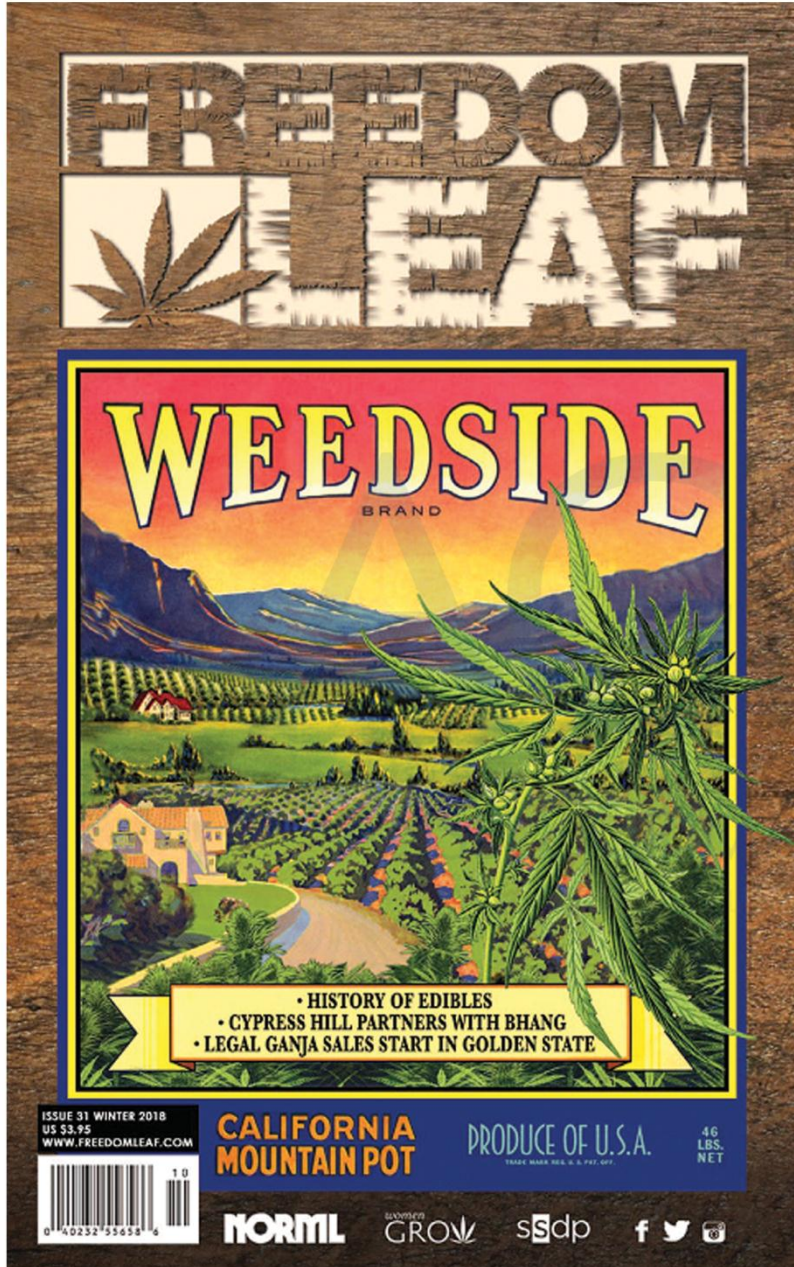


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THE GARDEN STATE

WITH THE ELECTION OF GOV. PHIL MURPHY, NEW JERSEY IS ON THE PATH TO LEGALIZATION.

By Steve Gelsi

New Jersey’s newly elected Democratic Gov. Phil Murphy touted the economic and social-justice benefits of legalizing cannabis during his campaign last year. Now proponents are anticipating that such legislation will be enacted this year. Murphy marks a 180-degree turn from his anti-pot Republican predecessor, Chris Christie. Two bills that would legalize recreational cannabis have been introduced in the state legislature in Trenton. While Assemblymember Reed Gusciora’s (D-Trenton) measure would allow home cultivation (12 plants per household), state Senator Nicholas Scutari’s (D-Lin- den) wouldn’t. Gusciora’s plan would also tax pot at a lower rate (7% in the first year) than Scutari’s (25%). Both would allow regulated commercial cultivation and sales, but on different scales. Democrats control both chambers of the legislature.

“We’re going to look at the legislation and discuss how we segue into the adult use market,” Scott Rudder, president of New Jersey Cannabusiness Association (NJCA), told 800 industry hopefuls on January 25 at the New Jersey Cannabis Symposium at the New Jersey Performing Arts Center in Newark. “On adult use, we still have a long way to go. We’re targeting June to get something done. We’re working with the governor and the legislators. We need people to get involved.”

