

CANNABIS LAW

The rapid expansion of legal medical and recreational cannabis in numerous states across the U.S. has opened up significant opportunities for new business ventures and investments. However, this highly regulated industry is subject to stringent licensing and compliance requirements, impacting such diverse areas as employment, agribusiness, capital markets, financial services and banking, land use, health care and intellectual property law.

Armstrong Teasdale's Cannabis Law practice area has significant experience advising and assisting companies in securing and keeping licenses to cultivate cannabis, manufacture cannabis-infused products, and dispense flower and infused products. The majority of Americans live in states with laws authorizing the cultivation and sale of medical cannabis, and a number of other states have commercial recreational cannabis industries. Almost all the remaining states authorize the production of hemp for commercial, research or medical purposes, including the manufacture of cannabidiol (CBD) to treat certain medical conditions such as epilepsy.

Along with the potential for new jobs and revenue, these expanding industries present numerous federal and state compliance burdens, which are often implemented through multiple regulatory agencies. In addition to direct regulatory oversight from licensing authorities, Armstrong Teasdale lawyers help clients comply with other regulators in this space, such as the Food and Drug Administration and the Federal Trade Commission. Our lawyers have experience in the following areas:

OPERATIONAL AND REGULATORY COMPLIANCE

- Prepare pre-inspection submissions (e.g. facility modifications, changes of ownership)
- Provide due diligence and compliance support including conducting facility pre-inspections/audits and readiness checks
- Schedule and attend regulatory inspections
- Prepare responses to statements of deficiency or regulatory corrections
- Representation in administrative hearings and proceedings for citations, fines and penalties
- Interface with local, state and federal governments on tax, securities and other regulated issues
- Advise on ongoing regulatory compliance questions and matters

LITIGATION

- Representation in arbitration, mediation and/or litigation
- Advise clients in closely held business disputes over ownership and corporate control

MERGERS, ACQUISITIONS AND RESTRUCTURING

- Assist with acquisitions, sales, mergers and joint ventures involving cannabis facilities, enabling portfolio growth across state lines
- Negotiate and prepare financial restructuring agreements and buyouts, as well as representation in insolvency proceedings

EMPLOYMENT AND VENDOR MATTERS

- Prepare and negotiate employment and independent contractor agreements
- Represent employers in connection with labor-organizing efforts
- Develop training programs and related policies
- Representation in any type of employment matter (e.g., terminating decisions, discrimination claims, OSHA complaints)
- Negotiate and prepare vendor and supply agreements

REAL ESTATE

- Handle property leasing or purchasing contract negotiations
- Secure zoning, land use and other local government approvals

CRISIS MANAGEMENT AND INVESTIGATIONS

- Advise on crisis issues including interfacing with regulators, coordinating communications strategies, including media statements and press releases, and leading sensitive and confidential investigations
- Team approach to review compliance structures to identify problem areas and to help revamp policies, practices, procedures and cultures

CAPITAL RAISES, FINANCING AND BANKING

- Advise and assist with private placement memoranda (PPM), other offering documents, subscription agreements, and other documents to help protect clients from securities fraud claims
- Conduct audits and prepare compliance and legal opinions for financing and banking
- Confirm and author annual information statements for publicly traded companies
- Provide guidance on federal law and state banking regulations, including BSA/AML compliance requirements as they relate to cannabis-related business accounts and ancillary businesses that indirectly work with cannabis licensees
- Capital markets

INTELLECTUAL PROPERTY PROTECTION

- Counsel on intellectual property matters with respect to state trademark applications, as well as trade name and patent registrations
- Negotiate and prepare branding, licensing and white-labeling agreements, as well as consulting, process or know-how licensing agreements

COMPETITIVE LICENSE APPLICATIONS AND PRE-OPERATIONAL ASSISTANCE

- Advise on regulatory and competitive licensing requirements

- Prepare and submit competitive applications for business licenses, certifications and permits (state and local government)
- Procure land use entitlements and permitting
- Negotiate and draft real property leases and/or purchase agreements
- Advise and assist clients with choosing and organizing business structures and drafting governing documents
- Advise on ancillary business operation permitting (e.g. fire, building and health permits)
- Prepare operating policies and procedures
- Assist with pre-operational regulatory inspections
- Assist with legal due diligence, analysis and documentation of investments
- Handle legal due diligence, negotiations and preparation of contracts with business owners, banks, insurance companies, vendors and other business partners

