



# Missouri ponders medical marijuana — and the money to be made selling it

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Steve Mitchem's career has spanned from evangelical minister to [president of the luxury jeweler Tivol](#) to the controversial world of online lending.

For the last few years, he's also been growing and selling marijuana.

The Kansas City businessman is a partner in [Buddy Boy Brands LLC](#), one of Colorado's largest medical marijuana dispensary and cultivation companies. Over the last few months, he's been doing his part to convince Missouri lawmakers to legalize his business in his home state.

He's made the trek to Jefferson City to soothe concerns of skeptical Missouri lawmakers. Earlier this month, he provided his private plane to carry a bipartisan smattering of state senators to Colorado to see the industry up close.

Much is at stake. Legalizing medical marijuana sits at the crossroads of compassion and commerce — those suffering from chronic illnesses could escape the black market, while a potentially lucrative new legal market would spring to life.

But in Missouri, it comes with a catch. Proposed legislation would allow only 30 licenses in the entire state to sell marijuana. That means restricted access for those seeking relief. But it also would fatten the bottom line for those few that land a license.

A swarm of entrepreneurs wait in the wings, hoping to snag their piece of a new industry.

"I get approached, if not daily, then every couple of days by (businesspeople) who know I'm involved in this and are very, very interested," said Danny Pfeifer, a lobbyist for Missourians for Compassionate Care, a nonprofit formed last year to push a medical marijuana bill through the state legislature.

"People know that being first to market or an early investor is more rewarding than coming in late," he said. "And it's from all different angles and with all different interests."

Pfeifer said he was recently contacted by a business that makes plastic containers, seeing an opportunity to package the new medicinal cannabis products.

Adolphus Busch IV of St. Louis, whose family formerly owned a beer brewing empire, also is involved in the effort. He held a fundraiser for Missourians for Compassionate Care last fall. Busch is director of BeLeaf Corp., which won a license in Missouri to grow cannabis to produce a low-THC oil extract for children with epilepsy after the legislature approved the highly limited practice last year.

The proposal before Missouri lawmakers this year — while far more limited than most other states with medical marijuana — would vastly expand the cannabis business.

Investors around the country are positioning themselves to seize market share and stake out an established industry presence if the drug's prohibition eventually lifts. Last fall, a medical marijuana management and consulting firm in California announced that it had [raised \\$3.75 million in funding](#).

A study by [ArcView Market Research](#) found that the national market for legalized medicinal and recreational cannabis reached \$2.7 billion in 2014. In Arizona, with a population roughly the same as Missouri, the study found the 2014 market for medical marijuana reached \$155 million.

A pair of House committees gave the measure overwhelming approval, but it has yet to be placed on the House debate calendar. With only a few weeks left before adjournment, time is running out.

But proponents press on, even if it may take another year to get the bill to the governor's desk. There's also a likely 2016 marijuana ballot measure.

The bill [lays out a handful of specific conditions](#) that would qualify a patient for medical marijuana, such as cancer, HIV or multiple sclerosis.

In addition to limiting the number of licenses available to growers and sellers, the bill prohibits patients from growing marijuana plants in their home and sets a \$500,000 asset minimum for anyone seeking a license.

“If the government restricts entry, that tends to help the people who do get entry achieve higher profits,” said Jeffrey Miron, a senior lecturer on economics at Harvard University and senior fellow at the libertarian Cato Institute.

Miron said the proposal illustrates a phenomenon known as “Bootleggers and Baptists,” where one side pushes for restrictions out of moral concerns while another pushes for those same restrictions because they believe it will boost profit by making a product more scarce.

“Whether the motivation is well intentioned or not, you end up enriching some people by enacting these restrictions,” he said.

If Missouri were to legalize medical marijuana, Joel Stanley would be ready to invest in Missouri marijuana.

