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A roundtable discussion on the
emerging business opportunities
in the cannabis and medical
marijuana industry in Oklahoma



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SL Sarah Lee
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ROUNDTABLE PANELISTS



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Journal Record*



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MR. RAY: Our topic is emerging business opportunities in the medical marijuana industry, from growing, to processing, to selling, to regulating at all levels.

It's a new industry, and it is a growing industry here in Oklahoma. Just last month, sales of medical marijuana topped \$23 million, marking eight consecutive months of increasing sales. In addition, more than 130,000 patient licenses have been approved by the state since last August.

Ford, although it is a growing industry, many businesses, many dispensaries have already shut their doors and gone out of business. Where do you think these dispensaries failed and how do you go about structuring a business like this to succeed long-term?

MR. AUSTIN: The problem with these companies, these dispensaries that went out of business is, they're opening a dispensary. They're not opening a business. They're not opening a corporation that's going to last. They're trying to take a little bit of money and get out in the game.

So they probably even planned their exit strategy as, *Let's open, let's make some sales, and then if we close, at least we made, like, 40 or 50 grand or even a couple hundred thousand dollars*, as opposed to setting your business up and structuring it as a real business, with real levels of players, meaning your C-level players — your CEO, CFO, COO, CTO — really getting into technology is a huge factor in this day and age and addressing kind of a bigger idea, a bigger concept, and that's probably the real reason.

MR. RAY: That takes a lot of long-term planning.

MR. AUSTIN: You have to really know what you're doing. You have to have a concrete plan.

For us, it was a very unique situation. Our great-grandfather got into the oil business about a hundred years ago and struck oil with his partner, and they created a vertically integrated mini-major oil company called

Anderson-Prichard Oil Corporation, which then turned into APCO Oil. They opened a golf course in town, which is Twin Hills. They owned the City Place Building, which they leased and had their name on it — so for a long period of time, it was the APCO Tower — and about 2,000 trucks.

Our great-grandfather set up a business to last generations. And even if he wasn't a part of the business for generations, he was able to sell out, take that capital, roll it into a family office which we manage today, and we've been in the oil business for a hundred years because of it.

We still manage interests, between my sister and our family members and I. She and I turned to each other when [State Question] 788 passed and we said, "What a great opportunity to really honor the legacy of our great-grandfather and also to be part of a new world for Oklahoma business."

We're all here because we see what people saw a hundred years ago in Oklahoma, which is opportunity, a chance for a new industry that never existed before.

Because of that, my sister Shayna and I are redesigning ourselves, we're rebranding ourselves, rebranding our family business — which has been oil and gas — and now we're rebranding as a positive impact company in cannabis, whether it's medical marijuana or hemp-based plastics or hemp-based industrial products or hemp energy. We feel that it's really just one of the biggest opportunities that not only the state, but also the whole country, has seen since 1930.

MR. RAY: Zachary, are you seeing the same trends of dispensaries going out of business, and do you have any thoughts about why those businesses are failing?

MR. WILLIAMS: On our platform, we haven't seen anybody going out of business yet, and I think that's partially because people see the value in a canna-tech solution like we provide.

As far as why I think people may be going out of business, I think Ford probably hit on a little bit of that: People are just making a quick

money grab. I think there's probably a lot of that. The other side of it is just the sheer reality of the fact that if you've got three dispensaries on one corner or one intersection, that's not sustainable.

I think statistics speak to it as well. If you've got 3,000 growers and roughly 1,500 dispensaries, that's quite a top-heavy ratio when you look at growers just themselves. And if you're looking at a ratio of, say, 37 to 40 patients per grower, that's not sustainable either.

There's plenty of demand, as more people are signing up to become patients, but I think those statistics just speak to an unsustainable battle from a lot of people who don't know what they're doing, or aren't set up for success, or don't have a very solid plan.

MR. RAY: Sarah, there was a lot of work done on legislation during this latest session. They addressed enforcement issues, labeling, testing, and the rights of employers versus employees.

What are your takeaways or impressions from the so-called Unity Bill state lawmakers passed this legislative session? Did it do what it needed to do, or are there still some gaps that we need to address?

MS. GOSSETT PARRISH: I think the Legislature did a good job when they passed Unity, in not going overboard with additional regulations.

I attended the hearing of the Joint Committee before it recommended Unity to pass, and it was very interesting to see both sides of the aisle and the Senate and the House discussing these things and coming together to try to reach a solution.

I think, all in all, it did the least amount of damage possible. I hate to put it in those terms. We don't want to be over-regulated like some of the other states, but I also think it addressed concerns that needed to be addressed.

For example, by design, [SQ] 788 is kind of a loosely worded initiative petition. And when we passed it, everyone knew that there would be things that needed to be filled in. It's a great skeleton, but we've got to

put the muscle on it. So I think Unity does that.

And then, we have all these trailer bills, some of which are always effective, some of which are becoming effective. One of them in November, after Unity, but some of them with Unity, because they didn't have an emergency clause, and so it'll be coming up.

