

The Marijuana Business Report

INDUSTRY NEWS, LEGAL ANALYSIS & BUSINESS INTELLIGENCE

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GETTING A HIGHER EDUCATION AT CANNABIS COLLEGES

by Mari Kane

The growing marijuana industry has led to a number of schools sprouting up in several states promising to teach skills in the cannabis business.

But the quality of the education and the businesses' abilities to perform vary greatly, according to former students who pay anywhere from \$25 to over \$1,000 for courses.

Aaron Smith, executive director of the National Cannabis Association, said he thinks cannabis education is valuable. The recent proliferation of cannabis schools shows the multi-faceted nature of the industry and the value of knowledge, especially in the areas of law.

"The legal situation for dispensaries is complex, so it's important that people getting into the business know state regulations – especially in Colorado, which

is ever-changing – and how federal law affects their taxes," Smith said.

One of the most high-profile cannabis schools is **Greenway University** in Denver. Greenway claims to be the only state-approved and regulated medical marijuana university in the entire United States. On Jan. 25, it received vocational school certification from the Colorado Department of Higher Education, said founder and chief executive Gus Escamilla.

The school offers master grower, bud-tender, and marijuana business administration certification.

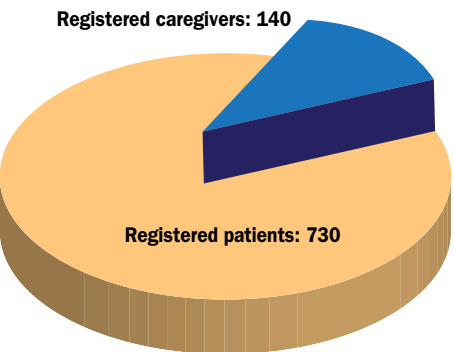
Classes are held in Denver, California, and Scottsdale, Ariz. Greenway teaches four science courses, and is seeking state approval for five more; six business courses with four more awaiting approval; and three law courses, including a state-approved and regulated

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MAINE MEDICAL MARIJUANA USE AS OF FEB. 16

Registered caregivers: 140

Registered patients: 730



* It became mandatory to register as a medical marijuana patient or caregiver on Jan. 1.

Source: Maine Dept. of Health & Human Services

PHARMA PIPELINE TO GO GENERIC

by David Downs

The cannabinoid pharmaceutical pipeline hits a historic junction Saturday with the expiration of the patent on dronabinol, trademarked as Marinol, as a wave of new research seeks to expand the uses of the psychoactive ingredient of marijuana.

Marinol is the pill form of delta-9-tetrahydrocannabinol (THC). A patent for its use to stimulate appetite for patients with HIV is held by **Abbott Laboratories** of Abbott Park., Ill., which acquired **Solvay Pharmaceuticals** last year. Calls to representatives of Abbott Laboratories by *The Marijuana Business Report* have not been returned.

A drug patent's expiration typically leads to generic forms of the drug and a concurrent drop in price as more manufacturers enter

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MONTANA REPEAL BILL MOVES TO SENATE

On Monday, the Montana House of Representatives voted 62 to 37 to repeal the state's seven-year-old Medical Marijuana Act, sending House Bill 161 to the Senate.

Montana's legislature does not recognize national holidays and works six days per week while in session.

The repeal bill is one of 12 pieces of medical marijuana-related legislation facing Montana lawmakers. Nearly all other bills attempt to regulate the program. But HB 161, sponsored by House Speaker Mike Milburn, is moving ahead of the rest.

But the fact that five Republicans joined all of the 32 Democrats to vote against the repeal demonstrates that some representatives don't believe in overriding a voter initiative.

Rep. Diane Sands, who has three medical marijuana bills before the House, said their job is to implement what voters asked.

"There are some Republicans who want to repeal medical marijuana, and they may succeed, but I don't believe the Senate Republicans will go against the will of voters. And I don't believe the governor would allow that to stand if they did," Sands said.

A new poll from the *Helena Independent Record* supports that view. Of 4,000 respondents, 2,417, or 60%, said the lawmakers should leave the law in place, while 1,666 of the votes were in favor of repeal.

As chairwoman of the Interim Committee for Children and Family's Health and Human Services, Sands spent most of last year studying the topic for regulation. Two of her resulting bills – HB 82 to require reporting of complaints on physician practices related to medical marijuana, and HB

19 to clarify that the Clean Indoor Air Act applies to smoking of medical marijuana – have passed from the House to the Senate. HB 68, to revise the Medical Marijuana Act and create a regulatory structure for the industry, is still in committee.

Sands said the House will start looking at potential ways to negotiate a regulatory bill in March, no matter what happens with HB 161.

"This is nowhere near the end of the process, not even the halfway point," she said. "Not that I'm not concerned about [HB 161]. At this point, we're exactly where I thought we'd be."

The fiscal summary for HB 161 shows that the net impact on the general fund balance would be \$262,927 in fiscal year 2012. But revenues would decline while expenditures would increase, resulting in a \$496,719 loss to the general fund by fiscal year 2015.

Milburn, a Republican from Cascade, believes the voter initiative should never have been passed in the first place, Sands said.

"Others of us believe it's in need of regulation, that it can in fact be regulated in an adequate way," she said.

Milburn's secretary, Tahnee Pempenger, declined to respond to Sands' comment directly on Tuesday. But she said Milburn introduced the bill because the issue is no longer just about medical marijuana.

"We're trying to maintain the culture and identity of Montana," Pempenger said.

Jim Gingery of the Montana Medical Growers Association said in an interview with *The Marijuana Business Report* that HB 161 would criminalize an estimated 30,000 patients and 4,500 caregivers starting July 1. He

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said proponents are acting on fear and misinformation.

"People testified that there is absolutely no science anywhere supporting benefits of marijuana," Gingery said. "One person testified that the school his daughter goes to sells pot cookies."

The medical marijuana program had 27,292 current patients at the end of 2010, according to Montana's Department of Health and Human Services. — MK

California Court: Buchanan Bill Allows Tighter Regulations

Once thought innocuous by drug law reformers, a new law in California restricting dispensary locations has been used by an appeals court to uphold a de facto ban on dispensaries in Los Angeles County. The county has yet to issue a single land-use permit to a dispensary since requiring dispensaries to carry them five years ago.

In *County of Los Angeles vs. Martin Hill*, the Court of Appeals of California in Los Angeles on Feb. 10 granted the county's motion for a preliminary injunction to shut down the **Alternative Medicinal Collective** of Covina. The court wrote that the so-called Buchanan Bill of 2010, which bans dispensaries within 600 feet of schools and went into effect Jan. 1, also gave local governments the power to regulate them further.

