

## Medical Marijuana: Small Investors Reaping Big Returns

Last year sales of medical marijuana in California exceeded \$1.3 billion, which was roughly 9% of the estimated \$14 billion in revenue from all pot sales in the state. This percentage is quickly getting larger in a market that continues to grow. Assuming the overall market reaches \$16 billion in 2014, while the medical marijuana percentage grows to 15%, California medical cannabis will represent a \$2.4 billion industry in two years.

A feature article in Mother Jones Magazine (Jan-Feb 2011 issue), reads, "In many respects, the semi-legit marijuana market resembles the early days of the internet bubble, where start-ups helmed by young entrepreneurs with risky business plans sought venture capital and dreamed of stock offerings. Where dot-coms had server farms, the pot-coms have high-tech 'grow ops'—indoor farms of wires, fans, and coiled air ducts that keep genetically selected, cloned pot plants growing 24/7."

One former investment-bank analyst, who himself has raised over a \$1 million from hedge fund managers and private investors to invest in dispensaries, delivery services and grow ops, said, "For investors with a high tolerance for uncertainty, the quasi-legal status of the pot business is a huge opportunity," allowing small guys to get a foothold before Philip Morris and the big dogs get into the game.

For investors, aside from numerous opportunities to put their money into grow operations and dispensaries, industrial-scale farming permits to be offered by Oakland may be available for fractional ownership on a limited basis, according to Berkeley attorney Douglas Slain.

Return? Many 420 investors are receiving a 25% plus annual return, and some are receiving more than 30%.

Let's look at some numbers for a hypothetical delivery business for which an investor can be a silent partner.

6 deliveries per day with an average purchase of 1/4 ounce @ \$110 = \$660

30 delivery days per month = 180 deliveries @ \$110 = \$19,800

Cost of goods (40 ounces @ \$300/ounce) = \$12,000

Annual gross profit = \$7,800 x 12 = \$93,600

This is just one on several ways to generate high returns in the 420 industry today.

Private Placement Advisors and The Law Offices of Douglas Slain advise and represent 420 investors and 420 entrepreneurs. For more information, call 510-730-1009 or email [doug.slain@privateplacementadvisors.com](mailto:doug.slain@privateplacementadvisors.com).