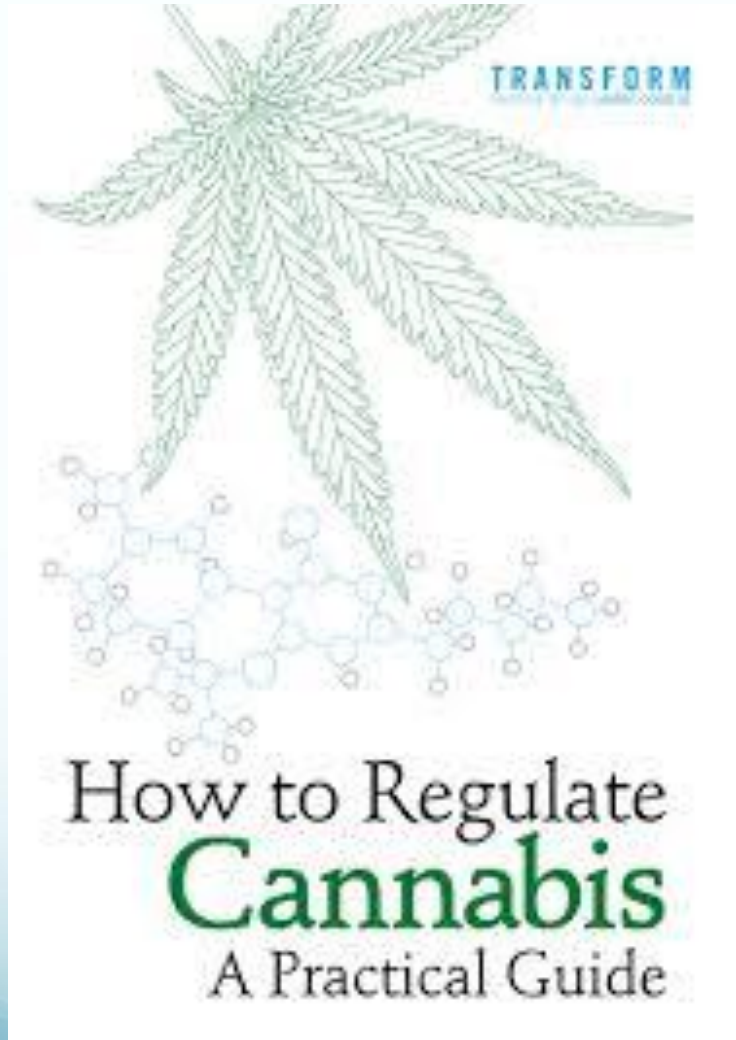
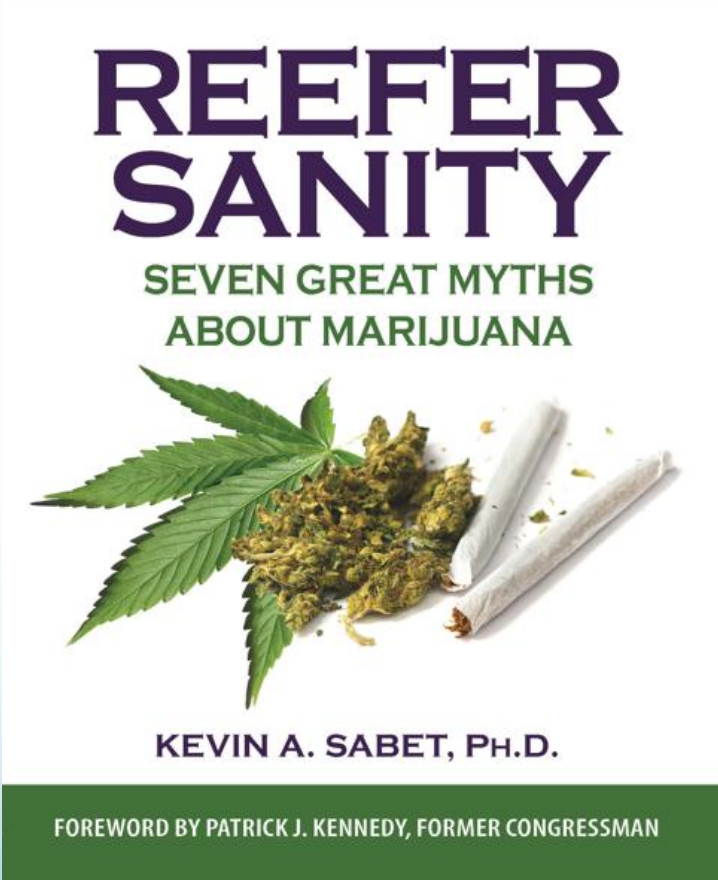


A lot to Agree On?

