

What Happened in Missouri? America's Most Controversial Medical Marijuana Licensing Process Explained

Cannabis Consumers Coalition, October 29, 2020

Executive Summary:

The struggle to control medical marijuana licenses & market share in Missouri has been hotly contested since at least 2014. This has led to 5 diverging campaign groups differing over access to licensing and strategy during the time period 2014-2018.

In November 2018, Missouri voters approved New Approach Missouri's initiative petition, Constitutional Amendment 2, implementing medical marijuana in Missouri (now Amendment XIV to the Missouri Constitution). In January 2020, some 1800 out of 2200 license applications were denied, sparking a public controversy & legislative investigations into the process.



Founder Larisa Bolivar

About Us

The Cannabis Consumers Coalition (registered as CCU) is a federally recognized 501(c)(3) consumer advocacy organization that acts as a consumer watchdog in the cannabis industry. Protecting the consumer is at the heart of what we stand for and we do this by helping to create an ethical cannabis industry through advocacy, activism, education, and policy work. Consumers are who voted for cannabis legalization and it is in our power to ensure that we have an industry that puts consumers' needs above all else based on sound market research via political and social advocacy.

As a membership organization, we work collectively to educate consumers and the general public. The Cannabis Consumers Coalition strives to set industry standards in the areas of public safety, quality control, pricing, pesticide and fertilizer use, labeling, testing, customer service, ethical business practices, consumer rights in the workplace, and any emerging issues impacting cannabis consumers.

The Cannabis Consumers Coalition was created out of a need for a voice for the cannabis consumer that was not influenced exclusively by industry attorneys and lobbyists and focuses solely on cannabis consumers' needs. The emerging cannabis industry has been dominated by special interests benefitting businesses with limited consumer input on protection, selection, safety, and quality of cannabis produced or the way cannabis businesses are formed and managed.

For further information, or to submit tips, evidence, or to support our work, email info@cannabisconsumer.org

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About Us	1
The Amazing Passage of Cannabidiol (CBD) Legislation in 2014	4
Missourians for Compassionate Care & New Approach Missouri Push For Medical Marijuana (2014-2016)	6
Missourians for Compassionate Care (MCC) & Rep. Hinson’s Restrictive Marijuana Proposals	7
New Approach Missouri’s Botched 2016 Initiative Campaign & Licensing Cap Debate	14
The 2018 Cycle: The Missouri House Of Representatives Takes A Stand While Three Competing Medical Marijuana Ballot Initiative Campaigns Can’t Agree On Licensing	19
Right To Try Medical Marijuana - Rep. Dr. Jim Neely’s Approach in the Missouri House	20
The Brad Bradshaw Constitutional Vanity Project	24
Missourians for Patient Care	25
Campaign Finance Controversy	26
MPC’s Licensing Framework	28
Local Licensing As the Gateway	29
The Stenger-Rallo Corruption Scandal	32
New Approach Missouri	37
The Parson Administration Implements The New Approach Missouri Constitutional Amendment	40
Restrictive Licensing Components of Missouri Constitution Amendment XIV	41
Analysis	43
Wise Health Solutions Misrepresented Their Record in Other States	45
The Nevada Licensing Controversy	46
The Arkansas Licensing Controversy	49
The Revolving Door for Marijuana License Consulting: Stakeholders, Consultants, & Lobbyists	51
Samaara Robbins	52
Canna Advisors/Jay & Diane Czarkowski	53
John Payne/Michael Hill - Amendment 2 Consultants	57
Debby Goldsberry/Green Rush Consulting	59
Duff Johnson Consulting	65
Paula Givens	67
Chip Sheppard	70
Mitch Meyers	71
Jack Mitchell	73
Analysis	77
Brand Partnerships & LOIs: A Pathway for Application Identification and Implicit Collusion?	79
The Role of the MOCannTrade Cartel & Strategic Capital Consulting LLC in Implementation	80
Missourians for a New Approach Moves to Secure Recreational Marijuana Reform for MMJ Market Incumbents	87

Relax PAC: An Attempt to Influence the Missouri General Assembly To Do Nothing?	88
Conclusions	93
Fundamentals of Economic Liberty & the Movement for Cannabis Opportunity	93
Risks of Government by Initiative	94
The Creation of Economic Cartels	95
“Social Equity”	95
Looking Forward -- Will We See Licensing Reform?	96
Addenda	98
Addendum A - Dec. 2015 Missouri Cannabis Industry Association Minutes	99
Addendum B - MO St. Rep. Paul Curtman Speech	103
Addendum C - Feb. 2017 Lynne Schlosser Capitol Report	106
Addendum D - Jason Holsman/Clovr Cannabis	113
Addendum E - MEC Consent Order to MPC Inc	114
Addendum F - Busch Family Estate Fundraiser - Steve Stenger Oct 2018	133
Addendum G - Beleaf 2015 MO SOS Registration Report	134
Addendum H - MOCannTrade Founding Executive Board	135
Addendum I -- 2020 MOCannTrade MO SOS Registration Report	136
Addendum J -- Missourians for A New Approach Industry & Advocate Drafting Meeting 9/28/2020	
Notes	139
Addendum K - Selected Slides - Calyx Peak Capital Investment Deck	144

The Amazing Passage of Cannabidiol (CBD) Legislation in 2014

The first significant cannabis reform in Missouri since prohibition occurred in 2014, when State Representative Caleb Jones (R-Boone County) and State Senator Eric Schmitt (R-Glendale) teamed up to pass a medical cannabidiol (CBD) access bill¹ targeted at pediatric seizure patients that had intractable epilepsy. In what can only be described as unprecedented and amazing series of events, the Schmitt-Jones bill passed both the House and the Senate in about 30 days (bill filed in House 3/31/14, passed in by Senate 32-0 and House 137-12 by 5/1/14). Practically speaking, this never happens, especially given the controversial nature of cannabis as an issue. The bill faced modest opposition and compromises were made during the process that limited the number of licensed producers to 2 nonprofit organizations. Roughly ten applications were submitted for those 2 licenses, and ultimately were awarded to Noah's Arc & Beleaf.

Beleaf's first corporate registration report listed Adolphus Busch (of Anheuser-Busch fame), Mitch Meyers (a Budweiser marketing executive), and Bernard Heimos (a long time greenhouse & nursery company operator). Noah's Arc's first corporate registration report listed Dr. Jason Strotheide (a nutraceutical company CEO), Jane Dueker (an attorney, long time Democratic political operative, and campaign surrogate for Democrat & MO Attorney General Chris Koster in his 2016 campaign for Missouri Governor), and Frank Zoretich (a partner in Strotheide's nutraceutical company).

Eric Schmitt would run for Missouri State Treasurer in 2016, and was appointed Missouri Attorney General in 2018; Schmitt is widely considered a future Governor or US Senator. In October 2017, Schmitt spoke on cannabis policy to a student group at the University of Missouri-Columbia²:

Some of these issues found me, you know, in the way that my son was...so Stephen has seizures pretty much every day. He has better seizure control now than he did a few years ago but it's constantly...it's something that we monitor and it's scary.

¹ Missouri House Bill 2238, 2014 Regular Session,
<https://house.mo.gov/Bill.aspx?bill=HB2238&year=2014&code=R>

²MO St. Treasurer Eric Schmitt speaks to American Enterprise Institute chapter at the University of Missouri-Columbia, Oct, 24 2017,

<https://soundcloud.com/eapen-thampy/mo-st-treasurer-eric-schmitt-speaks-to-american-enterprise-institute-mizzou-oct-24-2017>

So I've been an advocate for people with developmental disabilities, I think that's a legitimate function of government, help people who can't help themselves, and we ought to encourage people who are able bodied to work, I think there's a lot of dignity in work, I've worked on a lot of those issues.

I had a friend, who their daughter was born with a genetic condition different from Stephen's that had epilepsy, they were going to Colorado to get this CBD oil which is the marijuana extract you don't get high from but it has the abilities for whatever reason to control seizures. I didn't think it was right that this family had to leave their support network, their job, their state to access something that would work.

In my own political philosophy I don't know what role the government has in standing in the way between a family and that kind of remedy and relief. And so Caleb Jones who was from Columbia on the House side, we passed that bill in 30 days...it was wild. It was the only time my wife ever came up to the Capitol to do anything legislatively but yea I'm proud of that. I think it opened the door for more discussion about it. I think medical will pass...the dueling petitions and all that stuff I don't know enough about...you do..

Yea I think that it's...for me and not every conservative views it this way but I think that allowing people to access cbd oil in that instance for a child was a no brainer. It was really not a tough call. Those are some of the stuff that don't end up on the top line of things you've done...

Missourians for Compassionate Care & New Approach Missouri Push For Medical Marijuana (2014-2016)

Simultaneously with the passage of the Schmitt-Jones CBD bill, medical marijuana activists in Missouri were beginning to seriously organize and fundraise. There were two primary efforts on this front: the Missourians for Compassionate Care 501c4 organization, founded in March 2014; and the initiative campaign organization New Approach Missouri.

Missourians for Compassionate Care (MCC) & Rep. Hinson's Restrictive Marijuana Proposals

The nonprofit filing for MCC lists Steve Tilley (former speaker of the Missouri House & registered lobbyist), Mark Habbas (registered lobbyist), and Charlie Smarr (attorney & former supervisor Missouri Division of Liquor Control). Additionally, Lynne Schlosser, an alcohol-industry lobbyist, was retained for MCC on behalf of entities connected to the St. Louis-based Dirt Cheap franchise & Show-Me Cannabis. In an April 2015 Kansas City Star article³, reporter Jason Hancock also notes the presence of payday lender Steve Mitchem, Adolphus Busch, and Joel Stanley of Charlotte's Web:

Steve Mitchem's career has spanned from evangelical minister to president of the luxury jeweler Tivol to the controversial world of online lending.

For the last few years, he's also been growing and selling marijuana.

The Kansas City businessman is a partner in Buddy Boy Brands LLC⁴⁵, one of Colorado's largest medical marijuana dispensary and cultivation companies. Over the last few months, he's been doing his part to convince Missouri lawmakers to legalize his business in his home state.

He's made the trek to Jefferson City to soothe concerns of skeptical Missouri lawmakers. Earlier this month, he provided his private plane to carry a bipartisan smattering of state senators to Colorado to see the industry up close...

"I get approached, if not daily, then every couple of days by (businesspeople) who know I'm involved in this and are very, very interested," said Danny Pfeifer⁶, a lobbyist for Missourians for Compassionate Care, a nonprofit formed last year to push a medical marijuana bill through the state legislature....

Adolphus Busch IV of St. Louis, whose family formerly owned a beer brewing empire, also is involved in the effort. He held a fundraiser for Missourians for Compassionate

³ "Missouri ponders medical marijuana -- and the money to be made selling it", Jason Hancock/The Kansas City Star, Apr 26, 2015,

https://www.lakeexpo.com/news/top_stories/missouri-ponders-medical-marijuana----and-the-money-to-be-made-selling-it/article_ee3bd9be-ec4c-11e4-9407-0b62389d39bf.html

⁴ A DBA of Colorado corporation 3BG-Umatilla LLC

⁵ Buddy Boy Brands was ultimately acquired by MJardin in January 2018 for \$40 million dollars (7 dispensaries and 5 cultivation facilities):

https://webfiles.thecse.com/Form2a_ListingStatement.pdf?TvdOd4AxQfiuQYAxqnNgKF.kDYqgx3nD=

⁶ Founder of lobbying firm Catalyst, <https://www.catalystgrouponline.com/danny>

Care last fall. Busch is director of BeLeaf Corp., which won a license in Missouri to grow cannabis to produce a low-THC oil extract for children with epilepsy after the legislature approved the highly limited practice last year...

If Missouri were to legalize medical marijuana, Joel Stanley would be ready to invest in Missouri marijuana.

He and his brothers got into the Colorado marijuana business in 2009. Several years later, they developed a new strain of cannabis extract that came to be known as Charlotte's Web. Developed to help a 5-year-old girl named Charlotte Figi who had severe epilepsy, the strain was featured in a [CNN documentary that launched the brothers to nationwide fame](#).

Like Mitchem, Stanley has hosted Missouri lawmakers at his business⁷ in Colorado...

During the 2015 session of the Missouri General Assembly, MCC found a champion for medical marijuana legislation in Representative Dave Hinson (R-St. Clair), who filed HB 800⁸ to create a medical marijuana program in Missouri. The text of HB 800⁹ is worth understanding, as it would eventually become the basis for the Missourians for Patient Care statutory ballot initiative in 2018. Specifically, HB 800:

- put the supervisor of the Division of Alcohol and Tobacco Control in charge of implementing the program
- established the local municipality or county executive as the final gatekeeper for licensing (businesses had to acquire both state and local licenses)
- would grant a initial maximum of 30 licensed businesses; each licensed business would be able to apply for a second round of 2 additional licenses for a total of 90 possible licensed sites
- required applicants demonstrate liquid capital in the amount of \$500,000

These licensing restrictions and caps quickly became the focus of controversy. In April 2015, Harvard Economics professor Dr. Jeff Miron commented to the Kansas City Star¹⁰ that:

⁷ In 2018, Charlotte's Web went public on the Canadian markets at a market valuation of roughly \$88 million USD

⁸ Missouri House Bill 800, 2015 Regular Session <https://house.mo.gov/Bill.aspx?bill=HB800&year=2015&code=R>

⁹ Text of Missouri HB 800, 2015 Regular Session

<https://house.mo.gov/billtracking/bills151/hlrbillspdf/1749L.01I.pdf>

¹⁰ "Missouri ponders medical marijuana -- and the money to be made selling it", Jason Hancock/The Kansas City Star, Apr 26, 2015

https://www.lakeexpo.com/news/top_stories/missouri-ponders-medical-marijuana----and-the-money-to-be-made-selling-it/article_e3bd9be-ec4c-11e4-9407-0b62389d39bf.html

“If the government restricts entry, that tends to help the people who do get entry achieve higher profits,” said Jeffrey Miron, a senior lecturer on economics at Harvard University and senior fellow at the libertarian Cato Institute.

Miron said the proposal illustrates a phenomenon known as “Bootleggers and Baptists,” where one side pushes for restrictions out of moral concerns while another pushes for those same restrictions because they believe it will boost profit by making a product more scarce.

“Whether the motivation is well intentioned or not, you end up enriching some people by enacting these restrictions,” he said.

The proposal also drew fire from lobbyist Eapen Thampy, who wrote in April 2015¹¹:

HB 800 is legislation conceived under the same guiding principles as Illinois’s medical marijuana law. Indeed, it’s the creature of the lobbying effort started by the Colorado-based Realm of Caring organization, and continued by their Missouri subsidiary, Missourians for Compassionate Care (MOCC). Like Bob Lansing’s fortune, MOCC derives part of their funding from the Busch family, one of the wealthiest and most pedigreed families in the state of Missouri.

Steve Tilley and Mark Habbas may believe in the conservative principles of limited government and free markets. But when it comes to medical marijuana, they are defending crony capitalism of the worst variety: monopoly.

This is a dangerous precedent for the Missouri legislature to be setting. Creating one monopoly structure for industry in Missouri will inevitably lead to other efforts to create further monopolies in other industries.

A hearing for HB 800 was held on February 23, 2015, in the Missouri House Emerging Issues Committee. MCC brought in consultant Matt Cook and television personality Montel Williams (who showed up with a film crew and entourage¹²).

¹¹ “Under Steve Tilley’s Proposed Marijuana Monopoly, is Missouri the New Illinois?”, Eapen Thampy, April 1, 2015, <https://ducksandeconomics.com/2015/04/01/under-steve-tilleys-proposed-marijuana-monopoly-is-missouri-the-new-illinois/>

¹² “Montel Williams to film documentary about Missouri medical marijuana fight”, Collin Reischman, Feb. 11, 2015, <https://themissouritimes.com/montel-williams-film-documentary-missouri-medical-marijuana-fight/>

Mark Habbas Retweeted

 **Dave Hinson** @dave_hinson · Feb 23, 2015

Thanks to all who contributed to #HB800 hearing & thanks to @Montel_Williams for testimony #moleg #compassionatecare



2 12 26

 **Montel Williams** ✓
@Montel_Williams Follow

Honor to work w/ Missourians for
Compassionate Care lobbyist @HabbasMark
(also a first responder) at #moleg today.
Thank u for ur svc Mark

10:40 PM - 11 Feb 2015

9 Retweets 19 Likes



9 19

Montel Williams's involvement is notable. In the September 2017 issue of GQ, investigative journalist Amanda Chicago Lewis links Williams¹³ to an apparent scheme to acquire utility patents on marijuana genetics apparently funded by American-Iranian cosmetics

¹³“The Great Pot Monopoly Mystery”, GQ, Amanda Chicago Lewis, August 23, 2017, <https://www.gq.com/story/the-great-pot-monopoly-mystery>

mogul Shawn Sedaghat. This led to the formation of the Open Cannabis Project (OCP)¹⁴, an effort to establish marijuana genetics as public domain and render these kinds of utility patents unenforceable. Ironically, the OCP became defunct in May 2019, when it was revealed that OCP board member and Phylos Bioscience¹⁵ founder Mowgli Holmes was using OCP genetics to create proprietary patentable genetics¹⁶¹⁷.

In any case, Rep. Hinson's HB 800 did not advance beyond committee hearings in 2015, leading Rep. Hinson to re-file his legislation in 2016 (HB 2213¹⁸). After committee hearing and amendments, HB 2213 hit the Missouri House Floor for debate on April 19, 2016, leading to the first on record challenges to the licensing framework.

Rep. Shamed Dogan (R-Ballwin) initially introduced an amendment to remove the capital requirement, stating: "It takes out the requirement that a grower have \$500,000 in assets. I view that as being a small business provision where unnecessarily in my view restricting this from people who do not have a tremendous amount of means...they should be allowed regardless of what their net worth is." Rep. Dogan's words were echoed by Rep. Kevin Engler (R-St. Francois), who stated: "To put up a barrier of \$500,000, that doesn't make any sense. Open trade, free trade, free capital, society doesn't say you've gotta have this much to do something..."

At one point in the debate, Rep. Nick King (R-Liberty), a well known advocate of marijuana prohibition, challenged Rep. Dogan, leading to this interchange:

Dogan: "I'm for less regulation. I'm for letting people have opportunities to get into business. Are you not for more people having more opportunities to get into business?"

King: "Not in this business."

¹⁴ "Portland Companies are Fighting a Secret Plot to Monopolize Cannabis", Matthew Korfhage, Willamette Week, December 20, 2017, <http://www.wweek.com/cannabis/2017/12/20/portland-companies-are-fighting-a-secret-plot-to-take-over-all-of-cannabis/>

¹⁵ <https://phylos.bio>

¹⁶ "A Betrayal By a Leader of Oregon's Cannabis Industry Shows How the Weed Business Went From Down Home to Cutthroat", Katie Shepherd, Willamette Week, May 22, 2019, <https://www.wweek.com/news/2019/05/22/a-betrayal-by-a-leader-of-oregons-cannabis-industry-shows-how-the-weed-business-went-from-down-home-to-cutthroat/>

¹⁷ "How Phylos Bioscience sent shockwaves through the cannabis industry with 'Big Ag' disclosure", Bart Schaneman, MJBizDaily, August 26, 2019, <https://mjbizdaily.com/phylos-bioscience-causes-cannabis-industry-disturbance-in-big-ag-video/>

¹⁸ Missouri House Bill 2213, 2016 Regular Session, <https://house.mo.gov/Bill.aspx?bill=HB2213&year=2016&code=R>

After this debate, which also resulted in a series of unfavorable amendments, HB 2213 was laid over, and anyone witnessing the process would have been very aware that HB 2213 did not have the support to move forward and was ultimately defeated 2 days later on a vote of 66-87. A quick scan of the roll call vote reveals that many many of the votes against the bill came from marijuana reform supporters unwilling to endorse such a restrictive framework, including Reps. Justin Hill (R-O’Fallon) and Brandon Ellington (D-Kansas City).

Rep. King would go on to lose a primary challenge to pro-cannabis and hemp advocate Mary Hill, and would not return to the Missouri House in 2017, when the marijuana reform debate returned in the form of legislation sponsored by Rep. Dr. Jim Neely (R-Cameron), a hospice doctor and Army veteran.

Finally, Missouri Attorney General Chris Koster, in his race as a Democrat for Missouri Governor against Republican Eric Greitens, publicly noted he would be supportive of a framework like the Hinson marijuana legislation¹⁹:

“I come out of the law enforcement community and have opposed the recreational use of marijuana in our state. I am open-minded to signing a medical marijuana bill if it was tightly written, had adequate safeguards around it and was a bipartisan measure sent to the governor’s office by the General Assembly.”

Notably, Koster’s gubernatorial ambitions found an early backer in Steve Tilley²⁰, who signaled support in 2013. Jane Dueker, a board member of Noah’s Arc, was also a Koster campaign surrogate²¹. Dueker also apparently influenced Koster’s administration to attempt a crackdown on hemp & CBD product retail in Missouri²², under the guise of enforcing the HB 2238 (2014) framework, despite the fact that hemp and hemp derivatives were federally legal under the 2014 Farm Bill:

¹⁹ “Missouri gubernatorial candidates on social issues”, The Associated Press, October 9, 2016, <https://apnews.com/article/883fae53a7864ae89abe1f5e9a9bb94a>

²⁰ “Former Mo. Republican Speaker Donates To Democratic Gov. Candidate”, St. Louis Public Radio, June 13, 2013 <https://news.stlpublicradio.org/government-politics-issues/2013-06-13/former-mo-republican-speaker-donates-to-democratic-gov-candidate>

²¹ “Dual Roles as Lawyer and Commentator Have KMOX’s Jane Dueker on the Defensive”, Sarah Fenske, St. Louis Riverfront Times, Jun 28, 2016, <https://www.riverfronttimes.com/newsblog/2016/06/28/dual-roles-as-lawyer-and-commentator-has-kmoxs-jane-dueker-on-the-defensive>

²² “Koster sues hemp oil sellers”, Tim Curtis, Missouri Times, Aug. 9, 2016, <https://themissouritimes.com/koster-sues-hemp-oil-sellers/>



Jane Dueker
@JaneDueker



Stopping the snake oil salesmen. Deceiving ppl with illnesses. Way to go [@Koster4Missouri!](#)



The Missouri Times @MissouriTimes · Aug 9, 2016

AG @Koster4Missouri sues hemp oil sellers - #moleg
themissouritimes.com/32605/koster-s...

6:29 PM · Aug 9, 2016 · Tweetbot for iOS

1 Quote Tweet 3 Likes

New Approach Missouri's Botched 2016 Initiative Campaign & Licensing Cap Debate

In April 2015, filings for a corporation and a political action committee both named New Approach Missouri (NAM) as successor vehicles to the Show-Me Cannabis (SMC)²³ movement heralded a more activist-driven push for medical marijuana through a Constitutional initiative petition campaign.

Both Show-Me Cannabis and New Approach Missouri were primarily founded by Leah & Travis Maurer (expatriate Missourians & founders of New Approach Oregon), Dan Viets (attorney & Missouri NORML Chair), Anthony Johnson (Mizzou Law graduate & founder of New Approach Oregon), Jamie Kacz (Kansas City NORML), John Payne (NAM executive director) and others. Additionally, the Missouri Cannabis Industry Association (MCIA) was created as an industry support group for NAM, listing board members Mike Kielty (Democrat attorney & NAM board President), Lee Winters, Allan Cocayne, and Amber Langston. Democratic political consultant Jack Cardetti was brought on as the campaign and communications consultant.

No discussion of NAM or SMC is complete without an understanding of Leah & Travis Maurer's leadership and involvement²⁴. In October 2015, Leah Maurer emailed potential investors seeking support for NAM's 2016 initiative campaign²⁵:

"My husband and I have demonstrated how being intimately and financially involved in marijuana campaigns is really how one is first to market. Being the driving force behind a campaign has proved to be invaluable because we have a seat at the table for rule making and implementation of the laws...

...my exit strategy is to be acquired in +/- 5 years after we turn these assets into a functional \$1b company...

PS--we are getting ready to launch a campaign in Missouri to legalize medical marijuana"

This email, which ended up being disclosed to the media, created significant controversy over the implicit "pay-to-play" pitch & windfall promises. Ultimately, the Maurers ostensibly

²³ <http://show-mecannabis.com>

²⁴ "A Cannabis Crusader Brings the Fight for Legal Weed to America's Heartland", Winston Ross, Nov. 25, 2015, <https://www.newsweek.com/2015/12/04/cannabis-crusader-brings-fight-legal-weed-americas-heartland-397956.html>

²⁵ "Crusader, Mastermind, or Grifter?" _Keith Mansur, Oregon Cannabis Connection, Feb. 27 2016, <https://www.ocnewspaper.com/crusader-mastermind-or-grifter/>

ended their involvement in NAM over the controversy. The St. Louis Riverfront Times reported²⁶:

Then there's the email Leah Maurer sent in October to a cannabis investor named Jerome Dewald. In the email, Leah claimed that she owned The Weed Blog website, even though it's actually Travis who has part-ownership — and that is only a minority share.

Even stranger, Leah's pitch appeared to frame the couple's political activism as a method of accessing Missouri's future marijuana market....

Reached last week by phone, Dewald said he was surprised at Leah Maurer's tactics, especially given the high-profile failure of Ohio's 2015 legalization initiative, which sought to give a cartel of investors exclusive rights to cultivate marijuana in the state. "It's fairly uncommon," Dewald said. "I rarely see people who pump up their political activism as part of an investment pitch."

While the Maurers publicly disassociated from NAM, privately they were still employing NAM executive director John Payne, who is listed as the registered agent of Missourians for Growth, a Maurer-owned company registered in May 2015 in Missouri, leading to further minor controversy within the organization.

Behind the scenes, though, the hunt was on for major funders to fund an expensive initiative petition campaign. Minutes from a Dec. 2, 2015 MCIA meeting indicate a focal point of debate for NAM was the number of licenses allocated²⁷:

MO CIA Meeting
12.2.15
Bleu Restaurant, Columbia

Attending: John Payne, Tom Mundell, Lee Winters, Mike Kielty, Evan Kielty, Jack Cardetti, Chris Beedle, Allen Cocayne, Gus Roberts, Amber Iris Langston, Micheal Phillips, Emma O'Connell, Mike Miller, Spencer Pearson, Laurien Rose, Richard King, Curtis Bourgeois, Steve Faber,

Tom Smith and Jim Stone joined the meeting after it initiated.

²⁶ "Show-Me Cannabis Co-Founder Leaves Board After Lawsuits, Email Controversy", Danny Wicentowski, Feb 1, 2016,

<https://www.riverfronttimes.com/newsblog/2016/02/01/show-me-cannabis-co-founder-leah-maurer-leaves-board-after-lawsuits-email-controversy>

²⁷ See Addendum A

Dan Viets joined by phone.

Secretary: Amber Langston

Acting Chair: John Payne

John moved and Lee seconded to adopt the minutes from 11.4.15. Motion carries.

Treasurer's Report

Allen Cocayne reported that we have \$7968 in the bank after paying the deposit for the website and payment to Amber for web content.

John went over an agenda. Mike Kielty added discussion over the Newsweek article and messaging.

Newsweek Article

This did not represent the Missouri effort well. Moving forward we need to make sure messaging goes through Jack and leave personal agendas behind. When we are doing fundraising for the industry association, at the moment, this is basically only for the campaign until we actually have an industry.

Mike Kielty went over basic info about the campaign. The estimate for cost to the campaign is \$1.15 million, we need about \$350k in the bank by January 15th in order to show funders that we have backing.

There was question about the various organizations. John explained that New Approach Missouri is our campaign committee, SMC and NORML have the goal of changing cannabis laws more broadly, including work in the legislature. All of these organizations are allowed to give to New Approach Missouri, but all information must be disclosed on the Missouri Ethics Commission website.

Mike expressed interest in re-submitting language based on conversations with potential big donors. Lee states that our job is not to negotiate language, it is to sell the language already written, otherwise the conversation never ends.

The potential donors Mike is speaking to would like to see around 50 licenses rather than about 75 licenses where it now stands. The other issue relates to doctors' recommendations being capped at 25%.

Jack clarified: we have two versions on file which are basically identical. February 1st is our drop dead date to begin gathering signatures. We expect to know by December 20th if we are certified. Jack does not believe that 25% matters considering the number of prescriptions that are regularly written. By the end of this week we need to have commitments made. Jack proposes we get through the end of this week and gather those commitments. If we cannot make it to our fundraising goal, then we should look into alternatives.

Tom Smith asked about capping licenses versus creating a floor. Right now we have a floor, which we have to have in order to not be jerked around by the health department. Just because a license is issued does not mean a facility will be open. Amber pointed out that current language allows for 3 licenses per entity. There was a lot of concern about taking extra time. Once we are getting signatures more people will be ready to donate.

The more licenses, the more competition. How much money is our lost time worth? Without a ballot initiative we are getting signatures on, we have nothing to “sell” to gather more donations.

Major funders indeed came to the table. Campaign finance records indicate Columbia multi-millionaire Tom Smith, California investor Luke Siquefield (son of Rex Siquefield), Drug Policy Action (the political arm of Drug Policy Alliance, represented then by Graham Boyd), Emerald City Holdings (investment group linked to Steve Mitchem tied to MCC’s lobbying push), and others.

On Aug. 9, 2016, the office of Missouri Secretary of State Jason Kander certified the New Approach Missouri Initiative Petition insufficient²⁸, as a legal threshold for signature collection had not been met. Lobbyist Eapen Thampy wrote in response²⁹:

“After Leah Maurer was formally removed from the organization the rapacious culture of “pay-to-play” continued to drive NAM decisionmaking. Board members Lee Winters and Mike Kielty and staffers Trish and Daryl Bertrand spent more time lining up investors as privileged licensee clients than they did making sure the campaign hit basic signature collection thresholds.”

²⁸ “Marijuana initiative short of signatures needed to force November vote”, Rudi Keller, Aug 9, 2016, <https://www.columbiatribune.com/be2f247a-7e2a-55e5-94ac-458f10e9c78a.html>

²⁹ “A Brief Post Mortem of New Approach Missouri’s Medical Marijuana Initiative Petition Campaign, Eapen Thampy, Nov. 2, 2016, <https://ducksandeconomics.com/2016/11/02/a-brief-post-mortem-of-new-approach-missouris-medical-marijuana-initiative-petition-campaign/>

This is notable because one aspect of restrictive & competitive licensing practices for marijuana programs is the emergence of a cottage industry of consultants peddling license application services. Fees for application writing in competitive markets range from \$15,000-\$250,000 per application; in some markets, like Illinois, winning applicants have spent over \$1M. Frequently, members of campaign organizations who pass marijuana legislation either at the ballot or through a legislature set up shop as consultants with expertise in the licensing process they helped create and implement.

