



# PAUL COHEN'S

## *Marijuana Hub*

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### HOW TO MAKE MONEY IN THE MARIJUANA STOCK MARKET

#### ISSUE #1: EVEN MORE ON MANAGEMENT

- ▶ Over the years, I have graded key management on two criterion: Availability and Response.
- ▶ Regardless of an individual's pedigree, we cannot see behind the bios whether these people are good businessmen and business women. Do they pick up the phone. Do they return calls. What do their emails tell us? Are they available?
- ▶ Only by our experience are we able to get a feel for efficiency, sincerity, knowledge and a genuine desire to connect.
- ▶ There are telltale signals that can cast doubt on any management team. First, it is no crime for management to sell shares of its stock. Anyone has a right to make a profit. However, if a sale is a forerunner of management policy, an individual's agenda or management conflict, that is another matter.
- ▶ Follow management's stock sales. Question motives. These sales will tell you much about a management team, direction and politics. What was the seller's agenda?
- ▶ A good example is Medbox (MDBX). This company paid a supposed research firm \$45,000 to write a report that had no financial analysis. This report was written when there was a change in management. The Founder was out; a new CEO was in. Anyone who knew this situation and the Founder, knew that a fight could follow, or that the Founder would be forced to sell out. It turned out to be both. Why buy a stock in management conflict and flux?
- ▶ There was no question in my mind that the Founder would put up a major fight. He did. And he sold.
- ▶ The stock went from a bit less than \$10.00 a share to \$1.44 at this writing. Separate from the company's operating progress, management conflict ruled the day. MDBX was a stock to avoid. It may be interesting at these prices, but so long as management is in conflict, it might be better to stand on the sidelines and observe. Look at how the chess players in management have re-positioned themselves. It is a game of musical chairs.
- ▶ The moral of the story is that often times, just understanding management and looking through its realities, can give investors clues to owning a stock or staying away from management conflict and uncertainty. MDBX is a good example.