- Cannabis can be harmful
 - Especially for kids
 - Though most users will not incur harm
- We don't want to see widespread promotion and commercialization
- We don't want to see widespread incarceration and punitiveness for users
- *Reefer Sanity* and *Transform's Blueprint* aren't polar opposites



"The most thoughtful, rigorous, and accessible discussion of marijuana to date. Sabet eschews silver bullets for smart, evidence-based solutions rooted in public health." – Dr. Robert L. DuPont founding Director, National Institute on Drug Abuse, National Institutes of Health



What is our actual experience with legal intoxicants?

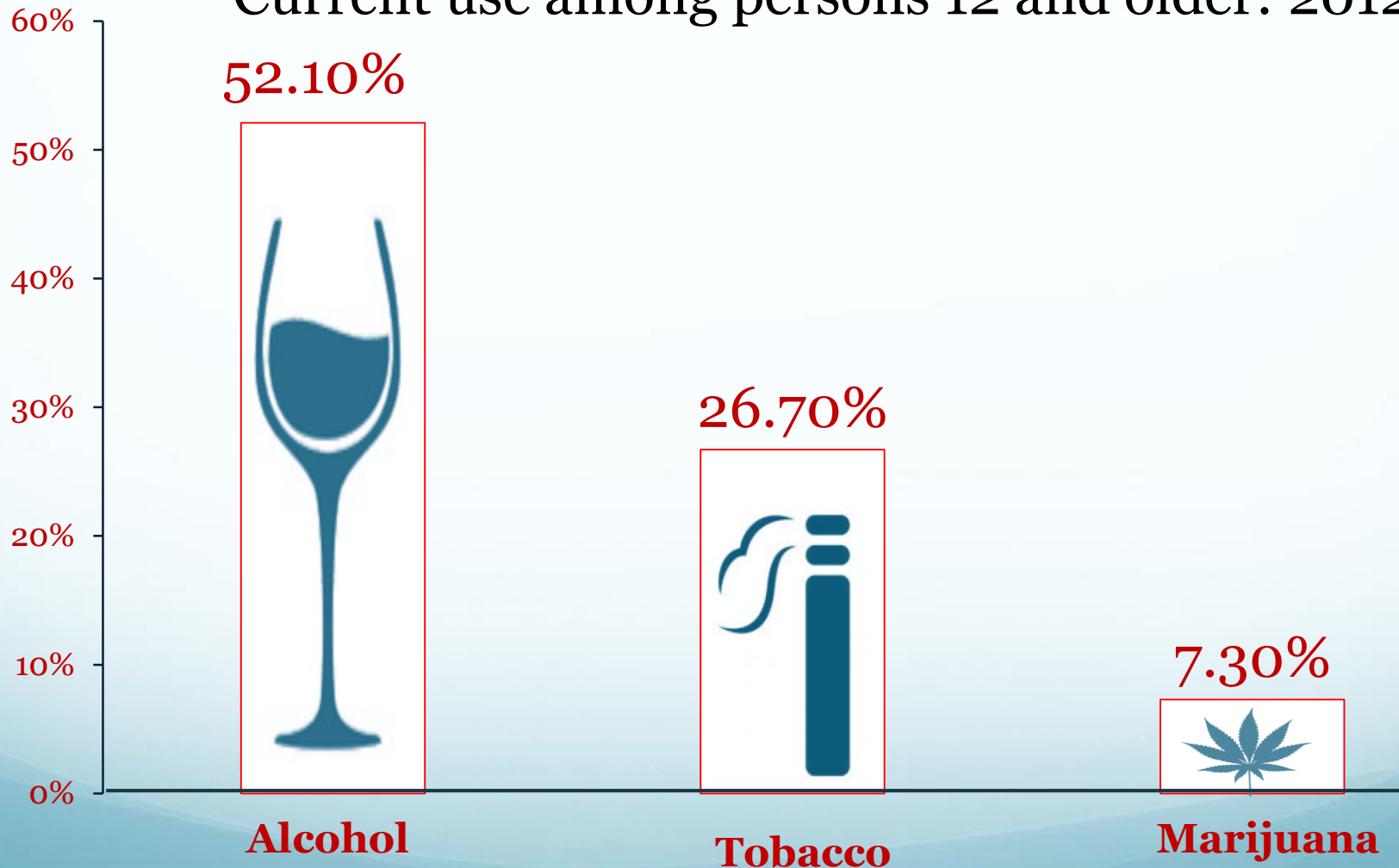
- Use levels for alcohol and tobacco are much higher than marijuana
- Industries *promote* addiction and target kids

Schiller JS, Lucas JW, Peregoy JA. Summary health statistics for U.S. adults: National Health Interview Survey, 2011. National Center for Health Statistics. Vital Health Stat 10(256). 2012.

