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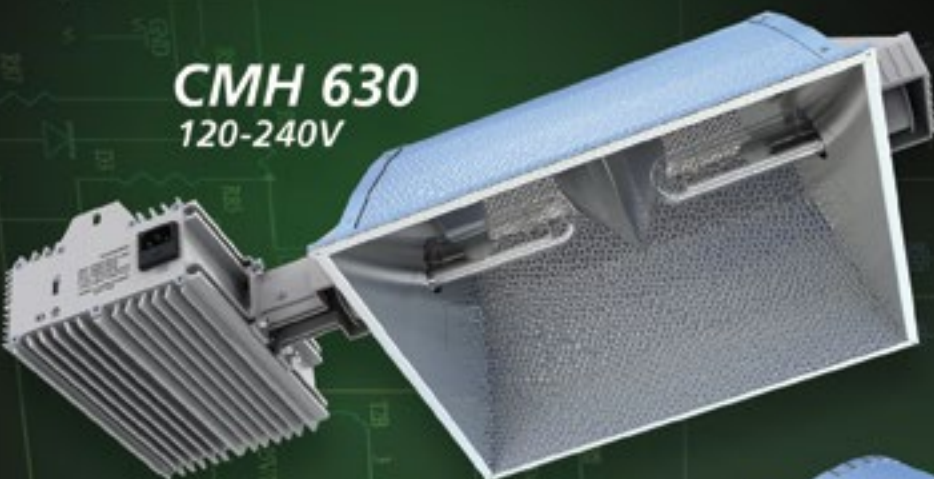
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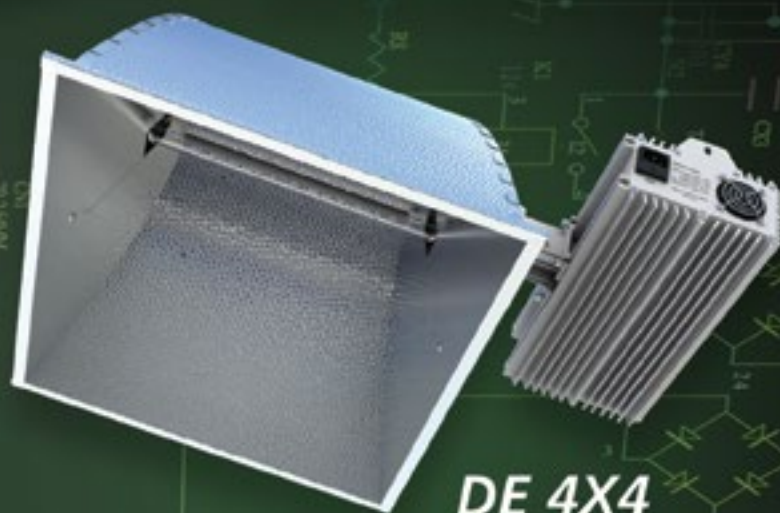
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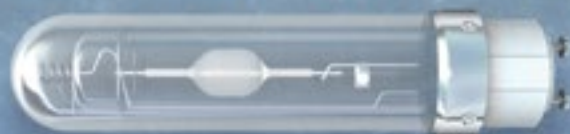
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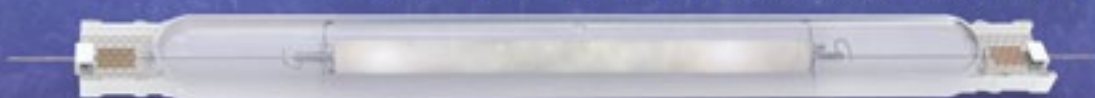
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Tourism companies flourish in states that have legalized recreational marijuana

ABOUT THE COVER: An employee at Fireweed Farms trims lower leaves from a giant cannabis plant in Eastern Washington. *Photo by Gary Delp.*



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# mission

Marijuana Venture's goal is to provide the best information possible to the legal, licensed, commercial marijuana business. Our belief is that a great business publication will help professionals in the industry create more efficient and profitable businesses.



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Publisher

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

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

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Resident avocado enthusiast and Street Fighter II champion, Patrick Wagner graduated from the University of Washington with a degree in communications in 2014. When he isn't making snarky quips around the office, he works on editing, researching, writing and the concept of compound modifiers.

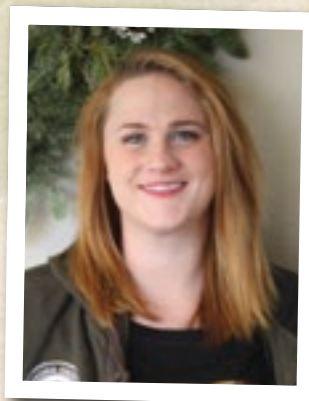
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Shelby is CEO at Tahoma Growers, a family-owned producer/processor in Goldendale, Washington. Like most Pacific Northwest natives, she enjoys hiking with her dog Juno, yoga and "product testing" for the farm. She studied history at the University of Washington, a degree she has used but once.

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Samuel Terpstra  
Sue Vorenberg  
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# Vertical integration & cannabis

Most successful companies stick to their strengths



Many moons ago, when Topics Entertainment was a top-10 consumer software publishing company, I was asked by one of my employees why we didn't replicate our own discs. At the time we were producing roughly 6-10 million discs a year, and paying about 20 cents each to a replicator in California.

The employee's reasoning was simple: If we bought a commercial disc-pressing machine — about \$250,000 at the time — and replicated our own discs, we'd eventually save a lot of money. Sounds like it makes sense, right? I explained that the problem with his thinking was that in most cases, you really don't save any money because the new business causes distraction, takes focus away from your existing business and comes with all kinds of issues such as maintenance, breakdowns, training, etc., etc.

In other words, most really good companies focus on what they're good at and stick with it. If you doubt this, just look around: Does McDonald's own wheat fields and make buns? Does Disney own theatres? Does Walmart own cattle ranches or toy factories? Does Boeing own airlines? The answer to all of the above is no. All the aforementioned companies are huge successes that could easily vertically integrate into any number of businesses if they wanted to. They generally don't because they understand that deviating from their core competency is a risky — and usually costly — mistake. They also understand that the best businesses are usually ones that are highly focused on one thing.

A good friend of mine is a Costco buyer. I remember once commenting on how nice it would be if they had a "speed line" like regular grocery stores. He replied that former Costco CEO Jim Sinegal had told all employees that he would never approve a speed line for customers with a small number of items. His reasoning was that Costco is about big bulk purchases at low margins. Setting up a speed line would contradict the Costco model and encourage people to come in and make smaller purchases. FYI: The average "ring" at Costco is about \$300.

In the marijuana business, my view is that a lot of entrepreneurs aren't paying attention to the tried and proven mistakes made by a whole slew of businesses that have come before them. Specifically, I see lots of growers who want to be growers, and processors, and packagers, and sales people.

Obviously this business is young and very different from most other industries. However, my guess is that the same general business principles apply. Therefore, I think the most likely chance for growers to succeed (especially if they're growing outdoors) is going to come from doing just that: growing. Think like a farmer and grow quality cannabis at the lowest possible cost, and then sell the entire crop to one big processor. That's what I'd do if I were growing marijuana. It would keep things simple, which would allow me to focus 100% of my energy on doing one task very well. In the final analysis, the potential upside might be reduced, but you'd also have reduced risks, costs and complexity.

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Ralph Nader delivers the keynote speech at the 2015 Marijuana Business Conference in Las Vegas. This year's spring show is slated to kick off May 9 in Orlando, Florida. *Photo courtesy Marijuana Business Media.*

## Sunshine State set to host cannabis industry leaders

ORLANDO, Fla. — The **Spring 2016 Marijuana Business Conference & Expo** will be held at the Gaylord Palms in Orlando, Florida on May 9-11. The show will host more than 3,000 industry executives and investors looking to contribute to the growing cannabis market. The spring event is not open to the public.

“Our target audience is always going to be the retailers and cultivators — the people who are actually on the front lines producing the product or delivering the product to the consumer,” Marijuana Business Media president George Jage said.

Similar to previous conferences, the event will also be home to an expo hall for vendors.

“We have set this show up from the onset to serve the business community,” Jage said. “The companies that are vending at our show are selling very high-level, commercial-grade solutions to the retailers and the cultivators at our shows.”

Due to the cannabis industry's rapid expansion, the spring show was added as a way of keeping up with new markets and innovations. While the fall show is held annually in Las Vegas, the location of the spring conference rotates every year.

“We wanted to give some geographic separation between the two events,” Jage said. “We’ve looked at our data and saw that Florida was among the top five states (that) attendees come from to go to our shows. So we know that there is a lot of capital already invested in Florida.”

Although Florida is months away from voting on cannabis reform, Jage said now is the time industry participants east of the Mississippi will be looking for solutions to building their cultivation and retail facilities.

Retailers, growers and processors are invited to participate in roundtable discussions, and attendees are welcome to join the Q&A and panel sessions hosted

by industry experts.

Attendees will also have additional networking opportunities, including a crash course for industry newcomers, a women's breakfast and a legalization benefit.

Tickets are available now. Use the promo code **ThanksMJVenture50** at check-out to receive \$50 off ticket purchases.

More information: [mjbizconference.com](http://mjbizconference.com).

### MORE EVENTS

**May 7-8: The CannaGrow Expo** will be in San Diego on May 7-8 at the Paradise Point Resort & Spa. The expo will focus on education for cannabis growers, dispensary owners, grow managers and enthusiasts who are looking for the newest and best in technology, tools and techniques. The expo will feature 18 different educational sessions hosted by expert growers. Single-day access passes are available now for \$189 and two-day passes are available for \$369.

More information: [cannagrowexpo.com](http://cannagrowexpo.com).

**May 12-13: NCIA Lobby Days** returns to Washington, D.C., on May 12-13. The NCIA invites members from across the country to hit Capitol Hill to show the nation's decision-makers the face of legal cannabis. The NCIA wants members to lobby for the progression of the recreational and medical cannabis industries by telling their stories to representatives, urging them to fix the national issues that have continued to plague the industry. The event is for NCIA members only.

More information: [thecannabisindustry.org](http://thecannabisindustry.org).

**May 17-19: Growers Supply** will be hosting its next **CEA Hands-On Workshop** on May 17-19 at the Growers Supply CEA Learning Center West in Dyersville, Iowa. The event will be the fifth installment of the company's ongoing series of workshops planned for 2016. The three-day event will educate attendees about the latest in growing techniques and technology. There will be seven more workshops held during the course of 2016. After the workshop, all attendees will receive a \$995 credit that can be used toward the purchase of any controlled environment product. Enrollment costs \$995 and is open now.

More information: [farmtek.com](http://farmtek.com).



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**June 15-17:** After a pair of successful shows in 2015, the **Cannabis World Congress & Business Exposition** will return to the Javits Center in New York City to kick off the summer. The expo is set for June 15-17 and plans to deliver business connections, workshops and educational seminars. The show's organizers have also announced a follow-up to their Los Angeles event for September 2016.

More information: [cwcexpo.com](http://cwcexpo.com).

**June 20-22:** The **Cannabis Business Summit and Expo** will be held June 20-22 at the Oakland Marriott City Center in Oakland, California. The NCIA show will include a network of 3,000 growers, dispensary owners, senators, congressional representatives, processors and NCIA members. The show will also include more than 30 industry sessions, Cannabis Carnival III and industry speakers. Tickets are available now with a special discount for NCIA members. Marijuana Venture readers can use the code MJVENTURE15 for 15% off registration.

More information: [cannabisbusiness-summit.com](http://cannabisbusiness-summit.com).

**June 22-23:** Marijuana Venture will host **Interchange** at the Renton Pavilion on June 22-23 in Renton, Washington. The two-day event is open to licensed buyers and vendors only. Producers and processors attending the event have the opportunity to meet with buyers from some of the top retail stores in Washington. Every vendor will be guaranteed meetings to market their product to at least 14 buyers. Breakfast and lunch will be provided to attendees.

Interested parties must register in advance by emailing event organizer Tara Shuttleworth at [tarababette@gmail.com](mailto:tarababette@gmail.com) or Marijuana Venture publisher Greg James at [greg@marijuanaventure.com](mailto:greg@marijuanaventure.com). Space is limited.

More information: [www.marijuanaventure.com/interchange-2016](http://www.marijuanaventure.com/interchange-2016).

**July 9-10:** The National College of Natural Medicine (NCNM) will be hosting the **Medical Marijuana Conference**

on July 9-10 at the NCNM campus in Portland, Oregon. The show will focus primarily on educating doctors about the medical uses and properties of cannabis. The two-day conference will feature talks from several leading clinicians and experts on topics like the history, components and botanical agents of cannabis. The conference is open to the public with discounts for medical students, NCNM alumni, physicians and health care providers.

More information: [career-alumni.ncnm.edu/medical-marijuana-the-physicians-update](http://career-alumni.ncnm.edu/medical-marijuana-the-physicians-update).

**July 9-12:** AmericanHort presents **Cultivate'16** at the Greater Columbus Convention Center in Columbus, Ohio on July 9-12. The all-industry horticultural trade show will host more than 120 educational sessions throughout the four-day event. The eight-acre show floor will be home to various networking opportunities, product announcements and vendors from across the country.

More information: [cultivate16.org](http://cultivate16.org).



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Northern California has always been a trend setter in growing and light-dep is no exception. Light-dep techniques have been used and perfected here for many decades. Light deprivation is now fast becoming the preferred method of growing throughout most regions. Growers are finding that the intensity of mid-summer sun and the lower humidity levels are allowing them to command premium prices for a superior product that's available before the market place is glutted by outdoor fall harvest. With the "green" movement gaining momentum and the desire to become carbon neutral, along with a more predictable high quality harvest many indoor growers are switching to light-dep and this trend will surely accelerate across the country. Overhead costs are significant with indoor and using the sun's natural energy is an obvious way to increase profit.

In addition, we believe the drought will play a significant role in driving people into the light dep arena, as water shortages may mean a full term crop will not be possible.

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**July 20-21: The Imperious Cannabis Business Expo** will be hosting its two-day event at the Tacoma Dome in Tacoma, Washington on July 20-21. The show will be geared toward cannabis professionals, including everyone from startups to seasoned veterans. The show will feature a number of industry specialists, exhibitors and keynote speakers. Sponsorships, exhibitor space and tickets are available now.

More information: [imperiosexpo.com](http://imperiosexpo.com).

**Sept. 7-9: The second stop for the Cannabis World Congress & Business Exposition** will be at the Los Angeles Convention Center on Sept. 7-9.

The fall event will host the same interests as its East Coast counterpart with a focus on industry professionals, lawmakers and entrepreneurs. While the show floor opens on Sept. 8-9, attendees can start the three-day education track on Sept. 7. The show has booked several exhibitors and educational partners alongside a variety of guest speakers that have yet to be announced.

More information: [www.cwcbeexpo.com](http://www.cwcbeexpo.com).

**Sept. 22-23: Canncon**, a scientific organization dedicated exclusively to cannabis testing and research, will be holding a conference in Portland, Oregon on Sept. 22-23. Not to be confused with the trade show of a similar name in Seattle, this two-day conference will bring testing experts together with attendees who are looking to learn more about testing processes, cannabis science and research. Topics will include sample preparation, chromatography, mass spectrometry, terpene profiling, contamination analysis (pesticides, residual solvents, microorganisms and heavy metals), genetics/genomics, regulations, legalization, scientific methods/standards and medicinal cannabis. A venue for the event has yet to be announced. Registration is available online now.

More information: [canncon.org](http://canncon.org).

**Oct. 13-14: The International Cannabis Business Conference** will continue its global event tour in Vancouver, British Columbia, on Oct. 13-14 at the Hyatt Regency. The event plans on bringing attendees the latest information in

business, culture, advocacy and politics. The show is different than other expos, because organizers limit the number and types of vendors allowed on the show floor. This ensures exhibitors do not compete with one another and gives attendees plenty of time to see the seminars without compromises. Tickets are available now.

More information: [internationalcbc.com](http://internationalcbc.com).

**Nov. 16-18: The Marijuana Business Conference and Expo** will hit Las Vegas for a three-day, business-only event that is expected to have thousands of attendees, several hundred vendors and some of the most well-renowned speakers in the cannabis industry, including dispensary owners, private equity leaders and top lawyers. The show will be hosted at the Rio Hotel & Casino in Las Vegas.

The general public is not invited to Marijuana Business Conferences.

More information: [mjbizconference.com](http://mjbizconference.com).

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# MARKET WATCH

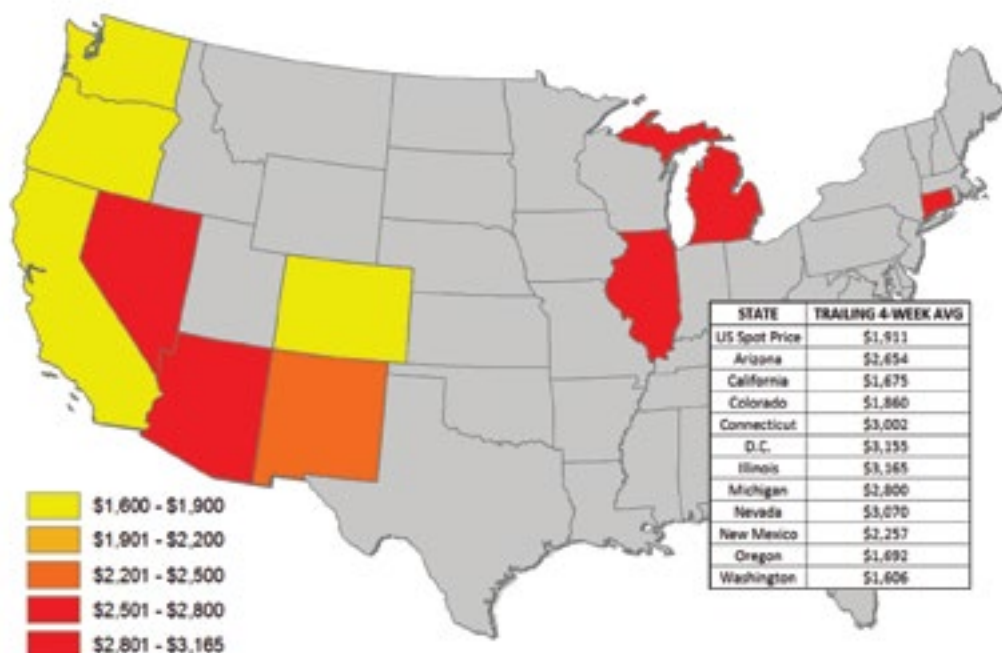
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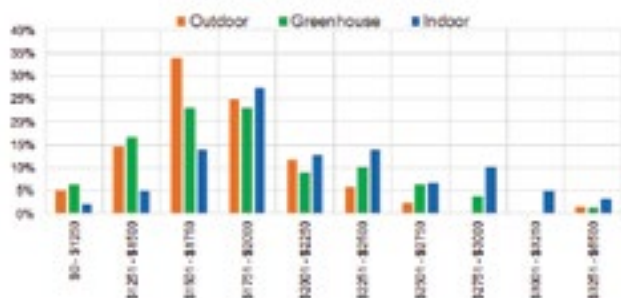
A look at business metrics from the legal cannabis market, with information provided by [FrontRunnerData.com](http://FrontRunnerData.com) and [CannabisBenchmarks.com](http://CannabisBenchmarks.com)

