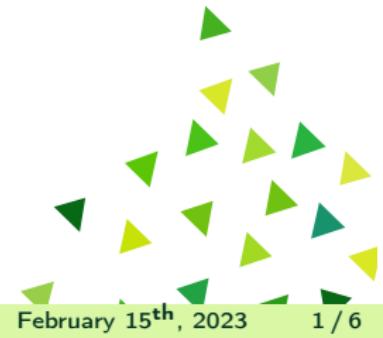


Cannabis Data Science #100

February 15th, 2023



The State of the Industry is not Good

- c. On June 27, 2022, the CRA observed in the statewide monitoring system (Metc) that Respondent had a total of 44,592 immature plants in its inventory under license number GR-C-000819 – 43,092 plants over its allotted 1,500 plant count authorized under its medical class C grower license.



CRA staff observed five tall, cylindrical glass jars with green lids each labeled with "Labyrinth Xtracts Ultra Fine Distillate Oil" and a "Hempire State Growers Hudson Valley New York" sticker inside the yellow storage trailer. CRA staff observed that the tall cylindrical jars were filled to the top with what appeared to be marijuana distillate and were without Metrc tags.

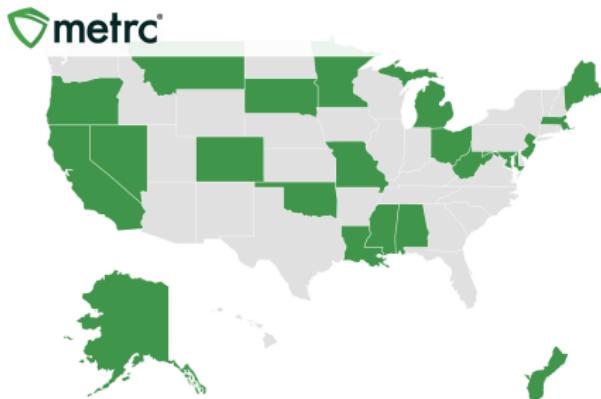
Several potential violations were found inside [a trailer](#) used by Candid Labs to process marijuana distillate. While inside the processing trailer, CRA staff observed four pots containing what appeared to be marijuana crude and observed nine tall cylindrical jars of what appeared to be marijuana distillate without statewide monitoring system (Metc) tags. Because the marijuana crude and distillate lacked Metrc tags and could not be tracked in the statewide monitoring system, CRA staff asked Candid Labs' employees to confirm the source of the products. Candid Labs' employees maintained that the products were made from biomass kept on the licensed premises.

CRA staff subsequently requested that the marijuana crude, distillate, and biomass [undergo testing to determine their chemical profiles](#). Contrary to Candid Labs' previous explanation – and as more thoroughly alleged in the formal complaints – the results of the testing revealed that the biomass could not have been used to create the marijuana crude or distillate found in the trailer. When asked by CRA staff, Candid Labs was unable to provide a credible explanation for this discrepancy.



Current Cannabis Traceability Systems

Metrc, Biotrack, etc.
rely on **trust**.



Source: metrc.com/partners

As a result:

- Merchants must be **wary** of their customers and seek information, often through costly means.
- A certain amount of **fraud** is accepted as unavoidable.
- There can be a **high cost** of mediating disputes.

Consequences of the current system

Hattiesburg 'Candy Shop' locations searched by FBI, DEA



Agents from the Drug Enforcement Administration (DEA), HPD, Mississippi Bureau of Narcotics, Forrest and Lamar county sheriff's departments, FBI and Mississippi Attorney General's Office are involved in the investigation. [Hattiesburg Police Department]

By [WQAM Staff](#) and [Will Polton](#)

Published: Jan. 26, 2023 at 7:16 PM PST

DEA searches Biloxi Councilman Robert Deming's home, businesses

January 26, 2023 by [Analey Brent](#)



Source:

<https://www.wdam.com/2023/01/26/hattiesburg-candy-shop-locations-searched-by-fbi-dea/>

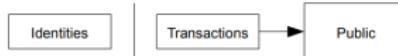
Source: <https://www.wxxv25.com/dea-searches-biloxi-councilman-robert-demings-home-businesses/>

A Peer-to-peer Cannabis Traceability System

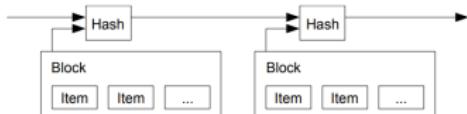
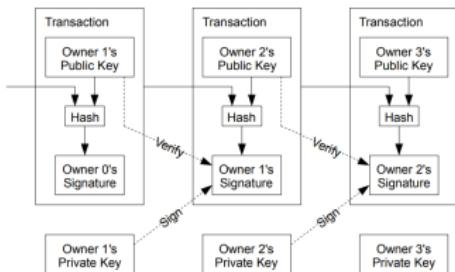
Traditional Privacy Model



New Privacy Model



- Rely on **cryptographic proof** instead of trust.
- Buyers and sellers would be **protected from fraud**.
- **Direct transactions** without having to trust a 3rd party or a state.



Source: Satoshi Nakamoto. (2008). Bitcoin: A Peer-to-Peer Electronic Cash System.

Retrieved from <https://bitcoin.org/bitcoin.pdf>



Thank you for coming.

Insight:

- Code is read far more than it is written.