The state law says counties must prohibit medical marijuana dispensaries (MMD) from operating within 600 feet of a school "and may add further restrictions on the location and establishment of MMD's," the appeals court wrote.

Southern California dispensary operator and activist Lanny Swerdlow said the court decision will limit patient access.

"The court was very specific to note that this ruling in no way addresses the issue of whether cities can ban, just that

cities can write ordinances that make it very difficult to open a collective which means they can pass ordinances that can make it very onerous for patients to obtain their medicine if they cannot grow it themselves," Swerdlow wrote in an email to *The Marijuana Business Report* on Feb. 15.

No dispensary has ever been approved by the county, but that does not constitute a ban, the court found.

"Since the adoption of the ordinances regulating MMD's in June 2006, only two applicants have filed for a conditional use permit to operate a dispensary. The first applicant withdrew his application after he was arrested on drug charges in another jurisdiction. The other applicant was denied a permit because the proposed MMD would have been adjacent to single-family residences," the court wrote in its opinion.

While this ruling addresses ordinances from 2006, the Los Angeles County Board of Supervisors on Dec. 7 adopted a new ordinance formally banning dispensaries.

General Cannabis Says Revenue Improved, but No Financial Statements

Publicly traded **General Cannabis**' main enterprise, **WeedMaps.com**, is generating 6 million page views per month as it launches a coupon program for marijuana, the Costa Mesa, Calif.-based company said in a Feb. 15 statement.

WeedMaps has "improved revenue consistently for the 14th straight month ending in January," General Cannabis said in a Feb. 4 statement. But neither statement said how much WeedMaps or General Cannabis has earned.

Justin Hartfield, "chief web officer" at General Cannabis, told *The Marijuana Business Report* last month that financial statements would be filed with the

Securities and Exchange Commission by the end of January. But as of Tuesday, no financial statements have been filed. On Feb. 11, General Cannabis CEO Jim Pakulis declined to comment.

Securities and Exchange Commission rules require filing of a financial statement by all reverse merger companies within four days of completing a reverse merger. Weedmaps.com went public in a reverse merger with General Cannabis in November.

Launched out of Southern California with Weedmaps.com, followed by a handful of clinics, General Cannabis is moving into Northern California and other states. General Cannabis said it plans three new medical clinics, increasing the total under management to 14.

General Cannabis' merchant services division, **General Merchant Solutions**, produced "greater than \$1.2 million" in merchant processing volume in January. This was an increase from \$700,000 generated in December, the company stated on Feb. 4.

As part of its purchase of **Revyv**, General Cannabis reported on Jan. 25 the issuance of 500,000 shares of common stock, then worth about \$1.96 million.

The company hired former Revyv employees David Johnson and James Johnson. David Johnson, lead user interface engineer, received a \$25,000 monthly salary and a \$10,000 signing bonus, with options for 700,000 shares if gross sales increase 50%. Senior project manager James Johnson received the same package.

Revyv owns 13 domain names, Salesforce.com-licensed clinic software, patient data, and contracts with 17 clinics.

Michigan ACLU to Appeal Case of Fired Wal-Mart Employee

The American Civil Liberties Union said it will appeal the decision of a federal judge in Michigan who

dismissed a lawsuit against Wal-Mart and the manager of its Battle Creek store for the allegedly wrongful firing of a medical marijuana patient.

Battle Creek resident Joseph Casias had worked at the Wal-Mart store from 2004 until 2009, when a mandatory drug test following a workplace accident led to his automatic firing, according to the Feb. 11 ruling. Casias had obtained a registry card under the 2008 Michigan Medical Marijuana Act (MMMA) earlier that year. He showed it to the manager, Troy Estill, when his test came up positive. Estill explained to Casias that Wal-Mart makes no exemption for MMMA, and through a decision made in Wal-Mart's corporate office in Arkansas, Estill terminated him, the filing said.

"Nothing in the language or the purpose of the MMMA indicates an intent of the Michigan voters to regulate private employment, and the MMMA does not address private employment directly. Whatever protection the MMMA does provide users of medical marijuana, it does not reach to private employment," U.S. District Judge Robert J. Jonker said in his decision.

The ACLU immediately announced its intention to appeal the decision in the 6th Circuit U.S. Court of Appeals. Lawyers on the case include Daniel Grow and Scott Michelman, as well as Kary L. Moss, Dan Korobkin and Michael J. Steinberg of the ACLU of Michigan.

Michelman said in a statement that the ruling does not uphold the will of Michigan voters. "A choice between adequate pain relief and gainful employment is an untenable one that no patient should ever be forced to make. Yet Wal-Mart forced Joseph to pay a stiff and unfair price for using a medicine allowed under state law that has had a life-changing positive effect for him."

Medical Marijuana Bill Introduced in Texas

A bill that would protect patients using medical marijuana and the doctors who recommend it was introduced in the Texas Legislature.

House Bill 1491 was introduced Feb. 17 by Rep. Elliott Naishtat, a Democrat from Austin who is vice chair of the Public Health Committee. The legislation provides an affirmative defense for people in possession of marijuana who have a doctor's recommendation.

It also protects doctors from investigations and disciplinary action from state agencies, including law enforcement, for discussing and "making a written or oral statement that, in the physician's professional opinion, the potential benefits of marijuana would likely outweigh the health risks for a particular patient."

The legislation would become effective Sept. 1.

Clif Deuval, founding executive director of the National Organization for the Reform of Marijuana Laws of Waco, said in a statement that he will support the bill. "Not the bill we all wanted, but I'll take anything at this point," he said.

Deuval asked where one will get their cannabis. "They will still be pushed into the streets to gain relief, dealing with the criminal element," he said in an email to *The Marijuana Business Report*.

The Texas Legislature is also considering another bill that would make possession of less than one ounce of marijuana a Class C misdemeanor and possession of between one and two ounces a Class B misdemeanor.

New Jersey Receives 20 Treatment Center Applications

The New Jersey Department of Health and Senior Services (DHSS) received 20 applications to operate up

to six medical marijuana alternative treatment centers (ATCs) in the state.

The deadline to apply for an ATC license was Feb. 14. Each application included \$20,000 in licensing fees, \$2,000 of which is non-refundable for the 14 applicants who will be denied.

Ken Wolski of the Coalition for Medical Marijuana of New Jersey said he doesn't know anyone who applied. But he is surprised the department received as many as it did, given the contentious rules being proposed, as well as conflicting information posted by the DHSS, he said.

"The RFA [Request For Applications] they posted on their web site said closing date, Feb. 14, but their proposed rules said that the RFA would be published in the New Jersey Register," he pointed out. "So that caused a lot of confusion. People thought the posted RFA was a sample, not the official RFA. By the time the DHSS clarified it, the people who thought it was not a true RFA on their site did not have an opportunity to apply."

