



CANNA ADVISORS[®]

Webinar Blitz: Virginia

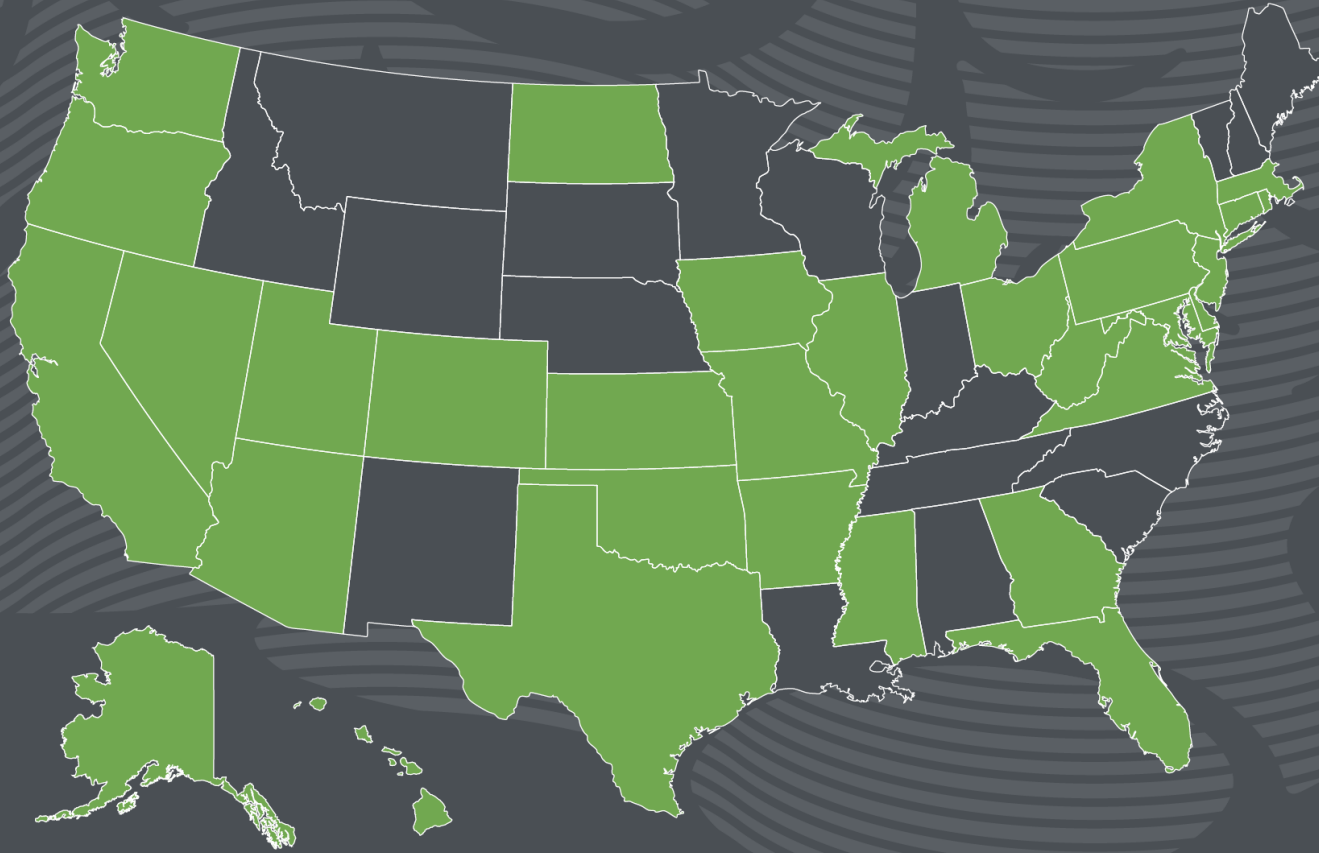
What's Next in Applying for a Cannabis License?

100+

years of cannabis industry
experience with client work in

31

states, plus Canada, Europe,
Guam, and Puerto Rico



Today's Presenters



CANNA
ADVISORS®



GARRETT CROPSEY
Senior Project Manager



ALYSSA GOEBEL
Client Services Specialist

Today We Will Cover...

- Overview of Virginia's Timeline and Current Operators
- What Happens on July 1st?
- What We Know About the Program
- How To Get Ahead



Virginia Timeline



Current Operators

5 licenses initially approved in 2017: 1 per Health Service Area (HSA)

Licensees are called “Pharmaceutical Processors”

Vertically Integrated: Growing > Processing > Dispensing
Done on one site by one company.

4 Pharmaceutical Processors Currently Operational
Permit for HSA 1 Denied in 6/2020, RFA Closed 12/2020



Virginia Marijuana Bills: '20/'21 Sessions

HB 972:

Definitions, possession and consumption, civil penalties, report.

HB 1507:

Marijuana possession.



SB 1406

HB 2312



What Happens on July 1st?

The final legislation makes possession of up to an ounce of marijuana legal for people 21 and older beginning July 1.