Centers for Disease Control and Prevention. [Vital Signs: Current Cigarette Smoking Among Adults Aged ≥ 18 Years—United States, 2005–2010](#). Morbidity and Mortality Weekly Report 2011;60(33):1207–12

Trends in drug use

Current use among persons 12 and older: 2012



Alcohol and Tobacco: A Model?

- Use levels for alcohol and tobacco are much higher than marijuana
- Industries *promote* addiction and target kids

Schiller JS, Lucas JW, Peregoy JA. Summary health statistics for U.S. adults: National Health Interview Survey, 2011. National Center for Health Statistics. Vital Health Stat 10(256). 2012.

Centers for Disease Control and Prevention. [Vital Signs: Current Cigarette Smoking Among Adults Aged ≥ 18 Years—United States, 2005–2010](#). Morbidity and Mortality Weekly Report 2011;60(33):1207–12

What incentives do legal corporations have to keep price low and consumption high?

- “Enjoy Responsibly”
- Taxes today for alcohol are 1/5 of what they were during the Korean War (adj for inflation)

Will legalization diminish the power of cartels and the black market?

- Marijuana accounts for 15-25% of revenues gained from drug trafficking groups
- More money is found in human trafficking, kidnapping, and other illicit drugs

Will legalization diminish the power of cartels and the black market?

- In a legal market, where drugs are taxed and regulated (for instance to keep THC potency below a certain level or to prevent sale to minors), the black market has every incentive to remain
- Legalizing marijuana would not deter these groups from continuing to operate

'Big marijuana'

Can we trust companies and Big Corporations not to target youth and the vulnerable?



FORTUNE

AFRICAN
IN

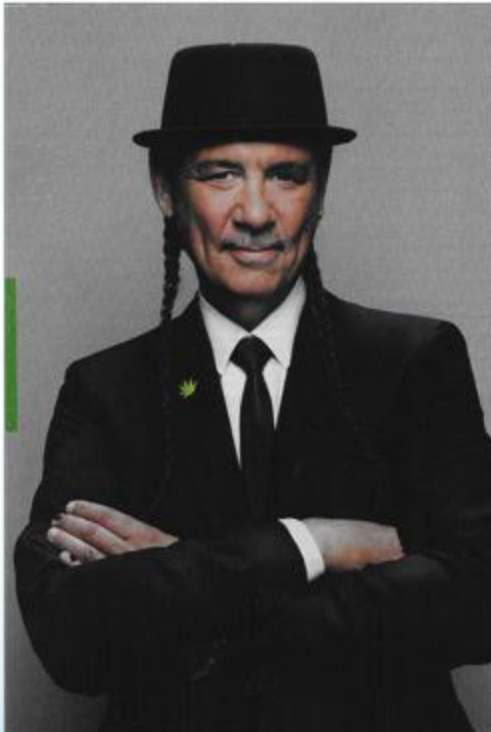
Meet the Entrepreneurs and Investors
Firing Up a New Industry BY ROGER PARLOFF

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The “Yale MBAs Are Here”