The department is now considering the 20 applications even though the proposed rules remain in flux. After the New Jersey Legislature passed a resolution in December declaring the original proposed rules to be inconsistent with the Compassionate Use Marijuana Act, the DHSS posted new proposed rules on its website on Feb. 3.

The establishment of six ATCs was an increase from four in the original rules.

However, the new rules are much the same as the old ones, which require physicians to be certified and would limit the tetrahydrocannabinoid (THC) levels in marijuana strains to 10%.

"The rules are stricter than for full-service pharmacies," Wolski said.

A public hearing on the new

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proposed rules is scheduled for March 7, but Wolski said it's still possible that the Legislature will invalidate them.

"It's never gone this far in New Jersey history that the Legislature would actually vote to invalidate rules that an executive agency has proposed," he said. "What we suggest is to let the Legislature take over and promulgate rules to enact legislation."

The DHSS said it would announce approved applicants on March 21.

Idaho Survey Encouraging for MMJ Sponsor

Boise State University's 20th annual *Idaho Public Policy Survey* showed that 74% of respondents support allowing "terminally and seriously ill patients to use and purchase marijuana for medical purposes."

The statewide survey found that 23% were against medical marijuana use, and 3% were uncommitted.

The response to a question on whether the state "should allow the sale and manufacture of marijuana for medical purposes" showed less support: 42% agreed and 50% disagreed, according to a slide presentation by the university's Department of Public Policy and Administration that was emailed to *The Marijuana Business Report*.

The results are encouraging for Republican Rep. Tom Trail, whose legislation, House Bill 19, was introduced at the end of January. The bill, titled the "Idaho Compassionate Use Medical Marijuana Act," is pending in the House Health and Welfare Committee.

"I'm not sure [the survey] encourages our fairly conservative Legislature all that much," Trail said of the opposition on the committee. "One of the problems is, we have two doctors - John Rusche, Democratic Minority Leader and Fred Wood, a Republican - who are legislators, and neither

believe in medical marijuana. And they're in a better position to influence leadership."

Trail's bill calls for physician-supervised patients with an authorized "debilitating medical condition" to be allowed to possess and use marijuana. The measure also allows for up to six "alternative treatment centers" to dispense medical cannabis to qualified patients, but home cultivation is not allowed.

To promote the medical marijuana issue, Trail is working with the film department at Boise State University to produce an educational DVD. It will be released in April, following its entry in a film festival.

And with a new cosponsor on the Democratic side, Trail expects his bill to get a hearing later in March.

"I would not expect to get anything more than a hearing," he said. "And in this part of the woods that is a major victory."

Edibles Ban Introduced in Colorado Legislature

Colorado state Rep. Cindy Acree and state Sen. Scott Renfroe, both Republicans, introduced a bill Feb. 9 prohibiting ingestible medical marijuana-infused products.

The bill, HB 11-1250, would overturn a licensing plan for infused-products manufacturers created by the state Legislature last year. "This act is necessary for the immediate preservation of the public peace, health, and safety," the legislation states.

The bill is assigned to the House Judiciary Committee. A public hearing is scheduled for March 1, according to Cannabis Therapy Institute, a medical marijuana advocacy group.

"Patients depend on edible cannabis medicines as one of the most important ways to ingest and benefit from cannabis. The therapeutic value

of consumed cannabis medicinals cannot be understated. This is another direct attack on patient rights," the statement said.

Colorado Program Rules Progress

Colorado's Department of Revenue is set to roll out new rules regulating the medical marijuana industry this spring as state and Denver lawmakers move to restrict access.


Fewer than 90 people attended, and just a handful spoke, during public hearings held Jan. 27 and Jan. 28 by the Department of Revenue, said Colorado lawyer and rules committee member Norton Arbelaez.

"Silence is acquiescence," he said.

Industry attention is now shifting toward House Bill 1043, a 12-page bill that will allow new Colorado residents to work at dispensaries. It also extends the moratorium on new dispensaries to July 2012.

Arbelaez said he will oppose a provision to require doctors with conditions or restrictions on their ability to practice to get medical board approval before they recommend cannabis. The Colorado Medical Society also objects to the rule, Arbelaez said.

"It's more strict than rules for doctors prescribing Oxycodone and other opiates," said Arbelaez.

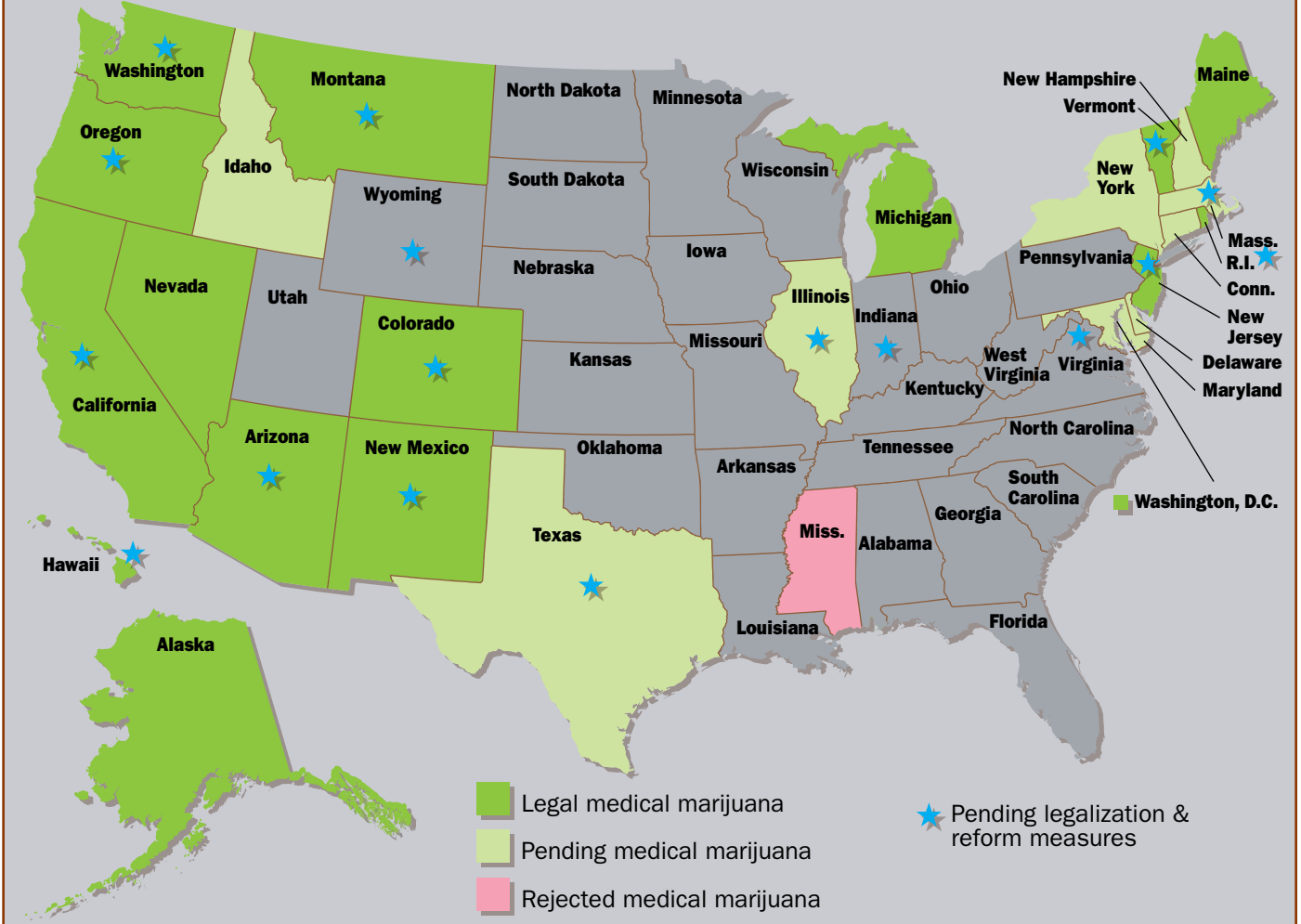
At the municipal level, Denver is moving to ban as many as half of its dispensaries and growers under a new ordinance. At least a handful of lawsuits are also underway challenging rulemaking and the ability for cities and counties to ban dispensaries. 

