



PAUL COHEN'S *Marijuana Hub*

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HOW TO MAKE MONEY IN THE MARIJUANA STOCK MARKET

OTHER REASONS FOR THE MARKET CRASH - DILUTION

Massive Industry Dilution: Overall, statistics on 248 of 283 stocks clearly show a financially cash depleted industry that is deteriorating. The broad base of the smaller companies in this industry cannot sell much of anything, cannot raise cash, has little meaningful cash, and has bloated capital structures in terms of hundreds of millions of shares issued and outstanding.

Poorly financed companies can only print more paper or go out of business. Sounds like the USA government's printing press. Shares outstanding and issued increase as a result of poor operating statistics and an inability to pay cash for services. Stock markets are ultimately based on the financial health of an industry. The financial health of this industry continues to deteriorate.

A Quick Lesson in Discounted Cash Flow (DCF) Valuation Analysis. The more shares issued and outstanding, the less valuable is a company. If we calculate a 5 year forecast for revenues and cash flow, discount the cash to the present, and divide it by the shares outstanding, the more shares outstanding equals the less value for any company. Therefore, the actual value for many if not most of these highly diluted these penny stocks is basically nil.

Selling Diluted Shares into Thin Markets. These massive shares issued by public corporations are normally Rule 144 shares of stock, or are represented by certain types of convertible securities, preferred stocks, warrants and options. However the dilution occurs, these shares of stock are dumped into the stock markets. Massive selling creates lower share prices of 248 smaller cannabis stocks are in trouble.

We have said that the cannabis/marijuana industry does realize the significance of this stock market crash. The crash affects all public companies and indirectly the industry as a whole.