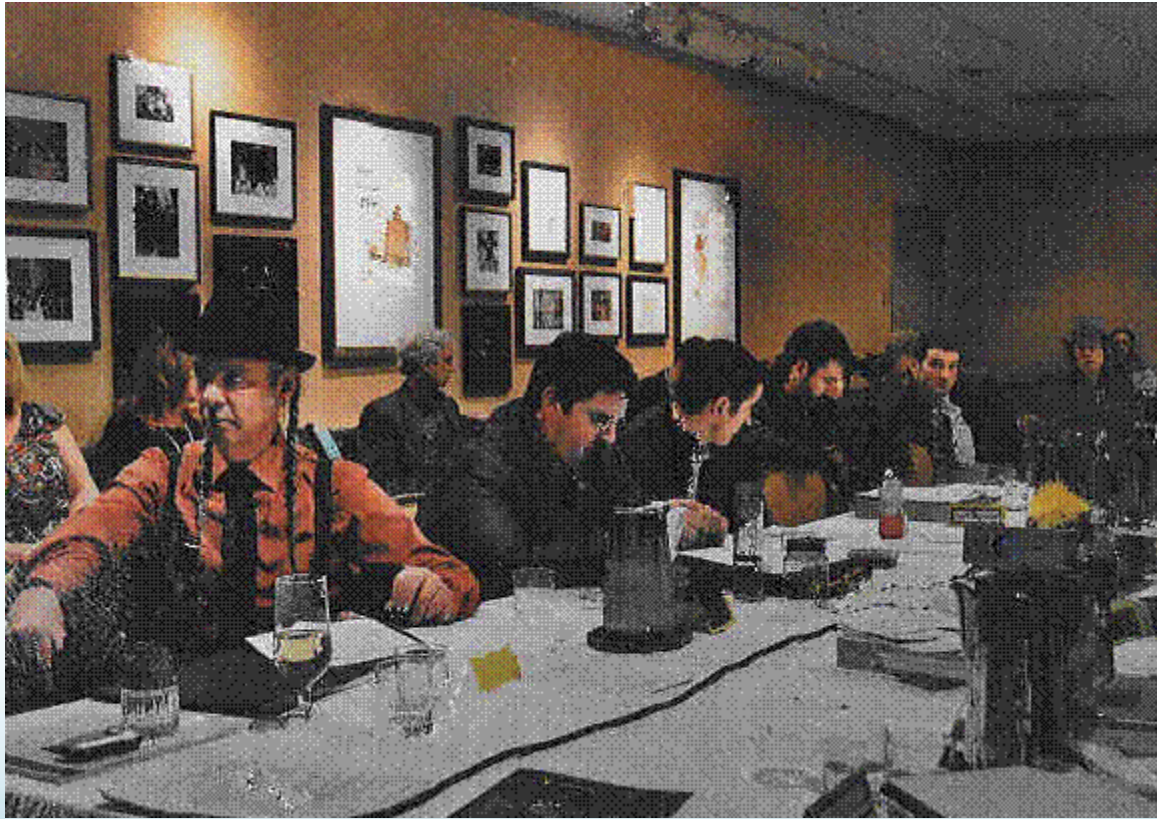


Steve DeAngelo



Troy Dayton

ArcView with investors at the Washington Athletic Club



‘Big marijuana’

“The use of marijuana ... has important implications for the tobacco industry in terms of an alternative product line. [We] have the land to grow it, the machines to roll it and package it, the distribution to market it. In fact, some firms have registered trademarks, which are taken directly from marijuana street jargon. These trade names are used currently on little-known legal products, but could be switched if and when marijuana is legalized. Estimates indicate that the market in legalized marijuana might be as high as \$10 billion annually.”
From a report commissioned by cigarette manufacturer Brown and Williamson (now merged with R.J. Reynolds) in the 1970s.

DRAFT

I. THE IMPORTANCE OF YOUNGER ADULTS

Within five years, younger adults (18-24) will drop from 18% to 15% of the total adult population (18+). They will continue to decline in numbers until at least 1995, as the crest of the Baby Bubble pushes farther past age 25.

This shift in the population will cause smokers aged 18-24 to fall from 16% to 14% of all smokers by 1988. Even 13% would not be surprising, since smoking incidence has been declining more rapidly among younger adults than any other age group in recent years (see Appendix A).

Why, then, are younger adult smokers important to RJR?

Why, then, are younger adult smokers important to RJR?

1. VOLUME

Younger adults are the only source of replacement smokers. Repeated government studies (Appendix B) have shown that:

- Less than one-third of smokers (31%) start after age 18.
- Only 5% of smokers start after age 24.

introduction, with no cannibalization and no development/introductory costs.

As a company, Philip Morris held more than 60% of these 18-year-olds in 1983 versus RJR's 15-20%, yielding PM a .5 point in-going SOM advantage due only to "new" smokers.

* This assumes 18-year-olds are 10% of the 18-24 group rather than a "fair share" of 14% because of population decline and the fact that some smokers start after age 18.

STATEMENT OF DAVID GOERLITZ
Former Model for Winston Cigarettes

BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION AND HAZARDOUS MATERIALS
OF THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE

of the models who appeared in the
even smokers. One of them, in fact,

he is his home. Some of the cases of

Of course, children aren't the only targets of the tobacco industry. Once, when I asked an R.J. Reynolds executive why he and his colleagues didn't smoke, he responded point-blank that "We don't smoke the sh--, we just sell it . . . We reserve that 'right' for the young, the poor, the black and the stupid."

PROJECT:

Youth Cigarette - New concepts

PROJECT:

Youth Cigarette - New concepts

MARKETING INNOVATIONS' SUGGESTIONS:

APPLE FLAVOR

Apples connote goodness and freshness and we see many possibilities for our youth-oriented cigarette with this flavor. Apple cider is also a possibility.

SWEET FLAVOR CIGARETTE

We believe that there are pipe tobaccos that have a sweet aromatic taste. It's a well known fact that teenagers like sweet products. Honey might be considered.

SWEET FLAVOR CIGARETTE

We believe that there are pipe tobaccos that have a sweet aromatic taste. It's a well known fact that teenagers like sweet products. Honey might be considered.

