

# Medical Marijuana

Legal Answers to Your  
Tough Questions

# Update on Michigan's Medical Marijuana Law

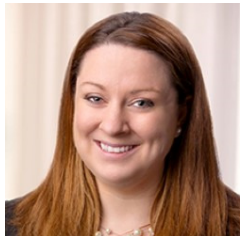
- **Cannabis 1.0:**
  - Michigan Medical Marijuana Act (MMMA)
- **Cannabis 2.0:**
  - Medical Marijuana Facilities Licensing Act (MMFLA)
- **Cannabis 3.0:**
  - Michigan Regulation and Taxation of Marijuana Act (MRTMA)



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# Is Marihuana Legal?

- Federal Government: Schedule One Drug
  - Criminal exposure
  - Civil forfeiture
  - Firearm Restrictions



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# Banking Marijuana: What Do We Do with All this Cash?

- Why banks and credit unions shy away from cannabis money
- Alternatives to using a credit card or bank-issued debit card
- Best practices when trying to find a bank or credit union that will accept your funds



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# Real Estate: What Can I Do & Where?

- Land Use Regulations for Medical Marihuana
  - Implementation in Michigan
  - Seed to patient distribution process
  - Municipalities on board?



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# Federal Taxation of the Marijuana Industry

- The Internal Revenue Code (IRC) stance on Medical Marijuana
  - IRC Sec. 280E on deductions or credits
- IRS 2015 Chief Counsel Memorandum
- Deductible Cost of Goods Sold
- A grower's direct material costs (seeds or plants)
- Nondeductible general and administrative items



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# Is Insurance Coverage Available Under Standard Commercial Insurance Policies?

- Standard commercial insurance protections:
  - Property and liability
- Relevant exclusions
- Potential issues with insurance applications



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# Does the Corporate Veil Apply to Cannabis Operators?

- The use of a separate legal entity does not protect the equity owners of a cannabis-based business from Federal liability.
- Those that knowingly do business with an entity in the cannabis industry or an investor in a cannabis related entity are also potentially subject to Federal liability.
- The effectiveness of a separate legal entity to provide protection from other liabilities for an entity in the cannabis industry has not been determined.



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# Questions?

Thank you!