## State-level wholesale spot pricing

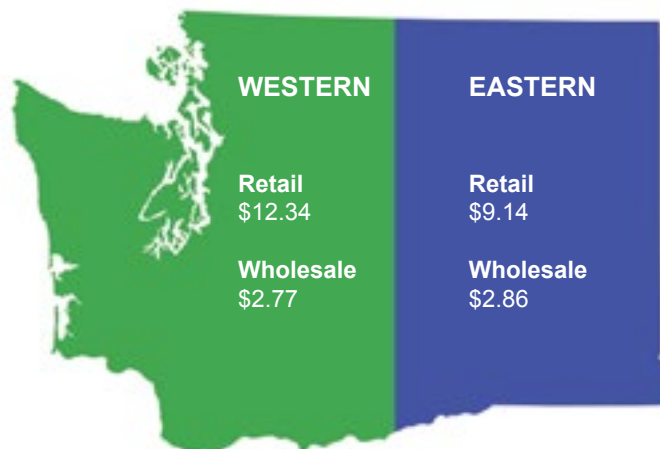
Trailing four-week average price per pound for the week ending March 25, 2016



## National spot pricing by grow type



## Price per gram in Washington





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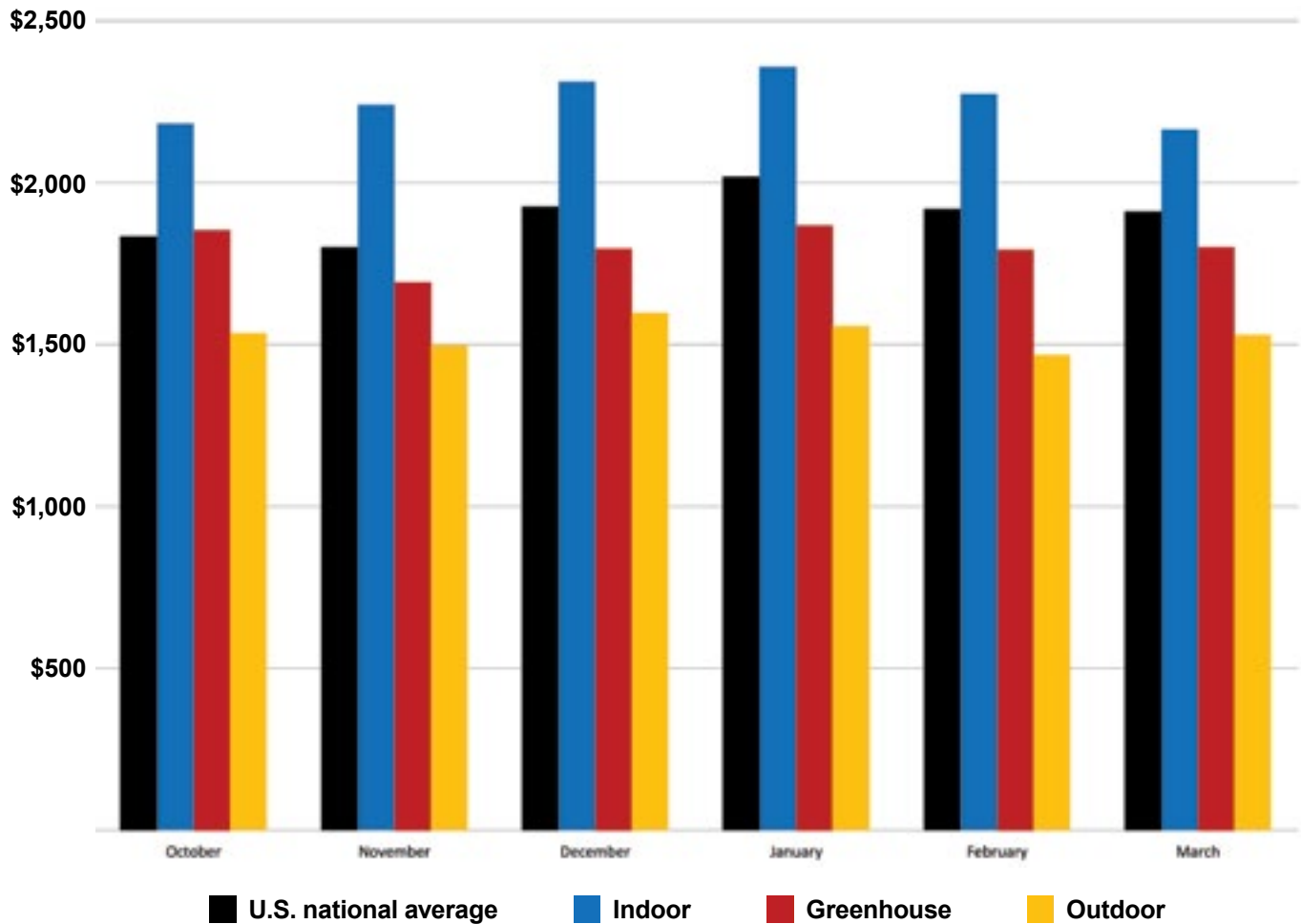
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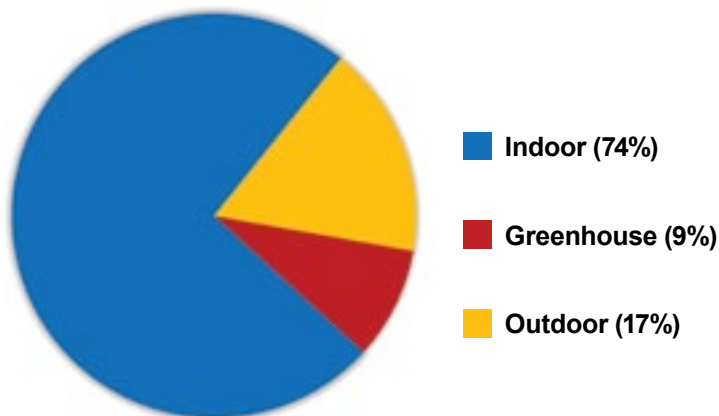


# MARKET WATCH

National wholesale price by grow type



Washington retail sales by grow type



Wholesale-to-retail markup by grow type

211%  
Indoor

204%  
Greenhouse

219%  
Outdoor



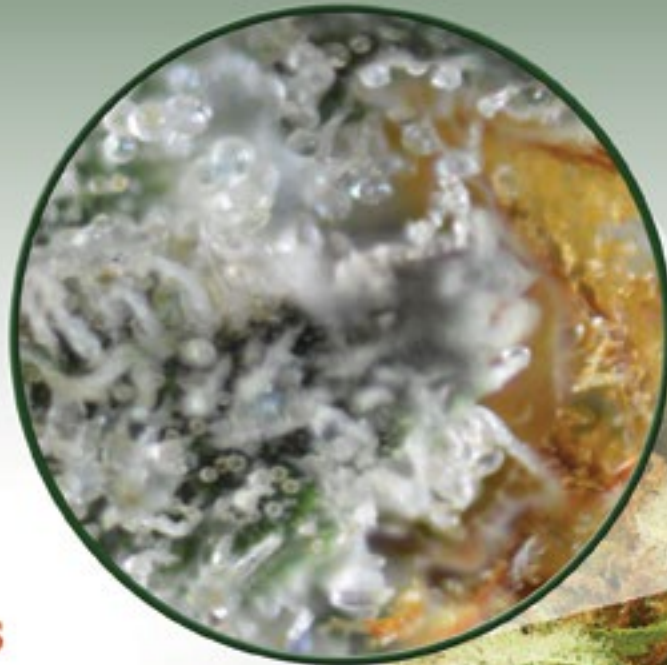
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Brandon Oppegard (left) and Dan Clausus inside their 5,000-square-foot grow room in Elma, Washington.



## Northwest Harvesting Co.

Alaskan natives value independence, hard work

By Patrick Wagner

Brandon Oppegard cashed in his 401k, sold all his stocks and used the bulk of his personal savings to start his business, Northwest Harvesting Co., and keep it independent. The decision added tension to an already stressful endeavor, but it gave Oppegard the freedom to choose the right path for his company.

“The prices dropped substantially for what we’re selling on the wholesale market, and I can weather that right now because I don’t have any investors that I have to pay off,” Oppegard said. “We’re not in any debt with our company.”

Oppegard, along with his friend Dan Clausus, left Alaska in pursuit of turning a hobby into a career in the cannabis industry. Although new opportunities have arisen in Alaska, Oppegard said the company will continue refining operations in Washington for the foreseeable future.

The Tier 2 grow facility operates with only five employees, including Op-

pegard, so every member of the team must be familiar with every aspect of the business. Even during harvest, overhead remains at a minimum.

“We just work more hours,” Oppegard said.

As soon as the company harvested and hand-trimmed its first crop, each worker transitioned from grower to salesperson overnight to put products on retail store shelves.

Northwest Harvesting Co. began selling a variety of hybrid strains in November 2015, but narrowing its strain selection helped the farm in both sales and consistency.

“It makes it easier for me to make a sale because I don’t feel

like I am manipulating anything,” Clausus said. “I feel like this is a true representation of what we’ve got. We want to pick from what is going to represent the whole lot, not just the highest end of it.”

“We’ve learned, because we have a couple of harvests under our belt now, that some strains don’t cut it,” Oppegard added. “Some of the strains that we used to grow back in the day — they just aren’t good producers.”

Northwest Harvesting Co. initially faced a moratorium in Elma. Stacy Op-

pegard, the company’s director of marketing, worked with the city for months, showing detailed statistics from Colorado, and helping council members separate fact from fiction, before growers were finally allowed to operate. Developing trust among the city council was key to getting the moratorium lifted, Stacy said.

**Company:** Northwest Harvesting Company

**Location:** Elma, Washington

**Employees:** 5

**Operations:** Indoors, 5,000-square-foot grow operation using high-pressure sodium lights



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Tru Cannabis Berkeley staff gather for a team photo inside the Denver store's lobby.

# Tru Cannabis

**Colorado chain unifies under one brand, expands into Oregon**

**By Patrick Wagner**

DENVER — What began more than five years ago as several misfit dispensaries operating on the fringes of a legal gray area has developed into one of the nation's leading marijuana retail chains.

Tru Cannabis has gone through a major transition to unify its four Colorado dispensaries under one brand, while also expanding into Oregon. Over the past year, the company has focused on “growing up” by hiring a chief financial officer, a full-time compliance officer and creating a human resources department, regional operations manager Andrew Kaplan said.

“Once you fill those roles you can focus on operations and expansion,” Kaplan said.

Previously, the company's retail outlets all operated under individual names because of the way they started or were acquired. The owners, brothers Larry and Bruce Nassau, were operating their own independent companies before merging in 2011 to satisfy vertical integration

requirements in Colorado. Tru Cannabis was one of the first dozen retail operations in the country to sell recreational marijuana to the general public in 2014.

“We had lines for days,” Kaplan said.

By building new cultivation facilities and renaming the existing stores under the same brand, Tru Cannabis set in motion plans to become one of the first national marijuana companies.

The expansion into Portland, Oregon is the company's first venture out of Colorado, but according to Kaplan, it is far from the last. Kaplan said Tru Cannabis has been looking at retail opportunities in California, Michigan and the East Coast.

“Honestly, on the horizon we are looking at locations coast-

to-coast,” he said. “We are going to try to be at the forefront of states poised to go recreational.”

Kaplan said Tru Cannabis also plans to normalize the retail experience for consumers. As the first step toward that goal, the company is currently planning a new flagship store in Denver.

The flagship store will serve as the template for all existing and future Tru Cannabis retail stores. The new design will feature wide-open spaces and natural aesthetics intending to bring consumers a more personal experience with the staff and the product. Part of that experience

includes the removal of all prepackaged flower from store shelves. Kaplan said staff will hand-select and weigh all product at the point of sale in front of the customer.

“It's the way everybody started doing it,” Kaplan said. “We've maintained it because we believe it enhances the customer experience.”

**Company:** Tru Cannabis

**Locations:** Three retail outlets in Denver, one in Aurora, Colorado and one in Portland, Oregon

**Owners:** Bruce Nassau and Larry Nassau

**Employees:** 110

**Operations:** Five cultivation facilities



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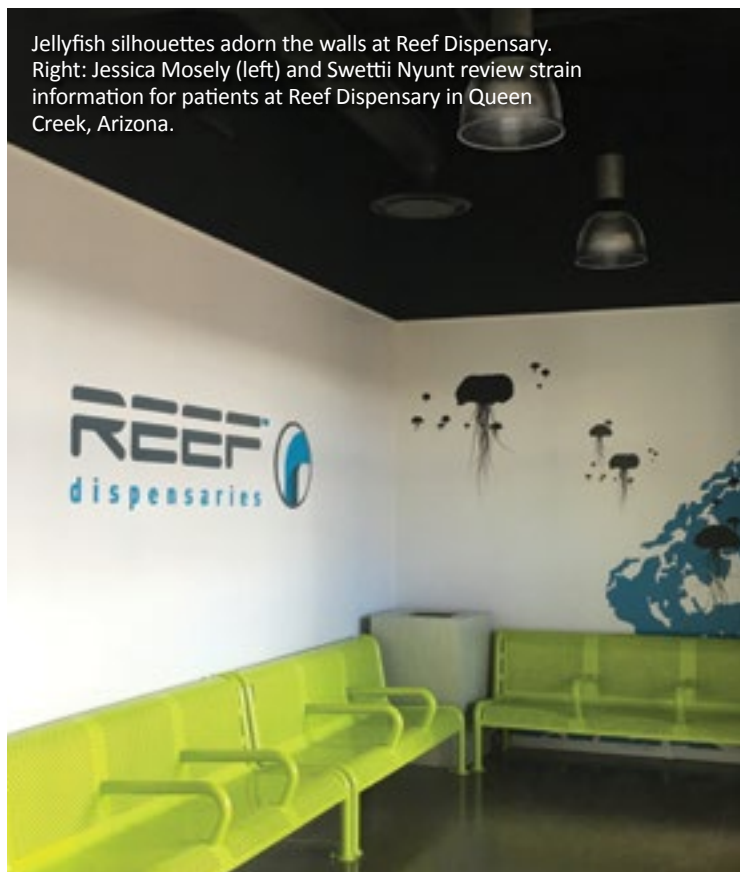
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Jellyfish silhouettes adorn the walls at Reef Dispensary. Right: Jessica Mosely (left) and Swettii Nyunt review strain information for patients at Reef Dispensary in Queen Creek, Arizona.



# Reef Dispensaries

Arizona launch sets stage for major expansion plans

By Patrick Wagner

QUEEN CREEK, Ariz. — Before breaking ground on its ambitious business plans in Nevada, Tryke Companies opened its first dispensary in 2014 as a proof of concept in Queen Creek, Arizona.

Tryke Companies CEO Matthew Morgan wants Reef Dispensaries to push cannabis in a more populous direction than its illicit, counterculture past.

“From day one, I said we’re not going to be the typical pot shop that has green and marijuana leaves everywhere,” Morgan said. “We’re not doing that. I want this to be a logo and advertisement that you’d see in Time Magazine, not in High Times. I always knew that this was going to go away from the black market and from being under a rock and I wanted to have that mainstream look for the day that happened.”

Morgan built the Queen Creek dispensary around the fundamental lessons he took from his previous experiences in the cannabis industry, using “a simple and modern

approach to everything,” he said.

Tryke Companies achieved its goal of vertical integration when it opened the doors of its 30,000-square-foot cultivation facility in April. Zoning officials in Phoenix originally gave Morgan the green light to build a grow operation outside a residential community, but when a local news station aired the story, protestors rallied to push the business to relocate away from their homes.

“They banded together and talked about all the horrible things we would do for the neighborhood if we moved in there,” Morgan said. “They were portraying cannabis as this evil substance and that there were going to be gang fights around the

neighborhood because there was a cultivation (facility) there.”

Although the Phoenix City Council did not force Tryke to move, Morgan pulled up stakes in favor of a less controversial location.

“Basically they put you into a geographic box in Arizona,” he said. “We looked around on the cultivation side and settled on a 30,000-square-foot building that we could expand on.”

With the facility up and running, Tryke can focus on bringing its line of in-house products to consumers in Arizona, while taking the necessary steps to expand into new mar-

kets. Reef Dispensaries will be Tryke Companies’ national retail chain, as Morgan plans to open several other retail outlets in the Southwest before moving into other legal markets. Reef Dispensaries recently began construction on its flagship location, one block off the famous Las Vegas strip.

**Company:** Reef Dispensaries

**Location:** Queen Creek, Arizona

**Employees:** 50

**Operations:** Medical dispensary and indoor 30,000-square-foot grow facility using hydroponics



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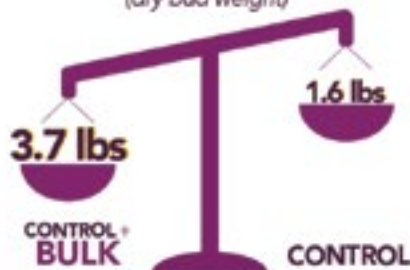
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- Plants were grown using the same treatments
- Same strain tested: Jet Fuel
- Control plants were grown with Rx Green Solutions' base nutrients and Axiom

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## Vuber Nova

Vuber Technologies recently unveiled the Nova, an innovative vaporizer with a unique, ergonomic design and ceramic core.

The Nova allows consumers to enjoy dry herb, in addition to oils, waxes and concentrates. It also features temperature and battery life indicators.

"Interest has been so high that we pre-sold our entire first run," Vuber Technologies founder and president Brandon Gallagher said. "However, we have ramped up production to meet the market demand, and are now taking orders for the next manufacturing cycle."

Vuber Technologies' product line also includes the Atlas Solo and the Comet Atomizer.

"We work hard to give consumers the best possible vaping experience," Gallagher said. "The Vuber Nova uses our latest technologies and design, and was created for consumers that want the best, but also appreciate a great value."

More information: [www.vubervaporizers.com](http://www.vubervaporizers.com).

## Quantum Light

Ecological Laboratories has received organic certification for its flagship beneficial bacteria product, Quantum Light, which is specifically formulated to improve soil biodiversity and increase crop yields. With this certification, Ecological can now support the rapidly growing organic farming market with its all-natural products.

"Our objective continues to be the development of products focused on improving crop yields, which — at the same time — contribute to the protection of farms, and the land and water surrounding them," said Alan Schatten, chief operating officer of Ecological Laboratories. "This certification is the first of many steps we intend to take to further our mission."

Ecological Laboratories is a developer and manufacturer of proprietary liquid microbial formulations that are capable of addressing many of the most challenging environmental problems. Unlike other products currently available, Ecological's Quantum technology platform is a synergistic, diverse consortium of vegetative and spore-forming microbial strains including photosynthetic, anaerobic, aerobic, facultative and anoxic bacteria and archaea in a shelf-stable liquid formulation.

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More information: [www.microbelifehydro.com](http://www.microbelifehydro.com).





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- Plants were grown using the same treatments
- Same strain tested: Blue Dream
- Control plants were grown with Rx Green Solutions' base nutrients and Aviom



Disclaimer: Trials were performed at the Rx Green Solutions' testing facility in Denver, CO. For more information on trial protocols, please visit our website. Individual results may vary.



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## WeedTraQR

With seed-to-sale traceability being a major component of most legal cannabis operations, finding the right software provider can be one of the biggest challenges for growers. WeedTraQR is designed to eliminate a lot of the hassle of seed-to-sale tracking, by offering a 30-day free trial and a simple, month-to-month subscription model.

The service is currently available for growers and processors in Washington, and is integrated for medical marijuana traceability in New Mexico, Illinois and Hawaii. The company plans to be one of the certified third-party vendors once Oregon launches its recreational program and seed-to-sale

tracking requirements.

The software is platform agnostic, meaning it works with all the major operating systems for use on laptops, tablets and smart phones.

The company also offers a free month of service to clients that refer another grower. Some growers have earned more than a year of free service through referrals.

Pricing ranges from \$120 a month to \$420 a month, based on the size of the operation and licenses held. There are no setup or support fees.

