineering, Vardi has built computers since he was a teen. He approached the LED grow light problem with a scientist's zeal and a grower's patience, first trying to reproduce the blue and red spectra plants crave for photosynthesis. Vardi spent two and one-half years researching every imaginable configuration but was never able to replicate what worked best in his garden: 1,000-watt high pressure sodium bulbs, which produced successful yields for vegetables and cannabis. Then the light bulb of discovery turned on. Literally.

“Six years ago, I decided to mimic the HPS light—that ugly yel-



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low-orange lamp people are used to,” he said. “As soon as I took an LED and started to do these white-dominant yellow lights, I started to have a ton of success. Then I began dissecting the HPS spectrum even more. When you look at the HPS spectrum, which none of us can deny is a successful bulb, it’s 90-percent yellow. But if you look at chlorophyll absorption maps and PAR (parabolic aluminized reflector) charts, using the yellow light goes against what plants want. You can say that all you want, but the very successful HPS bulb is 90-percent yellow.”

What that means, he continued, is “the whole LED industry had been going against what works in the grow industry for decades and decades. I decided to mimic the spectrum of the HPS bulbs, and we’ve had a lot of success with it. If you look at the Spectrum King LED spectrum chart, you can literally overlay the HPS bulb. Everything that is in the HPS bulb is inside our product...and some more.

“We broadened the spectrum out. But, most importantly, what I tell growers is if you can find everything in your LED that’s in your HPS bulb in terms of intensity with the same exact spectrums, you will have yourself a successful harvest.”

THE BOTTOM LINE IS THE BOTTOM LINE

Even though LED grow lights are finally coming of age, the cost of changing an existing setup to LEDs remains significant. Still, based on reduced power consumption and other cost factors, Spectrum King estimates customers would see a return on investment within eight to thirteen months after a switch-over. Add in that Spectrum King’s LED grow lights maintain their illumination level over the long haul, losing only about 1 percent of their lighting capacity per year, and the potential savings start to pile up.

CEO Muller acknowledged that while most of the market is still in HID lights, customers are starting to recognize the high built-in costs that make traditional methods “much more expensive when you add in electricity, bulb costs, and disposal. It really comes down to total cost of ownership.”

Muller also cited a second competitive advantage of Spectrum King’s cooler-running LEDs: Lights can be placed closer to the crop canopy without burning out the trichomes and terpenes. The end result is improved potency—i.e., a higher quality crop—which should mean bigger profits for growers.

“Between those two very important levers, our value proposition is that we offer a solution to reduce your cost substantially—anywhere from 50 to 70 percent—when you consider HVAC and just general wattage drop,” he said. “And the second advantage is just having a product that you can sell for more money.”

Muller said Spectrum King employs a three-pronged approach

to reach customers: 1) Set up good programs for hydro stores and maintain those relationships; 2) sell directly to end consumers online through the Spectrum King website (SpectrumKingLED.com); and 3) custom installs for large commercial grows that look to be an increasing part of their business going forward.

“Of course, in any kind of competition, you’re only as good as your last day,” he clarified. “So, we have to address and embrace continuous innovation. We want to continue to bring new products to the forefront that bring added value to the consumer. And if we’re doing that, we’re already on a good path.”

NEWER, BIGGER, MORE

Spectrum King’s good path for 2017 includes several new products hitting the market. Among them is a new version of the SK600: the 600Plus, which produces a 20-percent brighter output for the same energy usage. They’re also developing a special greenhouse version of the 600Plus with minimal shadowing that provides the proper spectrum greenhouses need for their crops.


Among the other products coming soon is an upgraded version of the 100-watt lamp that will produce 140 watts. The company also plans to introduce an LED UV finisher light that will help people get a higher potency boost in the last couple of weeks of flower.

Part of what gives most of Spectrum King’s products a turbo boost is high-power chips that provide an intensity advantage over other LED grow lights. According to Muller, competitors typically utilize medium-power or low-power chips. Thanks to the strategic alliance with billion-dollar LED chipmaker Cree, Spectrum King

is on the cutting edge of LED grow technology and poised to stay there. That’s right where CFO Vardi (who is something of a high-intensity advantage himself) wants to be.

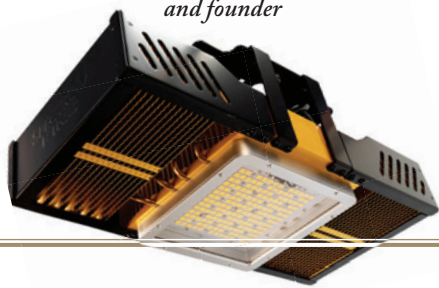
“We think of ourselves as a technology company, a solutions company, not just a LED grow light company,” he said. “The Cree LED alliance is a great deal. There’s not another LED light company that can say they have the actual chipmaker, a multibillion-dollar company, that’s supporting them and backing them with the technology. Every horticultural technology now coming out of Cree is passing through our desk, because we’re helping design it.

“Case in point: We’re joint-patenting some new phosphor to really basically output the sun,” he added. “Yes, we’re working on bringing the sun to an LED chip. Because at the end of the day, what spectral output has the best frickin’ relationship with every single species on this planet? The sun, baby. You didn’t have to go far to research that one. Just look up.”

Indeed, and things clearly are looking up for Spectrum King LED.  —Jefferson Reid

**“THE WHOLE LED INDUSTRY
HAD BEEN GOING AGAINST WHAT
WORKS IN THE GROW INDUSTRY
FOR DECADES AND DECADES.”**

—Rami Vardi, Spectrum King LED CFO
and founder



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Gorgeous Goals

Will cannabis provide the first opportunity for women to build a billion dollar industry with no glass ceiling? The women of Yummi Karma think so.

BY JOANNE CACHAPERO
PHOTOGRAPHY BY THOMAS O'BRIEN



THE WEATHER ON THE BEACH BOARDWALK next to Santa Monica Pier was remarkably summer-like on April Fools' Day 2017—the date of the Los Angeles 420 Games. Four young, attractive women in T-shirts and shorts looked utterly normal at the beach... except for the staffing-a-booth-at-a-medical-cannabis-fair part.

"It was all women coming up, and then they were dragging their husbands and boyfriends over," Chelsea Kitahara, Yummi Karma's co-founder and chief operating officer, said after the show. "It started with the women, but then it kind of spread to the men. They liked the lip balm."

YK's chief marketing officer Kymber Ward is always tweaking, always looking for ways to get the brand more exposure. With a critical eye, she added, "The thing I saw at the 420 Games, they didn't know how to use the products and they didn't understand why [cannabis-infused] lotions, as opposed to using a regular lotion or lip balm or something. I did a lot of educating, like, 'Do you know what an endocannabinoid system is?' They have no idea."



WOMEN OF SUBSTANCE

The “Yummi” part is easy to figure out. Kief-dusted chips and popcorn are definitely yummy—perfect with an ice-cold beer on a warm, lazy day. And the new High Gorgeous beauty line is full of flavor appeal, a topical cannabis experience that’s sassy-sensual with scents like Sugar High and High-biscus.

But the “Karma” part? Think of karma not as payback but as destiny, the reward for hard work and ethical behavior.

“As women, we are more open to taking risk, and I know that’s the opposite of conventional thinking,” said Sofios. “But we put products out because we believe in women, and we believe they’re going to buy them.”

The team is dedicated to creating female-friendly products made to change the way women look at cannabis. They also believe the cannabis industry is the right place and time for professional, pioneering women to build a billion-dollar industry from the ground up—with no glass ceiling.

They know other women feel the same way, like Bhang Chocolates owner Shanna Droege. Gender aside, Droege is O.G. in her own right as a cannabis professional and en-

As women, we are more open to taking risk, and I know that’s the opposite of conventional thinking,” said Sofios. “But we put products out because we believe in women, and we believe they’re going to buy them.

—Alysia Sofios

By noon, the Yummi Karma/High Gorgeous booth was running low on samples of High Gorgeous giveaway lip balms and bags of Yummi Karma chips, handed out to a responsive crowd of curious attendees. In addition to good aisle position, the YK booth stood out in a sea of green, with its bright white and fashion colors—perfect for the beach.

Curious sample-seekers stopped to talk to the Yummi Karma executive team, in most cases without realizing with whom they were speaking. Co-founders Chelsea Kitahara and sister and Chief Executive Officer Krystal Kitahara, Chief Communications Officer Alysia Sofios, and Ward were not mere “booth babes,” but product-knowledgeable, professional, and friendly, working the crowd like pros because, after all, that’s what they are.

