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# Morning Cannabis

BY MONA ZHANG NATALIE FERTIG AND PAUL DEMKO

## QUICK FIX

— **Washington Sen. Maria Cantwell supports cannabis banking legislation**, but isn't sure whether it should be included in the China competition package being negotiated on Capitol Hill.

— **The Virginia Senate unanimously rejected the governor's changes to a cannabis bill**, opting to send it back to committee for additional work.

— **Cannabis companies raised \$12.8 billion in 2021, a nearly 200 percent increase over the prior year**. But optimism about federal policy changes that spurred the capital frenzy has proven misguided.

**IT'S FRIDAY, APRIL 29. WELCOME TO POLITICO'S CANNABIS NEWSLETTER.** Alex Berenson, the author of the controversial marijuana book *Tell Your Children*, is optimistic about his free-speech lawsuit against Twitter, [POLITICO's Susannah Luthi reports](#). Send us tips and story ideas: [Mona](#) at [mzhang@politico.com](mailto:mzhang@politico.com), [Natalie](#) at [nfertig@politico.com](mailto:nfertig@politico.com) and [Paul](#) at [pdemko@politico.com](mailto:pdemko@politico.com). And follow Pro: [@POLITICOPro](#).

**Natalie and Mona spent an hour chatting about cannabis policy** with Charlotte Talks on WFAE on Wednesday — [you can listen here!](#)

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## ON THE HILL

**YES, CANTWELL SUPPORTS CANNABIS BANKING** — One question on the minds of many cannabis insiders has been the status of Sen. [Maria Cantwell](#)'s (D-Wash.) support for the [SAFE Banking Act](#): Does she or doesn't she? The answer is: She does.

"I've been supportive of that concept," she told Natalie on the Hill this week. "States have already passed this. They should be allowed to have their businesses act like any other business."

Cantwell is not currently a co-sponsor of the SAFE Banking Act, and said she hasn't specifically looked at it in the context of the [COMPETES Act](#), to which it was attached by the House.

**Why does it matter:** Cantwell's counterpart, Sen. [Patty Murray](#) (D-Wash.), said earlier this week that she is making the survival of the cannabis banking bill in the COMPETES Act a priority. A rising number of Washington state's cannabis businesses [have been robbed](#) in recent months, and three people have died — prompting the state treasurer to implore Congress to pass the bill.

**Meanwhile ...** The American Bankers Association and two major pro-

weed House Democrats [sent letters to congressional leaders](#) urging them to keep SAFE in the China competition bill.

## STATE OF MARIJUANA

### **VIRGINIA SENATE REJECTS YOUNGKIN'S CANNABIS**

**PROPOSALS** — The Virginia Senate unanimously rejected a cannabis bill this week after Republican Gov. [Glenn Youngkin proposed some controversial changes](#) that troubled lawmakers on both sides of the aisle.

**The context:** Republican Sen. [Emmett Hanger's bill targeted public health concerns](#) related to intoxicating cannabis products, including a ban on animal- or fruit-shaped marijuana edibles that could appeal to children. The bill also addressed the proliferation of intoxicating hemp products by limiting the total THC content in hemp, rather than simply limiting Delta-9 THC.

Even though Hanger's bill received broad bipartisan support in both chambers of the Legislature, Youngkin sought to add two additional criminal offenses for marijuana possession: A Class 2 misdemeanor for possession of two to six ounces and a Class 1 misdemeanor for possession of six ounces to a pound. Marijuana advocates denounced adding additional criminal charges after the state legalized possession last year.

Youngkin's request also included an age restriction of 21 and over on hemp extracts that contain any amount of THC, whether the products are intoxicating or not. The changes would “[hurt] farmers and business owners of every size in Virginia and the rest of [the] country who are engaged in this industry,” said trade group U.S. Hemp Roundtable in an email to members urging them to oppose the change.

“All of us in this room have heard from people in the districts that we

represent about a number of issues that [the bill] raises,” said Republican Sen. [Jill Vogel](#) as lawmakers debated whether to send the bill back to committee or reject the governor’s substitute and send the underlying bill back to his desk without making the requested changes.

**What’s next:** The Senate ultimately voted to send the bill back to the Rehabilitation and Social Services Committee in an unusual procedural move.