WeedTraQR co-founder David Busby has a wide variety of developing software, including services for banking compliance and aerospace traceability.

"We build our software to pragmatically solve problems for our sole clientele, producer/processors," WeedTraQR co-founder Eric Ogden said.

The company embraces the triple bottom line philosophy by equally serving profits, people and the community, Ogden said.

"Because of this, we combined to develop a software as a service solution to turn traceability from burden to competitive advantage for producer/processors," he said.

More information: [weedtraqr.com](http://weedtraqr.com).

## Jane Triple Play

Jane, the kiosk solution for cannabis retailers, recently announced the Triple Play package that combines banking, cash management and cash transport. The Triple Play aims to solve the biggest challenges marijuana retailers face due to the lack of traditional banking services, including safety, security, cash management and running an efficient business.

The Triple Play combines Jane's cash management kiosk with a cash transport service from one of several top security firms and banking with an insured and fully compliant financial institution. The banking services would include depository accounts, checking accounts, wire transfers and more.

Cannabis retailers can also increase the level of protection, accountability and traceability with secure and discrete cash transport in fully-armored vehicles by highly trained, armed personnel with law enforcement and military experience.

"Jane was born from the belief that cannabis retailers should have access to the same financial services as any other retailers," Jane CEO David Ellerstein said. "The Triple Play is an example of our commitment to empowering dispensary owners with the tools they have been forced to do without because of the irrational discrimination facing our industry."

More information: [www.trustjane.com](http://www.trustjane.com).





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### Method Seven

With several innovative new products, Method Seven continues to be the leader in grow-room eyewear.

Method Seven recently unveiled new models of its popular glasses, including the Revolution HPSx Transition (pictured above) and the Cultivator series.

The Revolution HPSx Transition pairs style with technical prowess. Transition lenses color-balance and protect under high-pressure sodium lights, and actu-

ally transform into sunglasses by darkening when exposed to outdoor lighting. The durable Italian hand-crafted acetate frame features concealed flex hinges and a wide fit for a contemporary look and maximum comfort.

The lenses are manufactured for Method Seven by Carl Zeiss.

The Cultivator series is a featherweight frame with a minimalist,

half-jacket style. It is available in both HPS and LED formulations.

"We want to keep our brand accessible to new gardeners and also to larger grows that want to provide their staff with the best," said Adam Millman, head of production for Method Seven. "The Cultivator series features the same full-protection Zeiss-made lens as our Operator series, and its minimalist style helps keep its price point down."

The Cultivator series lens features Method Seven Flash Exterior coating for light attenuation. Like other premium eyewear and unlike typical budget eyewear, these lenses are de-centered (asymmetrical) to eliminate distortion that would otherwise occur with a curved lens. The Cultivator frame features a rubber nose pad that holds the frames comfortably for hours, even in hot conditions. All Method Seven products feature full UV protection and superior color balance.

More information: [methodseven.com](http://methodseven.com).

### Centurion Pro Mini

Don't be fooled by the name: The Centurion Pro Mini only requires a 110-volt power outlet, but it's one of the most capable small trimming machines on the market.

It can handle both wet and dry product, and has 11 blades on the cutting reel, a 6.5-inch diameter tumbler and a 1.5-horsepower industrial leaf collector. These features result in top-notch precision, quality and speed, the company says.

The Centurion Pro Mini is capable of processing up to eight pounds of dry cannabis an hour, or up to 40 pounds of wet product.

The machine is made with long-lasting industrial components from the United States and Canada. It is designed to drastically cut down on labor costs, allowing growers to tend to more important tasks.

Centurion Pro is a Vancouver, Canada-based manufacturer that has been in business since 1997.

More information: [www.cprosolutions.com](http://www.cprosolutions.com).







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# Living the **DREAM**

Marijuana Venture sought out a group of professionals to tell the trials and tribulations of everyday life in the legal marijuana industry.

**Washington Bud Company**

**SHAWN DENAE**

Snohomish, Washington



**T**here's a saying that if it walks like a duck and quacks like a duck, then it must be a duck. Applying that logic to cannabis cultivation, if it roots like a plant, grows like a plant and is harvested like a plant, then it must be a plant — unless it's a marijuana plant!

Cities and counties across the country are pooling resources to slow down or eliminate cannabis cultivation. They are redefining their agriculture codes to specifically exclude cannabis as an agricultural crop. This not only affects if, where and how cannabis cultivation can take place, but also basics such as whether the crop can qualify for water rights. When marijuana is reframed as “non-agricultural,” farmers lose all of the rights and protections afforded by right-to-farm legislation.

The most recent display of this type

of action came out of Okanogan County, which had previously been one of Washington's most cannabis-friendly counties. As cities and counties have implemented bans and moratoriums, many farmers have flocked to the safe haven of Okanogan to set up their farms, bringing a total of more than 50 licensed grow operations spanning the vast, remote area near the Canadian border. Now a proposal is in the works that would change Okanogan County code to exclude marijuana cultivation and marijuana products from the definition of agriculture. The proposal would also specify the definition of a farm to exclude cannabis operations.

A crucial debate around this action focuses not only on how to ban future farms, but how to rid the county of all existing operators with sunset clauses. The Washington Sungrowers Industry Association is leading the charge to stop this threat against the Right to Farm designation, and it needs the support of the entire industry. No one is truly safe, as we've witnessed multiple city and county councils change course on cannabis cultivation. The implications are vast, and the future of legal cannabis is gravely threatened by this type of language creeping into local codes.

As legal cannabis growers who barely got grandfathered in on a piece of farmland, my family takes this extremely seriously, and I implore the readers of this magazine to support cannabis farmers. Whether you service the industry, or are directly involved in it, know that the ability to safely and economically grow this plant will make or break the industry. Please give some of your time and/or money to help fight these actions, because our industry needs your support now to survive.

*Shawn DeNae is the CEO of Washington Bud Company, a state-licensed producer/processor. She is one of the founding members of the Cannabis Women's Alliance and active in several other industry organizations.*

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## GRASSHOPPER EXTRACTOR 4.20

Stacy Page created the original Grasshopper Extractor to fulfill a need for affordable extraction equipment. While Page's invention performed admirably and was capable of processing a full pound of plant material in 15 minutes, it was limited by the requirement of dry ice.

"I realized that not everyone could get dry ice," Page says. "Some of these growers are out in the woods and they don't have access to something like that."

So Page revamped his original design and developed the Grasshopper Extractor 4.20, which runs exclusively on liquid CO<sub>2</sub> and is capable of flash-freezing plant material in just 30 seconds.

Switching to CO<sub>2</sub> addressed several pain points of the original Grasshopper. The 4.20 is faster, more efficient and eliminates the hassle of buying and storing dry ice, which has a limited shelf life.

"Once you buy dry ice, the clock is ticking," Page says.

CO<sub>2</sub> allows extractors to work on their own schedule, and is also cleaner and cheaper than dry ice. Unlike dry ice, which has to be used all at once, the CO<sub>2</sub> tank can be turned on and off as needed, Page says.

Page revised the engine and frame of the extractor to ensure reliability. The Grasshopper Extractor 4.20 can process a pound of dried plant material in just five minutes. Page suggests running material through the machine at least one additional time for higher yields.

"I'd say with the 100-micron screen, you'd get probably about 20% return in 10 minutes," he says. "You can produce up to a pound and a half of kief in an hour."

The extractor comes with 149-, 100-, 74- and 50-micron screens. Stainless steel buckets with built-in spray nozzles replace the plastic versions on the original design. The machine is easy to clean between runs.

"Just blow out the dust and then put it back on and go," Page says.

Extraction has become an essential facet of many cannabis operations by providing an avenue to turn nearly worthless trim into high-dollar concentrates, particularly with the rising popularity of rosin. Page says kief is the best material to make rosin with because of the extremely high ratio of trichomes to plant matter.

More information: [www.grasshopperextractor.com](http://www.grasshopperextractor.com).





## RESTALK

For many companies, sustainability is just a buzzword. But for businesses like Restalk, it's a fundamental principle upon which they operate.

Restalk recently developed a sustainable, tree-free paper product out of cannabis bio-waste. The technology could allow growers to use packaging made from recycled marijuana stalks.

Restalk recycles parts of the plant that contain marginal levels of psychoactive properties. Through the recycling process any subsequent THC compounds are removed.

"Now more than ever, cannabis is our nation's largest cash crop," Restalk CEO and co-founder Lucas Hildebrand says. "Only recently has there been any attention focused on the byproducts caused from the cultivation of medical and recreational marijuana. Our interest lies within what we can tangibly recycle and repurpose today, tomorrow and in the immediate future."

Hildebrand says the company has successfully developed a supply chain of sustainable farmers and collected tons of material to begin the recycling process.

Working with several established brands, Restalk is developing strategic partnerships for eco-friendly source material, which is set to go into production this spring. Emerald Family Farms is a collective of California growers that have teamed up

with Restalk.

"Their platform allows our farms to be more sustainable than ever," Emerald Family Farms founder Patrick Murphy says. "The value in packaging products from our recycled stalks is amazing. Consumers who support Restalk products are fully backing sustainable growers everywhere."

While the cannabis-based paper prototype is a great start, Hildebrand says it's really just scratching the surface of what's possible with marijuana bio-waste.

"There is a real viability for our material to be integrated across several sectors, whether it be in the form of composites, bio-plastics, textiles or even 3D printing," he says.

"As the marijuana industry is predicted to generate \$35 billion by 2020, it is imperative to implement beneficial environmental practices before this sector enters its next phase," adds Restalk chairman Kyle Tracey. "There are tens of millions of marijuana plants grown each year on American soil. This waste adds up to thousands of tons of bio-waste, which is often disposed through outdoor burning, incinerators, landfills and composting — all of which lead to increases in our carbon footprint over time. Restalk will tackle the problem by providing an eco-friendly recycling solution to legal cultivators across the country."





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# Ask The Grow Expert

by Mike Long

## What's The Value Of A Second Opinion?

**Dear Mike:** I'm an investor in a 502, and our grower seems to be pretty strong minded about just what he will use and not use. He is reluctant to seek a second opinion because he claims nobody knows the system like he does. This is my investment he is working with, and I'm concerned. How common are second opinions on 502 operations?

**A:** We provide them all the time. Generally speaking, we get called in about 6 months late. That doesn't mean the situation isn't solvable, but when you consider all the variables that can mess up your yield the best time to reconsider is immediately when you realize you're having problems. With crop cycles being what they are, nobody wants to be in the 'starting all over' situation.

For example – we had a grower about 2 hours from Seattle with a serious crop odor problem. He had received two citations and additional warnings about his lack of odor control from the local authorities. He called to order between 8 and 12 large charcoal filters and fans per greenhouse (4 houses in total) that he was going to utilize as air scrubbers to eliminate the smell. The fans were going to draw 4 amps per unit of power continuously, and the filters would have to be replaced every six months due to the very high humidity problem. There is no way it would work. What worked in a garage environment is completely different than what is necessary for a greenhouse environment. All this gentleman was interested in was the lowest price, because he 'knew' what would work.

Each fan and filter was going to cost him \$450, plus the astronomical cost of keeping them on 24/7. His initial outlay was going to be over \$21,000. He was trying to buy this product had we not given him a second opinion. We did some calculations, and designed an ozone system that would utilize the existing fans in the system therefore not contributing to additional power use. We installed the components, tested them, and they worked 100%. Total outlay was going to be \$800. Plus, his power consumption would be about 98% less. Sometimes traditional methods of problem solving based on prior experience just don't work. You have to think outside of the box.

So, we saved this '502' about 20 grand to solve his problem. Do you think he was grateful? He took the part #'s off my components I had installed on his system, did a 'google search' to find some anonymous online supplier back east, and came back and told me my price of \$400 was \$40 higher than what he could buy them for online, and I had to match it or it would order it from the other supplier. When I filled my truck up with gas for the 2 hour trip to the shop I wondered if this guy ever knew what fair play was all about. In this case our service call saved him 20 grand.



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# LONG ROAD TO RETAIL

Thousands of plants bask in the reddish LED glow at the Colorado Leaf greenhouse. After a variety of delays, the first harvest is within sight.

## Chapter 9: If you want something done right ...

By Patrick Wagner

**T**he contractors have finished and left. The head grower, gone without warning. Insurance remains uncertain. And worst of all, a couple thousand plants have been destroyed.

One might think the mood around the Colorado Leaf grow facility in Pueblo would be getting gloomy.

Yet, brothers Brett and Keith Sprau, operating the entire 23,000-square-foot greenhouse on their own, sound happier than ever. They find satisfaction in self-reliance, and have confidence in the old adage that if you want something done right, it's best to do it yourself.

Music can be heard all the way from the road that runs past the farm. Every morning, the two brothers race to the greenhouse to decide which Spotify playlist will be the soundtrack for the next 12 hours.

"I think it's exciting as hell," Brett said. "It's a lot of fun for us because it's new and just to see how well all the plants are

growing every day."

"The nice thing is the beautiful weather," Keith added. "It's been in the high 70s for the past month."

Despite recent challenges, the company's outlook remains positive. But in order to achieve their goals, the Sprau brothers first have to learn how to fill the void of not having a head grower.

### CLONING

Thanks to the outpouring of support from friends and neighbors, Colorado Leaf was able to start fresh with a small cache of donated plants after the company's stock of 2,000 clones were destroyed in the winter.

Brett had some experience with cloning, but Keith had only learned the pro-

cess through osmosis. Neither had taken a clone through its entire lifespan.

"We're figuring it out," Keith said.

Realizing they would need more help than what simple Internet searches could provide, the Spraus turned to a nearby friend whose head grower walked them through the beginning stages of cloning. Taking what they could from the lessons and trusting in research to fill in the gaps, the brothers had no choice but to begin cloning.

At first, they took 150 clones to experiment with and returned with 130.

"We had no idea what we were doing," Keith said. "We've never cloned before, but after that we were comfortable enough so we have just been going to town."

However, the regular maintenance of running a farm demanded the majority of their time. Since both brothers live on the property, they would regularly work from dawn until the late hours of the night, cutting new clones to stay on schedule.

But haste led to problems. After mov-



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ing 100 of the early clones, the Spraus realized the plants' roots hadn't been developed enough to sustain the intense heat of Colorado's early spring.

"We learned pretty quickly not to do that," Keith said.

The mistake forced them to adopt a more intensive watering schedule, where the brothers had to make frequent trips to feed the dehydrated clones so they wouldn't wither and die.

By the beginning of April, the brothers had successfully met their goal of 3,200 maturing plants and 400 clones.

### LONG HOURS

At times, Brett and Keith are able to take lunch breaks. Their schedule runs from 6 a.m. to 6 p.m., every day. Depending on the weather, the plants at Colorado Leaf need as much as 600 gallons of water every two to three days. The clones require extra attention. At least three times a day, the Sprau brothers revisit the clones to continue cropping, cleaning and feeding.

"On top of that, there is a 23,000-square-foot building that we need to keep clean," Keith said.

They initially tried to split responsibilities, but Brett estimates it would take one person nearly 16 hours to feed all of the plants on the farm.

"It's one of those things where you just get caught up," Keith said. "You prep early, you go in there and think you can feed the plants and get done by 10:30 to 11. But before you know it, it's 2 o'clock and you're like, 'Well, I might as well finish the day down here.'"

So rather than splitting responsibilities, the brothers found it more efficient to work together to finish each necessary task. But as harvest season approaches, the workload could be more than the team of two could handle, raising the question of hiring a new head grower.

"We keep sitting down at the end of the night thinking, maybe we just need an assistant that has the knowledge," Keith said. "Just so there's not too many chefs in the kitchen."

"Once we get our first batch through flower and we know what we're doing, then I'll feel 100% confident," Brett said.

The first 700 plants were expected to begin flowering in late April, providing only a small window for the Spraus to establish a standard production cycle for the plants and resume their personal lives.

Marijuana Venture is following Colorado Leaf as it undergoes the first year of being a licensed wholesale grower in Colorado, from facility construction to putting product on retail store shelves.

The Colorado Leaf team worked day and night to bring hundreds of new clones into the greenhouse for a second time. After being brought into the greenhouse, clones are eventually transferred into seven-gallon pots.





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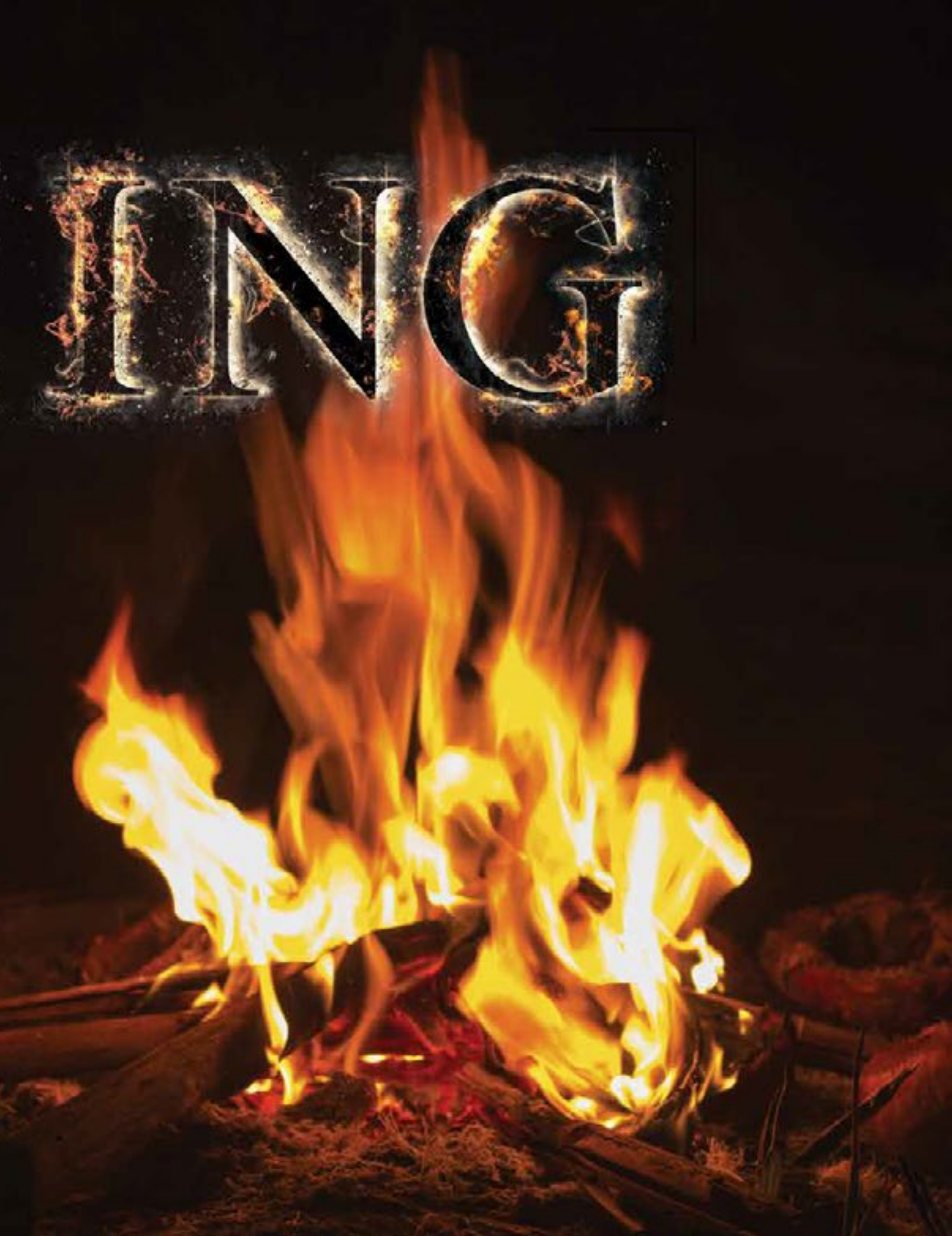
## QUESTION

WILL CANNABIS ENTERPRISES  
BE PROFITABLE FOR NATIVE  
AMERICAN TRIBES, OR WILL  
THE GOVERNMENT INTERVENE?