After sampling the new cinnamon-bun-flavored Nice Buns cel-lulite cream and Pina-Co-Can Body Butter (both infused with THC/THCA), some attendees asked about sunscreen, which would have been great to have on such a high-UV-index day. The situation made a good opening to tell people about High Gorgeous sunscreen, which will be out this summer. The sisters Kitahara, Sofios, and Ward barely had a moment to take in the big, blue horizon over the ocean, with not a cloud in the sky.

trepreneur, and she’s started a buzz in a hive full of queen bees.

“Until we met Shanna, we really had the belief that all the advice we got from people in the industry was we needed to be sexier. ‘Oh, wear little shorts to your promo days,’” Sofios explained. “And we weren’t comfortable with that. We kept feeling like we were a square peg in a round hole until we met Shanna and she validated our feelings.

“That’s her message: We want women to be here, and we can work together to elevate the status of the industry,” Sofios added.

Droege concurred. “We have to make this opportunity, and it’s not just in the cannabis space,” she said. “It’s everywhere you look. Look at the government. How many women are sitting there representing us? They’re not. We have to step up and represent and be strong, and we can do anything our male counterparts can do. We just have to step up and make it happen. That’s what we’re doing.”

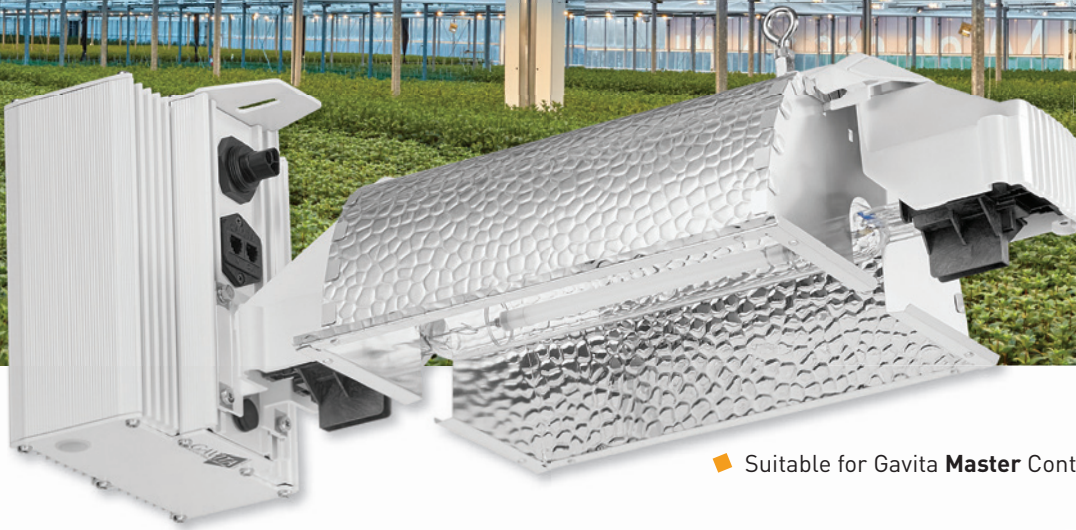
Droege became a cannabis professional by default. She and her husband spent years practicing their craft the old-fashioned way: on the underground market. Eventually, they owned and operated eighteen dispensaries in Southern California. Once the legal California market was allowed to organize, they parlayed their connections into Sol Distribution. In 2012, an opportunity to take over Bhang Chocolates arose, so Droege and her husband took it.

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In spite of obstacles and because of sacrifices, Droege finds herself in the position she's in: the corporate head of a multi-million-dollar cannabis brand and product distributor, plus wife and mother. So, she figured she might as well own it. Part of that is working with other women to help them own it, too. She laughingly refers to the developing plans for taking her companies to the next level as "cannabis-world domination."

Indeed, destiny may be playing a role. Through a series of personal connections, Droege has been able to secure a long-term lease on 20,000 square feet of business space in one of twelve permitted business facilities in Costa Mesa, California.

During the same period, the YK crew and Droege struck up a distro deal for YK's already popular edible and tincture lines and, now, High Gorgeous. After finding they share a similar visions for industry women and female consumers, they've agreed to share the office and production space. But that's just the beginning.

The collaborative location will house an extraction facility, production facilities, and a distribution center, with offices on the second floor. The larger goal is to create a female-operated business vertical, from grow through sales, made up of women-run and female-friendly businesses. Emerald Family Farms, located in Humboldt County, has agreed to be part of the collaboration and will be supplying exclusive flower crops for High Gorgeous beauty products, as well as the soon-to-launch HG signature vape, concentrate, and flower line.

"That's the big future push, but I think also building up other women in the industry, working together and being able to see the beauty in their product and also feel secure with myself still," Droege said.

Male-dominated business rhetoric she's heard from men and other women sometimes makes her feel as though others are somewhat

suspicious of women banding together.

"I've had people tell me, 'Like, why are you helping those girls?' I'm not helping them. They run their own business, and it's a mutually beneficial business," Droege explained.

"You mean, 'Why am I working with them?' As if we're women, so we can't work together," she continued. "There's a lot of that, and I'm just not interested in it. I think they're ladies, and I think they're smart, and they have a good product. [Yummi Karma products] compliment my products, so why wouldn't I work with them? There needs to be more of that going on, because otherwise I feel like everyone is fighting internally. Egos in the cannabis business... nobody wants to work together.

"No, let's work together and get to the next level," Droege said.

She mentioned how many mothers and families are involved in the industry and how often women are called on to run a cannabis business out of necessity, with or without a partner. Droege believes women are the backbone of families and society, and they have the skills necessary to run the cannabis industry.

"Shanna is being humble, but she really paved the way for so many women, and that was one of the things that drew us to her," Sofios said. "She told us stories about when people would be like, 'Who's your owner, honey?' I don't want to put words in her mouth, but I think that may be why she's taken us under her wing: because she sees we're facing the same challenges. She really did pave the way for many of us."

BRIDGING THE GENDER GAP

"It doesn't come across right," Krystal Kitahara said. "We've tried to say this [before], and it'll sound like, 'They only like to sell to women.' But we want to sell to everyone."

Sofios took a shot at explaining. "We like men," she said. "We just

High Gorgeous Beauty Buzz

Aimed at millennials, High Gorgeous's topical beauty products also show promise with the adventurous, open-minded, over-40 female demographic. Because women are curious and discerning consumers, they look for education and credibility from cannabis brands, according to Ward.



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“

You could go to CVS or, by saying you're going to purchase a product with cannabis in it, you can do your part to move the whole cannabis movement forward.

—Krystal Kitahara

”

have a culture here that's very women-friendly, and we attract a lot of women who want to come work for us, and we make products that we target women with. So, the people most qualified to make those products are other women, and that's kind of our culture. But if a man could be like, 'I know exactly what women are thinking, and here's the next product that's gonna fly off shelves,' we'd welcome that."

Kymber Ward added, "It's important to us what women think."

In fact, the Kitahara sisters, Sofios, Ward and the rest of the team are tuned in to a marketing reality: Women consumers behave differently from male consumers. Longstanding market research has indicated the hunter/gatherer dynamic may be at play. When shopping, men aim at a target and go get it, continuing to hit the same target until something causes them to switch stores or brands. Women are more discerning and will shop around. They must enjoy the sales experience, be educated about products, and establish trust in order for brands to generate loyal consumers and repeat sales.

That's important to businesses because, currently, the global economic power wielded by women is estimated at \$20 trillion, and that's expected to increase to more than \$30 trillion in the next decade.

"It's funny, but it's like Shanna says: When they bring in the wholesale sheet now and list all the products, all the male buyers say, 'Uh, I want to see the lotion,'" Krystal Kitahara said. "That's not how it was two or three years ago. We hear a lot of [men who own or manage dispensaries] saying people have been coming in and asking about this stuff, but then, when they finally see [the product] ..."



Female Consumer STATS

85%

of all consumer purchases in the U.S. are made by women.

93%

of food purchases are made by women.

75%

of women identify themselves as the primary household shopper.

50%

of products typically marketed to men are purchased by women.

80%

of healthcare decisions are made by women.

68%

of new car purchase decisions are made by women.

66%

of PCs are purchased by women.

92%

of vacations are organized by women.

