

Speaker 1 ([00:10](#)):

[inaudible]

Speaker 2 ([00:11](#)):

Hello and welcome to the higher enlightenment podcast brought to you by higher yields cannabis consulting, your seed to sale cannabis business solutions team, and the creators of the innovative cannabis consulting business solution system higher enlightenment. My name is Adam. I'm your host and part of the creative design team here at higher yields. Today's podcast is about decriminalization versus legalization. Let's start by having our panel of experts. Introduce themselves. Let's start with you, Chris. Could you tell us a little bit about your background and what you do?

Speaker 1 ([00:50](#)):

My name is Chris Teegarden. I'm the former mayor of Edgewater, Colorado, the first municipality in the world to codify and regulate recreational cannabis. I am the director of government affairs for higher yields consulting, a vertically integrated cannabis consulting company. Uh, while I was out in Denver as a mayor, uh, I also was vice chair of the first judicial criminal justice coordinating committee, uh, which encompassed two counties in the Denver Metro area and served about 600,000 people. And we were doing high level policy initiatives, uh, for that area and direct, uh, collaboration and working with the federal state and local jurisdictions. I was also the chair of the Metro mayor's caucus, homelessness and hunger committee, and the Metro mayor's caucus was a gathering and group of 42 mayors and the front range region talking about high level policy on many initiatives and criminal justice was also one of those initiatives. So that's my background.

Speaker 2 ([02:02](#)):

Impressive. Thank you, Chris. Stephanie, can you please introduce yourself?

Speaker 3 ([02:08](#)):

Very thing. I'm Stephanie [inaudible], I'm a cannabis industry historian and the founder and CEO of green rush indexed data, which is just a fancy way of saying we do a lot of research and we try to preservation. Uh, we try to preserve cannabis industry history, uh, for those who want to understand it better and later on because the cannabis industry is evolving at such a rapid pace, but something that was true six months ago may not be true now. Uh, and fellow historians haven't quite understood that. So I'm one of, I think I've only heard of two myself and one other person in Colorado who are doing the kind of work that I do. And I've been a historian for cannabis since 2016, and then green rush started this year. Um, so basically I do research and in fact, I'm a lead researcher with higher yields and, um, um, help with compliance because to know all of these regulations is to love them, especially as a policy Wong and, uh, with education. And like I said, preservation. So when people have, uh, topics that they want taught, I can go in, build curriculum, teach it if they need it. And, uh, if they want to preserve, uh, their packaging or older policies or literally anything about their business up to, and including their own story about why they got into the industry. That's what I do.

Speaker 4 ([03:50](#)):

Thank you, Stephanie. Jim, can you tell us a little bit about what you do?

Speaker 5 ([03:56](#)):

I'm Jim Marty, I'm a CEO and founder of bridge West CPAs. It's a CPA firm, uh, that started in Denver, Colorado, and, uh, we service, we have our niches, the cannabis industry. We have about 400 license holders as clients around the country. We do their tax returns, audited financial statements, due diligence for mergers and acquisition business, valuation, profitability consulting. And it's this group knows. Uh, I also write a lot and post a lot of blogs and do a lot of webinars. Um, so very busy person, um, sometimes, uh, it's hours and hours before you even get out of my chair, uh, with all the emails and video and zoom calls that I have, um, and bridge West, um, we're a subsidiary of a large CPA firms. So altogether we're about 160 people.

Speaker 4 ([04:56](#)):

Uh, Peter Privo. Could you tell us a little bit about yourself? So I'm also a bridge West, I'm a consultant and a CPA at the firm. I do focus on our Southern markets I'm based in new Orleans, Louisiana. So I run our office here and help with our clients in the South. And in addition to that also work with the trade association based in Louisiana called Louisiana association for therapeutic alternatives. And we represent nine marijuana pharmacies in Louisiana at the Capitol. And so we've done a lot of work with the board of pharmacy and also the state legislature on the program here. Okay. Thank you, Emily, could you tell us a little bit about yourself?

Speaker 3 ([05:35](#)):

Hi, my name is Emily Steelman. I am the senior technical writer here at higher yields. Uh, prior to my work here, I was actually an attorney. I was practicing civil litigation. Um, in other words, I was a trial attorney in Pittsburgh, Pennsylvania during my time in Pittsburgh, I worked in the background, kind of the legal background of, um, including the research involved in the decriminalization of cannabis in the city limits of Pittsburgh. And then after that, I got into the cannabis industry. And so far as helping people apply for licenses on the state level. And now I'm here at higher yield, helping the company with clients who are looking to apply on a local and state level and acquiring licenses to operate cannabis operations in businesses.

Speaker 2 ([06:25](#)):

Okay, thank you. Next we have Corey Wagner. Corey, could you tell us a little bit about yourself and what you do?

