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Five tips from lawyers for investing in marijuana in Mass.

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With medical marijuana dispensaries opening up all over the state, and the recreational marijuana industry starting to take hold, investors are eager to find out how to get involved in the budding industry.

Burns & Levinson has created a niche for itself in the marijuana industry by developing a Cannabis Business Advisory Group, and is hosting a conference on Tuesday to discuss the business opportunities. Private equity firms, venture capitalists and even small and family offices are expected to attend.

Frank Segall and Scott Moskol, co-chairs of the firm's Cannabis Business Advisory Group, recently spoke with the Business Journal about the opportunities. Here are five takeaways from the conversation.

Investing isn't difficult, but finding the right team is. Segall said the firm became involved in coordinating and offering counsel to firms that sought to invest in the marijuana industry. What he has learned is it isn't difficult to invest in marijuana, but it is difficult to find the right opportunities that will result in returns.

"There are plenty of people looking for money ... the question is finding the right opportunity. Not that any investment is 100 percent safe, but (it's) finding the right team," Segall said. "This is an industry that's a lot more complex than people are saying it is, particularly on the grow sides. A lot of groups went out in various states able to get licenses, and candidly they aren't qualified - they haven't run a business, and this is a sophisticated business, or they don't understand the complexities to growing and distributing cannabis. You have to be very careful as to who you are potentially investing with, and that's an area we've become very focused on and our clients rely on us to help them through their process."

Groups from a wide range of fields want to get involved. The firm is working with a variety of groups approaching the industry in a variety of ways. They are cultivators, companies selling packaging, lighting and equipment to growers, one company working on a potential IPO, and another selling a consumer product. A software company is even getting involved on bank com-



The marijuana flower bud drying room at the Ermont Medical Marijuana Dispensary in Quincy, MA.

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pliance. "We're also being asked by clients, from across the country, to help them form private equity firms in which the money invested would be invested in cannabis products," said Moskol.

Getting financial backing can be tough. "There are opportunities out there but the other challenge is if you're the business man or woman who has the opportunity, finding the right capital," Segall said. "You still don't have the pedigree, institutional private equity funds, or banks providing capital. It's still predominately networking with high net-worth individuals and family offices." Segall said for those businesses, it's necessary to not only be in a network with those people, but present yourself in a way to stand out from the competition.

New tech, and creating a multi-state brand, are big opportunities. Segall said there's lots of opportunity to develop new technologies, and few people operating in that space. "There is room for innovation and to be the leader in consumer products or equipment that will help facilitate the cultivation and distribution," Segall said.

Moskol said there's also opportunity to invest in businesses that are ancillary to cultivation facilities. One of the biggest opportunities? Cre-

ating a brand that crosses state lines when the products produced by cultivation facilities have to stay within the state.

"You can't import or export over state lines your cannabis... but you can export your brand, IP, licensing," Segall said. "A lot of people might know about an edible in Cali and in Massachusetts, no one has a clue. There's still be those kind of challenges and those will be real opportunity. If you can build a national brand, whatever the product, you will see terrific success."

Lawsuits are 'the cost of doing business right now.' Some potential investors have been scared off by recent lawsuits against cultivation facilities, particularly those that implicate all the groups involved in the dispensary. But Moskol said similar lawsuits have been dismissed across the country.

"This is almost the cost of doing business right now," he said. "But defeating these types of lawsuits is happening. So we believe, this is a multi-billion dollar industry, raises millions in taxes. In over half the country, medical marijuana is legal and people are using it... the train has left the station. While there will be challenges in the near future, I don't think this industry is going anywhere."