MR. RAY: Can you talk a little bit about some of those trailer bills and what kinds of issues they're going to address?

MS. GOSSETT PARRISH: One that I think is of particular interest is the one that contains a grandfather provision. And as you may or may not know, Unity changes the residency requirements for out-of-staters. And because of the amazing opportunity that we have here, many from other states want to come in and take advantage of that in a very positive, good way.

Unity now requires, in order to establish Oklahoma residency, that you either have lived here two consecutive years prior to filing for your OMMA (Oklahoma Medical Marijuana Authority) commercial business license, or five consecutive years within the last 20 of when you file.

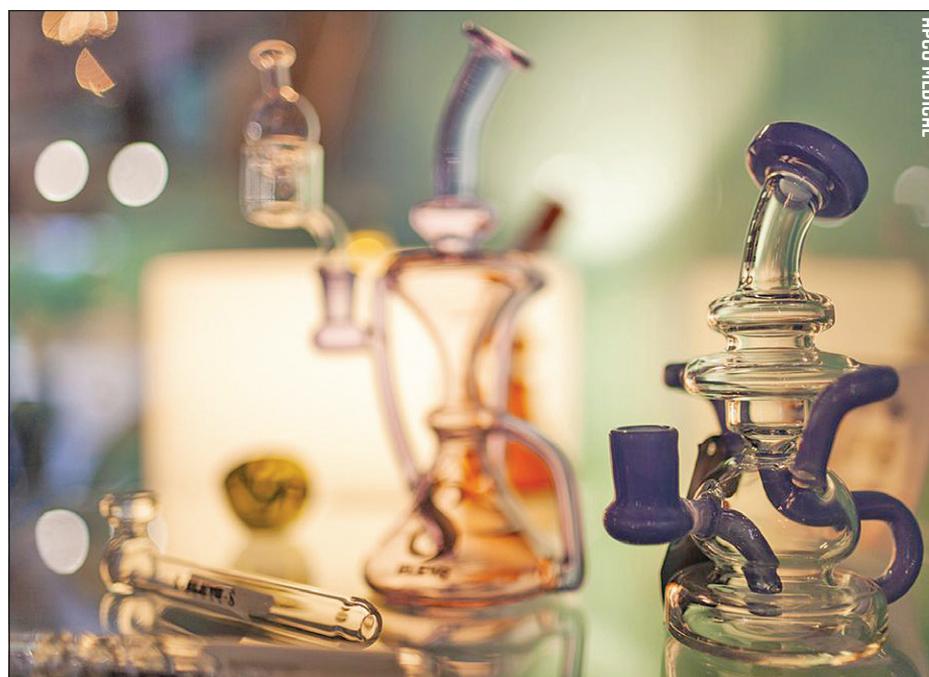
For example, for people who grew up in Oklahoma and then moved away, if they've lived here for at least five years, they can come back and file under those new residency requirements.

But this trailer bill provides that those with existing licenses will be grandfathered in, those who had licenses, but there's always a catch. When Unity became effective, and there's a question about the choice of language that has been the topic of discussion amongst my legal friends and me on whether OMMA is going to take the position that it's effective when it was actually passed in March or if it's effective — for purposes of this grandfather clause — when the governor signed it, and then it actually is implemented and starts to be the law, Aug. 26, for those people who are granted their licenses in that interim purgatory period between March and August.

This is a very important issue, and I hope that OMMA takes the position that everyone is grandfathered in who has a license when Unity becomes effective. But it will be interesting to see. That's one of the main trailer bills.

Another one passed is the Waste Management Act, which creates 10 licenses for the transport of waste. It also redefines what constitutes medical marijuana waste, so that you're able to dispose certain things, that it even came to Unity in that regard. So you can incinerate or compost or dispose of your own things like the stalks and the roots and other solvent stuff, which is a good thing for people in the industry.

MR. RAY: Shortly after the bill was passed, a lawsuit was filed pretty quickly, claiming the bill is ambiguous.



ous, and it has a lot to do with employee rights. Can you talk a little bit about that lawsuit and how it might affect the industry moving forward?

MS. GOSSETT PARRISH: I don't think that lawsuit is going to have a lot of traction. I think what we will see, regardless of that lawsuit, is OMMA continuing to develop rules and regulations. They're going to pass their permanent rules before long, and those will go into effect, and we're going to see a true administrative structure being implemented out there with, for example, an army of administrative law judges who are going to hear cases and matters that come before OMMA based on issues that inevitably arise. And I think we're also going to see some of the gray areas that continue to exist in the law become black and white as a result of implementing additional regulation.

And I think we will see, in the courts, the area of employment law further developed. I have a law school classmate who is with an employment law firm in town, and he's been concentrating on that, and it does raise numerous issues.

It's a gray area, too, because there are not any objective standards, for example, of measuring if a person admits to having used their medicine, medical marijuana, of establishing, *Are they affected by it? How much are they affected by it?* It's not like drinking alcohol, where there is a blood alcohol test. I think that those issues will be resolved in the courts more than in our administrative group.