**The 2018 Cycle: The Missouri House Of
Representatives Takes A Stand While Three
Competing Medical Marijuana Ballot Initiative
Campaigns Can't Agree On Licensing**

Right To Try Medical Marijuana - Rep. Dr. Jim Neely's Approach in the Missouri House

In 2016, Rep. Dr. Jim Neely (R-Cameron) filed a medical marijuana bill, but did not receive a hearing. In 2017, Rep. Neely filed HB 437, an expansion of Missouri's investigational drug access statute Right to Try, that would allow for medical marijuana (Rep. Dr. Neely sponsored the original Right to Try³⁰ framework that became law in 2014). In expanding the Right to Try framework to medical marijuana, Rep. Neely did not propose a numerical limit on the number of licenses or any artificial barriers to entry. Functionally, this proposal would have authorized investigational drug manufacturers to produce & dispense medical marijuana. The fiscal note³¹ for HB 437 from the Committee on Legislative Research indicated that the state expected to initially license 200+ cultivation applications in the first two years of the program's operation but did not indicate that registrations would be capped; however, the fiscal note for the 2018 version of this bill³² (HB 1554) estimated 700+ medical marijuana facilities would be licensed in 2 years. The fiscal note for HB 437 also used Oregon's medical marijuana program as a basis for predicting the number of medical marijuana cardholders in Missouri, settling on an estimate of 116,807 patient registrations and 51,007 caregiver registrations.

After going through committee hearings in 2017 and 2018, Rep. Neely's proposal House Bill 1554 finally had its day on the House floor in May 1, 2018, when it passed 112-44, representing a majority of Republicans, every Democrat minus one, and every member of leadership & law enforcement besides Rep. Shawn Rhoads (R-West Plains). During the prior perfection debate on an amendment proposing law enforcement sign off on applications, Rep. Justin Hill (R-O'Fallon) spoke out against artificial barriers to entry, arguing that such barriers create an environment that leads to corruption: "In states where they add preferential points to the process...it's created a de facto requirement...and it creates a situation where some improprieties can take place...we don't want to set up a system where we...pick winners and losers."

Notably, the final amendments and floor vote on HB 1554 came after a stirring speech by Rep. Paul Curtman (R-Pacific), a Marine veteran and one of the most respected members of the Republican caucus³³, who called on the House to recognize the PTSD and trauma issues at the heart of veteran suicide epidemic that medical marijuana could help alleviate.

³⁰ "Legislation Would Allow Right to Try Drugs", Goldwater Institute, <https://goldwaterinstitute.org/article/legislation-would-allow-right-to-try-trial-drugs/>

³¹ Fiscal Note, House Bill 437, Missouri House of Representatives, 2017, <https://house.mo.gov/billtracking/bills171/fiscal/fispdf/1035-01N.ORG.pdf>

³² "It is assumed that approximately 200 facilities would be licensed in the first year of implementation and 500 facilities licensed in subsequent years." Page 15, <https://house.mo.gov/billtracking/bills181/fiscal/fispdf/5285-04P.ORG.pdf>

³³ 2018 Legislative Session - Day Fifty-Nine, Missouri House of Representatives, Monday, April 23, [https://house.mo.gov/MediaCenter.aspx?selected=DebateArchive, @ 2:07:40](https://house.mo.gov/MediaCenter.aspx?selected=DebateArchive,@%202:07:40) -- see Addendum B

When HB 1554 went to the Missouri Senate, it was initially noticed for a hearing by the Senate Health and Pensions Committee, chaired by Senator Dr. Bob Onder (R-St. Charles). Although Senator Onder was a long time opponent of medical marijuana reform, he indicated that he may be willing to support a pared down version of HB 1554 specific to terminal illnesses. However, the debate over HB 1554 never happened in the Senate. Senator Jason Holsman (D-Kansas City), a long time proponent of medical marijuana and a member of the New Approach Missouri campaign committee, blocked HB 1554 from moving forward.

Rep. Dr. Neely also attempted to place a terminal illness-only version of HB 1554 in an omnibus bill after the thwarted Senate committee hearing, but this effort was blocked by Senator Holsman as well³⁴:

A measure that would have narrowly legalized medical marijuana died in the final week of Missouri's legislative session, meaning the issue will be left entirely up to voters in November.

Only terminally ill patients and people with epilepsy could have obtained smokeless medical cannabis under a measure added to a healthcare bill by GOP Rep. Jim Neely from Cameron.

It was a more strict version of a medical marijuana than the House passed earlier this month, in which qualifying conditions included cancer and chronic illnesses such as Crohn's, Alzheimer's and post-traumatic stress disorder.

Democratic Sen. Jason Holsman of Kansas City, who has sponsored medical marijuana legislation since 2009, objected to Neely's amendment.

"It was not in a form that was workable for a functioning industry nor access for patients who really needed the cannabis," Holsman said.

Among Holsman's objections were the regulatory framework for the bill, which would have put the program under the control of the state Department of Agriculture, rather than the Department of Health and Senior Services.

³⁴ "Missouri Voters, Not Lawmakers, Will Decide The Future Of Medical Cannabis", KCUR, Lisa Rodriguez, May 18, 2018, <https://www.kcur.org/politics-elections-and-government/2018-05-18/missouri-voters-not-lawmakers-will-decide-the-future-of-medical-cannabis>

"How do you have a medical cannabis ... ran by the department of agriculture? It wasn't going to work," Holsman said, adding that he also opposed having only smokeless options and an apparent lack of investment in the state.

Neely, who is a physician, put the blame for the bill's failure squarely Holsman, saying the Democrat was the only member of a conference committee to speak against it.

"It's always disappointing when good legislation doesn't cross the finish line, but I believe the legislature will deal with this issue next year," Neely said in a statement.

Holsman says he was willing to amend the bill, but that Neely refused to do so.

But Holsman supports the language in an initiative petition by New Approach Missouri. It's one of four marijuana-related ballot proposals submitted to the Secretary of State's office earlier this month, and provides a wide latitude for qualifying conditions.

New Approach Missouri spokesman Jack Cardetti said a statewide vote is the best way to get medical cannabis, already legal in 29 states, in Missouri.

"The popularity of this among legislators is growing leaps and bounds, it's just not there yet. And that's why we decided to go the initiative petition route," Cardetti said. "We did not think [the medical marijuana bill] would pass this year, this is the fourth or fifth year that it's been introduced and it's been debated in Jeff City and it just never seems to get done."

After the failure of Rep. Neely's legislation, Senator Holsman solicited investment in medical marijuana startups tied to Josh Mitchem (Steve Mitchem's son). MEC Campaign records also indicate Steve Mitchem made a \$5,000 campaign contribution to candidate committee Holsman for Missouri Feb. 23, 2016. On January 13, 2020, Holsman was appointed by Missouri Governor Mike Parson to the Public Service Commission (base salary \$109,000/yr). Holsman is also currently listed as a Regional Sales Representative for Clovr Cannabis³⁵³⁶.

It is also notable that interests tied to Steve Tilley, Adolphus Busch, and Show-Me Cannabis/New Approach Missouri also opposed Rep. Dr. Neely's effort. In a February 2017 legislative update, MCC/SMC lobbyist Lynne Schlosser wrote³⁷:

House Bill 437 – Sponsor: Rep. James Neely – Oppose/Monitor

³⁵ <https://www.clovr cannabis.com/team>

³⁶ Addendum D

³⁷ Addendum C

Allows persons with certain serious medical conditions to use medical cannabis. This bill basically takes the CBD (Hemp Extract) bill language and changes the word “hemp extract” throughout to “medical marijuana”. Initiating a medical marijuana program isn’t that simple. In summary, this bill is not viable as written to be a MMJ program and it is extremely limiting for patients.

Both Schlosser’s & Senator Holsman’s objections were without merit. The “hemp extract” or CBD program established by the 2014 Schmitt-Jones legislation was both functional and being run by the Missouri Dept. of Agriculture. While the legislation itself was criticized for placing too many restrictions on patient access to these cannabis extract programs, both authorized nonprofit CBD producers had been in operation for 3 years at this point. Additionally, Missouri’s industrial hemp program is currently run by the Missouri Dept. of Agriculture since its inception in 2019.

The Brad Bradshaw Constitutional Vanity Project

The most idiosyncratic and overtly corrupt medical marijuana initiative proposal in 2018 belonged to Brad Bradshaw, a wealthy attorney/physician from Springfield, Missouri. Bradshaw's proposal was a repeat of a ballot initiative he proposed in the 2016 cycle³⁸ but did not collect signatures for the initiative. The proposal would have given Bradshaw himself a Constitutional appointment as the implementing official for a medical marijuana program and biomedical research institute³⁹ funded by an 85% tax on medical marijuana sales. Because this campaign was essentially self-funded, and did not attract broader support, this is as far as we will discuss it.

³⁸ "The Missouri Legislature Must Not Let Brad Bradshaw Hijack Medical Cannabis to Create Constitutional Oligopolies and Grow Government", Missouri State Rep. Tommie Pierson (D-North St. Louis County), Jan. 28, 2016,

<https://themissouritimes.com/column-the-missouri-legislature-must-not-let-brad-bradshaw-hijack-medical-cannabis-to-create-constitutional-oligopolies-and-grow-government/>

³⁹ Missouri Secretary of State, 2018 Ballot Measures, <http://www.sos.mo.gov/cmsimages/Elections/Petitions/2018-041.pdf>

Missourians for Patient Care

Prior to November 2018, the Missourians for Patient Care (MPC) ballot initiative campaign was the 2nd most serious and controversial initiative marijuana proposal. Functionally, it was the successor to the Missourians for Compassionate Care legislative campaign (2014-2016). The founding of the MPC campaign happened despite the stated intention of the NAM campaign to pursue a separate initiative campaign; the two campaigns disagreed on several issues, including a) constitutional vs. statutory framework b) the inclusion of a homegrow provision by NAM, which was seen as undermining the market of licensed commercial producers by MPC and c) ability to achieve ballot sufficiency. Former 2016 NAM board President Mike Kielty defected to MPC and held the Vice President position for part of the next two years. The two campaigns would be at odds until after both were noticed of signature sufficiency in August 2018, after which a mutual support deal was brokered.

Campaign Finance Controversy

The first issue of significance and controversy was MPC's method of hiding donor contributions and campaign expenditures from the public view. The campaign was supported by a nonprofit and a political action committee both named Missourians for Patient Care; MPC Inc took in donations and made expenditures, which were reported as in-kind contributions & expenditures from the MPC PAC⁴⁰:

In February 2018, Post-Dispatch columnist Tony Messenger reported that the group believed secrecy was necessary because donors might be wary of contributing to a cause that is not recognized by the federal government.

"We set it up that way because most people who are supporters of it don't want to be known," said Mark Habbas, a lobbyist working on the campaign. "They just want to keep their donations private."

Messenger also reported that Steve Tilley, a former Missouri House speaker and a registered lobbyist allied with Gov. Mike Parson, was involved in the effort. Missourians for Patient Care's secret donations were the subject of a March 2018 complaint to the Missouri Ethics Commission by Springfield resident Howard Cotner, who alleged the group was violating the Missouri Constitution by intentionally obscuring donor identities.

The complaint didn't stop the group's dark-money maneuvers.

In July 2018, the Post-Dispatch reported that the nonprofit continued to donate to the PAC, which again obscured the true source of its donations.

When asked then why supporters formed the nonprofit to aid the campaign, Travis Brown, one of the main backers of the effort, responded: "Why not? We needed to raise money so we have a social welfare organization that supports the ballot committee." Brown said in July 2018 that Missourians for Patient Care would not comment on the ethics complaint. He also would not comment on whether he thought the group's activities violated the law.

⁴⁰ "Sinquefields among dark-money donors to group that backed medical marijuana question", Jack Suntrup, Jan 11, 2020, https://www.stltoday.com/news/local/marijuana/sinquefields-among-dark-money-donors-to-group-that-backed-medical-marijuana-question/article_da0ddfbe-ba6c-5eac-9915-d8874301f5d3.html

“I’ll tell you one more time,” he told a reporter, “we’re not commenting on any ethics commission opinions, filings or complaints.”

A Jan. 10, 2020 consent order⁴¹ from the Missouri Ethic Commission stipulated that First Rule, a public relations, lobbying, and consulting firm founded by Travis Brown, provided services to MPC Inc, including fundraising outreach & events planning; the consent order ultimately determined there was probable cause that MPC Inc. violated Missouri law on one count of failing to file a Statement of Committee Organization and one count of failure to file reports and/or notices. The consent order was signed by Brad Goette, MPC President. MPC was forced to disclose its donors at this time. The donor list revealed that Missouri megadonor Rex Sinuefield was the biggest funder of the effort with a little under \$1 million in contributions, both directly and through Great St. Louis, a nonprofit listing Travis Brown as President & Mark Ellinger as registered agent (Ellinger was also retained by MPC Inc for legal services).

⁴¹ Addendum E

MPC's Licensing Framework

The MPC statutory initiative⁴² was largely virtually identical to the language in HB 800 (2015) and HB 2213 (2016) filed by Rep. David Hinson discussed earlier. One significant modification was that MPC adopted a modified version of the NAM licensing caps:

195.918. 1. (1) The division may restrict the number of licenses granted for medical cannabis cultivation and production facilities, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States. Each facility in operation shall be valid for one year from its date of issuance and shall be renewable, except for good cause. No more than three medical cannabis and production licenses shall be issued to any person under substantially common control, ownership, or management. At least one medical cannabis center license shall be issued for each medical cannabis cultivation and production facility license.

(2) The division may restrict the number of licenses granted for medical cannabis centers, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States, except that, an applicant for a medical cannabis center license may be approved for an additional two medical cannabis center licenses in accordance with subdivision (3) of this subsection. Such additional medical cannabis center licenses shall not be counted toward the statewide limit for medical cannabis centers. A license shall be valid for one year from its date of issuance and shall be renewable, except for good cause.

(3) Licenses shall be geographically disbursed by the division, in consultation with the department of health and senior services, based on the demographics of the state and patient demand to ensure statewide access for patients. If more than the statewide limit for medical cannabis centers are necessary to provide sufficient patient access, a medical cannabis cultivation and production center licensee may be approved for up to an additional two medical cannabis center licenses, subject to approval by the local licensing authority and the division.

Control of the program remained with the Division of Alcohol & Tobacco Control:

195.903. (1) For the purpose of regulating and controlling the licensing of the cultivation, manufacture, distribution, and sale of medical cannabis in this state, the

⁴² Missouri Secretary of State, 2018 Ballot Measures, <https://www.sos.mo.gov/CMSImages/Elections/Petitions/2018-271.pdf>

division of alcohol and tobacco control is hereby designated as the state licensing authority.

Applicants had to be approved by both the State of Missouri and a local licensing authority:

195.915. (5) After approval of an application for local licensure, the local licensing authority shall notify the state licensing authority of such approval, who shall investigate and either approve or disapprove the application for state licensure.

Applicants had to be vertically integrated:

195.948. 2. In order to do business in Missouri under sections 195.900 to 195.985, a medical cannabis business shall hold both a medical cannabis center license and a medical cannabis cultivation and production facility license and shall be operated as a vertically integrated business.

The most likely configuration for this framework would have created 62 cultivation & production centers and 62 medical cannabis centers (dispensaries) assuming 6.2 million Missouri inhabitants; up to 186 dispensaries could have been allowed with a state finding that patient demand justified further dispensaries. Notably, the licensing cap would be contingent on both geographic allocation and a determination of “patient demand” similar to the NAM framework that led to the Haslag Market Minimums study. We can assume that had MPC’s framework been implemented the outcome would have been essentially the same in terms of cultivation centers and a third as restrictive in terms of dispensaries.

Local Licensing As the Gateway

It is notable that both the Hinson bills in 2015-2016 and the 2018 MPC ballot language mandated a local licensing authority. Functionally, this would have made a county commission or executive the gatekeepers of marijuana commerce in the state, as the county would have to pass ordinances allowing for such licensure at either the county level or at a municipality level. Other states, like Michigan, that have a local opt-in framework, see county opt-ins at about a 30% rate. In a state like Missouri with 114 counties, the vast majority of which (106) are sparsely populated and rural areas, county commissions or executives tend to be older and harder to lobby than state legislative or executive bodies, and ultimately more reluctant to opt-in to such programs. The major counties of Clay, Jackson, Platte, Boone, Greene, St. Louis, St. Charles, and Jefferson would be the major targets, so the licensing race would be at its most intense in these areas.

Ultimately, the race for licensing at the state level would depend on the Governor and access to the Governor’s Supervisor of the Division of Alcohol & Tobacco Control, and at the local level with the county commission or executive and in some instances possibly the Mayor

and City Council and staff of a municipality. In the case at hand where we are examining a situation where lucrative and scarce licenses may be allocated in an environment where political favor is valuable, it's worth understanding how that favor may be acquired or sustained through political contributions.

The political donation history of the Busch family -- August Busch III and Adolphus Busch IV -- provides us with exactly such an opportunity. As noted previously, Adolphus Busch IV began backing marijuana reform efforts in 2014 and was a significant funder of both marijuana reform efforts and candidates for Governor or County Executive through medical marijuana implementation in 2018.

C141055	06/30/2014	HANAWAY FOR GOVERNOR	August Busch III One Busch Place St Lo	6/30/2014	\$25,000.00
C061248	8/21/2014	FRIENDS OF RICK STREAM	August Busch III 1 Mid Rivers Mall Drive	8/21/2014	\$7,500.00
C071362	10/24/2014	CITIZENS FOR STEVE STENGER	August Busch IV 2832 S. Lindbergh Blvc	10/24/2014	\$25,000.00
C031159	02/25/2015	MISSOURIANS FOR KOSTER	August Busch III 1 Mid Rivers Mall I	2/23/2015	\$10,000.00
C151053	03/06/2015	GREITENS FOR MISSOURI	August Busch III 1 Mid Rivers Mall Dr. Si	3/5/2015	\$50,000.00
C151077	04/02/2015	MISSOURIANS FOR JOHN BRUNNER	August Busch III 1 Mid Rivers Mall Dr. Si	4/1/2015	\$15,172.00
C151004	05/08/2015	ASHCROFT FOR MISSOURI	August Busch III 1 Mid Rivers Mall Dr. Si	5/6/2015	\$20,000.00
C091145	05/29/2015	FRIENDS OF PETER KINDER	August A Busch III ONE MID RIVERS M	5/28/2015	\$50,000.00
C071320	06/05/2015	SCHMITT FOR MISSOURI	August A Busch III 1 Mid Rivers Mall Dr,	6/3/2015	\$10,000.00
C141055	07/22/2015	HANAWAY FOR GOVERNOR, INC	August Busch III One Busch Place St Lo	7/22/2015	\$10,000.00
C151077	07/24/2015	MISSOURIANS FOR JOHN BRUNNER	August A Busch III 1 Mid Rivers Mall Driv	7/23/2015	\$35,000.00
C111003	07/18/2016	CITIZENS FOR JOE BRAZIL	ADOLPHUS A BUSCH IV 1600 HIGHWAY	6/2/2016	\$8,608.14
C141055	08/04/2016	HANAWAY FOR GOVERNOR, INC	August Busch III P O Box 16550 St Louis	8/3/2016	\$15,000.00
C151053	08/05/2016	GREITENS FOR MISSOURI	August Busch III PO Box 16550 St Louis	8/5/2016	\$50,000.00
C151161	08/24/2016	MISSOURIANS FOR PETER KINDER	August Busch III 1 Mid Rivers Mall Dr. Si	8/23/2016	\$25,000.00
C091129	10/26/2016	PARSON FOR MISSOURI	August A Busch III 1 Mid Rivers Mall Driv	10/26/2016	\$20,000.00
C151053	11/21/2016	GREITENS FOR MISSOURI	August Busch III PO Box 16550 St Louis	11/21/2016	\$50,000.00
C001238	05/07/2018	COMMITTEE TO ELECT STEVE EHLMA	AUGUST A BUSCH III ONE MID RIVER	5/7/2018	\$25,000.00
C001238	10/09/2018	COMMITTEE TO ELECT STEVE EHLMA	AUGUST A BUSCH III ONE MID RIVER	10/9/2018	\$25,000.00
C180490	07/06/2020	Uniting Missouri PAC	AUGUST A BUSCH III ONE MID RIVER	7/6/2020	\$50,000.00

In 2014, the Busches support Catherine Hanaway -- the first declared Republican candidate for Missouri governor -- and both Rick Stream and Steve Stenger, the Republican and Democrat candidates for St. Louis County Executive, respectively.

In 2015, the Busches cover their bases, with contributions to Chris Koster, the Democrat frontrunner for Governor, and Eric Greitens, John Brunner, Peter Kinder, and Catherine Hanaway, the Republicans in a 4-way primary tangle for Governor. Additionally, contributions are made to Eric Schmitt, the most significant cannabis reform supporter in the Missouri Senate who is running for Treasurer and is seen as a future Governor or US Senator, and Jay Ashcroft, son of former Governor & US Senator John Ashcroft. Additionally, Adolphus Busch IV's Beleaf is awarded a CBD extract license under the Jones-Schmitt framework.

In 2016, contributions are made to Joe Brazil, candidate for St. Charles County Council, and all the Republicans running for Governor except John Brunner, and Mike Parson, a state Senator running for Lieutenant Governor.

In 2018, contributions are made to Steve Ehlmann, Republican for St. Charles County Executive. Additionally, Steve Stenger, St. Louis County Executive, is hosted for a fundraiser on October 4, 2018 at the Busch estate.

In 2020, a contribution is made to Uniting Missouri PAC, the 3rd party PAC supporting Governor Mike Parson's re-election.

As wealthy and prominent Missouri citizens with property and business interests in St. Louis County & St. Charles County, the Busches are no doubt solicited by a wide range of candidates seeking local, state, and federal office. In context of potential marijuana license applicants in St. Louis County & St. Charles County, you would be hard pressed to find donors who are actively outcompeting them for political favor and access.

Finally, it's worth noting that Adolphus Busch V's efforts were ultimately successful, as he won marijuana manufacturing licenses through Teal Industries LLC⁴³.

⁴³ "Ones to Watch 2020: Adolphus August Busch V", [Greenway Team](https://mogreenway.com/2020/08/12/ones-to-watch-2020-adolphus-august-busch-v/), Greenway Magazine, [August 12, 2020](https://mogreenway.com/2020/08/12/ones-to-watch-2020-adolphus-august-busch-v/), <https://mogreenway.com/2020/08/12/ones-to-watch-2020-adolphus-august-busch-v/>

The Stenger-Rallo Corruption Scandal

With privileged access to a potential \$500 million industry on the line, it was inevitable that outright bribery or political corruption would manifest itself, and indeed, this happened with the bribery scandal involving St. Louis businessman John Rallo and St. Louis County Executive Steve Stenger, who were both recently sentenced to prison in a federal corruption scandal.

Tony Messenger, the Pulitzer Prize winning metro columnist for the St. Louis Post-Dispatch, has covered this story extensively and provides excellent background coverage, specifically noting in February 2018 that Rallo was the President of MPC⁴⁴:

The group's president is John Rallo, a St. Louis businessman who has dabbled in insurance, nightclubs and the construction business for which his family name is most known. The vice president is Michael Kielty, a lawyer who was formerly involved with a different proposal to legalize medicinal marijuana, New Approach Missouri. The secretary is Corey Christanell, a former Anheuser-Busch executive, and the treasurer is former state Rep. Mike Colona, D-St. Louis, a lawyer who doubles as the treasurer of the political action committee by the same name as the nonprofit...

Three times in the past two years, Rallo has been involved in receiving sweetheart deals from St. Louis County boards appointed by or otherwise controlled by Stenger. In two of those deals, Christanell was involved. Together, the two men have given Stenger about \$40,000 between their various business entities, which include companies that appear to have a connection to the marijuana industry. Both Christanell's 3Gems Nutrition, and Rallo's B&B Packaging Group, promote a product called "Heavy Boost," which various recreational-pot-related publications say enhances marijuana growth.

Last year, the St. Louis Economic Development Partnership that is run by Stenger ally Sheila Sweeney executed a nearly \$500,000 loan to an investment group involving Rallo and Christanell for a building the duo own on North Warson Road. The primary tenant of that building is a hydroponic business.

Later that year, the two men were part of an investment group given a massively under-market deal by the St. Louis County Land Clearance for Redevelopment Authority for two properties in the Wellston area which, one of the investors said, could be used for a "distribution" facility.

⁴⁴ "Marijuana, Montel and Missouri. Money trail leads from legalization effort to Stenger", Tony Messenger, St. Louis Post-Dispatch, Feb 7, 2018, https://www.stltoday.com/news/local/columns/tony-messenger/messenger-marijuana-montel-and-missouri-money-trail-leads-from-legalization-effort-to-stenger/article_65f0fb55-d87c-594b-a63e-4b9c9b333863.html

And in 2016, the St. Louis Port Authority, also run by Sweeney, approved a marketing contract with a Rallo company worth about \$130,000 for improving national perceptions of the Ferguson area. As the Post-Dispatch's Jacob Barker reported Monday, about the only evidence of any work on the contract was an opinion piece written for an NBC News website by TV personality Montel Williams, who misspelled Stenger's name in the commentary.

What does this have to do with medical marijuana?

That's the business Williams is in. His company, Lenitiv Labs, lists Jonathan Franks as the company's vice president for communications. Franks' public relations company was referenced as a "national partner" in Rallo's bid for the Port Authority's marketing contract.

Three years ago, Habbas was walking Williams around the Missouri Capitol introducing him to lawmakers as he pushed a bill to legalize medical marijuana that bears a striking resemblance to the one he's now pushing for the ballot. "I met Montel through a friend of his," Habbas said. "John Rallo."

Habbas, too, has a connection to Stenger. When the lobbyist in 2013 set up his own lobbying company, Habbas & Associates, it was Stenger, an attorney, who filed the paperwork with the secretary of state's office. Stenger is still listed as the registered agent of Habbas' company.

A 2019 Messenger article provides more background⁴⁵:

It was 2016 and Corey Christanell and John Rallo were planting their stake in the nation's fledgling pot business. They started a hydroponic company focused on boosting growth of marijuana plants. They looked for a base of operations in St. Louis County.

Rallo had a strategy.

"He asked me if I wanted to become a 'trustee' of Steve Stenger," Christanell says of his business partner. So the former Anheuser-Busch executive dove into the world of campaign finance and made a \$10,000 donation to the St. Louis County Executive,

⁴⁵ "Federal subpoenas focus the grow lights on 'trustees' of Steve Stenger" Tony Messenger, St. Louis Post-Dispatch, March 30, 2019, https://www.stltoday.com/news/local/columns/tony-messenger/messenger-federal-subpoenas-focus-the-grow-lights-on-trustees-of-steve-stenger/article_7ccb1496-506e-5d75-bc22-860d4c472391.html

apparently the minimum number needed to get an official label from the Stenger campaign as a “trustee.”

The next year, Christianell followed that up with two \$5,000 donations. Meanwhile, Rallo made several donations of his own through various companies.

Before all was said and done, \$40,000 would flow Stenger’s way.

“I thought it made a lot of sense to start a relationship (with Stenger),” Christianell says. They hit the jackpot when the county’s Land Clearance for Redevelopment Authority agreed to sell Christianell, Rallo and their partners two industrial parcels in Wellston for pennies on the dollar.

Christianell was peddling the property this month as “Wellston Canna Park” at a medical marijuana trade conference at Union Station. He says the proposed business park will bring 600 jobs and more than \$100 million of investment to north St. Louis County...

As I first reported a year ago, Rallo and Christianell were board members of Missourians for Patient Care, one of the three medical marijuana initiatives that sought voter approval last November. That initiative — it didn’t pass — would have given Stenger wide latitude in approving pot dispensaries and growing operations. It raised its money in secret, bragging to donors that they could protect their identities.

Christianell is now on the board of the industry trade group, Missouri Medical Cannabis Trade Association, that is influencing regulators. The lobbyists for the trade group are Steve Tilley and Tom Robbins, who worked with Christianell and Rallo on the failed Missourians for Patient Care effort. And, of course, the state government is now operating in total secrecy, refusing to release the names of any of the companies or investors seeking licenses to operate in the medical marijuana industry in Missouri.

Corey Christianell was originally listed as a founding board member⁴⁶ of the Missouri Cannabis Trade Association (MOCannTrade), although he appears to have resigned or been removed from the organization’s boards.

The federal indictment⁴⁷ of John Rallo references both the Wellston Park deal and Rallo’s apparent friendship with Montel Williams, who, as we have referenced earlier, testified on behalf of Rep. Hinson’s HB 800 in 2015:

⁴⁶ Addendum H

⁴⁷ Indictment, US v. Rallo, May 9, 2019, Eastern District of Missouri, 4:19-CR-00367-ERW

14. RALLO continued to make political donations to Stenger throughout 2015, 2016, 2017, and into April, 2018, all with the understanding from Stenger that in exchange he would help RALLO and Cardinal Insurance get insurance contracts with St. Louis County and, ultimately, help RALLO get a consulting contract from the St. Louis County Port Authority. Stenger also helped RALLO and a group known as Wellston Holdings, LLC obtain land in Wellston, Missouri for development purposes. RALLO also held several fundraisers for Stenger where RALLO invited friends and associates who also made political donations to Stenger. During 2015, Stenger requested that RALLO become a member of Stenger's "Trustee" program, a group of individuals who agreed to donate \$2,500 to Stenger each quarter, for a total of \$10,000 per year. RALLO agreed to become a Trustee, and also recruited one other member of Wellston Holdings, LLC to become a Trustee. Together, RALLO and the other member of Wellston Holdings, LLC personally donated approximately \$50,000 to Stenger, and obtained additional political donations for Stenger through several fundraisers.

16. During this same time period, Stenger and RALLO discussed the possibility of RALLO getting a consulting contract. RALLO was good friends with the television personality Montel Williams, and RALLO and Stenger discussed teaming with Williams on a consulting contract to purportedly provide marketing to address the negative publicity leftover from the Ferguson unrest following the shooting death of Michael Brown. RALLO had no experience in marketing or consulting, but he continued to make political donations to Stenger, and hold fundraisers for Stenger based upon Stenger's representations that he would work to get RALLO one or more of these contracts. It was during this period of time that Stenger suggested getting RALLO the consulting contract through SLEDP, and the Port Authority. Based upon his discussions with Stenger, on March 13, 2015, RALLO formed Cardinal Creative Consulting, LLC (hereinafter "Cardinal Consulting") for the specific purpose of obtaining the promised consulting contract. In order to avoid public disclosure, Stenger also directed RALLO to communicate with him through Stenger's former law firm email address, as opposed to his official St. Louis County government email address.

While the Rallo indictment does not mention Rallo's interest in marijuana licensing, it's unrealistic to presume this was not a subject of discussion with Stenger, given the explicit ambit of Rallo and his affiliates to pass legislation that would make Stenger the gatekeeper for marijuana licensing in St. Louis County, despite Stenger's overt denial on the subject⁴⁸.

Christianell ultimately won two marijuana manufacturing licenses under the name Monarch Advanced Sciences LLC, with operating sites in Ferguson, Missouri.

