

# Carver Family Farm & NM IndCA

Mathew Munoz, Chief Innovation and Finance Officer, Carver Family Farm

&

NM IndCA Board Member

- More than just a dispensary...
  - Microgreens
  - Edible gourmet mushrooms
  - Exotic succulents and plants
  - Gardening Classes





## Organic

- Preparing to apply for DEM Pure Certification

## Water use Reduction

- Automated drip irrigation

## Living Soil

- Regenerative soil technique

## Diversity of Ownership

- Three partners: One woman and one Hispanic

## Diversity of Investors

- Investors from all backgrounds






- **Business Model**

- Microbusiness = Microbreweries
- Locally Crafted IPA vs. National Chain Beer
- Focus on quality over quantity




# Microbusiness

- “Lower Barrier of Entry”
    - Legislature created two licensing structures; CCD treats us all the same.
    - Must meet all the same requirements as Corporate Cannabis
    - Hundreds of thousands in costs, limited capacity and limited licensure.
- 



# Microbusiness

- Diversity
    - Lacking in NM Corporate Cannabis and US Corporate Cannabis
    - Micros were intended to bring diversity
    - One chance to get this right before it's cannabis business as usual
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# Microbusiness

- Social Equity
  - Communities of color have paid the price of the failed War on Drugs.
  - Minorities are 4 times more likely to be arrested for possession
  - White and minority groups use cannabis at roughly the same rate
  - Microbusinesses were intended to alleviate this issue
  - Nationally, only 2% of cannabis companies are minority owned



A large, stylized graphic on the left side of the slide. It consists of several overlapping, semi-transparent rings in shades of blue and green, forming a circular shape. The word "Microbusiness" is centered within this graphic in a dark blue, sans-serif font.

# Microbusiness

- Restrictions
  - Limited to one license if you have a controlling interest
    - Corporate Cannabis can obtain unlimited licenses
  - Meet all the same regulations as Corporate Cannabis
  - Produce, manufacture, retail in ONE location
  - Only transport products produced or manufactured by the micro
  - Only sell products produced by the micro
    - Cannabis Regulations Act created a forced wholesale market for micro producers
    - Can only wholesale to Corporate Cannabis

# Microbusiness

- Restrictions
  - Vertically Integrated License Fee
    - Micros capped at 200 plants for \$2,500
      - Only allowed one license
    - Level 1 License with 201 plants: \$9,510
    - Corporate Cannabis: \$7,500 license and \$10 plant fee for recreation
      - Additional Vertically Integrated License \$1,000 per license
      - Unlimited licenses for minimal fee

# Microbusiness Restrictions

## Unequal Playing Field

Microbusiness: 200 plants for \$2,500 = \$12.50 per plant

Corporate Cannabis: \$7,500 license and \$10 plant fee for recreation

- Level 1: 1,000 plants for \$17,500 = \$17.50 per plant
- Level 2: 3,000 plants for \$37,500 = \$12.50 per plant
- Level 3: 6,000 plants for \$67,500 = \$11.25 per plant
- Level 4: 10,000 plants for \$107,500 = \$10.75 per plant



# Microbusiness

- Potential Profit Based on License Structure
  - National average is 180 grams per plant, per harvest, 720 grams per year
  - New Mexico average gram price \$10 retail \$4 wholesale
  - Revenue from one plant per year:
    - Retail: \$7,200
    - Wholesale: \$2,880

# Microbusiness

## Microbusiness Potential Profit, 200 Plants

- Retail **\$1,440,000**, Wholesale: **\$576,000**

## Corporate Cannabis Potential Profit

- Level 1, 1,000 plants:
  - Retail **\$7,940,000**, Wholesale **\$3,176,000**
- Level 2, 3,000 plants:
  - Retail **\$23,820,000**, Wholesale **\$9,528,000**
- Level 3, 6,000 plants:
  - Retail **\$47,640,000**, Wholesale **\$19,056,000**
- Level 4, 10,000 plants:
  - Retail **\$72,000,000**, Wholesale **\$28,800,000**

Advocating to make New Mexico's cannabis market fair for diverse, small, and local cannabis businesses.