‘Big marijuana’

‘The 2nd Annual National Marijuana Business Conference And Expo’ – Nov. 6-8, 2013 in Seattle

- Expecting nearly 600 people including:
 - Dispensary owners and license holders
 - Professional cultivators
 - Edibles and infused product makers
 - Ancillary goods and services firms, from attorneys to security technology
 - Investors and angel investing group leaders
- Conference registration costs \$600

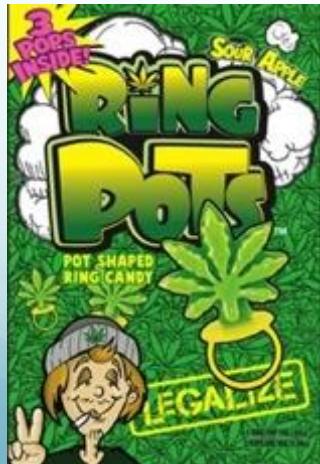
**Will Big Marijuana
become the new Big
Tobacco?**

Several vending machines and billboards
have already emerged throughout the
country



A variety of medical marijuana products and 'edibles' can be found at dispensaries:

- Brownies, carrot cake, cookies, peanut butter, granola bars, ice cream
- Many such as 'Ring Pots' and 'Pot Tarts' are marketed with cartoons and characters appealing to children:



Alcohol & Tobacco: Money Makers or Dollar Drainers?

**Alcohol
Costs**

Costs

**\$185
billion**

**\$14
billion**

Revenues

**Tobacco
Costs**

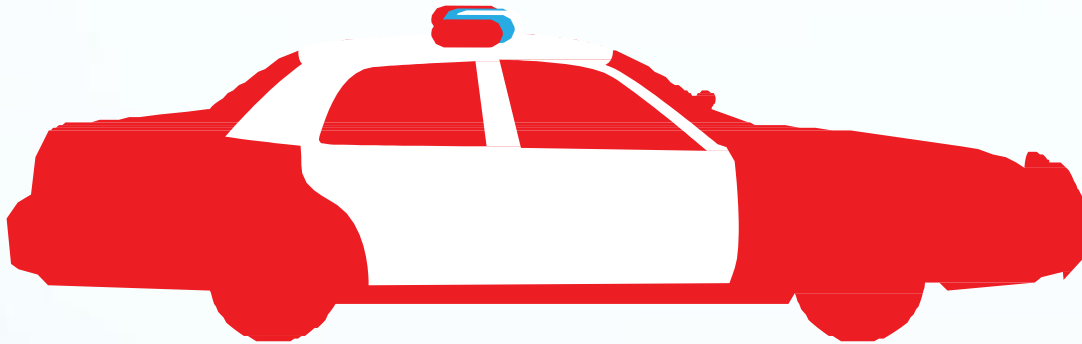
**\$200
billion**

**\$25
billion**

Revenues

State estimates found at <http://www.nytimes.com/2008/08/31/weekinreview/31saul.html?em>; Federal estimates found at https://www.policyarchive.org/bitstream/handle/10207/3314/RS20343_20020110.pdf; Also see <http://www.tobaccofreekids.org/research/factsheets/pdf/0072.pdf>; Campaign for Tobacco Free Kids, see “Smoking-caused costs,” on p.2.

“If Only We Treated It Like Alcohol...”



2.7 million

Arrests for alcohol-related crimes in
2008

(Does ***NOT*** include violence;
Includes violations of liquor laws and
driving under the influence)