⁴⁸ "Marijuana, Montel and Missouri. Money trail leads from legalization effort to Stenger", Tony Messenger, St. Louis Post-Dispatch, Feb 7, 2018, https://www.stltoday.com/news/local/columns/tony-messenger/messenger-marijuana-montel-and-missouri-money-trail-leads-from-legalization-effort-to-stenger/article_65f0fb55-d87c-594b-a63e-4b9c9b333863.html

New Approach Missouri

The 2017-2018 NAM coalition was a remarkably broad and diverse political coalition that ultimately passed a Constitutional measure at the ballot with 66% of the vote and a majority in 94 out of Missouri's 114 counties. Yet, the NAM framework was fundamentally predicated on capping licenses. Previously, we've discussed that NAM funder and advocate, former MO St. Sen. Jason Holsman, killed medical marijuana legislation sponsored by MO St. Rep. Dr. Jim Neely in 2018 that featured no caps on licenses and lobbyist Lynne Schlosser, who represented entities invested in NAM, opposed Neely's bill.

In late 2018, New Approach Missouri campaign consultant Jack Cardetti participated in an open forum about medical marijuana initiatives sponsored by the University of Kansas City Young Republicans. At about the 1:02:00 mark in this video⁴⁹, Cardetti justifies the cap on marijuana licenses in Amendment 2:

"Why put a limit at all on there? ...It's because of what's called the Cole Memo from the USDOJ...If you follow these different rules and regulations we won't go after you...one of these is oversupply. They don't want more being produced than is going to be legally consumed...There has to be some kind of cap..."

This is an astonishing claim coming from a campaign premised on challenging the federal prohibition on marijuana after at least two other states (Oregon in 2014 and Oklahoma in 2018) had established free market commercial marijuana licensing programs. Moreover, then-US Attorney General Jeff Sessions rescinded the Obama-era Cole Memo, and it did not guide the priorities of the Trump Administration's Department of Justice during this time.

Cardetti has been remarkably clear on his message on license caps. In Nov. 2018 he said to KCUR 89.3 FM in Kansas City⁵⁰:

"Missourians want their neighbors and their friends, their colleagues that are suffering with serious, debilitating illnesses to have access to medical marijuana, but they don't want to see it on every single street corner," Cardetti said.

In Sept. 2020, Cardetti told the St. Louis Post-Dispatch in an article discussing litigation costs to the state as a result of license appeals⁵¹:

⁴⁹ UMKC College Republican Marijuana Campaign Forum, Oct. 25, 2018, https://www.facebook.com/watch/live/?v=314417716045066&ref=watch_permalink

⁵⁰ "Understanding the Three Medical Marijuana Issues on the Missouri Ballot", Hanna Sumpter, Nov. 5, 2018, <https://www.ksmu.org/post/understanding-three-medical-marijuana-issues-missouri-ballot#stream/0>

⁵¹ "Missouri burns through \$1.3 million in veterans' money in effort to limit marijuana businesses", Jack Suntrup, Sep 14, 2020, "Missouri burns through \$1.3 million in veterans' money in effort to limit marijuana businesses",

“That’s exactly what the voters voted on, which is a really good sort of middle ground where patients have plenty of access — 192 dispensaries at a minimum,” Cardetti said. “What Missourians don’t expect to see, and frankly don’t want to see, is a dispensary on every street corner.”

Cardetti is an investor in QPS Missouri Holdings, which won six licenses, with other local partners and the Michigan-based marijuana company C3 Industries.

These statements, of course, are at odds with the previously referenced NAM/MCIA discussion in Dec. 2015 that explicitly isolates competition as a goal of funders looking to cap licensing.

Other members of the NAM campaign committee have echoed claims that the NAM framework would limit licensing. In an April 11, 2019 Springfield Planning & Zoning Commission meeting, attorney Chip Sheppard went on record⁵²:

Mr. Chip Sheppard, 28056 S. Ingram Mill Road, is on the Board of Directors for New Approach Missouri (campaign committee). Would like to see less restrictions on who can be at the facility after hours, and noted that contractors need to be able to work on refrigerators, electricity, etc. He also noted that there will be 330 licenses state-wide.

The competition for licenses as well as the costs and barriers to applying raised extensive commentary as well⁵³:

Because the state will only grant licenses for 60 cultivation operations, 86 manufacturing facilities, 192 dispensaries and 10 testing centers, the competition is blazing hot. “It’s so much more competitive than I could have ever expected,” says Canna Bliss owner Jamie Tillman, who hopes to dispense medical marijuana at three Springfield locations. “I didn’t realize how many out-of-state huge dispensary companies... are going to try to get into Missouri. It’s just a lot more money involved than what most people realize and a much bigger and a much more aggressive process.” The law mandates the majority owner of any cannabis company be a Missouri resident, but out-of-state investors can be

Jack Suntrup, Sep 14, 2020,
https://www.stltoday.com/news/local/marijuana/missouri-burns-through-1-3-million-in-veterans-money-in-effort-to-limit-marijuana-businesses/article_40034917-fc06-5ae4-bc94-5d900b051505.html

⁵² Springfield Planning & Zoning Commission, April 11, 2019,
https://www.springfieldmo.gov/AgendaCenter/ViewFile/ArchivedAgenda/_04112019-1978?packet=true

⁵³ “Altered State: The Business of Pot In Missouri”, Adrienne Donica, Biz417, Sep 2019,
<https://www.biz417.com/advice/strategy/marijuana-legalization-missouri/>

involved and often offer vital institutional knowledge. “Easily, to put in these applications, you are looking to invest up to \$100,000,” Tillman says.

In addition to the application fees and business expenses, companies granted licenses must also pay annual operating fees—\$25,000 for cultivators and \$10,000 for manufacturers and dispensaries—and facility agent fees for any employee or contractor. The agent certification process also requires a federal background check; to register one employee, it will cost \$116.75. For testing centers, transportation companies and seed-to-sale systems, the application fee is \$5,000 as is the annual operating fee. What’s more, the state asks applicants to demonstrate they have between \$150,000 and \$300,000 in liquid capital. That’s a lot of money for business owners who generally can’t get bank loans.

The Parson Administration Implements The New Approach Missouri Constitutional Amendment

The NAM Constitutional Amendment 2 initiative petition became law after passing by a 2-1 margin in the Nov. 2018 election. Within a month, the Initiative became law as Missouri Constitutional Amendment XIV. Governor Mike Parson’s administration immediately began implementing the medical marijuana program through the Missouri Department of Health & Senior Services (DHSS) under the deadlines and parameters outlined by the Constitutional text.

At least two individuals were offered the position of Director of the medical marijuana program under DHSS Director Randall Williams and refused, citing Governor Parson’s apparent disinterest in the program. Ultimately, former MO St. Rep. Lyndall Fraker (R-Marshfield) (who was termed out of the House in 2018) accepted the position of running the program.

In May 2019, advisory committees⁵⁴ were convened to provide guidance and determine application questions relevant to the 10 licensing criteria listed in Amendment XIV, Section 3(1)(h)(i-x).

⁵⁴ “What Missouri’s medical marijuana industry needs to know about evaluations and scoring”, Greenway, Brandon Dunn, May 9, 2019, <https://mogreenway.com/2019/05/09/what-missouris-medical-marijuana-industry-needs-to-know-about-evaluations-and-scoring/>

Restrictive Licensing Components of Missouri Constitution Amendment XIV

The text of Missouri Constitution Amendment XIV, available on the Missouri Secretary of State's website, includes a number of provisions determining the licensing process & restricting the number of licenses available for commercial marijuana entrepreneurs, including:

Section 3(1)(h)(i-x)

Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers; (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of qualifying patients and the community, procedures to be used to prevent diversion, and any plan for making marijuana available to low-income qualifying patients; (iii) site security; (iv) experience in a legal cannabis market; (v) in the case of medical marijuana testing facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience; (vi) the potential for positive economic impact in the site community; (vii) in the case of medical marijuana cultivation facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of medical marijuana dispensary facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of medical marijuana-infused products manufacturing facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the department may consult or contract with other public agencies with relevant expertise regarding these factors. The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.

Section 3 (15-17)

(15) The department may restrict the aggregate number of licenses granted for medical marijuana cultivation facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The department may restrict the aggregate number of licenses granted for marijuana-infused products manufacturing facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The department may restrict the aggregate number of licenses granted for medical marijuana dispensary facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on December 6, 2018. Future changes to the boundaries of or the number of congressional districts shall have no impact.

Analysis

The floor on licenses for cultivation, manufacturing facilities, and dispensaries expressed in Section 3, paragraphs 15-17, is also a functional cap, determined by Section 3, paragraph 1, subsection h, which states in part, that the Missouri Dept. of Health and Senior Services shall “Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section”, and additionally, “The department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by qualifying patients.”

This language was the basis for the decision of Missouri Dept. of Health and Senior Services’s determination to enforce the stipulated minimum license numbers as caps dependent on an analysis of the projected market demand for medical marijuana. The commissioned Market Minimums study⁵⁵, written by University of Missouri-Columbia Economics Professor Joe Haslag et al, dramatically underestimated Missouri’s patient population. Dr. Haslag notably did not cite the previous fiscal analyses from Rep. Dr. Neely’s 2017 or 2018 bills. Eventually, the Missouri House Minority Counsel noted in the September memo regarding House Special Committee on Government Oversight marijuana program hearings⁵⁶:

Records produced suggest that the governor’s office was also the only entity in the group of stakeholders afforded the opportunity to provide feedback on what has become colloquially referred to as the Market Minimums Study. This study was commissioned by the MMD, and officials have previously testified to SCOGO that its purpose was to help determine the market demand for MMJ in Missouri in the early years of program implementation. Officials also testified that the study influenced MMD’s decision to not grant licenses to every facility applicant that met the minimum constitutional requirements.

As of Monday, Sept. 8, 2020, MMD stated that it has approved 61,542 patient and caregiver applications, far in excess of the study’s projections that “the number of Missouri qualified patients will be approximately 19,000 in 2020, 22,500 in 2021, and 26,000 in 2022.” These market demand projections were in turn used by the study to “project the aggregate quantity needed,” which in turn it used to project the number of cultivators, infused-product manufacturers, and dispensaries needed to serve them. The

⁵⁵ “Missouri’s Medical Marijuana Market: An Economic Analysis of Consumers, Producers, and Sellers”, Haslag, Joe, et. al., available at <https://health.mo.gov/safety/medical-marijuana/pdf/mu-market-study.pdf>

⁵⁶ “MMJ Document Production Finding and Alleged Interference with Committee Work”, Casey Millberg, Missouri House of Representatives Minority Caucus Counsel re: Special Committee on Governmental Oversight MMJ hearings, Sept. 14, 2020, <https://bloximages.newyork1.vip.townnews.com/stltoday.com/content/tncms/assets/v3/editorial/2/6d/26d2a97f-ad9a-54e6-bf34-9d6c1d0961ba/5f602151892ca.pdf.pdf?fbclid=IwAR3tTA6XpE5kKurUJFfeXjx7Y5IvS7dAxmvXqTioRmEIIIzprpvEKccQjJ8>

study and its conclusions have drawn criticism from committee members, backers of Amendment 2, and industry advocates.

Records show that the governor's office was, on Apr. 3, 2019, provided the draft report with the invitation to share "thoughts and concerns" on its conclusions, two days prior to its release on the department's website, on April 5, 2019. As with the scoring bonus points, no other stakeholders from the cross-departmental group appear to have been extended the opportunity to provide input on its findings. It is also unclear what suggestions the governor's office may have provided on this study and which staff may have provided those. No records provided lend detail as to what particular expertise the governor's office possessed in assessing the supply and demand for the Missouri MMJ market.

Dr. Haslag is a long-time researcher also retained by the Show-Me Institute, the think tank Rex Sinquefield founded. Presumably, the suggestion to have Dr. Haslag put this study together involved Travis Brown, Sinquefield's former lobbyist and the latest addition to Tilley's Strategic Capitol Consulting firm.

Wise Health Solutions Misrepresented Their Record in Other States

In the August 2019 press release announcing Wise Health Solutions had gotten the contract to score Missouri's marijuana licenses, Wise Health Solutions noted previous successful experience scoring applications in Arkansas and Nevada⁵⁷; presumably referring to employees who were involved in both processes:

Wise Health Solutions, a Missouri-based company, is a new joint venture between Oaksterdam University ("Oaksterdam") and Veracious Investigative & Compliance Solutions LLC ("Veracious"), two long-standing organizations and practitioners in the cannabis, education, and regulatory compliance fields. Chad Warren Westom of Veracious, who oversaw the development of Nevada's medical cannabis regulations, is the project's Executive Lead.

With expert practitioners from both sides of the regulatory field and a successful history of scoring applications in Nevada and Arkansas, Wise Health Solutions anticipates reviewing and scoring license applications to open cultivation and manufacturing facilities, testing labs, and dispensaries. Once the Notice to Proceed is received by WHS, leadership will meet at the end of August in Jefferson City for a kick-off meeting with State Officials...

As Bureau Chief with the State of Nevada, Westom built Nevada's entire marijuana regulatory structure from 2013 through 2017 and oversaw the licensing and opening of all of Nevada's cannabis establishments. He directed the activities of over 80 professional staff, managing budgets totaling \$18 million annually. Previously, he served as the manager for Nevada's Health Facility investigations, another highly regulated industry. With this expertise, he's served repeatedly as a subject matter expert in court cases. His credentials include registrations as an Environmental Health Specialist.

⁵⁷ "Wise Health Solutions Awarded Contract for Missouri Medical Marijuana Business Application Review", Oaksterdam University, Aug 19, 2019, <https://www.prnewswire.com/news-releases/wise-health-solutions-awarded-contract-for-missouri-medical-marijuana-business-application-review-300903464.html>

The Nevada Licensing Controversy

Geoffrey Lawrence writes for Reason Foundation about the licensing controversy and lawsuits affiliated with the Nevada marijuana program that Wise Health Solutions claims represents successful experience scoring applications⁵⁸:

Nevada’s marijuana licensing agency “acted beyond the scope of its authority,” took actions that were “arbitrary and capricious,” and engaged in “conduct that is a serious issue,” according to a court order filed in late August by District Court Judge Elizabeth Gonzalez.

The case is a blow to the state’s marijuana legalization movement overall and shows how the licensing process can become subject to corruption when not set up correctly.

Nevada is one of 11 states to have legalized recreational marijuana and among five states that have placed statewide limits on the number of marijuana licenses that will be granted, although Nevada does so only at the retail level. When the Legislature finally authorized a commercial system for medical marijuana in 2013—13 years after voters had approved a constitutional amendment approving its use—it allowed for a statewide maximum of 60 medical marijuana dispensaries. No limitations were placed on the number of cultivation centers or processors.

Later, when advocates filed the initiative to legalize marijuana for recreational purposes that passed in 2016, they allowed that number to roughly double to 130 dispensaries. The original licensing process for medical marijuana was fraught with problems. Clark County, the state’s most populous county and also home to Las Vegas’s lucrative tourist market, decided to award licenses using its own criteria before the state had chosen which applicants would be approved. This resulted in some applicants being approved at the state level but denied licenses in Clark County, and vice versa. A series of lawsuits followed. Complicating matters further, several Clark County commissioners were exposed as receiving large campaign donations from applicants immediately before voting on which dispensaries would receive county medical marijuana licenses.

The initiative to legalize recreational marijuana then granted existing medical marijuana licensees the exclusive ability to apply for recreational licenses for the first 18 months after the state began to accept applications. The Nevada Department of Taxation, which

⁵⁸ “Nevada’s Flawed Marijuana Licensing Process Leads to Corruption and Lawsuits”, Geoffrey Lawrence, Reason Foundation, October 22, 2019, <https://reason.org/commentary/nevadas-flawed-marijuana-legalization-process-leads-to-corruption-and-lawsuits/>

regulates the industry, allowed these businesses to apply to co-locate a recreational license with their existing medical marijuana businesses shortly before the recreational program went live in July 2017. It would subsequently make all additional, statutorily authorized licenses available in a second application period that spanned a few weeks in September 2018. This would effectively ensure that businesses that didn't already possess medical marijuana licenses in Nevada would never be able to apply for a recreational dispensary license, regardless of what clouds might hang over that original process.

At a February 2018 hearing where state lawmakers approved the department's proposed regulations to govern the application process, I testified that the draft regulations ran afoul of statutory protections meant to ensure the process would be fair and objective. The voter-approved initiative required the process to be "impartial and numerically scored." However, the regulations contained scoring criteria that demonstrated bias toward some applicants. For example, total tax revenues already collected from each applicant was a criterion, although only existing dispensaries paid retail excise taxes and dispensaries sell inventory at marked-up rates, which effectively guaranteed only existing dispensary licensees would score well. They also failed to clarify the scoring system being used and instead declared the Department of Taxation could, arbitrarily, assign different weights to each scoring criteria every time it opened an application period.

Lawmakers considered these concerns briefly but were advised by legislative counsel they had no choice but to pass the regulations as written because the existing emergency regulations would expire later that week.

Once the Department of Taxation announced it would accept applications in September 2018, it notified applicants they would be eligible to receive only one dispensary license in each jurisdiction where they applied. This was a last-ditch effort to ensure fairness in execution, if not in written law.

This is where things really went haywire. Despite its written guidance, the Department of Taxation awarded several entities multiple dispensary licenses within the same jurisdiction. Only 17 of 127 companies that applied received any of the 61 licenses made available and more than half of those licenses went to just four companies. The winners were heavily associated with a group of insiders at the Nevada Cannabis Coalition and court records show that the group's attorney, Amanda Connor, enjoyed privileged access to department staff despite written warnings from the state against such activity. Nevada Department of Taxation Deputy Executive Director Jorge Pupo was wined and dined by applicants and acknowledged that he changed the application in ways favorable to these applicants. For instance, he allowed applicants to be considered separate companies simply by altering their names slightly or setting up shell entities. The

department also circulated different versions of the application to different applicants—some required a specific street address and others did not, which is important because securing an address adds up-front costs to an applicant that may be lost if they don't get a license.

After applicants who were denied licenses filed suit against the department, additional discrepancies came to light. According to court records, the department hired temporary workers to score the applications without providing significant training or oversight to those workers. Points awarded for gender and racial diversity among ownership groups invited gamesmanship from applicants, who hired or promoted frontmen to boost their scores. Ultimately, though, what led Judge Gonzalez to issue an injunction against the state's licensing decisions was the Department of Taxation's decision to not require background checks on owners with less than a five percent stake in licensed businesses. That ran afoul of a statutory requirement that all owners the state's marijuana industry submit to background checks.

The controversy in Nevada is almost identical to the allegations and issues that have been raised in Missouri's marijuana program: arbitrary and capricious scoring of applications, questions about conflict of interest and privileged access to regulators by representatives of winning licensees, and market allocation & collusion by winning licensees.

At least one significant scandal has emerged in the Nevada market as a federal indictment indicates Lev Parnas and Igor Fruman attempted to use funds from a Russian businessman to acquire marijuana licenses⁵⁹.

⁵⁹ "Russian confirmed as source of funds in alleged Parnas, Fruman 'straw donor' scheme", Ben Wieder, Sacramento Bee, October 8, 2020, <https://www.sacbee.com/news/california/california-weed/article246311690.html#storylink=cpy>

The Arkansas Licensing Controversy

A similar controversy emerged in the Arkansas medical marijuana program. After an initial round of cultivation licenses were awarded by the Arkansas Medical Marijuana Commission, controversy over alleged corruption and inconsistent scoring led to the state contracting out further licensing scoring for cultivation and dispensary licenses to the Boston based Public Consulting Group.

However, the same controversy re-emerged when Public Consulting Group scored the dispensary licenses⁶⁰:

The panel tasked with issuing Arkansas' first medical marijuana growing and selling permits on Wednesday cleared the final bureaucratic hurdle blocking the drug's implementation in the Natural State by selecting the state's first dispensary operators.

The Arkansas Medical Marijuana Commission, in a unanimous vote, accepted a consulting firm's scores of the 199 applications for the first 32 dispensaries.

The vote inches Arkansas closer to becoming one of 33 states with broad medical marijuana programs, and state officials expect the drug to be available in April.

Arkansas approved Amendment 98 to the Arkansas Constitution, legalizing medical cannabis, in 2016. But court challenges and regulatory hurdles have bogged down the program's implementation, frustrating patients and businessmen alike.

The commission in August outsourced the dispensary application scoring to Boston-based Public Consulting Group after commissioners themselves scored the applications for cannabis-growing permits.

That cultivation scoring process was attacked by disgruntled applicants in public and in court pleadings, including allegations of conflicts of interest among the commission. In addition to removing any hint of bias, commissioners also said that an independent consultant could complete the evaluations in a less time.

The commissioners' main concerns on Wednesday centered on whether Public Consulting Group equipped its five-member scoring team to evaluate whether applicants would be offering adequate strains to treat the 18 qualifying patient conditions.

⁶⁰ Licenses lined up for 32 Arkansas marijuana outlets”, Hunter Field, Northwest Arkansas Democrat Gazette , January 10, 2019, <https://www.nwaonline.com/news/2019/jan/10/licenses-lined-up-for-32-pot-outlets-20/>

After more than 90 minutes, it was Commissioner Travis Story, a Fayetteville attorney, who made the motion to accept the firm's scores. Story last year voted against outsourcing dispensary grading over concerns that the commission was abdicating its duty.

"I'm willing to read thousands of pages; I've done it once and I'll do it again," Story said. "But at the same time, we need to get this process moving."

The packed crowd met Wednesday's decision with a mixed response. Several unsuccessful dispensary applicants complained that Public Consulting Group's process was flawed, and one even interrupted the meeting to voice his concerns.

At least one dispensary license winner in Arkansas, Grassroots OpCo, would also go on to win licensing in Missouri.

The resume of Chad Westom submitted to the MO DHSS as part of the Wise Health Solutions scoring vendor bid claims that Veracious was part of the review team for Arkansas's dispensary license applications⁶¹. However, no public record that we could find confirms this:

Mr. Westom has more than 20 years of experience working in QA and regulatory compliance, at prestigious companies and government agencies. His broad experience includes public health, environmental protection, and health care. He has served as a department director at a nationwide company and in the public sector. As Bureau Chief with the State of Nevada, he built Nevada's first-ever marijuana regulatory structure from 2013 through 2017, and oversaw the licensing and opening of all of Nevada's marijuana establishments. Veracious Solutions LLC had a lead role in reviewing the marijuana dispensary license applications for the State of Arkansas in late 2018 after the state was sued for their botched internal reviewing of marijuana license applications. He's served repeatedly as a subject matter expert in court cases, and provided interviews for newspapers, and TV and radio news reports.

⁶¹ "MMJ Document Production Finding and Alleged Interference with Committee Work: Appendix D", Casey Millberg, Missouri House of Representatives Minority Caucus Counsel, Sept. 14, 2020, <https://bloximages.newyork1.vip.townnews.com/stltoday.com/content/tncms/assets/v3/editorial/2/6d/26d2a97f-ad9a-54e6-bf34-9d6c1d0961ba/5f602151892ca.pdf.pdf?fbclid=IwAR3tTA6XpE5kKurUJFfeXjx7Y5IvS7dAxmvXqTioRmEII1ZprpvEKccQjJ8>

The Revolving Door for Marijuana License Consulting: Stakeholders, Consultants, & Lobbyists

In February, the St. Louis Post-Dispatch reported that at least 130 licenses were connected through MOCannTrade board members or belonged to multi-state operators⁶²:

As Missouri lawmakers meet again Wednesday to hear complaints about how medical marijuana business licenses were awarded, a review of state records shows some of the country's biggest pot chains and board members of a Missouri trade group among the top winners.

While the Department of Health and Senior Services has released only select information about the companies that won 338 licenses to grow, process or sell marijuana, a review by the Post-Dispatch of the latest available records and business registration reports shows out-of-state pot executives as well as board members of a key trade group are tied to about two dozen business groups that won five or more of those licenses or licenses to test or transport marijuana products.

In this section, we provide a detailed but not exhaustive synopsis of several of the central figures involved in the NAM campaign/MOCannTrade and their successive involvement in the application consulting business.

⁶² "Missouri faces complaints over how it licensed marijuana businesses. So who won?" Nassim Benchaabane, St. Louis Post-Dispatch, Feb 19, 2020, https://www.stltoday.com/business/local/missouri-faces-complaints-over-how-it-licensed-marijuana-businesses-so/article_b3db8f7d-0deb-5d7c-acc9-9e293ca23fd8.html

Samaara Robbins

At least one Wise Health Solutions employee previously worked with marijuana license applicants in several states⁶³:

[Missouri House Minority Leader Crystal] Quade pointed to a Wise Health Solutions employee, Samaara Robbins, whose duties include “supervise and coordinate review of scoring applications,” according to paperwork filed with the state.

Robbins’ professional website says she helps craft business plans. As of Thursday morning it listed under clients, “cannabis licensees in California, Nevada, New Jersey, Illinois and Missouri.” By that afternoon, “Missouri” had been deleted and replaced with “Missouri Department of Health cannabis licensing.”

Quade questioned the department about whether Robbins’ website was evidence of a conflict that should have kept her from being involved in scoring applications.

Robbins directed questions to Veracious owner Chad Westom, who denied any conflict of interest. He told the Star in an email that Robbins was originally supposed to be a team lead but ultimately ended up working as a scorer.

“All applicant worksheets they reviewed and scored were received in a blind/redacted format,” Westom said.

After being contacted by The Star, Westom said he reviewed Robbins’ website and “clarified that the Missouri client mentioned previously was specifically the Missouri Department of Health & Human Services, per her application scoring through (Wise Health Solutions).”

As a joint venture by Oaksterdam University and Veracious Investigative & Compliance Solutions, Wise Health Solutions would have likely hired other application scorers and employees who have consulted with marijuana licensees in other states. This represents a profound conflict of interest: Individuals who score an application in one state may be consulting on an application for the same entity, investors, or individuals in another state; indeed, this is likely the case with Samaara Robbins.

As of Aug. 1, 2019, Robbins was also listed as an officer of High Sierra Cultivation LLC⁶⁴, a Nevada licensed medical marijuana company.

⁶³ Medical marijuana roll out spurs sharp words in Missouri, Associated Press, March 8, 2020, <https://apnews.com/article/c7b12cbe49657ff2366e7a737990a5bd>

⁶⁴ <https://www.nevadacurrent.com/wp-content/uploads/2019/11/CURRENT-LICENSES-as-of-August-1-2019-7.pdf>

Canna Advisors/Jay & Diane Czarkowski

Tony Messenger in an May 2020 article specifically addressed this point, noting that Robbins previously worked for marijuana license consulting firm Canna Advisors⁶⁵ & that Canna Advisors clients account for nearly 10% of winning licensees:

For instance, a Perryville company called Archimedes Medical Holdings LLC chose its numbers as ARCH1811 and ARCH2811. The company, which also donated to Gov. Mike Parson, received both cultivation licenses. So did FUJM LLC, another Perryville company that gave to Parson. It's "blind" scoring identification number? FUJM1811. There's nothing particularly blind about that.

BeLeaf Medical, the St. Louis company that won five dispensary licenses, chose as the first four letters for all of its applications, BLMC. Agri-Genesis, which won two cultivation licenses, used AGGE. CPC-Missouri, the company that lawmakers believe has a conflict of interest with Oaksterdam University, which is involved in the third-party scoring collaborative, used CPCS at the beginning of all of its facility application numbers. Feelz Good Green went with FGGP.

Obviously some companies didn't get the memo. They produced randomly generated numbers that began with a mix of letters and numbers that had nothing to do with their applications. Perhaps they failed to seek the advice of Samaara Robbins, one of the state's application scorers who says on her resume she has worked for Canna Advisors, a marijuana consultant that helped its clients obtain 29 licenses in Missouri.

Canna Advisors is a Denver-based marijuana licensing consulting firm founded by Jay and Diane Czarkowski⁶⁶ (who are former Kansas City residents). Missouri Ethics Committee records indicate Diane Czarkowski donated \$3000 to NAM in 2018:

MECID	Committee Name	Report	Contributor Name/Address	Employer/Occupation	Contribution Date	Contribution Amount	Monetary/In-Kind
C151082	New Approach Missouri	15 Day After Petition D	Diane Czarkowski 1731 15th Ave Boulder	Canna Advisors/Founding Pa	04/10/2018	\$250.00	Monetary
C151082	New Approach Missouri	October Quarterly Rep	Diane Czarkowski 1731 15th St suite 101	Canna Advisors/Founder	09/05/2018	\$2,500.00	Monetary
C151082	New Approach Missouri	October Quarterly Rep	Diane Czarkowski 1731 15th St 101 Boul	Canna Advisors/Founding Pa	07/26/2018	\$250.00	Monetary

⁶⁵ "Missouri's marijuana licensing program 'defies logic,' new lawsuit asserts", Tony Messenger, St. Louis Post-Dispatch May 4, 2020,

https://www.stltoday.com/news/local/columns/tony-messenger/messenger-missouri-s-marijuana-licensing-program-defies-logic-new-lawsuit-asserts/article_8a95bcb8-d2ea-5426-99b3-14130e0c0282.html

⁶⁶ Canna Advisors, accessed 10/20/20, <https://thinkcanna.com/team/diane-czarkowski/>

Canna Advisors was further featured in MOCannTrade events and activities, according to the St. Louis Post-Dispatch⁶⁷:

Tawion Jackson considered the \$250 he paid for a more-than-three-hour workshop on how to break into Missouri's budding medical marijuana industry an investment.

"It's a significant jump, but that's the jump I need," said Jackson, 42, of Bellefontaine Neighbors. "You never know until you try."

Jackson, a Xerox employee who fixes copying machines, was one of at least 74 people attending the session Feb. 18, including established business owners and those looking to build a new career in a tightly regulated business that is estimated to generate millions in revenue for groups that win state approval for one of about 335 licenses to grow marijuana, make infused products like oils or edibles, or sell them.

Workshop attendees paid a Colorado consulting firm, Canna Advisors, to learn how to do just that. The firm's owners, Jay and Diane Czarkowski, operated one of the first dispensaries in Boulder, Colo., and say they've since helped win licenses for dozens of companies in 29 states...

Meanwhile, the industry is buzzing with activity. State associations and business groups in and out-of-state are hosting conferences and workshops on medical marijuana and ancillary industries. The Missouri Cannabis Trade Association has a two-day conference Monday and Tuesday featuring panel discussions and workshops including the Czarkowskis and more than a dozen other companies.

The state has raked in at least \$3.1 million from at least 434 pre-filed medical marijuana business applications since Jan. 5, but is keeping the identities of the filers secret. The Post-Dispatch has sued Gov. Mike Parson's administration to release their identities.

Canna Advisors, which already has clients in Missouri, is one of dozens of out-of-state companies cashing in on the emerging market. Like Canna Advisors, several got their start in Colorado, one of the earlier states to legalize medical and recreational marijuana, and donated to the campaign to legalize medical marijuana in Missouri.