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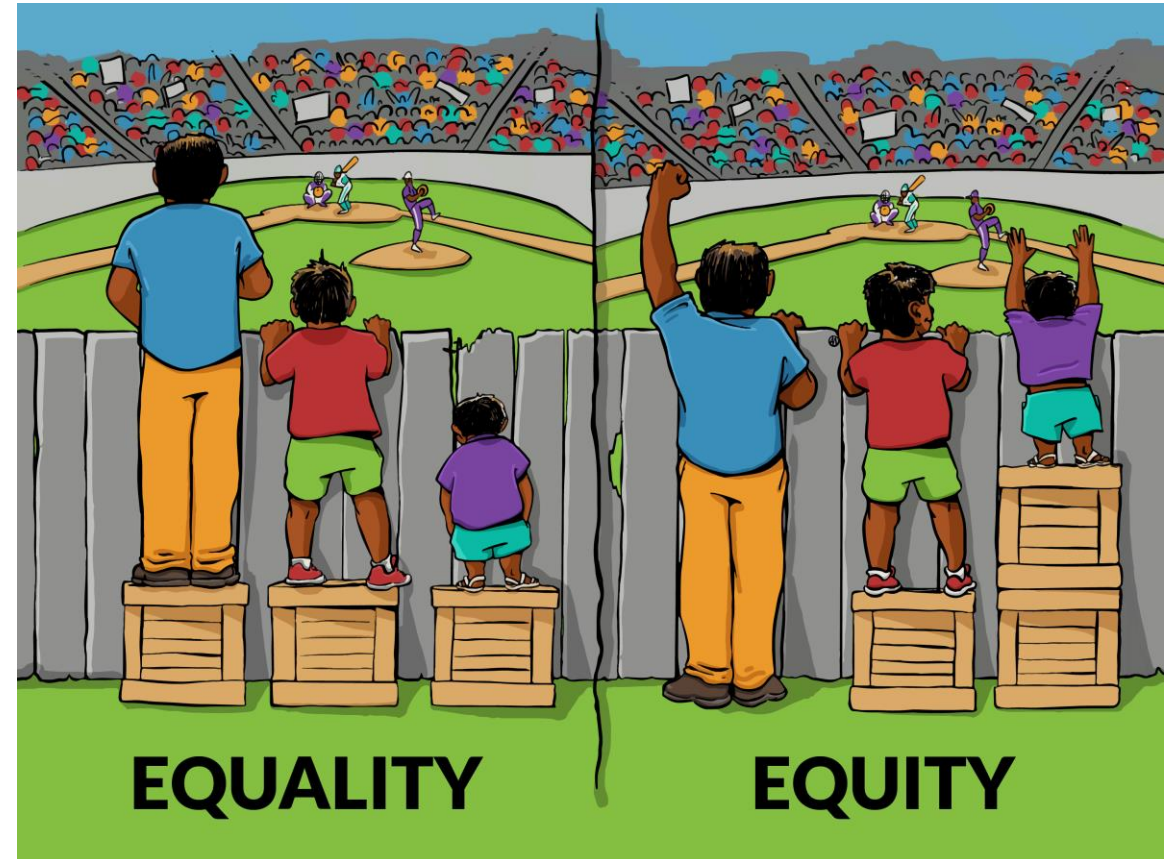
# NM IndCA

- Diversity
  - NM is the only Minority Majority State, we can be a national model for the cannabis industry
- Social Equity
  - Chapter 4, Section 3 of the CRA requires the CCD to promulgate rules that promote and encourage racial, ethnic, gender, geographic diversity and New Mexico residency.
- Resident Priority
  - Some states prohibited out-of-state applications for two years. This helped their local community enter the market before Corporate Cannabis took over.
- Microbusiness
  - Designed to lower the barrier of entry and bring diversity and social equity to the cannabis market.

# NM IndCA

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- How Proposed Rules Affect our Members
  - What Lower Barrier to Entry?
  - Micro Producers forced to wholesale
  - Fine Structure for Violation
    - \$10,000 fine regardless of license size
    - Fines should be based on licensure size
  - Rural Producers will Struggle to Meet Technology Requirements
    - Internet connectivity is required to be in compliance





# NM IndCA

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- City of Albuquerque
  - City Council recognized the barrier to entry for their constituents
  - Microbusiness are now regulated like microbreweries
  - Zoning changes helped level the playing field.



# NM IndCA

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- Corporations Hate Regulations Unless...

A person with pink nail polish is holding a large yellow sign with bold, dark red and black text. The sign reads "STORE CLOSING" in dark red and "GOING OUT OF BUSINESS" in black. The sign is held in front of a blurred background that includes a white sign with the number "50" and some red flowers.