BY **SUE VORENBERG**



ING







More than a year has passed since the Department of Justice announced that Native American tribes can legalize cannabis on their own lands — but so far, only a small handful of nations have decided to move forward.

So why are the majority of tribes waiting, watching and studying up before jumping into what could be an immense boon for economic development? One of the most pressing reasons is that tribes still have to follow federal guidelines and restrictions — and many have to work with the states that surround them, including those that don't approve of legalized cannabis.

Tribes received the sovereign ability to

ban or allow marijuana on their lands under the December 2014 tribal policy statement from the U.S. Department of Justice. That statement basically put tribes under the same guidelines that states use for legalization through the Cole Memorandum. Under the guidelines, tribes must prevent distribution to minors, keep marijuana away from federal lands, prevent drugged driving and stop transportation of marijuana to neighboring states where cannabis is banned.

There are also a multitude of legal issues stemming from the federal classification of cannabis as a Schedule 1 drug, putting tribes in the same boat as states

when it comes to the perils of legalization, said Blake Trueblood, business development director for the National Center for American Indian Enterprise.

“If we look at this as a potential economic development opportunity, you have to start off with the fact that federal laws haven't changed,” Trueblood said. “And I don't think you can look at this as an economic development opportunity until you look at what the tribal economic situation really is.”

In essence, many tribes simply don't have the money or the expertise to move forward in an uncertain regulatory situation.

“This stuff could all change overnight,”





would have been the first marijuana resort in the United States on New Year's Eve of 2015.

The tribe was working with a Denver contractor, Monarch America, to design, construct and develop a 10,000-square-foot grow facility to supply a 15,000-square-foot retail marijuana lounge next to the tribe's Royal River Casino and Hotel.

The deal, signed in June 2015, was structured so the tribe paid for construction of the facility, while Monarch America collected consulting and management fees for running the day-to-day operations.

Because South Dakota doesn't currently allow marijuana for recreational or medicinal uses, the tribe received pushback from state officials, including Attorney General Marty Jackley, who suggested that any non-tribal members who consumed marijuana on the reservation could still face prosecution under state law.

In November 2015, tribal members voted to put the project on hold and torch its existing crop that had been planted in September.

"For a tribe in a state with no legal marijuana whatsoever, that presents a signifi-

cant challenge," Trueblood said.

The Department of Justice's tribal policy statement did not give the tribes broad autonomy regarding marijuana.

"Studying this, I think there's an incredible misconception that tribes can unilaterally legalize," said Lael Echo-Hawk, a tribal attorney with Hobbs, Straus, Dean & Walker in Washington, D.C.

If a tribe is in a state that's considering legalization, Echo-Hawk said it's a good idea to discuss options with legislators and make sure they're included in the process.

"What I'm advising tribes to do is make sure there's some room for them to participate," Echo-Hawk said.

Trueblood said he thinks it's a smart play to get together with state officials to address their concerns.

"The local and state authorities don't have direct control over what the tribe does, but they can lean on the U.S. attorney for that district and try to stop the tribe from moving forward," Trueblood said. "Even though you don't have to be on the same page with state regulators, it's very wise to involve them in the process so there really are no secrets."

Trueblood said. "There's room for economic opportunity, but you also have to be comfortable with that risk. One of the most important things for tribes, if they decide to do this, is to find the right partners. You don't want to get involved with people who don't know what they're doing or who only want to make money off of you."

Still, despite the challenges, some tribes have waded into the cannabis industry.

## THE SANTEE SIOUX

The Flandreau Santee Sioux tribe in South Dakota planned to open what



Santee Sioux tribal members voted to destroy their cannabis crops at the suggestion of South Dakota Attorney General Marty Jackley. *Photos by Sarah Weston.*



Medicine Creek scientific director Aaron Stancik



# Testing *the* waters

Puyallup Tribe joins cannabis industry with quality assurance lab

By GARRETT RUDOLPH

**N**ot all tribes looking to invest in the cannabis industry are focused on cultivation and retail. Some, like the Puyallup Tribe of Indians, are seizing the opportunity to become ancillary service providers.

The Puyallup Tribe recently opened the doors of Medicine Creek Analytics, the first tribe-owned cannabis testing facility in the country. The Fife, Washington lab shares the same building as the tribe's Salish Cancer Center.

At the time of this writing, the company was in the final stages of receiving its state certification to service the licensed cannabis market, Medicine Creek scientific director Aaron Stancik said. A compact with the state, similar to those established for tribe-owned retail stores Elevation and Agate Dreams, was finalized in January.

In addition to being the first analytics company of its kind in the country, Medicine Creek has unwittingly stepped into the middle of multiple lab-related controversies within the cannabis industry.

Dozens of growers in Colorado and Washington have been penalized for using banned chemicals, highlighting the need for more advanced quality assurance protocols. Meanwhile, several labs in Washington have been accused of doctoring test results to gain favor among producers and processors.

Still, the Santee Sioux haven't completely given up on the project.

Members are meeting with state and federal officials to resolve any issues so plans can once again move forward, tribal leaders said.

"This suspension is pivotal to the

## TRIBAL LEADERSHIP IS UNDAUNTED BY THIS BRIEF SIDESTEP

continued success of the marijuana venture, and tribal leadership is confident that after seeking clarification from the United States Department of Justice, it will be better suited to succeed," Flandreau Santee Sioux attorney Seth C. Pearman said in a press release. "The tribe will continue to consult with the federal and state governments, and hopes to be granted parity with states that have legalized marijuana. The tribe intends to successfully participate in the marijuana industry, and tribal leadership is undaunted by this brief sidestep."

If successful, the resort could net the tribe up to \$2 million a month, according to estimates by the tribe.

The resort would also meet a need that states with recreational cannabis have struggled with, by creating a legal public space where consumers can use marijuana together.

That's one of the fascinating aspects of tribal legalization — it has the potential to get around some of the issues that are snagging state legalization, said Dave Rheins, CEO of the Marijuana Business Association.

"One of the problems with legalization, whether you're in Denver or Seattle or Portland, is that you can't consume publicly," Rheins said. "That's really a challenge. So if you have a destination like this, it's a big positive, like a Disneyland for dope. You can see the potential."





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Stancik has been an outspoken proponent of quality control standardization and pesticide testing since the state's recreational market opened.

"There's sort of a vacuum there, and I think the tribe saw the opportunity to step up and be that group that really brings standardization to the testing industry," said Stancik, who has a doctorate in chemistry from the University of Idaho.

The Puyallup Tribe has the financial resources to "do things right," according to Stancik.

"They're sparing no expense. Profitability isn't the only goal."

Medicine Creek Analytics has been outfitted with top-of-the-line Shimadzu equipment to perform pesticide testing that most state-approved labs don't have the proper equipment to conduct.

Not only has the company made a jaw-dropping investment in equipment, but it also assembled a top-notch scientific team that includes Kyle Shelton, a pesticide chemist with years of experience in the tobacco industry, and Jeremy Riggle, a chemistry professor at Eastern Oregon University. Daniel Duenas Jr. is the executive director for all cannabis operations for the Puyallup Tribe.

Medicine Creek will eventually set up a courier service to reach clients throughout the region, Stancik said.

While the testing sector of the cannabis industry remains in flux, Stancik emphasized that growing pains are bound to happen as states establish the regulatory framework of legal cannabis. After all, the black market has existed for decades, while the legal, regulated market has been in place since 2014.

"There was no testing for those previous 75 years," Stancik said. "I think we've come a long way in the last two years. We're creating a new industry and there's going to be some hiccups along the way."

"We're trying to do things the right way here in Washington. We have quality assurance, but there are some holes that need to be filled. ... I think in five years, when we look back, the industry is going to be in a good place, and hopefully the standardization of lab testing is in a good spot."



Squaxin Island tribal council members (from left to right) Arnold Cooper, Vicki Kruger and Vince Henry celebrate the grand opening of Elevation in November 2015. Photos courtesy Island Enterprises.

## THE WASHINGTON APPROACH

In Washington state, where both medical and recreational cannabis are legal, two tribes have joined the market and started their own retail stores.

Their efforts were fostered by the first ever state-tribal marijuana compact, which was signed in September 2015 by officials from the state Liquor and Cannabis Board, Governor Jay Inslee and Suquamish Tribal Chairman Leonard Forsman. Later that month, the state signed the nation's second state-tribal marijuana compact with the Squaxin Island Tribe.

The compacts set structures and rules for the tribes, which pave the way for them to produce, process and sell marijuana to state residents.

"This is similar to other compacts we'd negotiate on fuel or anything else," said Brian Smith, a spokesman for the Liquor and Cannabis Board. "We have compacts with two tribes, and we work with them on compliance checks. But the tribes also take on a lot of the enforcement role themselves."

According to the agreements, the tribes charge an excise tax that's equivalent to the state excise tax for marijuana products in order to prevent unfair competition — but the

tribes get to keep their taxes for tribal economic development.

"Our tribe always favors a collaborative and cooperative approach," Forsman said in a press release. "We believe that our relationship with the State, including this compact, will best serve and protect our tribal community, surrounding neighbors, and residents of the state."

The Squaxin Island Tribe opened the state's first tribal retail store, Elevation, in Shelton in November 2015.

Squaxin Island Tribal Council member Jim Peters said the tribe was

## “THE TRIBES ALSO TAKE A LOT OF THE ENFORCEMENT ROLE THEMSELVES

very cautious about moving forward into the cannabis industry. Peters said the entire community and tribal council had mixed feelings, but ultimately decided it was an opportunity that couldn't be missed.

"If you had asked me two years ago about us having a marijuana





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Elevation is the first tribe-owned marijuana retail store in the nation.

store, I would have said no,” Peters said. But Peters, like other members of the tribal council, slowly came around as they educated themselves about cannabis and the potential for tax revenue to have a positive impact within the community.

The conversation about cannabis-related businesses opportunities initially began among tribal council prior to the

said. “We don’t want to make major mistakes and have to start things over because we didn’t really think it out, or we didn’t get the right people to get us going.”

The excise tax collected from retail sales at Elevation will go toward tribal law enforcement, addiction treatment facilities, education programs, health care, day care and programs for elders, while

The Suquamish Tribe opened Washington’s second tribal retail store, Agate Dreams, in December 2015, in Poulsbo.

Store manager Calvin Medina said sales have been strong since opening.

“We’ve been pretty well received from the general public,” Medina said. “And (tribal members) are glad that the taxes stay around here.”

The stores sell product from state-licensed producers and processors operating under Washington’s recreational marijuana system and governed by the Liquor and Cannabis Board.

Eventually, the Suquamish Tribe may decide to vertically integrate and grow its own marijuana crop, but for now those plans are on hold while the tribe and the state work out some of the regulatory kinks.

Washington state companies are banned from vertical integration — meaning stores can’t grow and sell their own marijuana.

However, tribes don’t have that same restriction.

“Not only can we become a grower, but we can also be a retailer,” Medina said. “That’s how the compact went.”

The fact that the state was willing to enter into compacts with the tribes is high-

## “OUR TRIBE ALWAYS FAVORS A COLLABORATIVE AND COOPERATIVE APPROACH

passage of Initiative 502 in 2012. But after voters of the state approved the measure to legalize recreational marijuana, it became a part of every council meeting, Peters said.

The Squaxin Island Tribe eventually decided to open a retail store as a low-cost, low-risk way of getting a foot into the cannabis industry, compared to the capital expense of a grow operation or processing facility. However, the possibility of someday becoming vertically integrated remains open, Peters said.

“We’re the type of tribe that when we do something, we want to do it right,” he

also creating job opportunities for tribal members.

The tribe’s education program is a particularly important beneficiary of cannabis revenue, Peters said. The tribe’s goal is to pay for higher education for all interested tribal members.

“At some point in time, this venture will allow us to pay almost 100% of their schooling,” Peters said.

It’s too early to know for certain, but Peters said Elevation seems to be meeting its financial projections.

“We will know more after the one-year anniversary,” he said.



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**A look inside Elevation, which has not only provided job opportunities for area residents, but also provides funding for law enforcement, addiction treatment and higher education through excise taxes.**

ly commendable, and hopefully it bodes well for tribes in other states with legal recreational cannabis, Trueblood said.

“Here’s a state that recognizes the opportunity and wants to participate, and wants to allow everybody to participate,” Trueblood said. “That’s very encouraging.”

The Puyallup Tribe of Indians is the most recent nation to join the cannabis industry. In January, the tribe announced it will be opening a marijuana testing laboratory, which will be located at a build-

ing in Fife that currently houses a cancer treatment center.

The testing lab will offer safety and potency tests to state-licensed marijuana producers and processors.

## **OPPORTUNITIES, OPPORTUNITIES**

Tribes could meet another pressing need from legal states by setting up their own credit unions or banking institutions, Rheins said.

Cash-strapped tribes may not be able to do that entirely on their own, but many are actively looking for partners to help them launch new cannabis businesses, Trueblood said.

“There’s a public perception that all tribes have casinos, and all tribes are rich,” Trueblood said. “The reality is very far from that. There are tribes that have successful gaming operations, but the majority of tribes really have no economic opportunities available. So here we have an industry that tribes can participate in, but it’s not an easy road.”

On the corporate side, there’s no shortage of interest from consulting groups and investors that want to partner with tribes.

That’s evident even just looking at the growing number of Native American panel discussions on the cannabis convention circuit, Trueblood said, adding that he



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**Squaxin Island council treasurer Vicki Kruger makes the first purchase at Elevation's grand opening.**

participated in panel discussions about tribal marijuana at the last two conventions he attended.

"It's a hot topic and it's not going away," Trueblood said.

The willingness of businesses to partner with tribes is something that Rheins has seen as well.

"For businesses, I don't see a lot of worry about partnering with tribes. I think they see it more as an opportunity," Rheins said. "If you're a cannabrand, you look at the state you're in, and you have different levels of regulation. And there's a thought that you may be able to more broadly participate in the industry by working with tribes."

Some of the areas where tribes need the most help include branding and marketing expertise, land development and technological skills, Rheins said.

"I see the tribes eventually becoming an equal part and partner in this economy as everything develops," Rheins said.

## COMPETITION?

As tribes continue to look at their options, cannabis retail operations in surrounding states are eyeing them as possi-

ble competition, but many stores are also interested in working with them.

"If a tribe were to grow cannabis, we'd use the same criteria we use for everybody else we deal with," said Jim Mullen, chief operating officer at The Herbery in Vancouver, Washington. "That would be the quality of the product and the price point. However, everything would have to be approved by the LCB first, so the state would have to come up with some protocols."

Brad Zusman, owner of Canna Daddy's dispensary in Portland, Oregon, said he's all for native nations participating in the green rush.

"I think it's a free country, and they have the right to come into this industry the same as anybody else," Zusman said.

Dozens of tribes in various states have expressed interest. Oregon could be the next state to feature a tribal cannabis operation.

The Confederated Tribes of Warm

Springs overwhelmingly voted in favor of a referendum that would "allow, regulate and operate an on-reservation, tribally owned cannabis cultivation and extraction facility, with retail sales allowed only off the reservation," according to a Bend Bulletin story.

The referendum reportedly drew a record turnout, with 86% of voters in favor.

The marijuana operation is expected to feature a 36,000-square-foot greenhouse, which would be operated by Warm Springs Ventures, the business arm of the Warm Springs tribes. Ventures would partner with Utah-based consulting company Strainwise, which has a joint operating agreement in place with Sentinel, a financial services firm. First-year profits are projected at \$12 million, and the tribes expect profits of up to \$26 million by year two.

"We knew that we wanted to participate in the native space in some fashion with cannabis; Sentinel-Strainwise was created as an entity for this exact purpose," Strainwise associate director Chris Hardiman told the Bend Bulletin.

The greenhouse will cost \$4.3 million, with the tribes contributing about \$1.8 million of that, and Sentinel-Strainwise putting up the rest. Sampson said the cannabis operations will create much-needed jobs for tribal members.

Zusman said he likes the Washington solution in which tribes collect excise taxes, because it maintains a level playing field.

"So long as they're not undercutting everybody, there's really no problem," Zusman said.

Morgan Hutchinson, co-owner of High End Market Place, another Vancouver retail store, said she also welcomes tribes into the cannabis business fold.

"If it benefits the tribes, that's great," Hutchinson said. "It

wouldn't affect us much anyway — and if the rules work for us to do business with tribes and they have the standards in place, I think we'd absolutely do business with them."

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# FROM FISHING

How the high seas influenced one cannabis entrepreneur's methodology





# TO FARMING

Story by GREG JAMES | Photos by KRISTEN ANGELO



**K**im Hansen isn't your typical marijuana farmer. His entrée into the business came almost as an afterthought. As a lifelong fisherman, Hansen had spent decades in Alaska hauling in king crab and living the life many Americans associate with the television show "Deadliest Catch."

Each season, Hansen and his crew would depart for the Bering Sea, where they'd spend 18-hour days chasing one of the world's richest and most treacherous fisheries. Like most fishermen, he has many stories to tell: narrow escapes from violent storms, fouled equipment lost to Davy Jones, and disappointing trips that nearly broke the bank.

Hansen is no stranger to hard work, long hours and a "go-it-alone" attitude that developed from practicing — and perfecting — what many have called the most dangerous occupation in the



Farmhands at Olympic Growers lead a train of wagons loaded with freshly-harvested colas through the fields during trimming season.







# Just *the* FACTS

---

**COMPANY:**  
Olympic Growers

**LOCATION:**  
Creston, Washington

**EMPLOYEES:**  
10-20 (seasonal)

**ALTITUDE:**  
2,400 feet

**SIZE:**  
30,000 square feet  
of canopy (Tier 3)

**STYLE:**  
Greenhouse and outdoor

**2015 HARVEST:**  
Approximately 1,500 pounds

**STRAINS:**  
40, including Juicy Fruit,  
Purple Diesel,  
Super Silver Haze



world. If there's ever been an occupation worthy of the phrase "School of Hard Knocks," crab fishing in Alaska would certainly be it.

So, when a fellow fisherman casually suggested he look into the more mundane — and decidedly less physical — business of cannabis cultivation, Hansen was intrigued.


The Northwest is famous for its large Scandinavian fishing community, and Hansen is proud to be of Norwegian descent.

"I started fishing when I was 8 years old," he said. "It was in my family's blood, and something I just seemed destined to do."

Hansen's experience on the high seas played a big role in launching Olympic Growers and how he approached the emerging legal marijuana business.

"One of the things I learned as a commercial fisherman is that it's an oft-committed mistake to try to do too much," he said. "Guys who





**I MET LOTS OF POORLY  
PREPARED DREAMERS AND  
YOUNG GUNS, WHO WERE  
ABSOLUTELY CONVINCED  
THEY WERE GOING TO  
STRIKE IT RICH**

Prior to harvest, healthy flowers make great marketing snapshots.



were new to the business would try to get in on all the big fisheries — crab, halibut, cod, salmon — with one boat. The problem is that each species requires specific skills and equipment. New guys would come into the industry and try to do it all, and quickly discover that they weren't good at any one of them.

"I learned that it was better to focus on one good fishery than to try to do everything. In my case, it was king crab, and we became one of the top





A vintage photo of the original FV Olympic, Kim Hansen's fishing vessel that inspired the name for his cannabis grow operation. *Photo courtesy Kim Hansen.*

boats in that wild fishery.”