Have news that may be of interest to readers? Please email us at editor@mjbusinessreport.com

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Legal Update

Statewide Marijuana Legislation & Regulation 2011



Pending State Legislation and Regulations

State	Item No.	Last Action	Description	Status
Montana	HB 161	2/21/11	Bill to repeal Montana's medical marijuana law	Pending
Texas	HB 1491	2/17/11	Bill providing affirmative defense for MMJ users and protecting doctors	Pending
Wyoming	HB 69	2/17/11	Makes prescriptions or doctor orders for marijuana or synthetic equivalents invalid in the state	Pending
Hawaii	SB 58	2/15/11	Increases MMJ possession to 10 plants, 5 oz.; increases caregiver ratio to 4 patients	Pending
Montana	HB 82	2/15/11	Requires reporting of complaints on physician practices relating to medical marijuana	Pending
Hawaii	SB 174	2/14/11	Moves marijuana, THC from Schedule I to Schedule III controlled substances	Pending
Maryland	HB 291	2/14/11	Allows for medical use of marijuana; reduces to Schedule II; amendment would not allow smoking	Pending
Massachusetts	HB 625	2/14/11	Allows for medical use, possession of 12 plants, 4 oz.; received bill number	Pending
Montana	HB 19	2/12/11	Clarifies that the Clean Indoor Air Act applies to smoking of medical marijuana	Pending
Hawaii	HB 142	2/11/11	Directs AG to review impact of marijuana drug offenders into treatment	Pending
Montana	SB 154	2/11/11	Bill to regulate medical marijuana provider supply system; 10% tax	Pending
Hawaii	SB 701	2/10/11	Permits non-violent, repeat offenders convicted of pot possession to get treatment instead of prison	Pending
California	SB 129	2/10/11	Prevents employers from discriminating against, firing qualified MMJ patients	Pending
Washington	SB 5073/ HB 1100	2/10/11	Bill to regulate medical marijuana; prohibit workplace discrimination	Pending
Colorado	HB 11-1043	2/10/11	Amends current law: require registration of cultivation sites, allow low-cost/free MMJ to indigent	Pending

Items in green indicate recent activity.

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Legal Update

Pending State Legislation and Regulations

State	Item No.	Last Action	Description	Status
Colorado	HB 11-1250	2/9/11	Prohibits ingestible medical marijuana-infused products	Pending
Maryland	SB 308	2/9/11	Allows for medical use of marijuana; creates program; reduces to Schedule II	Pending
Hawaii	SB 252	2/8/11	Directs AG to review impact of marijuana drug offenders into treatment	Pending
Hawaii	SB 175	2/8/11	Transfers jurisdiction over MMJ laws from Dept. of Public Safety to Dept. of Health	Pending
Virginia	HB 1443	2/8/11	Decriminalizes simple possession; Court subcommittee recommends passage	Pending
Illinois	HB 100	2/8/11	Reduces possession of 1 oz. or less to petty offense	Pending
Illinois	HB 30	2/8/11	Compassionate Use of Medical Cannabis Act reintroduced; effective date changed	Pending
Arizona	HB 2557	2/7/11	Proposes 300% sales tax on marijuana sold at nonprofit dispensaries	Pending
Hawaii	SB 1460	2/4/11	Establishes civil penalties for possession of 1 oz. or less	Pending
Hawaii	SB 1458	2/4/11	Creates three classes of MMJ licenses: compassion center, cultivation, infused-products manufacturing	Pending
Hawaii	HB 1085	2/3/11	Increases fee for MMJ certificates; makes state statutes consistent with federal law	Pending
New Jersey	NJSA 24:61-1	2/3/11	Rules released for permits, dispensaries by Dept. of Health and Senior Services	Pending
New York	S 2774	2/1/11	Allows for medical use of marijuana up to 2.5 ounces; overseen by Dept. of Health	Pending
Hawaii	SB 1459	2/1/11	Establishes licensing, secure registration for producers, processors and dispensers of MMJ	Pending
Mississippi	HB 2672	2/1/11	Authorizes use of medical marijuana; makes it a Schedule II drug under state law	Died in Comm.
Hawaii	SB 1305	1/31/11	Increases fee for MMJ certificates; makes state statutes consistent with federal law	Pending
Montana	SB 170	1/31/11	Requires diagnosis documentation, review panel for registry ID card	Pending
Hawaii	HB 1624	1/28/11	Establishes 3-year pilot MMJ research program involving patients	Pending
Vermont	S 17	1/28/11	Proposes permission of two MMJ dispensaries in the state	Pending
Colorado	n/a	1/28/11	Dept. of Revenue proposed rules limit centers to purchasing up to 30% of supply	Pending
Hawaii	HB 1169	1/26/11	Clarifies state's MMJ law; increases penalties for fraudulent application	Pending
Hawaii	HB 923	1/26/11	Creates three classes of MMJ licenses; makes sales subject to sales tax	Pending
Indiana	SB 192	1/25/11	Requires criminal law and sentencing policy study on issues relating to marijuana	Pending
Delaware	SB 17	1/25/11	Establishes a medical marijuana program with state-regulated distribution centers	Pending
Hawaii	SB 702	1/24/11	Directs AG to review impact of marijuana drug offenders into treatment	Pending
Hawaii	HB 544	1/24/11	Reclassifies less than 1 oz. from a petty misdemeanor to a violation	Pending
Montana	HB 68	1/21/11	Prohibits local governments from banning medical use	Pending
Oregon	HB 2789	1/21/11	Would allow MMJ patients to get concealed handgun licenses	Pending
Oregon	HB 2982	1/21/11	Would deny medical marijuana to anyone with a felony drug conviction	Pending
Oregon	HB 2994	1/21/11	Would ban grow sites within 2,500 feet of schools or churches	Pending
Idaho	HB 19	1/20/11	Compassionate Use Medical Marijuana Act; includes immunity for state employees	Pending
Massachusetts	HD 1091	1/19/11	Bill to legalize, regulate and tax the marijuana industry	Pending
Rhode Island	HB 5031	1/18/11	Decriminalizes less than 1 oz. of marijuana	Pending
Oregon	SB 327	1/14/11	Criminalizes marijuana manufacturing on public lands; establishes \$375,000 fine	Pending
Oregon	SB 377	1/14/11	Creates a misdemeanor for manufacturing more cannabis than allowed by law	Pending
Connecticut	HB 5139	1/10/11	An act authorizing the medical use of marijuana	Pending
Texas	HB 548	1/7/11	Would make possession of less than 1 oz. a Class C misdemeanor	Pending
New Hampshire	HB 442	1/6/11	Bill to allow marijuana use for medical purposes	Pending