⁶⁷ "Budding medical marijuana business attracts hopefuls from across Missouri – and beyond", Nassim Benchaabane, St. Louis Post-Dispatch, Mar 11, 2019, https://www.stltoday.com/news/local/govt-and-politics/budding-medical-marijuana-business-attracts-hopefuls-from-across-missouri-and-beyond/article_4a69cc3c-2f82-54c8-945d-932c656f3307.html

Prior to the Missouri market, Canna Advisors boasted an 83% win rate in the licensing process⁶⁸:

Toward the end of 2012, Jay was approached by a group of business men in Connecticut, and was asked to help them compete for one of only four licenses that the state was going to issue for the cultivation of cannabis and the manufacture of cannabis products. The group won the license. A week later three of Jay's clients were awarded licenses in Massachusetts out of 20 total licenses awarded. This was the beginning of Canna Advisors.

Canna Advisors has achieved great success assisting clients across the country in obtaining competitive state licenses, assembling key industry talent, and designing state-of-the-art cultivation, manufacturing, and dispensary facilities. Recently, a Canna Advisors client in Nevada was one of three licensees in the state to be approved for cultivation in a greenhouse – a testament to the quality of the facility design.

Canna Advisors is proud of the 83% success rate of obtaining licensing for clients. We've helped clients in numerous states develop well-constructed winning marijuana license applications.

Current Wins: Nevada- 8 clients/8 wins, Illinois- 3 clients/2 wins, Massachusetts- 6 clients/4 wins, Connecticut- 1 client/1 win

Current projects in progress: Florida, Pennsylvania, Ohio, Maryland, Missouri, Oregon, California, Hawaii, Guam, Puerto Rico, and Tribal Nations Implementations

Diane Czarkowski was also a featured speaker⁶⁹ at a convention held by MOCannTrade's competitor, the Missouri Cannabis Industry Association (MCIA):

Diane was one of many expert speakers who shared knowledge with attendees at the MCIA Canna Con event in St. Louis. She was a featured speaker for the panel, "In It to Win It: What You can Do Now to Win in a Competitive Marketplace". She spoke about common pitfalls and "gotchas" to watch out for in the Missouri licensing application process, and also shared other cannabis industry avenues to pursue for license hopefuls who don't end up winning in the fiercely competitive state market. The Missouri Cannabis Industry Association is dedicated to educating Missourians on the multitude of opportunities provided by the cannabis industry in fields including healthcare, agriculture, and small business.

⁶⁸ Who's Who in Cannabis, accessed 10/20/20, <https://www.whoswhoincannabis.com/jayczarkowski>

⁶⁹ "Events", accessed 10/20/20, <https://www.dianeczarkowski.com/events>

In 2015, Diane Czarkowski headlined an event for NAM affiliate Show-Me Cannabis in Kansas City. The event invite⁷⁰ highlighted Canna Advisors as well as Czarkowski's membership in marijuana advocacy company Women Grow:

Virtual Dispensary Tour with Diane Czarkowski

Thursday, March 5

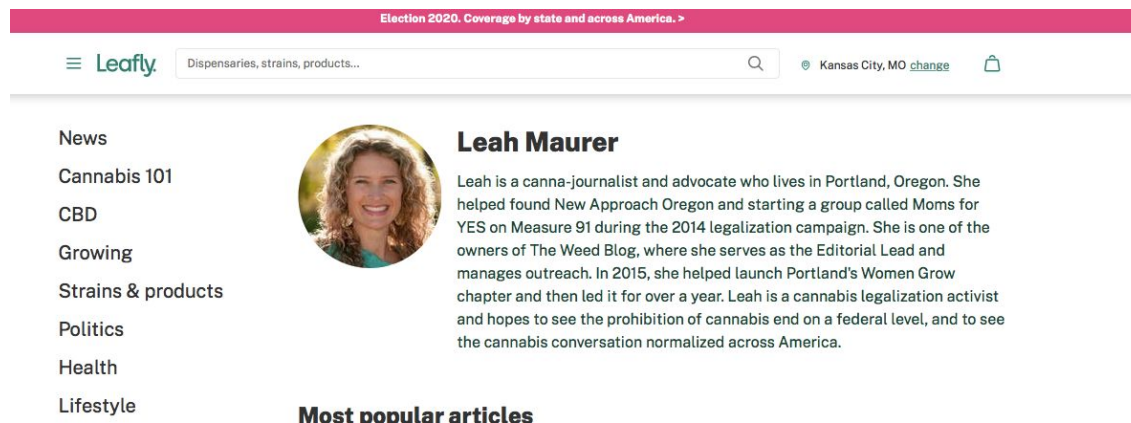
Show-Me Cannabis and Women Grow will host Diane Czarkowski, founder of Boulder Kind Care, the 7th medical cannabis dispensary to open in the state of Colorado. A Kansas City-area native, Diane has family in Missouri, and understands the importance of bringing marijuana law reform to her home community. As a founding member of Women Grow, the national organization working to promote women leadership in the marijuana industry, Diane is helping create a space for women entrepreneurship in the burgeoning and untapped market of cannabis cultivation. Ms. Czarkowski currently leads Canna Advisors, a cannabis enterprise consulting firm in Colorado. Diane will be giving a virtual tour of successful cannabis businesses in Colorado, and will be on hand to answer questions about starting a cannabis business, including how to prepare and what pitfalls to avoid.



Diane Czarkowski of Women Grow and Canna Advisors

Cost is \$20 to attend in advance or \$25 at the door, and proceeds of the event will be split between Show-Me Cannabis and Women Grow. [Tickets are available on our website here.](#) Also, be sure to [RSVP on the Facebook event and invite your friends!](#)

It is no coincidence that Leah Maurer, former NAM founder and board member, was the founder of the Portland, Oregon's Women Grow chapter in 2015⁷²:



The screenshot shows a profile for Leah Maurer on the Leafly website. The profile includes a circular profile picture of Leah, her name, and a biographical paragraph. To the left of the profile is a navigation menu with categories like News, Cannabis 101, CBD, Growing, Strains & products, Politics, Health, and Lifestyle. Below the profile is a section for 'Most popular articles'. The website header includes 'Election 2020. Coverage by state and across America.' and a search bar with the text 'Dispensaries, strains, products...'. The location is set to 'Kansas City, MO'.

⁷⁰ “Kansas City Events”, February 19, 2015 Show-Me Cannabis, <http://show-mecannabis.com/2015/02/kansas-city-events/>

⁷¹ “Virtual Dispensary Tour with Diane Czarkowski”, March 5, 2015, <https://www.facebook.com/events/1540305522916660/>

⁷² Leah Maurer biography, accessed 10/20/20, <https://www.leafly.com/news/author/leah-maurer>

John Payne/Michael Hill - Amendment 2 Consultants

Recall further that NAM Executive Director John Payne was the registered agent of the Maurer's Missouri operation Missourians for Growth. In December 2018, Payne and NAM board member Michael Hill founded marijuana licensing firm Amendment 2 Consultants⁷³:

We have led Missouri's cannabis policy since 2011 and offer leading cannabis solutions to those looking to up their game in the space. Our expert experience includes consulting on the drafting of now codified medical cannabis initiatives, during which time we designated administrative, taxation, and funding protocols to ensure operational integrity. We are committed to your success and will help you gain an understanding of the cannabis industry from every vantage point!

Payne is further listed as a Director of MOCannTrade in the group's 2020 corporate registration report⁷⁴. In 2018, Payne told KBIA 91.3 FM that NAM would be directly involved in influencing implementation of Amendment 2⁷⁵:

Meanwhile, John Payne – a leader of the campaign group New Approach Missouri that got Amendment 2 before voters – is still enjoying his success. New Approach expects to be involved in promoting the program.

“The role of the campaign going forward is to ensure a smooth implementation and to advocate keeping patients first in the process,” Payne said.

In April 2019, Payne also registered as a lobbyist with the Missouri Ethics Commission, listing 11 clients besides Amendment 2 Consultants⁷⁶:

⁷³ “Services”, Amendment 2 Consultants, accessed 10/20/20, <https://www.amendment2consultants.com/services>

⁷⁴ Addendum I

⁷⁵ “Missouri's medical marijuana program has long road ahead”, Jo Mannies, Jan. 3, 2019, <https://www.kbia.org/post/missouris-medical-marijuana-program-has-long-road-ahead#stream/0>

⁷⁶ Missouri Ethics Commission, John William Payne, <https://mec.mo.gov/MEC/Lobbying/LobbyistInfo.aspx?MECID=L190116>

Payne, John William - Active

Amendment 2 Consultants
2008 S 8th Street
Saint Louis, MO 63104

(573) 718-3073

Lobbying Began: 04/01/2019

Registration Year: 2020

Registration Type(s): Executive
Legislative
Elected Local

Reports	Principals	Employees	Business Relationships
	Active	Inactive	
	Principal	From	To
	29 and 79, LLC	05/06/2019	Present
	Amendment 2 Consultants, LLC	05/15/2019	Present
	CannaVer, LLC	06/25/2019	Present
	Curador Holdings Inc.	05/16/2019	Present
	Elevated Farms	05/10/2019	Present
	Evolve Wellness, LLC	05/15/2019	Present
	Fractal Farms, LLC	01/09/2020	Present
	Missouri Essentials	05/01/2019	Present
	Missouri Medical Marijuana Collective	04/01/2019	Present
	Next Gen Natures Releaf, LLC	05/13/2019	Present
	Ozark Wellness LLC	07/16/2019	Present
	The Dispensary, LLC	05/15/2019	Present

Debby Goldsberry/Green Rush Consulting

Another Wise Health Solutions employee, former San Francisco Sheriff Ross Mirkarimi, has connections to consultant Debby Goldsberry who apparently wrote applications for Missouri applicants⁷⁷:

The allegation centers on Debby Goldsberry, who is said to hold upper-level positions with California marijuana companies CPC of Pasadena and CPC Compassion in Santa Monica. She has also recently been listed as a faculty member at Oaksterdam University.

CPC of Missouri, LLC won a dispensary license for a proposed facility at 4446 Belleview Avenue in the West Plaza area of Kansas City.

CPC of Missouri-Smithville, LLC won three licenses for a cultivation operation 14816 169 Highway in Smithville.

It's unclear what connection these companies have to the California entities with similar names. Both listed Lee Hoffman as chief operations officer. He did not respond to a request for comment.

Damian Martin, a California attorney and an owner of EBC Missouri, said the naming style is consistent with CPC dispensaries in California, which add the city name to the end of the title.

Goldsberry also worked to build support for Sheriff Mirkarimi's 2015 campaign⁷⁸, according to an SFGate article citing cannabis conference organizer Alex Rogers:

There's no doubt San Francisco Sheriff Ross Mirkarimi has a tough road to re-election — because of stuff like this and this and this.

But fear not, Sheriff, for the cannabis industry is ready to help you, at least according to Alex Rogers, executive producer of the International Cannabis Business Conference and a pot activist for more than two decades.

Perhaps only in SF would marijuana lovers go to bat for a lawman.

⁷⁷ "Missouri legislators continue probe of alleged conflicts in medical marijuana program", Jason Hancock, Kevin Hardy, & Steve Vockrodt, Kansas City Star, March 2, 2020, <https://www.kansascity.com/news/politics-government/article240730291.html>

⁷⁸ "Only in SF: Marijuana advocates want to help Sheriff Ross Mirkarimi", [Joe Garofoli](#), SF Gate, September 10, 2015, <https://blog.sfgate.com/stew/2015/09/10/only-in-sf-marijuana-advocates-want-to-help-sheriff-ross-mirkarimi/>

“You might ask, why would supporters of marijuana and drug policy reform be supporting the top cop of SF?” Rogers writes. “Well, it just so happens that Sheriff Mirkarimi has some of the most progressive views in the country on drug policy and prison reform.”

Rogers said longtime medical cannabis activist Debby Goldsberry and retired United Food and Commercial Workers Local 5 president Ron Lind as people who will be supporting the campaign. It was Lind’s union which was the first in the nation to organize cannabis workers, giving them new job classifications like “budtender.”

Goldsberry told Rogers that “It is imperative that the cannabis community steps up to assure that the state’s most cannabis-friendly sheriff stays in office.”

Ross Mirkarimi: Cannabis-friendly Sheriff. We can envision the yard signs springing up now in the Sunset District. Or the attack ads.

Goldsberry told me that she will be volunteering for the campaign as a fundraiser and to “get the word out to the cannabis community.” This is not connected to her work at a patient ambassador at Magnolia Wellness cannabis collective in Oakland.

Further:



Debby Goldsberry shared a link.



October 18, 2015 · Oakland, CA · 🌐

As SF Supervisor, Ross Mirkarimi proposed a pilot program to let the Dept of Health distribute medical marijuana. [#longtimesupporter](#)



SFGATE.COM

Mirkarimi proposal: Let S.F. sell medical pot

Mirkarimi, who spearheaded legislation more than three years ag...



Debby Goldsberry



October 10, 2015 · 🌐

Volunteer day tomorrow! Please spread the word: Join the Reelect Sheriff Ross Mirkarimi, for Voter Outreach, Saturday-Sunday, 11 AM to all day, 3254 24th Street/Mission. It's going to be fun!! Thanks for sharing! [#reelectross](#)



San Francisco Ethic Commission records from Sheriff Mirkarimi campaign filings in 2015⁷⁹ show \$500 contributions from Debby Goldsberry and Jeffrey Jones (husband of Oaksterdam University & Wise Health Solutions employee Dale Sky Jones):

NAME OF FILER						I.D. NUMBER
Reelect Sheriff Ross B. Mirkarimi 2015						1364196
DATE RECEIVED	FULL NAME, STREET ADDRESS AND ZIP CODE OF CONTRIBUTOR (IF COMMITTEE, ALSO ENTER I.D. NUMBER)	CONTRIBUTOR CODE *	IF AN INDIVIDUAL, ENTER OCCUPATION AND EMPLOYER (IF SELF-EMPLOYED, ENTER NAME OF BUSINESS)	AMOUNT RECEIVED THIS PERIOD	CUMULATIVE TO DATE CALENDAR YEAR (JAN. 1 - DEC. 31)	PER ELECTION TO DATE (IF REQUIRED)
10/27/2015	Jeffrey Jones Oakland, CA 94612	<input checked="" type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PTY <input type="checkbox"/> SCC	manager OCB Cooperative	500.00	500.00	
10/06/2015	Deborah Goldsberry Oakland, CA 94611	<input checked="" type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PTY <input type="checkbox"/> SCC	ambassador Magnolia Wellness	500.00	500.00	

Debby Goldsberry is a partner in Calyx Peak Capital (CPC) and Magnolia Wellness is a CPC owned brand⁸⁰:

Magnolia Product and Audience

Product

Curated selection of cannabis products that suits many needs

Curated for the community

- Inspire sharing and help to build relationships between people
- Help people achieve their own potential
- Created to always uplift others

Long legacy in cannabis

- Led by trailblazing cannabis activist Debby Goldsberry
- 20+ years operating dispensaries
- Leading edge in normalizing cannabis for all

Magnolia takes a personalized, compassionate, and human-centric approach to help you discover and harness your internal magic using cannabis.

Consumer Segment

Transformation seekers who are turning to cannabis to feel more whole

Defining Attributes

- Believe in their own potential and in that of all people equally
- Open to learn about new ideas and products and willing to share information with others
- Feel the world is not right or fair in many ways

Cannabis Needs

- Use cannabis to transform themselves—mentally, physically, and emotionally
- Looking for value, but will pay for quality
- Rely on dispensaries for trustworthy information and safe products

⁷⁹ Re-Elect Sheriff Ross B Mirkarimi 2015, San Francisco Ethics Commission, <https://public.netfile.com/Pub2/AllFilingsByFiler.aspx?id=149035318>

⁸⁰ Calyx Peak Capital Investment Deck, Benzinga Cannabis Capital Conference, Oct. 2019, Page 19, <https://www.benzinga.com/events/cannabis/wp-content/uploads/2019/10/2019.10-Calyx-Peak-Overview-Benzinga.pdf> -- See Addendum L for full deck

Further, Calyx Peak Capital plans to apply for licenses in limited license states moving forward⁸¹:

New growth opportunities

New States

Calyx Peak's application is in for Missouri (6 dispensaries, 2 cultivation, 1 extraction) and Calyx Peak plans to apply in additional limited license states such as New York, New Jersey and Illinois.

Product Innovation

Product innovation is the long-term profit driver in this business. Calyx Peak believes our background and expertise in consumer packaged goods and health & wellness will help to identify and execute on unidentified opportunities.

Asset Acquisition

Calyx Peak's ability to identify, purchase and revitalize distressed and underperforming assets will drive additional revenue growth. Selective add-on acquisitions will bolster Calyx Peak's competitive position in existing states and gain it entry into new ones.

Material Long-term Revenue Impact

If Calyx Peak is able to capitalize on these new opportunities consolidated revenue could reach \$150MN in 2021, \$250MN in 2022 and over \$300MN in 2023. These new revenue opportunities could represent half of consolidated revenue in 2023.

New opportunity revenue outlook

Year	Pro forma revenue	New states	Acquisitions	Product innovation	Total
2020	50	0	0	0	50
2021	100	20	10	0	150
2022	130	30	30	10	250
2023	150	50	50	20	300

Source: Calyx Peak Companies

Confidential

Additionally, Alex Rogers is the organizer⁸² of the International Cannabis Business Conference and the Oregon Medical Marijuana Business Conference:

⁸¹ Ibid, Page 36 -- See Addendum L

⁸² "San Francisco Sheriff Turns to the Cannabis Industry for Electoral Help", Alex Rogers, September 9, 2015 <http://marijuanapolitics.com/san-francisco-sheriff-turns-to-the-cannabis-industry-for-electoral-help/>

Alex Rogers



Alex Rogers is co-owner of Marijuana Politics. He is an experienced cannabis law reform advocate, getting his start in the 1990s under the tutelage of legendary activist Jack Herer. Alex is also CEO of Ashland Alternative Health, and Northwest Alternative Health, medical cannabis clinics that help register patients with the Oregon Medical Marijuana Program. Additionally, Alex is the executive producer of industry business conferences that work to further professionalize and mainstream the cannabis and hemp industries. He started the Oregon Medical Marijuana Business Conference (OMMBC), the first medical marijuana business conference of its kind in Oregon. Following the success of the OMMBC, Rogers started organizing the first International Cannabis Business Conference (ICBC), a unique event bringing in activists and entrepreneurs with valuable experience from across the globe.

Duff Johnson Consulting

Rogers is further tied to Missouri marijuana license applicant and Oregon legalization campaign Measure 91 (2014) lead advocate Anthony Johnson⁸³:

Oregon has long been a leader in marijuana reform, and soon will be a leader in legal marijuana commerce as well. The rules that govern Oregon's medical marijuana industry are under attack by politicians at the state capital. Legislators want to merge the recreational and medical programs in Oregon, which is not what voters wanted. That's why the Oregon Measure 91 campaign specified in the initiative no less than three times that the OMMP shouldn't be affected in anyway by recreational marijuana. That's a point that the Measure 91 Campaign Director, Anthony Johnson, fought for during the campaign and still fights for to this day.

Anthony is also one of the organizers of the Oregon Medical Marijuana Business Conference, and a big reason why I'm so excited to attend the event. I'm curious to hear what he and other Oregon experts have to say about the evolving industry in my home state. I'm also excited to hear the other speakers that are coming from miles around. If you are trying to learn more about the industry in Oregon, and want to learn from the best, I strongly urge you to attend this event. The person that led the legalization campaign will be there, the former head of the medical marijuana dispensary program will be there, the top cannabis lawyers in Oregon will be there, and the list goes on and on. You should be there too. I don't attend events that often anymore, but this is one that I just couldn't miss, I think it's going to be that good.

Johnson is a former friend and business partner with Travis and Leah Maurer⁸⁴, a founder and former board member of NAM, as well as a partner with long time former California marijuana activist Bianca Sullivan in successful Missouri dispensary applicants Fresh Green⁸⁵:

Roughly 1,100 hopefuls in Missouri vying for licenses to sell medical marijuana at storefronts found out their fate Thursday.

⁸³ "Thanks To Our Sponsor – Oregon Medical Marijuana Business Conference", Johnny Green, The Weedblog, March 2, 2015,

<https://theweedblog.com/major-events/thanks-to-our-sponsor-oregon-medical-marijuana-business-conference>

⁸⁴ "Radical Rant: Maurer Marijuana Money Mess Might Malign Missouri (Or, I'm Thankful for Legalization)", Russ Belville, High Times, Jan. 26, 2016,

<https://hightimes.com/news/legalization/radical-rant-maurer-marijuana-money-mess-might-malign-missouri-or-im-t-hankful-for-legalization/>

⁸⁵ "Medical marijuana dispensaries in Missouri get approved", Betsy Webster & Zoe Brown, KCTV5, Jan 23, 2020, https://www.kctv5.com/news/medical-marijuana-dispensaries-in-missouri-get-approved/article_228f4c6c-3e5c-11ea-ac1b-1f5d8c3dce7f.html

The competition was stiff, with only 192 permits available. The list hasn't been made public yet, but KCTV5's Betsy Webster tracked down a couple who scored two spots in the metro.

The last time Rob and Bianca Sullivan were inside a now vacant Lee's Summit storefront routinely, it was with their kids.

"This was one of two Blockbusters in town," Rob said.

Soon the signless space at 291 and Tudor Road will be Fresh Green, one of two dispensaries they got the go-ahead to get going on.

There's some cosmetic work to do and walls to put up to separate spaces as the law requires.

"There's a waiting area," Bianca said. "You'll have to fill out everything, show your IDs, and that will be up at the front. And then as we have room inside, you can only have one patient per person who's inside. People will come in and consult with somebody."

"We're going to have a pharmacist who you'll be able to talk to," Rob said.

The couple currently own a law firm in the crossroads. Rob said he's on the business end and Bianca's the one with the passion for pot as medicine.

They've partnered with another couple, Sarah Duff and Anthony Johnson, who left Missouri for Oregon 15 years ago to be part of the legal marijuana movement there.

Paula Givens

Paula Givens is a former federal regulatory attorney with Oklahoma operations and links to operations in other states who won Missouri licenses on behalf of at least two entities⁸⁶:

Veteran marijuana business owners – both medical and recreational – from across the country are looking to expand their reach to the Show-Me State. And some are confident they’ll beat out local entrepreneurs with little experience in the marijuana industry.

Paula Givens, director of compliance and in-house counsel for Happy Days LLC, co-owns four medical marijuana operations in Oklahoma, including a dispensary called ElectraLeaf, as well as manufacturing and cultivation facilities.

“We have an advantage over people who haven’t been in the industry before. There will be less for us to figure out,” said Givens, who also has practiced as a medical marijuana compliance attorney in Michigan and Missouri since 2014 and was an attorney for the National Labor Relations Board for over 20 years...

Givens, originally from St. Louis, is hoping to open an infused product manufacturing plant in Springfield, at 2900 E. Pythian St., with an investment of at least \$1 million.

Givens is also a minority owner and in-house counsel of a vertically integrated operation called Certified Alternative Medicine Providers LLC, which would partner with Happy Days to distribute products. CAMP’s nearest location would be in Lebanon, if approved.

“We hope to have our manufactured products in as many dispensaries as possible,” Givens said.

In Oklahoma, Givens said ElectraLeaf is selling 20,000 units of infused gummies per month. Givens said it’s hard to know how much Happy Days will produce in Missouri because it depends on how much source material the company will be able to obtain from cultivation centers.

In Michigan, Givens spoke in opposition to the concept that lower scoring applicants in Lansing would get licenses from the municipality⁸⁷:

⁸⁶ “Outside marijuana players earmark Missouri”, Kathryn Hardison, October 7, 2019, Springfield Business Journal, <https://sbj.net/stories/outside-marijuana-players-earmark-missouri,65887>

⁸⁷ City of Lansing, Board of Zoning Appeals, November 8, 2018, https://www.lansingmi.gov/AgendaCenter/ViewFile/Minutes/_11082018-2368

Paula Givens, PPI Consulting, 25535 Briar Drive, Oak Park, MI, attorney for 3330 S. MLK applicant, spoke in support of the variances. She said that the medical marijuana provisioning centers will not affect property values. Ms. Givens said that the Board should let the ordinance function the way the City Council intended by putting all of the applicants through the same process and selecting those that scored the highest. She said that denying all of the variances would not be acting in the spirit of the ordinance as it was intended as it will result in licenses being issued to applicants that did not score as high as those that are requesting variances at this time. Ms. Givens said that the provisioning centers will bring much needed economic development to an area that seems to be economically depressed at this time.

Givens also requested to speak at a Owosso, Michigan, Planning Commission meeting in Jan. 2018⁸⁸:

Susan K. Montenegro

From: Paula Givens <Paula.Givens@industryassurance.com>
Sent: Monday, January 29, 2018 5:13 PM
To: Susan K. Montenegro
Subject: Request to Speak at Owosso's Next Planning Commission Meeting

Susan,

My name is Paula Givens, I am a former federal attorney (for 21+ years) who is now a marijuana compliance attorney.

I was just reviewing the draft minutes from your last meeting and read that the Planning Commission is seeking to determine how to select among otherwise qualified applicants for Provisioning Center licenses.

I have written medical marijuana applications throughout the country, including Illinois, New York, Pennsylvania, Ohio, Arkansas, Michigan and Oregon. I have substantial experience working within regulated systems where a governmental body had to select among applicants those who qualify for provisional licensure.

Please allow me to make a presentation detailing my experiences in this regard and to make myself available to the commission as a resource as to possible ways to handle the application process.

Best,

Paula Givens

Given's LinkedIn profile⁸⁹ notes other applications she's been successful writing in other competitive states:

⁸⁸ Owosso Planning Commission, Regular Meeting, February 26, 2018 Owosso City Council Chambers, <http://www.ci.owosso.mi.us/Portals/0/Files/Minutes-Agendas/2018-02-26%20PC%20Packet.pdf>

⁸⁹ <https://www.linkedin.com/in/paula-givens-j-d-b175898/>

Leverage my years in the cannabis industry to counsel medical cannabis start-ups on issues of regulatory compliance, licensing, and human resources. Wrote the Number 7 Scoring Cultivation/Extraction Application in Ohio (Terradiol)! Wrote the Number 6 Scoring Application for a Vertical in New York (NYCanna)! Wrote an authorized Dispensary Application in Illinois for The Green Solution.

Givens was also featured in MCIA and NAM events⁹⁰ prior to the election discussing licensing issues.

⁹⁰

<https://www.facebook.com/newapproachmo/posts/funds-raised-from-this-event-will-go-towards-helping-the-yeson2-medical-marijuan/1027969427372919/>

Chip Sheppard

Springfield attorney Chip Sheppard⁹¹ was another individual who had a pivotal role⁹² in the NAM campaign and drafting, a MOCannTrade Director⁹³, and then took “dozens” of clients on for license application & consulting services⁹⁴:

Wholesome Bud worked with Carnahan, Evans Cantwell & Brown PC attorney and shareholder Chip Sheppard to register with the Missouri secretary of state’s office. Sheppard was part of the New Approach Missouri team campaigning for Amendment 2.

Morris said when he first considered entering the industry, after the passage of Amendment 2, he wanted to work with a lawyer who had a strong understanding of the amendment.

“It was a no-brainer to reach out to Chip,” he said.

Sheppard said the law firm embraced the burgeoning industry after shareholders met with a former deputy sheriff from Texas who relocated to Missouri.

The sheriff, who had multiple sclerosis, was taking some 25 medications before using medical marijuana in his home state. His use of medical marijuana, Sheppard said, allowed him to get out of a wheelchair and significantly cut down on his prescription drugs.

The Time report found a 64% reduction in opioid use by patients using marijuana for chronic pain.

Sheppard said now the law firm is working with dozens of clients in the medical marijuana industry, with services such as transactions, business development, real estate and employment.

⁹¹ Chip Sheppard, Carnahan, Evans, Cantwell, and Brown, <https://cecb.com/attorneys/joseph-chip-dow-sheppard-iii/>

⁹² “Aug CLE Lunch: Mo. Constitutional Amendment, Medical Cannabis”, Springfield Metropolitan Bar, August 17, 2016, <https://www.springfieldbar.com/events/EventDetails.aspx?id=676391&group=>

⁹³ <https://www.mocanntrade.org/team/board-of-directors>

⁹⁴ “Blazing Ahead: SWMO medical marijuana dispensary hopefuls prefile applications”, Kyle Boaz, Springfield Business Journal, May 6, 2019, <https://sbj.net/stories/blazing-ahead-swmo-medical-marijuana-dispensary-hopefuls-prefile-applications,63737>

Mitch Meyers

Meyers⁹⁵, who we discussed in earlier sections, is likewise pervasively involved in the marijuana space. To understand Meyers' mentality, one need look no further than the CBD expansion proposal⁹⁶ she backed in 2017 and 2018 in the Missouri House of Representatives, sponsored by Republican Rep. Jean Evans (R-St. Louis) and Democrat Donna Baringer (D-St. Louis), removing the limitation in the earlier Schmitt-Jones framework to allow for profit operation and expanding the number of licensees eligible to sell CBD through that framework to no more than 10. This was at a time that the loosening federal restrictions on hemp and CBD through the hemp pilot programs authorized under the 2014 Farm Bill was creating rapid expansion in federally legal hemp and CBD profits, which frustrated Meyers because this industry was profitable whereas Beleaf was licensed under a different state law. Meyers is an owner of a Illinois dispensary and now through Beleaf operates 10 marijuana licenses in Missouri⁹⁸:

With over 74,000 registered patients and not a single bud sold, Missouri defines “pent up demand” for medical cannabis consumption. While sixty cultivator licenses were issued by the state in January, Earth City-based and vertically-integrated BeLeaf Medical has been one of the first cultivators ready to provide product to the six dispensaries currently certified by the state, including their own store in the St. Louis suburb of St. Peters. Now that Missouri regulators have certified a testing facility as well, BeLeaf will be some of the first product on Missouri shelves.

“We’ve been waiting for this for three years. We’re not scared, we’re excited. I think when we open our first dispensaries, if we’re one of the first to open, we’ll have 79,000 people in line,” says CEO Mitch Meyers. “You need to make sure you have product for people when they show up. I want to make sure we have happy customers who drove a long way, not for them to end up empty handed. We saw that in Illinois and we want to make sure that doesn’t happen.”

It’s perhaps no accident that BeLeaf is one of the first Missouri cannabis companies ready to serve customers, since it’s led by Meyers, an already legendary figure in St. Louis, as she created the Spuds McKenzie character for Anheuser-Busch’s Bud Light beer. After operating and selling her own marketing consulting firm, Meyers became a co-owner of the Nature’s Care medical dispensary in Rolling Meadows, Illinois, now

⁹⁵ <https://www.linkedin.com/in/meyersmitch/>

⁹⁶ HB 937, Missouri House of Representatives, 2017 Regular Session, <https://house.mo.gov/Bill.aspx?bill=HB937&year=2017&code=R>

⁹⁷ HB 1007, Missouri House of Representatives, 2017 Regular Session, <https://house.mo.gov/Bill.aspx?bill=HB1007&year=2017&code=R>

⁹⁸ “BeLeaf Medical is ready to grow”, Mike Fourcher, October 8, 2020, <https://grownin.com/2020/10/08/beleaf-medical-is-ready-to-grow/>

operated by multi-state operator Acreage Holdings. She's also been operating a cannabis consulting firm, cannabis market intelligence group, and a hemp farm since it was legalized in Missouri in 2016.

