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Chip Baker: On today's Dirt, we have Brett Roper, Medicine Man Technologies. Join us as we chat about Medicine Man Technologies, a publicly traded company, new technology in cannabis industry, new states going legal, and how brands are going to affect the market in the future. Join us today on The Real Dirt.

This is Chip Baker with The Real Dirt, and on today's Dirt, I have Brett Roper from Medicine Man Technologies. How's it going, Brett?

Brett Roper: Doing good, Chip. How about yourself?

Chip Baker: Oh, doing great. Thanks for coming this morning. Many of my cannabis guests don't like to show up at 9 o'clock.

Brett Roper: Well, I'm usually in the office by 6 or 6:30, so 9 works for me well.

Chip Baker: In the future, we can do it even earlier if you want, then. I'm an early riser, myself. Brett, what is your position at Medicine Man Technologies?

Brett Roper: Right now, I'm functioning as the company's CEO. Andy and I, when we first established the company back in '14, flipped a coin for CEO and COO, and I still he used a two-headed coin on me, but it was fine, because one of us had to have that role, and he had a little bit better presence in the industry. So, it worked out very well for him to start with that.

Chip Baker: Right.

Brett Roper: And then, I served as the chairman of the board for several years. And then, he's now our board chairman, and has stepped to that role, and I've just picked up the CEO role as of June.

Chip Baker: Sure. So, Medicine Man Technologies is a publicly traded company, you're the CEO of. You're a Nevada based company, but you're operating out of Denver.

Brett Roper: Right, we're a Nevada C corp.

Chip Baker: When me and Brett met a number of years ago at their dispensary wing of their facility, and then, we've seen each other at shows over the years. I've run into many of your clients throughout the country that you've helped established new canna-businesses in many different ways. You guys seem to be everywhere. How many states are you in?

Brett Roper: Right now. I believe we're in 14. We're also in Puerto Rico, and also a few other international spots.

Chip Baker: Oh, wow. 14. I thought you were going to say, like, seven, or something. That's incredible.

Brett Roper: We've been paid by people in 14 different states, that's all I know.

Chip Baker: So, consulting can often leave a bad taste in peoples' mouth; it rings wrong. But, what you guys are doing is different than what we would consider the normal consultant in this industry. Medicine Man Technology came from Medicine Man Dispensary, Medicine Man Cultivation; you were one of the pioneers in cultivation and dispensary operations here in Denver, Colorado. And then, one day, someone called you up and said, "Hey, can you help me start a licence?" Is that kind of how it worked?

Brett Roper: Actually, it was ... I had had a relationship with a company that leased Pete and Andy the building. And, at the time, had kept up with them with the general contractor I introduced them to. It was actually me contacting Pete and Andy after I saw the latest grow, which they brought online in late 2014 to 15; the very clean apple room-looking facility. And I said, "What are you guys doing to monetize all this great experience?" And I think Andy's comment was, "WE barely have time to sleep and scratch our butt. But, if you know something we don't know, we'd be thrilled to talk with you."

So, we basically partnered up. And, over about a year and a half, developed their SOPs, and got them ready to launch as a real business, which occurred ... Technically, March the 22nd, of '14 is when we incorporated, and we got our first clients starting in April of that year as well.

Chip Baker: So, you don't come from a cannabis background. You come from a business background.

Brett Roper: That's correct. Business, and real estate, and service industry components.

Chip Baker: Right. Let's talk about the public company Med Man Technologies. There's been so much excitement on the ... I'll call it the penny stock. Is that the correct-

Brett Roper: Sure.

Chip Baker: Okay, the penny stock market in the cannabis industry. So much excitement, but, Pete, it's really kind of confusing to so many people; what's a penny stock? Why isn't it traded in the New York stock exchange? Explain to me how it works, as if I don't know what's going on.

Brett Roper: Right. So, the OTC marketplace is more or less the incubator, or the on ramp for companies that want to eventually work their way up to a higher listing. And a higher listing would either be through the NASDAQ, or the NYSE. You can look at dual listings, and go offshore to other countries, but that's pretty not done much, to my knowledge, at least in the cannabis space.

Chip Baker: Mm-hmm (affirmative).

Brett Roper: As we moved ahead and considered our options, we've always worked towards

helping ourselves to be knowledgeable in the space so that we could take advantage of the public company side, that is what's known as a QB or QX status. So, when we first established Medicine Man technologies, we founded the company with the concept that we would be public, and profitable in trading within a couple of years. But, we would always step into the public market as a fully reporting company; not a pink, or a gray, or one of the lesser listings. Not that those companies are good, bad, or indifferent; it just seems that, for the most part, you find more manipulation at that level.

Chip Baker: Absolutely.

Brett Roper: And you certainly will find manipulation at the NYSE, and the NASDAQ levels, it's just very subtle, and dark pools, and Warren Buffet deciding who wants to buy a big chunk of a company is likely going to stir some pretty good interest in that company.

Chip Baker: So, you brought up how some of the other stocks aren't fully reporting. One of the interesting things about your company in the cannabis space ... And people ask me all the time, "Hey, what stock can I invest in the cannabis space?" Many of the companies don't actually produce any goods, or do any business. Right? That's what I've noticed. But, companies like Kush Bottles, Medicine Man Technologies-

Brett Roper: Terra Tech.

Chip Baker: Terra tech. I'm giving a blank on a couple of the others- [crosstalk 00:06:00]

Brett Roper: Surna.

Chip Baker: -that actually make something or do something.

Brett Roper: Right.

Chip Baker: You guys make money. You actually make money.

Brett Roper: Right. Well, some years we do, some years we don't-

Chip Baker: Okay, yeah.

Brett Roper: -but our goals are profit-oriented, for sure.

Chip Baker: I should say this; you have a business of consulting people, you have a product you sell, right?

Brett Roper: Right.

Chip Baker: You do sign people up for contracts. And many of the publicly traded companies, it's just hype. Right?

Brett Roper: Right.

Chip Baker: And there's no real businesses happening. It's what they say they're going to do.

Brett Roper: Yes. It's a little bit like the Dilbert effect. Wally was going to go public with his tuna fish sandwich company, and got the trophy wife, and quickly found out there was no online tuna fish sandwich market that he could serve after getting VC capitalists to give him millions of dollars. So, that hype exists in every industry, it just tends to exist more at the onset of that industry's traction. So, you saw that in the late '90s with the internet. So, between '90 and '98, '99, before it all slowed down and people went away from that craze, into more operating company modes; you have that same thing going on here.

So, it's early for the cannabis industry. There are people that claim to touch or to have something to do with the cannabis industry that are hyping, or pumping, or talking, or doing constant press releases to try to get somebody's attention. Medicine Man Technologies, for example ... A lot of companies make a public announcement every time they get one client.

Chip Baker: Right.

Brett Roper: We do that once a quarter. And I'll announce that I've got 12 clients this quarter, and I've done this, and I've done that.

Chip Baker: Right. Because so much of that game is hype.

Brett Roper: Exactly.

Chip Baker: It's like, "Oh, we're doing this." And then, people are excited about it, and they buy their stock-

Brett Roper: "I won this award." Or, "I did this." And some of those are certainly noteworthy, and need to be a part of a press release strategy.

