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Marijuana Hub

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HOW TO MAKE MONEY IN THE MARIJUANA STOCK MARKET

THOUGHTS ON 2015 YEAR IN REVIEW

The most important statistic in 2015 in my view is that the Benzinga Index is down about -70%. The 2015 marijuana stock market crash reflects investor's concerns and the reality of this new industry. Investor sentiment is about as bad as it gets, worse in some ways than the 1929 market crash and the internet bubble crash.

Sales from recreational and medical marijuana are up, the result of new sources of revenues. Colorado sold about \$700 million in 2014 and should reach close to a billion in sales in 2015. Washington should report about \$520 million in sales, roughly \$210 million from medical; \$310 million from recreational. Oregon should generate about \$12 to \$13 million in 2015, but should increase significantly in 2016. Dispensary sales across the nation in other states are contributing to industry growth.

California created a series of regulations designed to help medical sales. However, the word 'medical' sales of marijuana in the State is nothing less than a ruse. Anyone with a sore big toe can get a medical license to supposedly buy medical marijuana at any dispensary. These medical prescriptions are nothing more than allowing recreational users to get high.

The recreational issue in California should be decided in November's 2016 election. Meanwhile the guise of purchasing supposed medical pot continues, despite the State's attempt deal with legal issues of medical pot.

The problem is public companies. Most have good business models. Few have meaningful revenues, cash, cash flow, the ability to raise cash and share prices that can support their business models. This industry grows by diluting its outstanding share structure. It appears to me that the private companies and vendors are those fueling growth in this industry.

The biggest problem is that banks continue to disallow normal banking with this industry. The Federal Reserve stated it will not accept deposits from marijuana related companies. Lloyds of London ceased insuring cannabis companies. An industry that cannot bank its cash and insure its companies is unique in American commerce history. These are huge negatives.

Added to these issues is the fact that high doses of THC are now proven to be detrimental to the human brain. Without rescheduling, the industry will be hyped and continue its rocky growth. Share prices in 2016 should continue downward.