

The cannabis industry has grown dramatically in recent years as more states have legalized it for medical or recreational use. Global sales of cannabis products are expected to increase from \$13.4 billion in 2020 to \$33.6 billion by 2025.¹

While investors, growers, distributors, retailers and other entrepreneurs rush to take advantage of this growth opportunity, however, they still face many complex challenges, including an ever-changing legal landscape. While most states and the District of Columbia have legalized some form of cannabis use and the federal government has decriminalized the possession, use, distribution and sale of hemp, cannabis remains a controlled substance under federal law, and the use of cannabidiol (CBD) in consumer products is a gray area of FDA regulation.

That's where the team at Shipman comes in. With years of experience in the cannabis industry, we understand the complex legal, regulatory and competitive issues cannabis businesses face right now. Our lawyers have years of experience counseling startups and emerging-growth companies as they establish and expand businesses in highly regulated industries.

We can help cannabis-industry business leaders navigate the challenges of - and claim their place in - this new environment. We offer broad, detailed counsel on state and local laws regulating cannabis-related business activities, including:

- Forming and structuring a cannabis business
- Applying for a cannabis license, whether as a general applicant or a Social Equity Applicant
- Investing in cannabis-related business ventures
- Establishing and siting a cannabis business
- Operating a cannabis business
- Resolving business-related disputes
- Obtaining appropriate zoning and environmental permits
- Navigating various federal, state, and local environmental regulations
- Advising on the creation and implementation of Workforce Development Plans and Social Equity Plans

As the legal cannabis industry grows and matures, those who want to capitalize on that growth will need to remain agile and equipped with the most up-to-date legal counsel possible. Let the experienced team at Shipman guide you as you claim your part of this exciting opportunity.

In addition to cannabis-industry clients, Shipman advises businesses in banking and finance, health care, laboratory testing, employment, education, manufacturing and other sectors on issues related to the legalization of hemp and cannabis, including:

- drug testing and other policies relating to employees using prescribed medical marijuana,
- lending risks associated with the conflict between state and federal laws, and
- data security matters relating to software developed for and used by cannabis companies.

¹ <https://www.statista.com/statistics/1005176/global-legal-cannabis-market-size/>



CANNABIS EXPERIENCE

Business Formation & Licensing:

We have assisted numerous prospective cannabis companies negotiate partnership and operating agreements, and obtain license approval as social equity and general applicants. Our clients include businesses in each license type, from cultivators, to retailers to delivery services. Once a business has obtained a license, we provide guidance on all manner of regulatory compliance issues, license and ownership changes, and operating requirements.

Litigation:

We successfully prosecuted an appeal of an initial license denial for a cultivation business based on social equity criteria, enabling our client to reapply and ultimately obtain a provisional cultivation license.

M&A, Ownership Transfers, and Tax Planning

We are advising several cultivation and retail businesses on M&A prospects, ownership changes, and associated restrictions under Connecticut's laws and regulations. We have also advised businesses and investors on corporate structuring and tax planning to minimize tax burdens and maximize potential federal and state tax credits.

Marketing, Product Labeling and Regulatory Compliance

We have advised our cannabis industry clients regarding marketing, product labeling requirements, and regulatory compliance.

Investment and Opportunity Zones

Our lawyers are also advising investors and businesses seeking information on qualifying for Opportunity Zone investments relating to cannabis growing, production and distribution.

Employment and Contract Issues

We have advised cannabis industry businesses on employment and contract issues, including employment, termination, sales, endorsement and promotion agreements, as well as Project Labor Agreements and Labor Peace Agreements.

Medical Marijuana and Drug Testing for Employers

Lawyers from our employer defense and labor relations practice group have written articles and blog posts, created webinars, spoken at industry events and advised clients on employer issues arising out of the legal use of medical marijuana by employees. Among other examples, we have advised hospitals and health systems on concerns involving drug testing, effects of other state cannabis laws on employers in states where cannabis has not been legalized, and the management of employees prescribed medical marijuana.

Medical Marijuana Software Portal and Data Privacy

We advised a software and services company on privacy-related matters and the creation of a patient-user portal, in conjunction with the company's engagement by a state to manage the state's medical marijuana program.

MEET OUR TEAM LEADER



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Sarah Westby is Chair of Shipman's Cannabis Industry Team and a Partner in our Employer Defense and Labor Relations Practice Group. She advises clients on formation and management of a cannabis business, interpretation of state and federal cannabis laws, social equity qualifications and partnerships, business-related disputes, employment matters and contracts.