Chip Baker: Mm-hmm (affirmative).

Brett Roper: But, in this industry, it's better if you don't do press releases just because you need to do one every week, or every other day.

Chip Baker: Absolutely.

Brett Roper: You do them when they're relevant and they're material to your company's operations.

Chip Baker: Mm-hmm (affirmative). The hype of the press release, the news stories, the CNN interviews; that makes people excited about the stock, so they go and buy it, it raises the price of the stocks. And that's kind of what we're talking about here, is this marketing, sales technique that's used by many companies to say something

every day, or every third day, about what they're doing.

Brett Roper: Right.

Chip Baker: Right?

Brett Roper: Well, you see a lot of folks in the space, such as a Kush Bottles, and Nick has a press release every now and then; but, Nick's not out every week, maybe not even every other week, or every third week, but he's out there when he needs to announce something that's relevant, or there was an AK filing that he's required to make per SCC regulations, because it's material event for his company. So, he definitely doesn't announce that, "Oh, I sold 10,000 recharge bags today to a company," because that's not really material or relevant to his business.

Chip Baker: Right. So, Medicine Man Technologies, publicly traded company, it's MDCL-

Brett Roper: Correct.

Chip Baker: -on the QTC. You're a full-

Brett Roper: On the OTC.

Chip Baker: On the OTC.

Brett Roper: Right.

Chip Baker: You're a fully reporting QB status.

Brett Roper: Right. So, within the OTC marketplace, there are audit levels called ... Well, a PCOB audit level is required to be on the QB or QX status.

Chip Baker: Mm-hmm (affirmative).

Brett Roper: If you're pinks, or a grey, or other listing on the OTC, audits are not required. At least, not PCOB audits. And the reporting is far less stringent.

Chip Baker: Right. And that's where the dubiousness can take place; in the pinks and the greys-

Brett Roper: Well, it can take place, yeah, almost anywhere. But, it's more likely to take place-

Chip Baker: You don't have to report what you're doing with your income-

Brett Roper: Exactly. Well, there are a lot of interesting companies out there; MJ and A, and some of these others that have been pinks for a long time, and they've made several releases that they're going to move up to the QX status, that they are going to get their financials audit worthy. And, hopefully, at some point, they're able to meet those goals and objectives. Once again, the OTC marketplace is an incubator, or an on ramp, for public companies that aspire to higher listings, and more

longevity.

Chip Baker: Right.

Brett Roper: So, those that are able to transition from pinks, to fully reporting, and maybe to QX, then maybe to a capital markets listing on the NYSE, which is the on ramp for the NYSE, or the similar level for the NASDAQ; these are all steps that legitimate businesses try to take in order to grow their company.

Chip Baker: Right. And the SCC set this up this way, so that me, Johnny Q Public could start a business, and start it with a small amount of money, build it myself, not report it, then start reporting, which costs a good amount of money to report, and then move from this penny stock to the NASDAQ. Right?

Brett Roper: Right. Penny stocks typically are those stocks that trade at less than \$3 to 4 per share.

Chip Baker: Right, right. [crosstalk 00:10:44]

Brett Roper: And then, the NASDAQ and the NYSE, as a part of their up listing requirements, you have to support a certain level of trading at a certain price for a time period in order to be eligible to even make application to even those exchanges. So, generally speaking, a penny stock ... Well, a penny is a penny; they're referring to stocks that are trading in less than that \$3 to 4 range.

Chip Baker: Absolutely. So, you know what Med Man Technology's trading at today?

Brett Roper: We've been running in the \$1.35, to \$1.45 range.

Chip Baker: Okay.

Brett Roper: The company only sold stock privately one time. We raised a little bit of money in November of '14.

Chip Baker: Okay.

Brett Roper: We did a private placement where we went to friends and family to put some additional funds at our ready if we needed them; and, actually, we didn't hardly use them for about a year and a half. But, we raised money at \$1 a share, it was a \$10,000 minimum maximum, and we sent it out to 50 friends and family, and we got 27 subscribers day one, and we closed it at that point, because we were going to stop at 25.

Chip Baker: Oh, yeah.

Brett Roper: So, we did that as a purposeful move, because, typically FinRA ... And FinRA's, Financial Regulatory Authority, is also part of the framework that watches over the public and private company space. So, the SCC, FinRA, Depository Trust

Corporation, which clears stock and manages the stock allocations and reporting, those are all critical to managing the business as a whole.

Chip Baker: Right, right, right. Wow. So, there's a tremendous amount of reporting, filings. I've got some great accountants; my accountants are incredible. And one thing they advised me years ago was, "Never go public, Chip. It's just too much to ... Just too much reporting." But, that's your biggest challenge, huh?

Brett Roper: Right. But, it's also our biggest advantage. When we make an opportunity come together with another possible acquisition, that company knows, if we offer them X amount of stock, and it sets of this day, we're actually offering them a value that is there, and you can see it, and you can understand it. Now, what that value is six months or six years, you have the same risk in a private transaction. You can buy a company, and two months later, it's worth a third of what it was. Or, two months later, it's worth three times what it was. But, in the public company space, if we make an offer for a company in terms of stock, they know what that value was, and that value is set and tangible.

Chip Baker: Mm-hmm (affirmative).

Brett Roper: And, hopefully, as a company that's growing, they see the value of coming into our group, and then, hopefully seeing our stock improve in price, and they get to see the appreciation as well.

Chip Baker: Right, absolutely. So, you're a publicly traded company, but you release shares out privately; is that how you phrase it?

Brett Roper: No. We only release shares as the result of either a qualified plan, an acquisition, or contract for services. So, we just engaged a company called KCSA, out of New York, for IR and PR work. Their fee structure is both cash and some stock. We like to see people that work with us, for investor relations and public relations, have the same incentive that we have in growing our stock's value. So, in working with-

Chip Baker: Right. Absolutely. They've got skin in the game.

Brett Roper: Exactly. So, working with that group, it was easy for us to ... And that's been disclosed already, but was easy for us to get them on board, and agree to a price that also included some stock, so if they do a good job, they get rewarded; and, of course, if they do a good job, our shareholders get rewarded.

Chip Baker: Right, right. Absolutely. Hey, Brett, I think it's perfect time for us to take a break. This is Chip Baker, The Real Dirt, and Brett Roper, with Medicine Man Technologies.

These new episodes are made possible through some really awesome partnerships. We want to form longterm relationships with other entities who have similar goals. Thanks to Grower Soil, a line of soil and nutrients manufactured and developed right here in Colorado. Also, thanks to Cultivate Colorado, with two stores in the Denver metropolitan area. Cultivate has one of the largest selections of indoor and

horticultural equipment in the known universe. So, stop by if you have any growing needs. Grow your dreams, cultivate the legend.

And we're back, and I'm talking to Brett Roper, with Medicine Man Technologies. So, when I was 13, my dad came to me; real smart guy, eighth grade education, but just really, really bright guy. Could build anything, do anything, in my eyes. And he said, "Okay, had a job now for a couple of years. I've made you save half your money. I want you to invest in some stock, and let's learn about the stock market." I was an asshole little 13 year old kid, I saw my savings, and I wanted to buy a skateboard, or a ninja suit, or something like that with it. So, I invested 1,600 bucks in Coca Cola. I invested 1,600 bucks in Coca Cola stocks, and watched it for a number of years, learned about publicly traded companies. Every quarter, we'd read the filings, and statements, and I really learned how it worked.