Speaker 6 ([06:32](#)):

My name's Corey Wagner, I'm the CEO and founder here at higher yields consulting. We're a vertically integrated consulting firm, helping businesses who are just in the startup phase as well as businesses that are already operational. Um, we've worked with a couple hundred businesses around the world and a couple of years ago, we actually worked on some federal regulations with the government of Mexico.

Speaker 2 ([06:55](#)):

Thank you. Okay. Let's get started by discussing some of the relevant terms like decriminalization. What exactly does that mean, Stephanie?

Speaker 3 ([07:06](#)):

Uh, well, the most, um, the most succinct way of putting decriminalization is that its simplest definition is, as it relates to cannabis is a law that reduces or removes the criminal penalties related to low-level cannabis possession, typically at the personal level.

Speaker 2 (07:26):

Okay. How about legalization through schedule or de scheduling from the CSA?

Speaker 3 (07:32):

Uh, so legalization through rescheduling, uh, would change where, uh, marijuana or cannabis are on the controlled substances act list. Um, so it changes who would have availability to get getting to the market, but it would still be considered a controlled substance. Whereas these scheduling completely remove it from the controlled substances act list and therefore opens the doors much wider to, um, who can be involved in the cannabis industry. And, um, so it, it completely removes any, uh, related issues that go with being a controlled substance if it's the schedule.

Speaker 2 (08:18):

Okay. So what's amended scheduling.

Speaker 3 (08:20):

So an amended scheduling, uh, is something like what we saw with the States act. What they were hoping to do is with that particular act was take cannabis that is regulated in state markets and say anything that's not happening in a regulated state market is still illegal. Anything that's occurring in that regulated space and in compliance with those laws is legal and not subject to these penalties associated with the controlled substances.

Speaker 2 (08:57):

All right. For my first question, how would decriminalization at a national level impact the cannabis industry who wants to take that? I mean,

Speaker 5 (09:10):

Well, um, this has been an ongoing discussion, uh, in recent months and, um, you know, the concern people have is, you know, what would it look like? Um, if cannabis was all of a sudden down below schedule two on the controlled substances act or even completely de scheduled. And, uh, the right now we have a, a thriving pretty much a small business industry. Um, most people in Colorado started very small. There's a few that have emerged as larger players, but even the larger players, um, around the country are not that big say compared to, uh, other consumer products like Kellogg's corn flakes or rich crackers or Marlboro cigarettes or Budweiser beer. Um, and that's the turn that I, and many others have that if it becomes really normalized, then your big industry will come in big ag, big pharma, big alcohol, big tobacco, and the industry, as we know it today could disappear entirely.

Speaker 5 (10:20):

And we would be down to having two, two or three brands just like in, uh, in Deere where you have a Budweiser and Miller dominated the market along with, you know, many, many smaller craft beers. But, uh, you basically have two brands, statements, cigarettes with Marlboros and Winston. You have other brands, but you have one or two they'll probably have, you know, 75% of the industry. So that's one shoe to drop. The other concern is if cannabis did become more of a normal product, uh, legal product, you know, who would be the first federal agency to come visit you? Would it be the department health, uh, alcohol firearms, uh, the FDA, uh, you name the alphabet soup of government agencies at the federal and the state levels basically at the federal level, because the state's regulated right now. So

people who said they want to legalize marijuana really, um, there could be a lot of unintended consequences.

Speaker 3 ([11:30](#)):

Yeah. But decriminalization wouldn't necessarily impact the industry. Other than you might have more consumers who are, who are less reluctant to try it because at, at a consumer level it would be legal for them. It just doesn't change anything for operators. If they're still be operating in a federally illegal environment, because decriminalization, all it does is decriminalize

Speaker 7 ([11:54](#)):

Possession. It doesn't do anything about, um, about manufacture or production of it or retail sales of it. So, I mean, decriminalization by itself, isn't going to be the thing that, that busts it wide open. It's going to be some level of legalization that does

Speaker 5 ([12:17](#)):

That's right. That's one point, definitely because that's the purpose of this is try to educate people that these terms have a lot of different meaning, a lot of different ramifications. Uh, I think, um, you know, some of the people running for office right now, uh, in the upcoming election in a few weeks, they talk about legalization without really knowing exactly what that means. Even decriminalization. I think we'd like to know what we think would it mean, uh, what it means according to the States, but in the end, it may not be, it may not come out that way in the end, but those are, you're making very good points. And that's like I said, the purpose of this, uh, presentation.

