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Strategies and alternatives for owners and creditors of cannabis-related businesses facing insolvency

37th Annual Jay L. Westbrook Bankruptcy Conference

INTRODUCTION – WHAT IS CANNABIS?

Cannabis sativa L.

- Industrial Hemp
- Marijuana





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PROHIBITION

- Has been illegal to produce in U. S. since 1937
- Currently prohibited under Controlled Substance Act

The term "marihuana" means all parts of the plant Cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin. Such term does not include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination

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INDUSTRIAL HEMP

- What it is not
  - Marijuana
  - Psychoactive
- What it is
  - Commodity
  - Agriculture Product



INDUSTRIAL HEMP PRODUCTS

- Fiber/Textiles
- Oil Seed
- Bio-Plastics
- Food Products
- Livestock Feed
- CBD



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START TO THE END OF PROHIBITION

- 2014 Farm Bill
  - Section 7606: created state Pilot Programs
    - Authorization for research activities only
  - Defined “industrial hemp” as:

“the plant Cannabis sativa L. and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis”

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