

5th Annual

from the editors of *Marijuana Business Daily*® • Friday, November 18, 2016

Marijuana Business Conference & Expo[®]

SHOW DAILY

Heads Up

Expo Hours

The Expo Hall, located in the Brasilia, Pavilion and Tropical rooms, is open from 11 a.m.–4 p.m.

No Badge, No Fun

You must display your conference credentials at all times to enter any conference activities. Replacing your badge will set you back \$50.

Speaker Slides

PowerPoint presentations from speakers will be available on Monday. Attendees will receive an email after the conference with instructions on how to access them.

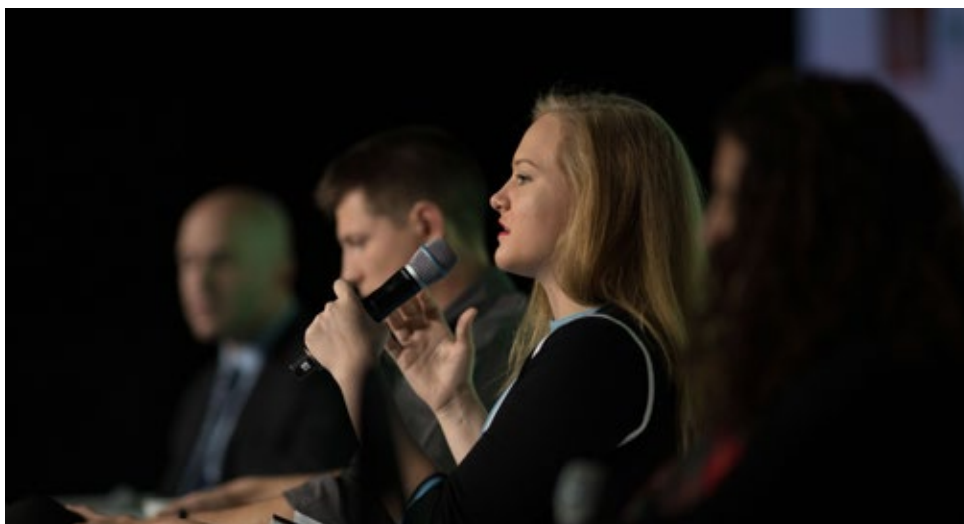
Next Up

Join us May 17-19 for the 2017 Spring Marijuana Business Conference & Expo in Washington DC. Visit MJBizConference.com for more information.

Show News

TV personality, talk-show host and actor **Montel Williams** has signed on to serve as a spokesman and advisory board member with **BlazeNow**. The company's mobile apps enable cannabis users to locate doctors, dispensaries, head shops and delivery services. ... **Gateway Incubator**, the original marijuana incubator in California, announced the formation of **Gateway Radar**, a new market research hub. Gateway Radar is the first research instrument in the cannabis industry to factor in "true consumer sentiment, not just gut instinct or outdated beliefs," founder and managing director Sarah Browne said.

'Retail Debates': Yes to MMJ at Work



During the session 'Lessons Learned from Licensing Hits & Misses: A Chain Reaction Panel,' Hillary Peckham (holding mic) offered this insight on the application process: "The strategy we implemented was one we could actually deliver on. And that was really important." She is , COO of Etain in New York state. (Photo courtesy of Eric Dean Photography)

By Bart Schaneman, Omar Sacirbey and John Schroyer

"Should cannabis companies allow employees who are also registered patients to use MMJ on the job?"

That was one of three questions that six cannabis business owners discussed at the "Retail Debates" session Thursday at the Marijuana Business Conference & Expo.

Attendees weighed in by texting their answers, and the results were displayed so the crowd could see reactions in real time.

For the question above, Wanda James, CEO of Simply Pure Dispensary, debated with Frank Hawkins Jr., owner of Nevada

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5 Big Issues for the Industry in the Year Ahead

By Omar Sacirbey and John Schroyer

The *Marijuana Business Daily* staff queried industry leaders attending MJBizCon about the key challenges facing the cannabis trade in 2017:

The Trump Administration

"Regulation is the number one thing," said Andrew DeAngelo, co-founder of Harborside Health Center.

