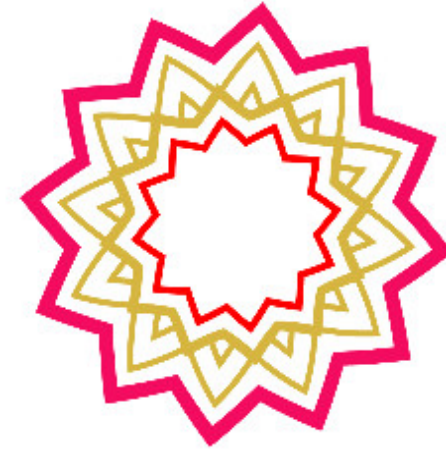


Outside of the Garden

Compliance, Marketing & More



Zoe Nauman

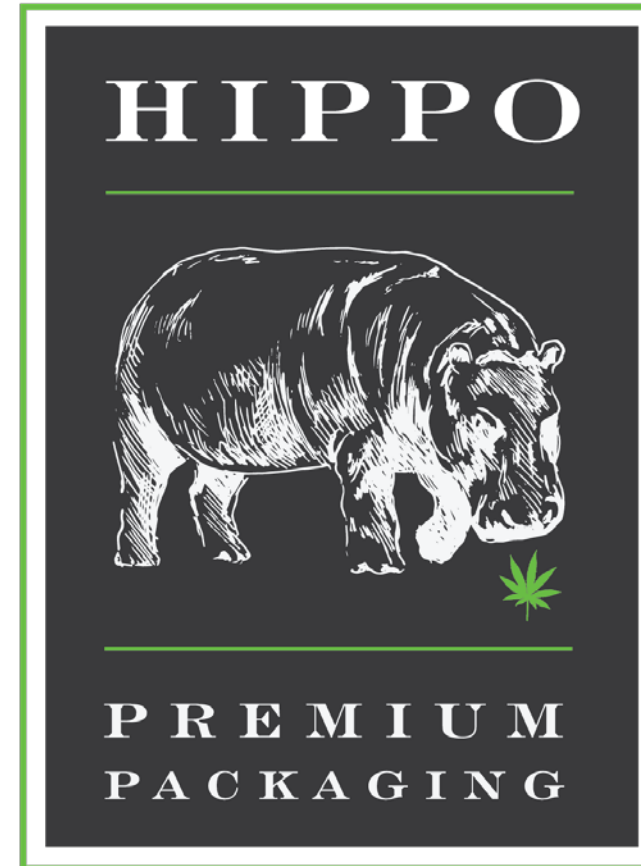


MEDIA CONTENT GURU

The World's Premier Content Creator For Health and Wellbeing Businesses

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VERTICAL

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Scott is managing director of the Financial Services Group of the Vertical Companies, a California firm “providing all things green ” for leading brands to have access to capital, permitting, cultivation, manufacturing , extraction, legal , compliance, licensing, branding, distribution and more. They work with companies to increase their sales and reach where they have licenses , which currently are in California, Arizona, Nevada, and Oregon and will be announcing several more states shortly as well as international locations and distribution.

Scott, who is from Colorado, is known as the Marijuana Money Man having completed over \$30 Million in loans and equipment leases for cannabis companies since 2014.

Dana Cisneros, Esq.



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Definition of “Advertisement”

- ✳ The definition of “advertisement” under MAUCRSA is extremely broad
 - ✳ any written or verbal statement, illustration, or depiction
 - ✳ which is calculated to induce sales of cannabis or cannabis products,
 - ✳ including any written, printed, graphic, or other material, billboard, sign, or other outdoor display, public transit card, other periodical literature, publication, or in a radio or television broadcast, or in any other media
- ✳ the definition does exclude
 - ✳ labels and editorials or
 - ✳ press releases that are NOT prepared, written or involve the direction of the licensee.



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AGE RESTRICTIONS

✱ Advertising and Marketing Material may only be displayed or presented **WHERE AT LEAST 71.6 PERCENT OF THE AUDIENCE IS REASONABLY EXPECTED TO BE 21 YEARS OF AGE OR OLDER**

✱ based on audience composition data

✱ Applies to

✱ Broadcast

✱ Cable

✱ Radio

✱ Print

✱ Digital communications

✱ The BCC is so serious about protecting those under the age of 21 that it also requires the licensee to verify the person's age prior to any direct face-to-face, telephonic, mail or email promotion



LOCATION RESTRICTIONS FOR ADVERTISEMENTS

- ✳ Advertisements on billboards cannot be located on any highway that crosses the California border.
- ✳ Advertisements must not be within 1,000 feet of a day care center, school where children K-12 (or fraction thereof) learn or play or a youth center.



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Distributors Beware

- ✿ Include Distribution License Number
- ✿ Promotional materials must contain each brand's license number
- ✿ Advertisements are evaluated on a case by case basis

Cultivators and Manufacturers Should Contractually Require Indemnity and Liquidated Damages

If a cultivator or manufacturer is selling its branded product to a distributor, they should make certain that the distributor is contractually obligated to list the license number of the cultivator or manufacturer in any advertisement or promotion. If the distributor does not comply with the law, the manufacturer or cultivator should require complete indemnification and liquidated damages since the penalties range from fines to license revocation. As lawyers, we use liquidated damages when the amount cannot easily or reasonably anticipated, calculated or ascertained. In this way, the parties agree from the outset what the damages should be for a violation that results in something other than monetary payment.