Source: FONA International, "Purchasing Power of Women," Fona.com



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NEW HEADQUARTERS in a permitted 20,000-square-foot facility located in Costa Mesa, California, in collaboration with Bhang Chocolate's Shanna Droege, as well as other female-friendly cannabis businesses.

IN THE FUTURE, THE YK CREW SEES A FLAGSHIP STOREFRONT LOCATION with YK and High Gorgeous non-medicated merchandise; eventually, an end-cap display at Sephora, next to other mainstream lifestyle products.

It looks like their female-fueled business strategy may be starting to work. One gets the impression the Kitahara sisters have been strategizing for quite some time. Like the other members of the YK team, they're literally and figuratively daughters of the first generations of American women to wield real economic power, as well as benefit from women's rights.

Krystal and Chelsea Kitahara's mom inspired YK's flagship tincture, Drift Away, which they formulated to help with her sleep issues. Their dad, once a staunch anti-dope, conservative businessman, is now their biggest public relations guy, forwarding emails to the girls from his friends who have a variety of ailments and inquiries about products.

Krystal Kitahara and Sofios worked together at a TV station while Chelsea Kitahara was away at college in Oregon, majoring in psychology and business. Ward, who worked for Edibles List after a long stint in fashion marketing, watched Yummi Karma grow from the early days, until the opportunity came for her to join the company.

Finally, the budding executive team relocated, one by one, from California's Central Valley to Los Angeles, to share a house. Throughout college, Chelsea Kitahara split her time between Oregon and California, pursuing her education while the position at YK waited. After graduation, she moved to the L.A. house and took up residence on the couch. Not long ago, Sofios moved into her own place. Despite—or perhaps because of—living and working together, a real camaraderie radiates from all of them.

"We really do work hard and play hard," said Sofios, "and we genuinely do enjoy each other's company."


The newest member of the team is office manager Jerilyn Favia, who joined YK in late 2016. After a sixteen-year career as an insurance agent, Favia said she's thrilled to be out of the cubicle and into a work environment full of women, especially in the office-casual cannabis industry. She's a mom and appreciates the time flexibility that comes with the new job.

Men work at Yummi Karma, too—both of them in the warehouse. One is Ward's brother. Like with so many businesses in the cannabis industry, nepotism is a way to make sure you're working with people you can trust.

Krystal Kitahara pointed out a big part of the mission is to spread the message of the benefits of not only cannabis, but also of supporting local, homegrown businesses that employ women and families. Also, that consumers can "come out of the closet, so to speak," and help advocate for intelligent adult cannabis use.

"Our new slogan is 'Be Brave; Crave' because we're trying to refocus people to be proud," Krystal Kitahara said. "It's a new time, a new era. You can say, 'Yeah, I'm a lawyer and I use cannabis lotion.' We're creating products you can use. You could go to CVS or, by saying you're going to purchase a product with cannabis in it, you can do your part to move the whole cannabis movement forward."

Ward added, "Topicals are amazing." The YK team members switch easily into groupthink, sometimes finishing each other's thoughts and sentences.

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TRADE CREDIT IN THE CANNABIS MARKET

WHAT YOU NEED TO KNOW
TO CREATE A SMART TRADE
CREDIT POLICY.

BY SAM FENSTERSTOCK, AG ADJUSTMENTS LTD.

WE ATTENDED THE MJBIZ show in Las Vegas last fall and were fortunate to speak with many companies that operate in virtually every aspect of the emerging cannabis market. The one thing they all hoped for, and felt confident would happen, is that the banking system will become available to the industry sooner rather than later.

When that happens, business in the cannabis market is going to change dramatically. Access to the banking system means access to trade credit. When trade credit becomes available to growers, manufacturers, wholesalers, distributors and retailers serving the cannabis market, things are going to change. At every level, the industry is going to have to learn how to provide and deal with managing trade credit and its inherent risk.

What is trade credit? Trade credit is the credit extended by one trader to another for the purchase of goods and services. Trade credit facilitates the purchase of supplies without immediate payment. The system commonly is used by business organizations as a source of short-term financing. It is granted to customers who have a reasonable amount of financial standing and goodwill.



Many of the growers and manufacturers we spoke to at MJBIZ, specifically those operating in the Colorado market, already have bank accounts and are extending limited amounts of credit. They accept checks (a form of credit) from their customers, and in many instances, they give customers up to fifteen days to pay their bill. These companies, and cannabis entrepreneurs, all agree: As the cannabis market matures, the business is going to change. In fact, whether you recognize it or not, you already use some type of trade credit to operate. Your rent is due monthly, your utilities are due monthly, etc. You are extended credit on a limited basis to operate and grow your business.

More and more states are passing laws legalizing medical and recreational cannabis use and companies entering the industry are going to want to access the credit markets and use this money to fuel their expansion. A true trade credit system, at every level of the industry, will need to come into existence. Mainstream corporate America operates in this environment and the cannabis industry will as well. It's just a matter of time. The financial underpinning that guides the nascent cannabis market today will have to develop to meet the industry's growth needs. The way cannabis companies transact business is going to change, for the positive, and trade credit will fuel its growth.

Federal regulations force most companies operating in the cannabis space today to deal primarily in cash. If you look back at emerging industries, operating only in cash doesn't foster an environment for growth. Think of it this way: In a cash environment, a company with \$1,000 in cash can buy only \$1,000 worth of goods, but in a trade credit environment a company with \$1,000 in cash and \$2,000 in trade credit can buy \$3,000 worth of goods. Potential income from retail sales has tripled.

So, for the cannabis market to grow, it cannot be a cash-only business. Without a doubt, the banking industry is on the side of the cannabis industry. Banks do not make money from cash businesses. They want a part of the billion-dollar cannabis market, and they will exert formidable pressure on federal lawmakers to reclassify marijuana as a legal substance, at least under medical supervision. Currently, nearly 300 banks offer services to cannabis-based businesses, but eventually the entire banking industry—more than 5,000 commercial U.S.

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A TRUE TRADE CREDIT SYSTEM, AT EVERY LEVEL OF THE INDUSTRY, WILL NEED TO COME INTO EXISTENCE. MAINSTREAM CORPORATE AMERICA OPERATES IN THIS ENVIRONMENT AND THE CANNABIS INDUSTRY WILL AS WELL.

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banks—will join them. The question is, what must businesses do to implement a trade-credit model that fosters sustainable growth? It is imperative that companies understand how to create and implement smart trade credit policies.

Companies that operate in the cannabis industry will migrate toward a trade credit environment in which a grower grants credit—with terms specifying three days to thirty or more days—to the manufacturer, wholesaler, or distributor, who then grants credit to the downstream entity that sells its products to dispensaries, who retail the products to consumers. Or, a grower might grant credit directly to a retailer. Growers, in turn, will be extended credit by their suppliers: lighting companies, soil providers, packaging providers, etc.

Once a company extends credit, it will need to manage accounts receivable.

WHAT IS ACCOUNTS RECEIVABLE?

“Accounts receivable” refers to the outstanding invoices a company has or the money the company is owed by the customers to whom it has extended credit. Essentially, accounts receivable represent the default risk borne by cash-only businesses. Accounts receivable must be collected on a timely basis, and some number of customers will not pay when their invoices are due. To operate in a trade credit environment, cannabis market companies need to understand:

- WHY THEY NEED TRADE CREDIT AND WHAT ITS VALUE IS.
- HOW TO ESTABLISH A TRADE CREDIT EVALUATION POLICY THAT ADEQUATELY CONTROLS RISK.
- HOW TO MANAGE CUSTOMER RELATIONSHIPS AND COLLECT ACCOUNTS RECEIVABLES ON A TIMELY BASIS.
- WHAT TO DO IF A CUSTOMER BECOMES DELINQUENT OR REFUSES TO PAY.

ESTABLISHING TRADE CREDIT POLICY

In a mature industry, when a new customer wants to buy products or services on credit, the seller goes through a specific process to determine whether they want to extend credit and if so, how much. To help in deciding, they may request the customer complete a credit application and review and confirm the information it contains, pull a credit report, review banking information, speak with other companies about their experience with the customer, and/or request audited financial statements.

In the cannabis industry, widespread credit granting has not been the norm, and historical credit-related data on cannabis customers is sparse. Therefore, when the ability to provide credit becomes available, most customers will have no prior credit background or history.