"We may be at war with the justice department. If that turns bad, that'll be a big problem," DeAngelo said. "But it's also possible to keep our momentum going under a Republican administration."

Diversity Participation

Lack of minority involvement continues to plague the cannabis trade. A solution could be "the campaign

to lead efforts on expungement," said Jonathan Teeters, a board member with the Minority Cannabis Business Association. He was referring to efforts to reverse regulations in some states that prohibit people with drug convictions from joining the cannabis industry. "That brings more people back into society, and that gives them a chance to get into the cannabis industry."

New Opportunities

"The biggest thing to pay attention to is all the new recreational states and the opportunities they're going to create in formerly limited medical markets, such as Massachusetts," said Jon Levine, principal at MariMed Advisors. "Right now, in states like Massachusetts, you have people who've

been trying to get (MMJ) licenses for months, if not years. The state is going to have to change their approach, so they'll finally be able to do something."

Staying Focused

"For the people already in the industry, the challenge is going to be trying to do too much and getting spread too thin, and going too many directions," said Diane Czarkowski, founding partner of Canna Advisors.

Potential for Acquisitions

"We're seeing the first big rounds of consolidation. More money is coming in," Teeters said. "Many businesses don't have the experience or talent to survive and are being snapped-up or are shutting down." ♦

SPRING 2017

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MJBizCon.com

Q&A: The Future of Marijuana Business Events

By Bart Schaneman

As president and publisher of *Marijuana Business Daily*, George Jage has been instrumental in helping the Marijuana Business Conference & Expo grow into the force it has become today.

Here are his thoughts on the future of the conference and what's in store for both the event space and the industry down the road.

Where do you see this event going in 2017 and beyond?

At this conference, we faced enormous challenges with the growth of the show and the constraints of the space. Next fall the event will move to the Las Vegas Convention Center, where the exhibit hall is expected to double, and we will offer more educational tracks to meet the growing number of niche communities within the industry.

This show has come a long way from its first editions held in a masonic lodge in Denver and a racetrack outside of Seattle.

Given the industry's growth, I believe the fall Marijuana Business Conference & Expo can exceed 40,000 people with an exhibit hall over 500,000 square feet by 2020.

Dozens of national marijuana business events have popped up in recent years. How do you see the B2B event side of the industry shaking out?

Successful trade shows come down to one key metric: transactional value.

When these other events market on billboards or advertise that they are open to the public, they are massively diluting the value proposition to the companies investing in the event. And as they continue to "sell" their speaking slots to exhibitors and sponsors, they dilute the return on objectives to the attendees. Ultimately, they are habitually overpromising and under-delivering results to all the delegates. In the free market economy, they have a limited life span.

The next Marijuana Business Conference & Expo will be held this May in Washington DC before returning to Vegas in the fall. Why DC?

What I am most excited about is the growth and increased reach of our spring conference, which lands on the doorstep of the nation's capital in DC at a time when national legalization seems to be coming closer in sight.

This show was launched three years after the fall conference and, much like the East Coast medical cannabis industries, is really picking up steam. We have a great road map over the next five years for bringing the spring event to emerging markets throughout the country.

What do you think the next five years will bring for this industry?

The growth of this industry is never going to be linear. It is going to have quantum leaps along the way.

This year's elections are a huge emotional leap. But I expect to see even



more outside pressure against legalization – or in shaping legalization – from Big Pharma and the tobacco industry. The alcohol industry will embrace and invest heavily in the market as it looks for ways to insert itself following national legalization. The industry will need to have a final showdown on if and how it can keep its grassroots feel, continue to embrace small businesses and prevent over-commercialization and corporatization. ♦

'Retail Debates': Yes to MMJ at Work, continued

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Wellness Center, on whether owners should allow their employees to be medicated with cannabis while on the job.

"This industry happened for one reason: patients. We owe them the ability to work in an environment where they can choose to medicate and get relief," James said.

Results: Yes, 54%; No, 46%.

The other questions and voting: "Should marijuana dispensaries or recreational stores stay small and focus on one location, or attempt to go big and open multiple locations?"

Results: Yes, 48%; No, 52%.

"Should medical marijuana dispensaries cater to recreational cannabis users or focus solely on patients using cannabis strictly for medical purposes?"

Results: Yes, 75; No, 25.