Speaker 7 ([13:00](#)):

Yeah. I think that brings up the broader issue too, which is education on the subject. And in cannabis in general is usually way behind any sort of legislative or regulatory change, which can be an issue because the public doesn't quite understand what these terms mean. And as a result, they can get themselves in trouble. I saw that at on a local level in Pittsburgh, and that was the same type of issue that happened across many cities in many States, usually decriminalization at a city level takes place first. And it usually ushers in the next way, which is state medical legalization, and then adult use. But when it decriminalized on the city level, a lot of people don't understand that that's just within that city's limits. You can still get some sort of ramification for being in possession of cannabis. And everyone tends to think when they hear decriminalization, that means it's completely legal.

Speaker 7 ([13:56](#)):

Everyone's going to be smoking and everywhere. I mean, there's a lot of offshoots of the way the imagination can go when they hear the word decriminalization. So I'm really glad we're having this, this, uh, episode because it's important to understand and keep up with the educational side of this issue so that you can really understand what's actually occurring when terms like these come up and when regulatory and legislative changes happen. Very true. I think it also, it helps us as, uh, as consultants is, uh, policy walks and really anybody who's having to deal are, have communications with, um, people who are policy makers, if we can make sure that we're all, um, speaking the same language, because like you said, there are, there's, uh, a vast divide between what people think it means and what it ultimately ends up me because in some

Speaker 3 ([14:52](#)):

States doesn't mean that people don't still get arrested for cannabis crimes. So, and it also doesn't decriminalization does nothing to inhibit the illicit market. That just means that people aren't going to prison in theory for, um, for simple possession.

Speaker 2 ([15:14](#)):

Okay. What about the effects of descheduling or rescheduling cannabis on the CSA? What effect would that have when the cannabis industry from the way it is now?

Speaker 8 ([15:25](#)):

So, I mean, one, one comment that I'll make on that and something, we talk about a lot around the office as a CPA firm that specializes in the industry. If the taxes, um, you know, it's been widely publicized that two 80 is really, really hard on the industry and it, it takes, uh, takes a lot for these companies to keep their cash flow positive. And, you know, really in a lot of ways seems like they're paying an unfair share of taxes. And when we observe tax rates, you know, uh, seem of 60 to 70% effective tax rate is not uncommon in this space. So one, one big piece of, um, you know, descheduling or rescheduling is that it would presumably change the taxing structure, which would be very positive for the industry and allow a lot of, a lot of these companies to truly finally see the fruits of their labor.

Speaker 2 ([16:10](#)):

Okay. Would anybody else like to chime in on that?

Speaker 3 ([16:13](#)):

Well, I did want to kind of, so yes, on the app market, it does also, it does do that. It does also encourage larger players come in when you have it rescheduled, that means big pharma can now kind of come into it because they are already used to dealing with a scheduled two or, you know, other controls since they're already in a position to, uh, operate within the FDA's and the DEA, uh, frameworks for that. And so they also are more moneyed interests, so they could, in theory, outperform all of these smaller corporations, they might be big in our industry, but compared to some of these pharmaceutical giants, they're they're mom and pops.

Speaker 2 ([17:00](#)):

Uh huh. Do you see the pharmaceutical giants and big corporations preparing for upcoming changes?

Speaker 3 ([17:07](#)):

They've been dipping their toes with creating synthetic THC for the last four years. So I see them having an interest in it, but because you have the two 80 E component because, uh, it can affect your ability to have banking. Um, if you're handling anything with relation to marijuana, I see them being hands-off, as long as those barriers still exist, once those barriers don't exist, I don't see any other reason why they wouldn't jump in and start even, sorry. I was going to say it start and start looking at who they want to take on and consolidate because they don't necessarily have to start their own thing. They can literally buy out anybody who's been exhausted by years and years of trying to make this work with an effective tax rate around 70%. I mean, if you could sell for multi, uh, for multiple millions of dollars after you've invested years of your life and your savings and whatnot into a company, it's hard to argue that somebody would

Speaker 7 ([18:17](#)):

I, and I would just add to that, you know, based on what Stephanie said, there's already movement there, especially from big pharma. So what I think a D schedule station would do is actually allow more people and more players to get involved, because as far as I've seen it for the past few years, I mean, I mean, we can even look at it in the patent that the federal government has, and that patent was called cannabinoids as antioxidants and neuroprotectants. And that patent allowed the federal government to basically have their hand in, um, that particular part of CBD and the studies around that without anyone else being allowed to have access to it. And then a couple, there were two players in big pharma that were able to, to lease essentially leave that patent for lack of a better word and, and use that to perform research, to come up with products, using different cannabinoids in order to produce medicines and all of that, all of that said because it was still a schedule, one drug because it's still highly restricted.