Meyers also is partners in a firm⁹⁹ that consults to license applicants in Missouri an other states. She's also part of a marijuana market intelligence firm¹⁰⁰ listing partners from multi-state operators, and particularly the Czarkowskis of Canna Advisors.

⁹⁹ Creative Cannabis Consultancy, <https://www.creativecannabisconsultancy.com/partners>

¹⁰⁰ MJUnpacked, <https://mjunpacked.com/advisory-board>

Jack Mitchell

The St. Louis Post-Dispatch highlighted the controversial background of Jack Mitchell in February¹⁰¹:

Jack Ray Mitchell co-owns two limited liability companies that won seven marijuana business licenses.

Mitchell was previously CEO of Thunderbird Resorts, a publicly traded company that owns casinos and other properties in Latin American countries, until he was terminated in 2012. Thunderbird sued Mitchell, a Canadian business partner and companies they operated in 2015 in U.S. District Court for Southern California alleging the two embezzled profits from co-managed casinos that were meant to go to Thunderbird. Some funds were used to buy a property in Costa Rica for Mitzim Properties, a Nevada company Mitchell and Zimmer operated, the suit alleges.

The allegations were ruled to be unproven in a related arbitration proceeding between Thunderbird and Mitchell in the International Court of Arbitration of the International Chamber of Commerce in Hong Kong. Mitchell had filed a claim with the arbitration court against Thunderbird in 2015 for money Thunderbird agreed to pay him as part of his termination settlement.

However, sources indicate that Mitchell may be tied to as many as 30 licenses, having offered application writing services in exchange for equity and vendor contracts.

¹⁰¹ “Lawsuits, troubled business pasts plague some winners of Missouri marijuana business licenses”, Nassim Benchaabane & Jack Suntrup, Feb 20, 2020, https://www.stltoday.com/news/local/marijuana/lawsuits-troubled-business-pasts-plague-some-winners-of-missouri-marijuana-business-licenses/article_ad75116d-5cea-5d25-a20c-ad1b580e20fc.html/?&logged_out=1

Complia

In March 2019, the St. Louis Post-Dispatch reported on the Missouri Office of Administration's bidding process to find a vendor for the Constitutionally mandated licensing and tracking platform necessary to run the program¹⁰²:

That doesn't, however, apply to vendors setting up the state's tracking system, which is administered outside of the Department of Health and Senior Services.

On Wednesday, the 24 companies and their representatives participated in a pre-bid conference hosted by the Office of Administration to outline the state's proposal.

In some states, different companies handle the various aspects of operating a medical marijuana program. But Missouri is seeking one company to do most of the information technology set-up for its licensing and tracking system. The contract will run for five years.

Despite being a potentially high-dollar contract, the state is working on a fast track to get a company hired.

Typically, the state allows up to a month between the March 6 meeting and the closing date for submitting a bid. But in this case, the requests from the companies are due March 19.

"This procurement process is moving a bit faster than the normal procurement process because of the Constitution's deadlines," Ruess said.

The contract for the licensing system eventually went to Complia, a company founded in 2015 by Alex Valvassori, Harikrishnan Gopalakrishna, and Ramesh Babu to facilitate cannabis business licensing, patient and caregiver registration and employee credentialing. In 2019, Complia was bought by NIC¹⁰³, a government contractor. To secure the Missouri contract, NIC retained former Rep. Jewell Patek (R-Sedalia), who is a lobbyist in Jefferson City.

¹⁰² "More than 20 companies vying to score medical marijuana contracts with Missouri", Kurt Erickson, St. Louis Post-Dispatch, Mar 10, 2019, https://www.stltoday.com/news/local/govt-and-politics/more-than-20-companies-vying-to-score-medical-marijuana-contracts-with-missouri/article_d121bf2a-6e46-52cd-b6f5-720b154dade8.html

¹⁰³ "NIC Acquires Marijuana Permitting Platform Complia", staff, GovTech, May 8, 2019, <https://www.govtech.com/biz/NIC-Acquires-Marijuana-Permitting-Platform-Complia.html>

Complia's current website is <https://mycomplia.com/>. However, prior to NIC, the website was <https://simplestack.io/> which is still extant. The old Complia website indicates that founder Alex Valvassori¹⁰⁴:

...has worked on projects across the US including Colorado, California, Washington, Nevada, New York, Hawaii, Maryland, and Illinois. Alex has also participated in several competitive licensing processes, including winning applications in Illinois and Aurora, Colorado.

Additionally, Complia's founding advisors are familiar names to the reader by now -- Jay and Diane Czarkowski¹⁰⁵:

The screenshot shows a web browser displaying the Simplestack website. The browser address bar shows 'simplestack.io'. The website header includes the Simplestack logo (BY COMPLIA) and navigation links: 'Why Complia', 'Solutions', 'Success Stories', 'Expert Team', 'Blog', and a 'WORK WITH US' button. Below the header, there are three profile cards for 'Diane Czarkowski', 'Jay Czarkowski', and 'Ken Cera'. The 'Diane Czarkowski' card is highlighted in green. Below the 'Diane Czarkowski' card, there is a portrait photo of Diane Czarkowski and a text block describing her as an original cannabis entrepreneur and Founding Partner at Canna Advisors. Below the 'Jay Czarkowski' card, there is a portrait photo of Jay Czarkowski and a text block describing him as an influential cannabis entrepreneur, investor, and advocate. Below the 'Ken Cera' card, there is a portrait photo of Ken Cera and a text block describing him as a well-connected industry insider.

Diane Czarkowski

Diane Czarkowski is one of the industry's original cannabis entrepreneurs and Founding Partner at Canna Advisors. She has played an influential role in the cannabis market since its early stages, helping develop it into one of the fastest growing industries in the United States.

With decades of career success in high-tech and real estate, Diane's business agility stems from working in industries that are rapidly growing and evolving. She was the founder of one of the first dispensary and cultivation facilities in Colorado, earning the reputation as one of the most professional and patient-focused dispensaries in the state.

Diane has been recognized as one of the "Top 50 Women in Cannabis" and a "Top Cannabis Entrepreneur".

Jay Czarkowski

Jay Czarkowski is an influential cannabis entrepreneur, investor, and advocate. A well-connected and respected industry insider, Jay and his team have helped build cannabis industries in more than a dozen states. As Founding Partner at Canna Advisors, Jay forges new avenues in the legal cannabis market with informed agility and strategic sophistication.

With nearly a decade of regulatory experience as a consultant and award-winning operator, Jay has paved the way for innovative startups and technologies.

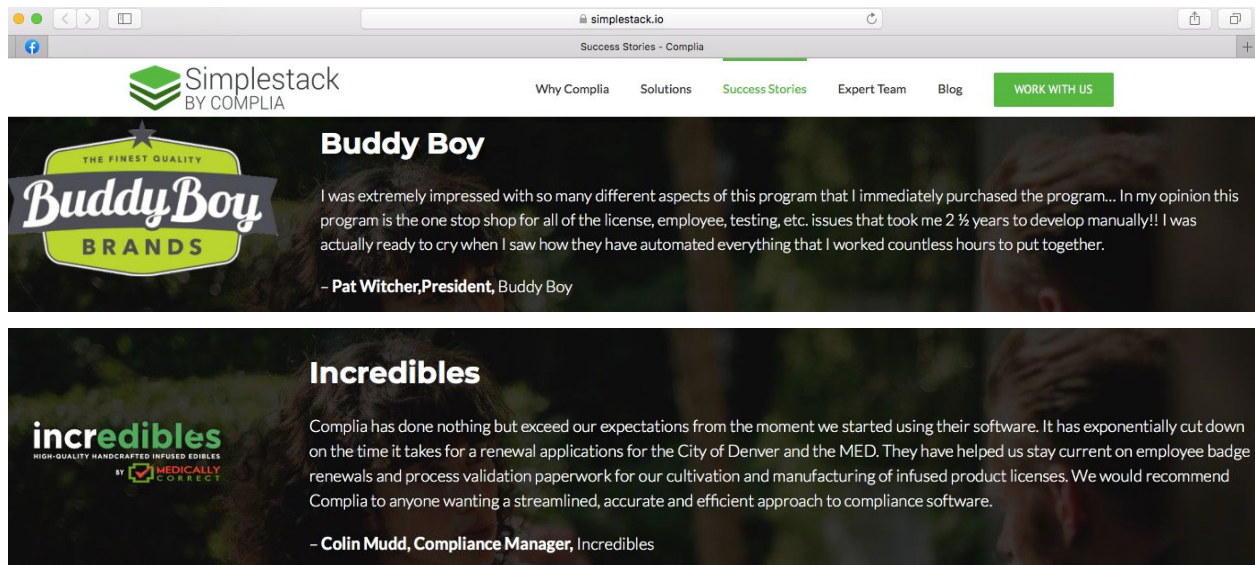
A foremost authority on real estate development and cultivation design, Jay has held a commercial general contractor license since 2002 and has worked on cannabis industry projects throughout the U.S., Canada, and Puerto Rico.

Ken Cera

¹⁰⁴ <https://simplestack.io/about-marijuana-compliance/>

¹⁰⁵ Ibid

The website also lists testimonials from Buddy Boy Brands (Steve Mitchem’s prior Colorado marijuana company) and Incredibles, which is now in partnership with Josh Mitchem’s Clovr Cannabis¹⁰⁶:



¹⁰⁶ <https://simplestack.io/success-stories/>

Analysis

With a former employee directly involved in scoring company Wise Health Solutions, Czarkowski's Canna Advisors were well placed to connect other individuals with Wise Health Solutions job openings and further identify other individuals who were hired by Wise Health Solutions. This is also a plausible story for the relationship between Sheriff Mirkarmi, Debby Goldsberry, and numerous other individuals with experience and networks in California, Oregon, and Colorado, among other states. The Czarkowski's & Mitchem's relationship with Complia, too, cannot be discounted, particularly when asking the question of how both groups were successful while hundreds of other applications were being rejected with pervasively inconsistent scoring.

As this section demonstrates, the world of successful marijuana licensing consultants has significant overlap with the world of individuals and entities who get hired to implement and score marijuana programs around the United States, and that world has significant overlap with individuals and entities who win licenses in multiple jurisdictions. While we believe there are instances of direct corruption in Missouri's marijuana program, it's also important to understand that collusive action need not be direct or explicit in order to advantage one set of applicants over another.

Understanding the roles of Diane Czarkowski, John Payne, Leah Maurer, Jack Cardetti, Steve Tilley, and their affiliates are key to understanding the controversy over licensing in Missouri. They were all involved in drafting and campaigning for the NAM framework (and specifically were involved in creating the language justifying license caps), worked closely with other affiliates (particularly MOCannTrade) to directly influence the State of Missouri's implementation of the program, and took lucrative consulting contracts for groups in direct competition with each other over license allocation. A key element of this system is the promise of access to marijuana licenses in a regime with limited competition, both geographically and over time. This promise was key to fundraising campaigns, consulting contracts, and lobbying contracts for every stage of this process.

Moreover, this system cannot be understood purely on a state by state basis. Consider Chad Westom, who was a regulator overseeing Nevada's marijuana program. In Missouri, Westom got a contract with the state to grade applications, hiring Ross Mirkarimi, who created the template for California municipal regulation, and Samaara Robbins, who is part owner of a Nevada marijuana license and former employee of Canna Advisors. Any one of these individuals may be involved in application writing and consulting to entities in other states, like New Jersey, New York, or Mississippi, which will all see expansion of their programs in the near future -- being able to tell an applicant in those states that you were responsible for their success in Missouri would certainly be a bonus in a sales pitch.

We believe that the consultants we've identified in this section were responsible for nearly 150 license wins, or nearly 50% of the market. A full tally of license wins tied to MOCannTrade members is surely greater, and gives credence to the allegation that MOCannTrade functionally operates as a cartel.

Brand Partnerships & LOIs: A Pathway for Application Identification and Implicit Collusion?

One key and unexamined pathway for identifying redacted applications to scorers is through the Letters of Intent (LOI) that numerous applicants attached to their applications indicating secured relationships with various brand partnerships, particularly multi-state brands that are prominent nationally.

Certain brands might also have specific requirements in terms of buy-in from the applicant partner -- Wana Brands or Incredibles, for instance, as some of the most significant multi-state edibles brands, would have valuable IP to bring to the table as well as other tangible and intangible assets that only an extremely well capitalized applicant would be able to pay for.

Consider Samaara Robbins. As a marijuana license operator in Nevada, she is undoubtedly familiar with leading brands in the space, and no doubt has secured some of those partnerships in the entity she's involved in, or for applicants she's worked for.

As Robbins is grading applicants in Missouri, if she sees a LOI from a respected multi-state brand, that's an indicator, along with the eight digit operator selected code, that the application might be from an operator who's worth boosting into the approved category via scoring enhancements.

After all, Robbins might be able to get a consulting contract from an entity tied to that brand in another state outside of Missouri, and would be able to target a solicitation very effectively based on having been part of the scoring team that led to a favorable outcome.

In other words, the possibility for collusion or corruption in the licensing process could be explicit, but through these kind of identifiers, could also be implicit, and be a key factor in the incestuous regulator-consultant-lobbyist universe that is characteristic and pervasive across state regimes around the country.

The Role of the MOCannTrade Cartel & Strategic Capital Consulting LLC in Implementation

In June 2018, the Missouri Medical Cannabis Trade Association (MOCannTrade) was founded¹⁰⁷:

June 6, 2018
MoCannTrade Forms



Missouri Cannabis Trade Association forms, the great beyond lays before them. This wave of pioneers is assembled with some of the most passionate people, from all around the state of Missouri, on cannabis. They set out to be ready to hit the ground running with a clearly formed plan drawn from observations from all other states that have come before Missouri in this uphill battle.

A now deleted July 2, 2018 tweet from MOCanntrade highlights that “if you are planning to apply for a MO medical cannabis license...membership has its privileges.”



Notably, all tweets prior to March 11, 2019, appear to have been deleted by from MOCannTrade’s twitter account¹⁰⁸:

¹⁰⁷“Timeline: Missouri’s Medical Marijuana Program”, Greenway, Greenway Team, May 28, 2020, <https://mogreenway.com/2020/05/28/timeline-missouris-medical-marijuana-program/>

¹⁰⁸ <https://twitter.com/mocantrade>



MoCannTrade

1,305 Tweets

Follow



2

4



MoCannTrade @mocantrade · Mar 11, 2019

Last sessions are kicking off for today at #MOCannBizCon! Hope to see you at tonight's mixer in the Grand Hall @UnionStationSTL!



1

3



Additionally, MOCanntrade LinkedIn posts prior to the first week of May, 2019, also appear to have been deleted.

This timing seems interesting given the previously cited March 30, 2019 Tony Messenger article in the St. Louis Post-Dispatch “Federal subpoenas focus the grow lights on 'trustees' of Steve Stenger”, and the subsequent May 9 indictment of MPC President John Rallo, a partner with MOCannTrade Executive Board member Corey Christianell.

On Oct. 23, 2018, MOCanntrade endorsed NAM’s Amendment 2 proposal ahead of the November vote¹⁰⁹:

“Amendment 2 ensures Missouri residents can work with their physician to decide if medical cannabis could be helpful to them. The New Approach initiative has clear rules which put the needs of Missourians first,” said Andrew Mullins, Executive Director of MoCannTrade.

MoCannTrade is a new medical marijuana trade association which started in June of 2018. Its members are “business owners, professionals, practitioners & patients proactively working together to build a successful, safe, compliant medical cannabis industry.” More information is available on their website at MoCannTrade.org.

MoCannTrade joins Missouri’s other cannabis trade association, the Missouri Cannabis Industry Association (MCIA), which endorsed and promoted Amendment 2 since the initiative was initially filed with the state. Their website is MoCIA.org. MCIA is a state chapter of the The National Cannabis Industry Association (NCIA) which has endorsed Amendment 2.

On November 16, 2018, MOCannTrade formally retained lobbyists Steve Tilley and Tom Robbins of Strategic Capitol Consulting. A March 22, 2019 MOCannTrade email lists active legislation in the General Assembly and notes¹¹⁰:

MoCannTrade's Government Affairs committee is evaluating the new draft rules and will provide feedback to the department where appropriate to ensure these rules continue to reflect the spirit of Amendment 2 and the needs of Missouri's prospective operators and association members....

¹⁰⁹ “Amendment 2 Endorsed by MoCannTrade Association” Greater St. Louis NORML, October 26, 2018, <https://greaterstlnorml.org/amendment-2-endorsed-by-mocantrade-association/>

¹¹⁰ MOCannTrade Association & Industry News, March 21, 2019, [https://mailchi.mp/6285fd7f22a8/dhss-reveals-more-rules-mocantrade-lobbies-april-member-meetup-rsvp?e=\[UNIQID\]](https://mailchi.mp/6285fd7f22a8/dhss-reveals-more-rules-mocantrade-lobbies-april-member-meetup-rsvp?e=[UNIQID])

MoCannTrade is engaging Strategic Capitol Consulting | Steve Tilley to ensure the needs of our members and the industry are represented in marijuana associated legislation.

In June 2020, the Kansas City Star reported that Tilley's ability to access decisionmakers at DHSS appeared to be unique¹¹¹:

It had been three weeks, and Bootheel CannaCare still couldn't get answers about the status of applications it filed in August 2019 to grow and sell medical marijuana.

The company's lawyer had gone through official channels, but to no avail.

So its chief operating officer implored the company's lobbyist to intervene.

"Can you leverage your relationship with the state to get some answers for us?" the executive wrote to Steve Tilley, a former state lawmaker-turned-lobbyist and longtime friend and adviser to Missouri Gov. Mike Parson.

Like he'd done dozens of times over the months that the state's fledgling medical marijuana program was getting off the ground, Tilley didn't bother with official channels.

He went straight to the top, emailing Director of Medical Marijuana Lyndall Fraker.

Within hours, Fraker's top deputy responded to assure the company it would have clarity in the coming days.

It was a familiar pattern for Tilley.

Hundreds of pages of emails obtained by The Star show Tilley in direct contact with Fraker and other state regulators throughout the months they were setting up the medical marijuana program, writing its rules and accepting applications.

In some cases he was simply passing along information. In others, he was asking specific questions — or making specific suggestions — about rules and regulations that would dictate who got a lucrative marijuana license.

Occasionally he was voicing concerns about department decisions, or setting up in-person meetings.

¹¹¹"Lobbyist under FBI scrutiny had regular contact with Missouri medical marijuana leaders", by Jason Hancock, Kevin Hardy, & Steve Vockrodt, June 8, 2020, <https://www.kansascity.com/news/politics-government/article243299916.html>

And each time, he got quick responses to his inquiries.

The department insists this is not unique to Tilley. Anyone could have reached out to Fraker with questions or concerns, and no one who chose to directly contact department leadership was ever given an advantage over others.

“The frequency of communications between Mr. Tilley and the department leadership was commensurate with other individuals who chose to reach out directly,” said Lisa Cox, spokeswoman for the department of health and senior services, later adding: “As Director Fraker has said many times, he believes he has never refused to meet with someone, represented or not, and the multiple avenues of making such a request have always been public information.”

Other applicants, both those who got a license and those who didn’t, aren’t so sure.

In interviews with The Star, applicants say the emails paint a picture of Tilley getting access few could have imagined as they were navigating the application process.

The emails don’t appear to represent illegal activity, they contend, but do raise ethical concerns about whether this level of access was a major advantage when thousands of applications were being filed for only 340 licenses.

“No regular applicant had any chance of having that kind of access,” said Leisa Stevens, whose application to open a marijuana cultivation facility near Kansas City International Airport was denied. Tilley’s emails were provided to Stevens as part of an open records request she filed in January, and she shared them with The Star.

Kansas City Attorney Christopher McHugh said his experience was that the state pushed away questions from applicants to an online FAQ page to ensure everyone had equal access to information.

Officials were very careful not to answer questions or communicate about specific applications, he said, so as to ensure a level playing field for all.

The access to DHSS leadership though Tilley wasn’t the only significant relationship MOCannTrade was able to leverage. On Dec. 4, 2018, MOCannTrade Executive Board Member Jack Mitchell¹¹² introduced DHSS Director Dr. Randall Williams to Nevada marijuana

¹¹² Addendum H

consultant Rebecca Gasca (also an owner of a Nevada marijuana license, Wendovera LLC¹¹³¹¹⁴), who in turn connected Williams with Chad Westom of Wise Health Solutions for the explicit purpose of scoring applications¹¹⁵:

On Tue, Dec 4, 2018 at 2:37 PM Williams, Randall <Randall.Williams@health.mo.gov> wrote:

Rebecca safe travels and thank you for reaching out. I am copying Doug who is gathering information and thank you for offering to be a resource. Randall

From: Rebecca Gasca [mailto:r@pistlandstigma.com]
Sent: Tuesday, December 04, 2018 12:47 PM
To: Williams, Randall
Cc: Heather Miley
Subject: Re: Referrals on Experts who have navigated Merit Based Licenses Processes

Hello Dr. Williams (BCC Jack Mitchell),

Pleased to make your acquaintance! Per Jack's request, I have reached out to a former regulator who worked at the Department of Health at the time our program was rolled out. He will confirm our work together as I represented several companies through the regulatory creation and competitive licensing application process in Nevada. While he is no longer at the Department of Health (he is with a local county Health Department), he does do consulting work on the side in the cannabis industry. For instance, he is currently helping to grade the applications that were recently submitted in another state. As soon as I hear back from him, I will put you in touch as I think his experience could serve you well.

In the mean time, is there anything that I can do to help support your work? I happen to be flying to Kansas City right now and land in a few hours. I speak at the MoCann Association meeting tonight about my company's experience and work in other states. I fly out tomorrow at 8:30am to return to Reno, but would be happy to make myself available from the airport before my departure or on my layover in Salt Lake City from 10:40-11:30am Mountain / 11:40-12:30pm Central. After a long week of travels between Mexico City and Washington DC, I am taking Thursday and Friday off of this week, but next week is very flexible for a chat.

I am copying Heather from our team who can help us get a time on the calendar.

All my best (and thank you for connecting us, Jack),
Rebecca

In January 2020, Westom would explain inconsistencies in scoring¹¹⁶:

Westom told The Star that the scoring process included many checks and balances to ensure the identity of individual applicants was unknown to the scorers. He

¹¹³ APPLICANTS (Owners/Officers/Board Members) for Application Period SEPTEMBER 7, 2018, <https://tax.nv.gov/uploadedFiles/taxnv.gov/Content/FAQs/APPLICANTSSeptember%207,%202018.pdf>

¹¹⁴ "Pot and Public Servants", Michelle Rindels, The Nevada Independent, November 17, 2019, <https://thenevadaindependent.com/article/the-cannabis-files-pot-and-public-servants>

¹¹⁵ "MMJ Document Production Finding and Alleged Interference with Committee Work: Appendix C", Casey Millberg, Missouri House of Representatives Minority Caucus Counsel re: Special Committee on Governmental Oversight MMJ hearings, Sept. 14, 2020, <https://bloximages.newyork1.vip.townnews.com/stltoday.com/content/tncms/assets/v3/editorial/2/6d/26d2a97f-ad9a-54e6-bf34-9d6c1d0961ba/5f602151892ca.pdf.pdf?fbclid=IwAR3tTA6XpE5kKurUJFfeXjx7Y5lvS7dAxmvXqTlO RmEIl1ZprpvEKccQjJ8>

¹¹⁶ "Concerns Raised About Medical Marijuana Licensing Process," Associated Press, Jan. 27, 2020, <https://www.usnews.com/news/best-states/missouri/articles/2020-01-27/concerns-raised-about-medical-marijuana-licensing-process>

acknowledged variations in scores were possible: Each question within a facility type was judged by the same person, but Westom said “it was not logistically possible” to have a single scorer judge a specific question for all facility types.

“For a given specific question, there may have been different scoring perspectives from one facility type to another, because of differences between the professional perspectives of scorers assigned to that facility type and specific question,” Westom said.

One would think the whole point behind having a professional team score applications might be to reduce arbitrary decisions made by idiosyncratically different individuals, perhaps through the use of a rubric or guide.

At the end of the COVID-19 shortened 2020 session of the General Assembly, MoCannTrade published an end-of-session legislative briefing in their monthly email¹¹⁷;, indicating opposition to Rep. Ben Baker’s proposal¹¹⁸ to remove license caps from the program

UNLIMITED MEDICAL MARIJUANA LICENSES

MoCannTrade’s position: Oppose

Outcome: Bill Failed

Amendment 2 mandates that DHSS must award at least 338 medical marijuana facility licenses, the second most of any medical marijuana state after Oklahoma. The constitution mandates that these be awarded through a merit-based process and gives DHSS the authority to increase this number as patient counts grow. This legislation attempted to overturn the constitution and mandate that DHSS give out an unlimited number of licenses to anyone that meets certain criteria.

¹¹⁷ “MOCannTrade INDUSTRY & MEMBER UPDATES”, May 16, 2020,

<https://us19.campaign-archive.com/home/?u=d36fc1f9c3b929d3b4706691a&id=ffd957ad0d>

¹¹⁸ “License cap amendment on hold in Capitol” Tammy Puyear, Greenway Magazine, May 12, 2020,

<https://mogreenway.com/2020/05/12/license-cap-amendment-on-hold-in-capitol/>

Missourians for a New Approach Moves to Secure Recreational Marijuana Reform for MMJ Market Incumbents

A key aspect of these market allocation schemes is that the initial medical marijuana market incumbents collude to fund and pass successive recreational marijuana reforms that offer license caps and primacy to medical marijuana market incumbents in the recreational licensing. We identified this as a key aspect in our initial work on Arizona's Proposition 207¹¹⁹ earlier this year.

The successor organization to NAM is the PAC Missourians for a New Approach, which briefly in 2020 floated a recreational Constitutional Initiative Petition 2020-128¹²⁰ with this framework prior to the COVID-19 lockdowns made signature collection impossible. Primary funders included numerous medical marijuana license winners and the federal New Approach PAC tied to Drug Policy Alliance and Graham Boyd. MEC reports also indicated payments to Steve Tilley's Strategic Capitol Consulting firm.

In the last few months, Missourians for a New Approach has started a drafting committee primarily of license winners associated with MOCannTrade and is working with Missouri NORML to hash out an updated version of the initiative proposal for the 2021 cycle. As of publication of this paper, a new PAC had been formed "Legal Missouri 2022".

¹¹⁹ "Arizona's Adult Use Legalization Bill Looks to Perpetuate Cronyism in Marijuana Business Licensing: Economic Liberty Concerns with Arizona's Proposition 207 for Marijuana Legalization", Cannabis Consumers Coalition, June 9, 2019, https://www.cannabisconsumer.org/publications,https://3987f957-f868-4d39-a8b5-5d90c205964e.filesusr.com/ugd/60cdb7_42de89d0bd7a4fd390a49120e1872567.pdf

¹²⁰ Missouri Secretary of State IP 2020-128, <https://www.sos.mo.gov/cmsimages/Elections/Petitions/2020-128.pdf>

Relax PAC: An Attempt to Influence the Missouri General Assembly To Do Nothing?

In July 2019, the St. Louis Post-Dispatch broke a story about Relax PAC, a political action committee tied to Nirvana Investments & N’Bliss Dispensaries, the first dispensary to open for business in Missouri¹²¹:

A review of the data shows that Bradford Goette, a former business executive who serves as treasurer of the Relax PAC, is among the applicants for state licenses to produce and sell marijuana products. He seeks to open a marijuana-infused products manufacturing company in Fenton, and five dispensaries in Fenton, Festus, St. Peters, Troy and Cape Girardeau.

Goette was a former executive with a number of St. Louis-area businesses that share Fenton addresses and connections, including a company that donated \$168,200 to the Relax PAC.

The Relax PAC donated \$150,000 to an effort to legalize medical marijuana last year, but because of a method by which the PAC funneled most of the money through another group, the extent of the PAC’s role in the effort was not widely known.

All told, Goette’s Relax PAC gave \$157,600 to candidates and causes last year, but the fact he’d applied to get into the business of selling medical marijuana was not a matter of public record until the Post-Dispatch won a court fight, forcing the state to turn over the names of medical marijuana applicants.

Goette did not return phone calls seeking comment. It is unclear what his political action committee hoped to gain by contributing to the campaign accounts of 12 Republican politicians and a group pushing for medical marijuana legalization.

His Relax PAC, formed in February 2018, received \$168,200 from the Get Right Management Company LLC last year.

The two entities are connected to at least three St. Louis-area companies in the gas, liquor and tobacco industries that have shared Fenton addresses and executives: Dirt Cheap, tobacco company HUB Inc., and gas company PECL Holdings, formerly known as U-Gas Holdings.

¹²¹ “Here’s who’s behind ‘Relax PAC,’ the medical marijuana group that donated thousands to influence Missouri politics”, Jack Suntrup & Nassim Benchaabane, St. Louis Post-Dispatch, Jul 4, 2019, https://www.stltoday.com/news/local/govt-and-politics/here-s-who-s-behind-relax-pac-the-medical-marijuana-group-that-donated-thousands-to/article_febafc3b-9ad8-536d-a7f4-5e3bed57ae74.html

- Craig P. Taylor, of Wildwood, owns Get Right Management LLC. He is PECL's vice president, sits on HUB's board of directors, and is a former executive with Dirt Cheap retail stores. He is also a former president of the Missouri Petroleum Marketers and Convenience Store Association and [was on the board of St. Louis-based Midwest Bankcentre](#).
- John W. Howald, a Hillsboro estate planning attorney, filed Get Right LLC's incorporation with the state of Missouri. Howald is tied to HUB Inc. and a number of other limited liability companies in Missouri.
- Goette is the treasurer of HUB Inc., and a former executive with Dirt Cheap and U-Gas. He is also on the board of the Missouri Medical Cannabis Trade Association.
- Relax PAC's deputy treasurer, Carrie Beckel, is HUB's executive secretary, CFO of PECL Holdings and was listed as a contact for Get Right LLC in a February filing with the state of Missouri.

Nirvana Bliss

Goette's planned medical marijuana chain is called Nirvana Bliss LLC.

His Relax PAC was formed on Feb. 1, 2018. That same day, it received \$100,100 from Get Right Management Company.

The next day, on Feb. 2, Relax PAC donated a total of \$100,000 to Missourians for Patient Care, state ethics commission records show.

On Feb. 5, records show, the Missourians for Patient Care nonprofit donated \$100,000 to the Missourians for Patient Care political action committee.

Relax PAC made two more large donations to Missourians for Patient Care that spring: \$25,000 on April 4, 2018, and \$25,000 on May 14, 2018.

Only the April donation was contributed directly from Relax PAC to the Missourians for Patient Care PAC, state records show.

Relax PAC also played a role in the 2018 elections, donating a combined \$7,600 to Republican candidates that year.