Pending Municipal Regulations

Location	Item No.	Last Action	Description	Status
Arizona				
Yuma	Ord. No. 02011-06	2/16/11	Requires dispensaries to cultivate at same location; limits one per 50,000 residents	Approved
Peoria	Ord. No. 2011-05A	2/15/11	Zoning amendments; requires half a mile between dispensaries/cultivation centers	Approved
Flagstaff	Ord. No. 2011-03	2/15/11	Ordinance establishing business license requirements	Pending
Prescott Valley	No. ZOA10-006	2/10/11	Zoning amendments limiting dispensaries to 1,000 sq. ft., cultivation to 3,000 sq. ft., no on-site consumption	Approved
Glendale	ZTA-10-01	2/8/11	Zoning amendments: sets 5,280' boundaries between dispensaries, 1,320' from schools	Pending
Mohave County	Ord. No. 2011-01	2/7/11	Zoning amendments using state-required 500' setbacks	Approved
Pinal County	PZ-C-008-10	1/20/11	Planning Commission considered rules for dispensary boundaries, off-site cultivation	Pending
Graham County	n/a	12/20/10	Zoning amendments for dispensaries	Approved

Items in green indicate recent activity.

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Legal Update

Pending Municipal Regulations

Location	Item No.	Last Action	Description	Status
California				
S. Bernardino Co.	Proj. No. P200900378	2/17/11	Ordinance proposing to ban dispensaries and regulate cultivation	Pending
Rancho Mirage	Ord. No. 1006	2/17/11	Declares medical cannabis dispensaries and cultivation outside a home a public nuisance	Approved
Rancho Mirage	Ord. No. 1007	2/17/11	Ordinance adding personal delivery services to city code	Approved
Rancho Mirage	n/a	2/17/11	Zoning amendment that would allow home cultivation, cooperatives & delivery, but bans dispensaries	Pending
Los Angeles City	Ord. No. 181416	2/17/11	City attorney recommends readoption; creates lottery, limits police enforcement	Pending
Martinez	Resolution PC 11-01	2/16/11	Proposed ordinance to allow one dispensary in the city	Pending
Oakland	File No. 09-1619-3	2/8/11	Amended cultivation ordinance; would require dispensaries to grow 70% of its cannabis	Pending
Humboldt County	313-55.1, 314-55.1	2/3/11	Ordinance to regulate indoor grow operations, distribution and testing	Pending
San Diego County	Ord. No. 10120	2/1/11	Ordinance establishing \$11,017 licensing fee; allow for fingerprint background checks	Approved
San Diego	R-306122	1/20/11	Resolution to regulate dispensaries, establish 1,000' boundaries	Pending
Los Angeles City	File No. 11-1100	12/1/10	Sales tax measure approved for March ballot	Pending
Colorado				
Lafayette	n/a	2/15/11	City staff considering proposal to limit retail MMJ centers to three or four; max 5 cultivation centers	Pending
Orchard City	2011-1	2/9/11	Ordinance to ban all dispensaries and growing facilities in the city	Approved
Grand Junction	Ord. No. 4437	12/15/10	Voter petition approved to place a ban on MMJ businesses on the April ballot	Pending
Montana				
Laurel	Ord. No. 011-01	2/15/11	Amends zoning code pertaining to MMJ businesses in Laurel, Yellowstone city and county	Approved
Laurel	Ord. No. 011-02	2/15/11	Would allow licensing of medical marijuana businesses	Approved
Michigan				
City of Ypsilanti	Ord. No. 1145	2/15/11	Ordinance for medical marijuana dispensary and growing business licensing; sets \$2,500 initial fee	Approved
E. Lansing	Ord. No. 1245C	2/15/11	Zoning ordinance requiring 500' buffers between dispensaries, video surveillance	Pending
Dexter	n/a	2/14/11	Zoning amendment prohibits dispensaries from growing, consumption; set fines for violations	Pending
Ann Arbor	File No. 10-1249	2/7/11	Ordinance limiting 15 dispensary licenses and unlimited home occupation licenses	Pending
Williamston	Sect. 74-2.452	2/1/11	Amendment to allow dispensaries; consumption on premises is not allowed, but growing is	Pending