Speaker 7 ([19:20](#)):

No other players can really get in the market easily. So once that's the schedule, you're going to have a rush of new people, new ideas, the free market coming into play. That's allowed to, that's allowing people to come up with their own uses for different products and different medicines through cannabis. So I think that's great. And then on a practical level, it just changes the stigma, the stigma. So cannabis being a schedule one right now, AIDS in the argument that it's this toxic poison, the devil's lettuce it's in the same category as heroin. When it, everybody knows that there's actual medical uses. So schedule one by definition means that it's highly addictive, but has no medical benefit. And we all know that cannabis does not fit there. And so just to, to just ship it on that list would be, I think, a huge benefit to that, the de-stigmatization of that, of cannabis, and then to pick it off of the schedule list at all. I think this entirety would just change the industry from a consumer perspective entirely.

Speaker 3 ([20:27](#)):

Okay. Would it also where people doing research rescheduling would help open doors de scheduling would, would open the flood Gates for research because one that's no longer a controlled substance. It can actually people researching it can qualify for federal grants, as long as it's legal at a federal level. That's

Speaker 7 ([20:48](#)):

One of the biggest things that ha holding up research is its legal status. It makes it, um, I'm not going to say it's impossible to get federal grants. It's just very, very difficult to navigate those waters.

Speaker 6 ([21:03](#)):

Yeah. And like, um, like Emily was saying too, you know, being able to have that research would really help in my opinion, the end user, because if doctors are prescribing this right now, it's, it's, it's so hairy of like some States it's okay for doctors, other States doctors are really concerned to put their name on any sort of recommendation for cannabis. Um, but having that research and having that transparency from the doctor to the patient and knowing what they're getting and why they're getting it and not having to be worried about and being able to prescribe it like any other medicine in my opinion, would be a huge benefit to the medical community.

Speaker 7 ([21:42](#)):

That's true. Even if it's just rescheduled. Yes. Being able to have it prescribed by your doctor would be huge. It would make a big, big difference.

Speaker 6 ([21:54](#)):

So who are the stakeholders who are in [inaudible] to cannabis legalization, and what would they be losing if cannabis becomes legal?

Speaker 7 ([22:03](#)):

I mean, you've got the whole issue of, I mean, the political issue, there's a lot of, um, conservative politician who are, I would say old school, Republican who are still against cannabis. Uh, I'm not sure what the purpose or the underlying cause for that is. I think, um, new, newer, younger Republicans are more, um, I think they're, they're more amenable to cannabis legalization. I think you've got even right now while it's still on schedule one. I mean, big pharma has been a huge problem in allowing or permitting or, or de scheduling candidates because especially the two groups that have access to that patent, they're the ones making money off of the product. And as long as it's held as a schedule one, and it's federally illegal, they're the two companies that are making the most money off of it at this stage. And as soon as that happens, where if it's schedule, then those two groups probably have the multiple news and then you've got the whole topic of cannabis, easy used as an alternative medicine as opposed to big pharma. So that's, I think they would, in my opinion, big pharma, the pharmaceutical industry has me in cannabis completely.

Speaker 7 ([23:25](#)):

Okay.

Speaker 6 ([23:25](#)):

Yeah. And then you start going into, you know, the government picking winners and losers on this subject matter. You know, a lot of people coined the term crony capitalism. So really what, what to me, when I look at this higher structure on the federal level is you see these big time lobbyists with deep pockets, it can outspend

Speaker 1 ([23:47](#)):

Pretty much any, but anybody keep their equity going over these bumps and hurdles while the feds are working on this and price out anybody at any point in time, because they're in it for the long game. And that's, that's really, what's kind of upsetting on the, on the federal level when you start looking at that. And then if you're going to start looking at the criminal justice system unto itself, you know, you have, uh, for instance, just go quick through the timeline you have the arrest, then you have, you know, bail, then you go to court then after sentencing, whatever happens with that, whether that's jail time or even during jail time or not jail time, you have a group of professionals, therapists, substance use counselors, mental health that have built up around the subject. And when it's mandated by the state, their insured payment by this.

Speaker 1 ([24:40](#)):

And so I don't want to necessarily, you say it's an absolute racket, but there is big business wrapped around this. And a lot of, uh, cashflow from, uh, taxes that support this pipeline, uh, of cannabis prohibition through probation through, through the, the entire, to the, through the entire spectrum of the, of the criminal justice system. I I've sat on, I, you know, when I was, vice-chair the first judicial criminal justice coordinating board, uh, we had all those stakeholders at the table as well. I mean, when, when we were doing that, it was legalized, but there were always, uh, always issues of, uh, of that

operational level of looking at, um, who's going to lose money is going to lose money with, with recreational of making it a punitive measure within, within the, the system itself.

Speaker 5 ([25:36](#)):

Well, those are good points. Um, but I would also say that, uh, yeah, you certainly have your special interests, you know, your, uh, the prison lobby and others like that pharmaceutical lobby, but the bright side is that two very big things have happened in the last 10 years as we've seen, you know, medical marijuana come on, which followed shortly on appeals by adult use. Uh, every time it's on the ballot, not every time, but I would say 90% of the time is width and said more so as time goes on, um, Alabama's going to have a medical marijuana program on itself. So maybe that theater might have a comment on the, the Southern take on cannabis, which has been a little more harsh. I think that some of the liberal Northern cities, but, um, you know, when Alabama's voting for medical marijuana, it came over.

