

# MORNINGCANNABIS

BY NATALIE FERTIG AND MONA ZHANG

## QUICK FIX

- **The first DEA-approved shipment of marijuana from Uruguay has arrived in California.** The marijuana is intended for clinical analysis, not human research.
- **The USDA is launching two new crop insurance programs** to help protect hemp farmers from natural disasters.
- **The cannabis banking bill isn't dead**, according to a credit union official who met with Senate Banking Chairman Mike Crapo's office on Thursday.

**IT'S FRIDAY, FEBRUARY 7. WELCOME TO POLITICO'S DAILY CANNABIS NEWSLETTER.** It's never smart to travel with cannabis, [but some countries have stronger consequences than others](#). You may be surprised by the list. Don't forget to send your story ideas and tips to [Natalie](mailto:nfertig@politico.com) at [nfertig@politico.com](mailto:nfertig@politico.com), [Mona](mailto:mzhang@politico.com) at [mzhang@politico.com](mailto:mzhang@politico.com) and [Paul](mailto:pdemko@politico.com) at [pdemko@politico.com](mailto:pdemko@politico.com). And follow Pro: [@POLITICOPro](https://twitter.com/POLITICOPro).

## AROUND THE WORLD

**SOUTH AMERICAN WEED COMES TO THE U.S., WITH FEDERAL OK** — A shipment of medical marijuana from South America has arrived in the United States — and it's all right with the feds. Biopharmaceutical Research Company — a California-based marijuana research lab that is one of [33 DEA applicants to grow Schedule I research marijuana](#) — received a shipment of marijuana grown by Uruguayan-based medical marijuana company Fotmer Life Sciences.

The [difficulties in obtaining high-quality, DEA-approved marijuana](#) for medical research are well-documented. But BRC CEO George Hodgin said he was granted federal permission to import this marijuana because it is for genetic, biological and chemical analysis, not for human research. BRC already has a DEA Schedule I analysis license, a separate credential from those given to research the drug's impact on humans. BRC previously received a similar shipment of medical marijuana from Europe, and Fotmer has shipped cannabis to Australia, but both companies say this is the first time South American weed has been imported into the U.S. with federal permission.

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#### MOVERS AND SHAKERS

**AMERICA SHOULD BETTER SEPARATE RECREATIONAL AND MEDICAL MARIJUANA** — Asim Beg is the chief science officer at [Fotmer Life Sciences](#) , the Uruguayan company that just completed the first shipment to the U.S. for genetic analysis. Beg spoke with Natalie about why analyzing cannabis' genetic makeup is so important for the future of medical marijuana and how America's approach is so different from the rest of the world. This is an edited excerpt of their conversation.

**Fotmer and Biopharmaceutical Research Company are working together to analyze the genetic makeup of cannabis. Why is this important for medical marijuana, specifically?**

We'd like our product to be as standardized as possible. Ultimately, we're going to figure out what are the chemical components of this plant, and what's the consistency. If I cultivate an orange over 10 life cycles, they're not always exact; there's variability. But really getting that variability and putting some statistics on it, that really gives us our best chance of saying, "Yes, this is really what we're providing," to a patient or pharmaceutical company.

In the states right now, we can go to our CVS and get Advil or Motrin and both are 200 milligrams of Ibuprofen. And if I'm traveling and I get a headache and I'm in Portugal, I can get the exact same medicine and have assurance that I'm getting that medicine. But right now in cannabis, we don't have that. The problem is it's not a regulated product through the FDA.

**You are an American working for a company based in Uruguay that exports around the world. How is America's approach to legalizing marijuana different from other nations you work with?**

I live in Michigan. Michigan had a medical program for quite some time, and now it's recreationally legal. You had cannabis for medical patients, but now that it's recreational a lot of those medical patients bleed over into the recreational space. There's this kind of nondescript mingling. But then we look at other countries like Uruguay — their governance over the process has actually been very good because they separated medical and recreational completely. So there's really no mixing of the two, which is what you need. I mean, at CVS we buy "over the counter" and then we buy prescription drugs; they're very separate entities, although they're in the same store. There's a completely different kind of rubric for how you get that product.

#### HEMP WATCH

**USDA BROADENS HEMP INSURANCE PLANS** — USDA is expanding insurance options for hemp farmers [with the launch Thursday of two programs](#) that protect growers' crops from natural disasters, POLITICO'S Liz Crampton reports.

Hemp farmers cultivating for CBD, grain or fiber in certain counties across 21 states can participate in a pilot program that provides coverage against loss of yield due to select causes. To be eligible, farmers must have been growing hemp for at least a year and have a contract for its sale. Growers can also get Noninsured Crop Disaster Assistance Program coverage that protects against losses associated with lower yields, destroyed crops or prevented planting.