He and his brothers got into the Colorado marijuana business in 2009. Several years later, they developed a new strain of cannabis extract that came to be known as Charlotte's Web. Developed to help a 5-year-old girl named Charlotte Figi who had severe epilepsy, the strain was featured in a [CNN documentary that launched the brothers to nationwide fame](#).

Like Mitchem, Stanley has hosted Missouri lawmakers at his business in Colorado. He said his message to Missourians was simple.

"We're working with desperate families just trying to find the best medical options they can," Stanley said. "This is legitimate from every angle, from the intent of the people trying to access, the professional nature of the businesspeople and the tools we have to make this a viable product."

The Missouri bill's restrictive nature has raised concerns among legalization advocates that the movement has been hijacked by those simply seeking profit.

"Any bill that provides medical cannabis to anybody, we see as a step in the right direction," said Aaron Malin, director of research for [Show-Me Cannabis](#). "But it's pretty clear that some have an interest in a more closed market because limiting access can increase profits to those companies."

The bill creates problematic barriers for patients wanting medical marijuana, Malin said. With so few dispensaries, he said, chronically ill patients or caregivers may have to travel long distances to legally get the drug, particularly in rural Missouri. Lack of provisions to allow these patients to grow a small amount of marijuana in their home further exacerbates the situation, he said.

That's why, regardless of what lawmakers ultimately decide, Malin said Show-Me Cannabis plans to put the question before voters in 2016 in the hopes of establishing a far more robust medical marijuana law or even legalization of recreational use.

Mark Habbas, a lobbyist and founder of [Missourians for Compassionate Care](#), said he knows there's money to be made in medical marijuana.

"With medical marijuana, I'm sure some people will make a decent amount of money," he said. "But that's not my motivation."

Habbas got involved because he "has friends and family who are suffering."

"I really don't care on the industry side," he said. "The reality is, there are a lot of sick people who would like to use medical marijuana instead of the opiates and pain medications with terrible side effects that they're using now."

The bill is so restrictive, Habbas said, because it was tailored to appeal to a conservative Missouri General Assembly.

Labeling the bill as “the most restrictive in the country” has been a major selling point, he said. Lawmakers fear a situation like California’s, Habbas said, where a loosely regulated medical marijuana industry essentially amounts to full legalization.

Setting a high financial threshold to get a license also serves a purpose, Habbas said. Marijuana remains illegal under federal law, so getting a bank loan for the business isn’t feasible.

Costs to comply with safety and security requirements far outpace traditional retail or agriculture outfits. To make the business work, the person who gets a license must have financial resources from the beginning, he said.

Habbas lobbied for [Realm of Caring](#), the Stanley brothers’ nonprofit arm, to push through legislation last year legalizing hemp oil extract for children with epilepsy. The success of that effort led him to found Missourians for Compassionate Care, as well as reach out to fellow lobbyists to help him on the medical marijuana bill.

The effort now boasts 10 lobbyists roaming the Missouri Capitol, including former House speaker Steve Tilley and influential Capitol denizen John Bardgett.

He has also enlisted the help of former talk show host turned medical marijuana advocate Montel Williams.

Williams has multiple sclerosis and says he has become a user and advocate for medical marijuana. He has made repeated trips to the Capitol to lobby lawmakers and had dinner in St. Louis with Republican House Speaker John Diehl.

“He appreciated the information. He appreciated the conversation,” Williams said of his meeting with Diehl. “But that wasn’t an attempt at lobbying. It was an attempt to have dinner and share a point of view.”

Of the lawmakers who went to Colorado to see the industry up close, some rode on Mitchem’s plane while others took commercial flights. Each used campaign funds or personal money to pay their way.

The goal was always the same: Attack negative stereotypes about medical marijuana.

“Every time someone goes, it lifts the veil and removes the stigma,” said Sen. [Jason Holsman](#), a Kansas City Democrat.

That was the case for Rep. [Robert Cornejo](#), a St. Peters Republican.

“Six months ago, I would have been on the fence about the bill,” he said. “This is not two Rastafarians selling pot in their backyard. I fully support (the legislation) now.”