Speaker 5 ([26:34](#)):

Uh, the other point I would make is that, um, no, it just, when the wind's on the bell hole, the other is, you know, leucine 10 years now in legal marijuana and virtually nothing bad has happened. We all know you can't die and overdose on marijuana. We have not seen significant increases in traffic. They tallies in Colorado, they've stayed right around 600 actually way back in 2002, before there was any legal marijuana we had about 1200 traffic fatalities a year today, we're down to around 600. Um, so can I say marijuana is causing a spike? Uh, last year we went from like 600 to six 50 and they tried to blame adult use marijuana, but what's really going on is people are much more aware of drinking and driving. And you also have the technological change brought about by Lyft and Uber and your cell phone, where there's virtually no reason to get behind the wheel, if you to go out and have a good time at night. Uh, Peter wa it was a little Southern perspective.

Speaker 4 ([27:46](#)):

Yeah. Um, you know, I'd say the opponents of legalization in the South. I mean, it, it, it is a line. What kind of the comments that were made earlier? You certainly see the big, the single biggest opponents will be the sheriffs and the DA's, and they use their lobbyists to come to the Capitol and typically speak in opposition. And they, they use a moral justification for doing so, but it's hard to ignore the fact that this is what funds their budgets is that they, you know, they use marijuana as a way to keep people in jail and as a way to search people and to, you know, criminalize them in ways when they otherwise would not be any criminal considering criminal. And so the, the Sheriff's and the DAS, that's probably the biggest opposition. In addition, you see religious groups in the deep South that fight this.

Speaker 4 ([28:32](#)):

I, um, even after years of interactions still don't necessarily ban why they oppose it so much as that it's just an old way of thinking and that they are, um, you know, they've bought in to the, the reefer Madden and, you know, dated their thought process to, to look at what's happened in the past 10 years. Right. And they're still kind of an old way of thinking there with the religious groups. Um, we also do see your, your rehab facilities come out and speak in opposition of these bills quite a bit. And I think that's kind of in the same vein as the sheriffs and the DA's where it's, um, you know, statement, if the AMS, then it cuts into their budget. So they're, they're protecting their interest. And that's what it comes down to is that, you know, someone like myself who works in the industry, when I go out and I'm working in support of this, it's, it's similar because I'm protecting my interests, but those religious groups, the sheriffs, the DAS, they they're doing the same thing, um, in the South, but not seeing as

much pushback from, you know, we talked about the pharmaceutical companies are there, but I think that's because they're fighting us on a federal level, and they're not really in tune to what's going on in the States as much as they are on the side, these, these

Speaker 1 ([29:42](#)):

Large, you know, multinational corporations, the biotech industry specifically. And, uh, and, you know, and to piggyback on what everybody's been saying. And also, you know, going back to what Emily said is that currently I live in a prohibition state in Wisconsin, there are no ballot initiatives. Everything has to run through the legislature. And I am working with younger Republicans that are for legalization and the full package. Uh, one of the things that the state rep, uh, that I have been working with had said that, you know, when it comes down to people, cutting checks for campaigns, cutting checks for lobbying, and that movement, when you start getting into that process, that, uh, if cannabis is not in that game, then his narrative on Canada cannabis is not going to be as strong as some of the other stakeholders who are actually putting money and resources behind running candidates.

Speaker 1 ([30:49](#)):

And, um, we're going to see, I, I'm going to assume of all the people that I've talked to up here in Wisconsin, the both chambers of the legislature will still be in Republican hands and they will be doing those. Uh, they will be, uh, writing those districts, uh, when they, when redistricting come. So we're looking at 10 years. And so I'm really pivoting toward a lot of that language on the Republican side of what is limited government, what is individual responsibility and choice and what is free market principles and how to leverage those within the cannabis space and making sure that we are taken seriously, especially in the prohibition States.

Speaker 3 ([31:37](#)):

Uh, one of the things that I, I noted when I, I have been watching some of these campaigns on ballot initiatives is, uh, while we are seeing some pharmaceuticals and some, um, larger donors who have connections to, uh, substance abuse programs, I could mention one, but I won't. He happens to own a very large casino and newspaper out here. So, you know, here in Nevada, so anyone with who does their homework will know exactly who I'm talking about. Um, Chris is laughing. He knows who I'm talking about. Um, but we also saw alcohol lobbyists who were putting money in against, uh, legalization efforts, especially adult use. They weren't so much against the medical marijuana programs, but as soon as you start seeing adult use on the ballot, then you start seeing, uh, alcohol tobacco a little bit, but mostly been an alcohol. And the reason for that, as we start to see, as the States are starting to legalize the number of people who are using alcohol or alcohol sales have dropped maybe not by large amounts, but significant enough that it brought some attention to it.