Each credit grantor within the industry will need to develop a credit policy that allows the company to meet its financial goals while limiting risk. Per the Credit Research Foundation, a credit policy, no matter the industry, must address the following questions:

- WHAT IS THE COMPANY'S MISSION?
- WHAT ARE THE COMPANY'S GOALS?
- WHO IN THE COMPANY HAS SPECIFIC CREDIT RESPONSIBILITIES?
- HOW WILL CREDIT BE EVALUATED?
- WHAT ARE THE COMPANY'S TERMS OF SALE?
- HOW WILL THE COMPANY HANDLE COLLECTIONS?

A credit policy should also be in writing, and it should be reviewed and modified as conditions change.

WHAT IS THE COMPANY'S MISSION?

The mission statement can focus on many different areas depending upon management's main concerns with granting trade credit. Remember, the area of the company most affected by the credit policy is sales. So, defining the level of credit risk you are willing to accept is a major component of a mission statement, as it directly affects revenues and cash flow.

Many factors define a company's mission, and some have nothing to do with credit evaluation. The mission statement directly affects credit policy, though, as it helps companies determine factors like whether to:

- EXTEND CREDIT TO ALL APPLICANTS REGARDLESS THEIR BACKGROUND AND PAYMENT HISTORY WITH OTHER VENDORS.
- REQUEST CREDIT-, FINANCIAL-, AND/OR TAX-RELATED DATA.
- EXTRACT A PERSONAL GUARANTEE FROM THE COMPANY'S OWNERS OR OFFICERS.

Those and other factors help ensure you only extend credit to customers that represent prudent credit risks. Credit granting is a company-specific decision, and the more you know about how your company's mission statement impacts the credit evaluating and granting process, the better prepared you will be to establish and implement a credit policy that works best for your company.

The mission statement also impacts the company's position regarding maintaining accounts receivable. The position will define how much leeway the company can allow past-due accounts.

WHAT ARE THE COMPANY'S GOALS?

Specify how much risk you are willing to assume. Risk tolerance places a limitation on the companies to which you are willing to extend credit. If any level of risk is acceptable, you'll sell to anybody; on the other hand, if only an extremely small risk is acceptable, you'll sell to only certain types of companies. This decision is a major factor in determining revenues generated by credit sales. Some of the measures of risk that can be set as goals are:

- BAD DEBT AS A PERCENTAGE OF SALES.
- DAYS SALES OUTSTANDING (DSO), A MEASURE OF THE AVERAGE TIME RECEIVABLES ARE HELD.



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- PERCENTAGE OF RECEIVABLES ALLOWED TO AGE BEYOND A SPECIFIC NUMBER OF DAYS (USUALLY SIXTY OR NINETY).
- A BUSINESS OWNER'S MINIMUM FICO SCORE, IF THAT WILL BE ACCEPTED IN LIEU OF OR IN ADDITION TO A PERSONAL GUARANTEE.
- FREQUENCY OF CREDIT-LIMIT REVIEW.
- DEDUCTIONS AS A PERCENTAGE OF SALES.

The applicable statement in the credit policy puts numbers to the above measures: "Our goal is to limit bad debts to X percent of sales, DSO to X days, etc."

WHO HAS SPECIFIC CREDIT RESPONSIBILITIES?

Most companies extending credit have a credit and collections department consisting of one or more people who manage the credit-granting process. When a company starts to extend credit, the structure of the department, including who reports to whom and what their area of responsibility is must be determined. The authority for setting credit limits also must be defined. For example, the credit manager may grant up to \$10,000 in credit, but above that the treasurer, chief financial officer, or owner must approve the contract.

Additionally, the criteria for delaying a sales order if a customer is slow to pay should be specified, as well as who has the authority to waive any credit hold on orders. Also specify the accounts receivables condition that triggers collection efforts and the circumstances under which an account will be turned over to an external collection agency.

HOW WILL CREDIT BE EVALUATED?

As specifically as possible, a credit policy needs to address the minimum information credit seekers must provide. Typically, the list includes:

- THE CREDIT SEEKER'S LEGAL NAME, ENTITY TYPE, AND TAX ID NUMBER.
- NAMES OF COMPANY PRINCIPALS.

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IN A MATURE INDUSTRY, WHEN A NEW CUSTOMER WANTS TO BUY PRODUCTS OR SERVICES ON CREDIT, THE SELLER GOES THROUGH A SPECIFIC PROCESS TO DETERMINE WHETHER THEY WANT TO EXTEND CREDIT AND IF SO, HOW MUCH.

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- A PERSONAL GUARANTEE, IF THE CREDIT SEEKER'S CORPORATE CHARTER SHIELDS OWNERS FROM LIABILITY.
- CONTACT INFORMATION INCLUDING TELEPHONE AND FAX NUMBERS, BUSINESS AND PERSONAL EMAIL AND HOME ADDRESSES FOR THE PRINCIPALS AND THE ACCOUNTS PAYABLE MANAGER.
- TRADE REFERENCES.
- BANK ACCOUNT INFORMATION AND CONTACTS.

Determine how many of the above items must be satisfied before setting a credit limit for an account. Conservative credit grantors usually set a low limit for the initial purchase and don't raise the limit until they are satisfied the account is meeting and will continue to meet payment requirements.

After receiving a credit application, verify the customer's information by calling references and contacting the listed bank(s). Depending on the dollar amount requested, you also may want to obtain information from external credit reporting sources like Experian and Dunn & Bradstreet.

Credit accounts should be reviewed periodically to ensure the customer is meeting his obligations.

WHAT ARE THE TERMS OF SALE?

Terms of sale should be specified on every invoice, as should any penalties for not meeting payment criteria. An open line of communication with customers is a must, especially with customer unaccustomed to credit accounts.

Typically, payment-in-full is due between seven and thirty days after a customer receives the merchandise (expressed as "net [number of days]" on an invoice). Terms also may include a discount for early payment. Inducement terms often cut the bill by 2 percent for full payment within ten days; for example, "2 percent 10, net 30."

Your credit agreement should specify any penalties delinquent accounts incur—legal fees and collection costs, for example. Also specify your right to establish the jurisdiction if legal action is required to collect a debt.

HOW WILL COLLECTIONS BE HANDLED?

No matter how good your policy for evaluating creditworthiness, some accounts will not pay on time and others will not pay at all. Once you begin to use credit to fuel growth, you must factor debt defaults against margins. Depending on your risk tolerance, this can be a lot of money, and you can't afford to have a significant percentage of delinquent accounts. A documented collection strategy is essential and should include when you will consider an account severely delinquent and what you will do when the inevitable occurs.

Typically, the same person or department that extends credit also handles collection of delinquent balances. When that person

or people have exhausted all internal collection options (letters, phone calls, etc.), it's time to bring in a third-party collection partner. Statistics indicate once an account is ninety days past due, collections can be maximized with outside help.

There are two primary types of outsourced collection activity: early-collect programs (commonly called "soft collections") and immediate-action programs.


Early-collect programs typically are employed by companies without the manpower to manage day-to-day accounting as well as delinquency problems. "Soft collections" providers function as a customer-service department focused solely on encouraging customers to pay their bills.

Immediate-action collection programs become appropriate when a customer is more than 90 days past due, is no longer purchasing from you, and has ignored all of your collection efforts. That's when to ask a "collection agency" to help. The older a debt is, the harder it is to collect, so the sooner you place it with an immediate-action collections partner, the better.

A good agency will make between ten and fifteen customer contact attempts within thirty to forty-five days after receiving the account. Your internal collector may not be able to devote that much time to each delinquent account. Additionally, the psychological and potential business reputation effects of escalation to an outside agency can create an urgency to pay.

The goal of the agency is to get your money in the shortest period, and preserve a good relationship with our former customer. A good collection agency should recover 40 percent or more of what you are owed.

IN CONCLUSION

Once federal banking regulations change and companies serving the cannabis market gain the same financial resources available to the rest of corporate America, entrepreneurs will need to implement formal credit policies that allow them to manage and grow revenue in a trade credit environment. Establishing the controls necessary to operate when credit and accounts receivable are commonplace will set companies on the road to even greater profitability. 



SAM FENSTERSTOCK is SVP of Business Development at AG Adjustments, a provider of commercial collection services. Previously, Sam was Director of Business Development at PredictiveMetrics, a statistical-based credit and collection scoring and modeling company that he helped grow and sell to SunGard (FIS) in 2011. Sam can be reached at samf@agaltid.com.

