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CAPTIVE FORUM

General Track: Is Your Captive Ready for Cannabis?



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Cannabis vs. Hemp – What is the Difference?

Cannabis	Hemp Plant	Hemp Seeds
Averaged about 17% tetrahydrocannabinol (THC), the psychoactive compound that makes a person feel “high”, in 2017	Has to contain less than 0.3% THC to be sold legally	0% THC
Averaged less than 0.15% CBD in 2014	Averages at least 12%–18% CBD	Have no more than trace amounts of CBD
Cannabis has medicinal and therapeutic uses for chronic pain, mental health, and illnesses	Stalks of the hemp plant can produce clothing, rope, paper, fuel, home insulation, and much more	Seeds are cold-pressed for oil production; the oil can be used in cooking (as in hempseed milk and granola), beauty products, and even paint



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Different Types of Cannabis

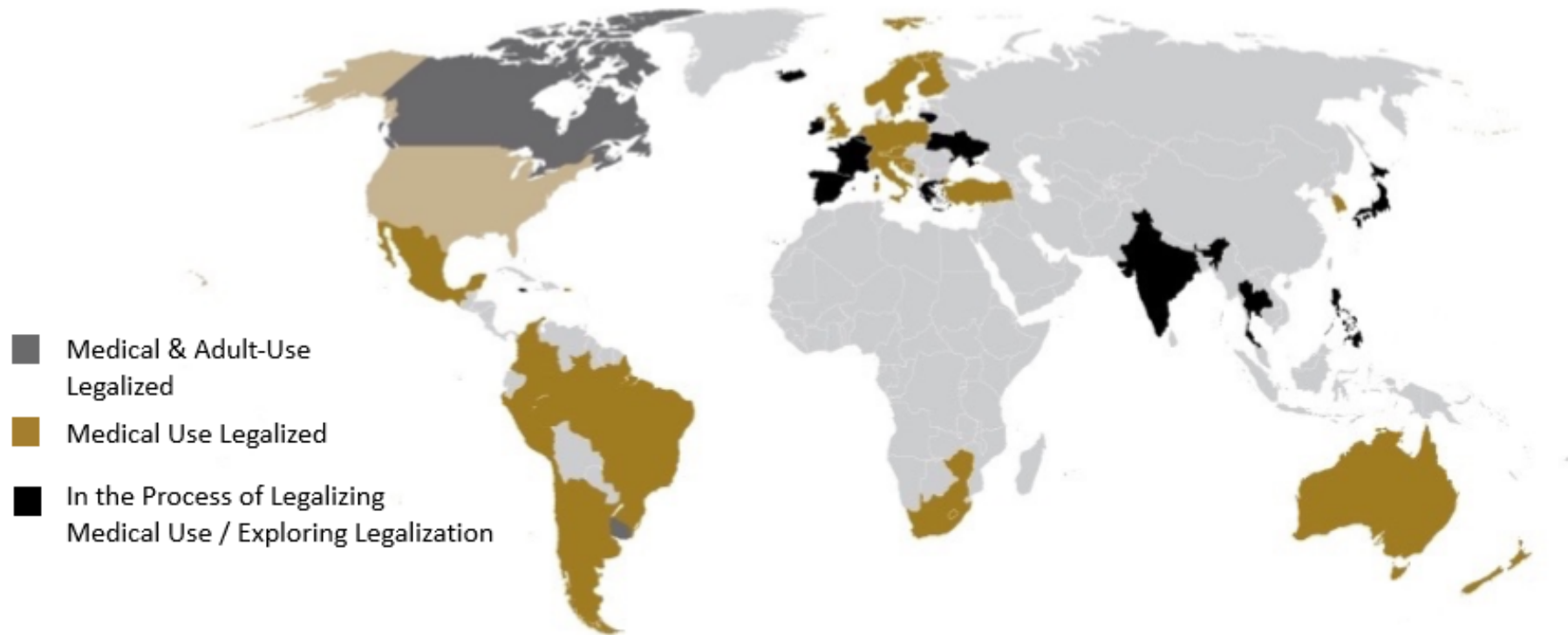


From the Seattle Times

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Global Overview on Legalization