And then, I forgot about it for a number of years. When I was 24, I looked at my stocks. I got a letter in the ... I hadn't looked at it in five or six years, and it was \$25,000. It had grown from that \$1,300 investment. I was floored, and called my dad up, said how excited I was, and I was ready to spend the money immediately.

Brett Roper: Spent a little.

Chip Baker: I did. I took half of it, sold it, and moved to California.

Brett Roper: There you go.

Chip Baker: Just got out of college, and me and my girlfriend at the time, who's now my wife, that's how we made our start; was with our \$1,300-

Brett Roper: Nest egg.

Chip Baker: -odd job, nest egg that I'd started when I was 13. And, yeah. Took \$10,000, or something, and moved to California.

Brett Roper: Wow. Sounds like a great story.

Chip Baker: Yeah. I should have sold all of it, though, because Coca Cola stock then plummeted, and it's never been worth the same amount of money.

Brett Roper: It's unusual in that ... What they used to call the widows and orphans stocks; the GM, and the Ford, those larger stocks that paid a continual dividend, and saw a little appreciation. Those were stocks back in the day that you called the broker and said, "Buy me 1,000 shares. I'll send you a check." Or, "I'll send you the check first," to make sure the funds clear before the broker actually did the transaction.

Chip Baker: Right, right.

Brett Roper: But, the trading velocities and mechanisms have changed since the time you made your \$1,300 investment, where, your dad probably turns you on to a broker that

you went down to, and you wrote a check, and he put it in your trading account-

Chip Baker: That's exactly how it happened. Right.

Brett Roper: He went out and bought the shares on the open market through his intermediary on the NYSE out of New York. And then, they got credited to your account. Back in the day, they would have actually done that manually, and the certificate would have been held in a file cabinet somewhere as a trust for your shares that you held. Nowadays, it's all electronic.

Chip Baker: Right. You can do it on your phone.

Brett Roper: Once you clear that stock, and it's left its physical certificate form, which is usually at the very beginning; at that point, it's going to remain in the ether, or, as a little blip of data on somebody's server that has a tracking number and a history to it.

Chip Baker: Right. Right. Yeah, it's amazing. I got exposed to Etrade, like 2013, 14, right when cannabis was being legalised recreationally here in Colorado. And, at that point, there was a tremendous right in a lot of the public stocks.

Brett Roper: Right,

Chip Baker: Right. There weren't that many on the market that have served the test of time. But, yeah, we bought a bunch of stocks, on our phone, we're looking at it every day, looking at rates, selling them, buying more, selling them, buying more; and it was incredibly fun. Around January 2014, I think we sold most of it. We're like, "Okay," made like \$20,000, or something. And it's exiting for us. And we're like, "Okay, we're going to sell it." And then, two months later, all of that stuff crashed. It was literally worth dollars again.

Brett Roper: Right. Well, it's amazing. Some of that comes back around in the public market space. One companies demise doesn't mean it's gone.

Chip Baker: Absolutely, no. No.

Brett Roper: It is now eligibly become a shell, and it gets sold to somebody else. It used to be parakeet food, and now, it's going to be cannabis.

Chip Baker: Absolutely.

Brett Roper: And those reverse mergers, and those types of arrangements are generally done to get a company to market quicker. But, even if you're buying a shell, or you're investing in a company that way, you have risk; because ... With that, what's called a Delaware scrub, or a bankruptcy for discharge to know who your shareholders are, the stories are pretty grim for all these companies that, they thought they bought a good shell, and six months after they're done, and they're getting ready to trade, somebody shows up and waves a certificate that says, "I own two million shares of your stock." And, guess what, they don't have a choice; the

documentation is there. If they are to disclose the transaction, is one smack on the wrist, or do you derail all that time and effort? Typically, no. You-

Chip Baker: You just pay off.

Brett Roper: You pay off, or you find a way to make it work. So, in the shell game, which is usually not the most desirable way to go public, it's very critical that, if you're getting a fully reporting shell, that you make sure that it's clean, and you do your due diligence so that it doesn't have a nest of additional shares that were given, or authorised, or in play that are not disclosed on the books. There are book entry stocks a lot of times that, if somebody's less than ethical on what they do, you can end up buying a little bit of a pig and a poke.

Chip Baker: Right. Right. You guys didn't buy a preexisting company.

Brett Roper: No.

Chip Baker: You did not do a reverse merger.

Brett Roper: No. We established ourselves early on as a C corp, with the idea of filing what's called an S1.

Chip Baker: Mm-hmm (affirmative).

Brett Roper: Our options to go public were really a form 10, or an S1; both are registration statements. An S1 registers a stock that is eligible to be registered and become free trading, or freely transferrable. A form 10 basically brings all the stock into the market, regardless of its status. And, over time, as it becomes eligible to be released for free trading, it does so. So, most companies that have a more legitimate foundation, on a normal basis, would look at a form 10, or an S1 filing.

Chip Baker: Right. So, we could talk about this all day. This is fascinating to me. I love all aspects of business. But, the publicly traded aspect is a huge portion your business, but that's not what you guys do. You consult people on technology, and how to get involved in new business, and in new states. Right?

Brett Roper: Right. So, for the most part, we made our bones, if you will, selling consulting services. We're not a [inaudible 00:21:45]. We don't show up, and write an application, and take full responsibility; we're the bolt up for that application. SO, your ex brother-in-law in California probably is not going to be listed as your grower.-

Chip Baker: Mm-hmm (affirmative).

Brett Roper: -in a state coming online, because his experience is not considered relevant to the industry, and he was perhaps growing less than legally.

Chip Baker: Right.

Brett Roper: So, people that have that desire to get in the space, that have the money and the interest, will come to a company like ours, because they can stand on our shoulders. We give them the SOPs, we give them the bolt ups for the application, but we typically don't write an application. We recommend to clients that they get good technical writers, good people that understand persuasive writing skills, that have maybe written RFPs and RFQs for the DOH, or whoever is handling the states' administration of the cannabis initiative, and that they also find good security playing contractors, local resources, as they can; and we're just one part of a number of pieces that go into the final application process.

Chip Baker: Right. So, you advise people on a number of things. So, one thing that's beautiful about the cannabis industry is, almost anybody who's ever smoked a joint has wanted to make a million dollars off it. It's the coolest thing in the world, and they're like, "Ah! We can grow this shit, make a million dollars."

Brett Roper: Right.

Chip Baker: But, many people have that idea, and want to pursue, but realise they don't have the backgrounds, or the foundations to do it. They might, just like you said, your brother-in-law's growing weed in the basement, they've got four lights, or two lights, or 10 lights, or some plants in the backyard; but they want to get legal. So, the smart thing to do, is to contact somebody who's done it really well, and has shown a foundation in this. And that's who's talking to you. That's your customer.