A look at some other sessions:

'Case Studies: Landing \$1 Million in Financing'

Predatory lenders and financiers promising more than they can offer are a growing threat to cannabis companies seeking capital, and entrepreneurs need to be cautious to avoid loans with bad terms that are impossible to pay back.

"Be wary of incubators and accelerators," warned Ryan Smith, CEO of LeafLink, a canna-centric wholesale management platform. "There could be a lot of predatory lenders out there."

No matter how solid your business plan, it's critical that companies be flexible.

"Whatever your business plan is, build being nimble into it," said Truman Bradley, CEO of Seed and Smith Cannabis, a cultivation and infused products company.

What else attracts investors? A proven track record of paying back debts, a squeaky-clean background, experience and intellectual property, Bradley said.

Of course, you can't raise capital without meeting investors.

"You should be meeting two people a day," Smith said.

'The Big Shift: Transitioning from MMJ to Rec'

There's a lot of overlap between the medical and adult-use cannabis industries, especially for retailers. But there are also some key differences, said a dispensary operator from Colorado.



The "Retail Debates" was an interactive session for attendees. (Photo courtesy of Bart Schaneman)

For example, a lot of former medical cannabis patients decided to quit the MMJ program in Colorado and start making purchases from rec stores because they didn't want their names on the state MMJ patient registry, said Amanda Gonzalez, CEO of Southwest Alternative Care.

But what that created was a need for budtenders at her rec shops to be educated on the uses of cannabis for medical problems, Gonzalez said.

"They (patients) didn't want to be on a registry, but they still wanted to talk to budtenders about different ailments," Gonzalez said. ♦

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Marijuana Business License Directory

Your Go-To Contact Resource For State-Licensed Cannabis Businesses

Straight from the database of the most trusted provider of business intelligence for the cannabis industry, the Marijuana Business License Directory is an all-in-one sales lead and competitive intelligence resource for industry stakeholders. The directory contains contact information for 6,229 state-licensed cannabis businesses from 21 MMJ & rec programs.

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Today's Highlights

Cultivation Debates

Head over to Amazon A at 10 a.m. for lively debates on hot-button issues in cannabis cultivation.

In the first debate, MedMen's Damian Solomon will square off against Jescie Horton of Panacea Valley Gardens on whether growing indoors or in greenhouses is better. Next, hear Honest Marijuana Co.'s Anthony Franciosi and Cultivar's Matthew Gaboury debate the merits of staying small versus developing large-scale operations. Lastly, Dustin Johnson of Huxton and Timothy Shaw of MariMed Advisors will battle over whether it's time to rename strains.

We'll poll the audience before and after each debate to get an idea of where attendees stand – and whether they changed their minds after hearing both sides of the issue.

Expanding and Scaling Up

Infused products represent one of the fast-growing areas of the marijuana industry, providing companies in this space with new avenues to expand both at home and in other states.

In the first part of our "Infused Products Fast Tracks" session at 11 a.m. in Amazon G, you'll get unique insight into how two companies in different states – Kiva Confections in California and Keef Cola in Colorado – joined forces to expand their national footprint.

Then, Michael Devlin of the Washington State infused products brand Zoots will give you a good idea of what to expect when moving from a small-scale production facility to a larger operation.

The Key to Infused R&D

Patient preferences are changing quickly as the medical marijuana industry matures, forcing infused products companies to stay on top of demand trends.

But it can be hard to pinpoint exactly what your customers want, and producing new types of products is challenging. Costly mistakes are common, and choosing the wrong type of products could derail your entire business.

At 10 a.m. in Amazon G, three experts will provide tips and tactics for collecting patient insights to figure out which new infused products to launch next. The session, titled "Market Research: Using Patient Insights to Develop & Brand New Infused Products," features Carmen Brace of NorthStar Insights, Karen Freese of FreeseBranding & Consultancy, and Laura Valden of Green State of Mind.

Kushman Q&A

The importance of growing in soil. The implications on cannabis cultivation as the industry moves from a medicinal to recreational model. Curing strategies, the future of small growers and the pros and cons of vegan cultivation.