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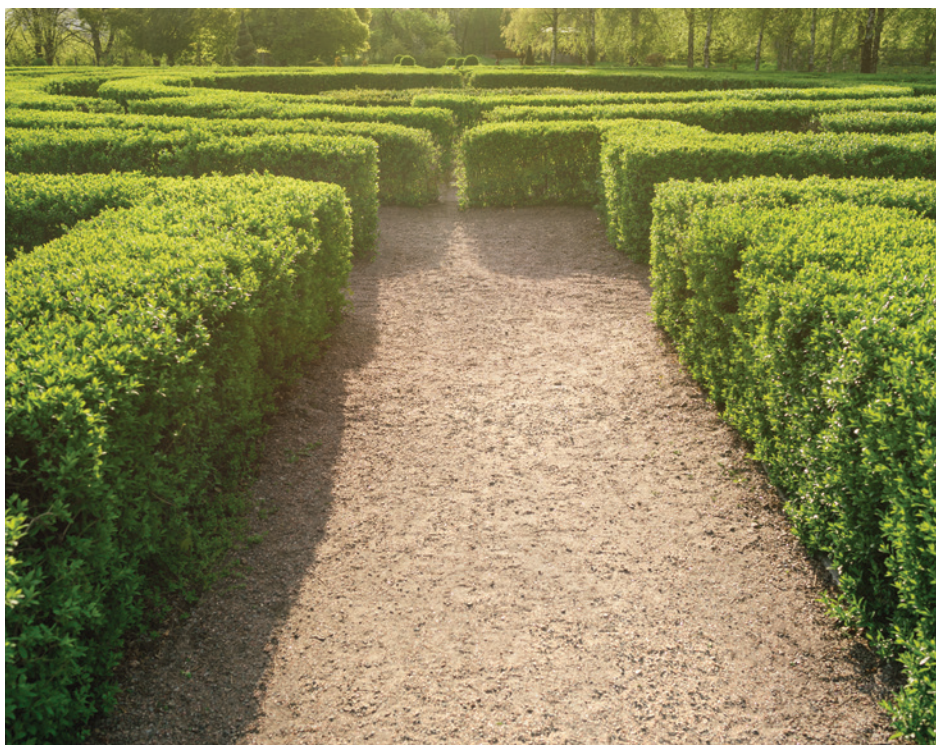


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A First-Timer's Guide for Dispensaries, Patients, and Customers

EVERYTHING OLD IS NEW AGAIN—especially the cannabis consumer. Even old-timers steeped in the culture have had a precipitous learning curve with legalization and thousands of new products. Edibles? CBD? Dabs and vape rigs? Oh my. So, imagine what it's like to be a total newbie, walking into a dispensary for the first time.

Like other popular products with a long but dubious pedigree (think alcohol), there is a predictably robust market now that legalization is evolving and expanding. Old and new consumers alike are curious, but what trends are vendors and marketers seeing in consumers? How do you make sure the new consumer experience leads to repeat business?

"Since Prop. 64 passed, we are seeing an influx of newbies and we are really excited about it," said Mikayla Kemp, training manager for MedMen, located in West Hollywood, California. "There is definitely more interest in trying cannabis and exploring the different uses,

and we still get the regular patients who come in knowing exactly what they want."

MedMen Marketing Director Daniel Yi added, "Before Prop. 64, MedMen West Hollywood was averaging about eighteen to nineteen new patients daily. Since passage of Prop. 64, the daily average of new patients is twenty-five."

"We don't think all of that increase is due to Prop. 64," Yi said. "The dispensary had been increasing new patient count even before. But we do hear anecdotally that with passage of Prop. 64, a lot more people who were thinking about getting their physician recommendation felt more emboldened to do so."

PERSONAL TOUCH

MedMen's customer experience begins with its storefront location on busy Santa Monica Avenue. Featured on local news during election night last November, MedMen repeatedly was referred to as having an "Apple Store feel," all light woods and open, airy atmosphere. Red-shirted budtenders quickly recognize newbies, especially when the customer seems a little overwhelmed.

"Nothing breaks the ice like a personal touch. We encourage our staff to introduce themselves by name and make the patient feel comfortable," Kemp said. "The store environment can also help ease apprehension with first-timers. MedMen stores are set up to be inviting: big windows, plenty of light, open layout, and no wait room."

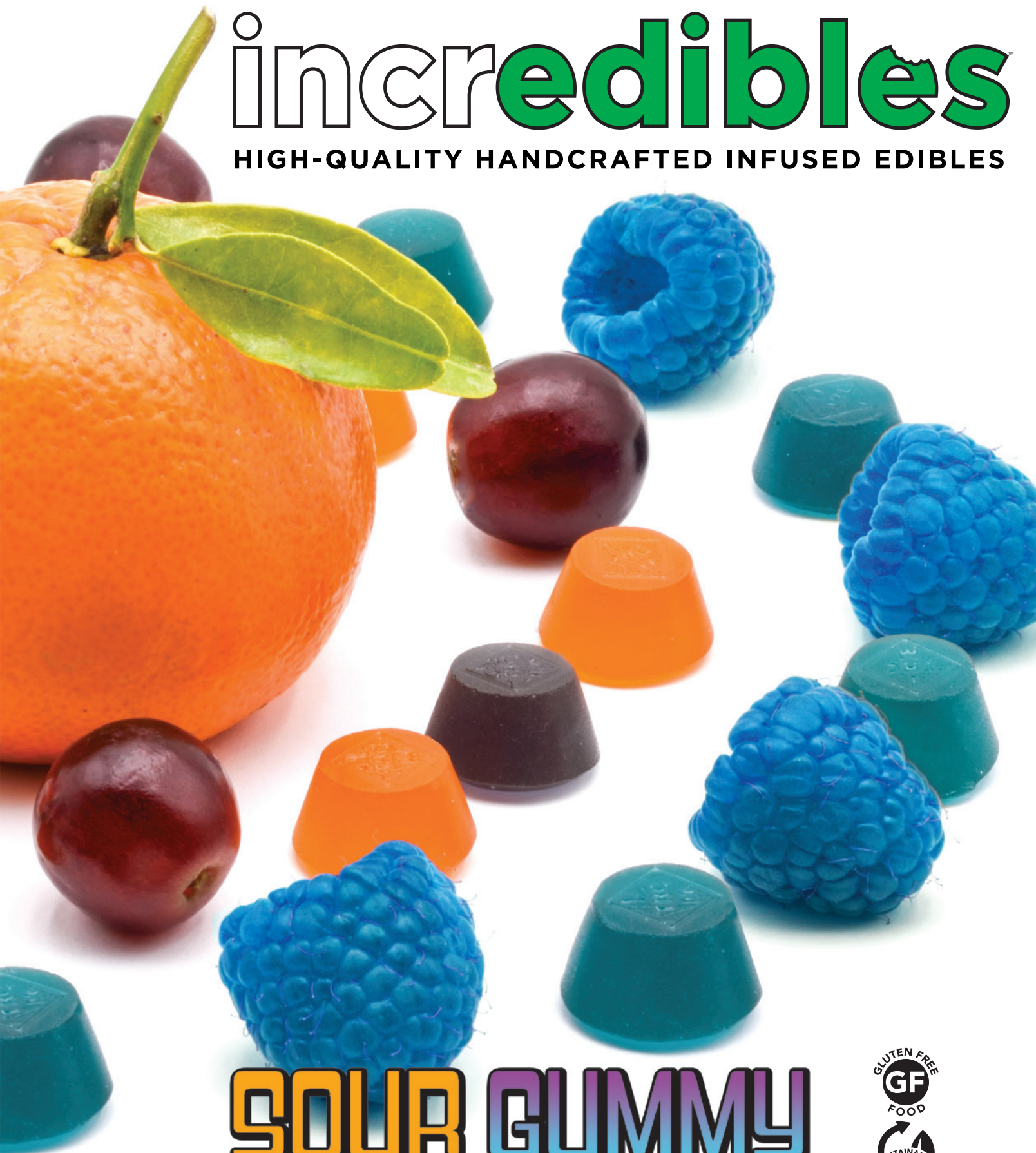
Cannabis Commodities Exchange Chief Executive Officer Sohum Shah said he believes one of the fastest-growing demographics is the "new" consumer: those who are cannabis-inexperienced but curious and more willing to explore than in the past.

"Retail stores and dispensaries really need to focus on providing the best retail experience possible," Shah said. "Let manufacturers and cultivators focus on product quality and consistency. Ask yourself in what kind of store your mother or grandmother would feel comfortable shopping."