Brett Roper: Right. And, generally speaking, there are a lot of good consultants in the space. We've worked, as we've already mentioned, the different consulting group acquisition that's fixing to close here shortly. But, we've worked in the industry long enough, and there are a lot of really good consultants out there. We've found some of the better practitioners are actually doing this with one of their ancillary companies. So, if I'm providing cultivation advice, I better be a grower, or some of my key team members better be active in the growing technology space, so that I'm giving the most relevant and the most current guidance I can possibly provide. Because, the old days were two pounds a light, a gramme a watt, was the typical good yield on cultivation-

Chip Baker: Not that way anymore.

Brett Roper: -fix, six turns a year. And with Josh's technology, we're pushing in the four plus bound range, or pushing two grammes a watt on normal turns.

Chip Baker: Right.

Brett Roper: So, at the end of the day, it is a manufacturing process.

Chip Baker: Absolutely.

Brett Roper: And the low cost, highest quality producers will likely stand the test of time. And,

for our clients, while we founded ourselves on Andy and Pete Williams' growing skills, they've been superseded now by our relationship with Josh Hopped; which, Andy will tell you, he's actually adopting his facility to use Josh's technology, because he's a big devotee as well. He sees the difference in-

Chip Baker: The proof is in the pudding at Josh's place, for sure.

Brett Roper: Exactly.

Chip Baker: We're talking about Josh Hat with Three A Light. He was on a show just last week, or the week before, as a matter of fact. I've seen hundreds of gardens, Brett. Hundreds of gardens. I've been studying cannabis for 30 years. And I'll go into peoples' gardens, and they look a little different every time. They might always look good, but the grower'll say, "Oh, I'm having this problem, or this problem, or that problem." And Josh may say the same thing, but I've been into his facility; he's got 29 grow rooms. I've been to his place seven or eight times. Every single time, it looks better than the time before. It's incredible at the consistency that he is able to do.

Brett Roper: He's all about a very consistent approach to nutrient management, to light management, to cultivation management. They do something-

Chip Baker: Not just one thing, right?

Brett Roper: Right, it's a combination; it's his nine spoke wheel, if you will, of cultivation. One of the things they do that's unusual is they call it a [schwoz 00:25:39].

Chip Baker: Sure.

Brett Roper: Where they strip the plant down day one of flowering. Most growers would tell you the plant's going to rebel, it's going to go to sleep on you, it's going to hermaphrodite, it's going to not do what you expect it to do-

Chip Baker: Yeah. Underperform.

Brett Roper: But, he replaces those fan leaves with a nutrient base, that's very consistent, that allows those plants to thrive. Even though they've been challenged a bit, they come back pretty strong.

Chip Baker: Yeah. Absolutely. We sell his product at our store, and we have his Three A Light book. And many of our employees go through it, and they see one or two things that they want to grab. And he's got lots of great little tidbits of information, but the [swozzing 00:26:17], coupled with the nutrient; you gotta do those two things together.

Brett Roper: You do. And environment is very critical as well. [crosstalk 00:26:26] So, CO2 uptake is always better weeks four, five, six; whatever that timeframe is. So, when you dial up your CO2 to that 15,000 level, parts per million, on extra augmented

CO2, then you're getting your best reports. You're obviously not using CO2 in veg, because the plants might mature enough to have flowers, and the CO2 does help production in the flower stage.

Chip Baker: Sure.

Brett Roper: So, he's just really worked that out pretty much-

Chip Baker: Yeah. And his grow rooms really look like almost any other grow room I go to that has put a high level into controlling the environment. It's really his technique in application of technology that everyone else is still using. But, it's the way they put it together that makes it.

Brett Roper: Right. Josh runs many nutrients throughout the plant's life expectancy, and a lot of your large growers- [crosstalk 00:27:14] Yeah. And a lot of your larger growers want to just run two or three, and they want to be able to use automation. They feel like they can treat every plant the same. And Josh has been very discriminatory, and I think that's why he gets the yields he gets. Yeah, it costs him a little more to get those, but would you rather spend an extra \$200 a pound and get four pounds a light, or you're happy to save that 200 and get two and a half.

Chip Baker: Yeah, right, right. Yeah, absolutely. So, Josh is just ... You know, maybe we should step back here, because we've kind of talked about you guys as a consulting company, but you're also a brand warehouse. You alluded to this earlier, you're buying ... Or, maybe buying's not the right term-

Brett Roper: Acquiring, partnering.

Chip Baker: Acquiring, partnering with other companies, such as Josh at Three A Light, with his-

Brett Roper: Success nutrients.

Chip Baker: The success nutrients. And you have others; let's talk about those.

Brett Roper: Right. So, the company's first acquisition announcement was a year ago, this past August, when we announced that we had a deal in principle, through a binding term sheet with Josh Haupt, for Three A Light, and Pono Publications, and Success Nutrients. Pono Publications and Success Nutrients are just two corporations. The Three A Light is a registered trademark and brand of Pono and Success. We also announced the same time we were moving ahead with the potential acquisition of a packaging company, Garrett Fortune and FunkSac. Over a period of four to five months, the acquisition with Garrett and FunkSac just didn't work out for both parties, and we parted friends. In fact, we lent them a quarter million dollars, so we're still good friends to this day, because we have a vested interest in their success.

Chip Baker: Yeah, absolutely.

Brett Roper: But, at the time, it didn't make sense for a lot of reasons, and none of them were the fault of either party. [crosstalk 00:28:57] However, Josh and his acquisition was one that we pursued, and we basically completed that as of April one, effective. But, the SCC, in its infinite wisdom, decided we needed to add that to our proxy for annual meeting, rather than taking the majority shared vote that we'd already pulled and gotten, for whatever reason. So, we went, and it was finalised on June the 3rd. But, for all intents and purposes, they were in our financials, and reported that way starting April 1st, which we'd already disclosed to the SCC, since our deal was technically done back in February.

Chip Baker: Right. Right.

Brett Roper: So, once we absorbed that company ... And we're still working to absorb them, because there's a lot of moving parts. We'd also begun looking into different consulting groups. And we made an offer to them-

Chip Baker: Justin Greg,

Brett Roper: Justin Greg. And we'd made an offer to them in May, and we're hoping to get that closed a week from Friday. But, we got our due diligence done. We've got their financial statements, so that their PCOB compliant, and they're audit ready so they can be uploaded into our financials, which is a part of the requirement on an acquisition. Now, it took us a little for Josh's company, because there were a lot more moving parts, and it was more expensive for the company to get his books, if you will, up to spec. But, at the end of the day-

Chip Baker: Because he's already got a big business, right?

Brett Roper: We were able to do that successfully, and there were nothing that we were alarmed about in our due diligence process, so we moved ahead. We're currently talking to some other companies, and I believe we disclosed one group in an AK back in June, in Canada, that's talking to us about being our exclusive nutrient and service representative in Canada. So, we've been exchanging documents with that group, as disclosed in the last AK in June, and we're hoping that that will become mature, and become something we can report on. If not, it'll go by the wayside. But, you look at a lot of deals before you find the ones that work.

Chip Baker: Right.

Brett Roper: We're also working with another group, as disclosed on the extraction and manufacturing side. So, we're in deep discussions with them on their technology, and their skills, and bringing them in as one of our partners, or as a stock for their company deal.

Chip Baker: So, this is all ancillary products, it's not directly with the plant.

