

MORNING CANNABIS

BY [MONA ZHANG](#), [PAUL DEMKO](#) AND [NATALIE FERTIG](#)

QUICK FIX

— **The 2018 farm bill has led to a surge in hemp lobbying.**

Traditional retailers like Walmart are now joining hemp advocacy groups as money flows into the industry.

— **Four associates of Rudy Giuliani, who are at the center of the Ukraine scandal involving President Donald Trump, are involved in cannabis operations** in at least three states that have legalized marijuana. And somehow, a former lawmaker and noted legalization foe knows something about it.

— **Former Rep. Dana Rohrabacher is pessimistic about the prospects for passing cannabis legislation this year.** But the California Republican, who is advising three cannabis companies, said he expects a comprehensive package to come together next year.

IT'S WEDNESDAY, OCTOBER 16. WELCOME TO POLITICO'S DAILY CANNABIS NEWSLETTER. Would you buy two Florida medical marijuana licenses for a cool \$95 million? ([Mostly cash deals, please.](#)) Let us know your thoughts, along with any other cannabis news and tips — at mzhang@politico.com and [@ZhangMona](https://twitter.com/ZhangMona), pdemko@politico.com and [@pauldemko](https://twitter.com/pauldemko), and nfertig@politico.com or, [@natsfert](https://twitter.com/natsfert), And follow Pro: [@POLITICOPro](https://twitter.com/POLITICOPro). [Read about our mission](#) in our inaugural issue.

DRIVING THE DAY

HEMP LOBBYING IS BOOMING — What once was the domain of grassroots activists has turned into a [push by Washington power players to influence hemp policymaking](#), POLITICO's Liz Crampton reports. The number of federal lobbying disclosures mentioning hemp jumped to 87 in 2018, up from a mere two mentions in 2010. Last year's farm bill buoyed the already booming hemp and CBD industry, despite a lack of federal regulations.

Among the new players are retailers like Walmart and Patagonia and agricultural interests like the American Farm Bureau Federation. The leading spender is The U.S. Hemp Roundtable, which has put \$352,500 into lobbying efforts since 2017.

But there are cracks in this winning facade: Farmers across the U.S. are looking towards hemp as the industry is on track to reach \$26 billion by 2025. But they're also plagued by costly regulatory uncertainties. Some Wisconsin hemp farmers [are accusing state regulators](#) of failing to test their hemp crops on time, increasing the likelihood that they would fail the 0.3 percent THC cut-off for industrial hemp. Standardized testing regulations and a means of handling hemp crops that fail THC testing levels are among the chief concerns of the U.S. Hemp Roundtable as the industry awaits USDA regulations.

POT-US

FOLLOW THE MARIJUANA MONEY — As we reported last week, [the marijuana industry plays a large role in the indictments](#) of Rudy Giuliani associates Lev Parnas, Igor Fruman, David Correia and Andrey Kukushkin, who were arrested last week on charges of funneling foreign money to American political campaigns, in the quest for a piece of cannabis business licenses. More details have emerged about their dealings in the marijuana sphere.

The four men were reportedly involved with cannabis ventures in California, Nevada and Florida, according to the indictments and reporting by the Miami Herald and the Sacramento Bee. The Bee reported that [a dispensary called Twelve Hour Care in Sacramento](#) is owned by a corporation that lists Kukushkin as its CFO, and according to the Miami Herald, [Kukushkin also incorporated a cannabis-focused company](#) in Nevada called Strategic Investment Group Inc. The company was incorporated by Greenspoon Marder, a law firm that has a cannabis law working group, is a partner of [National Cannabis Roundtable](#) and is involved in lobbying efforts in Washington, D.C.

All the attention on the cannabis interests of these four men is driven by hope of uncovering the identity of "Foreign National 1" — the wealthy, unnamed foreigner who provided these four men with money they then donated to political campaigns.

We're watching to see what role former Rep. Pete Sessions (R-Texas) ultimately plays in all of this. The anti-marijuana legalization lawmaker, a congressional veteran running again in another Texas district, [has been subpoenaed](#) in a quest for documents about his dealings with Giuliani, President Donald Trump's personal lawyer.

MOVERS AND SHAKERS

ROHRBACHER PREDICTS COMPREHENSIVE MARIJUANA BILL NEXT YEAR — Former Rep. **Dana Rohrabacher** spent three decades in the House, emerging as one of the most vocal Republican supporters of cannabis legalization, arguing that it's a matter of personal freedom. In 2014, the Rohrabacher-Farr amendment — which prohibited the federal government from spending money to crack down on states that have legalized medical marijuana — passed the House. That marked the first crack in the decades-long federal prohibition on marijuana. Last year, the California lawmaker lost reelection as part of a Democratic wave that knocked out every Republican in the traditional GOP stronghold of Orange County.

