

Cannabis Business Blog

What to Expect When You're Entering the Cannabis Business

By Emily Gant on 7.27.18 | Posted in Business, Investments, Marijuana-related Business

Hundreds of companies in Washington, Oregon, California and Canada are attracting billions in investments from just about every class of investor.

But the realities of investing in cannabis are far different from those in any other industry. You'll need to be fingerprinted, undergo a background check, surrender your banking records and be ready to deal with state and federal laws that often seem in open conflict.

Any business can find itself in a cash crunch when big expenses or payroll disbursements come due. When you form an entity to do business in cannabis, how do you finance a big expense that needs to be made right now?

To read the full article, visit [Puget Sound Business Journal's website](#). Subscription is required.

Warning Regarding Federal Law: The possession, distribution, and manufacturing of marijuana is illegal under federal law, regardless of state law which may, in some jurisdictions, decriminalize such activity under certain circumstances. Penalties for violating federal drug laws are very serious. For example, a conviction on a charge of conspiracy to sell drugs carries a mandatory minimum prison term of five years for a first offense and, depending on the quantity of marijuana involved, the fine for such a conviction could be as high as \$10 million. In addition, the federal government may seize, and seek the civil forfeiture of, the real or personal property used to facilitate the sale of marijuana as well as the money or other proceeds from the sale. Although the U.S. Department of Justice (DOJ) recently rescinded its guidance regarding prioritization of criminal prosecutions of individuals and entities operating in compliance with effective state regulatory systems, DOJ left in place long standing guidance to federal prosecutors regarding how to exercise this discretion. Individuals and companies are cautioned to consult with experienced attorneys regarding their exposure to potential criminal prosecution before establishing business operations in reliance upon the passage of state laws which may decriminalize such activity. Federal authority to prosecute violations of federal law as crimes or through seizures and forfeiture actions is not diminished by state law. Indeed, due to the federal government's jurisdiction over interstate commerce, when businesses provide services to marijuana producers, processors or distributors located in multiple states, they potentially face a higher level of scrutiny from federal authorities than do their customers with local operations.

Tags: California, Canada, cannabis investment, Financing, LCB, Oregon, state and federal laws, State of Washington, Washington State Liquor and Cannabis Board