Brett Roper: Right now, we're not. Although, within our filings, we've already disclosed that we have a tacit agreement with the Williams family for possible acquisition. We'll

obviously be actively supporting the state initiative that may allow public company ownership, because right now, Colorado has a prohibition. But, we're hopeful that next year Colorado will look at that, and look at a fully reporting public transparent company as being an even better shepherd and steward of that company's company, than a private company that doesn't have to disclose anything.

Chip Baker: Absolutely.

Brett Roper: So, we're very hopeful the state will look on that option kindly. And, once again, when you look at a fully reporting, audited company that's current on its filings; that transparency, we think, is something the state should be excited about. So, we're hopeful that they'll modify their rules to allow a certain level of public company ownership; at least at QB or QX status level.

Chip Baker: Yeah. You know, that never really made sense to me, because the way that Colorado designed all their laws, it was with transparency. It's hard here to divert product. It's hard here to have bad employees, or unregistered employees. I know it can be done, I'm sure. But, they really thought about a lot of stuff. And it seems like publicly traded companies fit right into that realm.

Brett Roper: Well, we believe they do, and we're hopeful that the state and the legislature will look at this opportunity next year, and perhaps come up with a solution that will allow us to own and perhaps operate. Right now, you had Derek Peterson and Tara Tech, who announced late last year that they were buying Bloom. And that was one of the first instances where you have a QX, or QB status company, who reported to the SCC their intention to buy a touching the plant company; because they own dispensaries, cultivations, and extraction mechanisms.

And we were all quite surprised that, in March, the AK went effective, and the SCC basically, I think, by not derailing the acquisition, by their quiet acquiescence basically said, "Look, if you're doing it within a state that's legal, you're keeping it out of the hands of minors, and you're keeping it into your state, and you have a robust state infrastructure that can kind of manage it; then, far be it from us to come back and say you can't touch the plant." So, a lot of us in the industry got very excited when that happened late last year, and we were all thrilled for Derek, and for Terra Tech, we believe that's a good acquisition for them, and hopefully that company will begin to show some profit potential here in the new future.

Chip Baker: Profit. That's one of my favourite subjects. Hey, I think it's a perfect time for break, and we're going to come back and speak just about that. This is Chip Baker, with The Real Dirt; Brett Roper. You can download this and other episodes on iTunes at The Real Dirt podcast, or on TheRealDirt.com. We'll be back in a moment.

Denver Normal is an organisation that advocates for the rights of every marijuana consumer in the mile high city, while also creating long-lasting partnerships with local businesses that share our values, a deep love for the community, the cannabis plant, and a commitment to educate our audiences. Thanks, Denver Normal.

All right, and we're back. This is Chip Baker and Brett Roper, with Medicine Man technologies. My listeners really want to hear about two things; they want to hear about weed, and weed money. Now, I said this earlier, about how people want to make a million dollars with cannabis. And you've seen people do it. And I've seen people do it. Maybe you have some insight for our listeners, as something that you might see in the cannabis industry as a good opportunity to be involved in right now. Or, maybe like, where a good revenue is being made in the cannabis industry right now.

Brett Roper: Well, I think, if you look at the last couple of, either new frontiers, or the BDS analytics reports, the largest growth seems to have come in investment capital into the cultivation space. However, the extracted product lines are making a really strong run as well. So, Colorado, going back four years ago, probably 90% of its sales were plant related, and 10% or less were extraction related. This year, they're talking about maybe as high as 40% of the product sold will be an extracted based product, whereas, 60% will still be flower. And what we see is a trend that doesn't mean you're smoking less flower, what we see is a new trend of new users, or new curious folks that say, "I would never smoke it because of the carcinogenic effects of tobacco and other things that I fear."

Chip Baker: The extracts you can vape.

Brett Roper: "But, if I could ingest it, or if I could vape a pure oil, where I know I'm not getting some other element thrown in, I'm interested." Plus, they're people like myself. I've always been somewhat of a ... I stay between the lines, the lines are my friend, because it was illegal, and because I didn't have an interest in it. I would've stayed on-

Chip Baker: [crosstalk 00:35:57] But, you look like such a stoner, with the tie dye, and the Rasta haircut.

Brett Roper: The long hair, yes. All giving me away, obviously. But, what you find is, you find trends in this industry. So, as you look at private and public company investment ... Because that's really the only two venues you have.

Chip Baker: Right, absolutely.

Brett Roper: There's no real federal support for a real fund that would be dedicated by Wall Streeters for \$2 billion to do nothing but cannabis. So, there are no other investment vehicles out there. So, groups like Arc View, who've been around a while, they have an investor group; it's an accredited group of people that meet six or seven times a year that talk about investments in the cannabis, and sometimes they invest in your company, and sometimes they don't. But, when you're starting to look for opportunity; first off, if it's private and somebody comes to you and says, "I got the latest and greatest thing," do your homework, do your investigative work. And we would tell people never investment retirement money, never revest your kids' college education money. Invest your lunch money. Invest a couple of car payments. Or, invest what you have to lose. Don't be swooned away from your

money, because it seems like something of real value.

And, of course, some once in a great while ... It's like playing cards; once in a great while, you have to fold, even though you have the winning hand. And the same can be said for investment in cannabis. Limit your losses when you can, and take advantage of gains that you're able to create with the right investments. So, in the public company space, you have companies that actually do generate revenues, that those revenues are trending in a positive direction, and they appear to be growing. And, over time, they expect to be more profitable; which means, hopefully, their stock will get better traction, and will appreciate, and provide a return to somebody.

So, most of the investment coming in now is, "I don't buy the stock to get a dividend. I might lend a cannabis company some money and get paid interest, but likely, I'm lending it because I'm helping them buy their newest air conditioning, or their newest lights, or the newest extractor; and I'm just kind of bidding out some of the capital that they, maybe, don't have, in order to help them increase their reach." So, in the public company space, it's really there's a wide variety of opportunities. And you look at volume, you look at price, you look at volatility, you look at how good the company is at disclosing both good and bad things, if they're subject to good and bad things. And, at the end of the day, all those things will help you, as an investor, make a determination that, "Hey, I like Medicine Man Technologies, but I don't expect their stock to triple this week or next month."

Chip Baker: Right.

Brett Roper: "But, I think over the next two or three years, based upon what I've read and they've disclosed to me, that they have a really good potential to grow their company. And, where it's \$1.40 today, it was at one time, last October, November, pushing close to \$5."

Now, I'll be the first one to say, we didn't deserve being worth \$5. We were never a \$5 stock. So, when the stock began climbing, in my ... As an officer and director of the company, that's my worst nightmare. Because I know the only way to go after that is for it to fall back down again.

Chip Baker: Right.

Brett Roper: The fact that we opened up as \$1 a share, and I had us pegged at \$1 to \$1.50 share a stock ... We're right there today, and I'm very comfortable with our stock price. But, I feel like, over the next several years, we're going to see substantial appreciation of that value, and substantial growth of our revenues, which will help drive interest in our shares. So, whether you're looking at us, Kush Bottle, Terra Tech, American Cannabis; there're a number of people out there, but the one person I would also tell your investors to talk to is Alan Brochstein with the 420 Marketfy folks.