Hansen instinctively knew that the right approach to the growing cannabis industry was one that combined skepticism with a willingness to listen and learn. He quickly recognized the many similarities between the marijuana and commercial fishing industries.

“Over the years I met lots of poorly prepared dreamers and young guns, who were absolutely convinced they were going to strike it rich,” he said. “Fishing and cannabis both have more than their fair share of those personality types.”

Hansen originally purchased his 600-acre ranch near the small town of

Creston, Washington with the intent of using it strictly for recreation.

“I acquired the property nearly 15 years ago because I love the outdoors, and Creston is well-known for its fishing, hunting and hiking,” he said. When the opportunity to apply for a marijuana growing license came along, Hansen thought it might make a great second business, and at the same time, work well with his long-term plans to live in rural Eastern Washington. At an elevation of 2,400 feet and bathed in 300-plus days of sunshine a year, the Upper Columbia Basin possesses a near-perfect climate for cannabis cultivation.

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## **SURE, I'M ALL ABOUT MAKING MONEY, BUT QUALITY OF LIFE IS FAR MORE IMPORTANT THAN THE PURSUIT OF CASH**

of Olympic Growers is immediately noticeable. Many animals you'd expect to see at a traditional family farm are present: Chickens and rabbits roam the property, and Hansen's friendly farm dogs play nearby.

"We're a family-run operation, and as I've matured, my overall demeanor has changed," he said. "Sure, I'm all about making money, but quality of life is far more important than the pursuit of cash."

With several fishing friends and family members as partners, he's created a working cannabis business that operates more like a traditional farm than a typical high-stress business requiring a quick return on capital.

"I like the idea that I have the freedom to experiment, and operate without the pressure that comes with bank loans or venture capital," he said.

Hansen's relative freedom means that trial and error is a big part of Olympic Growers' DNA.

"This is our third year, and I've learned a lot as the business has evolved," he said. "What seemed odd at first now makes sense. For example, the farm is mostly focused



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Leading up to harvest, the well-worn paths throughout the operation overflow with foliage.

on growing the best marijuana available, and we've largely done away with things like processing and sales to retail. This has allowed us to focus on being an ag business rather than a sales and marketing company, which in turn leads to increased productivity."

When the subject turned to strains, Hansen's attitude leaned heavily toward pragmatism. In 2015, Olympic Growers produced many different varieties, but focused on early-flowering



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indica hybrids like Purple Diesel, Northern Lights and Juicy Fruit. By staggering the harvest, his crews stayed busy throughout October.

Earlier this year, Hansen purchased a 30-foot by 90-foot Oregon Valley greenhouse, which will allow the farm to start planting earlier.

“We’re pretty excited about our new greenhouse as it will allow us to get the cuttings going much earlier, which in turn will result in a bigger final crop and harvest,” he said.

Hansen’s enthusiasm was evident when he described his recent harvest. The 30,000-square-foot grow operation produced about 1,500 pounds of bud in 2015, and Hansen hopes to increase that by at least a half-ton in 2016. Also new for 2016 is a finished office with an attached drying room that doubles as a

flower trimming facility.

“We bought a Triminators last year, and it worked well for us,” he said. “Machine-trimming our outdoor crop resulted in a fair amount of labor savings, and contributed to our overall efficiency.”

Hansen’s outlook for the future of the business is rosy, and he is excited to be in the forefront of a rapidly growing industry.

“Olympic was the name of my fishing boat, and it was a bit of a legend on the Bering Sea,” he said. “We worked hard, and did well as a result. I see this business as more of the same, except it’s a lot warmer on terra firma, and the hours are less grueling. I named the business Olympic Growers after my boat, and foresee healthy returns if we apply the same work ethic and philosophy to marijuana farming that we did to crab fishing.”

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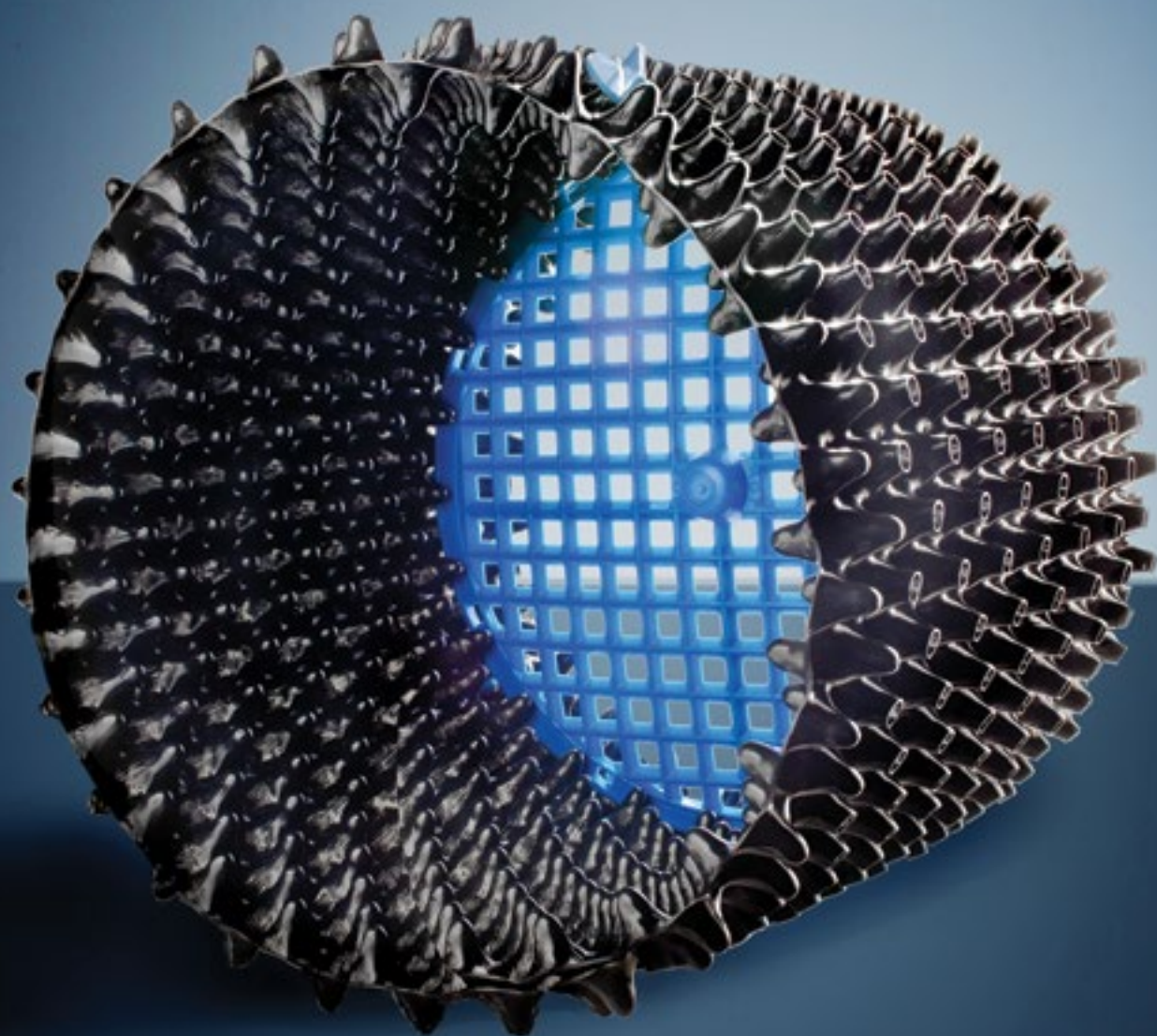
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# Know your score

Compliance software gives cannabis businesses the ability to monitor their risk of receiving violations

By GARRETT RUDOLPH

It's almost impossible to underestimate the importance of maintaining compliance.

Most people understand that too many violations could cost them their golden ticket. But it's crucial to remember that compliance history stays with the license, not the owner.

Having a track record of violations could scare away potential investors, devalue the company when it's time to sell and make it difficult to obtain a bank account. It could impact insurance rates, endanger community support and put an otherwise law-abiding company at odds with local police.

"Compliance will separate the winners from the losers," says Becky Olson, vice president of Adherence Compliance.

"The only way any organization is truly successful in a highly regulated environment is viewing compliance as part of their everyday operation. It's not a department; it's not a once-a-year task. It's just





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# Culture of Compliance

**O**ne common bond among companies that successfully navigate regulations is a “culture of compliance,” Becky Olson says.

It typically starts at the top with an ethical, motivated leader who’s focused on doing things right. Having a license to produce or sell marijuana is a privilege, and it’s important that compliance is treated with that in mind, Olson says.

“In order to be in this industry, compliance is the name of the game, and it can’t just stop with the CEO.”

part of everybody’s operations. The companies that are internalizing that, they are really going to have a leg up.”

In the legal cannabis industry, businesses put a tremendous level of importance on cultivating and manufacturing the best products, developing first-rate sales and marketing plans and designing the most appealing retail stores.

But all too often, companies fail to maintain that high attention to detail when it comes to compliance with state regulations.

Adherence Compliance offers business owners and managers a tool to better understand their own companies and the potential pitfalls they face. All types of licensed business can use Adherence Compliance’s SCORE app during walk-through audits. The step-by-step audit process consists of a thorough questionnaire, supplemented by the ability to make notes and take photos, to produce a detailed compliance report and risk score.

The SCORE app is available for businesses in Colorado, Washington, Nevada, Arizona and Oregon, and will soon expand into other states with regulated cannabis markets, including Illinois, New

Mexico, New York, Massachusetts, Maine and Washington, D.C.

“Anything with cannabis compliance, we can do it,” CEO Steve Owens says.

The software is continuously updated as local, state and federal regulations change.

The amount of time required for each audit depends on the type of license. Retail stores and medical dispensaries typically take less than two hours; larger grow operations and processing facilities take about three hours.

There are several different audit programs. Licensees can use the app for self-assessment, or audits can be performed by Adherence Compliance or a third-party regulator. Adherence spent about 18 months building and developing the software, and has now performed more than 300 compliance audits. The vast amount of data gathered by Adherence Compliance reveals key trends within the industry, including the most common types of violations and the best practices of successful operators.

Some of the most frequent violations in Colorado, where the Denver-based company has completed the most audits, are related to packaging and labeling.

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The culture of compliance has to trickle down from the highest-paid executives to the entry-level trimmers and budtenders.

## COMPLIANCE IS PART OF EVERY SINGLE EMPLOYEE'S JOB RESPONSIBILITY

"It's about committing to the mindset that compliance is part of every single employee's job responsibility," Olson says.

"And it's not going to get easier," Steve Owens says, pointing out that states are not going to reduce regulatory control any time soon. If anything, the market is steadily becoming even more regulated.

Colorado's regulations are complex because third parties can often be held liable for violations. For instance, if an edibles manufacturer delivers a shipment of mislabeled products, the retail store can be penalized once it has accepted the delivery.

Oftentimes, the violations themselves are relatively minor — a package that's missing the required disclaimer or a font that's too small — and easy for the retailer not to notice when accepting a shipment.

For most businesses, Olson says quarterly compliance audits are sufficient. However, there are companies that might be better served by monthly or bimonthly audits, including: businesses that have already received violations; those that are expanding rapidly; licensees operating in multiple states; and operators in volatile markets or states that are changing regulations quickly.

Performing regular compliance audits can help businesses catch potential viola-

tions before the state does.

The SCORE app gives businesses a "real-time look into their state of compliance at any one time," Olson says. "But the real key is when they start harvesting, mining, using and acting on internal data. We really want to empower these businesses to access and utilize their own data."

Having a better understanding of when and where violations occur, and being able to track a risk score over time allows businesses to identify the weakest links of their operation.

Olson makes the comparison to larger corporations that emphasize Internet and email security; all it takes is one employee opening the wrong file or visiting the wrong website to impact the entire company's network. The same goes with the cannabis industry. One employee could potentially throw the entire operation into noncompliance.

The SCORE app "basically allows companies to have an automated and repeatable compliance program," Olson says. "Having a program is really the first step that compliance is an integrated part of your business, and not just an activity."

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# seeing green





## Profit potential has companies focused on tourism

BY ADAM SAWYER

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Until very recently, cannabis tourism barely existed as a concept. Initially considered an afterthought to recreational marijuana legalization, tourism has begun to warrant more thoughtful

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consideration. While state tourism bureaus carefully craft press releases relating to the influx of new visitors, other groups look at new money-making avenues that may someday be on par with the

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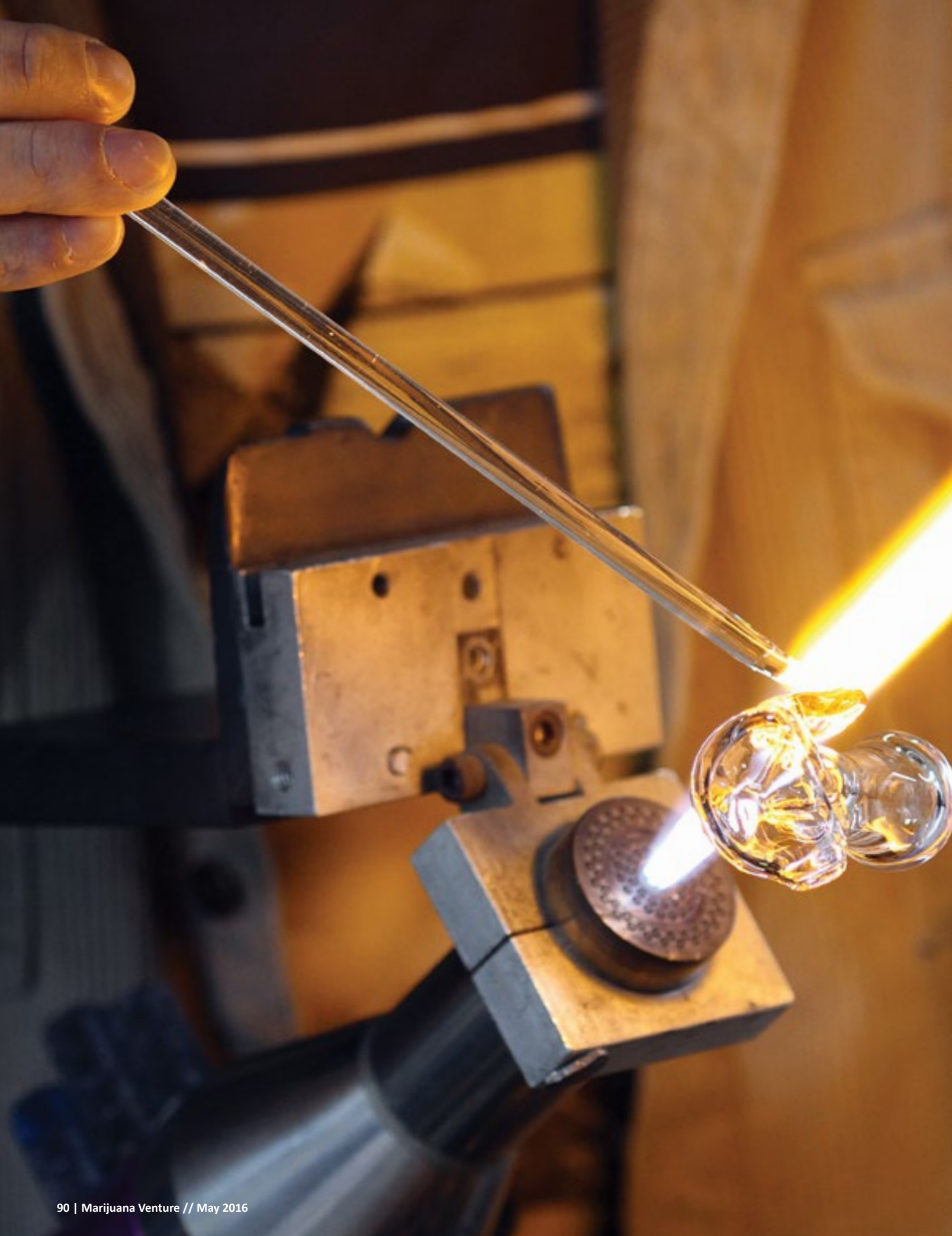
most successful realms of agritourism. Some estimate that cannabis tourism could potentially rival the microbrew scene of the Pacific Northwest – or even California’s wine country – as a draw for

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out-of-state connoisseurs. With a number of states preparing for legalization, it’s time to consider where the marijuana tourism industry is, and where it’s headed.

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Glassblower John Hester puts the final touches on a small glass pipe he made during a flame-working demonstration at The Boro School.

#### GETTING INTO THE GAME

When Colorado and Washington legalized cannabis for recreational use in 2012, residents clearly took advantage of the new law, but so did people from outside the states' boundaries. It didn't take long for tour companies to begin sprouting up, as well as a handful of cannabis-friendly lodging establishments. But one potential roadblock for cannabis-based tourism also became evident: laws prohibiting public consumption and cannabis clubs.

Alaska and Oregon were next to legalize, and true to form for a state with pronounced libertarian leanings, Alaska left some wiggle room for public use. The state's Marijuana Control Board voted to allow consumption in cannabis retail shops, but the particulars of the law are far from being finalized.

Last year, visitors spent almost \$4 billion in Alaska. Meanwhile, tourism in Oregon is a \$10.3 billion industry, and Washington tourists spent more than \$19 billion in 2015. However, it's been difficult to unearth solid statistics when it comes to people visiting cannabis-friendly states specifically for marijuana. The Colorado Tourism Office emphasizes that it does not conduct surveys with the goal of exploring marijuana's impact on tourism, but some of the findings are valuable, nonetheless.

According to a survey conducted in 2015, 8% of people that visited Colorado also went to a marijuana retail store. Additionally, 6.8% of survey participants listed the availability of marijuana as the primary trip motivator, up from 2% the previous year. When asked if the legalization of marijuana would impact their decision to visit Colorado in the





A topside view of Dawg Star Cannabis' canopy, which threatens to out-grow the company's Seattle location.

next year, 20% said they would be “more likely to visit,” while 15% said they would be “less likely to visit.” In 2014, Colorado welcomed a record-setting 71.3 million visitors that poured \$18.6 billion into the state’s economy. Official numbers from 2015 aren’t yet available, but it’s easy to extrapolate that a substantial amount of money was spent from the 6.8% of visitors who were there primarily because of legal marijuana. Despite the data, Colorado and other states that have legalized marijuana for recreational use don’t currently plan on promoting the industry. As the laws currently exist, the Colorado Tourism Office is not allowed to market marijuana

to out-of-state visitors. Retail marijuana establishments are bound by the same regulations. But how big of an obstacle do marketing restrictions present?

According to Mary Jane Group CEO Joel Schneider, advertising avenues are limited. The company, which owns and operates several Bud+Breakfast lodges in Colorado, isn’t allowed to advertise with Google or Facebook, Schneider says.

While marketing is one roadblock, Schneider sees industry growth and

expansion as inevitable.

“It’s just a matter of time and politics,” he says. “It’s going to continue to thrive and expand, especially the experiential aspects of legalization.”

Not only are the Bud+Breakfast properties offering cannabis-friendly lodging, but they’re also spearheading the vacation industry in other ways, including concierge services to guide the unindoctrinated.

In Seattle, Kush Tourism is the largest cannabis-focused tour operator in the Northwest. Typical tours give visitors an inside look at a state-licensed commercial grow operation, among other cannabis-related stops.

According to Kush

20% of Colorado tourists  
would be more likely  
to visit because of  
marijuana legalization



## Bud+Breakfast

Bud+Breakfast is one of the most notable companies that offers cannabis-friendly lodging in Colorado. The company's goal is to "provide luxury accommodations in safe, comfortable, and social environments, and our high standards in quality, education and hospitality consistently exceed our guests' expectations," according to its website. Several properties are located in different regions of the Mile High State.