At noon in Amazon A, marijuana cultivation pioneer Kyle Kushman – who has won 12 Medical Cannabis Cup awards over the past 30 years – will discuss these topics and other issues of interest to growers. You'll also learn how to optimize a grow and discover some of the biggest challenges facing cultivators.

Shivawn Brady of Seva Crop Consulting will lead the discussion, and the audience will have time to ask questions as well.

Attorney Wykowski: Legal Options Under a Trump Administration

By John Schroyer

Now that questions have surfaced about the future of the industry under a potentially hostile White House run by President-elect Donald Trump, Marijuana Business Daily asked famed attorney Henry Wykowski what he believes the future holds for cannabis companies.

And by and large, Wykowski – arguably one of the most successful cannabis industry attorneys in history and a speaker at MJBizCon's Crash Course on Tuesday – was optimistic.

But there's one key Congressional vote coming up, probably in December, that could prove critical for marijuana businesses, said the San Francisco-based Wykowski: the Rohrabacher-Farr Amendment to the federal budget, which needs to be approved again by Congress for the industry to retain protection from the U.S. Department of Justice.

What do you see as the most likely outcome of a Trump White House for the cannabis industry?

One of the things I think about as an attorney for the industry is, let's say they appoint an attorney general who's conservative, or even reactionary. How would that affect us? The effect is hard to evaluate, but I think that what we need to look at in terms of evaluating what's likely to happen for cannabis is the budget that's passed in December. The Rohrabacher-Farr Amendment for the last two years precluded the Department of Justice from prosecuting cannabis cases in states where cannabis is regulated. Now that will be brought up again with respect to the new budget, and what I want to look at is, number one, does it pass? Number two, does it have more support than it did last year when it passed? And that will give us an indication of what we can expect.

It also is worth noting that Congressman (Dana) Rohrabacher (R-California) is a very strong Trump supporter and that this amendment is very important to him. He's very much pro-cannabis. As a matter of fact, (Rohrabacher) is the one who actually criticized people that were starting to change their mind about Trump when statements

about how he treated women came out. So I think that that's going to be an important indication, because if Congress tells the DOJ that it should not expend funds to interfere with regulated cannabis, then things might not change a whole lot, if at all.

Do you think the entire future hinges, at this point, on that Rohrabacher-Farr Amendment being included in the budget in December?

I don't know that the entire future hinges on it. I think it'll give us a strong indication of how Congress wants the DOJ to deal with regulated cannabis.

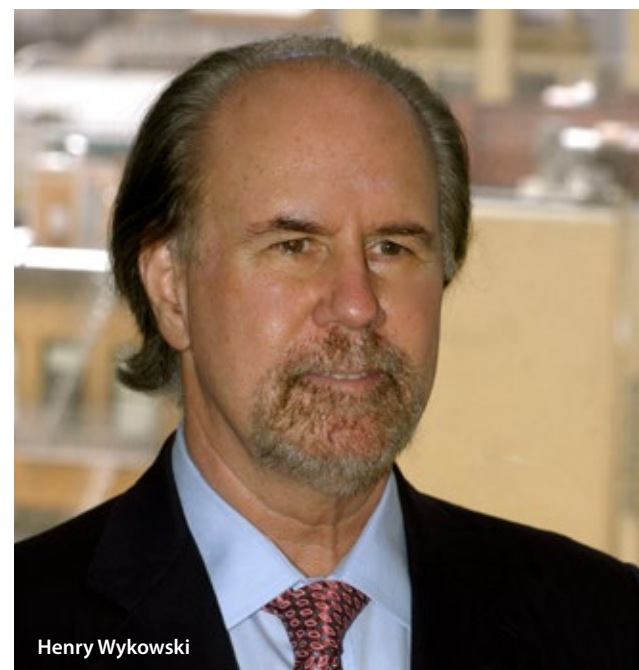
What do you think will happen if Trump appoints someone really anti-cannabis, like New Jersey Gov. Chris Christie or former New York Mayor Rudy Giuliani, to be attorney general? Do you expect another version of the Cole Memos, or something along those lines for the industry?

I wouldn't be surprised if another memo was put out detailing the new DOJ's attitude and game plan for cannabis. But if Congress tells them not to spend money in states where cannabis is regulated – unless they're going after people who are not in compliance with state regulations – I think we'll be in pretty good shape.

