



An Overview of the Cannabis Legal Landscape and a Cannabis Client Case Study

OUR PRESENTERS

Steve Garlock, Partner

Steve is a litigator with more than 30 years of experience representing clients in high stakes litigation. An intellectual property litigator with a product liability background, Steve understands the importance of protecting clients' important assets, especially in emerging industries like cannabis. Steve has led the successful relationship with one of Thompson Coburn's most prolific cannabis clients in IP protection, labor and employment issues, funding and mergers and acquisitions.

Michael Rosenblum, Associate

Michael is a corporate and securities attorney who, as an active member of the Firm's cannabis group, advises cannabis investors, cultivators, distributors, manufacturers, retailers and ancillary businesses on a variety of legal issues including corporate formation and governance, licensing and compliance, capital raising transactions, licensing agreements and real estate transactions.

NATIONAL OVERVIEW

- ▶ Cannabis is a schedule 1 controlled substance under the Federal Controlled Substances Act (“CSA”)
- ▶ The U.S. Department of Justice
 - ▶ Enforces the CSA
- ▶ Works with the Drug Enforcement Agency and other federal agencies to enforce criminal violations
- ▶ Current enforcement actions somewhat limited by Federal legislation
 - ▶ Rohrabacher-Blumenauer Amendment
 - ▶ Formerly also by Cole Memorandum



NATIONAL OVERVIEW

- ▶ California became the first state to legalize cannabis for medical purposes in 1996;
- ▶ 32 other states and the District of Columbia have followed suit;
- ▶ Washington became the first state to legalize cannabis for adult recreational use in 2012;
- ▶ 10 other states and the District of Columbia have followed suit
 - ▶ Most recent is Illinois in 2019, with first adult use sales beginning 2020

NATIONAL OVERVIEW

- ▶ Medical legalization legislation is pending in 8 states
 - ▶ Georgia
 - ▶ Iowa
 - ▶ Kansas
 - ▶ Nebraska
 - ▶ North Carolina
 - ▶ South Carolina
 - ▶ Tennessee
 - ▶ Wisconsin

NATIONAL OVERVIEW

- ▶ Recreational legalization legislation is pending in an additional 10 states
 - ▶ Delaware
 - ▶ Hawaii
 - ▶ Iowa
 - ▶ Minnesota
 - ▶ New Hampshire
 - ▶ New York
 - ▶ Pennsylvania
 - ▶ Tennessee
 - ▶ Vermont
 - ▶ Wisconsin

NATIONAL OVERVIEW

- ▶ Decriminalization legislation is pending in 6 states
 - ▶ Indiana
 - ▶ Iowa
 - ▶ New Jersey
 - ▶ Oklahoma
 - ▶ South Carolina
 - ▶ Vermont

Authority of Local Governments

- ▶ In California and other states, municipalities have the authority to authorize or prohibit commercial cannabis activity within their jurisdictions

OUR RANKING OF STATES

A GUIDE FROM THOMPSON COBURN

- ▶ We ranked the business favorability of state cannabis laws based on required qualifications for medical cannabis, availability, caps and restrictions with respect to commercial cannabis licenses for adult use cannabis, the authority and qualifications of state cannabis regulatory agencies, support for ongoing cannabis legalization measures, and the number of operator, consumers and the amount of “untapped industry potential.”

OUR RANKING OF STATES – TOP 3

CALIFORNIA

OUR RANKING OF STATES – TOP 3

NEVADA

OUR RANKING OF STATES – TOP 3

COLORADO

OUR RANKING OF STATES – LAST PLACE

NEBRASKA

MISSOURI AND ARTICLE XIV

AMENDMENT 2

- ▶ Amendment 2 passed in November 2018 with almost 66% of votes cast
- ▶ Constitutional amendment that set forth the guidelines for Missouri's medical cannabis program
 - ▶ Shields licensed patients, caregivers, cultivators, processors, and distributors from liability
 - ▶ Also shields doctors and lawyers from liability
- ▶ Levies a 4% tax on the sale of medical cannabis to go to a veteran's assistance fund

MISSOURI AND ARTICLE XIV

AMENDMENT 2

- ▶ Article XIV sets up a constitutional framework for a state legal medical cannabis program
 - ▶ Only licensed businesses, qualified patients and their caregivers may possess medical cannabis
 - ▶ Physicians may certify (not prescribe – this distinction is extremely important to the DEA) to the state that a patient has one or more qualifying conditions set forth in Article XIV
 - ▶ Qualified patients are limited to 4 ounces of medical cannabis per month, unless their physician certifies that a greater amount is necessary
 - ▶ Qualified patients may also apply for a home cultivation license to grow up to 4 plants
 - ▶ Doctors and attorneys are shielded from repercussions from state licensing bodies for the sole reason that they are aiding and abetting federally-illegal activities