Speaker 1 ([32:57](#)):

Oh boy, you're, you're absolutely right. Stephanie, uh, case in point, going back to Wisconsin, the Tavern league of Wisconsin is a very powerful lobbying group. And as a whole, they are fully against, uh, legalization. Okay. So what, what's the best option going forward for the, uh, keeping the cannabis industry close to what it is now and, um, and to have it grow in the future in a healthy way. So what's the best options for that. And do you see it happening?

Speaker 3 ([33:32](#)):

My personal preference was the States act, um, because it's, it's slower, but it does. And it's more measured in its approach. It allows the States to be this proving ground, and it still gives States like Wisconsin or Indiana the option to say, we don't want it here until they're ready to have it there because like, um, Chris and I had been, uh, had talked about it before Indiana is probably going to be the last state in the union to leave cannabis just because, I mean, they were, so it took so long for them to be okay with alcohol cannabis is like light years ahead of where they're at right now, in terms of comfort level. And the States act the way that it was written. It would, in my opinion, and I, and Jim and Peter could speak more to this. I believe it actually would tackle that two 80 E hurdle for cannabis businesses, which would allow them to thrive a lot better if I'm right. Jim, Peter, either when we want to, am I right about that, that the state's act would have affected two 80 E

Speaker 5 ([34:48](#)):

Yes. Um, the States act depending on how the final version turns out. Um, but it was designed to fix both banking into a E. Um, he had some people on this call were very astute politically. And so they know that, um, you know, in politics, uh, you can only get so much each time, but, um, depending on how that bill turns out, uh, we in politics, um, they say, you know, in the United States we have 50 laboratories. So each state is free to do whatever the federal government, uh, does not provide. Uh, so that's how our constitution is set up. That it's not specifically saying what the States can do. The States can do anything, uh, politically that they want to, as long as it doesn't interfere with the federal government and the very limited number of things the federal government is constitutionally authorized to do.

Speaker 5 ([35:47](#)):

So that says where we're going with that is, uh, the state's rights bill would send the States. So would say, we're going to keep cannabis illegal at the federal level, but the 50 States are free to regulate cannabis as they, and well, like I'm not a lawyer, I'm an accountant. So I can't tell you exactly why, but that should allow banking. And when I say banking right now, many of our cannabis clients have checking accounts, but they don't have banking services. MasterCard and visa are not on board. So if your local dispensary is accepting credit cards, they're probably doing some level of deception with MasterCard and visa. Uh, although for some reason, debit cards seem to be okay, okay. But you're lucky to have a checking account. Um, if the space bill passes, then you can now start to get, um, merchant services, credit cards, bank loans, car loans, to people who own dispensary's, uh, it opens up a full range of banking services, and it also should save two 80 E as well.

Speaker 5 ([36:58](#)):

So it's a good solution. It's very bipartisan being, um, sponsored initially by Elizabeth Warren and Cory Gardner. Um, as we, I think everyone saw last week that, uh, like cannabis bill, and I don't know if it was a very good bill because I didn't study it, um, to some sort of the news actually legalization did not get out of the house because of democratic, but we were definitely frozen until after November 3rd and probably really till after November or January 20th when we have a new Congress. Um, and they were posting inauguration of either Trump or by so, um, yeah, those are my comments on, on the States act. It's a good solution. Uh, it doesn't mess up the industry as it is now. And, you know, it does no harm. First rule is, do no harm. And then from there, um, hopefully it will come a normal industry, but in this election year, you never hear anybody really talk about marijuana, which is good. I like it. Uh, you know, we want to fly under the radar. Um, the only time you hear about marijuana is when people are, uh, accusing the, the other side of, uh, putting young black men in jail for marijuana. So it's actually a pro marijuana pro legalization, pro D decriminalization coming from both the Republican and the Democrat.

So, um, yeah, that's it. Yeah, very interesting time right now, probably we're frozen in time for three or four more

Speaker 1 ([38:36](#)):

Weeks.

Speaker 3 ([38:38](#)):

Well, and also if it's something like the States act where to actually pass, which, like you said, we're not going to see anything before 2021 on that realistically. Um, if, if we did see any movement on that, it would surprise me that being said, if it does offer the, the kinds of financial opportunities that you were talking about, access to banking, uh, basically not having the two 80 E hurdle anymore, uh, when that then free up some more money to be able to have lobbyists of our own, to push that, um, push things a little bit further, Chris, I think you you'd know more on that than I would.