847,000

Marijuana-related
arrests in 2008

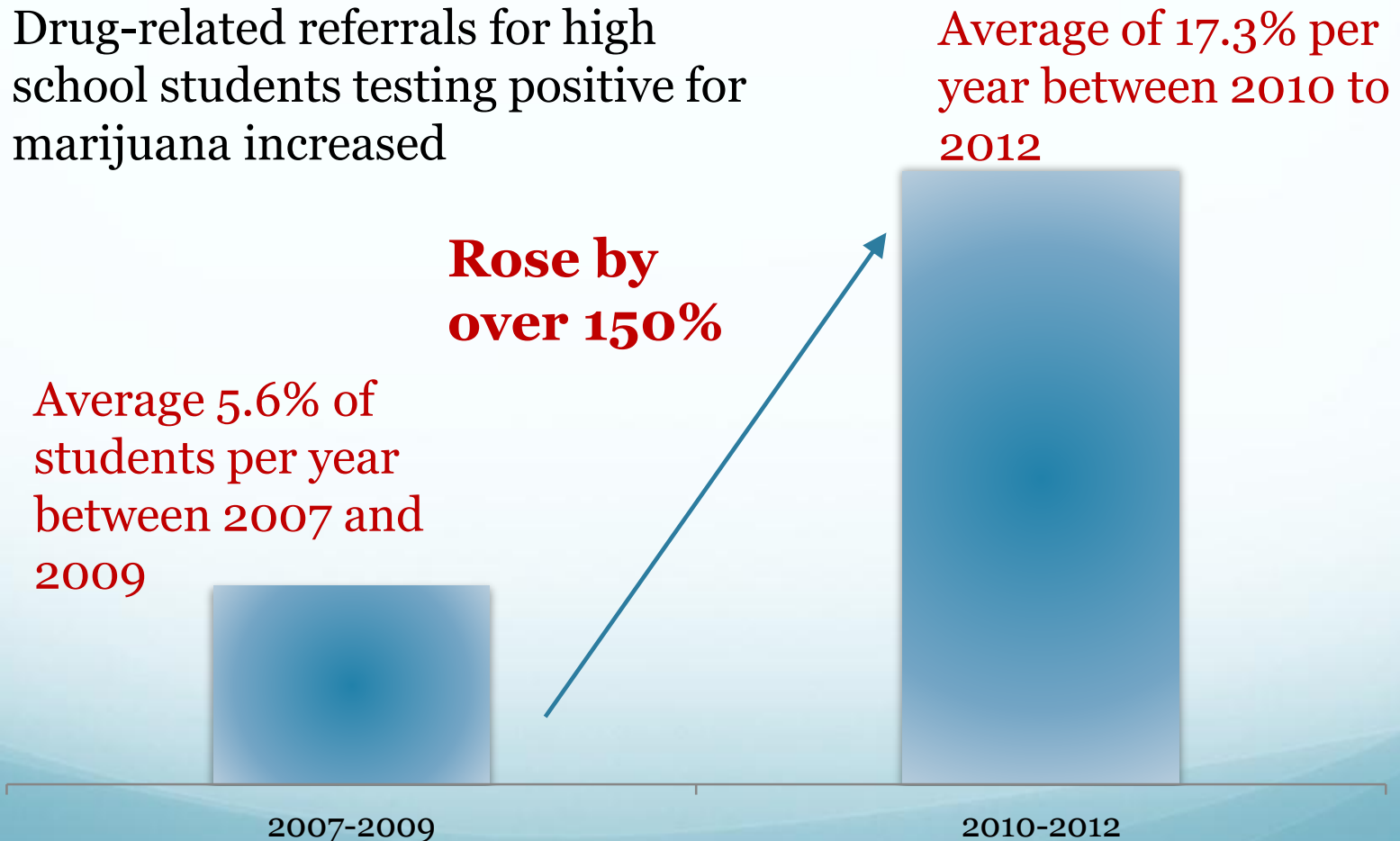
Colorado post-2009

- Passed medical marijuana in 2001
- But no dispensaries until the mid-2000s
- Between 2006 and 2012, medical marijuana cardholders rose from **1,000 to over 108,000**
- The number of dispensaries rose from **0 to 532**



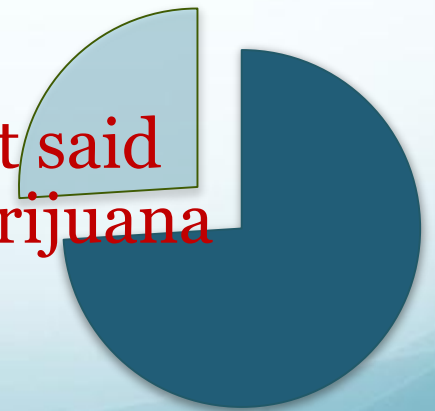
Distribution to minors

Drug-related referrals for high school students testing positive for marijuana increased



Medical marijuana is easily diverted to youth

- Teens who know somebody with a medical marijuana license are more likely than those who don't to report 'fairly' or 'very' easy access to marijuana
- **74%** of Denver-area teens in treatment said they used somebody else's medical marijuana an average of 50 times