"It already requires courage for new consumers to walk into a marijuana store for the first time, without the 'stoney' vibe many

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stores have,” he continued. “As an industry, we need to do our best to make new consumers feel comfortable purchasing and consuming our products.”

EDUCATE, EDUCATE, EDUCATE

With the concept of cannabis users no longer shrouded in a smoky, psychedelic haze, a key component of attracting and retaining new consumers is proactive education for newbies who want to know more.

“I can’t stress this enough: Educate consumers on the benefits and effects of different types and forms of cannabis products,” Shah said. “Consumer education should be genuinely focused on creating long-term, informed consumers and not on immediate sales of specific products.”

Some newbies, either through inexperience or eagerness, may decide to dive into the deep end of the pool without consultation about their needs or expectations. Professional guidance from a budtender is very important to ensuring the new cannabis consumer doesn’t have an unpleasant experience.

“One example would be to teach consumers to refrain from making purchase decisions based on potency (THC or CBD percentage),” Shah said. “If necessary, give them the alcohol analogy. When most people walk into a liquor store, they don’t go immediately for the 95-percent grain alcohol—unless they are throwing a frat party or trying to start a fire. Most alcohol products are less than 50-percent alcohol by volume but have unique smells, tastes, and effects.”

Though California voters approved recreational cannabis use in November, many don’t realize products won’t be available legally until 2018, if the recreational market is able to withstand possible challenges from the feds. Nevertheless, At Buds & Roses in Studio City, California, new customers eager to purchase recreational products have been calling and dropping by, indicating increased interest bubbling up from an already expanding market, staff trainer Cassie said.

“We’ve had to turn away a lot of new patients who don’t have a doctor’s recommendation,” she said. “Even with legal ‘adult use’ in California, recommendations are still necessary to purchase cannabis from a dispensary.”

She agrees with Shah’s stand on education and customer service: “The first time a patient comes to Buds & Roses, we work to gauge whether or not they are familiar with dispensaries. We really believe in well-rounded patient education, so helping our patients navigate the process is essential for us.”

MAKING THE UNFAMILIAR FAMILIAR

For new customers, the quirky process can be intimidating. Cassie suggested new customers should know what to expect, in order to avoid that awkward unfamiliarity of being processed in a wait room.

“[It’s] different in every shop, but basically patients should expect to be met by a security guard, have their medical recommendations and IDs verified, and then be allowed to shop,” she said. “A new customer might find those protocols disorienting, but it is just a normal part of the experience.”

“Our budtenders use this first meeting as a chance to evaluate every patient’s needs,” she explained. “They determine what types of cannabis would most benefit each person, then steer them toward the appropriate products, help them to predict a therapeutic dosage, and educate them in whatever ways necessary. This can be anything from ‘how to use a pipe’ to the genetics of a particular seed. Sometimes this is a very time-intensive process, but we appreciate the chance to educate anyone about anything cannabis.”

Something that will never change? The effect a high level of customer service can have on increasing your business’s reputation through word-of-mouth advertising. As the old adage



BE GENTLE

You only get one chance to make a first impression with FTPs.



Education: Traditionally, women are savvier consumers than men. They consume product information to enable wise purchases, and then share that info with friends.

Reassurance: Some patients use cannabis to treat anxiety. If they’re particularly anxious due to dosage sensitivity or inexperience, budtenders often suggest CBD as a remedy for those who may have imbibed too much THC.

Friendly Service: Everyone knows what it’s like to walk into a business and feel out of place or, even worse, ignored. Being genuinely interested in your customers’ overall well-being builds trust and new sales.

goes: If a customer has a good experience, they’ll tell their friends; if they have a bad experience, they’ll tell the whole world.

One way to guarantee a good experience is the tried-and-true method of paying attention to the customer, make sure their needs are met and, if possible, exceeded. Make sure, on their very first visit, to get off on the right foot.

“Phrases like ‘How did you hear about us?’ or ‘What effects are you looking for?’ or ‘Tell me about your favorite cannabis experience’ are always helpful [icebreakers],” Cassie suggested. “Finding out about them and their cannabis experience is always key. If you can uncover why someone chose to come to a dispensary, it’s pretty easy to start a conversation about cannabis.” ^{mg}

—Joanne Cachapero



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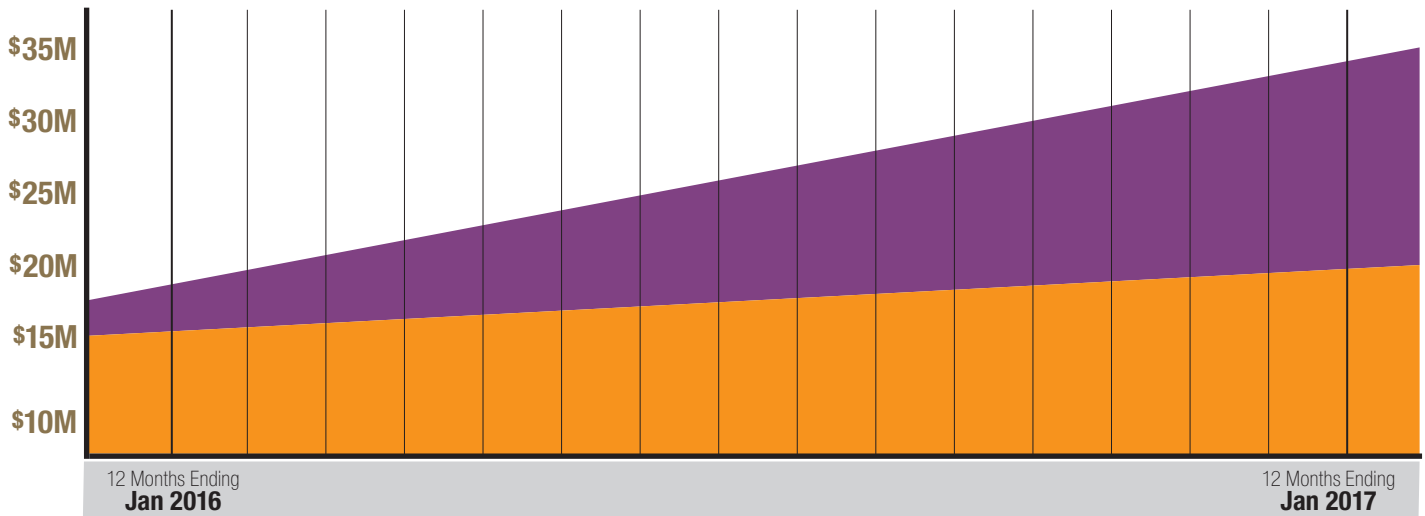
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The Meteoric Growth Continues

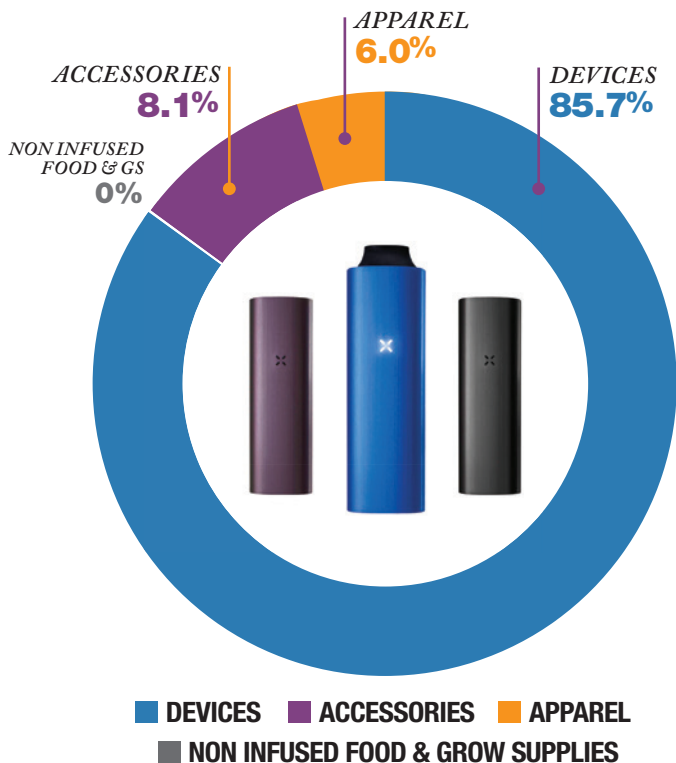
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Accessory Sales Growth (YTD 2016 to YTD 2017)