Speaker 1 ([39:25](#)):

Well, obviously having a good strategic game plan, whether that's on the local state or federal level, and being able to back that up with coordinated efforts, coordinated messaging, and some capital behind that, um, on whatever kind of strategies that you're trying to use to, to move political opinion, or even getting candidates are much more friendly in, in, in the office. Um, I, I, I, I see nothing but positives on at least the cannabis industry unto themselves of taking that next level and having a more coordinated efforts on that lobbying side of things.

Speaker 8 ([40:09](#)):

Yeah. You know, when we're talking big picture and you know, what, what is the long-term solution? I it's a difficult topic, but I would say that, you know, with everyone else on the call, I do agree that the state's act is a great next step, but it's hard for me to see that, and it's kind of the final solution. And so, you know, I think that some sort of hybrid between maybe what we saw with the Moore act and what we see in the States act, or maybe even like a tiered approach where we have a bill that comes in and the States that we have something similar to the States act and we're given a timeline, okay, this is, this is where you're operating for the next three to five years. And then we've kind of got a step after that. Um, I think that might be too big of an ask from Washington is to ask them to, um, you know, to do something today and also have a plan for the future.

Speaker 8 ([40:52](#)):

But that's, that's kinda my thought process, as long as I liked the States act or where the industry's at today, but is it the real long-term solution? Because at the end of the day, I think everyone on this call and everyone who got into this, you know, we want to see this go nationwide. We want to see it in Texas. We want to see it in Wisconsin. We want to see it in all those States. And my worry with the States act is that, you know, the feds are not really putting any real incentive or pressure to move the needle and that we still end up with a patchwork of laws. I think it's a great short term solution, but I do have trouble seeing that as the longterm end game.

Speaker 3 ([41:26](#)):

Yeah. I would say more or less than the States act is it's not the final, but it's the solution that we need right now to get things, to move a little bit further, to be able to develop a framework that can be consistent because the more act for as many wonderful things as it would do, um, it's going to be like we

saw with California, if you try to throw people into this who have not had to regulate something like this before, how many times have we seen States that don't really they'll learn lessons from other States, but then they decide to go one step further in a weird direction that doesn't make sense. And then they either end up having to back it off or other people will adopt it. I like the idea of having the States act for a certain amount of time, because one, it gives the States the ability to kind of come up with a framework that actually works so that when we are ready at a federal level to legalize this, we can then codify at least some basics that we all can agree on because at, at the end, like best case scenario, when government works the way it should not, everybody's going to be totally thrilled with the outcome, but it's at least the outcome that we can live with, that we all that we can all live with.

Speaker 3 ([42:49](#)):

And I think we will get a lot closer to that if we do have this in-between period where it is still quasi illegal, but much more so than it has been, and at least gives a state or gives the banks the opportunity to be able to bank with this industry because they are, there's a lot of risk in banking with this industry right now with the laws that are on the books as they are today. I think if we can prove that one we're responsible enough to have bank accounts and credit cards and all that, um, and that we're not going to ruin the youth of America, then, you know, we will gain more followers and would, uh, at the federal level we'll gain more allies, not necessarily followers, we'll gain more allies at the federal level and it'll make it a lot easier to build responsible legislation as opposed to, and we're just going to legalize it, we'll figure it out from there, you know?

Speaker 1 ([43:52](#)):

Yeah, definitely. You know, and I think, you know, uh, different States and, and utilizing different practices in their regulatory structure, you know, the better stuff is going to rise to the top. And then you're just going to have a more, a more solidified, uh, standard industry practice across the board. And another thing that we're also seeing, um, and then we're trying to do at higher yields is really educate legislators on what is happening in each state, you know, what's happening on the licensing structure, the application structure of it, you know, we've just seen what's happened in Illinois and some of the issues that come out in their competitive pride process. And what's the difference between, uh, what Colorado does as a non-competitive state, uh, as compared to what Illinois is doing as that they have a finite number of licenses that they issue each year. And what does that, what does that do to the industry? What does that do to the local impact? And, uh, you know, that's, that's a big thing to look out for. And so when we, we have these regulations across the nation that are different in each state, those, those rise to the top, and that could probably be stamped as this, a standard industry practice. So which state is doing it best so far? I think you'll get different. I think I know who Jim thinks does the best.

Speaker 5 ([45:18](#)):

Well, you know, we do have a lot of different models, so Colorado has unlimited licenses. So we have over 1200 active cannabis licenses, including cultivation, extraction, and retail, and also Colorado partially thanks to me and my lobbying efforts since 2012 or 13 has allowed all deductions on the state tax return. So there is no to ADA in Colorado. Um, yeah, there's always a debate of whether the limited law license state, um, is better than a unlimited license state. Um, I don't have strong feelings about that because it seems like in the end you limit, you're going to have natural limiting on cannabis businesses just because there's only so many places in a state that our property is not near a school or a church in an industrial area, in a community that will accept cannabis businesses. So there's a lot of moving parts to the structure.