MISSOURI AND ARTICLE XIV

AMENDMENT 2

- ▶ Qualified patient license applications opened in mid-2019
- ▶ Many pre-commencement requirements on license awardees (i.e. commencement inspections and approval of SOPs)
- ▶ Applications for commercial licenses to cultivate, process, and dispense medical cannabis were accepted in August 2019; over 2,200 applications submitted
- ▶ License awardees were announced in December 2019 and January 2020
- ▶ Regulators awarded 192 dispensary, 60 cultivation and 86 processing licenses
- ▶ More than 800 licensing appeals have been filed

MISSOURI AND ARTICLE XIV

AMENDMENT 2

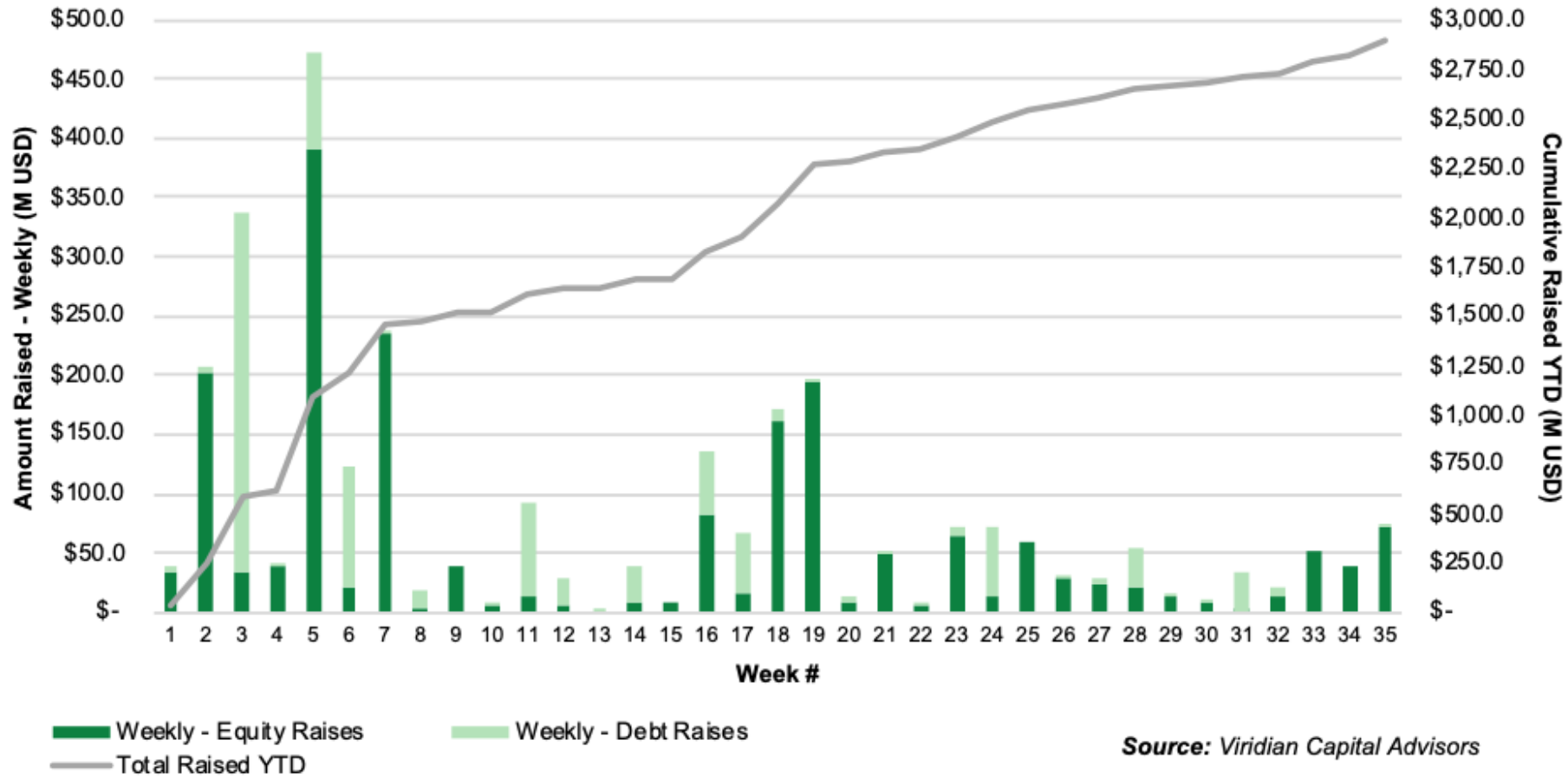
- ▶ Licensing appeals primarily based on complaints regarding fairness of scoring and selection process
- ▶ In June 2020, Missouri state judge declined to dismiss a suit challenging Missouri's licensing process as unconstitutional
- ▶ Plaintiffs asked to issue temporary restraining order against the Missouri Department of Health