MR. RAY: A lot of the businesses that we cover, both big and small, have a lot of questions about employer versus employee rights, and they're seeking clarity on all those issues.

MR. AUSTIN: There's even a law where they're saying just because you test positive on urinalysis doesn't mean that you are fireable.

If you have a receipt from a dispensary for even full-spectrum CBD, you're going to test positive on a urinalysis, and they can't prove that you actually had THC, so they cannot fire you from a job.

MS. GOSSETT PARRISH: That's right. They have to have an additional reason. Of course, employers who are really savvy are going to be probably keeping a record of other reasons that they could fire an employee and —

MR. AUSTIN: Still bring a case, right?

MS. GOSSETT PARRISH: Yes, exactly. And with Unity comes the safety sensitive jobs provision that automatically knocks out certain sectors of the employment landscape using that medicine while on the job.

MR. RAY: Keith, you were a grower in Colorado. Is there anything Oklahoma can learn from Colorado's experience on the grower's side of the business? Did Colorado make any mistakes, or were they perfect?



MR. LAIRD: As far as the learning lessons, there's a lot. To take an established state that has done it for a while and see the progression that they've had that has taken them seven-plus — 10 years now to really get established and get to 800 pages of legislation instead of 28.

The gradual side of it is actually incredible, that you guys are adopting rules that make sense, and taking it slow. And while there might be a lot of gray areas and we all have a lot of questions, at least we're not being pigeon-holed into certain methods and certain ideas that may overlap and hinder the actual development of this industry overall.

But there's a lot to learn from Colorado, from California, from Oregon, whether it's laws and policies, whether it's simply growing techniques.

Out here it's a heck of a lot different. I'm learning real quick about the heat out here and how that's affecting how people are growing, whether outside or inside, and what you're doing with your environments, which is one of the most crucial factors when it comes to your grow.

But there's a lot of lessons being learned, but the most important part — especially being a guy who's lived all over the country and from growing in Colorado — is to remember that this isn't Colorado. Just because this worked in another state, it's not guaranteed it's going to work here. So, really, taking a step back, looking at all the elements involved and then going forward and coming up with your own game plan that works best is going to be the win.

And then, sharing information. We love talking about, *How are you growing*, whether it's at the stores or people actually coming to our grow to see us. They say, *How are you growing? How can we help you*, and seeing the different methods, what works and what doesn't, and then really defining what may be the best option for Oklahoma.

MR. RAY: What kind of grade do we give Oklahoma in preparation for this new and growing industry?

MR. LAIRD: I'd say you're closer to an A than anything else. There are a lot of states that came out and they took a ton of laws and just threw it all together. Now, granted, with all the questions it involved, it's tough. Sure, you could say an A when it sets up the industry for growth and allowing us to develop what it should be in Oklahoma, but it's towards a C when you're talking about the questions that we have, when a lot of it comes down to, how do we do this, how do we do this, and we're operating for a year now, potentially, under a gray area.

So, all you can do is really put your cards out there, do what you think is in the best interest of both your company and for the state and for your patients. So that's where you kind of find that even balance. I wish we had a little bit more guidance, but at the same time, these trailer bills and Unity bill coming online will start helping to solidify that subject.

MR. AUSTIN: This whole concept that he's talking about really hits me in the heart. Because I say it's going to be an A-plus, coming from California and relocating back home. All my friends in California waited six months for their licenses, and there was a couple hundred grand to get it set up. Talk about your legal fees, Sarah.

So, it was a really big barrier of entry in other states. The great thing that Oklahoma did was creating opportunity for people who wanted it and making it a very low barrier of entry. And it also did another thing: a lot of the major players in other states, because of that low barrier of entry, just said, "Oh, the barrier of entry to this industry is too low for us."

There's going to be too many people in there. We don't want to be part of this melee."

And I think it's really exciting, because we get to be a part of setting up all of this regulation, setting up all this policy. As business owners, we are the key indicator to the legislators about what is necessary, how to alter things. Because all they really did in the beginning was take everything from Colorado, everything from Washington and California, and assemble it into a really good framework. And it's like you said: now we're putting the muscle on. And it's from that feedback from people like us, from people who are running the businesses and they're learning about things.

And then, from the patient side, it's a really effective way for us to all come together and make that C grade part of it an A-plus like the rest of it.

MR. RAY: Zach, do you think the state did a good job or a bad job in setting up the infrastructure, the regulatory framework?

MR. WILLIAMS: I definitely give it a B-plus to an A. And that's only because I think our legislators, as far as I can tell — and I went to a lot of those early joint-session meetings last summer when they were just kind of feeling this out, how to proceed. None of the legislators I saw were operating out of fear. I think that's something to be commended.

And we're a very pro-business state, and being pro-business, they have given this state an opportunity to set up businesses, to give them a chance to fail, give them a chance to succeed.