So, Alan is an ex Kidder, Peabody analyst. He has a website ... If you just google 420

Market Fy; M-a-r-k-e-t-f-y, you'll find Alan. I subscribe. I pay my 420 bucks a year. But, Alan has a really good, sound basis for judgement and analytics, so if he doesn't like you, he'll tell you.

Chip Baker: Right.

Brett Roper: And if he thinks the stock is being pumped, he will tell you. A couple of weeks ago, he made a comment about Mass Roots, and the fact that they had some unknown support that Isaac obviously didn't know about at the time. But, there was somebody working his stock. And, as the CEO of the company, you've got to keep up on that stuff, and watch the reports. And, Isaac clearly ... The company didn't authorise the support. But, one of the shareholders, or somebody got together, and put some money into two or three groups that then kind of pumped the stock for a while.

Chip Baker: Sure. And pumping it was, they buy and sell frequently on a day that increases your daily trade share, so it increases your overall value; increase the value, and then they sell.

Brett Roper: Well, hopefully, that's what happens. A lot of times, they don't get any extra traction, the stock languishes, and you spent your money for support that didn't get you anywhere. So, Isaac's just one example. And Mass Roots, obviously, with its latest acquisition, hopefully, it will continue to do well, and it will get to the point where it has some good revenues that it can grow its company on. But, you know, all these companies have opportunities embedded within them, and you're just going to have to look around, and discover which one has that best opportunity.

So, Alan Brochstein, by way of example, we were put into his focus list. The day that he bought our stock for his focus list, and his little holding base, within 30 minutes, his followers ... We jumped up over 100,000 shares of volume in 30 minutes.

Chip Baker: Wow. Okay.

Brett Roper: We were lucky to do 20,000 shares a day. So, Alan, while he's not a promoter; Alan-

Chip Baker: He has influence.

Brett Roper: He has influence. But, what Alan does is, any time he buys or sells, he makes that announcement to all his subscribers. So, he's a little bit of like a Mad Money, a Jim Cramer. He obviously doesn't hold for personal, but he's there to talk about the industry as a whole. And what we found, with Alan, if he's comfortable with your stock, and feels like you're doing the right things, and all the right parts, he's not going to come out and promote you, but he's going to say, "Well, this is a company I like a little bit better. They actually have revenue. They seem to have a good plan-"

Chip Baker: He can analyse it.

Brett Roper: Exactly. He said, for us, "Oh, they may have overpaid for Josh, and Three A Light, and Pono Publications' success, but hopefully that works out for them." And then, he comes back two months later, and says, "Oh, I think they got a hell of a deal on Denver Consultant Group." Because, I look at some of the other consultants in the space, and I see their market cap, and their value, and I see what they're buying DCG for, and I think that was a really astute purchase.

Chip Baker: Yeah. Absolutely.

Brett Roper: So, you have people like that, that will help influence and give guidance. So, like I said, I dance into Alan's site once a day, and look at the boards, and see who's talking about what, and, once in a while, I'll make a comment. But, my handle in that is MDCL CEO. So, if I make a comment, they know exactly who's making that comment.

Chip Baker: Sure. Sure. I'm going to join that group. I think that's an interesting one to join.

Brett Roper: Alan's got ... His followers have grown, and when the markets are up, obviously, subscriptions for him, obviously, grow. But, Alan's been a very consistent fixture over the last four years in the space. And when the markets are doing well, he's warning people about, "This one doesn't sound right," or, "This one's not going the right way," or, "These guys just filed a form four, and they just ordered themselves 20 million shares," or, "This company's got 10 million shares coming out from restriction. Watch out, it's going to be under pressure." So, Ark View, Alan Brochstein's 420, Markfety, our index; these are all people that I respect in the space that do provide some good guidance. So, when you start thinking about investment, we're smarter, sometimes, in herds; although, there's always that Warren Buffet exception that always seems to kind of have a natural affinity, or nose for finding the right deals.

Chip Baker: He's a leader, and gifted at what he does, for sure.

Brett Roper: And within this industry, we don't have any Warren Buffets. All we have is an Alan Brochstein, or an Arc View.

Chip Baker: Right.

Brett Roper: There are a few other marijuana based indexes out there. They-

Chip Baker: Yeah, I follow Arc View, NCIA, Cannabusiness, MJ Business; I follow all their newsletters.

Brett Roper: Right. And MJ Business is probably your 800 pound gorilla on the street as far as shows and activity. So, their show this year in Las Vegas is actually in the convention centre, it outgrew the Rio. And last year ... I mean, we've been platinum sponsors for several years. But, last year, they literally sold out the first day; you

couldn't get a ticket to go in on the floor.

Chip Baker: I know, I showed up in the afternoon thinking I could do, like I'd done every other year, and I couldn't get a ticket to get in.

Brett Roper: Exactly.

Chip Baker: And then, everybody was so excited, and busy with it, I couldn't get a ... It was unexpected.

Brett Roper: And, you know, you still have other groups; the cannabis, cannabis and business world expo and business, their group has been a [inaudible 00:44:46] last couple of years. They're interesting, but they haven't gotten the same traction that MJ Business ... You have CBE, Cannabis Business Executive; that's Rob's group.

Chip Baker: Sure. I do that one, too.

Brett Roper: They do a pretty good job. We like them, we've advertised with them a few times, and they seem to be good players in the space. So, there are a lot of good web-based information sources that an investor should take advantage of. They should read up, they should subscribe to some of these, they should go on the websites, they should sign up for the free daily alerts. I mean, I get my CBE, I get my MJ Business, I get my Ganjapreneur; I get all those, and it's always good to read the stories that they're producing so that I stay a little bit more informed, as both the CEO of the company, and a person who naturally wants to be informed as to what's going on in the industry.

Chip Baker: Oh, great. Yeah, we're working with some of those groups to do a column; a Real Dirt column on the cannabis industry. So, this is now national; international, even. Right? You mentioned you're in 14 different sates. I can't even keep up with it. 30 plus states that have some type of cannabis law right now-

Brett Roper: 29.

Chip Baker: 29.

Brett Roper: And there're eight that have adult use, not including DC, which has an adult use initiative that was passed. So, we have 29 states that have cannabis related legislation. Even Texas, who I used to ... I grew up in Texas, and-

Chip Baker: Texas even has it, yeah. [crosstalk 00:46:08]

Brett Roper: Well, I mean, you get caught with anything, you go to gaol forever. They bury you under that gaol. [crosstalk 00:46:14] So, to see Texas actually adopt the low THE initiative for epileptic children, adolescents, was interesting. It's all they've one, and they only have three licences they've given out, and that market is just so tiny, but it is a step in the right direction.

Chip Baker: Right, you've got to start someplace. Get your toe in the water. Is there any state or concept that's really exciting for you right now?

Brett Roper: California.

Chip Baker: California.

Brett Roper: You know, it's funny-

Chip Baker: I get it.

Brett Roper: -California passed legislation back in '96, for medical- [crosstalk 00:46:46]

Chip Baker: Yeah, absolutely.

Brett Roper: And never got it promulgated, never it got it launched, never was able to get the law put into motion. And then, of course, now a sudden, with the initiative of the- [crosstalk 00:46:57] 20 years later.

Chip Baker: 20 years later, right.

