



News Release

Marijuana Referendum Passes, Paves Way for Crackdown of Illegal Operations



MedMen Sun Valley cultivation

Los Angeles (March 8, 2017) - Voters in Los Angeles overwhelmingly passed Measure M during Tuesday's elections, creating a formal cannabis licensing program in the nation's second largest city and paving the way for the closure of hundreds of illegal marijuana businesses.

Measure M gives the Los Angeles City Council the power to regulate and tax cannabis businesses for the first time since California legalized medical marijuana in 1996. It also gives the city enforcement powers to shutter cannabis businesses that do not comply with the new regulations, including imposing fines of \$20,000 a day and the disconnection of water and power services.

"This is a watershed moment not just for the city of Los Angeles, but for the legal cannabis industry as a whole," said Adam Bierman, co-founder and chief executive of MedMen, a Los Angeles-based cannabis management and investment firm. "Los Angeles is already the [largest cannabis market](#) in the country, but unfortunately there is still a lot of illegal activity. With passage of Measure M, Los Angeles will now show the world what a well-regulated cannabis market worth close to \$1 billion really looks like."

Although medical marijuana has been legal in California for more than two decades, the state legislature did not create regulations around the production, distribution and sale of medical marijuana until recently. Medical marijuana is currently regulated at the municipal level in the state.

The City of Los Angeles never created a formal licensing program, opting instead to offer limited immunity to medical marijuana operators who comply with a set of guidelines under an ordinance called "Proposition D." Currently, there are about 135 "Prop. D compliant" medical marijuana operators in the city, and an estimated 800 illegal dispensaries. Measure M replaces Prop. D, and allows the city to create a formal licensing program.

Measure M comes on the heels of the [Medical Cannabis Regulation and Safety Act](#) (MCRSA), the state law that finally created a regulatory scheme for medical marijuana in California, and last November's Proposition 64, which legalized adult use of marijuana in the state. Both MCRSA and Prop. 64 require that cannabis operators in the state obtain municipal licenses in order to qualify for state licenses starting in 2018.

California is among eight states that have legalized recreational use and 28 states with legal medical marijuana. Marijuana remains illegal under federal law, but there is [growing momentum](#) in Washington to protect states with legal marijuana. Medical marijuana states are currently protected from federal prosecution under the [Rohrabacher-Farr Act](#).

Under Measure M, Prop. D compliant operators will be first in line to obtain municipal licenses in the city of Los Angeles. The County of Los Angeles also is [considering plans](#) to shutter illegal marijuana dispensaries in unincorporated areas of the county.

"Today, we've taken an important step in ensuring that medical marijuana patients and future adult users in Los Angeles have access to safe and high quality cannabis," Mr. Bierman said.

MedMen manages 10 cannabis facilities around the country, including two Prop. D compliant operations in Los Angeles.

About MedMen:

MedMen is a leading cannabis firm based in Los Angeles with operations and exposure across North America. The Firm operates in two areas; MedMen Management offers turnkey services to cannabis license holders, and MedMen Capital makes strategic investments in key markets across the U.S. and Canada. Visit medmen.com.

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