On Sept. 28, Get Right Management Company donated \$2,600 to Relax PAC. That same day, Relax PAC donated \$2,600 to Attorney General Eric Schmitt's campaign, Schmitt for Missouri.

A similar maneuver occurred in March 2019. On March 29, Get Right Management Co. donated \$2,500 to Relax PAC. That same day, the Missouri Opportunity PAC, formed to support Schmitt, received a \$2,500 donation from Relax PAC.

Chris Nuelle, spokesman for the Missouri attorney general's office, said the office will defend the state's position in any licensing disputes that may arise as the state determines who gets to sell medical marijuana, and who doesn't.

"The attorney general's office will wall off lawyers if necessary under our conflict of interest policy, including the AG," Nuelle said. "Our conflict of interest policy is in place to ensure the attorney general's office is held to the highest possible ethical standard."

The campaign of former state Rep. Jean Evans, R-Manchester, received \$500 from Relax PAC on Aug. 16, 2018. She said she likely received the check at a fundraiser. She said she wasn't aware of who is behind the PAC.

"I don't know anything about that," she said. "I hate to say that about a donor." The campaign of Rep. David Gregory, R-Sunset Hills, received \$250 from Relax PAC on Sept. 17.

The PAC's address is listed as 1675 Fenpark Drive in Fenton, which is in Gregory's 96th House District. Gregory did not return a phone call seeking more information about the donation.

Other recipients of PAC money include: now-state Treasurer Scott Fitzpatrick, a Republican; House Majority Leader Rob Vescovo, R-Arnold; Sen. Paul Wieland, R-Imperial; Sen. Mike Cierpiot, R-Lee's Summit; Sen. Bob Onder, R-Lake Saint Louis; Sen. Tony Luetkemeyer, R-Parkville; Sen. Mike Bernskoetter, R-Jefferson City; and Senate President Pro Tem Dave Schatz, R-Sullivan.

The Old Drum Conservative PAC, formed to support Sen. Denny Hoskins, R-Warrensburg, also received \$500.

Relax PAC has likewise been active in the 2020 cycle. Candidates the Cannabis Consumers Coalition have spoken to indicate that it is known or believed that contributions by the Relax PAC are being directed by Steve Tilley. This year alone, Relax PAC has donated to

Rep. Robert Ross (R-Houston), Rep. Dan Shaul (R-Imperial), Rep. Kathy Swan (R-Cape Girardeau) who is running for State Senate, Sen. John Rizzo (D-Independence), Sen. Caleb Rowden (R-Columbia), Rep. Greg Razer (D-Kansas City) who is running for Senate, Rep. Barbara Washington (D-Kansas City) who is running for Senate, Lt. Gov. Mike Kehoe, Gov. Mike Parson, Sen. Bill Eigel (R-St. Charles), and Legal Missouri 2022.

The contribution to State Senator Bob Onder (R-St. Charles) is notable, as Onder is a long time opponent of marijuana reform, and is termed out of the Senate in 2020. In September 2020, Onder, a long time fiscal conservative, wrote an op-ed in Greenway Magazine repeating the Cardetti line against “dispensaries on every street corner” in defense of license caps¹²²:

As a physician and legislator, I have long had concerns about marijuana legalization. However, in 2018 Missouri voters passed Amendment 2 with 66 percent of the vote, rejecting two competing initiatives.

This particular proposal was billed by its proponents as a way for Missouri patients to access medical marijuana in a safe, regulated way. While I was not supportive of this state constitutional amendment, I believe that if medical marijuana is to be legal, regulation is appropriate not just for safety but to also minimize diversion into the black market and to protect minors.

Some now propose that the state award an unlimited number of licenses to grow, manufacture, and dispense medical marijuana. Under such a system, it’s more likely that we will see marijuana dispensaries on every street corner and an oversupply of product that could end up supporting an unregulated black market.

The constitutional amendment requires the Missouri Department of Health and Senior Services to award 338 medical marijuana business licenses. The merit-based process ensures that only applicants with stringent security measures in place and the greatest local economic impact receive these licenses...

During the 2020 COVID-shortened legislative session, the Missouri House – without a single legislative hearing on the proposal – was persuaded to adopt an amendment opening the marijuana industry to an unlimited number of licenses. Fortunately, this problematic amendment didn’t become law.

¹²² “338 medical marijuana facilities are plenty for Missouri – we don’t need a dispensary on every corner”, Sen. Bob Onder, Greenway, September 16, 2020, <https://mogreenway.com/2020/09/16/338-medical-marijuana-facilities-are-plenty-for-missouri-we-dont-need-a-dispensary-on-every-corner/>

Quite simply, it's not in the best interest of Missouri to become the next Wild West of medical marijuana.

Onder's position indicates a likely aim of the political influence Relax PAC is trying to curry. Rather than curry favor with the aim of passing or influencing legislation, Relax PAC is likely trying to head off legislative action to legalize marijuana, so that the New Approach/Legal Missouri coalition can progress to the ballot unimpeded with an initiative that gives medical marijuana licensees primary in the recreational marijuana market. In other words, if Relax PAC and its affiliates are successful, the winners of the hotly contested medical marijuana licenses will control their market space and the recreational market space through 2024 -- allowing them to capture a market space worth in the neighborhood of a billion dollars annually and generating tens of millions of dollars in profits per licensee -- a handsome return on the expenditures related to get the license in the first place.

Conclusions

Fundamentals of Economic Liberty & the Movement for Cannabis Opportunity

Missouri's medical marijuana program is a classic example of how medical marijuana reform has expanded across the United States, where initiative reform is funded by the Marijuana Policy Project (especially under former Executive Director Rob Kampia), the Drug Policy Alliance and its affiliated political groups, especially the federal New Approach PAC (founder Graham Boyd¹²³). Almost every single campaign that has been organized or funded by these groups, with the exception of Oregon's Measure 91 (2014), has featured license caps or some major barrier to entry. It appears most funders in most states are looking at the success of some other state in creating such restricted markets, and recognize that if they can enact similar restrictions in their state and enter the market on some kind of exclusive basis, they can reap above-average returns.

In almost every state where we have examined, there is some significant pattern of allegations of insider self-dealing, conflicts of interests in scoring, and public corruption, especially outright bribery. One of the two states we believe got it right, Oklahoma, passed medical marijuana by ballot initiative in 2018 without any involvement or funding from national groups, and boasts the nation's most free market marijuana. We have seen pervasive criticism of the Oklahoma model by industry groups in limited license states, of course, generally making the specious claims that the lack of market stability and overcompetition harms the consumer.

¹²³ <https://www.linkedin.com/in/graham-boyd-4bbab3175/>

Risks of Government by Initiative

The New Approach Missouri initiative marijuana campaign is part of a broader trend in Missouri where groups who cannot get the currently Republican dominated General Assembly to pass specific policies turn to Constitutional ballot measures. While we do not take a position on the merits of any other initiative proposal, it's clear that the NAM marijuana program features some significant issues that cannot be changed without a vote of the people, including:

- Taxation of medicine (marijuana is the only medicine in Missouri to see Constitutional taxation)
- Licensing caps and allocation
- Burdensome regulatory framework and fees

The further proposal by the NAM/MOCannTrade cartel for recreational marijuana features significant further revenue allocation to a variety of programs. However, this is not responsive to the changing needs of the state budget over time, and inasmuch as elected legislators represent the needs of their constituents, utilizing initiative petition campaigns to limit the scope of how revenues may be used poses a constraint on legislatures looking to adapt to the circumstances -- in this case, the current COVID 19 pandemic response, which is creating significant budgetary stress at the state and municipal levels. Future initiative proposals may continue this trend of non-legislative revenue allocation, obviating the need for the legislative branch of government in part.

The Creation of Economic Cartels

We have identified that as much as half, and probably more, of the awarded licenses in Missouri are linked to the same small group of applicants and consultants and MOCannTrade members. We recognize this group as a cartel, united in protecting their market share and profits. An inherent aim of the cartel is price-fixing -- something that is achieved when the cartel can limit the number of market entrants and control geographic dispersal. This fundamentally harms consumers by mandating higher prices...a key harm the Cannabis Consumers Coalition was founded to address. MOCannTrade spokesman Jack Cardetti likes to point out that Missouri has more licenses awarded than most states, but this doesn't change the fact a cartel exists, licensees have geographic market primacy, and barriers to market entry ensure that the first market entrants have a de facto monopoly in a projected \$500 million/year industry. Indeed, assuming that every dispensary is operational and has an equal market share, a dispensary license might pull in a gross \$2.5 million a year, similar to what an average McDonald's franchise pulls in.

“Social Equity”

The most common buzzword today in cannabis is “social equity”, referring to the ability of Drug War impacted individuals and communities, particularly racial minorities, to access opportunities in newly legal marijuana markets. Part of the argument is that individuals who have prior convictions for marijuana offenses often have expertise in the market that they should be able to take advantage of as laws change. In a state where tensions over racism and revenue driven enforcement have made the Black Lives Matter movement a household name, one would consider the restrictions on marijuana licensing another unjust constraint on the opportunity for Missourians to enter an industry holding the prospect of generational wealth creation.

On a larger basis, capping licenses belies the American promise that this is the “land of opportunity”. Indeed, American constitutional history includes significant movements to restrict protectionist impulses, with the Commerce Clause prohibiting states from discriminating against interstate commerce & the 14th Amendment standing as a bulwark against unequal application of the laws & state action that infringed on the rights granted by American citizenship.

Looking Forward -- Will We See Licensing Reform?

Federal courts are beginning to extend dormant Commerce Clause powers as a bulwark against protectionist facets of state licensing regimes. In *Wellness Connection v. City of Portland*¹²⁴ (Maine), US District Judge Nancy Torreson enjoined Portland from discriminating against non-resident applicants, and acknowledged that such discrimination in a process where licenses were restricted would cause an irreparable harm, as the market for adult-use marijuana was opening for the first time (as opposed to entry into a mature market, where a potential harm might be much less).

Federal legalization or decriminalization of marijuana may offer additional factors for extending Commerce Clause litigation against other protectionist elements of Arizona's licensing regime. Additionally, at least one of the major legislative efforts, the MORE Act¹²⁵, which will likely see a US House of Representatives vote this year, would penalize states that don't offer substantial equity access to licensing, although it's not immediately clear how Missouri's limitations would be computed under that framework. It's also possible that just creating a legal framework for interstate marijuana commerce would immediately have the significant effect of allowing significant market players who have interest in expansion of marijuana market access into the picture, like the National Association of Convenience Stores¹²⁶. Such a situation may be favorable to entrepreneurs, and particularly minorities, who are often owners of convenience stores, liquor stores, or gas stations that currently already sell hemp derived products.

A third pathway might be the convergence between marijuana and hemp (which are cannabis plants solely differentiated by the concentration of THC at harvest). The Kentucky Hemp Farmers Association, along with several other state hemp trade associations and national group Vote Hemp, is pushing for an increase in the federally legal THC level in hemp, from the current 0.3% to 1% or higher. If this were to occur, and hemp subsumes the definition of marijuana, cannabis commerce would be broadly available under federal and state hemp programs.

Missouri lawmakers have evinced bipartisan interest in removing restrictions on licensing, but it remains to be seen if this will happen with open opposition from MOCannTrade

¹²⁴ "Federal Court Signals Municipalities Cannot Give Preference to Residents for Marijuana Licenses", Dykema Gossett PLLC,

<https://www.lexology.com/library/detail.aspx?g=5cd019a6-db92-4f6e-8f4d-244f8013a329>

¹²⁵ Cannabis Industry Awaits U.S. House Vote on the MORE Act, August 3, 2020, Melissa Schiller

<https://www.cannabisbusinesstimes.com/article/cannabis-industry-awaits-us-house-vote-more-act/>

¹²⁶ Convenience Stores Want to Radically Change the Cannabis Industry, Jun 10, 2019, Debra Borchardt, Real Money,

<https://realmoney.thestreet.com/investing/stocks/convenience-stores-could-radically-change-the-cannabis-industry-14985749>

and the political favor that is being curried by Relax PAC. It is our hope the Missouri elected officials will take to heart the American ideals of free market entry, competition, and opportunity, as they enter 2021.

We leave you with the words of Leah Maurer, New Approach Missouri Founder, as cited previously:

“...being intimately and financially involved in marijuana campaigns is really how one is first to market. Being the driving force behind a campaign has proved to be invaluable because we have a seat at the table for rule making and implementation of the laws...”

Addenda

Addendum A - Dec. 2015 Missouri Cannabis Industry Association Minutes

----- Forwarded message -----
From: **Amber Iris Langston** <amberirislangston@gmail.com>
Date: Fri, Dec 18, 2015 at 6:15 PM
Subject: Minutes MO CIA 12.2.15
To: <mocanboard@googlegroups.com>

Hey everyone!

Some of you were wondering about our meeting minutes - here they are!

Our next meeting is scheduled for Tuesday, January 5th at Bleu in Columbia at 4:30 pm. We haven't made the announcement for it yet, but I believe intend to have a NAM gathering/fundraiser immediately following our meeting for those who might want to plan to stick around.

Merry Christmas, everybody!

* * * * *

MO CIA Meeting
12.2.15
Bleu Restaurant, Columbia

Attending: John Payne, Tom Mundell, Lee Winters, Mike Kielty, Evan Kielty, Jack Cardetti, Chris Beedle, Allen Cocayne, Gus Roberts, Amber Iris Langston, Micheal Phillips, Emma O'Connell, Mike Miller, Spencer Pearson, Laurien Rose, Richard King, Curtis Bourgeois, Steve Faber,

Tom Smith and Jim Stone joined the meeting after it initiated.

Dan Viets joined by phone.

Secretary: Amber Langston

Acting Chair: John Payne

John moved and Lee seconded to adopt the minutes from 11.4.15. Motion carries.

Treasurer's Report

Allen Cocayne reported that we have \$7968 in the bank after paying the deposit for the website and payment to Amber for web content.

John went over an agenda. Mike Kielty added discussion over the Newsweek article and messaging.

Newsweek Article

This did not represent the Missouri effort well. Moving forward we need to make sure messaging goes through Jack and leave personal agendas behind. When we are doing fundraising for the industry association, at the moment, this is basically only for the campaign until we actually have an industry.

Mike Kielty went over basic info about the campaign. The estimate for cost to the campaign is \$1.15 million, we need about \$350k in the bank by January 15th in order to show funders that we have backing.

There was question about the various organizations. John explained that New Approach Missouri is our campaign committee, SMC and NORML have the goal of changing cannabis laws more broadly, including work in the legislature. All of these organizations are allowed to give to New Approach Missouri, but all information must be disclosed on the Missouri Ethics Commission website.

Mike expressed interest in re-submitting language based on conversations with potential big donors. Lee states that our job is not to negotiate language, it is to sell the language already written, otherwise the conversation never ends.

The potential donors Mike is speaking to would like to see around 50 licenses rather than about 75 licenses where it now stands. The other issue relates to doctors' recommendations being capped at 25%.

Jack clarified: we have two versions on file which are basically identical. February 1st is our drop dead date to begin gathering signatures. We expect to know by December 20th if we are certified. Jack does not believe that 25% matters considering the number of prescriptions that are regularly written. By the end of this week we need to have commitments made. Jack proposes we get through the end of this week and gather those commitments. If we cannot make it to our fundraising goal, then we should look into alternatives.

Tom Smith asked about capping licenses versus creating a floor. Right now we have a floor, which we have to have in order to not be jerked around by the health department. Just because a license is issued does not mean a facility will be open. Amber pointed out that current language allows for 3 licenses per entity. There was a lot of concern about taking extra time. Once we are getting signatures more people will be ready to donate.

The more licenses, the more competition. How much money is our lost time worth? Without a ballot initiative we are getting signatures on, we have nothing to "sell" to gather more donations.

Mike estimates his contacts would give about \$300k toward the effort. Jack will get back in 48 hours with a total of commitments. Donations really must be made in check or credit.

We need \$350k by December 31st. We have about \$110k in hand.

The group agreed to return to the conversation after hearing back from Jack and John on financial commitments.

Messaging

The Newsweek article does not have MO CIA explicitly mentioned and we should not draw attention to it. There was general agreement that we ignore this as best as possible. Spencer would like for SMC or NAM to have a response/spin. The rebuttal will be the money shown on our January quarterly report.

John will forward information about dues structure to anyone interested.

We think we will have about 160,000 patients and it will take three years before they are all in the system.

Several people around the table made commitments, provided we are using the language we have already submitted.

Website

We need to make a decision about future ongoing content. Do we want a blog? If so, who is responsible, how often, etc.? Along those lines, if we would like to have news stories, someone needs to be responsible and have guidelines. Same for Facebook, Twitter, general emails/online feedback.

Spencer and Laurien have offered to assist with/contribute to social media. John is willing to be an admin but cannot be the lead. Ad hoc committee: Amber, Jim Stone, Michael Phillips, Emma O'Connell, John Payne, Spencer Pearson, Laurien Rose, Lee Winters

Emma mentioned there is a public Facebook page for MOCIA. We can make this less private/secretive.

Amber moves and John seconds that we purchase mocannabisindustry.org. MOCIA.com is for sale but we don't know how much. We would like a shorter url that. Motion passes.

John moves to allocate an additional \$100 to purchase URLs to supplement the first URL. Jim Stone seconded the motion. Motion passed.

We will need the following associated email addresses: Info@, MikeK@, Amber@, AllenC@

Spencer moved and Jim Stone seconded to adjourn the meeting. Motion passed. Meeting adjourned.

Next meeting

Tuesday, January 5th at 4:30 pm
Bleu Restaurant in Columbia

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Amber Iris Langston
Deputy Director
Show-Me Cannabis

amberirislangston@gmail.com
www.show-mecannabis.com

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You received this message because you are subscribed to the Google Groups "Missouri Cannabis Industry Association Board of Directors" group.

To unsubscribe from this group and stop receiving emails from it, send an email to MOCanBoard+unsubscribe@googlegroups.com.

To post to this group, send email to MOCanBoard@googlegroups.com.

To view this discussion on the web visit

https://groups.google.com/d/msgid/MOCanBoard/CABGtiiJ5CX7zSczRRhDbcAOFjrcV-7o_scmCbGtn4-ya0PGd1Q%40mail.gmail.com.

For more options, visit <https://groups.google.com/d/optout>.

Addendum B - MO St. Rep. Paul Curtman Speech

MO St. Rep. Paul Curtman Perfection Speech on the Missouri House of Representatives Floor--
HB 1554, April 23, 2018

“This is an amendment that addresses an issue that’s already been debated at length on this floor. I am introducing this amendment because it deals with an issue that was left out of the substitute amendment, and that’s the matter of PTSD. I think if the body moves forward in adopting the substitute amendment that it would be an absolute travesty for us to leave our veterans out of this. And I may Mr. Speaker, I’d like to briefly just mention a couple of examples.

I think most of the body knows, maybe not everybody does, but I served in the Marine Corps infantry for about four years on active duty, and then I went on to serve in the Reserves until 2009...

and some of the worst phone calls that I’ve gotten since 2002 come when guys I’ve served with say

“Hey did you hear about Cpl. So and So?”

“Did you hear about Lance Cpl. So and So?”

Early on I was getting word about guys that were being killed in Iraq and Afghanistan after I’d already come home from my active service, but then later on it turned to the guys that had come home from Afghanistan and Iraq passing word along about guys that had killed themselves.

I’d like to just give two quick examples.

There was one guy that I served with.

I don’t want to mention his name because there’s a certain stigma that comes with people that suffer from this and wind up taking their own lives. But I’ll say there was a Marine that I served with...I was his squad leader.

After dealing with issues directly related to PTSD for about seven or eight years after he came home, he finally decided to reach for drugs that he thought might be able to finally fix him and ultimately, Mr. Speaker, he took his own life.

And I wasn't able to go. Because of duties and responsibilities that I have here in Missouri and to the State of Missouri, but a lot of guys I served with were able to make it to the funeral.

I'll tell you real quickly of another Marine in Missouri. Went overseas...Because of what he experienced he had to routinely...he had to wash his best friend's blood out of the back of his Hummer. He came home, he was pretty messed up from this. Pretty traumatic experience.

So the VA gave him a huge concoction of drugs that he had to be on, the side effects of which are oftentimes depression and suicide.

You can take all these pills that he's supposed to take on a monthly basis and put into a large ziploc bag, and that's what he's supposed to take in his body...synthetic drugs.

His father, another Marine, who served in Vietnam, very straitlaced, very conservative man, always against his kids doing any type of drugs.

That's what drove them into the military service, that type of discipline and regimen. But his father finally said, "Son, your life is falling apart. The VA's not doing anything for you, the drugs they're giving you...I don't care if you're using marijuana, do something to put your life back together."

So this Marine found some cannabis that he was able to use for medical purposes.

But since it was illegal his neighbor called the police, ratted him out.

The police came, arrested him.

Later on the VA came by and said "if you ever do this again, then you are jeopardizing your ability to ever use any of your VA benefits."

So after being on house arrest for awhile, with the VA checking up on him to make sure he was taking the synthetic drugs that the VA wanted him to take, his father came home, just a few weeks later only to find that his son had put a gun to his head and pulled the trigger.

In between those two times times when he was taking all those drugs though, when he was using medical cannabis...

I'm not the doctor. I'm not the scientist. I'm not God. I can't explain how it works. But I know there was something about it that allowed him to get things in order in his life and allowed him to maintain his employment and take care of his family.

We've already discussed and debated issues like Right to Try...A lot of us got elected on the issue of Obamacare!

Should the government be involved? Or should we allow patients to seek market based solutions?

If there's an opportunity for our veterans to get help doing something that the rest of the world or the rest of the country might just think is bad because we grew up during the War on Drugs and we've seen what other drugs have done in our neighborhoods, I get that, I understand it.

But when we have veterans who have given the ultimate sacrifice for our nation we should not treat them like criminals and just let them reach out and find another alternative, rather than literally hundreds of pills that they have to take on a monthly basis.

So it is my intent Mr. Speaker that if this moves forward, that we do not leave veterans out of this.

They fought for all of our freedom, we should at least let them have the freedom to choose the types of drugs that are going to allow them to keep their lives together.

Thank you, Mr. Speaker.”

Addendum C - Feb. 2017 Lynne Schlosser Capitol Report

----- Forwarded message -----
From: **Michael Hill** <hill@cannajurist.com>
Date: Fri, Feb 24, 2017 at 7:38 PM
Subject: Fwd: This week in Jefferson City
To: lmalashock@gmail.com

Sent from my iPhone

Begin forwarded message:

From: John Payne <john@newapproachmissouri.com>
Date: February 24, 2017 at 2:42:58 PM CST
To: Michael Hill <hill@cannajurist.com>
Subject: Fwd: This week in Jefferson City

----- Forwarded message -----
From: **Lynne Schlosser** <lynneschlosser@yahoo.com>
Date: Fri, Feb 24, 2017 at 10:17 AM
Subject: This week in Jefferson City
To: John Payne <john@newapproachmissouri.com>
Cc: Dan Viets <danviets@gmail.com>, John Payne <john@show-mecannabis.com>

This week in Jefferson City

February 20th

The Missouri Legislature wrapped up its eighth week of the 2017 session and it was a busy one.

Gov. Eric Greitens announced Thursday that he wants to use some of the money from Missouri's settlement with tobacco companies to restore most of the budget cuts he'd proposed for in-home services that support low-income disabled residents.

Greitens said he's amending his budget proposal for next fiscal year to undo \$41 million of the \$52 million in Medicaid funding cuts for those programs that he originally asked lawmakers to make. He wants to use the remaining \$11 million to

lessen a proposed \$36 million cut to state aid for school busing. Greitens comments, "This is not a long-term fix — it is short-term relief."

House

Real ID

The House advanced a bill to give Missourians the option to comply with Real ID. The House perfected House Bill 151, a bill that will allow Missourians who wish to comply with Real ID Act to do so and those who are concerned with the state and Feds harboring personal information to opt out. Congress passed the REAL ID Act in 2005. Citing privacy concerns, many states, including Missouri, chose not to comply — the Act requires states to scan and retain an applicant's source documentation, such as their birth certificate. In 2009, Missouri lawmakers passed legislation prohibiting the Department of Revenue (DOR) from complying with the Act.

The Real ID Act was passed by Congress with the intention of preventing further terrorist attacks after Sept. 11, 2001. On Jan. 22, 2018, the Department of Homeland Security will implement the next phase of the Act, which requires passengers to present a REAL ID-compliant license before they are allowed to board domestic flights. Without legislative action, Missourians will have to show an alternative form of acceptable ID, such as a U.S. passport, in order to board their flight

Unemployment Compensation

The House passed House Bill 288, which will change Missouri unemployment compensation law. Currently, the maximum total amount of benefits any insured worker may receive during any benefit year must not exceed 20 times his or her weekly benefit amount or 33 1/3% of his or her wage credits. This bill will repeal that provision and, beginning January 1, 2018, limits benefits based upon a sliding scale from 13 weeks if the Missouri average unemployment rate is below 6%, to 20 weeks if the Missouri average unemployment rate is 9% or higher. HB 288 specifies the meaning of "Missouri average unemployment rate" is based upon the seasonally adjusted statewide unemployment rates, and revises the definition of "wages" as it applies to employment security laws to include termination pay and severance pay. Any lump sum payment of wages from severance pay must be pro-rated for the purposes of determining unemployment benefits. It will allow employers to file a timely appeal for recovery of overpayments for the last five years due to erroneous experience rating if they file the appeal within 60 days of this bills effective date.

Virtual Education

The House passed House Bill 138, which changes Missouri Virtual Instruction Program to "The Missouri Course Access Program" and allows K-12 students to enroll in up to two courses per year, to be paid by the school district, if the student is a public-school student and the course is approved by a school counselor. The State Board of Education is required to provide a link for course vendors on the website and requires vendors to accept monthly payments.

Senate

Prescription Drug Monitoring Program

The Senate perfected Senate Bill 74, which will allow Missouri to create a Prescription Drug Monitoring Program (PDMP). Currently, 49 states, the District of Columbia and Guam have a PDMP program leaving Missouri the only state without. This bill included security protections such as encrypted data and a 180 day time limit for keeping prescription information. SB 74 also prohibits doctors from having direct access to all patient records and requires them to submit the patient's name to the Bureau of Narcotics and Dangerous Drugs, which would grant access only if it determined the patient was a potential abuser.

Workers Compensation

After several house of debate the Senate passed Senate Bill 113 which changes the Missouri's workers compensation laws. Currently, every employer subject to workers' compensation laws is liable to furnish compensation for the personal injury or death of an employee by accident or occupational disease arising out of and in the course of the employee's employment. With the passage of SB 113 that provision shall apply to any case or cause of action pending on or brought on or after January 1, 2014. SB 113 also makes changes to awards based on use of drugs, reactivating a claim after settlement, and line of duty discrimination.

Arbitration Agreements

State senators gave the green light to [Senate Bill 45](#) which modifies state law regarding arbitration agreements between employers and at-will employees. Arbitration has been used to settle workplace disputes and questions of employment status for decades. Although the U.S. Supreme Court has repeatedly endorsed employment arbitration and stated that these agreements must be treated in the same manner as other contracts, Missouri courts have become notorious for striking down arbitration agreements. In fact, our courts have challenged arbitration agreements to the point where legislative action is necessary. Senate Bill 45 will codify and reestablish the value of arbitration agreements in Missouri.

Bathroom Bill

The Senate held a hearing on Senate Bill 98, sponsored by Sen. Ed Emery (R-Lamar), which drew a lot of attention and opposition. SB 98 requires all school restrooms, locker rooms, and shower rooms accessible for use by multiple students shall be designated for and used by male or female students only. If a student asserts that his or her gender is different from their biological sex, schools are to provide alternative accommodations, which shall include but not be limited to single-stall restrooms, access to unisex restrooms, or controlled use of faculty restrooms, locker rooms, or shower rooms.

Senate Bill 371 Hearing – CBD Oil Expansion Legislation

On Wednesday, the Senate Health and Pensions Committee heard Senate Bill 371 which expands Missouri CBD Oil program. Parents, patients and caregivers testified in support along with Mitch Meyers from BeLeaf and Jason Strotheide from Noah's Arch, Missouri's two CBD Licensees. Witness provided compelling testimony in support of program expansion reiterating that CBD oil should be an option, not a last resort.

Dwight Scroggins, Buchanan County Prosecutor, testified on behalf of Missouri Association of Prosecuting Attorneys in opposition to the bill. Senator Holsman was invited to sit in on the hearing specifically to ask question and refute Scroggins testimony. Scroggins testimony had nothing at all to do with prosecutors or their mission, instead he made comments like there is only antidotal evidence about its efficacy of the oil and no scientific evidence. He provided many false statements and was called out for doing so. Senator Holsman hit hard with his questions and comments and at one point asked Scroggins, "the patients and parents you have heard here today, if they use CBD oil in Buchanan County, are you going to prosecute them?" Scroggins answered probably not to which Holsman stated, then why are you here.

Bills of Interest

House Bill 170 – Sponsor: Rep Paul Curtman – Support (our bill)

Allows those licensed by the Department of Agriculture to grow and handle industrial hemp. This bill is the same as the bill that has passed the House the last 2 legislative sessions

I spoke to the rules committee chair twice this week, he said he will hear HB170 very soon and that his committee has been inundated with bills and he promised to get to it soon.

House Bill 83 – Sponsor: Rep Craig Redmon – Monitor/Support

Allows those licensed by the Department of Agriculture to grow and handle industrial hemp. This bill differs from House Bill 170, it establishes a committee to

advise the department on appropriate rules regarding industrial hemp, including rules governing licenses and permits to grow and cultivate industrial hemp.

HB 83 has still not had a hearing.

House Bill 437 – Sponsor: Rep. James Neely – Oppose/Monitor

Allows persons with certain serious medical conditions to use medical cannabis. This bill basically takes the CBD (Hemp Extract) bill language and changes the word “hemp extract” throughout to “medical marijuana”. Initiating a medical marijuana program isn’t that simple. In summary, this bill is not viable as written to be a MMJ program and it is extremely limiting for patients.

Hearing has been scheduled for Wednesday, March 1 at 12:00 PM or upon conclusion of morning session (whichever is later)

The bill as drafted is not even viable. I provided language to the sponsor only to make it, at the very least workable but no changes have been made to date.

House Joint Resolution, HRJ 21 – Sponsor Brandon Ellington – Monitor

HJR21 proposes a constitutional amendment legalizing marijuana for persons 21 years of age or older. Rep Ellington filed the same measure last year and it was never referred to a committee. I would expect the same to happen this year.

House Bill 937 – Sponsor: Donna Baringer – Support (our bill)

Permits the use of hemp oil for the treatment of certain impairments

- Expanding the current CBD/ Hemp extract program to include a list of serious conditions
- Adds licensed physicians as to who can recommend
- Removes “intractable epilepsy” adds “seizure disorders”
- Changes the level of THC from three-tenths of one percent to nine-tenths.
- Changes the CBD to no less than 1.5%
- Grandfathers in current licensee’s and includes language that current licensee’s can expand to the new provisions in this bill upon it’s enactment.
- Phases in new licensees
- Changes non-profit to “entity”

This bill has been referred to the House General Laws Committee and will be heard with HNB 1007. The plan is to combined the two bills as one.