What WILL be Legal

- ✓ Possession by adults 21+ of up to one ounce in public.
- ✓ Personal cultivation of up to 4 plants per household by adults 21+.
- ✓ Adult-sharing of up to one ounce in private **without remuneration.**



What Happens on July 1st?

The final legislation makes possession of up to an ounce of marijuana legal for people 21 and older beginning July 1.

What WILL NOT be Legal

- | | |
|---|---|
| <ul style="list-style-type: none">X Public consumption.X Possession or consumption under 21.X Possession on school grounds / school bus.X Consumption in a motor vehicle while being driven (passenger or driver). | <ul style="list-style-type: none">X Open container in a vehicle.X Sharing or offering in public.X Retail sales.X Gifting schemes. |
|---|---|



What We Know About the Program

VCCA:

Virginia Cannabis Control Authority

Will oversee adult-use program, including generating regulations.

Will determine number of licenses available and possess authority to issue, suspend, or revoke licenses.



What We Know About the Program

Certain provisions subject to “reenactment clause,” requiring reapproval by 2022 General Assembly.

VCCA must adopt regulations no earlier than July 1, 2022, and no later than July 1, 2023.



What We Know About the Program

VCCA plans to accept license applications

starting July 1, 2023

until January 1, 2024

giving preference to social equity applicants



Social Equity Applicant Criteria

Lived in the Commonwealth for at least 12 months
and at least 66% ownership by person(s):

- Charged with marijuana-related offenses, or
- Parent, child, sibling, or spouse of a person convicted of marijuana-related offenses, or
- Resided for at least 3 of past 5 years in a jurisdiction disproportionately policed for marijuana crimes, or
- Resided for at least 3 of past 5 years in an economically distressed jurisdiction, or
- Graduated from a historically black college or university in Virginia.



Social Equity Standards & Requirements

Yet to be determined by the Board:

- What preference in grading will be awarded
- What percentage of application and license fees will be waived
- How the low-interest business loan program will be structured
- Which jurisdictions have been disproportionately impacted and economically distressed



Additional Considerations

**Timing of the program
could be problematic**

**Sales of immature plants/seeds not
permitted until January 1, 2024**

**Secured property not required for application
Proposed property will be subject to requirements/restrictions**



Limited License Categories

Retail: up to 400 licenses

(re-evaluated after each 100 issued)

<1,400 sq ft

Cultivation: up to 450

Class A: plant # and sq ft limits

Class B: plants ≤ 1% THC

Wholesale: up to 25

Manufacturing: up to 60

Testing Facility

Available with additional requirements

Separate from existing licensees in both the state medical marijuana and hemp markets.



Licenses Are:

- Location specific.
- Non-transferrable: person-to-person or location-to-location.
- Subject to local restrictions: hours, zoning, local license limits.
- Subject to local opt-out — for retail stores only.
Can be at county, city, or town level. By referendum held/certified by Dec 31, 2022
- Valid for 1 to 3 years (TBD).



Vertical Integration Restrictions

- Applicants / Operators can only have interest in one license category.
- Ownership/partial ownership interest or any other financial interest.
- Existing medical permitted pharmaceutical processors can gain additional licensure: \$1M fee. Diversity/Equity/Inclusion plan.
- Vertical integration allowed only for “small businesses.”



License Refusal

Board may refuse to grant licenses if the applicant or anyone associated with the applicant:

- Is not 21 years of age or older.
- Is not a resident of the Commonwealth of Virginia.
- Has been convicted in any court of any crime involving **moral turpitude** within the last 7 years or has not completed all terms of sentencing and probation.
- Knowingly employs someone younger than 21 years of age.
- **Is not the legitimate owner of the business proposed to be licensed, or other persons with interest have not been disclosed.**



License Refusal

Board may refuse to grant licenses if the applicant or anyone associated with the applicant:

- Has not demonstrated financial responsibility sufficient to meet the requirements.
- **Has misrepresented a material fact in applying for a license.**
- Has defrauded or attempted to defraud the Board or any government authority.
- Is a police officer with police authority in the political subdivision **of the intended location.**
- Is a manufacturer/distributor/retailer of alcoholic beverages, or a **retailer of tobacco.**
- Is physically unable to carry the business.



How to Get Ahead

- ✓ Read the Virginia Cannabis Control Legislative Act,
- ✓ Start thinking about property or general area,
- ✓ Connect to local government and attend meetings, and
- ✓ Advocate for what you want!



How to Get Ahead

- ✓ Secure access to capital,
- ✓ Explore social equity opportunities, and
- ✓ Keep an eye on the press!



Upcoming Webinars

June 16
New York

with
Falcon, Rappaport &
Berkman

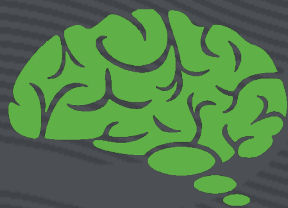
June 23
New Mexico

Canna Advisors:
Greg Huffaker
Victoria Trusty

July 1
Ohio

with
Frantz Ward





CANNA ADVISORS[®]

Questions?

thinkcanna.com



@cannaadvisors



BUILDING THE CANNABIS INDUSTRY