Active Court Cases

Name	Court	Case #	Summary	Status	Last Action
Joseph Casias v. Wal-Mart Stores East and Troy Estill	U.S. District Court, Grand Rapids, Mich.	1:10-cv-00781-RJJ	Judge dismisses lawsuit filed by an MMJ user who was fired; ACLU plans to appeal	Ruling	2/11/11
City of Stockton v. Pathways Family Health Cooperative Counseling	California Appellate Court, 3rd District	C064976	Appeal challenging San Joaquin County Superior Court judge's order to close, fines	Pending	2/18/11
City of Riverside v. Inland Empire Patient's Health and Wellness Center	California Appellate Court, 4th District	E052400	Injunction issued by trial court against dispensary is stayed pending appeal	Pending	2/15/11
County of Los Angeles v. Martin Hill	California Appellate Court, 2nd District	B216432	Court rules new law allows counties to further restrict dispensaries; Alternative Medicinal Collective of Covina, Calif., appellant	Ruling	2/10/11
Qualified Patients Assn. v. City of Anaheim	Orange County Superior Court, Calif.	07CC09524	Lawsuit challenging Anaheim, Calif.'s, ban on dispensaries; appellate court overturned dismissal	Pending	2/10/11
USA v. Michigan Dept. of Community Health	U.S. District Court, Grand Rapids, Mich.	1:10-mc-00109-GJQ	DEA subpoenas health department for MJ patient and caregiver info on seven people	Pending	2/7/11
People v. Nesper	California Appellate Court, 4th District	D055013	Court dismisses appeal of MMJ patient who pleaded guilty and appealed for ineffective counsel	Ruling	1/26/11
Jane Roe v. Teletch Customer Care Mgt.	Washington State Supreme Court	83768-6	ACLU supports appeal of 2009 Appellate Court ruling allowing job termination of woman using medical marijuana	Pending	1/18/11
Marla James, et al v. The city of Costa Mesa, et al	U.S. District Court, Santa Ana, Calif.	8:10-CV-00402	Lawsuit challenging city ban on collectives under ADA	Pending	1/12/11
Linda Lott and Robert Lott v. City of Livonia, et al	Michigan Circuit Court, Wayne County	10-013917-CZ	Lawsuit filed challenging bans on MMJ use in Livonia, Birmingham and Bloomfield Hills	Pending	12/1/10

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into production. The development of generic products will coincide with the conclusion of studies that, according to government databases, not only will provide new uses for existing stocks of THC, but also look at experimental chemicals that exploit the same pathways in the body as pot – the endocannabinoid system (ECS).

A New Pathway

Discovered about 20 years ago, the ECS runs throughout the body and is a fundamental way cells communicate with each other. The ECS plays a role in immunity, inflammation, cognition, mood, cell growth, death and much more, according to medical research. The body makes its own cannabinoids, called endogenous cannabinoids, and communicates cell information through special cannabinoid receptors.

For the past 5,000 years, human beings have used plant cannabis to interact with the endocannabinoid system to achieve therapeutic effects like euphoria and pain relief, numerous studies have shown. Up until the 1930s, doctors could prescribe tinctures of cannabis for migraines, menstrual cramps, epilepsy and a number of other indications. That ended with the Marijuana Tax Act, and later the Controlled Substances Act, which made possessing or researching cannabis largely illegal in the U.S., according to the 2010 historical analysis *High Society*.

Furthermore, the modernization of medicine mandated that researchers isolate a single molecule, determine its precise effect, and create a controlled delivery method such as a pill.

Plant marijuana therapy has proven too complicated for this reductive process, said Dr. Arno Hazekamp, head of research and development for Dutch plant cannabis producer

Bedrocan. Hazekamp conducted a review of the global cannabinoid pharmaceutical pipeline last year.

THC was discovered in 1964 in Israel, and soon after, synthetic THC pill Marinol became available by prescription for appetite inducement.

The pill was widely derided by plant cannabis users because of its varying effect, long time to onset, and lack of hundreds of other cannabinoids found in whole plant cannabis.

Research exploded with the discovery of the ECS in the 1990s, according to a review of medical literature on the U.S. National Library of Medicine website, PubMed.gov. Labs rushed to create chemicals that stimulated and suppressed aspects of the ECS.

In 2010, **GW Pharmaceuticals** in the U.K. brought Sativex to market in Europe. The drug is innovative for its combination of both natural THC and cannabidiol (CBD), another marijuana component, in a fast-acting, non-carcinogenic mouth spray. Multiple sclerosis sufferers report less spasticity with Sativex. The drug is now in Phase III trials in both the U.S. and Canada for neuropathic pain associated with cancer and chemotherapy under the guidance of American company **Otsuka Pharmaceuticals**. Phase III is the final phase of clinical trials on humans. Otsuka said it does not comment on drugs in trials.

As of this year, the number of known natural cannabinoids discovered circulating inside the body has pushed past 70, but research into their function has bottlenecked at the Drug Enforcement Administration and the National Institute on Drug Abuse (NIDA), said Brad Burge, spokesman for the 25-year-old cannabinoid research group Multidisciplinary Association for Psychedelic Studies (MAPS).

New, generic Marinol manufacturers will have to use tightly controlled

supplies of synthetic THC with a permit from the DEA, or grown at the country's only legal pot farm in Mississippi, run by the federal government.

In July, the *DEA Position on Marijuana* report stated that while the Obama administration does not consider smoked cannabis a medicine, "There are 119 researchers registered with DEA to perform studies with marijuana, marijuana extracts, and non-tetrahydrocannabinol marijuana derivatives that exist in the plant, such as cannabidiol and cannabinol," including 18 researchers authorized to study smoked cannabis on humans. DEA spokesman Rusty Payne, citing privacy reasons, declined to identify the researchers.

DEA Loosening Up?

However, Burge said the DEA is also considering loosening restrictions on isolated, natural THC, while leaving the whole plant illegal. The DEA has also recently acknowledged that synthetic THC and natural THC are biologically equivalent, said Burge. He said these actions have the effect of paving the way for new synthetic THC manufacturers, while laying the groundwork for the U.S. government to remain the sole organic THC supplier.

Furthermore, a review of the U.S. government's database on clinical human trials shows 16 human trials currently studying the efficacy of THC and CBD on a variety of disorders. Researchers are looking at using THC and CBD alone or in concert to treat obsessive-compulsive disorder, schizophrenia, fibromyalgia, post-surgery nausea and pain, post-traumatic stress disorder (PTSD), spasticity related to spinal cord injury, and irritable-bowel syndrome.

Researchers are also in clinical trials for use of THC in connection with

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a drug for schizophrenia. The University of South Carolina is in a trial using N-Acetylcysteine to treat cannabis dependence. And NIDA has commissioned a study using Rimonabant, an appetite suppressant that was one of the first ECS drugs developed, to create extreme marijuana withdrawal, which is otherwise “mild and medically benign,” according to studies on PubMed.gov.

Novel endocannabinoid drugs have begun to reach clinical trials as well. GW Pharmaceuticals is testing an ECS drug for Type II diabetes. Another ECS drug was to be used with methadone in a terminated addiction study. Dozens of even more experimental endocannabinoid drugs to treat diseases like osteoporosis are in early development and are being tested on cells, mice, rats, and monkeys.

Notably lacking from human trials are tests of the efficacy of smoked cannabis – something humans have been doing to self-medicate for centuries. In a study for treatment of irritable-bowel syndrome, Meir Medical Center in Israel is conducting the only study listed on the U.S. National Institutes of Health’s website ClinicalTrials.gov that uses smoked cannabis therapeutically.