House Bill 1007 – Sponsor: Jean Evens – Support (our bill)

Permits the use of hemp oil for the treatment of certain impairments

- Expanding the current CBD/ Hemp extract program to include a list of serious conditions
- Adds licensed physicians as to who can recommend
- Removes “intractable epilepsy” adds “seizure disorders”
- Changes the level of THC from three-tenths of one percent to nine-tenths.
- Changes the CBD to no less than 1.5%
- Grandfathers in current licensee’s and includes language that current licensee’s can expand to the new provisions in this bill upon it’s enactment.
- Phases in new licensees
- Changes non-profit to “entity”

This bill has been referred to the House General Laws Committee and will be heard with HNB 1007. The plan is to combined the two bills as one.

Senate Bill 9 – Sponsor: Senator Brian Munzlinger – Support (our bill)

Allows those licensed by the Department of Agriculture to grow and handle industrial hemp. While this is the bill I initiated, the Senator’s staff filed the wrong version so this language includes the committee language as in HB 83.

Sponsor, Chairman Munzlinger said he will be voting on the bill Monday or he week after.

Senate Bill 56 – Sponsor: Senator Jason Holsman – Monitor/Possibly Support

Allows marijuana to be produced, distributed, and consumed for medicinal purposes. As introduced, this bill is the Initiative Petition language that New Approach filed last year. Senator Holsman told me he filed it as a place holder and will work with me on the language.

Senate Bill 120 – Sponsor: Senator Rob Schaff – Monitor/Support

Allows those licensed by the Department of Agriculture to grow and handle industrial hemp. While this bill is identical to House Bill 170 which we support, I am working with the Senator as we are not wanting to by-pass Senator Munzlinger who has sponsored the bill the past 2 years.

Senate Bill 153 – Sponsor: Senator Rob Schaaf – basically withdrawn, replaced with Sb371

Permits the use of medical marijuana for the treatment of certain impairments. This bill is similar to House Bill 437. I have met with Senator Schaff and will be providing him with different language. He basically took last year’s CBD oil expansion bill and changed “hemp extract” throughout to “medical marijuana”.

Senate Bill 371 – Sponsor: Senator Schaaf – Support (our bill)

Expands Missouri’s current CBD Oil Program

- Expanding the current CBD/ Hemp extract program to include a list of serious conditions
- Adds licensed physicians as to who can recommend
- Removes “intractable epilepsy” adds “seizure disorders”
- Changes the level of THC from three-tenths of one percent to nine-tenths.
- Changes the CBD to no less than 1.5%
- Grandfathers in current licensee’s and includes language that current licensee’s can expand to the new provisions in this bill upon it’s enactment.

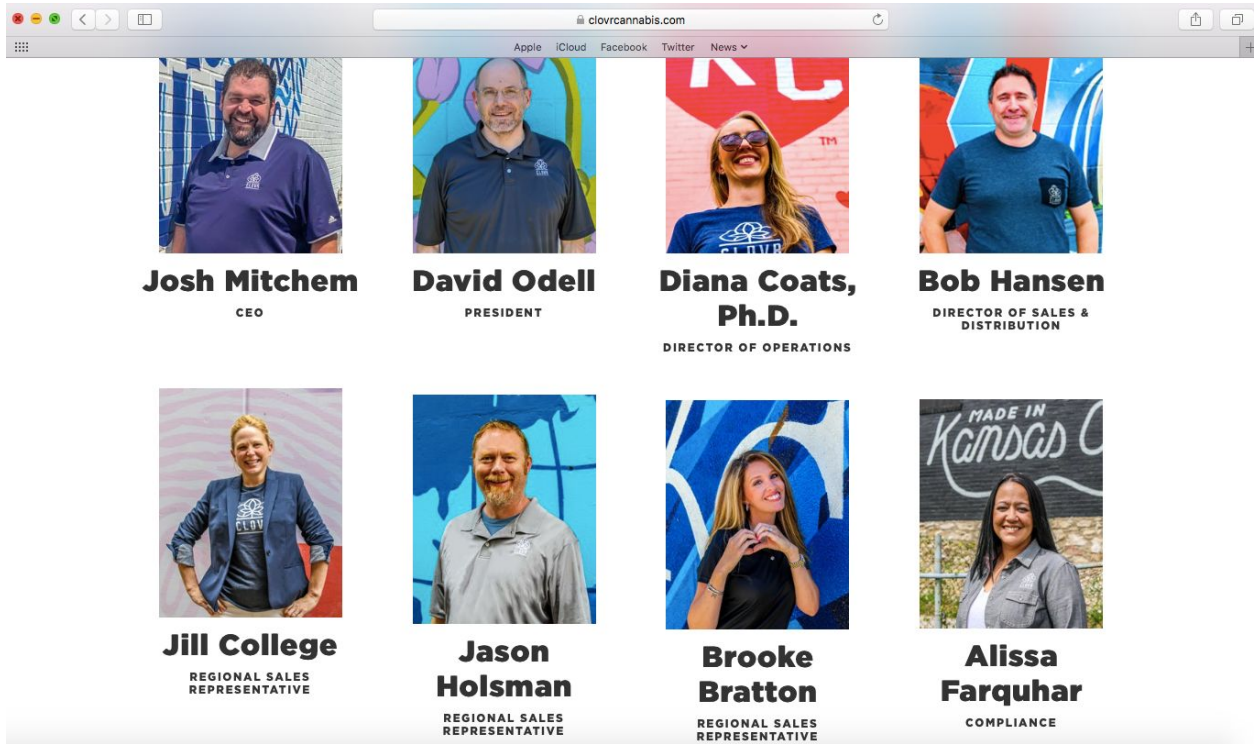
Hearing completed Wed, February 24th. Hope to get the committee to vote on the bill next Wednesday.

Lynne M. Schlosser

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John Payne
Campaign Manager
New Approach Missouri
Executive Director
Show-Me Cannabis

Addendum D - Jason Holsman/Clovr Cannabis



The screenshot shows a web browser window with the URL clovrcannabis.com. The page displays eight employee profiles arranged in a 2x4 grid. Each profile includes a headshot, the employee's name, and their title.

Employee Name	Title
Josh Mitchem	CEO
David Odell	PRESIDENT
Diana Coats, Ph.D.	DIRECTOR OF OPERATIONS
Bob Hansen	DIRECTOR OF SALES & DISTRIBUTION
Jill College	REGIONAL SALES REPRESENTATIVE
Jason Holsman	REGIONAL SALES REPRESENTATIVE
Brooke Bratton	REGIONAL SALES REPRESENTATIVE
Alissa Farquhar	COMPLIANCE

Hearing before the Missouri Ethics Commission, and Consent Order with Joint Proposed Findings of Fact and Conclusions of Law, and agrees to abide by the terms of this document.

I.

Based upon the foregoing, the Petitioner and the undersigned Respondent jointly stipulate to the following and request that the Missouri Ethics Commission adopt as its own the Joint Proposed Findings of Fact and the Joint Proposed Conclusions of Law, as follows:

JOINT PROPOSED FINDINGS OF FACT

1. The Missouri Ethics Commission is an agency of the State of Missouri established pursuant to § 105.955, RSMo, in part for the purpose of enforcing the provisions of Chapter 130, RSMo.¹
2. Missourians for Patient Care (MPC Inc.) registered as a non-profit corporation with the Missouri Secretary of State on July 26, 2017.
3. A separate entity, Missourians for Patient Care PAC (MPC PAC), registered as a continuing committee with the Missouri Ethics Commission on July 27, 2017.
4. From July 2017 until January 2018, MPC Inc. and MPC PAC shared the same bank account.
5. Even after MPC Inc. opened a new account, on or about January 22, 2018, the two entities continued to use the same taxpayer identification number.

¹ Unless noted otherwise, all statutory references are to the Revised Statutes of Missouri 2000 (Supp. 2017).

6. Both MPC Inc. and MPC PAC supported the development and circulation of Petition 2018-271 (the Missouri Patient Care Act), which sought to qualify a ballot measure that, if passed, would implement a statute to allow medical marijuana in the State of Missouri.

7. MPC Inc. was successful in its efforts, and the Missouri Patient Care Act appeared on the November 2018 ballot. The measure failed in that it was not approved by a majority of Missouri voters.

8. MPC Inc.'s Articles of Incorporations state that the corporation's specific purposes are:

(i) to develop and conduct public education to increase public awareness of the benefits of medical marijuana and cannabis; (ii) to develop and participate in advocacy campaigns to encourage public support of state legislation in Missouri to promote reasonable and medically-appropriate medical use of marijuana, cannabis and related products, and (iii) to participate in such other activities as may be necessary or appropriate to accomplish the above stated purposes and to transact any and all other lawful activities of a 501(c)(4) organization to the extent permitted by the Nonprofit Corporation Act of Missouri and the Code.

9. First Rule, which is registered with the Missouri Secretary of State's Office as a fictitious entity, provided consulting services to MPC Inc.

10. During all relevant times, MPC Inc. and MPC PAC shared the same address: 1034 Brentwood Boulevard, Suite 1700 in St. Louis, Missouri.

11. Pursuant to Section 105.961, RSMo, the Commission's staff investigated a complaint filed with the Commission and reported the investigation findings to the Commission.

12. Based on the investigation report, the Commission determined that there were reasonable grounds to believe that violations of law had occurred, and it therefore authorized a hearing in this matter pursuant to Section 105.961.3, RSMo.

COUNT I

Failure to file a Statement of Committee Organization

MPC Inc. was a continuing committee because it accepted contributions for the primary purpose of influencing or attempting to influence the action of voters for the qualification of the Missouri Patient Care Act

13. First Rule, as a consultant for MPC Inc., helped with fundraising by sending letters asking for contributions in support of the qualification of the Missouri Patient Care Act. The solicitation letters sent on behalf of MPC Inc. stated, in pertinent part: *"It is important to note that 100% of these funds will go towards collecting signatures."*

14. First Rule also sent emails asking for contributions in support of the qualification of the Missouri Patient Care Act. The solicitation emails sent on behalf of MPC Inc. stated, in pertinent part: *"It is important to note that 100% of these funds will go towards collecting signatures."*

15. On February 21, 2018, First Rule hosted a fundraising event to support the effort to qualify the Missouri Patient Care Act. The invitations for the fundraiser stated, in pertinent part: *"It is important to note that 100% of these funds will go towards collecting signatures."* A copy of that invitation has been marked as Exhibit A, attached to these stipulations, and incorporated by reference.

16. Between September of 2017, and October of 2018, MPC Inc. accepted contributions totaling \$1,434,550.00.

MPC Inc. was a continuing committee because it made expenditures for the primary purpose of influencing or attempting to influence the action of voters for the qualification of the Missouri Patient Care Act

17. On December 5, 2017, MPC Inc. entered into a contract with National Petition Management (NPM). The terms of the contract state, in pertinent part:

Client seeks to retain NPM for the purpose of gathering signatures to qualify the Missouri Patient Care Act (MO Measure 2018-271), a proposed Missouri statutory amendment for submission to voters at the November 6, 2018 general election. Such services are to be provided subject to the approval of Client and its lead consultant First Rule.

A copy of that contract has been marked as Exhibit B, attached to these stipulations, and incorporated by reference.

18. Shortly after the contract was executed, MPC Inc. made three direct payments to NPM:

- On or about December 18, 2017, for \$67,000.00;
- On or about December 29, 2017, for \$50,000.00; and
- On or about February 5, 2018, for \$100,000.00.

19. On September 14, 2018, NPM sent First Rule an email, stating, in relevant part: "MPC is officially qualified for the ballot.... Per the Agreement, please find attached the following: 1. NPM fee invoice in the amount of \$71,740.92 due upon qualification[.]"

20. On or about October 29, 2018, MPC Inc. sent a direct payment of \$71,740.91 to NPM.

21. On March 1, 2018, First Rule sent an email to MPC Inc. and MPC PAC, advising MPC Inc. of the fact that a payment to NPM was due and instructing MPC Inc. to wire \$280,000.00 to MPC PAC so that MPC PAC could issue payment to NPM.

22. As the chart below shows, MPC Inc. made a total of nine indirect payments to NPM by transferring cash to MPC PAC, who then issued the payments to NPM.

Date	From MPC Inc.	To MPC PAC	Payments to NPM
03/02/18	(\$280,000.00)	\$280,000.00	\$280,000.00
03/12/18	(20,000.00)	\$20,000.00	\$20,000.00
03/21/18	(\$25,000.00)	\$25,000.00	\$25,000.00
03/28/18	(\$175,000.00)	\$175,000.00	\$175,000.00
04/04/18	(\$20,000.00)	\$20,000.00	\$20,000.00
04/06/18	(\$35,000.00)	\$35,000.00	\$35,000.00
04/24/18	(\$125,000.00)	\$125,000.00	\$125,000.00
05/15/18	(\$125,000.00)	\$125,000.00	\$97,185.00
05/30/18	(\$200,000.00)	\$200,000.00	\$197,000.00
TOTAL			\$974,185.00

23. In total, MPC Inc., accepted contributions of \$1,434,550.00. A full 87 percent of that amount, or \$1,262,925.91, went to National Petition Management to pay for gathering signatures to qualify the Missouri Patient Care Act for the November 2018 election.

24. Aside from some legal fees, MPC Inc. has not had any significant bank activity since its last payment to NPM in late October 2018.

COUNT II

Failure to file reports and/or notices

25. MPC Inc. did not file any reports with the Missouri Ethics Commission for the contributions received and/or the expenditures made in support of the qualification of the Missouri Patient Care Act.

31. An "expenditure" is:

[A] payment, advance, conveyance, deposit, donation or contribution of money or anything of value for the purpose of supporting or opposing . . . the qualification or passage of any ballot measure or for the support of any committee which in turn supports or opposes any candidate or ballot measure or for the purpose of paying a previously incurred campaign debt . . . or obligations of a committee; a payment, or an agreement or promise to pay, money or anything of value . . . for the purchase of goods, services, property, facilities or anything of value for the purpose of supporting or opposing the nomination or election of any candidate for public office or the qualification or passage of any ballot measure or for the support of any committee which in turn supports or opposes any candidate or ballot measure.

§ 130.011(16), RSMo.

32. There is probable cause to believe that MPC Inc. violated Section 130.021.5, RSMo, by failing to register as a continuing committee while accepting contributions and making expenditures in support of the qualification of the Missouri Patient Care Act.

COUNT II

Failure to file reports and/or notices

33. All committees must file disclosure reports or receipts and expenditures with the MEC "at the times and for the periods prescribed in section 130.046." § 130.041, RSMo.

34. Pursuant to § 130.046, RSMo: disclosure reports must be filed at the following times and for the following periods:

(1) Not later than the eighth day before an election for the period closing on the twelfth day before the election if the committee has made any contribution or expenditure either in support or opposition to any candidate or ballot measure;

(2) Not later than the thirtieth day after an election for a period closing on the twenty-fifth day after the election, if the committee has made any contribution or expenditure either in support of or opposition to any candidate or ballot measure; except that, a successful candidate who takes office prior to the twenty-fifth day after the election shall have complied with the report requirement of this subdivision if a disclosure report is filed by such candidate and any candidate committee under the candidate's control before such candidate takes office, and such report shall be for the period closing on the day before taking office; and

- (3) Not later than the fifteenth day following the close of each calendar quarter.

Notwithstanding the provisions of this subsection, if any committee accepts contributions or makes expenditures in support of or in opposition to a ballot measure or a candidate, and the report required by this subsection for the most recent calendar quarter is filed prior to the fortieth day before the election on the measure or candidate, the committee shall file an additional disclosure report not later than the fortieth day before the election for the period closing on the forty-fifth day before the election.

35. Additionally, “[a]ll individuals and committees required to file disclosure reports under section 130.041 shall electronically report any contribution by any single contributor which exceeds five thousand dollars to the Missouri Ethics Commission within forty-eight hours of receiving the contribution.” § 130.044.1, RSMo.

36. Pursuant to Section 130.046.3(2), RSMo: “A continuing committee shall submit additional reports if it makes aggregate expenditures, other than contributions to a committee, of five hundred dollars or more, within the reporting period at the following times for the following periods; Not later than twenty-four hours after aggregate expenditures of two hundred fifty dollars or more are made after the twelfth day before the election.”

37. There is probable cause to believe that MPC Inc. violated Sections 130.041, 130.046.1 130.044.1, and 130.046.3(2), RSMo, by operating as a committee in receiving contributions and making expenditures, but failing to file the appropriate reports and/or notices with the Missouri Ethics Commission.

II.

Based on the foregoing, the parties hereto mutually agree and stipulate that the following shall constitute the order entered by the Missouri Ethics Commission in this matter. This order will be effective immediately upon the issuance of the Consent Order of the Missouri Ethics Commission without further action by any party:

1. The parties understand that the Petitioner will maintain this Joint Stipulation as an open and public record of the Missouri Ethics Commission.
2. The Commission shall issue its Consent Order in the form attached hereto as Exhibit C.
 - a. Respondent, having no assets and no income, agrees to wind down and dissolve within 90 days of the Commission's Consent Order.
 - b. Respondent has disclosed all of its expenditures in accordance with the procedure detailed in § 130.047, RSMo, by filing a non-committee disclosure report.
 - c. Respondent has also disclosed "all monetary contributions received which can be identified in the committee's records by name and address of each contributor" in accordance with the requirements in § 130.041, RSMo, by including this information on the non-committee disclosure report referenced in paragraph 2.b.
3. The parties consent to the entry of record and approval of this Joint Stipulation and to the termination of any further proceedings before the Commission based upon the Complaint filed by the Petitioner in the above action.

4. Respondent, together with its heirs, successors, and assigns, does hereby waive, release, acquit and forever discharge the Missouri Ethics Commission and its attorneys of or from any liability, claim, actions, causes of action, fees, costs and expenses, and compensation, including but not limited to, a claim for attorney's fees whatsoever which Respondent or Respondent's attorney may now have or which they may hereafter have, which are based upon or arise out of the above cases.

RESPONDENT MISSOURIANS FOR
PATIENT CARE

By: [Signature] 11.11.19
Date
Name: Brian R. Gatta

Title: President MPC

By: [Signature] 9 Jan 2020
Date
Marc Ellinger
Attorney for Respondent

PETITIONER MISSOURI ETHICS
COMMISSION

By: [Signature] 1/10/20
Date
Elizabeth L. Ziegler
Executive Director

By: [Signature] 1/16/2020
Date
Brian Hamilton
Staff Attorney
Attorney for Petitioner

By: [Signature] 1/10/2020
Date
Laura E. Eisbury
General Counsel
Attorney for Petitioner



**MISSOURIANS FOR
PATIENT CARE**

You are invited to attend an event to provide your support to Missourians for Patient Care (MPC). MPC is a 501c (4) organization supporting The Missouri Patient Care Act; this is a ballot initiative that would allow patients to legally use medical cannabis with the written certification by a physician who treats patients diagnosed with certain qualifying medical conditions.

MPC has launched the signature collection process to place this important statutory ballot initiative in front of Missouri voters this November and needs financial assistance to complete this process. *It is important to note that 100% of the funds raised at this event will go towards collecting signatures.*

WEDNESDAY, FEBRUARY 21ST, 2018

5pm-7pm

Vue 17, 1034 S. Brentwood Blvd, 17th Floor

Richmond Heights, MO 63117

Complimentary Parking Available On-Site

Yes, I/we would like to attend and will support MPC at the following amount:

\$25,000 \$10,000 \$5,000 \$2,500

Unfortunately, I/we are unable to attend, but enclosed is a contribution for \$_____ to support MPC.

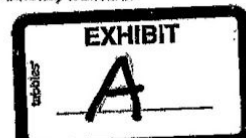
Name(s): _____ Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Email: _____

All checks should be made payable to Missourians for Patient Care. Contributions are not tax deductible.

To RSVP, please fill out the above form and mail or email to:

Dabbie Schneider, 1034 S. Brentwood Blvd., Suite 1700, Richmond Heights, 63117
dabbie@firstrule.com

Missourians for Patient Care • 1034 S. Brentwood Blvd, Suite 1700 • St. Louis Mo, 63117 • Mike Colone, Treasurer



AGREEMENT

This Agreement is between **National Petition Management**, a California Corporation (NPM), and **MISSOURIANS FOR PATIENT CARE**, a Missouri Nonprofit Corporation (Client).

RECITALS AND GENERAL COVENANTS

- A. NPM is in the business of providing petition circulation services for the gathering of signatures of registered voters for the purpose of ballot qualification.
- B. Client seeks to retain NPM for the purpose of gathering signatures to qualify the Missouri Patient Care Act (MO Measure 2018-271), a proposed Missouri statutory amendment for submission to voters at the November 6, 2018 general election. Such services are to be provided subject to the approval of Client and its lead consultant First Rule.
- C. NPM acknowledges that deadline for filing petitions with Missouri's secretary of state is 5:00 p.m. on May 6, 2018. Client acknowledges, however, that NPM does not imply or warrant that it will be able to collect sufficient signatures to meet these deadlines. NPM shall use its best efforts to ensure that the Client and its agents are fully in compliance with all applicable provisions of local, state and federal law. NPM shall fully cooperate with the Client, its lead consultant, and any other consultants engaged by Client to achieve the goals of Client as set forth above and, in this regard, make itself available for communications and inquiries from Client, its lead consultant, and any other consultants engaged by Client and use its best efforts to respond promptly to said communications and inquiries to implement the expressed and implicit terms of this Agreement.
- D. This Agreement establishes an exclusive independent contractor relationship between Client and NPM. NPM has the authority to control the performance of its operations. NPM's officers and employees are not employees of Client, and NPM is not, except as may be otherwise provided in this Agreement, subject to control by Client. During the term of this Agreement, Client shall use NPM exclusively for paid petition circulation services in connection with this ballot qualification unless otherwise agreed to by NPM. This provision does not preclude Client from using volunteer gatherers or direct mail petition gathering efforts.
- E. NPM shall comply with Missouri's Constitution and state and federal election law as applicable to the petition circulation process. NPM shall provide Client with all documentation required for NPM and Client to fully comply with any election reporting required by law. NPM agrees to truthfully represent the purposes of Client's initiative petition, and to require adherence to this provision by any employees, contractors or agents.
- F. NPM agrees that during the term of this Agreement, it will not work on behalf of or in any way represent an individual, association, corporation or any other legal entity

EXHIBIT

B

whose interests are or may appear to be in conflict with Client's initiative petition in Missouri.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, it is agreed as follows.

I

COLLECTION OF SIGNATURES

- 1.1 NPM hereby agrees to fulfill the obligations attributed to it in the above recitals and to use its best efforts to gather approximately 165,000 signatures of Missouri registered voters (five percent of legal voters in any six of the eight congressional districts) through the use of paid and/or volunteer signature gathers. Signatures to be gathered on petition forms which have been legally approved as to form by Client's counsel for submission by Client of such forms to the secretary of state for qualification for the November 6, 2018 general election.

II

TERM

- 2.1 This Agreement is for a term that begins upon the signing of the Agreement and payment of a non-refundable retainer in the amount of thirty five thousand dollars (\$35,000) as provided in Section 3.1. A proposed budget outlining potential costs to qualify the initiative is attached to this Agreement as addendum I. This Agreement ends upon submission of all signatures to Client and payment of NPM's final invoice. NPM shall commence signature gathering upon receipt of petition forms provided by Client, the non-refundable fee and working deposit payment provided in Section 3.4.

III

COMPENSATION

- 3.1 In consideration for the services to be performed under this Agreement, Client shall pay to NPM a fee equal to one hundred seventy five thousand (\$175,000) dollars; thirty five thousand (\$35,000) dollar non-refundable payment due upon signing of the Agreement as provided in Section 2.1; three (3) payments of thirty five thousand dollars (\$35,000) each due monthly during the term of the Agreement (\$105,000); and, final thirty five thousand (\$35,000) Dollars due upon the Secretary of State's determination that adequate valid signatures were submitted to meet the minimum requirements in at least six of Missouri's eight Congressional Districts.
- 3.2 NPM shall be reimbursed for out-of-pocket costs and expenses based upon the amount paid for signatures and budgeted expenses as set forth in addendum 1 of this Agreement. NPM will not exceed budget without prior approval of Client.
- 3.3 NPM will report signature costs and expenses on its written weekly campaign status

and expense reimbursement reports. Payment of NPM's invoice will be due within 48 hours after Client's receipt of the report from NPM. Prompt payment is an integral aspect of this agreement. NPM will suspend qualification efforts if Client is past due in payment of invoices.

- 3.4 Upon execution of this Agreement by the parties, Client shall pay a deposit in the amount of one hundred thousand Dollars (\$100,000). This amount shall be held and applied to the final signatures collected and budgeted expenses. If any funds remain after payment of signatures and approved, incurred expenses, the balance shall be refunded to Client.
- 3.5 Signatures are the property of NPM until such time as Client has paid NPM for the costs of gathering and processing /validating such signatures, at which time such signatures immediately become the property of Client.

IV.

PROCESSING/VALIDATION

- 4.1 NPM agrees to fully process the petition sections, including one hundred (100%) name verification of professionally gathered signatures. Results of the signature verification will be provided to Client with NPM's written campaign status and expense reimbursement reports. NPM will guarantee that a minimum of 75% of the professionally gathered signatures will be from valid, registered Missouri voters. Should signature verification results indicate a lower than 75% rate of valid signatures, NPM will, at its own expense, in a timely fashion, provide sufficient valid signatures such that the total number of valid signatures is at least 75% of the total number of signatures to be paid for by Client.

V.

NOTICE

- 5.1 Except as otherwise specifically provided herein, any and all notices required or permitted under this Agreement shall be in writing and be deemed delivered upon personal delivery or upon mailing thereof, when deposited in the United States Mail, first-class postage prepaid to National Petition Management, Inc., 5281 River Ridge Drive, Brighton, Michigan 48116 and to Client, Attn: Travis Brown, 1034 South Brentwood Boulevard, Suite 1700, Saint Louis, Missouri 63117, or to such other address or addresses as shall be specified in any notice delivered in accordance with this Paragraph.

VI

FURTHER ACTS

- 6.1 Each party to this Agreement agrees to execute and deliver all documents and instruments and to perform all further acts and to take any and all further steps that may be reasonably necessary to carry out the provisions of this Agreement and the transactions contemplated hereby.

**VII
PARAGRAPH HEADINGS**

- 7.1 The paragraph headings in the Agreement in no way define, limit, extend or interpret the scope of this Agreement or of any particular paragraph contained herein.

**VIII
INTERPRETATION**

- 8.1 When the context in which words are used in this Agreement indicates that such in the intent, words in the singular number shall include the plural and vice-versa. Any reference to any gender shall be deemed to include all other genders unless the context otherwise requires.

**IV
AMENDMENTS**

- 9.1 This Agreement may be modified only by written instrument executed by the parties hereto.

**X
ARBITRATION**

- 10.1 Any controversy or claim arising out of or related to this Agreement or the breach thereof shall be settled by arbitration in Missouri in accordance with the then current rules of the American Arbitration Association and a judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

**XI
ATTORNEY'S FEES**

- 11.1 In the event that either of the parties hereto resorts to legal action, including arbitration, in order to enforce, defend or interpret any of the terms or provisions of this Agreement, the prevailing party shall be entitled to receive reimbursement from the non-prevailing party for all reasonable attorney's fees and all other costs incurred in commencing or defending such action.

**XII
TERMINATION**

- 12.1 This Agreement may be terminated by Client upon five (5) days written notice to NPM and payment by Client to NPM for all signatures gathered by NPM through the time of such termination.

**XIII
LIABILITY AND INDEMNIFICATION**

- 13.1 NPM shall indemnify and defend Client for damages and costs, including attorneys' fees, suffered by Client, as a result of a third party legal action caused by the acts of NPM taken without the approval or informed acquiescence of Client.

- 13.2 Client shall indemnify and defend NPM for damages and costs, including attorneys' fees, suffered by NPM, as a result of a third party legal action caused by the acts of NPM when taken with the approval or informed acquiescence of Client.
- 13.3 This Agreement shall not be the source of any third party beneficiary rights to one not a party to the Agreement.
- 13.4 Client is a nonprofit public benefit corporation. All obligations of Client hereunder are obligations of such corporation and not of any officer, director, or employee of Client, or of any organization with which Client or such officer, director, or employee is or may be associated, or of any donor to Client, and NPM shall look solely to the corporate assets of Client for all amounts due hereunder.

**XIV
COUNTERPARTS**

- 14.1 This Agreement or any amendment hereto may be executed in counterparts and, as executed, shall constitute one agreement binding on both of the parties hereto, notwithstanding that both of the parties are not signatory to the original or the same counterpart.

**XV
ENTIRE AGREEMENT**

- 15.1 This Agreement, consisting of six pages plus Addendum I, contains the entire understanding and agreement between the parties hereto concerning the subject matter contained herein. There are no agreements, arrangements, understandings, restrictions, representations or warranties, oral or written, between or among the parties hereto relating to the subject matter of this Agreement which are not fully expressed herein.

SIGNED AND AGREED:

~~NATIONAL PETITION MANAGEMENT~~ *at*
MISSOURIANS FOR PATIENT CARE

By: _____ *h 13*
 Its: _____ *Michael Kelly Vice President MPC*
 Date: _____ *12/5/17*

NATIONAL PETITION MANAGEMENT

By: Jan B. Aught
Its: PRESIDENT
Date: 12/6/17

MEMORANDUM

TO: Missourians for Patient Care
Attn: Travis Brown
Pelopidas, LLC
1034 South Brentwood Boulevard, Suite 1700
Saint Louis, Missouri 63117

FROM: National Petition Management, Inc.
5281 River Ridge Drive
Brighton, Michigan 48116
Federal Identification Number 680365763

RE: Missourians for Patient Care – Retainer Fee and Working Deposit Invoice

DATE: December 6, 2017

Retainer fee and working deposit for services to be rendered - Invoice Number
NPM120617

National Petition Management retainer fee – per Agreement	\$ 35,000.00
Working deposit – per Agreement	100,000.00
TOTAL DUE UPON RECEIPT:	<u>\$ 135,000.00</u>

Please Submit Payment To Address Above or:
National Petition Management, Inc.
5281 River Ridge Drive
Brighton, MI 48116
Or
National Petition Management, Inc.
Bank – Fifth Third General Account
Account number - 7911936404
Routing number - 042006314
Fifth Third Bank contact person – Krista Pankoph – 313 230-9064
National Petition Management contact person – Lee Albright – 916 837-5954

Addendum F - Busch Family Estate Fundraiser - Steve Stenger Oct 2018



Addendum G - Beleaf 2015 MO SOS Registration Report

Jason Kander Secretary of State
 2015 ANNUAL REGISTRATION REPORT
 NONPROFIT

N000697374
Date Filed: 8/26/2015
Jason Kander
Missouri Secretary of State

* SECTION 1, 3 & 4 ARE REQUIRED

REPORT DUE BY: **8/31/2015**

N000697374
 BeLeaf
 AT, INC.
 7700 FORSYTH BLVD., STE. 1800
 ST. LOUIS MO 63105

ORGANIZED UNDER THE LAWS OF: <u>Missouri</u>	
PRINCIPAL PLACE OF BUSINESS OR CORPORATE HEADQUARTERS: * 7700 Forsyth Blvd., Suite 1800 (Required)	
1	STREET <u>Saint Louis MO 63105</u> CITY / STATE ZIP

If changing the registered agent and/or registered office address, please check the appropriate box(es) and fill in the necessary information.