**The Adagio:** Denver's first cannabis-friendly lodge features six uniquely decorated suites that are modeled like a traditional bed and breakfast.

**Aspen Canyon Ranch:** The resort combines two of Colorado's cornerstones — the Rocky Mountains and legal marijuana. The Parshall property gives visitors a traditional ranch setting with all the modern amenities.

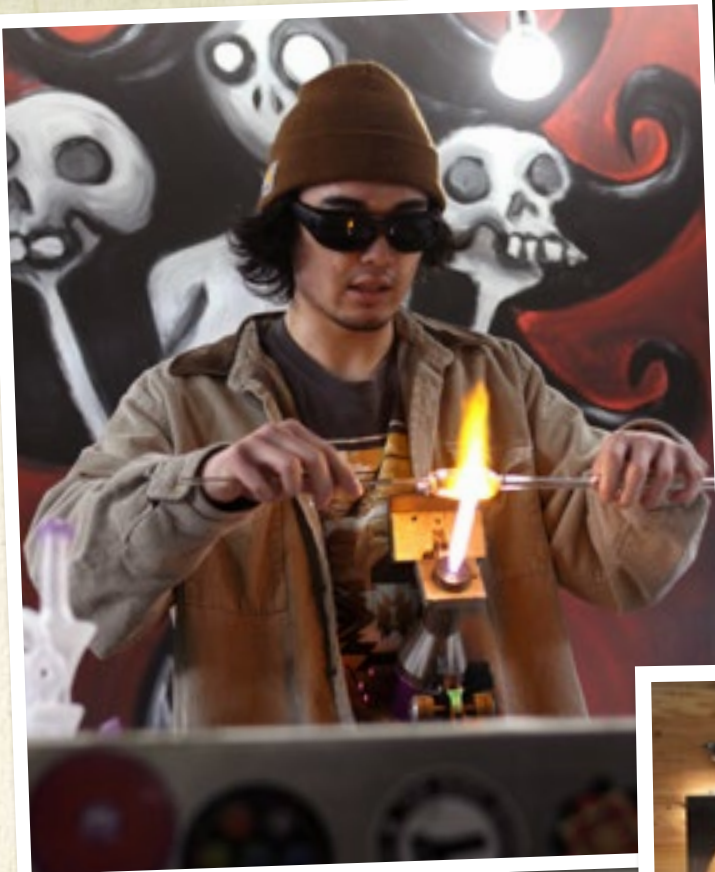
**Bud+Breakfast at Silverthorne:** Tucked away in the charming town of Silverthorne, this Grateful Dead-themed property offers five private guest suites among two floors.

**Hotel San Ayre:** Nestled between historic vacation and shopping districts, the Hotel San Ayre is a contemporary, boutique-inspired lodge located in the heart of Colorado Springs. The property is surrounded by breathtaking views and is within walking distance of Garden of the Gods, Red Rock Canyon Park, Old Colorado City and more.



From top to bottom: A look at The Adagio, a cannabis-friendly six-suite Victorian lodge in Denver; some of the Bud+Breakfast properties feature shared living spaces, such as this living room at The Adagio; the game room at the Bud+Breakfast in Silverthorne features a pool table among other amenities.





From top right, clockwise: John Hester fires up the glassblowing torch; Jeff Leonard of Dawg Star Cannabis, explains how quickly cannabis plants grow under high-pressure sodium lights; Nando Narvaez assists a customer at Dockside Cannabis' beautiful SODO location; A look at Evergreen Herbal's process of bottling Cannabis Quenchers.



# Kush Tourism

Seattle-based Kush Tourism offers a variety of tours and activities to give cannabis enthusiasts a behind-the-scenes look at different facets of the industry. A recent tour visited five businesses in Seattle.

## The Boro School at 7 Point Studios

Ever wonder how glass pipes are made? The tour begins with a live flame-working demonstration at The Boro School. Located inside 7 Point Studios, the school offers a full curriculum of glassblowing classes for beginners and experts, in addition to hourly studio rentals, group and private lessons and community events.

## Dawg Star Cannabis

The trip to Dawg Star Cannabis educates tourists in the art of cultivation, while also pulling back the curtain of Washington's regulated cannabis industry. The highlight of the trip is seeing lush green cannabis up close and personal in the veg and flower rooms.

## Evergreen Herbal

Witness extraction and processing first-hand at Evergreen Herbal, the manufacturer of popular products such as the 4.20 Bar and Cannabis Quenchers. Learn more about CO2 and hydrocarbon extraction techniques and the production of edibles and beverages.

## Dockside Cannabis & Seattle Cannabis Co.

The last stops of the tour include a pair of recreational marijuana shops in Seattle's SODO district, where tourists can buy products from companies they visited.

Tourism CEO Michael Gordon, limitations on marketing might not be much of an issue.

"Amsterdam doesn't need to advertise," claims Gordon. "Everybody knows that you can go there, and buy and consume marijuana."

In terms of where the industry is now and the potential for expansion, Gordon says there's still a stigma attached to marijuana.

"As that dissipates, the industry will grow," he says.

Companies like Kush Tourism are helping the green wave grow, while simultaneously trying to ride it. But in Gordon's view, the endeavor is a worthy one. He sees cannabis tourism being on par with beer and wine tourism someday, but guesses it will take about eight years to come to fruition.

Despite the fact that legal public consumption is all but non-existent, the industry is growing exponentially. The sample size may be small, but Gordon has seen his tour business grow nearly tenfold from year one to year two. So far, the "if you build it, they will come"

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Shane Owens leads participants of the Kush tour through each of the different stages of commercial marijuana production. Along the way, Owens provides insights into Washington's laws and the companies operating in the regulated cannabis industry.

ethos appears to hold true.

Meanwhile, Alaska's progressive approach to on-site consumption at retail stores could put it at the forefront of cannabis tourism.

Tracy LaBarge is an entrepreneur looking to capitalize on the state's new laws. She owns the restaurants Salt and Tracy's King Crab Shack in Juneau, among other successful ventures. A proponent of legalization in her state, LaBarge hopes to open a vape lounge in one of her restaurants soon, but there are still hurdles. And according to LaBarge, they're due to red tape, including conditional use permits and sunset clauses.

"Mostly because (lawmakers) want to have some control if it all goes wrong," she says. "It's mostly fear-based and lack of education. I think that will loosen up after a year of business."

LaBarge maintains an optimistic outlook for legalization and the industry's future.

"Unless something crazy happens on a

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trickle in to  
preserve an  
industry that  
we are carefully  
trying to  
navigate and  
evolve

federal level, I believe up to six to eight more states will be legal in the next few years (and) 15 to 18 in the next five," she says. "It will be legal in most places in the next 10 years. It is already becoming more commonplace. People talk about it openly and more often. We are hoping the states trickle in to preserve an industry that we are carefully trying to navigate and evolve. We want to move organically and methodically without the influence of large corporate entities."

#### THE FUTURE OF TOURISM

As it stands, cannabis tourism focuses on giving visitors a behind-the-scenes look at how the industry operates, from farm to retail, and providing consumers the opportunity to purchase and use marijuana at privately owned lounges and lodging facilities. If current growth is any indicator, cannabis tourism will remain a relevant and viable enterprise. But a more realistic growth arc will probably include a domino effect of

state legalization and a slow, steady shift in public perception, thanks in large part to increased awareness and recent studies trumpeting marijuana's potential health benefits. The next significant step for the industry will probably occur this coming election.

In November, residents will vote on measures to legalize cannabis in several states, including Arizona, Massachusetts, California and Nevada.

If ever there were a state set up to embrace marijuana tourism, look no further than Nevada. The Silver State has a well-documented history for regulating vice, which could serve it well in a few ways. As a community, Las Vegas is built on acceptance of pursuits that are less tolerated elsewhere.

But perhaps even more important is the city's expertly honed ability to regulate. When recreational marijuana use becomes legal in Nevada, there won't be much ambiguity. There are already a number of businesses and community

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Chris MacLean, from New Hampshire, poses for a photo in front of towering marijuana plants at Dawg Star Cannabis — a keepsake for his visit to the Pacific Northwest.

leaders that are ready to take full advantage of yet another opportunity to bring in tourist dollars. Expect gaming and cannabis to be separately regulated entities. If that is in fact the case, it's within the realm of possibility that a handful of hotels will bow out of gaming to embrace the brave new world of marijuana.

Even if full legalization happens, it's not likely that Nevada will steal other states' thunder. In states like Alaska and Colorado, natural beauty and outdoor recreation will remain the primary lure for tourists. Washington and Oregon also have thriving tourism niches that will almost assuredly continue to be the headlining acts for visitors. Legalized marijuana will serve as the icing on the cake, or in some cases, even the deciding

factor in choosing one place over another when planning a vacation. But will any state or region take it a step further and attempt to ensconce itself as the Napa Valley of cannabis? That remains to be seen.

As tourism bureaus, business owners and civil servants begin to recognize marijuana tourism as a potential multi-billion dollar industry ready to be spearheaded, the industry will grow and morph commensurately. Much like the plant itself, it appears that the cannabis tourism industry will thrive without much outside help or influence. But those who embrace it and really take steps to cultivate it have the opportunity to get in on the ground floor of an industry that is poised to make a lot of people a lot of money, for a very long time.



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Main Street Marijuana owners, from left to right: Adam Hamide, Jason Keller and Ramsey Hamide



# CUSTOMER-CENTRICITY

By emphasizing relationships and paying attention to what consumers want, Main Street Marijuana has been able to stave off competition from Oregon dispensaries

By GREG JAMES

Changing marijuana laws in Oregon have created a chaotic market for retailers along Washington state's southern border. When cannabis possession became legal in Oregon on July 1, 2015, retail establishments in border cities like Vancouver, Washington experienced a boom in revenue. But when Oregon lawmakers gave medical dispensaries the go-ahead to sell to all adults three months later, most stores showed steep declines in sales.

While many stores have struggled to regain their foothold among the top retailers in the state, Main Street Marijuana sticks out as an outlier by continuing to grow and thrive.

Brothers Ramsey and Adam Hamide, who own Main Street Marijuana, have obviously been doing something right by running a customer-centric retail store that paid a great deal of attention to the consumer experience. Main Street's rev-



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Inside the inventory room, budtenders Michael Brown and Dylan Yates pose for a photo. All photos by John Zhang.

enue boomed to more than \$2 million per month during the three months leading up to Oregon's recreational roll-out. While sales have dwindled considerably since September 2015, Main Street Marijuana achieved one of its top sales months ever in January 2016 at nearly \$1.4 million. It was the second-leading retail store in the state, trailing Uncle Ike's Pot Shop of Seattle by less than \$300.

Ultimately, marijuana retail will be no different than traditional retail businesses, and the winners will adhere to the same principles that have made Costco, Nordstrom and Amazon huge success-

es. Ramsey Hamide recently spoke with Marijuana Venture about business decisions that have paid off in making his company one of the top cannabis retailers in Washington.

## Marijuana Venture:

**You have maintained and even grown sales at Main Street Marijuana since Oregon legalized recreational marijuana. How did you do that?**

## Ramsey Hamide:

Every decision we make is with our customers' best interest at heart.

In the early days, we faced a difficult situation where there was not nearly enough product available to supply the demand. When the shelf price to the consumer was over \$30 a gram, we were all sick about it, and even closed our doors for several days in protest. As the system has matured and production has increased, we've seen a rapid evolution into a consumer-friendly marketplace.

We knew Oregon opening up for recreational sales would have a tremendous impact on our business. We were seeing upwards of 60% of our foot traffic coming from outside of the state of Washington. What we've tried to do is offer our customers the best selection at the best prices anywhere in the area, and we feel we've done a very good job at that. We pour over the data daily and try to stock the items the customers have the biggest response to at ever lower and lower prices.

Oregon is still limited to only seven grams of marijuana per customer per day, and no edibles or concentrates. We had a specific strategy for October 2015 to highlight our strengths and also Oregon's weaknesses.

We brought all our prices down 25% across the board, increased our item count to more than 400 menu items with a heavy focus on edibles and concentrates, and we secured large amounts of outdoor that we have been able to sell at prices ranging from \$45-65 per half-ounce.

We are very happy and confident in the long-term direction and trend the store is in.

**MV:** What — if anything — has surprised you about your customers since you opened the store?





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“ IF YOU  
COME INTO  
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**RH:** I think what has surprised us the most about our customers is just how much everybody loves weed. If you come into our store on any given day, it is a beautiful mix of everyone. Young, old, black, white, blue collar, white collar. It's your neighbor, it's you and me.

We sought to change perceptions on how a recreational marijuana shopping experience had to be. We went out to Colorado and visited shops where you had heavy steel doors clinking behind you, machines scanning your ID's information and small, cramped, dark waiting rooms.

It made you feel like you were doing something wrong by being there, like you were sneaking into a porn store. We knew we wanted to create an open, light, friendly, welcoming environment where the customers could come in and take their time looking around and interacting with the other customers and budtenders. Weed is a very social experience a lot of people share with friends and we wanted the shopping experience to be similar.

**MV:** Would you call your customers loyal?

**RH:** For most people, the weed shopping experience is one of habit. Before rec stores came along, most weed buyers would have their go-to 'guy.'

I remember that some of my weed dealers from the past would be my guy for years at a time. If I trusted the value of the product I was buying and they could make it convenient for me, I had no reason to look anywhere else. We want Main Street to be that guy. We want you to have the same consistently positive experience time and time again at the store. We served more than 10,000 customers last week alone (the first week of February) and many of them are regular faces we recognize from seeing daily. We have a tremendous amount of loyal customers who make us what we are.

**MV:** What makes them loyal?

**RH:** Customer loyalty is forged over time. The proof is in the pudding.

Anyone can run a one-day special to increase traffic. The key lies in consistently offering your customers the best prices, selection and service you possibly can while always striving to improve.

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**MV:** How important are brands to customers?

**RH:** We find that most customers initially buy off of two primary criteria: the highest THC and the lowest price. As they become more regular shoppers at the store they become less THC-dependent and start to buy based off of positive brand association. Our partnerships with Smokey Point Productions and Magic Kitchen (Northwest Cannabis Solutions) have been hugely positive brands for the store and the customer shopping experience.

**MV:** What mistakes do you see vendors making?

**RH:** Ultimately this business has come down to being proactive and not

reactive, and we see the common thread amongst the most successful companies of listening to what the customers are asking for and responding.

Nine out of 10 growers will tell you that they are the only one with the secret sauce. Those preconceived notions of knowing what customers want tend to be harmful. The industry changes fast and we all have to be flexible to change with it.

**MV:** Are marijuana purchasers price-sensitive?

**RH:** There is a good portion of our customer base that is very price-sensitive. They gravitate toward whatever the cheapest product we offer is. However, those customers are making up less and less of our overall revenue.

As the price range has come down to \$6-12 a gram and buyers get more value for their dollar, we see that more people tend to gravitate toward the top-shelf selections.

**MV:** Are there non-marijuana retailers that you admire, and have you copied any of their practices?

**RH:** I guess if we were asked to match the ideology of Main Street Marijuana with any other business, it would be Costco. We are a fast-paced, high-volume retail location with the goal of bringing our customers a large selection at the best prices they can possibly find. We are nothing without our customers and think about how to improve their experience with every decision we make.



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# A Farmer at Heart

Oregon attorney Michael Hughes has been critical of certain aspects of the state's hemp program, but his enthusiasm for the born-again crop is fueled by hundreds of years of family heritage

By GARRETT RUDOLPH



In 2009, Oregon appeared on the verge of becoming a leader in the reemerging hemp industry. The governor had just signed a bill that would allow licensed hemp cultivation in what was already one of the most cannabis-friendly states in the country.

But year after year passed with little to no action from the state Department of Agriculture. The program, fraught with delays and bureaucratic red tape, launched in the spring of 2015 — more than five years after law-

makers approved the measure. Farmers were finally able to start growing crops, but the first year of the program was anything but smooth.

Michael Hughes was one of the dozen or so licensees who were able to plant hemp un-

der the authority of the Department of Agriculture. He found out first-hand the obstacles growers faced and the challenge the state had with understanding and regulating the new market.

Hughes is an attorney by trade, but a farmer at heart. His ancestors cultivated hemp in the Midwest hundreds of years before it was ever viewed as a controlled substance.

The Nebraska native butted heads with the Oregon Department of Agriculture on multiple occasions, but ultimately learned a great deal about the genetics he was





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Photo by Gene Linzy/  
courtesy Hemp  
Industries Association.



# Colorado, Kentucky lead nation's resurgence of hemp

Several new states will begin hemp cultivation in 2016

By ERIC STEENSTRA

**A**fter decades of prohibition, hemp is once again being grown on U.S. soil in states like Colorado, Kentucky, Indiana, Oregon and Vermont.

Rebuilding the long-forgotten industry won't be quick or easy, because seeds must be imported from Canada, Europe or China under DEA import licenses. The market has changed, and new varieties of hemp must be developed to meet industry demand for fiber, edible seed and cannabinoids, such as CBD for dietary supplements. In 2015, there was significant activity in a handful of states. Kentucky and Colorado had the most applicants and acreage, but Tennessee also had strong interest. Several states, including Hawaii, Indiana and North Dakota, elected to start with research.

Initially, the strongest demand has been for hemp grain for foods and body care, as well as hemp flowers for cannabinoids. Several universities are researching the production of cannabinoids from hemp, in addition to developing new harvesting technology. Other programs have focused on cultivating varieties best suited for regional growing conditions and developing new varieties that will do best in the region and meet market requirements.

A number of additional states plan to have hemp crops this year, including California, Virginia and West Virginia. The Kentucky Department of Agriculture has announced that it will be issuing 175 licenses for more than 4,000 acres of hemp this year — up from 127 registrants who grew less than 2,000 acres in 2015 (see sidebar for more details about the country's 2015 crop).

working with, the challenges of growing hemp in the high altitude of Bend, and the differences between industrial hemp and psychoactive cannabis. Hughes grew a dual purpose crop for fiber and sensimilla flower in 2015, and discovered the crop required far less water than medical marijuana. He plans to do the same this spring, however, he maintains that until Oregon gets an import permit from the Drug Enforcement Administration to bring in seeds from Europe or Canada, farmers are going to wrestle with genetic drift, unwanted cannabinoid levels and unforeseen problems due to the lack of certified seeds.

Marijuana Venture recently spoke with Michael Hughes as he prepares for his second go-around with state-licensed hemp cultivation in the Pacific Northwest.

## Marijuana Venture:

What were the biggest lessons learned, both for yourself and the industry in general, from Oregon's first year of state-regulated hemp?

## Michael Hughes:

Our growing situation's a little unique with the high altitude, as opposed to growing in the valley. For us, it was about determining what production technique was going to be best, considering the environmental conditions we faced, which included late frosts in the spring and an early frost the last weekend of August.

Some of the bigger plants withstood the frost, so we believe if we have plants out late, they can handle a little bit of cool weather, as long as the temperature rebounds quickly.

We focused on fiber and flower. We did not do any seed production, because we're mainly trying to stabilize our line of seeds and that's going to take some time.

I think we've got some great potential for really thick fiber, and that requires a production style that's much different than what's used in Canada or Europe or any place they're drilling, and doing close spacing and close rows. We're going away from that and using bigger spacing so we don't have the same plant density.

Oregon has so many different micro-climates that each area is going to be a little different. In the valley, they could be putting seeds in the ground in two weeks (mid-April). They don't deal with extreme cold and frost. Each area is going to be potentially useful for different production. Seed production might be better in some areas, and fiber might be better in others.





