



The conflict between state and federal laws continues to create legal challenges for financial institutions and other entities looking to capitalize on cannabis-related businesses. Duane Morris attorneys have extensive experience with the wide array of issues attendant to corporate finance activities in the legal cannabis industry, especially related to regulatory and operational risks. We advise clients on the strategies for investment and transactional opportunities and how to respond to policy developments and fluctuations.

RANGE OF SERVICES

- ▶ Capital formation activities
- ▶ M&A
- ▶ Public, private and debt offerings
- ▶ Partnership and operating agreements
- ▶ Domestic and cross-border financing transactions
- ▶ Licensing process and transfers
- ▶ Filings with Securities and Exchange Commission and other agencies
- ▶ Funding opportunities

LEADERS IN THE FIELD

Chambers USA

National Leader in Cannabis Law

National Leading Attorneys: **Tracy Gallegos**,
Paul Josephson & **Michael Schwamm**

The Legal 500

Leading Law Firm in Cannabis

Leading Lawyers: **Michael Schwamm**

Law360

2022 Cannabis Group of the Year

National Law Journal

Cannabis Trailblazers: **Christiane Campbell**,
Tracy Gallegos, **Paul Josephson**
& **Michael Schwamm**

Cannabis Law Report

Global Top 200 Lawyers: **Tracy Gallegos**, **Paul Josephson**
& **Michael Schwamm**

Insider NJ

Cannainfluencers - People Shaping Cannabis Industry
in New Jersey: **Paul Josephson**

The Insider 100: Cannabis Power List: **Paul Josephson**

New Jersey Law Journal

New Jersey Trailblazers (Cannabis): **Paul Josephson**

Chambers
AND PARTNERS



2018 Farm Bill

The 2018 Farm Bill removed hemp from the Controlled Substances Act and contained other key updates, including:

- ▶ Providing green light for banking, investing and insuring hemp-derived cannabidiol (CBD) products; and
- ▶ Barring the creation of laws prohibiting the interstate transportation of hemp or CBD derived from hemp.

REPRESENTATIVE MATTERS

Investment Transactions

- ▶ Represented StateHouse Holdings Inc. (formerly Harborside Inc.; CSE: STHZ; OTCQX: STHZF), a vertically integrated cannabis enterprise, in its \$43.8 million acquisition of 100% of the issued and outstanding equity of Sublimation Inc., a cannabis manufacturing company located in Oakland, California.
- ▶ Represented Devine Holdings in its settlement of the dispute and membership purchase agreement of three medical cannabis licenses in Arizona with Harvest Health & Recreation Inc. (CSE: HARV; OTCQX: HRVSF), a vertically integrated cannabis company and multistate operator in the U.S.
- ▶ Represented iAnthus Capital Holdings, Inc. as U.S. counsel in connection with its all-stock merger with MPX Bioceutical Corp., and offering equity consideration to MPX shareholders valued at \$1.6 billion, representing the first "public to public" merger in U.S. cannabis history.
- ▶ Represented FLRish, Inc. dba StateHouse Holdings Inc., a private, vertically integrated California cannabis company, in its reverse takeover of Canada-based Lineage Grow Company (CSE: BUDD); their combined value exceeds \$250 million, and the transaction enabled FLRish to complete an inversion transaction and a contemporaneous private placement Regulation S offering.
- ▶ Cannabis regulatory counsel for a private credit asset management firm in connection with a \$50 million secured financing to a premier producer of packaging and other ancillary products and services to the cannabis and hemp industries.
- ▶ Represented Socati Corporation, a leading producer of THC-free hemp extract, in its acquisition of Blue Marble, a Montana-based hemp extraction and processing company.
- ▶ Represented Ilerra Therapeutics LLC in a development and commercial supply collaboration with Toronto-based Ethicann Pharmaceuticals to develop and manufacture botanical THC to treat chemotherapy-induced nausea and vomiting. Ilerra Therapeutics is part of the Ilerra group of cannabis grower/extractor companies.



