



Gallagher & Kennedy

## CANNABIS & HEMP LAW

In 2021, Arizona and New Mexico joined the list of states that legalized cannabis for both medical and recreational use under state law. This new change positions Arizona businesses to enter the emerging markets within the cannabis industry.

Our Cannabis and Hemp Law Practice lawyers are equipped to help businesses strategize and pursue the opportunities presented by this change. Regardless of where you are in your cannabis journey, our team is here to guide and help you grow.

### **TEAM APPROACH. DIVERSIFIED EXPERTISE.**

G&K's comprehensive business law practice, team approach, and holistic view of legal counsel make us very well-suited to represent clients in the cannabis and hemp industries.

While some of the state and federal regulations regarding cannabis and hemp businesses are unique to these particular industries, much of the legal concern in dealing with these enterprises is akin to other businesses and industries. Our Cannabis and Hemp Law Practice focuses on the areas of general business, transactional, tax, debtor-creditor, employment, licensing and other regulatory issues, litigation, franchising, and more.

### **Business Formation and Operations:**

- Business entity formation and strategic business planning
- Supplier, manufacturing, management, cultivation, and grow agreements
- Mergers & acquisitions
- Securities
- Capitalization and investor relations
- Formations focusing on cannabis investments
- General business transactions and contracts
- Banking, financial services, and bank regulatory issues
- Operational plan review
- Shareholder and operating agreements
- Venture capital and other business financing arrangements
- State license applications
- Franchising
- Restructuring, including debt and bankruptcy issues
- Debtor-creditor matters

### **Employment and Services:**

- Employment agreements, benefits plans, and compensation
- Independent contractor agreements and relationships
- Employment litigation
- Wage and hour laws
- Risk management for liability claims

### **Intellectual Property:**

- Non-disclosure agreements
- I.P. licensing
- I.P. protection
- Trademarks and prosecution

### **Tax and Finance:**

- Strategies for mitigating Section 280E impact
- Other federal and state corporate tax planning strategies

- IRS audits
- Individual tax planning

#### **Real Estate:**

- Business zoning and jurisdictional issues
- Real estate acquisitions for grower/dispensary properties; leasing matters
- Lease and purchase negotiations
- Landlord/tenant issues

#### **Insurance:**

- Regulation and compliance

#### **Government Advocacy:**

- Advocacy before governmental entities, regulators, and license services
- Manage regulatory issues

#### **Litigation:**

- Management and shareholder disputes
- Landlord/tenant involving dispensary and kitchen issues
- Tax matters
- Debtor-creditor issues
- Vendor, products, and contracts issues
- Receivership
- Contract enforcement
- Dispute resolution
- Insurance matters

#### **Representative Work**

G&K's Cannabis attorney group has successfully represented clients in the cannabis and hemp industries in a multitude of dealings, including:

- Represented multiple cannabis growers and dispensaries in structuring vertically integrated businesses in the most tax-efficient manner possible to minimize the impact of IRS Code Section 280E
- Represented acquirers and targets in the tax structuring of their acquisitions and dispositions, including acquisitions and dispositions structured as asset, stock, and merger transactions
- Represented cannabis companies in landlord/tenant relations, dealing with safety requirements and employee issues
- Represented cannabis companies in forbearance agreements and satisfaction thereof
- Represented cannabis companies in drafting and negotiating complex management and commercial lease agreements
- Represented cannabis companies in commercial space acquisition
- Represented cannabis companies in regulatory matters, including advocating before the Arizona Department of Health Services and municipalities regarding licensing and new land zoning rules
- Represented cannabis companies in entity structure, formation, tax planning, and employment compensation/benefit plans and options
- Advised cannabis clients on pre-litigation, restructuring, and bankruptcy issues
- Advised cannabis clients on data room storage, document diligence, and data review for preparation of investor relations and buy-in
- Represented public cannabis company with negotiations, documentation and closing of acquisitions and dispositions of operating dispensaries, licenses, and real estate interests located in multiple states
- Represented public cannabis company with formation of a joint venture to acquire a recreational license and develop a new dispensary, including the negotiation and preparation of the acquisition documents and the joint venture agreement documents
- Represented a start-up private enterprise in restructuring its corporate organizational chart to pursue the most advantageous tax treatment of operations in the cannabis area, as well as ancillary businesses, including pursuit of trademark registrations, development and protection of intellectual property, pursuit of joint venture opportunities, real estate rights acquisition and corporate governance matters
- Represented private enterprise in relocating its production kitchen from northern Arizona to southern Arizona,

- including settling disputes with its existing landlord and negotiating its new contractual arrangement with the new landlord
- Represented private enterprise in pursuit of new recreational application to be awarded by the State, including regulatory compliance, interaction with local government, and resolution of uncertainty under State regulatory scheme
  - Represented private enterprise in joint venture negotiations both within the State of Arizona and with potential partners in neighboring states as to specific product development and wholesale operations
  - Worked with out-of-state client with cannabis operations in multiple states in efforts to obtain dispensary rights in Arizona
  - Represented private hemp farming operation in tradename dispute with a non-cannabis related public company
  - Represented cannabis dispensary company in connection with its conversion from an Arizona non-profit to an Arizona for-profit corporation
  - Represented medical marijuana dispensaries related to disputes concerning zoning ordinances and zoning permits related to dispensary locations, including appeals of zoning board decisions to the Arizona Superior Court
  - Advised employers on enforcement of workplace policies, drug regulations, and drug-testing issues
  - Represented a medical marijuana producer and dispensary in challenging a state agency's promulgation of regulations affecting medical cannabis production, testing, and dispensation
  - Represented a cannabis-processing equipment manufacturer with terms and conditions, forms of purchase agreements, independent contractor agreements, and other commercial contract matters
  - Represented a medical marijuana certification clinic franchisor in a sale to a publicly traded Canadian corporation

## PRACTICE AREAS