The new registered agent

IF CHANGING THE REGISTERED AGENT, AN ORIGINAL WRITTEN CONSENT FROM THE NEW REGISTERED AGENT MUST BE ATTACHED AND FILED WITH THIS REGISTRATION REPORT.

The new registered office address

Must be a Missouri address, PO Box alone is not acceptable. This section is not applicable for Banks, Trusts and Foreign Insurance.

OFFICERS		BOARD OF DIRECTORS	
NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT ACCEPTABLE). MUST LIST PRESIDENT AND SECRETARY BELOW		NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT ACCEPTABLE). MUST LIST AT LEAST THREE DIRECTORS BELOW	
A		B	
PRESIDENT	Heimos, Bernard J. 13682 Evergreen Glen Avenue STREET CITY/STATE/ZIP <u>Saint Louis MO 63128</u>	NAME	Busch, Adolphus 7700 Forsyth Blvd., Suite 1800 STREET CITY/STATE/ZIP <u>Saint Louis MO 63105</u>
SECRETARY	Meyers, Maura M. 4 Abbey Road STREET CITY/STATE/ZIP <u>Glen Carbon IL 62034</u>	NAME	Heimos, Bernard J. 13682 Evergreen Glen Drive STREET CITY/STATE/ZIP <u>Saint Louis MO 63128</u>
VICE PRESIDENT	Meyers, Maura M. 4 Abbey Road STREET CITY/STATE/ZIP <u>Glen Carbon IL 62034</u>	NAME	Meyers, Mara M. 4 Abbey Road STREET CITY/STATE/ZIP <u>Glen Carbon IL 62034</u>
STREET		STREET	
CITY/STATE/ZIP		CITY/STATE/ZIP	
NAMES AND ADDRESSES OF ALL OTHER OFFICERS AND DIRECTORS ARE ATTACHED			

The undersigned understands that false statements made in this report are punishable for the crime of making a false declaration under Section 576.060 RSMo. Photocopy or stamped signature not acceptable.

4 **Authorized party or officer sign here** Bernard J. Heimos (Required)

Please print name and title of signer: Bernard J. Heimos / President
 NAME TITLE

REGISTRATION REPORT FEE IS:
 ___ \$10.00 If filed on or before 8/31/2015
 ___ \$15.00 If filed after 9/30/2015

Corporation will be administratively dissolved if report is not filed by 11/29/2016

WHEN THIS FORM IS ACCEPTED BY THE SECRETARY OF STATE, BY LAW IT WILL BECOME A PUBLIC DOCUMENT AND ALL INFORMATION PROVIDED IS SUBJECT TO PUBLIC DISCLOSURE

E-MAIL ADDRESS (OPTIONAL): _____

REQUIRED INFORMATION MUST BE COMPLETE OR THE REGISTRATION REPORT WILL BE REJECTED
 RETURN COMPLETED REGISTRATION REPORT AND PAYMENT TO: Secretary of State, P.O. Box 1366, Jefferson City, MO 65102

Addendum H - MOCannTrade Founding Executive Board

The screenshot shows a web browser window with the URL mocanntrade.org. The page header includes the Missouri Medical Cannabis Trade Association logo and a navigation menu with items: About, Membership, Board + Leadership, Buy Merch, News + Resources, Contact Us, and Member Login. The main content area is titled "The following are MoCannTrade's current Executive and Advisory Board Members (in alphabetical order, by last name). Detailed biographies are featured on the association's website." Below this, there are two sections: "Executive Board" and "Advisory Board".

Executive Board

1. Darryl Chatman, Attorney, Spencer Fane
2. John Curtis, Director of Cultivation, BeLeaf Company
3. Scott Gleason (ret.), Security Director, TAG Investigates
4. Bernard Heimos, Owner, Heimos Nurseries
5. Patricia Hurford, M.D., M.S., Orthopedic Sports Medicine & Spine Care Institute
6. Dena Ladd, Executive Director, Missouri Cures
7. Derek Mays, VP/Deputy General Counsel
8. Jack Mitchell, President, Mitchell Hospitality
9. Kyle Ostrom, MD, Internist, Mercy Health
10. John Pennington, VP, Broker/Investor, Savoy Properties
11. David Sciortino, Partner, Noah's Arc Foundation of Missouri
12. Jerod Thomas, VP, Brewster Alexander Security
13. Mimi Vo, MD, Internist, Vo Medical Clinic
14. Brett Williams, R. PH, Pharmacist (ret.)
15. Ronnie White, Attorney, Greensfelder, Hemker, and Gale, P.C.
16. Eric Wolf, Investor Partner, Gateway Extraction
17. David Yablonsky, MD, Director of Internal Medicine, Associate Physicians Group
18. Chip Sheppard, Attorney, Carnahan, Evans, Cantwell & Brown, P.C. | New Approach Missouri
19. Corey Christanell, Partner, Brentwood Capital Partners | Missourians For Patient Care

Advisory Board

1. Zach Carpenter, General Counsel/Investor, California
2. Stephanie Cernicek, Sr. Chemist, BeLeaf Company

On the right side of the page, there are several sections: "Denver Cannabis Facilities Photostory" dated April 27, 2019; "MO MMJ Licensees - Help Your Banker Help You" dated April 11, 2019; "FOLOW US / SHARE" with social media icons for Instagram, Twitter, Facebook, and LinkedIn; and "TAGS" including Amendment 2, Cannabusiness, Dhss, Education, Informative, Initiatives, John Curtis, Leadership Council, Marijuana, Media, and Medical. An orange arrow icon is visible at the bottom right of the page.

Addendum I -- 2020 MOCannTrade MO SOS Registration Report



State of Missouri
John R. Ashcroft Secretary of State

Corporations Division
 PO Box 778 / 600 W.Main St., Rm. 322
 Jefferson City, MO 65102

N000708653
 Date Filed: 08/28/2020
 John R. Ashcroft
 Missouri Secretary of State

2020 Annual Registration Report

Charter Number N000708653
Entity Name MoCannTrade

Renewal Month May
Report Due By 08/31/2020

Registered Agent AT, Inc.

Principal Place of Business or Corporate Headquarters

7700 Forsyth Blvd., Ste. 1800, St. Louis, Missouri, 63105, United States

1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

OFFICERS

Name	Andrew Mullins
Title	President
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Name	Dave Smith
Title	Treasurer
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

BOARD OF DIRECTORS

Name	Brad Goette
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Name	Christopher McHugh
Title	Director
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

In Affirmation thereof, the facts stated above are true and correct:

The undersigned believes the statements presented in this filing are true and correct to the best of their knowledge and belief, they are subject to the penalties provided under section 575.040 RSMo. for making a false declaration under Section 575.060 RSMo

The undersigned agrees and represents that he/she is authorized to execute this document

Name Andrew Mullins
Title President
Date 08/28/2020

Reference Number SR109209

Receipt Number TR306965

WHEN THIS FORM IS ACCEPTED BY THE SECRETARY OF STATE, BY LAW IT WILL BECOME A PUBLIC DOCUMENT AND ALL INFORMATION PROVIDED IS SUBJECT TO PUBLIC DISCLOSURE

OFFICERS

Name	Eric Seyfert
Title	Secretary
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Name	Karin Chester
Title	Vice President
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Name	Tammy Puyear
Title	Assistant Secretary
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

BOARD OF DIRECTORS

Name	Dena Ladd
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Name	Derek Mays
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Name	Dr. Dave Sciortino
Title	Director
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

Name	Dr. Mimi Vo
Title	Director
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

Name	Dr. Trish Hurford
Title	Director
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

Name	Jim Regna
Title	Director
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

Name	John Curtis
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Name	John Mueller
Title	Director
Address	1015 Grupp Road, #31674, Saint Louis, Missouri, 63131, United States

Name	John Payne
Title	Director

Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States
Name	John Pennington
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States
Name	Joseph Sheppard
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States
Name	Josh Mitchem
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States
Name	Larry Ellison
Title	Director
Address	1015 Grupp Road., #31674, Saint Louis, Missouri, 63131, United States

Addendum J -- Missourians for A New Approach Industry & Advocate Drafting Meeting 9/28/2020 Notes

From: John Payne <john@amendment2consultants.com>
Sent: Wednesday, September 30, 2020 7:19 PM
To: Tyler Woehl <tyler@amendment2consultants.com>; Jack Cardetti <jcardetti@tightline.org>; Alan Zagier <azagier@tightline.org>
Subject: Drafting Subcommittee Meetings 9/28 Notes

Industry Drafting Meeting

09/28/2020

In attendance: 20

Tyler Woehl
John Payne
Chris McHugh
Paul Bocci
Austin Fitzgerald
Jack Cardetti
Josh Mitchem
Rob Sullivan
Chris Chesley
Dan Ambrosino
John Mueller
Larry Ellison
Joseph Shepard
Nate Ruby
Kevin Stallings
Susan Griffith
David Alport
Eric Walter
Nevil Patel

MEETING NOTES

I.General Updates

-If you haven't sent your check in, you may not be on the next call.

*Contact either John Payne or Tyler Woehl in regard to your check if you haven't already, thank you.

-The polling is finally done!

*Once we have a meeting with the pollster we will see when he is available to hop on one of these calls to go over the results.

II. Micro Licenses

-Josh put forth the motion to make 25% of the current yearly renewal fees on license holders to put towards low-interest loans. This would put around 1.1 million dollars into low-interest loans for micro license holders in year one, and this should grow as people pay back the loan(s). This would be through the amendment itself.

*Nate seconds this motion

*This is unanimous and the motion passes.

-The industry is fine with volunteering for teaching the training program and putting something together themselves or through MOCannTrade, and that would not need to be part of the amendment language.

-Illinois' incubator program for Micro Businesses

*<https://www2.illinois.gov/dceo/CannabisEquity/Documents/Cannabis%20Business%20Incubator%20and%20Sponsorship%20Rules%2014-651RG-E.pdf>

III. Q&A

-Is the education program for micro licenses going to be written into the ballot initiative?

*The loan section of it is what would need to be outlined in the initiative, but not necessarily the education program.

-In return for micro license holders not being able to retail, what would the education program that was proposed look like to help get micro licenses holders into business?

*The idea was put forth that it might be more helpful if the advocate committee were to define what kind of education program they would like to see.

*Would it be helpful if MOCannTrade were to be in charge of the training.

-Would the loans be eligible only after the micro businesses are operational?

*They should be eligible after they win the licenses

-How will the loans be implemented?

*DHSS will have to write the rules for this, with the minimum requirements for people who are eligible for loans are also eligible for licenses.

-Joint Committee representatives will be:

*Rob Sullivan

*Susan Griffith

*Brad Goette

*John Pennington

This concludes the meeting.

Advocate Drafting Meeting 09/28/2020

In Attendance:13

Tyler Woehl
John Payne
Chris Chesley
Kyle Kisner
Jamie Kacz
Lance Davis
Abrahama Keys
Claire Ridgeway
Jessica Kelly
Adolphus Pruitt
Dan Viets
John Bowman

MEETING NOTES

I.General Updates

-The polling is finally done!

*Once we have a meeting with the pollster we will see when he is available to hop on one of these calls to go over the results.

II.

Micro Licenses

-The industry subcommittee wanted to see how the advocates feel about 25% of the current yearly renewal fees on license holders to put towards low-interest loans. This would put around 1.1 million dollars into low-interest loans for micro license holders in year one and grow as microlicensess pay back the loans. This would be through the amendment itself. This would be in exchange for micro's not having the ability to retail.

*Subcommittee members asked what compromises the industry subcommittee is willing to make, since the advocate subcommittee feels as though giving up micro retail is a huge loss.

-What if 25% of micro licenses were allowed to retail?

*The advocate subcommittee is more into this idea. Willing to take this back to the industry committee along with the training and loans.

-What if there was no vertical aspect to the micro licenses, so each license is either cultivation, extraction, or dispensing, and any group can have up to one of each license. The micro licenses would also be allowed to buy and sell between micro licenses and commercial licenses.

*Chris will provide more on this thought at the next joint meeting, but the entire subcommittee thought it was a great compromise that ought to be heard by the joint committee.

III.

Q&A

-Can the disparate impact study be talked about with the industry subcommittee?

*Adolphus Pruitt made the point that all licenses should be awarded in a way that is fair to minorities and other disadvantaged groups and subject to a regular disparate impact study conducted by the state.

*Everyone on the subcommittee was agreeable to this.

-Do the micro business have to operate as a vertical entity?

*They don't have to under the current language, but they can.

-Can Chris be a non-voting resource?

*Yes, he may join the joint call to give his compromised idea.

-Who will be on the joint committee meeting for 10/5/2020?

*John will send out a poll for the following people: Kyle Kisner, Jessica Kelly, Dan Viets, Jamie Kacz, and John Bowman.

[Advocate Committee members can vote at this link.](#) Please submit your votes by 12:00 p.m. CDT on Friday, 10/2.

This concludes the meeting.

--

Amendment 2 Consultants, LLC (A2C) is not a law firm and does not provide legal services. By communicating with, and/or engaging the services of, A2C you acknowledge and agree that an attorney-client relationship does not exist. As such, you acknowledge and agree that you are not entitled to the protections normally afforded to the attorney-client relationship, including, but not limited to, duty of confidentiality and prohibition against conflicts of interest.

Addendum K - Selected Slides - Calyx Peak Capital Investment Deck



CALYX PEAK

1. Origin story
2. Current State
3. Growth Potential
4. Capital Raise

Confidential



In 2016, four friends with deep roots in global equities markets saw an opportunity to professionalize the development and management of cannabis properties.

With the addition of best-in-class experts in branding, corporate management, cannabis cultivation, and cannabis-based medicine, **Calyx Peak** is poised to redefine the modern cannabis experience.

Confidential
Confidential

4



CALYX PEAK

1. Origin story
2. Current State
3. Growth Potential
4. Capital Raise

Confidential



Current market – very competitive, little differentiation

- States and Licenses fading as Value Drivers as Brands emerge
- Evolving form factors; new innovations are rapidly copied
- ‘Try and see,’ rather than strategic or scientific product innovation
- Little functional differentiation between brands
- New brands fighting for authenticity and coolness, trying to forge relationships with customers through social media and in-store events
- Hundreds of retailers with no dominant leaders; delivery rising, e-commerce and other channels on the horizon

Confidential



Calyx Peak - Rapid Progress 2018 - 2019

- Stellar management team recruited and in place
- Assets acquired or awarded via license application
- Cultivation skills proven through awards, quality and recent receipt of testing that revealed a Calyx Peak strain hit 35% THC-A
- Ohio market share estimated at 26% YTD
- Four brands launched or pending across the price/value spectrum
- Industry-leading Environmental, Social and Governance commitment
- Focused cultivation, extraction, distribution, and retail operations running in CA, NV, and OH
- Recently-completed acquisition

Confidential



Board of Advisors



John Chiang

From 2015-2019, Chiang served as California's 33rd State Treasurer where he oversaw trillions of dollars in annual transactions, managed a \$75B investment portfolio, and was the nation's largest issuer of municipal bonds. 2007-2014 served as California State Controller. Also serving as a member of Board of Directors for Apollo Medical Holdings (NASDAQ: AMEH), Aegis Systems, Zeuss Technologies, and Pasadena Private Finance. Chang graduated from the University of South Florida with Honors and received his law degree from the Georgetown University Law Center.



Dave Jones

Dave Jones served as California's Insurance Commissioner from 2011 to 2018 where he developed and implemented a successful initiative to make insurance available for California's newly legalized cannabis businesses. Commissioner Jones was appointed chair of the newly established National Association of Insurance Commissioners (NAIC) Cannabis Insurance Working Group. Jones served in the California State Assembly (2004-2010), as a Sacramento City Councilmember (1999-2004), as Special Assistant and then Counsel to US Attorney General Janet Reno (1995-1998) and provided free legal representation to low income families with the non-profit Legal Services of Northern California (1989-1995). Jones holds degrees from DePaul University (B.A.), Harvard Law School (J.D.) and Harvard's Kennedy School of Government (MPP).



Keith Dawkins

Founder and CEO of Rock Hill Media Ventures which focuses on media, sports and social impact with an expertise in business strategy and consultancy, marketing, and content creation. Prior to Rock Hill, Dawkins led as CEO of The First Tee. He also held positions as EVP at VIACOM, where he oversaw TeenNick, NickToons, NickMusic, and Nick Jr. channels for Nickelodeon, as well as Producer of FOX News Channel's original launch team. A Graduate of the CTAM Executive Management Program at Harvard Business School, and the NAMIC Executive Leadership Program at UCLA's Anderson Graduate School of Management. Keith also holds a Bachelors at Ramapo College.



Damian Solomon

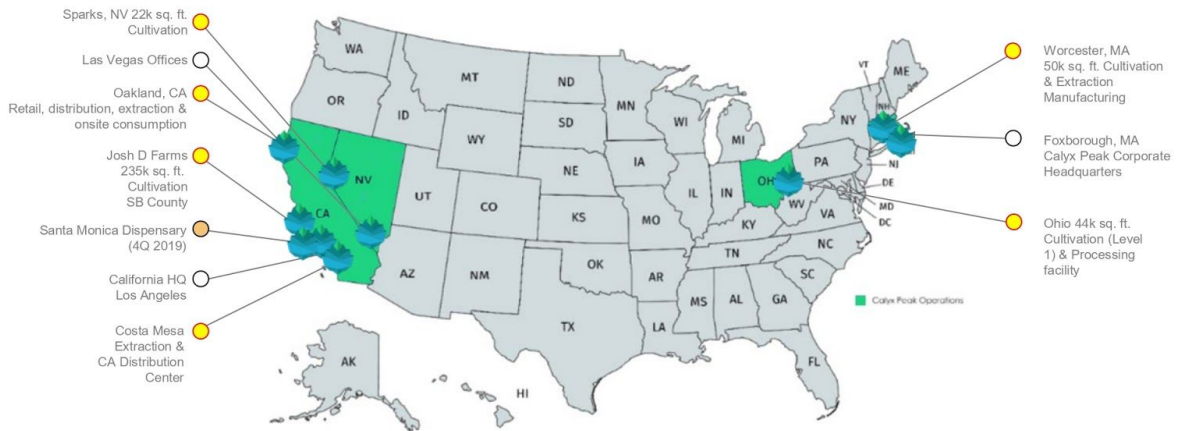
Solomon has over 20 years experience in greenhouse management, horticulture and controlled environment growing systems. He has worked for Eurofresh Farms (N. America's largest hydroponic greenhouse operation), Grimmway Farms (N. America's largest farming company), and DeRuiter Seeds/Monsanto. Since 2014, he has been involved in the cannabis industry as Director of Cultivation and Ag Tech for MedMen. Recently he left MedMen to start his own horticultural consulting company, Plant Geek Consulting. B.S. in Plant Sciences/Crop Production from University of Arizona's College of Agriculture.

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11



National Footprint



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12



Calyx Peak - Differentiators

Proven model

Efficient use of capital to identify well-priced assets, negotiate favorable terms, and integrate them into the Calyx Peak portfolio. This is a core component of Calyx Peak's long-term growth strategy.

Focused national strategy

Four distinct brands for separate market segments and price points; innovative product form factors, use licensing to access new state markets; in-house distribution to control brand message, customer experience, and cash conversion cycle.

Corporate governance

Simple shareholding structure, documented board and committee charters.

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13



Four brands cover key market segments and price points



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14

Calyx Peak's Stable of Brands



BRANDS & PRODUCTS CREATED FOR TARGETED AUDIENCES



Specially-formulated cannabis finished goods designed for natural chronic pain sufferers looking for an easy approach that not only works for them individually, but is also backed by data and science.

Products: More similar to traditional CPG.

Consumers: More effect driven.



Accessible cannabis formats and trend-following cannabis-infused products that are inspired by local culture around stores that they are carried in for transformation seekers who are more interested feeling more whole.



An wide variety of high-quality cannabis strains in flower, distillate, and edibles for cannabis explorers who have their go-to strains, but are also looking to experiment with strains and effects.



The finest OG Kush flower, distillate, and sauces crafted for discerning and veteran cannabis connoisseurs that are well-educated about cannabis and appreciate the finer qualities of flower.

Products: More cannabis category specific.

Consumers: More strain driven.

Josh D Product and Audience

Product

Cannabis products specializing the one of the most potent varieties, OG Kush

Original Genetics

- Original genetics which spawned multitude of variants
- Highly potent and long-lasting
- Craft grown with customized cultivation practices for OG Kush

A Rich Cannabis Heritage



- Founded by world-recognized cannabis pioneer Josh D
- Perfecting cultivation for over 25 years



Josh D celebrates the complexity, character, and profoundness of OG Kush varieties the way it should be consumed

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Consumer Segment

Connoisseurs who who are obsessive about pursuing the purest of OG Kush experiences

Defining Attributes

- Sensory driven—want to enhance experiences and open up new perspectives
- Believe OG Kush is a purer expression of cannabis experience

Cannabis Needs

- Appreciates quality of craftsmanship of aroma, taste, and appearance
- Want a variety that will still be potent for veteran users time after time with impactful, prolonged, sustained high
- Looking for a more profound high

16

Magnolia Product and Audience

Product

Curated selection of cannabis products that suits many needs

Curated for the community

- Inspire sharing and help to build relationships between people
- Help people achieve their own potential
- Created to always uplift others

Long legacy in cannabis



- Led by trailblazing cannabis activist Debby Goldsberry
- 20+ years operating dispensaries
- Leading edge in normalizing cannabis for all



Magnolia takes a personalized, compassionate, and human-centric approach to help you discover and harness your internal magic using cannabis.

Consumer Segment

Transformation seekers who are turning to cannabis to feel more whole

Defining Attributes

- Believe in their own potential and in that of all people equally
- Open to learn about new ideas and products and willing to share information with others
- Feel the world is not right or fair in many ways

Cannabis Needs

- Use cannabis to transform themselves—mentally, physically, and emotionally
- Looking for value, but will pay for quality
- Rely on dispensaries for trustworthy information and safe products



CALYX PEAK

1. Origin story
2. Current State
3. Growth Opportunities
4. Capital Raise

Confidential



New Markets for Calyx Peak



Santa Ana, CA

- 22k square feet California distribution & genetics R&D facility



Missouri

- 6 dispensary applications
- 3 cultivation applications
- 1 extraction application



Massachusetts

- Worcester - 50k sq. ft. cultivation and extraction lab
- 3 retail stores

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30



Branded product expansion plus additional state licenses and pursuit of well-priced assets will drive robust growth

Additional states will be targeted with strong local partners

- New York, New Jersey, Illinois likely next candidates - all large population states

Deal flow is increasing as early entrepreneurs falter

- Cultivation is complex and requires experience
- License application is only the beginning of the process for any Cannabis asset
- We have seen over 15 potential retail acquisitions in California and Massachusetts in the last three months

Brand licensing allows us to expand rapidly into new states

- Limits capital investment

Confidential

31



Branded product expansion plus additional state licenses and pursuit of well-priced assets will drive robust growth

Additional states will be targeted with strong local partners

- New York, New Jersey, Illinois likely next candidates - all large population states

Deal flow is increasing as early entrepreneurs falter

- Cultivation is complex and requires experience
- License application is only the beginning of the process for any Cannabis asset
- We have seen over 15 potential retail acquisitions in California and Massachusetts in the last three months

Brand licensing allows us to expand rapidly into new states

- Limits capital investment

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31

Calyx Peak plans to raise \$25MN

Capital to be used for capacity expansion, acquisitions, and working capital

- Carpinteria greenhouse: \$5.5MN for buildout of greenhouse bays 3 & 4
- California: \$5.0M for two potential dispensary acquisitions that Calyx Peak has identified
- Nevada: \$3.0MN for minority partner buyout and Phase II cultivation capacity expansion
- Massachusetts: \$9.0MN for Phase I buildout of a vertical operation
- Working capital: \$2.5MN



Confidential

Explosive organic growth off a stable base

100% Growth in 2020E

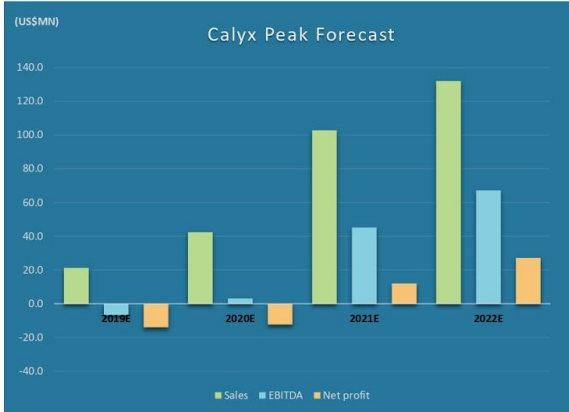
With the benefit of new acquisitions and full year revenue impact, Calyx Peak expects consolidated net revenue to grow to \$42.4MN, up 99.8% yoy, and EBITDA to reach breakeven levels.

Explosive Growth in 2021E

As the bulk of investments are for cultivation expansion projects, the benefit from our next raise comes in 2021. Calyx Peak expects consolidated net revenue of \$102.8MN, up 142.3% yoy, and EBITDA to reach \$45.2MN. This represents an EBITDA margin in the low 40% range, which is closer to our long term target of 40-50%.

Execution and Differentiation Will Drive Shareholder Returns

While chasing a larger footprint has value, Calyx is focused on executing on operational plans and brand development. Reaching and exceeding our sales and profit targets should build credibility and hopefully a valuation premium longer term.



Source: Calyx Peak Companies



Confidential

Calyx Peak consolidated pro forma - Base

California the Main Driver

California is the main revenue and earnings driver for Calyx Peak. The state accounts for over 60% of revenue and is the home base for Josh D and Song Wellness.

Diversification in 2021

Although California is expected to grow by 100% per annum from 2019 to 2021, Calyx Peak's dependence on the state will fall as new capacity in other states comes online. Massachusetts is expected to be key state for revenue diversification as it should be the second largest revenue contributor from 2021.

Cashflow Generation will be Significant from 2021

Operating cash flow generation is expected to exceed \$15MN per annum from 2021 which could allow for significant reinvestment into the business or new investment opportunities. These opportunities could change our growth trajectory from 2022 and provide additional value to shareholders.

Calyx Peak Consolidated Pro Forma

(US\$)	2019	2020	2021	2022
Net revenue	21,240,409.45	42,441,475.24	102,842,510.80	132,051,062.43
California	13,582,613.39	26,809,451.09	55,470,654.37	70,954,315.72
Nevada	3,004,805.18	4,469,703.85	6,913,088.56	6,675,663.39
Ohio	4,652,990.87	9,649,007.39	15,818,303.92	22,028,186.50
Massachusetts	0.00	1,513,312.91	24,640,463.95	32,392,896.82
Corporate	0.00	0.00	0.00	0.00
COGS	18,630,150.90	24,157,395.20	36,357,357.35	41,422,253.84
Gross profit	2,610,258.55	18,284,080.04	66,485,153.45	90,628,808.58
SG&A expenses	11,044,418.70	17,787,020.30	26,019,065.78	28,444,724.70
Operating profit	-8,434,160.15	-503,922.16	38,524,980.67	59,323,372.48
EBITDA	-6,802,055.54	3,125,505.39	45,159,105.03	67,200,748.09
Non-operating items	-4,561,470.80	-6,312,865.21	-6,839,938.50	-5,003,548.06
Pre-tax profit	-12,995,630.95	-6,816,787.37	31,685,042.18	54,319,824.42
Tax paid	953,743.20	5,557,975.25	19,653,194.42	27,188,642.57
Net profit	-13,949,374.15	-12,374,762.62	12,031,847.76	27,131,181.84

Source: Calyx Peak Companies



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New growth opportunities

New States

Calyx Peak's application is in for Missouri (6 dispensaries, 2 cultivation, 1 extraction) and Calyx Peak plans to apply in additional limited license states such as New York, New Jersey and Illinois.

Product Innovation

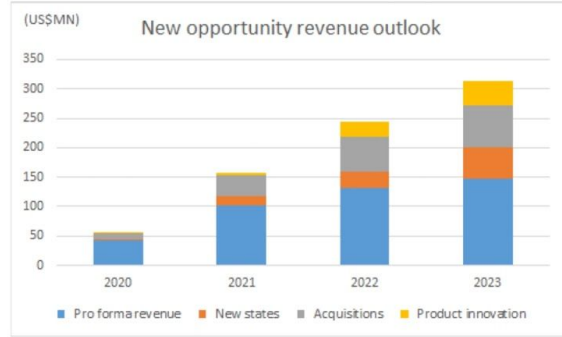
Product innovation is the long-term profit driver in this business. Calyx Peak believes our background and expertise in consumer packaged goods and health & wellness will help to identify and execute on unidentified opportunities.

Asset Acquisition

Calyx Peak's ability to identify, purchase and revitalize distressed and underperforming assets will drive additional revenue growth. Selective add-on acquisitions will bolster Calyx Peak's competitive position in existing states and gain it entry into new ones.

Material Long-term Revenue Impact

If Calyx Peak is able to capitalize on these new opportunities consolidated revenue could reach \$150MN in 2021, \$250MN in 2022 and over \$300MN in 2023. These new revenue opportunities could represent half of consolidated revenue in 2023.



Source: Calyx Peak Companies



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New growth opportunities

Maintain focus on profitability

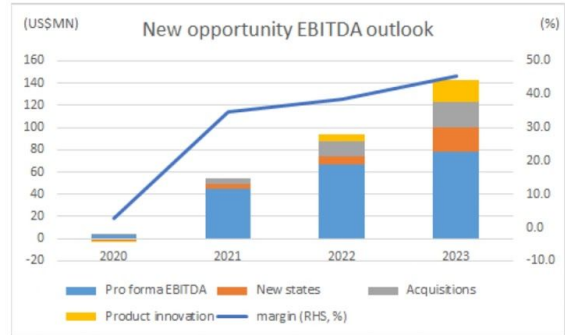
New growth opportunities will provide a lift to revenue but Calyx Peak plans to only pursue opportunities if they are also accretive to the EBITDA and overall profit.

Incremental profit benefit could be material

Executing on these new opportunities could have a material impact on Calyx Peak's profit growth outlook. EBITDA in 2022 and 2023 could be materially higher and help Calyx Peak hit the psychologically important \$100MN EBITDA level earlier than expected.

Regulatory changes could provide greater impact

The cannabis industry has significant tax challenges compared to other industries. IRS tax code 280E places an additional burden compared to other industries and tax normalization could significantly improve net profit and cash flow.



Source: Calyx Peak Companies

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