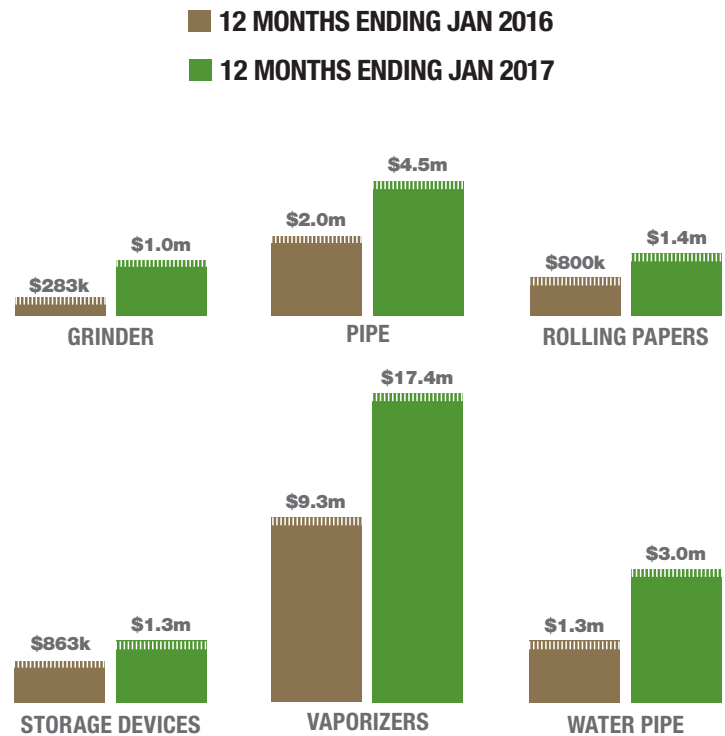
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Marijuana's March on Capitol Hill

NEWLY INTRODUCED LEGISLATION UNDERSCORES THE BELIEF AMONG SOME LAWMAKERS THAT THE TIME TO ADVANCE THE NATIONAL CANNABIS AGENDA IS NOW.

A FEW YEARS AGO, marijuana was discussed in hushed tones and snickers. Those whispers are now loud and powerful voices backed by soaring revenues. The marijuana industry's evolution has made it an undeniably essential part of numerous states' economies and brought marijuana to the forefront of state and federal legislative discussions. Most notably, in February 2017 Congressmen Dana Rohrabacher (R-Calif.), Jared Polis (D-Colo.), Don Young (R-Alaska) and Earl Blumenauer (D-Ore.) formed the bipartisan Congressional Cannabis Caucus to further these discussions.

Though states and private businesses have made great strides in addressing the industry's needs, federal marijuana policy reform remains necessary to normalize the industry. On March 30, 2017, congress members and senators from both sides of the aisle submitted a series of marijuana reform bills to address the marijuana industry's needs, namely tax reform and access to financial services.

WHAT ARE THESE BILLS?

Marijuana Revenue and Regulation Act

Introduced in the House (H.R. 1823) by Blumenauer and in the Senate (S. 776) by Sen. Ron Wyden (D-Ore.), this act removes state legal marijuana conduct from the Controlled Substances Act's jurisdiction, prohibits marijuana transportation and sales into areas where it remains illegal, and creates a federal marijuana excise tax. The act also requires certain marijuana businesses to obtain permits from the Treasury Department and prohibits sales of more than one ounce of marijuana in a single retail transaction.

Regulate Marijuana Like Alcohol Act

Introduced in the House (H.R. 1841) by Polis, this bill previously was introduced in the 114th Congress (2015-2016). The act subjects marijuana to the alcohol-applicable provisions of the Original Packages, Webb-Kenyon, Victims of Trafficking and Violence Protection, and Federal Alcohol Administration Acts and extends the Food and Drug Administration's authority over alcohol to marijuana.

Responsibly Addressing the Marijuana Policy Gap Act

Introduced in the House (H.R. 1824) by Blumenauer and in the Senate (S. 780) by Wyden, the act addresses federal marijuana policy on banking, taxation, and record expungements. Most notably, the act protects any state-law-compliant person or entity from criminal prosecution for marijuana-related conduct.

The act also prohibits federal banking regulators from excessively scrutinizing banks that serve marijuana businesses and provides the banks with immunity from federal criminal charges for handling marijuana money. Under the act, banks must maintain internal records of unsuspicious state-legal marijuana transactions instead of filing individual "marijuana-limited" suspicious activity reports.

The act alters Internal Revenue Code 280E, allowing state-licensed marijuana businesses to claim deductions and credits for marijuana sales. Finally, the act establishes an expungement process for federal marijuana offenders charged with possession of one ounce or less of marijuana if, when committed, such possession was legal under state law.

Veterans Equal Access Act

Introduced in the House (H.R. 1820) by Blumenauer, this bill previously was submitted in the 114th (2015-2016) and 113th (2013-2014) Congress. The act authorizes Veterans Affairs health care providers to provide veterans with marijuana recommendations and opinions as allowed by their state's regulations.

Small Business Tax Equity Act

Introduced in the House (H.R. 1810) by Rep. Carlos Curbelo (R-Fla.) and in the Senate by Wyden, this bill previously was submitted

in the 114th, 113th, and 112th (2012-2013) Congress and amends the Internal Revenue Code to allow state-law-compliant marijuana businesses to use business tax credits and deductions otherwise unavailable to controlled-substances traffickers.

EXPECTED OUTCOMES

Though these bills address critical voids in federal marijuana policy, their fates are bleak. To become law, they must first pass through their assigned committees: the House committees on Ways and Means, Agriculture, Judiciary, and Veterans' Affairs and the Senate Finance Committee. As the bills' authors and sponsors have acknowledged, these committees, especially the House Judiciary Committee and the Senate Finance Committee are not cannabis-friendly.

WHY TRY?

Their uncertain future does not reduce the significance of the bills. Although they are not expected to become law this session, they serve an equally important purpose. By submitting them, their authors and sponsors continue to bring the need for federal marijuana policy reform to the forefront and highlight not only the current federal framework's problems, but also the sensible solutions available. Further, the bills signal to marijuana businesses they have champions in Washington D.C. who recognize

their needs within the federal government. Through these bills, the marijuana movement builds momentum for meaningful reform and slowly gains the support necessary to pass the bills' progeny eventually. Thus, though the bills likely will not become law, they are the building blocks of imminent change.

WHAT CAN YOU DO?

Though individual marijuana businesses do not have a direct vote in the bills' outcomes, they represent an incredibly powerful part of the future of federal marijuana policy. State-licensed marijuana businesses must continue to illustrate that with proper regulations, the marijuana industry can become a normalized and profitable part of the economy, rather than a bastion of violence and criminal activity. Thus, businesses must find alternatives to cash-only transactions and remain meticulously compliant to ensure their own success and the success of the industry at large. 🍷

—Kenneth J. Berke and Sabar Ayinehsazian



KENNETH J. BERKE is co-founder and CEO of PayQwick LLC. SAHAR AYINEHSAZIAN is director of regulatory and governmental affairs for the company. PayQwick, a federally registered money services business that is licensed as a money transmitter in both Washington and Oregon, provides BSA/AML and state law compliance, cash management, and electronic payment services.

“
**THOUGH THE BILLS LIKELY
WILL NOT BECOME LAW,
THEY ARE THE BUILDING
BLOCKS OF IMMINENT
CHANGE.**
”



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

PREVIOUS ARTICLES IN THIS SERIES provided insights into how to plan and prepare for successfully financing your cannabis business. This article covers the third and final step in the process: Presenting your funding request to the right people.

After gathering important financial documents but before presenting, it is essential to prepare an executive summary of your business plan to outline the business opportunity, simply and effectively, for any prospective lending sources. Successful lenders see hundreds of business plans, so they want the important information highlighted quickly in order to consider a deal's viability.

An effective executive summary should address ten points in a concise one- to two-page pitch.

TEN COMPONENTS OF AN EXECUTIVE SUMMARY

01

BUSINESS NAME AND ORIGIN.

02

INDUSTRY.

03

LOCATION.

04

AMOUNT OF FUNDING SOUGHT.

05

HOW THE MONEY WILL BE UTILIZED.

06

TIMELINE FOR FUNDING.

07

HOW THE FUNDING WILL BE APPLIED TO MAKE THE BUSINESS MORE PROFITABLE.

08

FINANCIAL RESULTS TO-DATE AND PRO FORMAS.

