



PAUL COHEN'S

Marijuana Hub

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HOW TO MAKE MONEY IN THE MARIJUANA STOCK MARKET

ISSUE #2: AVOID THE ILLEGAL

- ▶The genesis and history of the marijuana industry was the counter culture operating in the Black Market.
- ▶Cutting corners, hiding cash, smuggled grass, no banking, interstate transportation, bare knuckles enforcement, winks of the eye, members of the 'cool' club.....the list goes on and on.
- ▶Most of the same players are in today's marijuana markets, legal or otherwise. The club is alive and well.
- ▶So, in comes main street management, people looking for a quick buck, a big stock play, a big hit in the cannabis markets. Some people and businesses are certainly legitimate. Others are retreads from the old 'club'. Others are retreads from other industries. You have to be careful of who is in these companies. What is their background?
- ▶Regardless of the business model, look at its foundation. Is oil being smuggled across state borders to build a vape pen business? What about legal dispensaries and their employees? How much pot is being sold in the candy counters within the dispensaries, and how much is going out the back door by its employees for personal use and into the black market?
- ▶What about the trim business? Take a look at the growers, trim prices, where it is going, who is buying it, what are the limits for growing, how many plants max out a grower. It doesn't take a genius to follow the trim and the money.
- ▶Public companies are monitored by regulators including the SEC and FINRA. How much does FINRA and the SEC really know about this industry? Can they see through filings to follow the cash? Do they know the industry well enough to spot companies cutting corners, or are they only lawyers looking for regulatory violations?
- ▶The bottom line of avoiding the illegal is to look at the business model first. What could be illegal in it, never mind the Federal Government and the States. That legality is a mind field. But the same corner cutters who founded this industry are all too often entrenched in supposedly legal cannabis companies. They are not hard to find. Many are making it two ways: salary and in the Black Market after work.
- ▶The safest haven is in the medical cannabis industry. The danger is in companies oriented to recreational marijuana. Be careful. Be thoughtful. Ask yourself what could do xyz company in? What is legal and what is illegal?