THE REGULATION OF CANNABIS IS SPREADING GLOBALLY



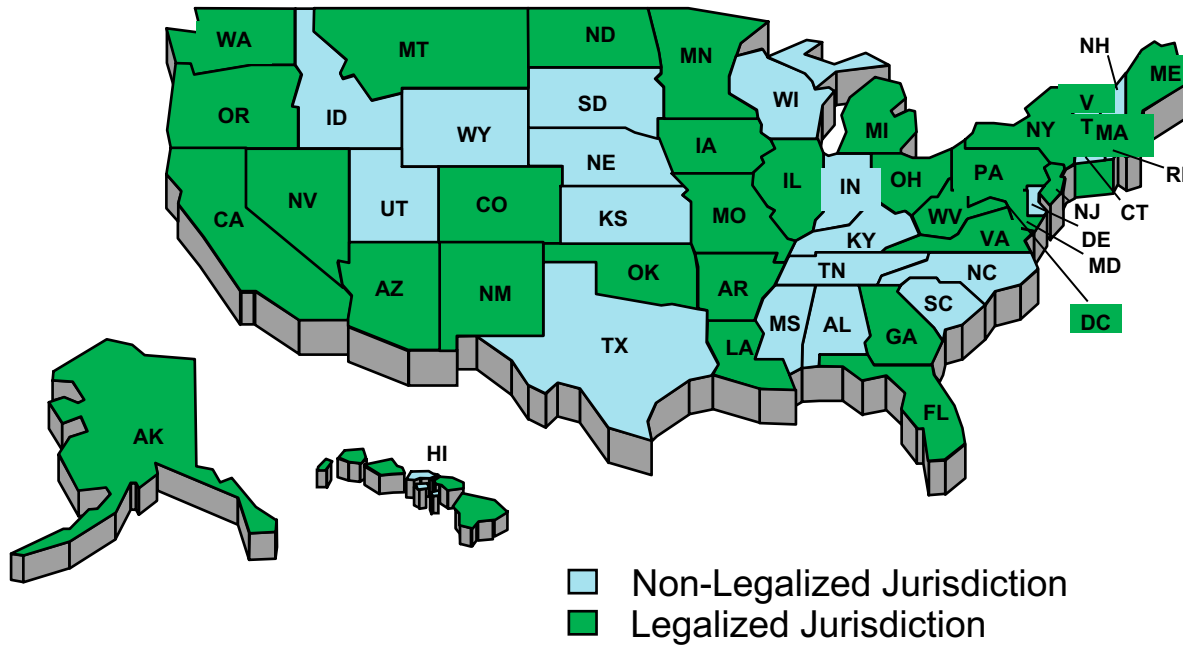
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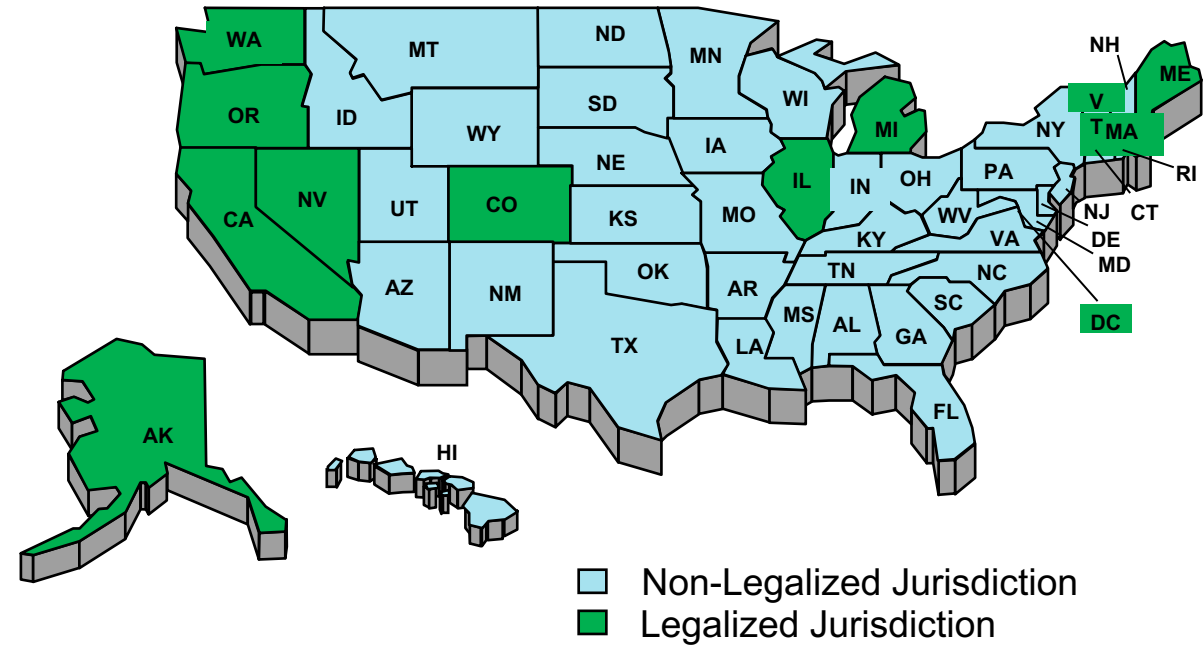
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US Overview