Rohrabacher is now an adviser to three cannabis companies, including Bud Trader.

Paul caught up with the former lawmaker recently to discuss his work on behalf of the cannabis industry. Here's an edited excerpt of that conversation.

Why are you interested in working with cannabis companies?

Rohrabacher: I spent about 20 years in the House trying to get something through on cannabis. It's pretty well accepted that the victory in Rohrabacher-Farr was what broke the logjam that prevented us from having reform in the area of cannabis. People were always talking about it. They knew that something needed to be done. But they could never find the formula to actually get it through the system.

I feel I really accomplished something that is having a measurable impact. We recreated a whole new industry.

This is a rapidly growing industry, but it's still hamstrung by this conflict between state and federal law. What would you like to see Congress do at this point?

Rohrabacher: There's a significant number of things that need to be done, and I don't think they're going to be done this year. My understanding of how the system works — having been there 30 years — is you have a lot of ideas already submitted in legislation, and there's a number of really good ones. I think that they'll start working on them, and it will start coming together in a comprehensive bill early next year.

What about the SAFE Banking bill? You don't see that getting [enacted] this year?

I'm afraid to talk about any particular bill until January. (Former lawmakers face a one-year ban before they can lobby Congress.) I want

the cannabis industry to be treated in the same way we treat the wine industry. After all, there was an era of prohibition. It took them a little while to get over that, and it's going to take us a little while to get over the cannabis prohibition. That's the type of approach that I am pushing. But I'm not pushing on any particular bill.

Elsewhere:

— **Jennifer Raeder-Devens** is joining cannabis company Project Yosemite as CSO. She previously was vice president of R&D at Becton Dickinson and Cardinal Health.

— The Los Angeles County Bar Association is launching a new practice section focused on cannabis. Its founding members are **Josh Mandell, Ariel Clark, Alex Freedman,** and **Taylor Wagniere.**

— Former **U.S. Rep. Stephen Buyer**, a Republican who represented Indiana for two decades, is [joining the board of directors](#) for Canadian cannabis producer FSD Pharma.

THE STATE OF MARIJUANA

PENNSYLVANIA GETS ANOTHER MARIJUANA BILL —

Democratic State Sens. [Sharif Street](#) and [Daylin Leach](#) introduced a comprehensive [marijuana legalization bill](#) on Tuesday, [the Philadelphia Inquirer reported](#). The outlet described it as "perhaps the most audacious piece of legislation proposed to legalize recreational cannabis for adults."

The bill would allow growing at home, comprehensive marijuana expungements, and set low barriers to entry to the state-legal marijuana market. It also would dedicate up to \$2 million in interest-free loans for those with prior cannabis convictions to start legal cannabis businesses.

The proposal comes a few weeks after Pennsylvania Gov. [Tom Wolf](#) announced his own support for advancing recreational legalization. But a new poll [found only 37 percent of voters](#) in the state approved of marijuana legalization. The findings add a wrinkle to the results of Lt. Gov. [John Fetterman](#)'s marijuana listening tour. Fetterman [told us earlier this month](#) that he was surprised by the widespread support for liberalizing marijuana laws he encountered in the state.

PROFESSOR WARNS FLORIDA OF MARIJUANA'S DANGERS —

Harvard psychobiology professor Bertha Madras told a Florida House committee that legalizing marijuana could create a health epidemic similar to the opioids crisis, [POLITICO's Arek Sarkissian reports](#). She urged lawmakers to "be thoughtful and deliberate before embarking on this massive human experiment." There are two campaigns in Florida to put marijuana legalization on the 2020 ballot.

ABOUT THAT CANNABIS RESEARCH BILL FOR UCSD: It got our colleague Alex Nieves' attention that California [Gov. Gavin Newsom](#) signed [a bill](#) allowing University of California, San Diego to grow its own marijuana for research, permission tightly controlled by the DEA. Staff for Assemblyman [Tom Lackey](#) (R-Palmdale), the bill sponsor, said the university will still need a green light from DEA.

— **The university hasn't applied for permission from DEA to grow its own marijuana**, our colleague Sarah Owerlohle notes, though it does have special dispensation [to import cannabinoid in capsule form](#) to test treatment for a neurological disorder. DEA, meanwhile, [is moving slower than some would like](#) on approving new growers.