MAPS is currently trying to get approval to start the first outpatient clinical trial of smoked cannabis in 30 years in America. The trial will study 50 Arizona veterans with extremely untreatable PTSD and see if smoked cannabis with varying levels of THC and CBD decreases their symptoms. Veterans are currently self-medicating for PTSD in medical marijuana states, noted Burge. A research group in Israel is also studying THC in pill form for the treatment of PTSD.

“The idea here is to put some scientific teeth to these claims,” said Burge.

However, it could take months for the study to begin, due to NIDA’s longstanding policy of denying research that would show any efficacy of smoked cannabis. Last year, NIDA told *The New York Times*, “We generally do not fund research focused on the potential beneficial medical effects of

successful, but just because plants are icky and hard to deal with in the lab,” said Hazekamp. “Nobody does plant chemistry anymore. People in the pharmaceutical department say, ‘That was your grandmother’s thing to do. What are you doing with these silly plants?’ I have to tell them half of our modern medicine comes directly or indirectly from plants, and they don’t believe it.”

Marijuana would become the first whole plant recognized as a drug, and it’s difficult for that to happen in the current regulatory paradigm, said Hazekamp.

Bedrocan, MAPS and a number of other groups have begun arguing that whole, vaporized cannabis plants have proven safe and effective,

and more studies should begin to explore the details of cannabis’ efficacy. Burge said a thaw has begun to occur at NIDA.

“It’s definitely getting better. NIDA is likely to provide us with the material that we need and we suspect the reason why NIDA is so co-operative is because we’ve been putting a lot of pressure on them through lawsuits and media stories highlighting their monopoly and how they are standing in the way of actually developing botanical cannabis into a pharmaceutical,” he said.

Whole-plant cannabis therapy research also suffers from the fact that drug companies cannot patent natural cannabis or any of its natural compounds. Without profitable patents, synthetic strategies dominate. So while drug companies rush to create dozens of synthetic drugs to interact with the endocannabinoid system, supporters of vaporized whole plants could be left behind.

Activists fear pharmaceutical

“Any other plant would have met the same fate not because it’s successful, but just because plants are icky and hard to deal with in the lab.”

*—Dr. Arno Hazekamp
Bedrocan*

marijuana.” A search of current NIDA-approved studies appears to confirm this policy.

“It’s this awful Catch-22,” said Burge. “This is Kafka-esque every day in ways you would not believe.”

The American medical establishment is not in conspiracy to suppress whole plant cannabis therapy, there’s simply no protocol for approving it as a drug, said Hazekamp. A fundamental of drug approval in modern medical science is the so-called “single molecule, single target” approach. The protocol excludes all plants.

“Nobody is to blame,” said Hazekamp. “It’s the only way they can do it, it’s the way they’re set up, there’s no way for them to deal with it.”

Marijuana is unique in that there’s hundreds of cannabinoids in the plant, and they’re interacting with a little understood but primal signaling pathway that will likely be more important than the dopamine pathway in the long run, said Hazekamp.

“Any other plant would have met the same fate not because it’s

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companies will synthesize and patent anything of medical value in pot, while advocating for the ongoing prohibition of the plant itself. In the long run, cannabis could be similar to opium – fully exploited to make dozens of drugs, but illegal to grow.

Future Research

NIDA is also stifling budding research into terpenes – the unique organic compounds that create the pungent smells of marijuana and may be therapeutic. Menthol in the eucalyptus plant is a terpene that inhibits cough, noted Hazekamp.

Medical marijuana research is also turning toward the non-psychoactive cannabinoid acids found in the raw plant, but not in burned buds, said Hazekamp. Cannabinoid acids have

reportedly shown therapeutic value in some patients with ECS disorders, yet no cannabinoid acid research has been funded in the U.S.

Also, in 2010, a group of German researchers published a method for genetically engineering bacterium that could manufacture cannabinoids at a fraction of the cost of growing or synthesizing the molecules.

Finally, other research points to exploiting or modulating each individual’s unique ECS profile, which can vary significantly.

To a certain degree, that research has already begun, with industry estimates of hundreds of thousands of medical cannabis users engaged in what amounts to the largest, unregulated human trial of a drug in modern times. Patients are picking their way

through hundreds of different strains of pot and experimenting with methods of administration and dosing schedules to fit their own maladies.

The science usually comes first. Now, it’s the other way around, Hazekamp said.

“People have figured out what cannabis is good for, and science is so slow to respond because it’s not allowed to do that, so it’s always behind the facts,” he said. “Now, in some ways politicians and pharmaceutical scientists are trying to put the genie back in the bottle by telling you how you should use cannabis and what it’s good for.”



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Colleges

Continued from front page

continued legal education course. Edibles and cultivation courses include hands-on projects. Bookkeeping, history and budtending are all lectures.

Fees run from \$99 to \$1,195. Class sizes range from five to 300 students, with the average class size between 15 and 30.

Escamilla said gaining accreditation was an extensive process of curriculum and operations review.

"It was a huge undertaking and we were thankful to the state of Colorado because they took a big chance on us," he said.

Greenway's 25,000-square-foot campus in Denver features a media production studio, a physician's clinic, a **Canna Lab** testing facility, and certified public accountants and attorneys. The medical marijuana-friendly **Colorado Springs State Bank** is moving in soon, and Greenway recently got **Lloyds of London** to offer alumni and students discounts on insurance services related to medical marijuana.

Barbara Serrano said she and her husband attended Greenway's weekend seminar at a Denver Westin hotel in early 2010, before the Greenway campus opened. They were hoping to open a dispensary in their hometown of Loveland, Colo. But the town banned dispensaries, so they are currently running smoke shops.

The Serranos both have medical use cards. With what they learned in class, they grew for themselves, "outstanding plants the first time out. I never grew pot, and everything I know I learned from the school," Serrano said.

In addition to seeking growing tips, the couple wanted information on regulations and compliance and was satisfied with the lawyer who taught that part. She said the three

instructors – including Escamilla – were extremely informative and offered a lot to absorb in two days. "I would have liked one more full day of growing instruction," she said.

Serrano said she would also have preferred more hands-on training instead of just the computer presentations offered at the time. "I would have liked to see the machines and the lights and the systems, rather than looking it

*"Anyone who thinks it's a cakewalk shouldn't be getting into this business."
—Eric Matuschek
Starbudz collective*

up online later and trying to figure out what they were talking about."

As for follow-up questions, Serrano said, "Gus has been extremely good about taking my calls or returning my calls."

Although Greenway is positioning itself as a business school with advanced cultivation courses, it also has a product line. No Spidermites is an organic pesticide. The company intends to release 15 additional products, from root accelerator to powdery mildew inoculates.

"We want to be vertically integrated, providing goods and services the students know and trust," Escamilla said.