Speaker 5 ([46:24](#)):

Um, we've found a pretty good equilibrium in Colorado, so unlimited licenses, 1200 active businesses, and yet our wholesale prices are ticking up. So we don't have the overproduction issue that Oregon has. We don't have that much outdoor in Colorado. We have some that, a lot of outdoor. Um, so yeah, we've seen our wholesale prices from a low year ago, about 800 to 800 to a thousand dollars. We're now back up to 2000 or even higher per pound at wholesale. So I think Colorado has shown the way of what an unlimited license state can look like. We also have the benefit of being surrounded by States that don't have a Delta. So New Mexico does not have adult use. Utah is medical only. I don't think Wyoming has medical. And then, uh, Kansas on the other side, on the Eastern side, doesn't have Iowa. So the border, uh, dispensary's get a lot of out-of-state traffic via some clients doing very, very well down in what they call the four corners area. That's where Colorado New Mexico, Arizona, and Utah, and Arizona is still the medical home. So we get a lot of adult use cross border traffic on Colorado as well. Pretty similar situation in Massachusetts, where they're surrounded by States that don't have adult use.

Speaker 3 ([47:53](#)):

Yeah, I would say while Nevada is not perfect. And I don't think it's, there are plenty of people who in Nevada who think it's the gold standard and would love to believe it is there's some like any state there's kinks that need to be ironed out. But, um, I, I prefer Nevada in terms of the lab testing and the availability of information you can have as a consumer about the products that are on the shelves. So in that respect, especially from a consumer standpoint, I, I like Nevada's structure. I also, Nevada is a limited license state, but I think that works in its favor because so much of our traffic is, um, from visitors, we have 42 million visitors usually, uh, to our state a year. Um, and in times like this, where we've had COVID, um, we have not had that many visitors and it, it could have been much worse if we had had unlimited licenses.

Speaker 3 ([49:00](#)):

We'd have seen a lot of fallout from that. I think having the limited number of licenses meant that we were not oversaturated by product. We were not oversaturated, uh, in terms of a labor pool that would have had to be laid off because there just wasn't the sales there. I mean, we lost at worst, uh, 30% of what we'd normally be made, uh, what we'd normally have in sales. Um, but we also in April had 30% of, uh, eight 30% unemployment rate. So, you know, the fact that it was only that big of a difference when the state has such a massive unemployment rate, kind of at least showed that there was some buffering on the financial side, um, and some protection by having a limited number of licenses out there. Um, so I don't know that there's any one state that's absolutely doing it right. Colorado is a model for a lot of States. It certainly was for Nevada, but I think there's lessons that can be learned from each of the States, which state has the best expungement. Oh, I wanted to say Illinois, but it's been problematic. So I don't really know. What do you think Chris does? I mean, you have more on that. I don't know either, you know, if we're talking

Speaker 1 ([50:28](#)):

About the criminal justice system and being retroactive with the criminalization of, you know, if we all agreed policy-wise that this should have never been illegal in the first place, and those that have taken the hit on the war on drugs are barred. If they have a felony working in the industry, uh, they're barred from even going to get other jobs. It's a really tough thing, you know, and I was in mental health, working in, um, vocational trainings, my wife, uh, run statewide programs, uh, both inland, Colorado, and Wisconsin of helping people with, uh, mental health issues get jobs. And we would bump up against

the felony cannabis convictions all day long, and that very narrowly narrowly, uh, shrinks their job opportunities and their job pools. So I think not only, you know, when we talk criminal decriminalization, yeah. You're just not punishing people for accessing in a illicit market. So all of us in the industry say, okay, let's, let's cut to the chase and go with the legalization piece. Um, but also that expungement piece has to be a big deal because that's still going to lock, locked down. A lot of people, uh, that have went to the illicit market, men punished for it.

Speaker 3 ([51:55](#)):

Yeah. I definitely agree. I think that's one of the downside, certainly in my state and we didn't have expungement still don't, um, that, not that there aren't some efforts to, to clear criminal records, there have fun, but yeah, it's not codified in law. And as long as it's not, then you're at the mercy of whoever's in power at that point in time.

Speaker 2 ([52:15](#)):

Well, that's about all the time we have for today. I'd like to thank you all for being a board. And I think it was very interesting. We'd love to have you all back someday. Thank you very much. That was good. Thank you. Thank you. Thanks everybody. Thanks for listening everybody for more information about the higher enlightenment podcasts, or if you have show ideas or would like to be a guest on our podcasts, check out the description below for information about sponsorship forever ties in on the higher enlightenment podcast. Please call us at eight four four high yields. That's eight four four H I Y I E L D S. Or visit our website@higheryieldsconsulting.com. Thanks. Have a great day. And we'll talk to you soon. [inaudible].