09

GUARANTOR INFORMATION, INCLUDING CREDIT SCORE, NET WORTH, HOME OWNERSHIP


10

CONSUMER DEMAND DATA OR PURCHASE ORDERS, IF APPLICABLE.



In addition to developing your executive summary, researching and identifying appropriate financing options is a critical step. It is imperative to understand your audience and the type of financing they provide, as well as to have an idea of how much money you seek during this phase. Keep in mind, lenders are looking for a company that can either repay a loan or make lease payments within seven to thirty days after funding. This is different from an equity investor, who has a longer time horizon for repayment and seeks a significantly higher return on capital. A variety of alternative lending resources may help you obtain money more quickly and easily than traditional sources.

After identifying the appropriate financing source(s), it's time to prepare for meetings. In my experience, there are a few key components to a successful presentation to a potential financing source, including answering questions directly, providing information quickly when requested, and asking thoughtful questions such as "what is your underwriting criteria?" A full list of what to do and what not to do when presenting is available by request.

In this series of articles, we've unlocked the secrets of securing money to expand and grow your marijuana business. Now that you have the keys, you can adequately plan, prepare, and present your way to a successful financing solution. 

— Scott Jordan

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TOP TEN ALTERNATIVE LENDING SOURCES

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WORKING CAPITAL
LOAN.



2

EQUIPMENT
LEASING.



3

SALE LEASEBACK
OF AN ASSET.



4

CREDIT
CARDS.



5

PEER-TO-PEER
LENDING.



6

HOME EQUITY LINE
OF CREDIT.



7

BUSINESS LINES
OF CREDIT.



8

INVENTORY
FINANCING.



9

FACTORING ACCOUNTS
RECEIVABLE.



CROWDFUNDING.

10



SCOTT JORDAN is director of business development for Dynamic Alternative Finance. He has arranged more than \$27 million in loans and equipment leases for cannabis business owners in the past two years. Scott has been interviewed by local TV and radio stations, authored articles, and been a featured speaker at national conferences. Reach him at (303) 754-2050 or S.Jordan@dynamaltfinance.com.

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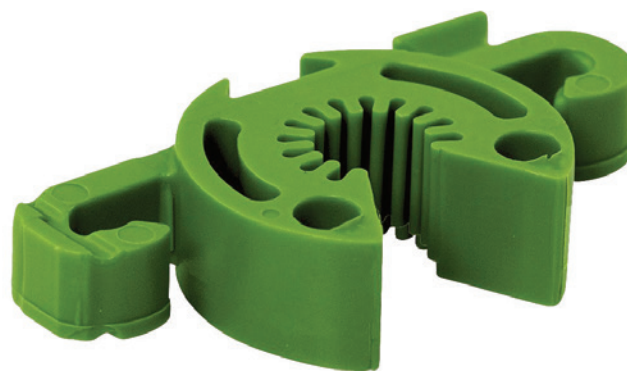
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MARY'S MEDICINALS: ACIDIC CANNABINOIDS GREEN AND PROTEIN POWDER MIXES

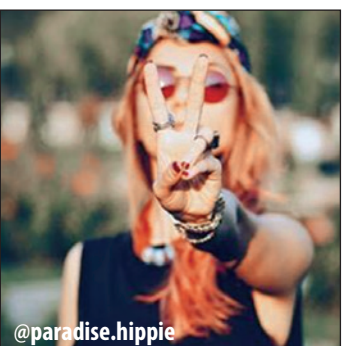
Mary's Medicinals juices raw cannabis leaves using a process that encapsulates and preserves fresh plant material. The resulting powder is mixed with high-quality greens or whey protein, along with hemp flour, and myriad plant-based nutrients. With a 1:1 ratio of THCa and CBDa, each pack includes 160mg of active cannabinoids in 16oz of powder. MARYSMEDICINALS.COM



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DISPENSARY

The **Dessert Rose** in Phoenix is a very impressive operation. They not only provide great compassion and service, but they also have a wonderful cannabis accessory retail business. I also love what the **Wellness Earth Energy Dispensary** is doing in Studio City, California.

EDIBLE

Kiva and **CaliGold Milk Chocolate** bars are doing some amazing things. Both companies offer a great variety of different flavors and milligram strengths.



VAPE

When it comes to vaporizing flower, there is no better product on the market than the **Grasshopper** by **Hopper Labs**. Not only does it have an amazingly sleek and discreet design, it also has the fastest heat-up time in the industry at only five seconds. For vaporizing concentrate, I am a huge fan of the **Puffco Plus**. It has an all-ceramic chamber with no coils, wicks, or glues, which allows for unmatched flavor.



BULLISH ON

Right now, Metro sees opportunity in **measured-dose, ultra-portable edibles** as well as **ultra-high-end vaporizer** products. The convenience melded with the technological development taking place make this line of development a no-brainer. This is where the market is going.



BRAND

One of my favorite cannabis brands at the moment is the product coming out of **The Village (Matt Rize Ranch)**. I really like the single-source approach and the attention to detail on quality and safety. Another one is **Bloom Farms**. The quality of their product is some of the best in the industry, and they are focused on bringing safe medicine to the marketplace. They also have great packaging.



HEMP

Hemp20. I think the company did a great job of incorporating hemp seed oil and the health benefits of hemp into a mainstream product. The beverage is USDA-certified organic and tastes amazing.

*METRO DISTRIBUTORS, in business for more than fifty years, specializes in smoke-, vape-, and cannabis-related accessories, as well as adult novelties, lingerie, and bath and body products. The company distributes to more than 100 dispensaries nationwide. **MetroB2B.com***



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WARNING: CANNABIS IS AN ACCUMULATOR PLANT...

Did you know Cannabis was used at the Chernobyl site to help pull radioactive contaminants out of the soil?

They used Cannabis for soil remediation because it's an accumulator plant that absorbs nearly everything in its environment. While soil remediation sounds great, the fact is, the cannabis plants became highly radioactive and had to be disposed of properly as well.

COULD YOU IMAGINE A PATIENT SMOKING RADIOACTIVE WEED?

It's a scary thought, isn't it? In short, cannabis accumulates everything in its environment—including potential toxins—and retains them even after harvest.

In other words, whatever your plants accumulated while growing—you are now smoking. That's why you need to know how to protect yourself and your patients from potential medical marijuana toxicity.

The entire story, along with many other little-known, yet vitally important facts are revealed in a new Bulgarian Academy of Sciences white paper titled:

**"ELIMINATING HEAVY-METAL TOXICITY IN MEDICAL MARIJUANA, TO PRODUCE PATIENTS' MEDICINE SAFER THAN DRINKING WATER...
... WHILE RAISING BUD WEIGHT, THC, AND CANNABINOID"**

The author of the white paper, Julian Karadjov, PhD, reveals facts medical marijuana growers absolutely **MUST** know. Here are just a few...

- The little-known fact that makes Cannabis totally different from other plants and why not knowing this can endanger the lives of your patients!

- Why the nutrients you feed your plants could actually be turning them toxic (make sure you check your bloom boosters for this one common ingredient that could be toxic)

- Exactly which heavy metals are toxic and how to protect your patients from ingesting them (there are some heavy metals that are completely harmless. Get the complete list inside)

- Surprising plant tissue sample results of Berlin, Hash Plant, and White Rhino strains of medical marijuana (goes completely against what most growers think is needed to maximize size, weight and potency!)

- The TRUTH about so-called "Pharmaceutical Grade" salts and chelates

- Why you can't trust regulators and other government "watch dogs" to make sure the hydroponics nutrients you feed your plants are safe

- The 2 biggest MYTHS about natural and synthetic chelators and their role in toxic metal absorption

- How to guarantee—with 100% confidence—that your medical marijuana is as pure and harmless as filtered drinking water

- How the University of Mississippi achieved 21% more yield from their cannabis plants with one simple change to their feeding program

- How to nearly DOUBLE the amount of THC and other cannabinoids your plants produce the very next run you start (new test results from Hedron Analytical Inc.)

- As seen on TV: the dangers of medical marijuana cadmium poisoning (and how to help your patients completely avoid this risk!)

And there's more too... the dangers of "home brew" hydroponics nutrient formulations ... African marijuana cadmium dangers... plus other little-known facts most growers never hear about.

The bottom line is: if you grow medical marijuana and care about the safety of your patients at all (or you use marijuana yourself) then you must read this white paper.

It's free to access and available online.
Simply visit

AdvancedNutrients.com/HeavyMetal

to download your copy today.



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