And if you're looking at it from that angle, which is the way I tend to look at things, I think you have to give them high grades in that respect. I think it'd be helpful in a lot of ways, if we had more guidance toward delivery of product and advertising and stuff like that. But I think on the whole, as they've let things take place over a year, you have to give them high grades for that.

MS. GOSSETT PARRISH: I would second the comments that have been made. I'd give us a high grade. I think one of the beauties of our system is that it does allow the little guys to come in if they want, and those with that entrepreneurial spirit who want to test it, and albeit some of them may not be well equipped to do so, and they find that out, but I love the opportunity that it presents, and I think 788 was written so well and wisely to allow that. I know my colleagues in the international cannabis bar are saying, "S.L., we all want to be Oklahoma. You're so fortunate because of your system now."

And I do feel that way, and I think as time goes by, we will implement the necessary rules and regs and laws as they come along; and in the interim, I do think there's a great spirit of everyone's on the same team, where even at OMMA, I think those people out there are so hardworking and



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they want to work with the people in the industry to see it succeed.

I just think we have a really great environment and a very exciting one here, and the world is watching. We really do have the attention of the rest of the country, and I see that, and I'm sure you guys do as well when you travel.

So, they all want to be Oklahoma, and I love that, because I think we're the best.

MR. RAY: Keith, growers don't have much guidance on the certification of seeds. What kinds of concerns does this create for growers? Is there a lot of uncertainty from growers on that topic?

MR. LAIRD: It comes back to really doing what is in the best interest of the state and of OMMA when you have such a large gray area. Our grow came online a little bit later, and we ended up buying clones for that very reason. We wanted to buy stable genetics that allowed us to get ahead faster.

While there is an abundance of seed banks throughout the world, without the overarching federal guidance as well as state guidance on that side of it, it's come down to doing what is in the best interest of the state and for your grow operation itself. So, for us, we found stable genetics that were local here and that we all really liked. We waited for that to happen, so we didn't really open our grow until the later months, or the beginning of 2019, which really allowed us to get established and then move forward from there.

MR. AUSTIN: I think it's great. Because what we now know is that almost 95 percent of the dispensaries in the beginning were selling products from outside out of state, because there was just nothing that you could prove. You couldn't prove that you even had a harvest that could be that mature by the time it was legal to open.

But we wanted to get the industry going. But you're a very honest businessman, so you decided to do it right.

MR. LAIRD: At the end of the day, what we've learned from being in California and seeing these other states, we know that it has to come down to simply always staying above the fray. If there's not a law, let's reach out, whether it's Sarah Lee, or whoever we can ask for guidance? We're constantly calling OMMA and their team over there, bringing up ideas, whether it's on the grow side or dispensary side, whether it's third-party sales in parking lots, all these sort of things that you're dealing with, especially on the grow side. Nutrients are waiting for the Department of Ag to come out with its list. Colorado's list was incredibly comprehensive for what you can and cannot use.

We're extremely excited for testing to come on board. That's the most important thing for our patients. That's why we love being able to grow ourselves, to not only supply other dispensaries and not only teach other growers how to grow, but so that we know and we can control what exactly goes into our plants and what doesn't, and that's the most important part, and then to have the test results and the full panels to show that this product is actually healthy and safe for the end consumer.

MR. AUSTIN: Of course, now we all know that the Oklahoma soil has that little bit of extra magic in it. It's red, and it's beautiful.

MR. RAY: Ford, you talked earlier about structure, but what about coming up with the initial concept for a cannabis business? How do you go about conceiving the business idea?

MR. AUSTIN: If you're talking about business structure, that's kind of a long, ongoing thing that doesn't have much concept to it. It's more about just construct.

If you're building your company to go beyond just a dispensary, you may not even have just one business. We have six different corporations to scale and grow our company. A lot of that is for different levels, different reasons.

We have a media company, and the reason is because we've been a vertically integrated oil family for a long time. Being vertically integrated in any business is a good idea. But I notice that if you're going to vertically integrate in the cannabis industry, everybody said, "Well, you grow, you process, and you dispense and that's your vertical integration."



But I feel like true vertical integration is going to have a fourth quotient, like Coca-Cola, like Apple, like IBM, like all of these major players who are gigantic corporations. They have in-house marketing. If you don't have in-house marketing beyond just your social media, you're not truly vertically integrated. You're vertically integrated in the cannabis genre, but you're not truly vertically integrated unless you're shooting your own content, you're making commercials, because now you can do that.

Our company just premiered a commercial campaign on Cox media this month, and I think we were the first cannabis company in the state of Oklahoma to do that. Well, CBD Plus has been doing some, but we're just happy to be part of it.

As far as structuring it constructurally, you need to have sort of a parent organization and another organization that just handles the THC and then another organization that's going to handle a lot of the other daily operating things, like a holding company. So that's corporate structure.