In terms of big cases, I don't really see anything big coming down.

The Rohrabacher-Farr Amendment specifically spells out medical marijuana, and not just marijuana use in general. So do you think it's possible that the DOJ could take a hard line in terms of defining that, and say to states, "Sorry, you're not allowed to have adult use. You can have medical, but you can't have rec." Is that a concern?

Sure ... I think that (the eight cannabis wins on election night were) significant in that we now have over 20% of America living in states that have decriminalized cannabis (in Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Washington State and Washington DC). They've made adult use legitimate. You have a lot of people saying, "This is adult use. This is no different than alcohol."



Henry Wykowski

First of all, if the Rohrabacher-Farr budget rider could be modified, I think that's likely to happen now, because there are all these Congress members in states where they've permitted adult use.

What is the worst-case scenario for the industry?

That's easy. The initiation of prosecutions under the Controlled Substances Act for possession and distribution of a controlled substance.

What do you expect is going to happen? Do you think it's going to be the status quo for the most part across the nation, or will there be radical change in any direction?

I think the status quo will maintain. ... The Justice Department has to look at the increasing acceptance of cannabis and think to itself, what benefit is there to interfering with this?

Realistically speaking, if the DOJ tried to close down the cannabis industry, you think that people are just going to stop using cannabis? Absolutely not. It's an invitation to the cartels in Mexico to come up and do business, re-establish themselves.

I think we've secured enough acceptance so that we can't be ignored. They can't just say, "We want to get rid of this." ♦

Inside Vegas: Best Bets to Fully Experience the City

Our Vegas Insider for the 2016 conference is Norm Clarke, who was the man-about-town, celebrity-scene columnist for the Las Vegas Review-Journal for 17 years until he recently left the beat to pursue TV projects.

Here are Norm's tips for Marijuana Business Conference & Expo attendees staying in town this weekend:

Exploring Outside of Vegas

The drive to Mount Charleston, home to a herd of wild horses, is a sightseeing gem. The horses, including a colt, are so tame they're approachable for photos. Lunch at the ski lodge is recommended.



If you have time for a trip to Mount Charleston, you might encounter this colt, which is part of a wild herd in the area. (Photo courtesy of Norm Clarke)

Old Vegas Experience

Visit the Italian American Club on East Sahara, where Frank Sinatra was a member. New management has come up with food and entertainment even Ol' Blue Eyes would rave about.

Bringing the Family?

Ignore what you might have heard: Vegas has plenty of family-friendly entertainment. To wit: Cirque du Soleil's mesmerizing "Mystere" at Treasure Island; Criss Angel's magic show at Luxor; the High Roller, the tallest Ferris wheel in the world (for now); gondola rides at The



Norm Clarke

Venetian; the Big Apple Coaster and Arcade at New York-New York, and M&M's World next to the MGM Grand.

Last Supper

No trip to Las Vegas is complete without an introduction to Hash House A Go Go, a must-stop breakfast joint known for its mountainous portions. It has three locations. ♦

What You Missed

Tax Holiday for MMJ Firms in California

An omission in the language of California's recently approved adult-use marijuana ballot initiative has resulted in a sales tax holiday for medical cannabis businesses through the end of 2017.

The snafu means medical marijuana users don't have to pay the existing 7.5% sales tax, which could give MMJ businesses more pricing flexibility and a bump in sales.

The initial thinking behind Proposition 64 was to give medical marijuana users a tax break versus recreational consumers once the initiative kicked in come 2018, according to the Washington Post.

But the Jan. 1, 2018 start date was left out of a particular section of the ballot measure, so the elimination of the existing 7.5% sales tax on medical cannabis began when California voters approved the initiative last week.

Jamaica Receives 89 MMJ Permit Applications

Jamaica's medical cannabis licensing process is underway, and by the end of October 89 applications for business permits had been submitted to the tiny island nation's government.

The Jamaican Cannabis Licensing Authority (CLA) announced it had received 25 applications for cultivation licenses, eight for transportation permits, 14 for research and development licenses and 24 for retail permits, according to the Jamaica Observer.

The agency said it expects to issue conditional permits before the end of the year, the paper reported. ♦

Scenes from MJBizCon



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