Also in SoCal : Los Angeles received 650 applications for cannabis social equity licenses within 20 minutes of the application window opening, according to Accela, the software provider of the city's equity licensing platform. Equity programs have come under criticism for their slow implementation and vulnerability to bad actors. Cat Packer, executive director of L.A.'s Department of Cannabis Regulation,

praised the software maker for its flexibility "in meeting the needs of our ever-evolving licensing process and various pressing deadlines."

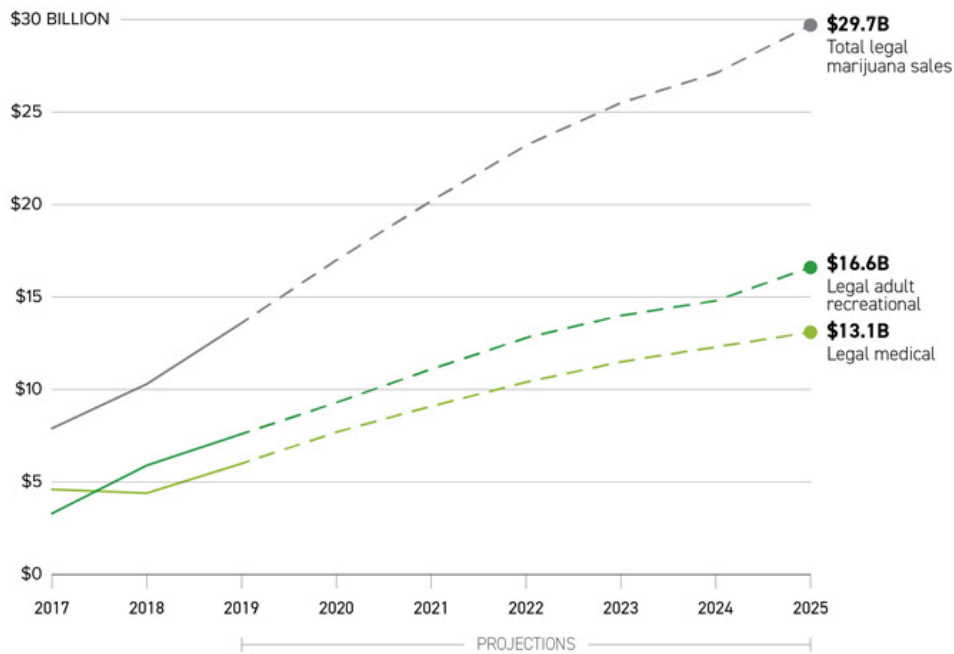
INDUSTRY INTEL

CANOPY GROWTH SELLS AUSCANN STAKE — The Canadian cannabis giant sold its 13.2 percent stake in Australian cannabis company **AusCann** for C\$6.3 million. Canopy's director of clinical science will maintain his seat on the AusCann board to facilitate collaboration. The announcement comes as Australia invests in [medical cannabis research](#) and its marijuana market grows. Meanwhile, the Australian Capital Territory Government [pushed back](#) against criticism from the federal government on its decision to legalize marijuana for personal use in the region.

Another acquisition complete : Canopy also wrapped its purchase of U.K.-based cannabinoid-based research company Beckley Canopy Therapeutics. "Commercial opportunities across Europe are ramping up," Canopy CEO Mark Zekulin said. **Paul Steckler** and **Steven Wooding** will share duties co-managing the company's European operations. Steckler was previously managing director of European operations. Wooding was previously the head of global commercial strategy for Janssen, the pharmaceutical arm of Johnson & Johnson.

Here's some of the incentive for all the cannabis company dealmaking:

Legal sales of marijuana are projected to reach \$30B by 2025



[View the full DataPoint graphic.](#) Want to add [DataPoint](#) to your POLITICO Pro account? [Learn more.](#)

POT-POURRI

- **Common methods of drug testing often confuse THC and CBD.** The consequences can be devastating, [including loss of employment and child custody.](#)
- **A Tennessee woman who used illicit cannabis to treat a nerve condition** refused to take a plea deal and successfully fought off drug possession charges. Her legal luck stemmed from the [hemp-marijuana confusion facing law enforcement.](#)
- **Mexico is set to pass a marijuana legalization bill in the next few days,** Reuters reports. Lawmakers have until Oct. 24 to legalize weed, [thanks to a Supreme Court ruling.](#)

— A young man thought vaping THC would be safer than smoking marijuana, [but the fumes shut down his lungs](#).

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