This adds to [coverage some farmers already could get](#) through the Whole-Farm Revenue Protection plan. Taken together, these programs will reduce some of the risk involved in farming a brand new crop.

The deadline to sign up for both programs is March 16.

**TENNESSEE LAWMAKER PROPOSES RAISING THC CAP** — Republican state Rep. [Jeremy Faison](#) introduced [a bill this week that would increase the limit for THC](#) in hemp from 0.3 percent to 1 percent, substantially higher than what's allowed under federal regulations. Many comments to [the USDA's interim final rule](#) proposed that the agency raise the federal cap to 1 percent.

#### ON THE HILL

**CANNABIS BANKING BILL IS ALIVE AND KICKING** — The [SAFE Banking Act](#) is not dead, according to a group of cannabis industry officials who met with Sen. [Mike Crapo](#)'s office Thursday. The Idaho Republican caused angst among cannabis advocates when he [proposed significant changes](#) to the version of the bill passed by the House. Crapo's office is "diligently working" on the bill, said Sundie Seefried, CEO at Partner Colorado Credit Union, one of the first banks to start serving the cannabis industry. Colorado Gov. [Jared Polis](#), a Democrat, [recently unveiled his administration's](#) "Roadmap to Cannabis Banking & Financial Services" at a Partner Colorado Credit Union location.

#### THE STATE OF MARIJUANA

**ALABAMA COULD RECONSIDER MEDICAL MARIJUANA** — Medical marijuana legislation could get another shot in Alabama as its legislative session kicks off this week. A legalization bill stalled last year in the House, but lawmakers did create a study commission which [recommended that the legislature approve](#) medical cannabis legislation

While lawmakers on both sides of the aisle have expressed support for medical marijuana, Alabama Attorney General [Steve Marshall](#) [wrote to state lawmakers this month](#) expressing opposition to legalization, citing the federal-state conflict in cannabis laws and the "foreboding similarities between the origins of the opioid crisis and today's aggressive campaign to legalize marijuana for medical use."

"We've had a lot of AGs take that position," said Karen White, executive director of the Attorney General Alliance. "People with experience [as] prosecutors — a lot of them have concerns with legalization."

Other examples of this include Florida Attorney General [Ashley Moody](#) and even Sen. [Kamala Harris](#) (D-Calif.) when she served as state attorney general.

**How can lawmakers get AGs on board?** White pointed to states like Hawaii and Alaska that "implemented a long regulatory process" to get their marijuana markets up and running. Taking the time to create a good regulatory system assuaged some worries from AGs in those states, she explained.

### **CALIFORNIA BILL PRESENTS A NEW WAY TO COMBAT ILLICIT**

**MARKET** — California could impose fines of up to \$50,000 per violation on building owners and managers who house illegal cannabis activities under legislation introduced in the Assembly this week, POLITICO's [Alex Nieves reports](#).

**How will this fight the illicit market?** Los Angeles — where it is estimated that 80 percent of dispensaries are not licensed — already has [imposed \\$20,000 fines](#) on illicit shops. That has not made a big dent in the illicit market, however, and sending large fines directly to building owners — rather than the dispensaries — may discourage legal property owners from renting to unlicensed tenants.

**GOVERNORS GET IN THE WEEDS** — POLITICO today hosts the 10th annual [State Solutions conference](#), featuring conversations between POLITICO reporters and eight governors, including from Illinois, Colorado and Utah. Some cannabis questions will be asked. Tune into [the livestream](#), starting at 8:22 a.m. Eastern.

POLITICO's 10th Annual State Solutions Conference, happening on the sidelines of the National Governors Association's Winter Meeting in Washington, D.C., will take place on **Friday, February 7**. POLITICO will host a series of conversations with governors from across the country, focusing on the innovative approaches that their states have taken to address complex challenges. [RSVP](#).

#### INDUSTRY INTEL

**AURORA CEO OUT** — **Terry Booth**, the CEO of Canadian cannabis company Aurora, announced his retirement Thursday. Aurora has been plagued with financial issues over the last year. Aurora's stock has lost 74 percent of its value in the last year, [according to](#)

[MarketWatch](#). The company recently announced [it planned to lay off 10 percent](#) of its 3,400-person workforce, and [CCO Cam Battley](#) left the company two months ago. Executive Chairman **Michael Singer** will serve as interim CEO as the company seeks a permanent replacement.

#### POT-POURRI

— Illinois cannabis jobs should be union jobs, [SEIU Local 1 president Tom Balanoff argues in the Chicago Sun Times](#).

— Do CBD topicals and lotions actually work? [Outside magazine takes on the issue](#).

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