If you're talking about concept, well, that's your imagination, and that's where it gets really fun. Like Okie Kush had this amazing concept that I love, the bear with the monocle, and a lot of their team are really great. Our concept for us involves whole health wellness, and our first store on 23rd Street has a full meditation center, because we felt that it wasn't just conceptually about THC, medical marijuana with the body; we feel like it's also meditation with the mind.

Because not everybody has a patient card. If you don't have a patient card, you're not going to be able to purchase THC products in the state of Oklahoma, but if you want to receive some of the benefits, which are relieving anxiety, relieving PTSD, getting rid of a lot of these things that's just on a daily basis of being very highly functioning people, trying to be our best and be out in the world, making ourselves bigger — it's a stressful game. And if you meditate, it takes a lot of that edge off.

My wife, Lauree Dash, is certified in meditation, and I built a meditation center for her out of love. And that is what APCO Med Dispensary and Meditation Center is. And that's



MR. AUSTIN: But that's an amazing point, because it is about a perfect storm of all of those elements. You have to figure out what your company's structure is, what it does that's unique, and how you fill that gap.

MR. RAY: Let's talk about marketing, Zachary. How do you market a cannabis business? Can you do it for social media? What are some of the challenges in marketing cannabis products?

MR. WILLIAMS: Well, there's hurdles. For instance, one of the first times we started doing our own marketing on social media, I think we ran into an issue because you can't show pricing anywhere on social media. It's almost like, you can tell everybody what you're doing, but you can't let them know what you're doing. It's just this odd conundrum that we all find ourselves in, and it's interesting that these companies that are based out of California and Silicon Valley take the position they do on that.

So you don't want to get kicked off social media because it's crucial to your business, so it's interesting how companies are taking different looks at it. It's great to hear that somebody's actually stepping forward, doing commercial advertising on TV, and that's spectacular.

But, when we saw this marketing, this gap, we saw a way for folks to get on a closed marketplace, B2B

the first one. I think we've got about 20 left to build in the state, and then we're going up and down the Midwest. But that's concept. That's all imagination.

Zach's business is founded on meditation — or on imagination. You came up with this amazing concept that not very many people are doing. A lot of people have a dispensary, not many people are doing what you're doing.

MR. WILLIAMS: Those are kind words, but I ... don't know that I'm conceptually, or that imaginative. What we saw was a gap. The connection we're seeing for the industry is

really people looking online on social media, Facebook. We talked to some of our vendors that are using our marketplace, and we've saved them that trouble of taking phone calls, taking orders over email, taking orders in the DMs. It comes from everywhere. We've centralized that process for them, and we found them a great place to not only take their product to market but also to procure product on the market.

And with that, not only do we do some border management, some centralization to folks, but we also bring liquidity to the market, and that's what's going to keep this robust and keep things going forward.

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marketplace, and do some marketing there, not only do some marketing, but also join the overall marketplace. And that's kind of how we saw a good approach for folks.

I don't know how other cannabusinesses are doing it, but other than doing it on social media, other than promoting their events like the one-year anniversary you guys did, I think that's really how you have to do it. You gotta do the trade shows and, hopefully the rules will relax, and we can do it the way everybody else does it, but we're just not there yet, so you have to be innovative and you gotta be careful. It's a conundrum.

MR. AUSTIN: It is changing, though. It's really changing that fast. As fast as these regulations are changing, the marketing is changing. It's all federal controls on what you can say on the airwaves changes.

We're meeting with cable providers right now about delivering the first Oklahoma cannabis TV show, and it's never existed here. I don't even think it's existing anywhere in any other state. But we've already finished shooting our pilot, and they're salivating to get it on the air. And I said, "Are you really sure this is legal?"

So we're looking through your kind of stuff and loopholes, and it's going to happen. For the first time, we're going to be able to have a cannabis TV show on the air that's promoting cannabis use. And it's a very fine legal line that we're going through here, but we're going through it, and it's because we're working on behalf of a sea of disenfranchised people for decades, and we're changing culture. We're changing the way business is done, because this industry never even existed. And we're changing the way that people are embraced for using cannabis.

We're all in the process of helping make change. We didn't like what it was, so we decided to be a part of it so that people after us don't have as hard a time and regulations get changed, everything gets altered, and through the business culture.

Because it's got to be done through the business culture. It can't just be done through people getting together. It's got to be a legitimate thing that makes money and make taxes to go back to the states, to go back towards education. If you got people marching outside of the Capitol in a state and you're selling cannabis, once the federal guidelines go away, all of those teachers will benefit, all of the students will benefit, all the schools.

It's going to solve so many financial loopholes and gaps in the state once the federal government says, *OK, it's no longer Schedule I.* Now you can move all the \$24 million in taxes that you made. You can move that towards education. Seven million is earmarked for education. You can move that towards that. But until the federal changes that Schedule I, you can't.

MR. RAY: Speaking about the federal government and Congress, let me turn to you, Sarah. This is a cash-only



business. Marijuana is still illegal under federal law for the most part, and so banks don't really have much confidence to offer their services to cannabis-related businesses. Are we any closer to getting Congress to allow banks to offer their services to this industry? What specifically I'm talking about is the Safe Banking Act.