Brett Roper: The adult use initiative passes. Which is, to you listeners, we would always recommend you refer to it as an adult use product, not recreational. I did some recreational drinking once in college, and I was very bad at it. So, I would always encourage people to refer to it as adult use-

Chip Baker: Adult use-

Brett Roper: -a product similar to an adult beverage.

Chip Baker: I agree. I agree.

Brett Roper: The recreational is too Cheech and Chong-y, too out there for me. It's no longer just a recreational element-

Chip Baker: Yeah, we're going to lose some of those terms; recreational marijuana, we're going to lose that term-

Brett Roper: Yeah, cannabis.

Chip Baker: It will be cannabis. It already started. It's already ... We've been saying it for 20 years, but the past two years, everybody's using it now.

Brett Roper: So, in California, you have what's called conditional use permits, that have been issued by local jurisdictions; cities, in some cases, some counties have weighed in to say yes or no. So, you have this patchwork in California, of all these different jurisdictions that have given some sort of nod yes to a grower, a processor, an extractor, a dispensary. You have the LA initiatives that were way back when; so,

you have the pre-ICO groups that survived and are kind of around. You have this completely interesting patchwork of elements that are now going to ... Under Laurie Ajack's control, because the state just passed new legislation here a couple of weeks ago that says, "Not only we're going to get medical done, we're going to get the adult use done at the same time."

Chip Baker: Mm-hmm (affirmative). Mm-hmm (affirmative).

Brett Roper: So, we saw some regs come out about 45 days ago, and we all began to get excited, and look at them, and say, "Well, if you'd fix this, or do that." And then, all of a sudden, the legislature comes along and says, "Well, we think this needs to be done in one fell swoop." So, I think the various agencies, now, that are involved with the cannabis initiative are all ramping up at an even more feverish pace. I know Metric, I believe ... Not Metric, but one of their offshoots, I think is going to be their track and trace-

Chip Baker: Track and trace programme, yeah. Yeah, right.

Brett Roper: So, they only stayed to have track and trace, most of the rest of us are seed to sale. But, California's got to find a better description, so we're going to call it track and trace.

Chip Baker: Track and trace there. Right, absolutely.

Brett Roper: So, you're looking at a lot of things happening, I think, over the next four to five, six months in California. And there's been a little bit of a gold rush, if you will, to investment capital and opportunities. I know we're working with several groups that have licenced, or are using our cultivation max products. But, we're excited for what that state's about to do. We believe that, if you know anything about the industry, California was one of the sources of cannabis from way back when, as it came over from whatever land race strains in Asia it sprung from-

Chip Baker: Yeah. Thai, Columbia, Mexican, Afghan, Indian; all of it, right?

Brett Roper: Exactly.

Chip Baker: African. All came.

Brett Roper: So, it's made its presence known, and I think California's always had a strong reputation, especially northern California, for outdoor grows.

Chip Baker: Absolutely.

Brett Roper: Humboldt County, and the Emerald Triangle have very strong roots and connections to the industry; some legal, and some not so legal. But-

Chip Baker: Most private. Most private.

Brett Roper: But, it's funny; we've watched Colorado displace what used to be a thriving black market for California products back in 2005, '8, '9, '10. Medical comes along, gets traction with the Ogda Memorandum in '9, and all of a sudden, everyone's getting into the business. And what's happened in, our market has grown to a point that we have legal access, both medically and adult use, that has caused that October "crophober" influence to be much less influential in Colorado; because we have our own-

Chip Baker: Well, part of it's the track and ... The seed to sales system here.

Brett Roper: Exactly.

Chip Baker: Right?

Brett Roper: Exactly.

Chip Baker: There's less room for diversion.

Brett Roper: There is. And, while there's still diversion, and there's still growing going on at that private caregiver level, it has become a much more predictable market. And, as a result of that, Colorado has seen compaction, we've seen the price go down because of competition. And Colorado's done a good job of letting the market forces drive pricing and product availability. So, you have some wonderful companies out there. You have Incredibles, who make an incredible candy bar, and they have a great reputation. Rick and his team over there have worked hard over the years, with Bob. And when they used to sit on the corner and beg for trim, because they didn't have their own grows ... But, they have a great ... I mean, Dixie Elixirs has good products. The Can Core, Keef Cola. Mary Jane Medicinals.

There're a number of great products out there that have gotten traction. But, because that traction's there, we begin to find price pressures, and we're ... Gosh, when we went adult use, you could find \$4,000 pounds wholesale. The wholesale prices dropped around \$1,200, as I recall, the last BDS update that I go this week. And it always runs nationally; there's always a delta between indoor grown, basically greenhouse, or light deprived, or modified, and outdoor. So, we'll always see somewhere between \$150 and \$200 delta between each one of those levels.

So, the perception of indoor is it's a higher quality, it's grown more consistently, and the perception with greenhouse is it is in a breathing, natural greenhouse environment, which, maybe, is a little more difficult to control. And then, you have outdoor, which is clearly subject to weather. I know the northern California folks do not pray for rain-

Chip Baker: Absolutely not; no.

Brett Roper: -the couple weeks before their harvest, because it can destroy their hard work for the year. So-

Chip Baker: Or, even all of the season, really.

Brett Roper: Yes. So, then, it seems like I hear that about every fifth or sixth year, you'd take a little bit of a whacking if you're an outdoor grower. But, you're a one crop wonder, and you do a great job-

Chip Baker: Yeah. It's farming. [crosstalk 00:52:50] You got the bumper crops some years, and some years you don't get anything.

Brett Roper: Exactly. Exactly. So, in this industry, is you look at a competitive influences and prices. I believe California market is still running in the \$2,000 plus range, wholesale for a pound. And, if it's really good quality, it'll be higher than that. But, while it's trading at 2,400 for a good, OG platinum, or one of the ones that people really like; if you get it out of a greenhouse, it's going to be \$200 less. If you get that exact same strain from Northern California, it's going to \$100, \$200 less.

Chip Baker: Right.

Brett Roper: So, there's always been a discriminatory market that has placed a higher value on those elements. So, as you look at California-

Chip Baker: Specifically in California, they developed that. They had the-

Brett Roper: Well, it's national-

Chip Baker: -ability to discriminate.

Brett Roper: Yeah, and [inaudible 00:53:035] may have sprung from California, for all I know. But, I know that-

Chip Baker: Well, in the past, you couldn't discriminate. You got whatever weed you could get.

Brett Roper: Exactly. Exactly.

Chip Baker: And then, as it changed, you could be more discriminatory.

Brett Roper: I'll pay a little more for something I perceive to be a higher quality. [crosstalk 00:53:46]

Chip Baker: Yeah, exactly. Right, right.

Brett Roper: Yeah.

Chip Baker: Yeah, I lived in California for 15 years. I still have a home there. I love northern California, Humboldt County. This adult use cannabis and the new medical cannabis are the fastest things that I've ever seen happen there. Nothing happens fast with laws, at all. As soon as you get a law, you expect to have lawsuits to slow it down and stop it. And, wow, the cannabis laws and infrastructure is building so fast right

now. It's incredible.

Brett Roper: As you asked earlier, you said, "What state," or, "What are we excited," ... Well, obviously, Nevada launched recently, and they were doing \$1 million a day. Which, I was thrilled with. That's really good-

Chip Baker: Good money.