Medicinal Use

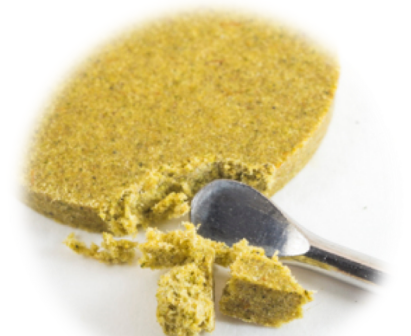


Adult Use



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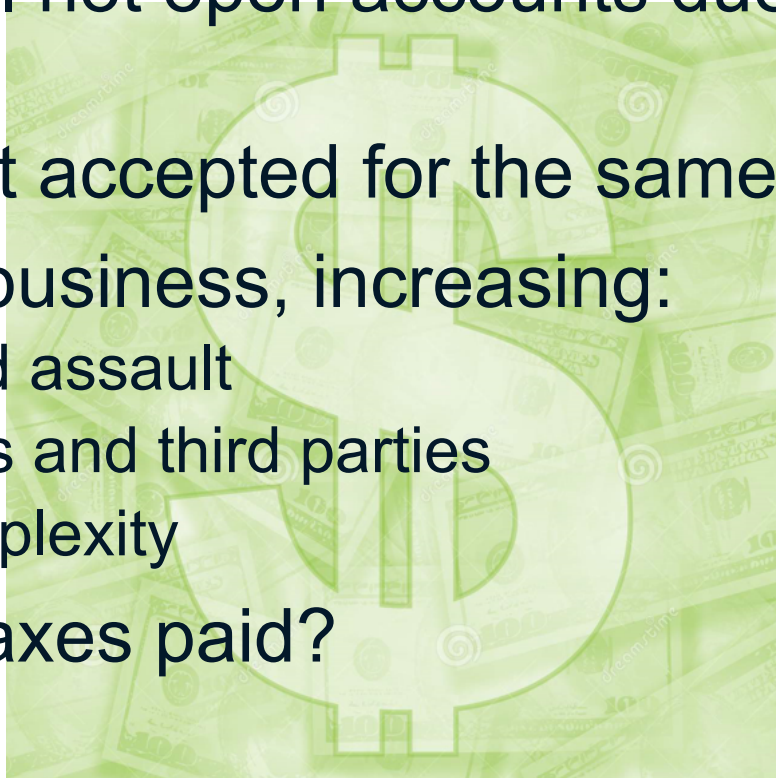
Delivery Devices



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Banking

- Banks generally will not open accounts due to federal regulation and FDIC issues
- Credit cards are not accepted for the same reasons
- This is an all cash business, increasing:
 - Risk of robbery and assault
 - Theft by employees and third parties
 - Administrative complexity
- How are bills and taxes paid?



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Raising Capital

- Debt v. Equity
 - Issuance of Debt (Loans)
 - Issuance of Equity
- More Elaborate “Risk Factors” Provided
 - Plant Touching
- D&O Liability Insurance Challenges



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Regulatory Complexity

- Licensing
- Product Tracking – Seed to Sale
- Compliance
- Marketing
- Product Testing Requirements



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Employment Issues

- Drug testing as part of the employment process.
- What if there is a worker compensation claim after a positive test?
- What if THC is prescribed by the treating WC physician for chronic injury? (The other option might be opioids.)
- Certain states mandate payment for prescription THC if prescribed by the treating physician.
- What if the employee cannot return to the prior occupation, could it lead to an EPLI action?



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Liability Concerns

- Auto Liability



- General Liability



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Conclusions



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