Democratic Sen. [Barbara Favola](#), who chairs the committee, said she had no intention of convening the committee to further work on the bill this year, meaning committee work on the bill will pick back up in 2023.

#### INDUSTRY INTEL



Trulieve CEO Kim Rivers talks to Green Market Report Executive Editor Debra Borchardt in New York, NY. | Mona Zhang

**HOW TO CLOSE A MEGA-MARIJUANA DEAL** — When Florida-based multistate operator Trulieve [announced last May that it would acquire](#) Harvest Health and Recreation, the deal raised some eyebrows among industry observers.

“Harvest Health came to you with a *whole* lot of baggage,” said Green Market Report Executive Editor Debra Borchardt during the publication’s Women’s Summit in New York on Thursday.

Trulieve CEO Kim Rivers shared how she navigated the whopping \$2 billion-plus deal, creating one of [the largest cannabis companies in the nation](#).

**Create alignment early:** Rivers said she and Steve White, then-CEO of Harvest, agreed early on in the process that both of them had veto power over the deal at any point up until closing.

“It's not going to be written down anywhere. It's just that if we feel that this is not the best thing for our companies ... we each have an eject button,” Rivers explained.

**Take the lead from the lawyers:** Both sides communicated often during the process, with executives from both companies meeting twice a week to work through “the messy stuff.”

Often, Rivers sees lawyers driving the deal-making. Business leaders should take the lead in coming up with solutions and take the issues back to lawyers.

“The business should drive the deal, not the other way around,” Rivers said.

**Speed it up:** The companies [managed to close the deal in five months](#), which was “somewhat of a record,” Rivers said. “Time kills deals, and time kills relationships and time kills momentum.”

**CANNABIS COMPANIES RAISED \$12.8 BILLION IN 2021** — The Democratic takeover of the federal government at the start of 2021 created a wave of irrational exuberance in the cannabis industry. Buoyed by hopes that federal cannabis restrictions would quickly be loosened, companies raised massive amounts of capital and went on shopping sprees. That's caused a [massive financial hangover](#), with stock prices plummeting and capital raises plunging once the euphoria wore off. A [new report from Viridian Capital Advisors](#) unpacks exactly how frothy the market became during the first half of last year. Here's a look at some of the figures:

**455** — That's how many capital raises cannabis companies completed in 2021, an increase of 50.7 percent over the previous year.

**\$12.8 billion** — The amount of money those capital raises generated, an increase of 195.4 percent compared to 2020.

**71.8 percent** — The share of investment capital that went into U.S. cannabis companies in 2021. That was up from 65.1 percent in the prior year.

**27.2 percent** — The share of investment capital that went into Canadian cannabis companies last year. That was down from 47.9 percent in 2019.

**319** — That's how many mergers and acquisitions were completed in the cannabis industry in 2021, up from just 95 transactions the prior year.

**\$25.2 billion** — The total value of M&A transactions in the cannabis industry completed last year. That's nearly six times the value of deals — \$3.7 billion — executed in 2020.

**15** — That's how many cannabis companies held initial public

offerings in 2021. That included five companies that went public via being acquired by a [SPAC](#).

#### MOVERS AND SHAKERS

**MedMen** [appointed Edward Record](#) as its new CEO. He previously served as chief financial officer for Hudson's Bay Company, and he joined MedMen's board of directors in 2021. Record takes over the role from **Michael Serruya**, who will continue to serve as chairman of the Board.

Maryland Gov. [Larry Hogan](#) [appointed Tiffany D. Randolph](#) as chair of the Maryland Medical Cannabis Commission. Randolph has been serving as acting chair since January, taking over for Brian Lopez.

**Howard M. Glicken** is joining the advisory board of **FoliuMed**, an international medical cannabis company with operations in Columbia and Germany. Glicken previously served as an advisor to the Clinton Administration on Latin American affairs.

#### POT-POURRI

— **At least 14 Montana counties** — representing almost half the state's population — are [poised to vote in November on whether to allow recreational marijuana businesses](#) to operate.

— It would be “**political malpractice**” if Democrats fail to act on **federal marijuana policy changes** before the midterm elections, [argues NORML's Erik Altieri](#).

— **A Topeka dispensary that was raided on 4/20** argues that Kansas' attorney general [misconstrued federal law](#) when it comes to the legality of Delta-8 THC products.