MS. GOSSETT PARRISH: A lot of us thought that we are. In fact, I was in Washington, D.C., last August and met with members of the Congressional Cannabis Caucus, and several of them assured me that within that time frame, within six months, they thought we would have some kind of a bill passed by Congress, either the States Act or the CARES Act or some something similar to the State Banking Act that would protect businesses in the industry, at least in the states where it's legal, up to where it is legal.



But that obviously has not occurred. And then we were all hopeful with the State Banking Act, that that would get out of committee and get into the House floor, and it's stalled out there. There was a similar bill filed in the Senate but nothing has come up. And so I'm disappointed, to say the least.

I think that we are closer, in that Congress realizes they have to, that it's inevitable. And the members of that Congressional Cannabis Committee are from both sides of the aisle — from the House and the Senate, and they're all working together. We're getting more people on board up there in D.C. every week in support. And even those who are not, there comes a point, the tipping point, when there's so many states where it's legal that it's untenable to continue

with it federally illegal, and I think we're about to hit that tipping point.

So, I hope and pray that we are at least closer now than we were last August. But again, there aren't any protections; however, there are some brave financial institutions out there that are quietly banking cannabis customers. A lot of people may not know, but at the same time that the Cole Memo was issued, and that was the memo under [President Barack] Obama that basically instructed the Department of Justice not to allocate any funds to prosecuting cannabis businesses.

Well, on the same day there was another memo that was issued called the FinCEN Memo, and that was not nearly as widely publicized. And unlike the Cole Memo, the FinCEN Memo has remained. It's never been rescinded, and it quietly discusses, yes, this is federally illegal. If you're a bank, you shouldn't bank; but if you want to bank, here's what you do, and it provides guidelines for banks and for credit unions and other institutions that work with the federal regulators in how to satisfy them that what you are doing is above board and how to avoid money laundering charges, and how to vet your cannabis customers if you want to take that risk. And that FinCEN Memo remains today, and as I've said, we have some brave financial institutions that are doing that.

And in Denver, there's a private credit union that's headed by a friend of mine, Sundie Seefried, at the Safe Harbor Banking Program. And Sundie developed this and is now implementing it in other states. And it's basically a FinCEN-compliant program for financial institutions to bank cannabis clients.

And there are a lot of third-party systems out there that are trying to help people deal with all the cash as well, but I'm hopeful that we're going to see some action in the federal arena before too long.

And in the interim, we still have the FinCEN Memo, and financial institutions can rely on that. Of course, they charge higher fees because, you got to have this army of people who are consistently monitoring all of the cash flow and all of the accounts and then you got to manage it.

MR. AUSTIN: There's a lot of manhours that go into managing it. I thought that bill that the representative from Colorado put out on the House Financial Committee had gotten moved to the House floor. Ed Perlmutter, is that his name? I thought that it had been passed to go to floor and then debated there, and there's 162 people who are backing it, co-sponsoring it. I think it's got a lot of support. It may be a really good one.

In our dispensaries, we have hundreds of thousands of dollars just sitting there in cash. I'm not going to tell you our addresses, but it's there. We purchased these huge safes and the maglock doors and security systems. The whole bill is just designed to get cash out of dangerous situations so we aren't exposed to that liability and people in the public aren't exposed to possible crime and people stealing and breaking in. It's a safety issue.

You can't just have that much cash floating around on the streets and in businesses. If you go into a Gap or another store, it's like 7-Eleven. On the door, it says, "No more than \$20 bills are accepted here and we've only got \$200 in the till." Imagine if you multiplied that by a hundred thousand and you put it in the back room. There are places here that are doing that. And I'm going to go ahead and say, we're not doing it. Don't go to our store. But there are places here, and just to have that much sitting there, it's a target.

MS. GOSSETT PARRISH: I think the concern with the Safe Banking Act and all of that is more in the Senate than in the House as far as passage. I think there's going to be more opposition, and the Senate bill has just sat there. No one's done anything with it.

MR. AUSTIN: Here's my concern about it: I don't want them to use it as an opportunity to say, "Okay, the problem is solved. We don't have to reschedule or de-schedule THC and Cannabis at all."

I don't want them to say, "Well, we solved the banking issues, so now banks can make capital." Now corporations can get cash off the street and banks can make the money they need to.

I want it to also be the decriminalization and helping people who are in jail for cannabis offense and also, getting us out from that exposure to [Tax Section] 280E.

MS. GOSSETT PARRISH: I'll tell you an interesting development: One of the United States Courts of Appeals has pretty much told the DEA they need to reschedule marijuana, take it off the Schedule I, and it's going to be really interesting to see what flows from that.

MR. AUSTIN: When something like that happens, what is the time frame of the next thing that we have to expect? How long would that journey be when he goes, "Hey, you've got to reschedule this or you got to de-schedule it." Is this eight months later? A

couple weeks later? A year-and-a-half later? You don't know.