Michael Hughes, an attorney in Bend, Oregon, was one of about a dozen farmers who grew hemp during its first year as a state-sanctioned crop. *Photos courtesy Michael Hughes.*



The Colorado Department of Agriculture has also announced the expansion of its program, and will be introducing a hemp seed certification program in the near future.

The Marihuana Tax Act first restricted hemp farming in 1937. Federal Bureau of Narcotics head Harry Anslinger promised farmers that they could “go ahead and raise hemp just as they have always done it,” but the law required farmers to register, pay a tax and get a stamp that branded them as producers of marijuana.

The Controlled Substances Act of 1970 restricted hemp cultivation even further, by requiring a permit from the Drug Enforcement Administration that was nearly impossible to get. The DEA treated hemp the same as marijuana, and only allowed its cultivation for research purposes under high security. Only a few research permits were issued for cannabis under the Controlled Substances Act, and American farmers lost the knowledge of how to grow the crop. Farmers also lost access to hemp genetics, as the U.S. Department of Agriculture failed to maintain the varieties of hemp that had been developed by USDA fiber expert Lyster Dewey.

Eric Steenstra is the executive director of the Hemp Industries Association, the largest hemp trade group in North America. He is also on the board of Vote Hemp, which is working to change state and federal laws to once again allow commercial industrial hemp farming in the United States.

**MV:** What about growing pains from the state’s perspective? What was your takeaway from how the Oregon Department of Agriculture managed the hemp industry?

**MH:** Ultimately, I think everything we were doing kind of threw the ODA off. They seemed shocked that people were growing for CBD oil and using greenhouses. They were shocked. They tried to get the Department of Justice to rule that the hemp law doesn’t allow for the production of CBD and that we had to have a certain plant density. The Department of Justice said, ‘No, the law doesn’t require that.’ But they did rule that we couldn’t use greenhouses, and based on that we couldn’t start seedlings indoors and transplant them. This would have shut down the industry east of the Cascade Mountains or any high-altitude areas.

Overall, I think there was a big learning curve, and at times it didn’t seem that the Department of Agriculture was fully on board with what was going on.

## 2015 CROP REPORT

### Colorado

State-licensed and academic research  
166 registrants  
3,657 acres approved  
2,300 acres harvested (estimate by Colorado Department of Agriculture)  
13.1 acres of licensed indoor cultivation  
Participating universities: Colorado State University

### Hawaii

Academic research only  
Participating universities: University of Hawaii

### Indiana

Academic research only  
4 acres approved  
4 acres planted  
Participating universities: Purdue University

### Kentucky

Pilot programs and academic research  
127 registrants  
1,742 acres approved  
922.3 acres planted  
Participating universities: University of Kentucky, Murray State University, Eastern Kentucky University, Western Kentucky University, St. Catharine’s College, University of Pikeville

### North Dakota

Academic research only  
2 acres approved  
2 acres planted  
Participating universities: North Dakota State University

### Oregon

State-licensed and academic research  
11 registrants  
50 acres or less planted  
Participating universities: Oregon State University

### Tennessee

Pilot programs and academic research  
41 registrants  
1,400 acres approved  
700 acres planted  
Participating universities: Middle Tennessee State University, University of Tennessee

### Vermont

State registration and academic research  
23 registrants  
20 acres approved  
Participating universities: University of Vermont





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When I met with the ODA, they said they couldn't get the DEA permit. That's when I explained to them that until a producer can get hundreds of pounds of seeds, people aren't putting them into drills and planting like they do in Canada, France, Spain, Czechoslovakia and China. You need hundreds of pounds of seeds to plant them that close.

**MV:** Now that you've gone through one season, how will you adjust the growing methodology going forward?

**MH:** We like this high altitude and the cooler temps, but it makes it a little bit dicey in the early and late seasons. But we like the low humidity. I ultimately think for seed production, the low humidity in the fall could be beneficial.

We're probably going to be doing a little greater plant density, but we're not going to be using a drill. We'll work primarily with cuttings and we'll use our two best cultivars from last year. Basically, we're going to plant them in the ground when they're two to three feet tall. Nice straight rows, where we can examine the individual plants, keep the two cultivars separated, and see how fast we can get it to grow outdoors. The flower and CBD are important, but this year we're really going to be focusing on how many big, thick, fibrous plants we can get and what kind of growth we can get in our three-month growing period.

**MV:** What do you see as the ultimate end use for the fiber you're able to harvest?

**MH:** You've got the two fibers from the stalk — the bast fiber and the hurd fiber — and we'd hopefully like to see them used for building materials.

I'd like nothing more than to load up a semi-truck with giant, 15-foot-long hemp stalks. With the thickness of the stalks, you'll still be able to get that long bast fiber. We believe the two cultivars we're going to be growing this year will average 12 to 15 feet in height. True American hemp. Canadian and European hemp are not going to have that height. We believe with those long outside fibers, and a tremendous amount of hurd fiber, that there's going to be uses for it somewhere.

If we grew them over in Douglas County or Jackson County, I suspect some of these cultivars would grow into 20-foot plants.

We had some that were between 15 and 17 feet that blew people's minds. Even experienced Oregon pot growers have never seen anything like that.

We believe we can grow fields of trees that don't use a whole lot of water, and if we



do it right with other nitrogen-fixing crops — like alfalfa, which is grown commonly in this area — that it can be a good, sustainable rotation crop. Hopefully the fiber can be used to revitalize some of these lumber mills that have been shut down, because the timber industry has been hurt.

**MV:** When do you anticipate putting plants in the ground outside?

**MH:** I think at this point, we're looking at the long-term forecast, but mid-May would probably be the earliest we'd start. Mainly we want to get past the last day of frost. We hope to get in excess of 2,000 plants in the ground, so it's going to be quite the project.

We anticipate planting in the last couple weeks of May and the first week of June. We're not as worried about an early frost in the fall as we are of a late frost in the spring, when they haven't been out there long enough to develop their roots.

We're a little more sheltered this year, but we still anticipate some winds. Last year, we were right out in the open. There were times when the wind was blowing those hemp plants almost straight down to the ground.

I believe the hemp plants actually like the wind; people couldn't believe how those plants would be bent to the ground, and the next day they'd pop straight back up. It's a pretty durable plant.

**MV:** The Bend Bulletin published a story about some of your hemp plants testing above the 0.3% THC threshold. Although the THC levels were still miniscule, they caused a lot of hassle for you and the state. Tell us a little more about that.

**MH:** The funny part of that story is that I think we had 18 plants of the two cultivars that tested high out of the thousands we planted. I had to inquire how the state would like us to destroy them. I don't know if there was even five pounds.

I said there's not enough to merit starting up my tractor and running over it with my brush hog, but I'll start my push mower and mulch it.

Because we were able to show that the other four cultivars had no THC in them, we were able to segregate the plants. They put an embargo on our crop in November, and we finally got the embargo lifted in February, so we're in the process of determining the best way to extract the cannabinoids. There are the traditional methods people use to extract psychoactive cannabis, CO2 or BHO. We're looking at some other methods that might be safer.

During the embargo process, I was on the phone with the Oregon Department of Agriculture and the Oregon Department of Justice. They told me that my case had been referred for criminal prosecution. The district attorney in my county said he hadn't heard anything about that, so I think they were just threatening me. I tried to explain to them that this cannabis with 1% and 2% THC doesn't have any value. As hemp it doesn't have any value to me. As a medical cannabis grower, it doesn't have any value. The attorney for the Department of Justice blew up at me and starting giving me a lecture about how this is a controlled substance.

I told them, 'You guys realize this is not marketable. I can't divert this to the black market unless I want to get killed.'

I kept trying to joke with them: 'If I gave this to a medical patient, I'm pretty sure they'd beat me up.'

For hemp, I want stuff that's 0.3% THC or lower. I tried to explain genetic drift; I tried to explain phenotype drift; I tried to explain breeding dioecious plants. They didn't understand it. The ODA is still refusing to get a DEA permit, even though I anticipate we're going to have more than 14 applicants like we did last year. I wouldn't be shocked if 100 people apply for licenses this year.

People are now going to Colorado to get seeds, and Colorado has had its own problems with seeds. It took European countries about a decade to get to 0.3% THC. That's why now when you order certified seeds, they're from a certified seed producer. When you open-pollinate dioecious plants, you have a tremendous amount of genetic drift. And when you're talking about a micro-amount of cannabinoids, the potential is even crazier.

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Michael Hughes grew several cultivars of American hemp that reached more than 15 feet in height.

this embargo and consent order. That's for one person and 18 plants. And I'm an experienced cannabis breeder. I've been breeding cannabis for 20 years.

If a hundred people get licenses and they get their seeds from wherever, then the state is going to have a problem on its hands.

The craziest thing is that hemp is the most regulated form of cannabis production in Oregon right now. Recreational may change that with seed-to-sale tracking, but we haven't even entered that yet.

I'm not sure how many medical grows have been inspected by the Oregon Health Authority, but I'm pretty sure my hemp farm had more inspections last summer than most medical grows that have been growing under the OHA for the last 10 years.

**MV:** What's your outlook on the upcoming season?

**MH:** We're looking forward to get going again. The Legislature recently passed a bill allowing us to use greenhouses — kind of a novel idea that we would be the only crop

in the state that couldn't use greenhouses. My ultimate plan is to have greenhouse seed production here, where I can do large-scale breeding and stabilize our genetics.

I've got some really good American genetics. I've got the height; I want to amplify the CBD levels and keep the THC levels down. There's definitely some breeding I want to do, but as any dioecious plant breeder, I want to control it. I don't want to just stick it out in a field. Eventually it will be able to go out into a field, but right now I want to get the line stable.

This year, we'll do another fiber and flower crop, and hopefully much bigger amounts of fiber. Then in the next year and a half, we're looking at doing some full-scale breeding.

**MV:** Where do you stand regarding the subject of cross-pollination between the industrial hemp and medical marijuana industries?

**MH:** I feel somewhat responsible for starting the cross-pollination controversy back in 2014, down in Southern Oregon. In

front of a bunch of medical growers, I asked Edgar Winters (the first person in Oregon to receive a hemp cultivation license) if he thought cross-pollination would be an issue, and at the time, he didn't.

Right now, with the production acres we have, I don't necessarily see it being an issue. But I do know that cross-pollination can and will become an issue if hemp production for seed increases.

If you have an 80-acre field of hemp, there will be a limited radius where hemp pollen could cross-pollinate hops or other cannabis plants.

That could definitely cause problems. But on an 80-acre plot, if that's the only one in the county, the potential for cross-pollination is pretty minimal. If there's a medical crop right on the other side of the fence line, yeah, that's probably going to get pollinated.

The real issue with cross-pollination will be if, for example, Lane County has 300,000 to 500,000 acres of hemp. Now you're going to have millions of hemp plants pollinating at the same time and the pollen count in that area will become concentrated. If there are a few weeks of hot, dry weather, that high pollen count will remain in the air and there will be issues when it gets to that scale.

The real issue with cross-pollination will be if, for example, Lane County has 300,000 to 500,000 acres of hemp. Now you're going to have millions of hemp plants pollinating at the same time. That will create what I call a pollen flume.

If there are a few weeks of hot, dry weather, that pollen flume just kind of sticks there. There will be issues when it gets to that scale.

It's the Corn Belt where you're going to see the large-scale hemp seed production, and Oregon and the Pacific Northwest will have more niche crops, where they're growing it for CBD or they're growing it sensimilla or growing it for big fiber. The Corn Belt — places like Indiana, Iowa, Nebraska, Minnesota, Wisconsin, Ohio, Illinois — is where you'll see the large-scale production. And it will be almost impossible to grow outdoor cannabis in those places.

There's going to be a lot more hemp farmers in Kansas than cannabis farmers, just by the politics and the nature. There's nothing wrong with that. I don't think Washingtonians, Oregonians and Californians will mind selling weed to Kansans, if it's legal. Hell, they don't mind doing it illegally, but when it's legal, they'll really like it.

It's like with everything: Certain regions of the country grow certain crops, usually because the climate allows it to grow there. Hemp for seed will grow great in that Midwestern climate.



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# FINANCIAL PLANNING

## for an unpredictable market

One of the most common mistakes is chasing returns instead of focusing on goals

Interview by GREG JAMES

**D**arrin Farrow began taking a deeper look at the medicinal benefits of cannabis when a close friend committed suicide after just 10 days of being on a prescribed anti-depressant that had been approved by the U.S. Food and Drug Administration.

As he learned more about marijuana's positive impact on people's lives, he saw an opportunity to combine his knowledge of financial services with the emerging cannabis industry.

Farrow's company, Pension Builders and Consultants, was founded to assist companies and individuals with a variety of needs, ranging from life insurance and retirement plans to wealth management and profit sharing.

The team at Pension Builders and Consultants has more than a hundred years of cumulative experience.

"We have an extremely strong team

with backgrounds in behavioral finance, hedge funds, research, software, qualified plans, fund creation, etc.," Farrow says.

Farrow recently shared some of his insights about financial planning and the cannabis industry.

### Marijuana Venture:

**How have you used knowledge gathered in the investment world and translated it to success in the cannabis industry?**

**Darrin Farrow:** We have been able to create systems, and specifically our own software that is very similar to analytics in investments, to mitigate risk and losses of harvests and also gather data and measure efficiencies.

**MV:** What are the most common mistakes people make with their money and financial planning?

**DF:** The most common mistakes are chasing returns instead of focusing on goals such as income needed for retirement. Most people are always looking at last year's top performers, which means they tend to buy at the high.

**MV:** What specific issues do you see people in the legal marijuana business facing when it comes to financial planning?

**DF:** Banking is difficult, but there are a handful of banks doing business. The best way to get a banking relationship is by referral and/or going in dressed professionally and meeting with an account manager behind closed doors. If you call, they will almost always say they do not do business with the industry. There are also challenges in obtaining life insurance and other normal investments. We have done extensive research and have a protocol which



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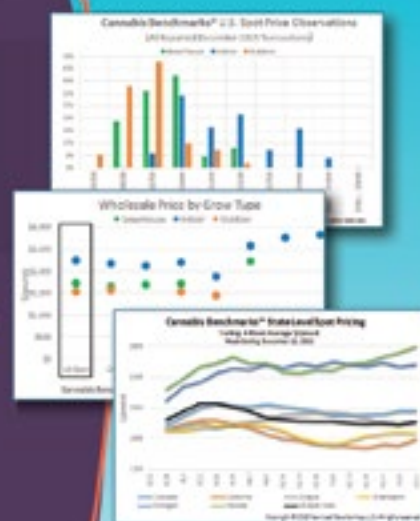
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**MV:** What options should marijuana company executives/managers consider for themselves now that many states have legalized it?

**DF:** Efficiencies and scaling production without losing quality. Branding is very important. I would recommend diversifying your product line and also looking at ancillary offerings that can easily be offered agnostic to geography. For example, we recently received a Canadian patent on a vape pen design.

**MV:** What has been the most surprising aspect about entering the marijuana business?

**DF:** One of the most surprising aspects would be the lack of information or just plain incorrect information some legislators, law enforcement, medical professionals and the general public have in regards to the medicinal benefits of cannabis.

The U.S. government was issued a patent on the medicinal benefits of marijuana



compounds in 2001, yet it is still a Schedule I drug with many government officials continuing to proclaim there are no medicinal benefits. This huge conflict of interest between law enforcement, pharmaceutical, alcohol and tobacco companies and legalization continues to facilitate the false narratives to the public.

**MV:** What misconceptions do people have about getting into either the investment business or the cannabis industry?

**DF:** Most people assume making money is easy in the cannabis business.

It's just like any other business in managing people, cash flow, etc. It is not always easy finding experienced people who have fully let go of the black market and can adapt to a structure needed to be compliant and having proper checks and balances.

**MV:** How are the cannabis and investment businesses similar?

**DF:** I would say that the biggest — or at least most pronounced — similarity is that both businesses are unpredictable. In the investment business, nobody can ever accurately predict what the market will do. Whether it will go up or down; which segment will be a bull or which will be a bear. The marijuana business is similar in that it is continuing to evolve. We simply can't predict which products the consumer wants next. The research and development is amazing and exciting. So, the one constant for both businesses would be to continue to provide excellent customer service and put out the best product possible. Whether that is an actively managed portfolio, or the cleanest and most pure medicine, the consumer deserves our best.

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# Reduce employee theft

Ensuring due diligence in the hiring process and minimizing opportunities to steal can save businesses from sticky-fingered workers

By BRENDA WELLS

**E**mployees are the most likely people to steal from a company. This is true in any type of business, whether you're selling insurance, greeting cards or cannabis. Employee theft is not something most business owners want to think about, but it's a reality they must face.

A 2014 study by a University of Cincinnati doctoral student found that 64% of surveyed small businesses had been the victims of employee theft.

Combatting employee theft first requires understanding why and how it happens. For someone to steal from an employer, they must have three things: desire, opportunity and motive.

## DESIRE

Face it — you have in your possession two of the most desirable commodities in the world: cash and cannabis. There will always be desire among the employees of a cannabis business. Even if they never touch cannabis, they can always enjoy cash.

## OPPORTUNITY

Your employees, by virtue of working for you, have ready access to your valuable crops and inventory. They handle it, they process it, they package it. Access is a given. Opportunity occurs any time employees are left alone. The best chance for sticky-fingered workers is when there's nobody there to see them do it. In a small business, this is particularly problematic because it's sometimes just too expensive to have multiple staff members handling the workload.

## MOTIVE

What would drive an employee to steal? The answer to that question is mo-





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tive. There are several motives that result in employee theft.

- **Anger/Resentment:** Some employees are resentful of their employers, and resentment occurs for various reasons. One such reason is they simply resent authority. If you see an employee with flagrant disregard and resentment for authority, be watchful.

Another source of resentment is they feel they don't make enough money. This is particularly true in a cash-based industry where employees see large amounts of money changing hands. If an employee is being paid \$15 an hour to handle weekly cash hauls of \$50,000 or more, they are bound to wonder why you aren't paying them more.

Resentment can also stem from poor employment practices. For instance, if you have embarrassed an employee, you may find that person wishes to exact revenge on you. Don't underestimate how easily some employees are embarrassed. Merely passing someone over for a promotion may be enough to cause embarrassment, even if they didn't deserve the promotion in the first place.

- **Financial problems:** Another common motive for theft is money trouble. Employees who are always broke and/or have creditors calling them may be in a tight predicament that they think theft could easily fix. Desperate people do desperate things, and that could include stealing from their employer.

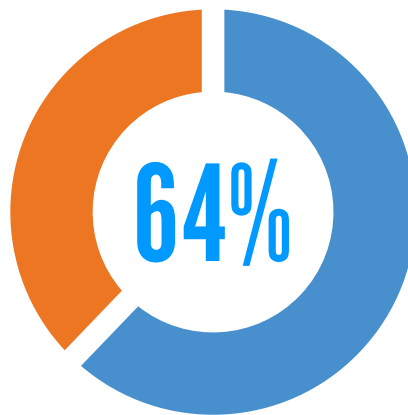
You should also watch for behaviors that can lead to money troubles, such as drug, alcohol or gambling addictions. Those behaviors have the potential to create enough desperation to lead them to steal.

- **They're a rotten apple:** Some people are just dishonest and deviant. They will steal for the simple fact that they can, and that's reason enough from their perspective.

## WHAT CAN YOU DO?

Let's start by going over what you can't do. You cannot do anything about desire — people are always going to covet cash and cannabis, and want to possess it for themselves.