GOVERNMENT RELATIONS AND LOBBYING

- Lobby and represent our clients' business interests to elected officials and administrative agencies charged with regulating the industry
- Promote/schedule tours with legislators of client facilities
- Track/monitor legislation pertaining to the cannabis industry

INSOLVENCY AND RECEIVERSHIP

- Advise on non-bankruptcy business workouts, financial restructuring and distressed mergers
- Represent debtors and creditors in state receivership litigation

EXPERIENCE

Advised Missouri Medical Marijuana Licensees in M&A and Reorganization Transactions

Led and closed transactions involving stock sales, asset sales, license transfers and other reorganizations contingent on and subject to significant regulatory requirements and conditions of the Missouri Department of Health and Senior Services. These involved both seller and acquisition-side efforts for 10 different medical marijuana licensee clients.

Led Capital Formation Efforts for Missouri Medical Marijuana Licensees

Since 2020 served as lead securities and offering counsel for eight licensees under Missouri's cannabis laws and regulations. The aggregate value of the various offerings of equity securities and convertible promissory notes exceeds \$75 million and involved more than 40 facility licenses.

Settlement Agreement for Cannabis-Related Dispute

Obtained favorable settlement agreement for landlord in breach of contract suit against cannabis manufacturing and dispensing company that violated its lease agreement after failing to obtain Illinois cannabis permits.

Assisted Multiple Clients in Missouri Medical Marijuana Application, Licensure Process



Assisted multiple clients in drafting and submitting numerous applications for medical marijuana facility licenses to the Missouri Department of Health and Senior Services.

Counseled 15+ Clients in Missouri Medical Marijuana Application, Licensure Process

Advised and assisted over 15 other companies filing medical marijuana license applications, including assistance with rule interpretations and analysis of Missouri's complex application materials.

Lobbied on Behalf of Medical Marijuana and Hemp Clients

Represented clients before the Missouri General Assembly and state agencies regarding the medical marijuana and hemp industry, including licensure, operation and related matters of interest.

Advised Medical Marijuana License Applicants on Real Estate Matters

Counseled applicants in connection with choosing proposed medical marijuana facility sites, advised and assisted clients with understanding and securing zoning and land use approvals, and assisted with the negotiation and preparation of purchase contracts and leases.

Advised and Prepared Documents to Facilitate Capital Raises

Managed due diligence and drafted private placement memoranda and related offering documents to facilitate our clients' efforts to raise capital to fund the medical marijuana application process and business build out, while mitigating the risk of future securities fraud claims by investors.

Outside Corporate Counsel to Industry Trade Association

Assisted in the organization of MoCannTrade, Missouri's leading industry trade association, and continues to serve as its outside corporate counsel.

Compliance Programs for Financial Institutions Serving Marijuana-Related Businesses

Represent multiple financial institutions regarding compliance programs for providing banking services to marijuana related businesses.

Successful Licensure for Client in Illinois Medical Marijuana Industry

Assisted our client in preparing detailed applications for licenses to grow and dispense medical marijuana in an intensely competitive process under Illinois's 2014 Compassionate Use of Medical Cannabis Pilot Program Act. Over 370 applications were filed in Illinois for just 81 licenses. Our client won a license to operate a medical marijuana dispensary in suburban Chicago.

Successful Licensure for Missouri Client to Operate Vertically Integrated Hemp CBD Oil Production Facility

Assisted our client in preparing a competitive license application that received one of only two licenses issued after Missouri passed laws in 2014 that created a commercial CBD oil industry to treat registered patients with intractable epilepsy.

Multimillion-Dollar Investment in Multi-State Marijuana Cultivation Business

Advised and assisted client with documenting a multimillion-dollar investment in a multi-state marijuana cultivation business.

Favorable Resolution in Dispute Between Medical Marijuana Dispensary Owners

Assisted a client in resolving a closely held corporate dispute between owners and officers of a medical marijuana dispensary. We thwarted another owner's efforts to appropriate our client's ownership interest and breach his management and consulting agreement, then negotiated a favorable resolution.