MS. GOSSETT PARRISH: I was a former federal law clerk as a baby lawyer for a district court judge. Then I took over and finished out a clerkship at the Tenth Circuit for just a few months, so I have some experience with this, and I can tell you there's no way to know.

They're not constrained by time. The district courts have a 60-day rule, and if you've got a motion that is older than that — or they used to — you have to put it on there and turn it in to the appellate courts to let them know.

But there's not a timeline, and it will be interesting from a procedural standpoint to see if they bury it and hope that Congress steps in and does something, or if it's going to really be a court battle. And I think that would be an interesting way to resolve the issue. If Congress doesn't have the guts to take care of it, are our courts going to come in and do something that requires it?

Since we are in the federal court system, in that structure, it could end up before the Supreme Court, where I'm licensed to practice if we had to get up there. But that would be very interesting, too, if it did end up in the Supreme Court. And I'm trying to think under what scenario that would happen. And I'd want to be there for the oral argument, as a member of that bar.

MR. WILLIAMS: How does our Congressional delegation deal with that? The only representative I've heard even talk about it and taken a positive measurement, or measures towards getting us on a better path is [U.S. Rep.] Kendra Horn. I haven't heard [U.S. Sen.] Lankford. I haven't heard [U.S. Sen.] Inhofe. I haven't heard none of our other representatives even talk about it. And I may have missed something but it's something they should be pushing.

MS. GOSSETT PARRISH: Well, I think that Lankford and Inhofe are not favorable. I think that Rep. Horn is, and she's doing all that she can. But you get a little hamstrung, or whatever the term is, when you have —

MR. AUSTIN: You gotta play the politics.

MR. RAY: Zachary, Big Data is changing the way we do business in almost every industry. Should businesses in the cannabis space place a high priority on analytics and aggregation? Could that give them the advantage over their competitors?

MR. WILLIAMS: I don't think there's any way you can get around it. I think if you're operating off the assumption of what comes in your store is what works or how it works for the rest of the state, I think you're going to be mistaken. Learn that the hard way.

We do a lot of data aggregation. That's something we've been committed to tracking all along, and we've



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got those built into our platform, and we take that very seriously. We're in the very first year here. I think there's a lot of data that is published and that you can see already in the newspapers. I'm just thinking of a *Norman Transcript* article I read this morning.

But as businesses need to gain a competitive advantage, need to analyze what's working best, what sells best, what grows best, where things go, I think your data aggregation and your data analytics are going to play a bigger part of the business.



I was at a pool party recently. A very good friend of mine who's a contrarian by nature and I were talking about prices of marijuana, where the future goes for marijuana.

He holds up his beer can, a Miller Lite. He said, "This is where it'll all be in the end."

I said, "Well, maybe that's the case, but I drink a lot of different kinds of beer."

I like different beers. Sometimes I will pound a Natty Light, sometimes I want to drink a microbrew, and I think that's where the cannabis business, the cannabis industry, will go. I think you're going to see these brands that do very well, and they're all over the place, and you'll see your more niche boutique brands and stuff like that come along.

And so, I think in-data analytics is where companies could gain an advantage, find out where their niche

might be. They can use that data to their advantage.

MR. RAY: What is the preferred method or preferred way of growing in Oklahoma? How is growing different versus other states like Colorado and California?

MR. LAIRD: When you're growing indoors, is just about controlling your environment. So here, there's a lot of people who are going to be growing hemp. Hemp is just purely a yield. Let them get as big as you can. Let them go outside.

Growing outside is going to be a challenge within itself. Soil's great, but the wind, the hail, the rain and the bugs. Pest management out here is crucial. Having a solid IPM (integrated pest management) schedule and knowing what to look for ahead of time and then knowing how to mitigate those issues once they do arise.

Growing inside is typical no matter where you are, in any state. I say that just because of the elements that are involved. However, it will depend on many AC units you have and how you are actually controlling the temperatures.

The most interesting thing we found here is that powdery mildew, PM, is actually not as rampant as it would be in Colorado, because you don't get the huge swings in humidity that would cause that. It's different from state to state, even when you are indoors just based on the outside elements, but you can control that a lot more based on how you set up your facility in general.

The cleaner the facility, the more sterile, and your ability to completely control humidity, heat and temperatures allow you to grow and then get into the analytic side.

Let's break it down to the science: What's our pH? What's our ECUs (environmental control units)? How can we actually foster this plant to produce the highest yields with the cleanest product we can possibly have?

MR. AUSTIN: Are they requiring you to RFID-chip your plants yet?

MR. LAIRD: Not yet. So, that's where coming from a market where metric was on board. A statewide accepted system for seed-to-sale tracking. It was incredibly unique to say that from the moment that plant has roots, it was given an identification card.

Then you had to track that. At any given time, you could have an inspector come in and grab that tag and scan it and say, "In our system, that plant not only started on this date, it was harvested on this date, it was put into veg." And all the way through the whole process, all the way to the end consumer, that plant has that same tag number associated with it.