Penalties for Violation of Advertising and Marketing Laws

- ✱ Failing to comply with the cannabis advertising and marketing laws is a “Tier 1” violation according to the BCC.
- ✱ The fines range from \$1,000 to \$250,000 depending on the license type, the licensee’s gross sales and duration of the suspension.
- ✱ Non-monetary penalties include suspension from 5 to 15 days, or the maximum penalty of revocation.



BEST PRACTICES TIPS

- ✳ Always display the license number on any advertisement or social media post
- ✳ **CONTRACTUALLY REQUIRE** any company that lists, promotes or references your brand to include the license number on any advertisement or social media post
- ✳ Include **INDEMNITY AND LIQUIDATED DAMAGES PROVISIONS IN CONTRACT**
- ✳ Review the advertising practices of any publication or platform before signing a contract to make sure they are 100% compliant



Top 5 Facebook Tips

- Keep content original on page
- Use strong copywriting on FB ads
- Carefully choose who sees your ads
- Carefully choose your ads call to action
- Test and update your ads



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Top 5 Instagram Tip

- Automate your Instagram activity
- Use hashtags to get maximum exposure
- Post regularly and often, and at peak hours
- Develop a unique, identifiable style
- Incorporate trends and popular subjects



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OVERVIEW OF CALIFORNIA CANNABIS PACKAGING REQUIREMENTS

GENERAL REQUIREMENTS:

ALL PACKAGES MUST:



- Be **RESEALABLE**, **TAMPER EVIDENT** and **CHILD-RESISTANT** (per federal guidelines for poison prevention).
- Include a **"unique identifier"** (UID) for tracking purposes.
- **Protect the product** from contamination or toxic substances.
- **Not be made attractive to children**, must not imitate packaging for products marketed to children, or be easily confused with candy or foods that do not contain cannabis.

FOR EDIBLES:



- The package must be **opaque and resealable** if used for multiple servings.
- The package must be **Child-resistant when resealed**. They must not be made in the shape of a person, animal, insect or fruit.
- The contents must be **homogenized to ensure uniform disbursement of cannabinoids** and they may not exceed 10 milligrams of THC per serving or 100 per package. They must be delineated or scored into serving sizes.

DO NOT USE



- **Health related information not supported by scientific evidence** and general scientific agreement
- **false or misleading information** including county names if the product was not grown there
- **content designed to be attractive to individuals under 21** (cartoons, images used to advertise to children, use of the term "candy/candies or imitation of candy packaging).

FONT SIZE



Font size used for labeling must be in relation to the size of the panel and container, but a **minimum 6 point font**.

CANNABIS REQUIREMENTS:

FLOWER PACKAGE MUST INCLUDE:



- Net weight of dried flower.

EDIBLES MUST INCLUDE:



- The words "cannabis-infused" above the identity of the product and in a larger text size than the identity.
- THC and CBD content in milligrams per serving.

CANNABIS FLOWER WARNING STATEMENT TO BE INCLUDED ON PACKAGING IN BOLD PRINT



"GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE 1 CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."

If a medical cannabis product, package must include the statement:
"FOR MEDICAL USE ONLY".



CANNABIS PRODUCT WARNING STATEMENT TO BE INCLUDED ON PACKAGING IN BOLD PRINT

"GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE 1 CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."

PRIMARY PANEL MUST INCLUDE:

(usually on front of package)

- Identity of the product in a prominent text size.
- Net weight or volume.
- THC and CBD content in milligrams.
- Universal symbol (printed in black and outlined in a contrasting color if necessary to be made conspicuous) no smaller than 1/2 inch square.

May include: Additional information and/or truthful information on characteristic anticipated effects (side effects).

INFORMATION PANEL* MUST INCLUDE:

- The licensed manufacturer and its contact number or website address.
- Identification of the source and date of cultivation, the type of cannabis or cannabis product and the date of manufacturing and packaging.
- The appellation of origin, if any.
- Product expiration date, "use by" date, or "best by" date, if any.

*If the Information Panel is too small to include all the necessary information, a Supplemental Panel may be used. In that case, the Warning Statement, at a minimum, needs to be included on the Information Panel. Other information on the Supplemental Panel, which needs to be printed in minimum 8 point type.

- List of pharmacologically active ingredients (THC, CBD, and other cannabinoids). Amounts in milligrams per serving, servings per package and milligrams per total package.
- Instructions for use.
- List the names of artificial food colorings. Only generic food names may be used to describe ingredients in edibles.

Note on testing requirements: Between January 1 and July 1, 2018 cannabis and cannabis products that have not been tested may be sold but need to include the warning: "This product has not been tested as required by the Medicinal and Adult-Use Cannabis Regulation and Safety Act."

- A list of all product ingredients in descending order of predominance by weight or volume. Include the amount, in grams, of sodium, sugar, carbohydrates and total fat. If the product includes major food allergens, the word "contains" followed by a list of those allergens.
- The Unique Identifier (UID), and, if used, the batch number.

Note on ingredients: Requirements are numerous including, Cannabis infused products may include coffee and tea which have naturally occurring caffeine, but not other products with caffeine added. Generally, products requiring refrigeration may not be infused.

Cannabis and cannabis products are not legally considered to be a food, a drug or an adulterant.

Any
Questions?