Brett Roper: Well, it's only about a third of what we do in Colorado, but it's still good money. But, you've got to remember; you have states bordering Nevada, that people drive in from California to spend a weekend to gamble or game in Nevada. They're likely bringing their own vape pen. They likely have their favourite strain that they've been buying for five years. And they maybe walk in a dispensary once, to kind of do a little fun shop. I think the adult use initiatives in these states, as they come online, as more and more states ante up and begin to have initiatives; you're going to find that canna-tourism is going to diminish over the next several years. Because, it's going to become common place.

Chip Baker: Not such a novelty.

Brett Roper: It's not such a hen's tooth, or a novelty. So-

Chip Baker: "What are we doing this weekend? Let's go to Colorado, and buy a sack of weed."

Brett Roper: And let's face it, if I'm going to Nevada, two reasons; I'm going there to gamble, or I'm going there because there's a convention.

Chip Baker: Right.

Brett Roper: So, most people going to Nevada; I'd suggest a lot of them are not cannabis users normally. And those that are will probably show up with some of their own product. But, there's a lot of people that will want to walk in that dispensary and buy a brownie, or buy a vape, or buy their first ounce of weed, because people like me who've never really ... I do admit to use one time. My wife and I bought Zoots brownies-

Chip Baker: Says he admits to it once, right.

Brett Roper: Yeah, well, 10 milligramme little brownies, or cakes, or whatever-

Chip Baker: Oh, wow. That's a strong dose for the first time.

Brett Roper: Well, it didn't even affect me, and my wife said she had funny dreams. But, we were willing to experiment once. And so, that's the limit of my-

Chip Baker: Wow, if I eat 10 milligrammes, it floors me. I just can't eat the ganja food like that. I like small amounts, but ... I know my friends are making fun of me right now as they hear that.

Brett Roper: Exactly. But, once again, as you look at opportunity in the space ... I think California's definitely coming online, I think Nevada will expand, and Nevada's going to be a good market. It might not be quite the panacea that people expect it to be, with regard to tourism. In essence, I kind of have this feeling that Colorado has always been one of the bigger tourism markets, just like California. So, I really believe with California's adult use initiatives, California will probably experience a much higher level of sales, for an adult use for out of states than even Nevada or Colorado have experienced.

Chip Baker: It's hard to consume cannabis in Las Vegas. That's one thing I've always thought about. Because, for years and years, they've been so against it, and they've built the whole town around ... You can't use it, really. I mean, it's hard.

Brett Roper: If you're walking down any street-

Chip Baker: Now, you smell it.

Brett Roper: -within 50 feet of one to the other, somebody's vaping-

Chip Baker: Now, you do.

Brett Roper: -somebody's using it a little bit. But, I think you're right; the hotels generally discourage that type of smoking. And, in fact, I believe most of them have significant penalties if you're using one of their rooms and you're ... You can ingest. There's no odour, there's no problem with eating an edible, or eating some sort of infused product. So, I think that's the product that probably stays on the strip, and is likely to be more accessed, and more readily available to the dispensaries. Whereas, I think smokable flour still has to go a little bit further off the beaten path to actually be consumed, or used, or-

Chip Baker: It smells.

Brett Roper: Yeah.

Chip Baker: It's difficult to use.

Brett Roper: It is. And even a vape has a very particular odour, depending upon what oil- [crosstalk 00:57:58] You may look at somebody vaping and think, "What the heck did I just smell?" But, it's not like a nicotine vape, or one of the other products.

Chip Baker: Absolutely. Absolutely. Wow, I love talking about canna-business. This is so exciting. Brett, this has been an awesome episode. Appreciate you joining me here today. I guess I got one more question for you today. If you could look in your crystal ball, see the future of cannabis; what's going to happen five years from now? Can you tell me what that is?

Brett Roper: I would hope five years from now, the federal government has come up with a

mechanism to manage and control or monetize cannabis on a tax basis. Whether that is medical only, or a combination of adult use and medical; my hope is that, whether it's the TABC, or the Alcohol Tobacco Firearms, or some alphabet soup agency-

Chip Baker: Yeah. Alcohol, tobacco, and weed.

Brett Roper: There we go. Or, it may end up being that the edible pieces are food and drug administration, and the agriculture is overseeing the growing part. And then-

Chip Baker: Department of Agriculture.

Brett Roper: The tax elements are overseen by the relevant tax authority.

Chip Baker: That sounds appropriate.

Brett Roper: So, I think that if I had my druthers, I think the federal government would be a more effective steward of the product if they would look at it on a component by component basis. And I think the Department of Ag would be an adequate resource to oversee and make sure that it's being done correctly. While they have a lot to learn, they don't have a lot to learn. The food and drug administration, obviously, has been an effective organisation within our state and our country for a long time, and I think if you legalised and said, "Hey, anything that's infused, or has a food grade element in it is going to be overseen by the FDA, and you'll be have to be FDA compliant." I think that's an excellent position for the fed to take.

And then, from a taxation standpoint, it becomes just, "Okay, if it's medical, it's only 5% excised tax. If it's adult use, it's 15. And the point of collection is at the state, and remittance through a normal tax channel that the fed establishes." And I think that kind of deployment makes good sense. I think it helps getting it from schedule one to ... We would prefer it to be unscheduled, or de scheduled, as people require. Schedule 2, unfortunately, still requires full pharma oversight. So, schedule 2 without a waiver doesn't make a lot of sense, because you'd wipe out billions of dollars of infrastructure across the country, and 10s of thousands, if not 100 thousands of jobs.

Chip Baker: Absolutely.

Brett Roper: So, I think the feds alert to that influence. And while, big pharma, I'm sure looks at this industry as a downstream, none of them are going to risk their banking relationships, or their current relationships to jump in too early. So, I don't really see big pharma being a big part of the industry, until the fed-

Chip Baker: Absolutely.

Brett Roper: -absolutely takes it on, and says, "Okay, that's not banket property. Let's now manage it property." And yeah, Fenson, and reporting requirements for state banks and credit unions have helped us to get banking. My hope is, five years from now,

the federal government has made some progress, and now it integrates cannabis, just as it has adult beverages, just as it's done with other elements that we all use, or we all have a proclivity for.

Chip Baker: Right, right. Yeah. Got to have that investment. Got to have the banking for a business to work right. Well, hey thanks, Brett. I really appreciate your time this morning, I know you got a busy day scheduled still, so kind of do I; thanks for coming.

Brett Roper: I enjoyed it. Thanks so much for having me, Chip.

Chip Baker: This is Chip Baker with The Real Dirt. You can download this and other episodes at TheRealDirt.com, and on iTunes at The Real Dirt podcast. Thanks for joining us.

Thank you for joining me today on The Real Dirt. Thanks, Brett Roper, Medicine Man Technologies. It was incredible conversation with you, there's such high level business going on in cannabis business right now, and you're a prime example of how people from all walks of life and all businesses can be involved in the new, modern cannabis business. Hey, if you liked this episode, download it on TheRealDirt.com. You can also download this and other episodes at TheRealDirt.com, and on iTunes, The Real Dirt podcast. How many times can I say The Real Dirt? The Real Dirt. The Real Dirt. The Real Dirt. The Real Dirt. The Real Dirt.

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