So that entire plant, from the moment it has roots to the moment it gets to the final consumer, is tracked, and that absolutely breaks down the ability for anybody to ship products from out of state, and it really legitimizes the industry here. So we're excited for that to come on board.

It is very labor-intensive. Every time you move a hundred plants in this room, it's got to be in that room. Heaven forbid they come in and you get inspected, and it's in the wrong room. It's a huge violation. So, it's something that we're excited for because of just the product tracking itself. No longer can you say, "Oh, this plant's not making it; throw it out." It has to be tracked. The industry itself and all the officers can look at exactly how many plants we have in out-grow at any given time, instead of just the end-of-the-month report and then auditing back to see where we are.

Because over the course of a day, we could cut another 400 clones, but of those clones, what make it to root? Then you want see, in the long run, what is this facility actually producing, and do the numbers match up based on square footage and final poundage? It all makes sense.

So, the seed-to-sale tracking, the metric coming on board or whatever system they choose to use is exciting for us, and I think it's going to take this industry just to the next level.

MR. RAY: I want to give each of our panelists a chance at closing remarks to cover any issues that we may not have discussed here, any big-picture views about the future of this industry.

MR. AUSTIN: We're heading into year two here. Happy canniversary, everybody. The whole time we're starting to talk about the tech side, I just see blockchain is going to really become more of a massive element of this industry, to track everything from seed to sale, and also to really solidify the industry as something that is trackable and relevant that no one can change.

Blockchain may be the future in a huge way, not only for cannabis. We're all going to be — our kids are going to be tagged on blockchain.

And then you know what's going to happen with this 280E. There are a bunch of dispensaries closing. You say, "Nah, maybe not yet." But 280E is going to happen.

Tax time is when you're going to see a whole bunch of people who just have no choice, because they didn't structure their companies properly. They didn't separate the area between THC and non-THC products, so they have nothing that they can write off.

I get worried every time I walk into a dispensary or any sort of CBD store, and I see them seeing a little bit of THC on one counter, and I watch the person go from that CBD area over to that counter and put their hands on that product and pick it up and sell it to you. Because you can't deduct any of their salaries; you can't deduct any of the electricity; you can't deduct any of the rent at that point, so you're losing a major asset for your company.

So, if you're in a CBD company and you started to jump into the THC world without having that separation, boy, you're really throwing your whole company away. And so that, tax time and blockchain.

MS. GOSSETT PARRISH: Once you have your business structure in place, it's all about compliance. I think the changing landscape is going to make it difficult for individual businesses to stay up on that, hence the need for lawyers and consultants who help you stay compliant. If you're a business owner, you want to go to sleep at night and not worry that you're out of compliance, because you're in big trouble if you are.

I think we are going to see additional rules and regs. I think OMMA may eventually become a standalone state agency, aside and apart from the health department. In my opinion, that would be a great thing. I hope to work with OMMA and others to highlight the gray areas, so that one by one, we can put them to bed and

people know what they can do, what they can't do.

There are gray areas simply because we're all a new industry. This is new for Oklahoma. There are issues that arise that no one can anticipate, because they haven't been in the business here. I think everyone wants to get rid of the gray, so I'll be watching on that front particularly.

MR. WILLIAMS: What I look forward to seeing is more diversification within investment in the canna space, and the canna tech space, if you're looking at it from my perspective. You talked about the tax situation and the fact that you can't deduct much as a business, so your margins are even smaller than I really think they ought to be.

I think that all opens up investment opportunities elsewhere in the canna tech space and in other spaces. I think you'll see investment move around, investment dollars move around, and I think that's going to be an exciting part of this business, of this industry, especially as we see the business grow, or the industry grow and diversify as a whole.

MR. LAIRD: I think it's very important to remember to stay excited. That's the biggest thing, that throughout all the conversations I've had, both at canniversary and some of the other things, meeting different owners and remembering — and we talked about this as soon as we got

here — just how exciting that this is happening in this state and what's going forward, but then remembering the compliance side.

Coming from Colorado, I know that compliance, compliance, compliance is key. It starts at the grow. It goes all the way through the entire system to dispensary side, and allowing the state to feel comfortable and proud of what we are doing as an industry.

I think looping all of this together is the most important part: We need to figure out how we're marketing. I need to figure out, from the grow side, how do I connect with people who need our flower, and that's the big issue. There's still a lot of the smaller-side conversations that do happen, but bringing people together and allowing these kinds of conversations to happen openly, it's amazing.

The average shopper and some of the people we see are Baby Boomers. And it's incredible to see a generation proud of what's happened and to see it really taking off. I think for us, all the way through, it's a matter of remembering the compliance, staying on top of it, helping give as much feedback to those who are creating the laws, and at least seeing that we're doing this at a gradual, steady pace that is allowing this industry to really succeed.

We're excited. That's the biggest part. This is incredible. I'm honored to be here. I'm proud to call this home now, Oklahoma, and we'll keep going from here.

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