**STORE  
CLOSING**

**GOING OUT  
OF BUSINESS**



# NM IndCA

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- Fee Structure is Backwards
  - First Vertically Integrated License \$7,500 plus \$10 plant fee
  - Second, third,...TENTH \$1,000 plus \$10 plant fee
- Any additional production licenses should cost \$125,000
- Multiple production licenses should be for Level 4 companies only
  - Encourage growth via the licensure structure FIRST
  - Discourage gaming of the system



# NM IndCA

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- No Social Equity or Diversity
  - Rules require licensees to have a Corporate Diversity Plan
  - Does not apply to Investors
  - Does not apply to Corporate Officers
  - Requires diversity hiring plan for “jobs”





# NM IndCA

“Well, the free market should have taken care of it but hasn’t ... because of the black market. You’ve got the cartel; you’ve got the Chinese drug ring; you’ve got the biker gangs. Pretty much every criminal organization is operating in the state of Oklahoma right now...”

## Foreign investors, crime among concerns as cannabis booms in rural Oklahoma

Randy Krehbiel Jul 3, 2021 Updated Jul 6, 2021 2

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1 of 3



A cannabis cultivation operation along U.S. 59 in Kansas, Oklahoma, south of Jay, is seen in aerial photos. Rural law enforcement authorities can often point out their local grow operations, most of which are duly licensed by the Oklahoma Medical Marijuana Authority.

Tulsa World

An advertisement for Smith's Fresh for Everyone. The top part shows a close-up of a pizza with various toppings. Below the pizza, the text reads "THIS WEEK'S CIRCULAR". Underneath is a thumbnail image of a circular containing various grocery items and their prices. At the bottom, there is a red banner that says "HOVER FOR CIRCULAR". The Smith's logo is in the top left corner, and the tagline "FRESH FOR EVERYONE." is in the top right corner.

# NM IndCA

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- Investors Need to Submit a Background Check
  - With the banking issues of cannabis, CCD must require background checks for all investors over \$100,000
  - Black market funding, organized crime, and international crime syndicates have funded cannabis operations in other states.
  - With banking issues and the cash nature of the business, CCD must ensure NM's cannabis investments are from reputable sources.

# NM IndCA

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- Gifting

“A company lets you buy cookies, snacks or brownies that come with sticker shock of \$50 or more. But when they make the delivery, it comes with a suggested gift: maybe a cannabis edible or an ounce of flower.”

New Jersey Marijuana

## Weed ‘gifting’ companies are starting up in N.J. But are they legal?

Updated May 24, 2021. Posted May 23, 2021

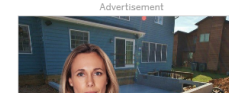


By [Amanda Hoover](#) | [NJ Advance Media For NJ.com](#)

**EDITOR'S NOTE:** [NJ Cannabis Insider](#) is hosting a two-day business and networking conference June 8-9, featuring some of the state's most prominent industry leaders. [Tickets are limited.](#)

Licenses to sell legal weed are still months away, but there's a handful of entrepreneurs coming into the scene through a possible legal loophole — “gifting” cannabis.

It's a scheme popular in other states and particularly in Washington, D.C. A company lets you buy cookies, snacks or brownies that come with sticker shock of \$50 or more. But when they make the delivery, it comes with a suggested gift: maybe a cannabis edible or an ounce of flower.



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# NM IndCA

- Medical and Recreational License Under One Roof?
  - Taxpayers deserve strict segregation of operations
  - Complete segregation of production, manufacturing, and extraction
  - Track and Trace Software is not a useful tool in this regard.