- ▶ Efforts to place recreational cannabis on the 2020 Missouri ballot failed when organizers did not obtain the required number of signatures

NATIONAL REGULATORY UPDATES

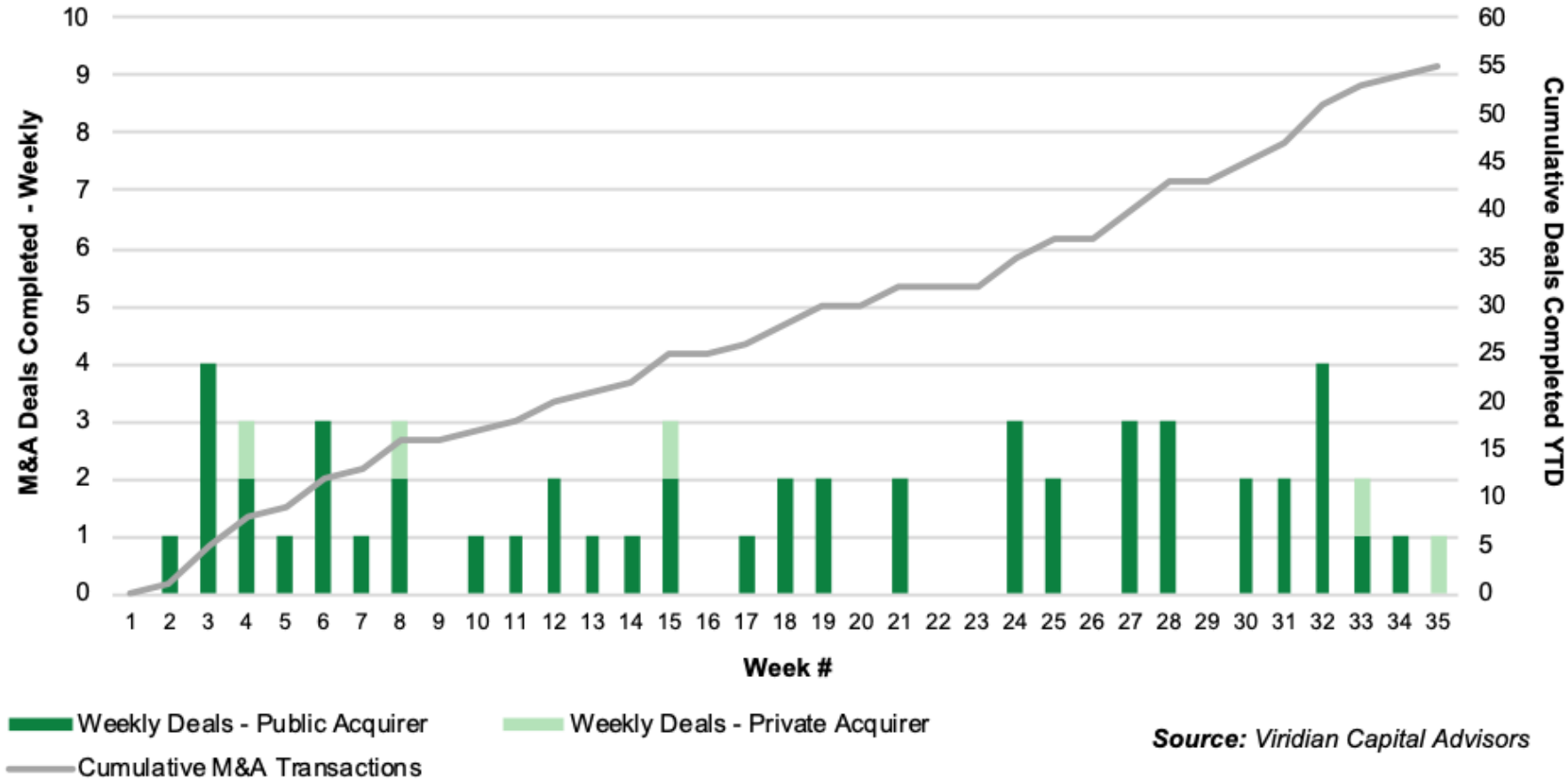
- ▶ Hemp CBD
 - ▶ Farm Bill of 2018
 - ▶ FDA Regulations of CBD
- ▶ Banking
 - ▶ SAFE Banking Act (Secure and Fair Enforcement Banking Act of 2019)
 - ▶ CARES Act (Coronavirus Aid, Relief, and Economic Security Act)
- ▶ Federal Legalization
 - ▶ STATES Act (Strengthening the Tenth Amendment Through Entrusting States Act)
 - ▶ MORE Act (Marijuana Opportunity Reinvestment and Expungement Act of 2019)