In one of his first moves In office, Gov. Murphy ordered a study of expanding the state’s largely ineffective medical marijuana program, which should be completed by March.

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On the table are allowing home delivery and purchases of up to two ounces a month by patients, a speedier application process, making edibles available and expanding the list of qualifying conditions. There are currently just five dispensaries and 10,000 patients in a state with nearly nine million residents.

Reforming the medical program is a more immediate priority for Gov. Murphy than adult use legalization. Most likely legal recreational cannabis will not be on store shelves in the Garden State until 2020.

“Murphy has done the kind of due diligence to really prepare New Jersey to be successful,” smoke shop owner Michael Thompson told Freedom Leaf at the symposium. “I’m really interested in tapping into an industry that’s so much different from a lot of other mainstream industries. This has a lot of upside. I’m optimistic.” However, resistance is already mounting. In January, the Monmouth County Freeholder Board voted to formally oppose legalization. Other local bans may follow. The anti-pot group New Jersey Responsible Approaches to Marijuana Policy praised the move. “People who are going to lose the most money have the most to gain by stopping this,” Rudder commented.

To answer questions from influential politicians such as state Sen. Ron Rice (D-Newark), the NJCA set up a meeting in Trenton in February with CNN chief medical correspondent Sanjay Gupta, the American Civil Liberties Union, a retired Drug Enforcement Administration agent, and others. That meeting came on the heels of a fact-finding trip to Las Vegas by Gov. Murphy and other New Jersey law makers to study Nevada’s cannabis laws.

Rudder cites research that shows a 25% drop in opioid overdoses and reduced alcohol use in states with legal cannabis. “People are making healthier choices when you give them healthier options,” he says. “That’s what we’re really trying to do.”



The two bills propose creating licenses for cultivation, processing and manufacturing, transportation, retail and wholesale. The Assembly bill would allow for 80 retail stores and 15 cultivation facilities statewide (this would expand to 25 in the second year of operations).

“The way to start the conversation is to ask people in the industry if this is enough,” remarked BSC Group founder Brian Staffa, who was among the symposium’s speakers. “We resoundingly think no. We will have to magnify that voice.” Any legislation enacted would inevitably create a Department of Marijuana Enforcement, which would release a set of proposed rules and regulations, followed by a 30-60 day comment period. Staffa urged people interested in launching cannabis businesses to read the proposed rules carefully.

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“If there’s something you don’t agree with, like if you’re looking to get into the transportation side and they cut that out, this is the time to really have your voice heard,” he explained. “Changes happen. Delivery service is usually a hot-button issue and if there’s a loud enough voice, it will change.” Another symposium speaker, Joshua Bauchner, a partner with the Ocean.



COUNSELORS AT LAW

REFORMING THE STATE’S MEDICAL MARIJUANA PROGRAM IS HIGH ON GOV. MURPHY’S CANNABIS AGENDA.

Township law firm Ansell Grimm & Aaron, pointed out that cannabis businesses need to start preparing now for the license review process by setting up management teams, raising capital, finding properties for retail and wholesale use, negotiating with landlords, figuring out their corporate structure and how to handle banking, and doing background checks on employees.

“The licensing process is like visit to the proctologist,” he joked. “It will be a full-cavity search.” To win licenses, cannabis businesses will be required to reveal their founders’ tax returns and show employee manuals, business and quality-assurance plans, accounting procedures, and security and badge systems to limit employees’ access to cannabis. The state will also want to know if applicants have ever been arrested. Those convicted of crimes can get their arrest records expunged, but for a substantial fee.



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Despite these challenges, the state's cannabis supporters sense positive change is coming. For Heather Kumer, a law associate at Connell Foley, reform has been on her radar since she joined Students for a Sensible Drug Policy in 2004, when she was in college, and asked Democratic presidential candidate John Kerry a question about legalization. Now her firm is assisting clients with the dispensary-permitting process.

"I've been working on this for 14 years," Kumer said excitedly. "I became involved when we were just worried about college students getting their financial aid taken away for nonviolent drug offenses. I'm a real-estate and landuse lawyer now. It's kind of cool to be from that background and come full circle to incorporate things I've always been passionate about and always wanted to do in my home state."

David Lande, who ran unsuccessfully against a Republican state senator in central Jersey last November, now wants to get into the extraction side of the business. During his campaign, he proposed "Amsterdam-like coffeeshops" to improve economically challenged areas like Atlantic City. He's not sure how long it will take to win over reluctant state officials.

"I don't think the legislature is there yet," he sighed as the large symposium crowd headed for the exits after a long night of networking. "We have to do this in baby steps and see how things go."

Steve Gelsi is a financial writer who lives in New Jersey.

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