

THE STATE OF MARIJUANA

Vermont, New Jersey, and Michigan, are most likely to Pass Medical Use Legislation in 2018

15 States Projected to Pass Recreational Use Legislation by 2020

\$9.7B

2017 LEGAL MARIJUANA SALES

33%

INCREASE OVER 2016



■ LEGALIZED MEDICAL USE - 29 STATES & D.C.

★ LEGALIZED RECREATIONAL USE LEGISLATION - 9 STATES & D.C.



Smoking



Vaporizers



Edibles



Tinctures & Tonics



Topicals



Tea & Sodas



Hash & Wax

METHODS OF MARIJUANA CONSUMPTION

Bizarre Legal Landscape

Despite the fact that more than half of the country has some form of legal marijuana use, it is still illegal on the federal level.



FEDERAL TAX BURDEN

Taxed on gross profits & cannot deduct expenses.



CANNOT FILE BANKRUPTCY

Marijuana businesses cannot seek relief from their debt by filing bankruptcy.



FEDERAL PROSECUTION

No real legal comfort for entities dealing in the industry including businesses, banks, accounting firms, and landlords.



LOCATION COMPLICATIONS

Landlords are subject to losing their properties from lenders or the Feds if they rent to marijuana businesses.



FEDERAL RESERVE

Will not accept money made from the sale of marijuana.

A recent study projects that retail sales of medical and recreational marijuana are forecast to rise by nearly 50% year over year in 2018 to a total of \$8 billion to \$10 billion and further projects sales could reach \$22 billion annually by 2022. The emergence of the recreational use market will be one of the biggest drivers of this growth. The industry is a prime example of a "current, emerging, and future" risk area.

PRACTICAL CONCERNS



12,000+

banks & credit unions
in the U.S.

only 3%

accept Cannabis cash



\$16B

total sales in 2017
high cash volume

Susceptible to
theft and robberies

STATE LOTTERY SYSTEM FOR LICENSES

Partnerships between the individual investors and the pot operators develop due to convenience versus design.



Lack of strong
operating
agreements



Messy or lack of
accounting
records



Risk for fraud due to
cash business

Misappropriation
of funds

LAWSUIT RIDDEN INDUSTRY

Even with record-breaking sales, lawsuits filed by business partners alleging breach of contract, mishandling of funds and other corporate malfeasance hint at cracks in the industry's foundation.

Problem Resolution

Thorough due diligence is a critical aspect of successful entry into this uncertain marketplace. Resolute has successfully provided sound guidance to companies in response to economic realities. We partner with clients to establish and maintain corporate structure in such areas as leadership, strategy, finance, and operations.

Financial Advisory

- Management Consulting
- Partnership Disputes
- Dispute Resolution
- Forensic Investigation
- Review & Oversight
- Restructuring

Court Appointment Services

- Fraud Analysis
- Orderly Liquidation
- Equity Receivership
- Special Master

RESOLUTE

problems solved.

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SOURCES

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