- ▶ Represented A.G.P./Alliance Global Partners Inc. in a \$36 million “registered direct” public offering of common stock and warrants for cannabis company Kush Bottles Inc. The transaction is believed to be the first investment-bank-led public offering for a U.S. cannabis company.
- ▶ Represented A.G.P./Alliance Global Partners, as lead placement agent, and Compass Point Research & Trading, LLC, as co-placement agent, in a \$34 million “registered direct” public offering of common stock and warrants of KushCo Holdings, Inc.
- ▶ Cannabis regulatory counsel for one of the world’s largest Canadian cannabis companies with its expansion into the U.S. market through a \$300 million acquisition of the manufacturer and distributor of a high-end range of hemp-derived CBD products.
- ▶ Represented Cannex Capital Holdings, Inc., a large-scale cannabis cultivator and manufacturer, as U.S. counsel in connection with its merger with cannabis company 4Front Holdings LLC to form 4Front Ventures Corp. (CSE: FFNT).
- ▶ Represented cannabis company TILT Holdings, Inc., in the private placement of \$35 million of senior secured notes and the restructuring of \$36 million of junior obligations.
- ▶ Handling a \$27 million investment opportunity and related loans for an investor in New York initially involved in the construction of a cannabis greenhouse/manufacturing/distribution operation in California. The matter includes the documentation and due diligence for loan transactions, capital formation, operating agreements, security interests, real estate deals, as well as federal, state and local tax issues, related to his participation in the overall investment and joint venture.
- ▶ Represented a potential investor in a company owning interests in cannabis grow and dispensary facilities in 12 states.
- ▶ Advising clients on the formation of several investment funds to invest in the cannabis industry.
- ▶ Prepared a general partnership operating agreement, limited partnership agreement and subscription materials, including cannabis-focused risk factors, for purposes of establishing cannabis-related venture capital fund in California.
- ▶ Advising a vertically integrated cannabis company in a \$12 million equity investment from a family office.
- ▶ Advising a private investor in a \$26 million equity investment in vertically integrated cannabis joint venture.
- ▶ Advising cannabis manufacturer on restructuring and preparation for equity offering.
- ▶ Advised cannabis-infused tea maker in \$2.75 million debt offering.
- ▶ Advised investor in \$9.5 million debt investment in cannabis manufacturing and retail company.
- ▶ Assisting and advising a tenant of property in Mono County, California, in their private placement of \$4 million of preferred units for the build-out of an indoor/outdoor commercial cannabis cultivation facility. Also advising the client on matters relating to restructuring their operating agreement and capitalization.
- ▶ Representing a U.S.-based, global venture capital fund manager that invests in a range of early stage to growth companies supporting the fast-growing legal cannabis industry with creating a new fund.
- ▶ Created a Pennsylvania LLC and advised on all matters pertaining to organization and startup of business, including capital formation activities, that applied for permits to grow, process and dispense medical marijuana in Pennsylvania pursuant to the state’s Medical Marijuana Act, including preparing grower/processor and dispensary permit applications.

Financing

- ▶ Advising a nonbank financial institution regarding a planned solution to the cannabis banking issue.
- ▶ Represented a well-known cannabis social media site in banking and other matters.
- ▶ Advise Canadian venture capital firm on investments in the United States and compliance with state regulations related to banking and financial services.
- ▶ Representing a company that tests DNA for purposes of matching cannabis strains, in connection with its seed financing round, preparing subscription and offering materials.



OFFICE LOCATIONS & REACH



UNITED STATES

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|-------------|------------------|
| Atlanta | Miami |
| Austin | New Jersey North |
| Baltimore | New Jersey South |
| Boca Raton | New York |
| Boston | Philadelphia |
| Chicago | Pittsburgh |
| Dallas | San Diego |
| Fort Worth | San Francisco |
| Houston | Silicon Valley |
| Las Vegas | Washington, D.C. |
| Los Angeles | Wilmington |

INTERNATIONAL

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| Hanoi | Shanghai |
| Ho Chi Minh City | Singapore |
| London | Sydney |
| Myanmar | |

> Also satellite offices, including Bangor and Portland, Maine; Berwyn, Pennsylvania; and Seattle, Washington
 > Alliances in Mexico and throughout Latin America
 > Leadership position with international network of independent law firms

FOR MORE INFORMATION, PLEASE CONTACT:

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