The other cannabis school powerhouse is **Oaksterdam** in Oakland, Calif. Oaksterdam was founded in 2007 by Richard Lee. In 1992, Lee co-founded **Legal Marijuana** in Houston, one of the first hemp retail outlets in the country.

The campus is housed in a new, 30,000 square-foot building with a 100-seat auditorium, a horticulture lab, and even a student union across the street.

The faculty at Oaksterdam reads like a who's who of cannabis. Many

are lifelong activists from before Proposition 215, which legalized medical marijuana in California in 1996, who help to develop and update the school's curriculum.

The faculty includes Jeff Jones, professor of horticulture, methods of ingestion and extracts, who co-founded the **Oakland Cannabis Buyers' Cooperative**. Paul Armentano, professor of science, is the deputy director of the National Organization for the Reform of Marijuana Laws (NORML) and the NORML Foundation. Chris Conrad, instructor of politics and history, authored *Hemp: Lifeline to the Future* in 1994. And the grand-

daddy of cultivation, Ed Rosenthal, serves as an instructor of Horticulture 102. Rosenthal has written prolifically about the plant for more than 35 years.

More than 5,000 students have come through the doors of Oaksterdam's "one room schoolhouses" in Oakland, Los Angeles, and the North Bay Area of California, as well as in Michigan, Lee said.

The other unique aspect also relates to location, he said. "We're in this really tolerant cannabis zone in Oakland, so there's a lot going on for students: coffee shops, other cannabis businesses. It's a good environment."

He also notes that Oaksterdam has a horticulture lab with real cannabis plants.

The tuition is \$300 for weekend seminars, and 13-week courses cost between \$600 and \$800. Oaksterdam provides materials and textbook recommendations.

The university also does road shows. Two seminars were held in Michigan in 2009, and Lee said he is looking to run them in Arizona and on the East Coast sometime in the future.

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Felicia Shaw took the basic course in 2009 following a job loss, and took the advanced course in 2010, receiving certificates for both. Shaw now runs an Oakland-based company called **Mystic Herbal Body Care**.

For Shaw, the most interesting part dealt with the legal aspects, about which she had known little. She said the most exciting class was cooking.

"That's how I got inspired to make my body care products," she said. "Sandy Moriarty was very inspiring, breaking down how you process cannabis into edibles, and she gave me great ideas on how to make my products."

She said all the instructors were supportive. "They were open to questions at the end of the class and were very honest and helpful; something I didn't expect."

One downside she found in the basic course was how people with some knowledge of cannabis are mixed with those who know nothing.

"It's kind of like mixing elementary and high school students. That's why I took the advanced class," Shaw

said. "The classes were not long enough for me, but some people seemed overwhelmed."

Oaksterdam was a sponsor of Proposition 19, which attempted to legalize marijuana in California last year, and donated some profits to the campaign, an aspect that Shaw appreciated. "Knowing the money is going to help us legalize across the board, I figured it's a good way to spend my time and money," she said.

The California-based **Cannabis Career Institutes** takes a slightly more open approach to marijuana education. Launched in 2009, CCI does not offer certification or degrees, since there's no state certification system for marijuana. Its specialty is focusing on individual projects and helping students accomplish them.

"We create an action list on things to do for your project, give you an action team or faculty to help you get [the] project accomplished," said founder Robert Kalkin.

He said students have the ability to network with other professionals at the seminars, and can come back to classes as often as they like for free. They can also present their business plans to other people in class.

In CCI's two-day seminars, the first day covers business and law, and the second day discusses growing and cooking. The school's textbook changes with every class, he notes. Ninety percent of the material is universal to all states, and 10% is adapted to different state laws.

Kalkin said classes are taught by experts, some with over 20 years of experience.

"Every teacher has either life skills or experience that transcends anyone else in the industry," he said, "except for Oaksterdam."

But what makes CCI unique, according to Kalkin, is the amount of follow up

the school offers. "We like to get involved in helping students one-on-one, and we do answer the phone afterward to help them with clarity. We're also counselors."

It worked for Eric Matuschek, owner of **Starbudz** collective in North Hollywood, Calif., who took one of CCI's earliest three-day seminars in 2009.

"It was a great introduction, and like any seminar, you have to do your own homework and research, but they definitely help and guide you in the right directions, then you can take it to the next level."

He liked how it had several different speakers in the room including attorneys, growers, and an edibles chef.

"There were some things I was not so thrilled about, like edibles. But in hindsight, I was glad I heard from those people because it educated me on stuff I needed to know down the road that I used in my collective," he said.

Matuschek is currently in a heated legal battle with the city of Los Angeles over dispensary licensing that has reached the state appellate court. But he takes it in stride.

"Anyone who thinks it's a cakewalk shouldn't be getting into this business," he said.

CCI seminars are held in Arizona, Colorado, California, and Nevada. Fees range between \$25 and \$60 for individual seminars and \$250 for weekend courses. One-on-one counseling costs \$500.

If travel is an issue, San Francisco-based **Hempgard University** provides online training geared toward getting a cannabis business up and running fast.

Bev Wilson, Hempgard's dean of student services, said the difference is intentional. "Oaksterdam is absolutely fabulous, but people need a way to get the information without incurring travel costs. And they can put that cost back into their business," she said.

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Started in October 2008, Hempgard offers a condensed curriculum that includes courses titled Getting Legal, Legal Business Structures, MMJ Business Operations, Procurement & Distribution, Patient Care, The Science of Medical Cannabis, and Methods of Administering Cannabis.

Wilson said six experts in the marijuana and legal fields wrote the courses. The school does not offer certification.

Hempgard gears its material to residents in medical marijuana states such as Colorado, California, Washington, and Montana. But Wilson said they don't teach about state laws.

Hempgard has been offering the online course for a reduced fee of \$69 since October.

But some cannabis schools in


other states have not gotten star reviews from students who declined to be named.

Medgrow operates seminars in Michigan and Colorado for \$500 per weekend. Two entrepreneurs in Michigan reported dissatisfaction with Medgrow for its presentation and responsiveness to answering tax questions.

Emails and phone calls to Medgrow by *The Marijuana Business Report* were not returned.

A former student of the **Academy of Medical Cannabis**, which is based in Riverside, Calif., but also runs seminars in Michigan, had similar complaints with that school's responsiveness. She said she was not satisfied with the tax information she was given.

Jim [no last name] at AMC

responded twice to *The Marijuana Business Report* with this email: "We're generally pretty good about email, and I respond personally to as many of your notes as I can. But please, PLEASE don't be offended if I don't respond right away. It's not because I don't care and I'm not ignoring you. We handle a pretty significant volume of email so please be patient with us. In recent months the academy has outgrown my ability to handle everything personally, so please bear with us as we bring more resources online to help you out." 

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