How can you avoid people with motives to steal from you? That's best handled when you're hiring. There's a reason employers do extensive background checks on new hires — especially checking their credit. Poor credit is a sign of financial woes. You should always check references and verify the information on the application. Accurate and honest information is an indicator of good personal character. Yes, this does cost money, but that expense should simply be a part of your comprehensive risk management plan. Risk management is more than just buying insurance — it involves taking



Percent of small businesses that have been victims of employee theft

every possible step to avoid or minimize loss, even in your hiring procedures.

You can also do "employment integrity testing" of prospective employees. There are several tests available that can be administered to employees that will determine their likelihood of committing theft or other counterproductive behaviors. Employers have to pay attention to the results. Some people tend to ignore

the test results because their gut tells them they've found a good person to hire. Don't do that! Those tests are designed to detect factors that can't be sensed. Let the test speak for itself.

Once you have hired someone, you must practice good human resource management. Treat them fairly, with dignity and respect, and pay them a fair living wage that is competitive in your market. Employees want two things: to be treated well, and to be paid well. If you don't give them those two things, ultimately they are going to resent you. And we've already discussed how resentment is a serious motive behind employee theft.

## MINIMIZE OPPORTUNITIES

Even after you've taken these steps to find the right employee, some factors will still be out of your control. The only elements you can control are access and opportunity. Preventing the occurrence of theft through good risk management procedures is your absolute best defense.

This starts with minimizing opportunity and installing systems that make it difficult, if not impossible, to steal from you without detection. Guard your valuables!

Here are just a few suggestions:

- Always have two or more employees work together to reduce the opportunity for theft.

- Have a precise inventory control system that measures the amount of inventory in stock, and the amount that's sold each day. This is how big retail stores know exactly what is being sold and what is being stolen, and you can do the same thing. Make sure this system cannot be overridden or tampered with by an employee.

- Maintain the strictest cash management procedures you can possibly afford. Never allow an employee to be left with access to cash. At least two employees should always be present when cash is

**RISK MANAGEMENT IS MORE THAN JUST BUYING INSURANCE — IT INVOLVES TAKING EVERY POSSIBLE STEP TO AVOID OR MINIMIZE LOSS, EVEN IN YOUR HIRING PROCEDURES**



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- Consider a security camera system. Most state regulations require cameras for cannabis businesses. You have a lot of inventory at stake, and you can't afford to have it stolen. Cameras put a watchful eye over everyone, and can seriously deter theft if installed properly and set up to capture all angles of the business. They are also a deterrent to outsiders who may want to rob your business.

- Use an armored car to transport cash.

Taking it out of employee hands and entrusting it to a bonded professional security firm dramatically reduces opportunity.

- Establish a business culture of honesty and integrity. Set a good example for your employees with your own behavior and your own treatment of others. Be the role model of honest and fair dealings, because employees will mimic your behavior.

- Be willing to prosecute employees who are caught stealing. A vast majority of employee theft goes unpunished

because small business owners do not want to go through the process of pressing charges. Thieves know this and can be emboldened by the minimal chance of prosecution. Send the signal to your employees that you won't be a pushover on this subject, and that you will punish those who steal from you.

## CONCLUSION

We all want to think the best of the people we work with. At the same time, you have a business to protect, and the most likely culprits of theft to your business are, unfortunately, the people who work for you. With proper vigilance and monitoring, you can effectively minimize the risk of employee theft.

*Brenda Wells has a Ph.D. in risk management and insurance. She is the Robert F. Bird Distinguished Scholar of Risk and Insurance at East Carolina University and the owner of Risk Education Strategies. Throughout her career she has taught numerous risk and insurance courses. She can be contacted at [brenda@riskeducationstrategies.com](mailto:brenda@riskeducationstrategies.com).*



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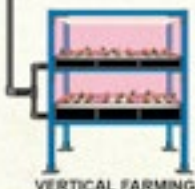
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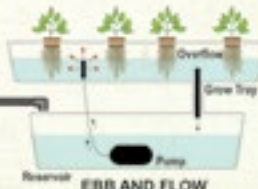
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# Contractually allocating the risk of product liability

Recalls shed light on importance of proper contracts

By Lauren Rudick



The age of product liability in the cannabis space has arrived. Washington saw its first voluntary product recall in February, and by that time, Colorado had experienced 19 recalls in as many weeks.

No matter which state your business operates, sellers within the supply chain may be financially responsible for losses sustained by product defects, including personal injury, property damage, environmental damage and/or regulatory compliance. Even distributors and retailers who have no means to prevent a product defect can be held liable.

Some states protect “innocent” sellers from strict liability resulting from design defects by shifting such risk to manufacturers as a matter of public policy. But getting embroiled in product liability litigation is inevitably expensive and time-consuming, and can wreak havoc on a company’s reputation.

Ideally, the best defense against product liability is prevention, supported by a comprehensive regulatory framework that standardizes product testing requirements and apportions liability among cannabis sellers within the supply chain. However, in the absence of such regulations, there are preventive measures available to mitigate risk or shift it altogether. This can be accomplished by indemnification and insurance specific to product liability, representations and warranties, and caps on liability and the statute of limitations, among other options.

Contractual indemnification allows parties to decide at the outset who will bear the risk of loss. It is an obligation of one party (the indemnitor) to pay for the losses incurred by the other party (the indemnitee) or by a third party. This obligation arises when actual loss is ultimately determined, typically by judgment. A comprehensive indemnity provision often includes obli-

gations for the indemnitor to “defend” and “hold harmless” the indemnitee. These obligations require the indemnitor to absorb the cost of defense (even before the claim is adjudicated, if at all) and prevent the indemnitor from making claims against the indemnitee. It is wise to include an attorney’s fees provision, limited to what is “reasonable” — not actual fees incurred.

It is recommend that retailers negotiate for the broadest possible indemnification provision in manufacturing agreements. Retailers should also insist that manufacturers obtain product liability insurance (where available) and require manufacturers to list retailers as additional insureds. Retailers should demand, prior to finalizing any manufacturing deal, a copy of the manufacturer’s insurance policy, plus ap-

To increase the likelihood that these defenses will be available, retailers should insist upon certain contractual “representations and warranties” from the manufacturer. Stipulations should include all products being packaged and labeled to minimize misuse or modification, and that the manufacturer warrants against known defects.

In some states, manufacturers may be unable to shift the risk of product defects to retailers. Nonetheless, manufacturers may carve out from the scope of a retailer’s indemnity damages sustained by reason of a retailer’s own gross negligence or willful misconduct. Manufacturers may also insist upon an indemnity from some measures that are largely out of the manufacturers’ control after purchase.

Critical to any indemnification provision is a “survivability” clause, specifying that indemnification obligations survive the duration of the agreement. Some product defects may occur after the agreement expires on its own terms or is otherwise terminated. To avoid open-ended liability, some states give contracting parties wide latitude to shorten the statute of limitations

## THE BEST DEFENSE AGAINST PRODUCT LIABILITY IS PREVENTION

plicable endorsements, riders and exclusions. Mere insurance certificates do not constitute evidence of insurance and are generally useless if a subsequent dispute arises. While it is a red flag for manufacturers to deny retailers these protections, retailers who want the products anyway due to market forces (high demand and/or lack of supply) should exploit the economics and attempt to negotiate a lower price to offset the allocation of risk, particularly if insurance is unavailable.

However, even the most carefully constructed indemnity may not be effective at shielding the retailer from product liability. Fortunately, retailers may have defenses against claims brought against them, such as: the purchaser modified the product after purchase; the user was not an intended user; an unforeseeable superseding or intervening event was the actual cause of the injury (such as concealment or fraud by the manufacturer); and/or the purchaser failed to follow explicit instructions.

and thus limit the time frame within which they may sue. In this situation, it is wise for both parties to insist upon a cap on the total extent of liability (frequently measured with reference to product sales, a pre-negotiated multiplier and/or previously resolved claims in the industry).

Given the multiple nuances in state law regarding the scope of product liability and defenses (some of which may be more favorable to the retailer or manufacturer), consultation with an attorney is necessary to assure that you understand the extent of exposure and are comfortable with the allocation of risk.

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





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Dealers Welcome



# Withdrawals are coming for Washington applicants

Those who receive notices still have options

By Sean Badgley



As of March 8, there were 1,136 applications for producer licenses still pending in Washington, out of 1,935 initial applications (meaning about 59% of the applications hadn't been processed). Applications for processing licenses didn't look much better, with about 49% of the applications pending.

Now, the Washington State Liquor and Cannabis Board is going to withdraw most or all applicants who are not licensed by May 31. In typical LCB fashion, there is little consistency to the plan, and much discretion from investigators. I personally know of one applicant who received a withdraw warning, then received an extension two days later. I know of another applicant who was told unequivocally by her investigator that there would be no extension.

So why is the LCB doing this?

In 2013, a strange sequence of events occurred in the run-up to the application window. Readers may recall scrambling to get ready for a spring application, only to be pushed back until July, and then again into October. The LCB finally opened a 30-day application window in November 2013.

The decision to limit the application time frame had one overarching and unintended consequence: the LCB ensured there were a finite number of applications, and thus unintentionally created a market for cannabis business license applications. Badly under-equipped both in manpower and understanding of the market, the LCB has been wading through applications for three years, slowly granting licenses.

Yet, the market turned out to be more vexing than the agency could have predicted. Had the application process been ongoing and open, such as the state business license application process, those

who were ready could have sauntered through the process, while those who were not could have ultimately languished and had their applications denied or withdrawn. However, with a limited number of applicants and no new application process, the market was limited to those who were smart, ambitious or foolhardy enough to apply.

The price for applications grew steadily. Last year, those who wanted to sell their applications found individuals willing to pay five and six figures. Like most big ticket transactions, negotiations take time, slowing the licensing process to a crawl.

There was also a major learning curve. For those who wished to pursue the dream, they found willing investors who

**THE MARKET WAS LIMITED TO THOSE WHO WERE SMART, AMBITIOUS OR FOOLHARDY ENOUGH TO APPLY**

didn't fully understand the laws, but were highly interested in the emerging market. Typically, having nothing more than an application and a state-registered LLC would not give somebody that much bargaining power. Thanks to the LCB, these individuals had far much more leverage than they otherwise might, because there were so few applications (thus even fewer opportunities to invest).

Conversely, many applicants were

not sophisticated in the finer points of business, such as raising capital, cutting complex deals, and ensuring regulatory compliance (both from a cannabis and securities standpoint). This learning curve further slowed down the process. Now, three years on, the LCB has apparently decided its investigators have been buried in pending applications long enough.

In seeing this shift to clear the desks of the agency's investigative wing, it brings up another relevant question: What rule allows the LCB to withdraw so many applicants?

The answer is that there is no written rule, but merely "administrative authority," upon which state agencies rely to cover their tracks when they take action. Yet, there are vexing concerns.

Agencies are required to be consistent in enforcement of rules. However, investigators will continue to give breaks to certain applicants, while cracking down on others. This discrepancy in treatment will undoubtedly find a basis in some agency guideline known only internally to certain members of the LCB and not to the general public.

As an attorney, I question whether the withdrawal process passes legal muster, and as readers can tell, I have my doubts. As a cannabis supporter, there is a feeling somewhere between disappointment and disbelief that the agency will seek to prioritize a clean desk of an investigator over the will of the Washington voters.

Many of my legal peers are inclined to cut the agency some slack. An old colleague of mine used to say, "Never attribute to malice what can be explained by ignorance." It's a good rule to live by. Yet, when ignorance is every bit as damaging as malice, motivations matter less than harm done.

Applicants who have received a 90-day notice should know that they do have options, and if investigators say otherwise, it might be time to reach out to a professional to ensure your application gets the consideration it deserves.

*Sean Badgley is a Washington attorney who's been working in the recreational cannabis industry for more than two years. He is the founder of C3 Law Group and can be reached at [badgley@cannaconsultantslegal.com](mailto:badgley@cannaconsultantslegal.com).*



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# Cannabis strain patents represent opportunity and risk

## Patent law differs from copyrights and trademarks

By Michael Brubaker and Samuel Terpstra



Many members of the cannabis industry have labored under the misconception that patents are not available for cannabis strains.



In fact, the United States Patent and Trademark Office (USPTO) is restricted in its ability to issue certain trademarks for cannabis. However, there is no such restriction for patents.

In fact, in late 2015, the USPTO issued its first patent for a strain of cannabis. This development has clear implications for the entire cannabis industry — particularly growers, breeders and investors.

Before moving forward with this discussion it may be helpful to understand what a patent is, and how it differs from other types of intellectual property. A patent is a property right issued by the government granting the right to exclude others from making, using or selling an invention, effectively permitting a legal monopoly. Any person may obtain a patent by filing an application with the USPTO. Patents are applicable to any invention that is novel, useful and nonobvious. Trademarks apply to trade names, logos and graphics. Copyrights apply to creative works, such as written word or music. All three of these types of intellectual property are available to the cannabis industry, but the USPTO is restricted in its application of a trademark that “consists of or comprises immoral, deceptive, or scandalous matter.”

Fortunately for the cannabis industry, most states also maintain trademark offices that permit cannabis trademarks (although these are applicable only within the state in which they are issued). Patents, on the other hand, come from a single federal office; there are no state

patents. Thus, state law is essentially irrelevant as far as patent law goes.

Patents are highly attractive to the cannabis industry because they enable individuals to protect their breeding work by preventing others from making and selling strains they have developed. These rights also encourage development of new strains by allowing breeders to specialize and monetize their research and development. Cannabis strain patents may also protect a grower’s strains from being claimed by someone else; this will be of particular importance as more states legalize and Big Ag takes a deeper interest in cannabis.

The current state of cannabis intellectual property protection — or rather, the lack thereof — is a rare historical occurrence. Virtually every other major industry relies on patents to encourage innovation and spur development. We know of only one analogous situation in which a well-understood, but not well-protected, subject matter became patentable essentially overnight: genetically engineered organisms.

In 1982 the U.S. Supreme Court ruled in *Diamond v. Chakrabarty* that genetically modified organisms were patentable. A decade earlier, in 1972, microbiologist Ananda Chakrabarty filed a patent application for a bacterium he had developed in his lab that was capable of treating oil spills. The Supreme Court’s decision that Chakrabarty’s genetically modified bacterium was patentable blew open the doors for investment in the rising field of biotechnology. In the following years, biotechnology companies have become an economic and scientific engine for the United States, and literally thousands of patents are granted each year that would likely not have even been filed previously.

We are seeing the same situation occur within the cannabis industry. Prior to 2013, when Washington and Colorado legalized recreational use of cannabis, only a handful of breeders were willing to come forward and admit to the federal

government that they had been growing and testing an illegal substance. However, with changes in state laws, many within the industry have taken the position that the genie is out of the bottle; while some states may continue to resist legalization, it is now only a matter of time.

Evidence for this attitude change includes the fact that cannabis growers and retailers routinely file U.S. tax returns, happily paying their dues to be part of the regular economy. The next step is taking advantage of intellectual property protection.

In the United States (as in most of the world), patents are granted on the “first to file” system; an application that arrives at the USPTO on Jan. 1 becomes “prior art” to the application that arrives on Jan. 2. At present, there is extremely little prior art to confound potential patent appli-

**STATE LAW IS  
ESSENTIALLY  
IRRELEVANT  
AS FAR AS  
PATENT LAW  
GOES**

cants. However, this is bound to change in the very near future. Breeders and investors who wait to file risk losing out to earlier applicants, and will also face more difficulty and higher fees to pursue the application as the amount of prior art increases. While there are no guarantees as to the outcome of any patent application, the potential for relatively low-cost, but broadly-applicable patents is something that should be considered by all growers, breeders and investors.

*Michael Brubaker and Samuel Terpstra are attorneys with Cannapattents (www.cannapattents.com), an intellectual property law firm serving the cannabis industry. They are both biologists who have worked for several years advising all aspects of the cannabis industry. Cannapattents is a practice group of Brubaker Terpstra PLLC.*



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# P.O.V.

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



A grower prepares for the upcoming planting season by tilling the field with a tractor. *Photo courtesy Okanogan Sunflower Farms.*

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A budtender peers over the wide selection of product at Talent Health Club in Oregon. *Photo courtesy Talent Health Club.*

---



Ever wonder what a ton of finished bud looks like? Here's a look at more than 2,700 pounds of cannabis awaiting purchase in the storage room of an anonymous grower.

---





The beauty of outdoor cannabis cultivation can be seen in Silverdale, Washington at Green Apple Farms. After a successful 2015 harvest, many growers are getting ready to put plants in the ground once again. *Photo courtesy Green Apple Farms.*

---



An old barn sits in the backdrop of a field of hemp in Kentucky underneath a dazzling sky filled with clouds. *Photo by Gene Linzy, courtesy of the Hemp Industries Association.*

---





Kevin Slaughter and Keith Sutton, two of the five crew members at Northwest Harvesting Co., hand-trim cannabis flowers for packaging. *Photo courtesy Northwest Harvesting Co.*

---



Kush Tourism guide Shane Owens snaps a selfie in the Dawg Star Cannabis drying room during a tour of the Seattle facility. *Photo by Garrett Rudolph.*

---



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Back issues of Marijuana Venture are available. Send an email to Editor@MarijuanaVenture.com or check out [www.marijuanaventure.com](http://www.marijuanaventure.com) for details.



# Bud Scores

Three experienced bud tasters sample two different products each month. The test is done completely blind. There are no visual cues; no information is relayed regarding the origin of the product or any other factors that might influence the testers. At Marijuana Venture, we believe blind testing is the only way to get a truly honest score. Paid reviews amount to nothing more than promotional fluff. Knowing details about a sample in advance will undoubtedly allow the tester's own bias to influence the results.

Each tester has been asked to rate a bud sample on five factors: smell, taste, texture (or cure), how it smokes and overall appeal. Categories are rated on a scale of 1-100, with 100 being a perfect score. The results of the five categories for each tester are averaged to determine the Bud Score.

We deliberately excluded the effect or the "high" from the rating, because we chose to mirror blind tastings in the wine, cigar and spirits businesses. Each Bud Score is determined according to personal appeal and taste, rather than how stoned the tester became. We realize that some readers may not agree with this method, and there is some subjectivity involved, but we believe it's the best way to get an objective opinion of the product being reviewed. Each sample was purchased at a Washington state-licensed retail marijuana store.

**Brand:** Pingston Creek  
**Strain:** Durban Poison  
**Total THC:** 17.8%  
**Grow type:** Indoor sativa

**87.6**

**Brand:** Pioneer Nuggets  
**Strain:** Afgoo  
**Total THC:** 21.0%  
**Grow type:** Indoor indica

**82.5**

ARCHIVES	BUD SCORE	TOTAL THC	GROW/TYPE	ISSUE
Green Barn Farms Super Skunk	81.4	28.6%	Indoor indica hybrid	April 2016
Phat Panda OG Chem	83.7	15.3%	Outdoor sativa hybrid	April 2016



**Joy Beckerman** is a renowned industrial hemp and marijuana consultant and policy maven who has been involved in both movements for more than a quarter of a century. She judged her first High Times Cannabis Cup in Amsterdam in 1995, and enjoyed her most recent High Times Cannabis Cup judging in SoCal in 2015 before a wide variety of duties overwhelmed her cannacalendar.



**Shelby Talmadge** has developed a new appreciation for cannabis ever since she helped start Tahoma Growers. Her role as CEO of the farm has furthered her passion for researching different strains and terpene profiles. When she isn't busy coordinating marketing activities or "testing product," Shelby likes to hike with her dog Juno. She graduated from the University of Washington with a degree in history.



**Tera Martin** is the founder of the Pink Gene Foundation and general manager of Green-Theory, a marijuana retail store in Bellevue, Washington. She studied hospitality management at Washington State University, and was introduced to the cannabis industry after being diagnosed with breast cancer. Cannabis was a part of her treatment program, which led her to become an activist.





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