# NM IndCA

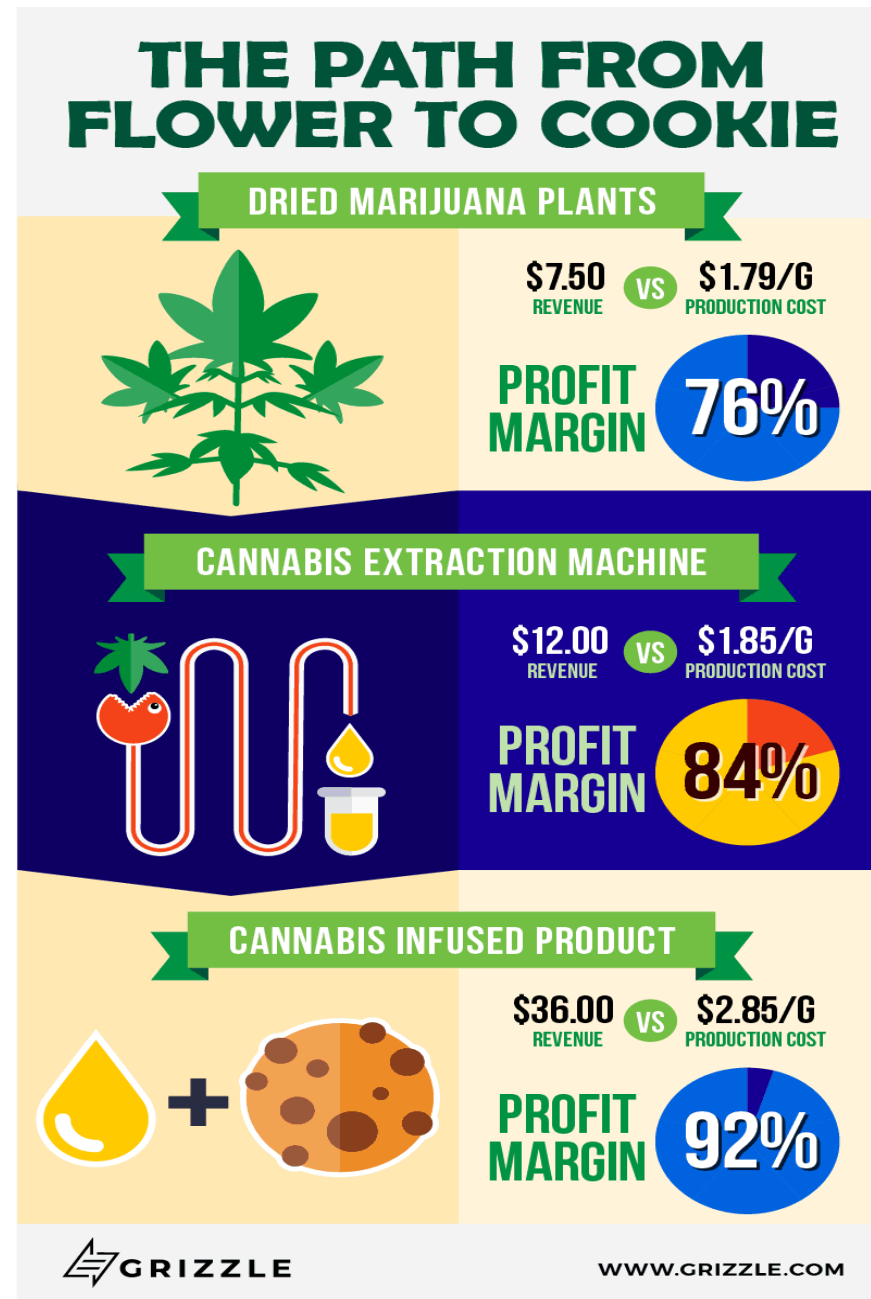
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- Is there a shortage? Will there be?
  - No shortage of edibles, wax, or other concentrates
  - Cannabis Extracts have higher profits
  - Shortage of quality cannabis flower

# NM IndCA

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- Since 2016 there has been a shift in the market to extracts and infused products
- Customer preference
- Ease of Dosage
- 92% Profit Margin



# NM IndCA

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- DOH MCD March 16, 2021, 4<sup>th</sup> Quarter Report
  - Total Plants Licensed to Grow: 51,250
  - Total Mature Plants in Production: 29,370
  - Total Yield: 10,322,250 grams
  - Total Flower in Stock: 5,464,940 grams
  - Total Extract in Stock: 1,275,384 “Units”. DOH unit is 0.2 grams



# NM IndCA

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- PATIENTS before PROFITS
  - Shortages Happen in Medical Cannabis after Legalization
    - Most States experience severe shortages in their medical programs after legalization
    - Medical shortages are prolonged due to the focus on more profitable recreation market
  - Medical Producers are not producing at the current allowable capacity
  - CCD must require medical producers to put 100% of all their production towards solving the shortage before they are licensed for recreation.
  - CCD must require medical producers to focus on PATIENTS before PROFITS



# NM IndCA

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- Shortage Scare Tactics
  - Same Playbook Different State
  - Claims of shortage have been used in other states to push regulations quickly.
  - Shortages are common in states where the number of licenses are capped.
  - We don't have a cap on the number of licenses.
  - Surplus ends up on the black market



# NM IndCA

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- Market Correction After the “Shortage”
  - Proposed Rules have a reduction in plant count in future years
  - Proposed Rules should include reduction in multiple licenses FIRST
  - If a Corporate Cannabis company has 10 production licenses and the cannabis market is flooded, CCD should reduce the number of licenses.
  - CCD must find a balance to prevent a shortage and the flooding of the market

# NM IndCA

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Questions?

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