CANNABIS - CAPITAL MARKETS AND M&A



Source: Viridian Capital Advisors

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Source: Viridian Capital Advisors

A Cannabis Client Case Study

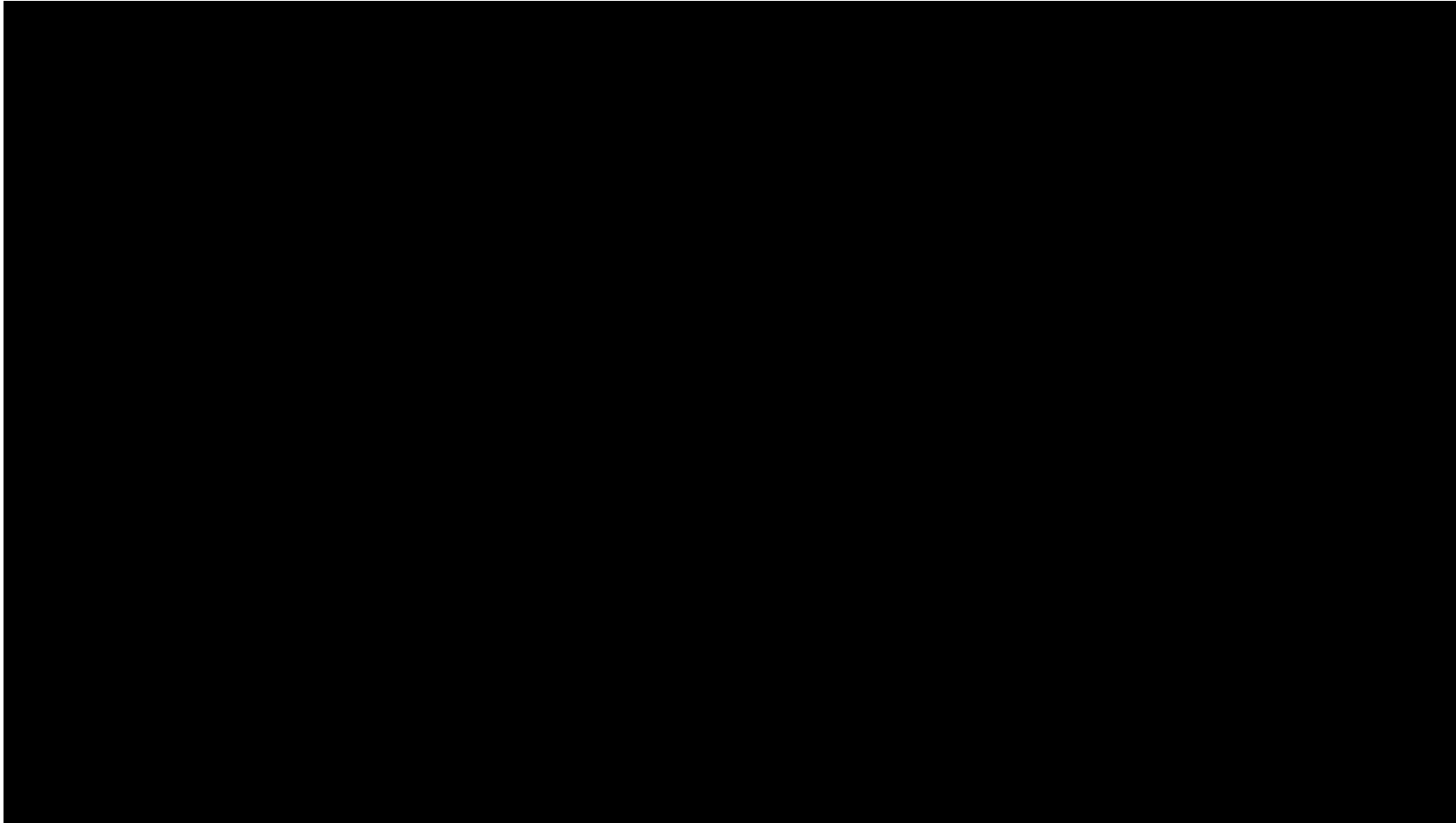
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Casper Partnership

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▶ Areas of law in which Thompson Coburn has helped Plus:

- ▶ Patents
- ▶ Trademarks/Branding
- ▶ Licenses
- ▶ Employment/H.R. Issues
- ▶ Litigation
- ▶ Mergers and Acquisitions
- ▶ Securities
- ▶ Distribution Contracts
- ▶ Celebrity Endorsement Contracts
- ▶ Lobbying
- ▶ Real Estate



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