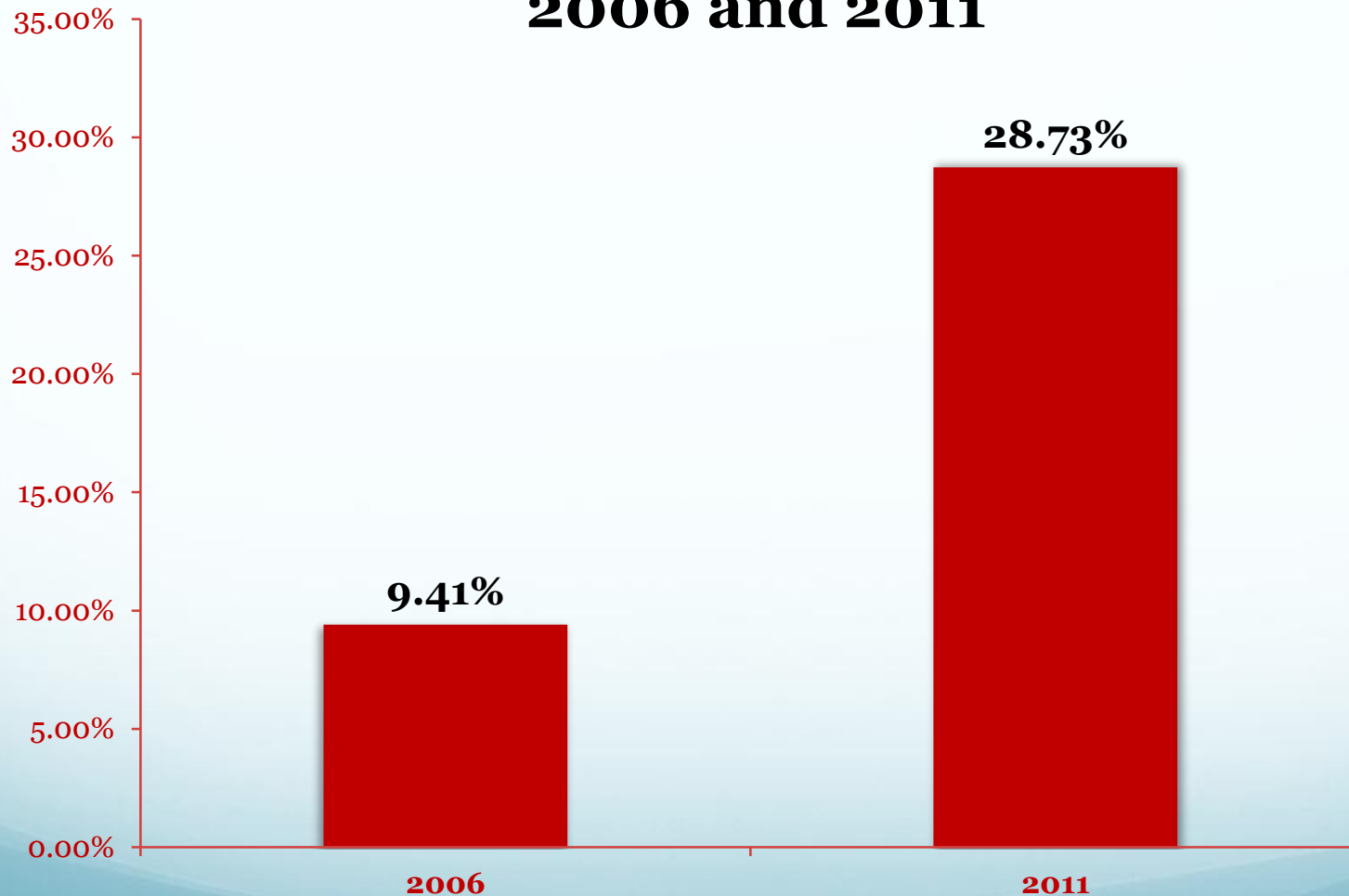


Denver high schools

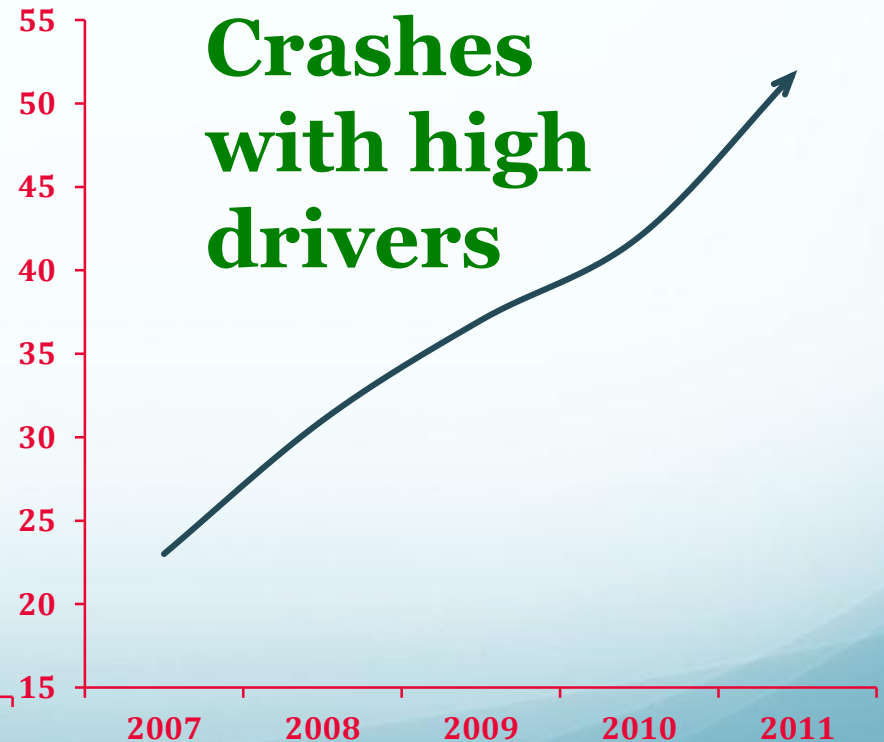
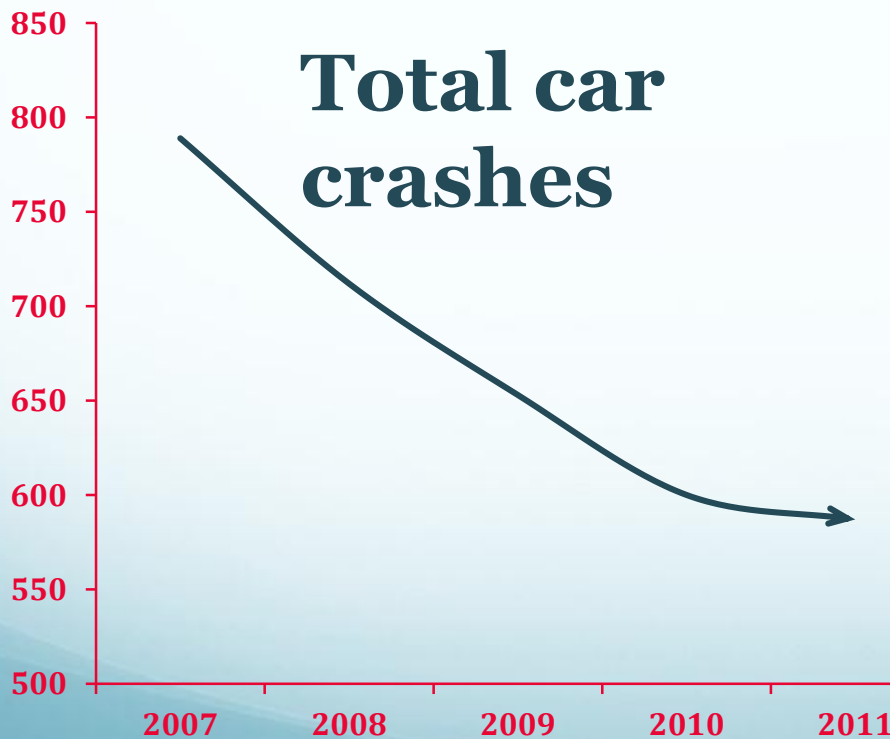
- 29% of Denver high school students used marijuana in the last month
- If Denver were an American state, it would have the **HIGHEST** public high school current use rates in the country



Percent difference between national and Colorado past-month teen marijuana usage averages – 2006 and 2011



While the total number of car crashes ***declined*** from 2007 to 2011, the number of fatal car crashes with drivers testing positive for marijuana rose sharply.



Poor regulation

Two independent reports released in August 2013 document how Colorado's supposedly regulated system is **not well regulated at all**

COLORADO NEWS

Pot problems in Colorado schools increase with legalization

By Nancy Lofholm

The Denver Post

341

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5.6k

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35

+1

10

Share

POSTED: 11/11/2013 04:56:00 PM MST | UPDATED: 7 DAYS AGO 310 COMMENTS

GRAND JUNCTION — In two years of work as an undercover officer with a drug task force, Mike Dillon encountered plenty of drugs. But nothing has surprised him as much as what he has seen in schools lately.

Dillon, who is now a school resource officer with the Mesa County Sheriff's Department, said he is seeing more and younger kids bringing marijuana to schools, in sometimes-surprising quantities.

"When we have middle school kids show up with a half an ounce, that is shocking to me," Dillon said.

The same phenomenon is being reported around Colorado after the 2010 regulation of medical marijuana dispensaries and the 2012 vote to legalize recreational marijuana.

There are no hard numbers yet because school

THE NASAL RANGER

disciplinary statistics do not isolate marijuana from general drug violations. But school



A marijuana plant (Brennan Linsley, Associated Press)

Nov 18:

- Colorado fire officials fear explosion of marijuana oil production

Nov 14:

- Colorado regulators want to know: How much does marijuana cost?

Nov 12:

- Denver council's new bill on marijuana smoking says front yards are OK



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Around Colorado

News

7NEWS Denver Channel @DenverChannel

UPDATE on missing girl: Officers being over the police scanners that the gray sweatshirt has a leopard print. ch7ne.ws/1dSTVuY

3m

Daily Camera @dailycamera

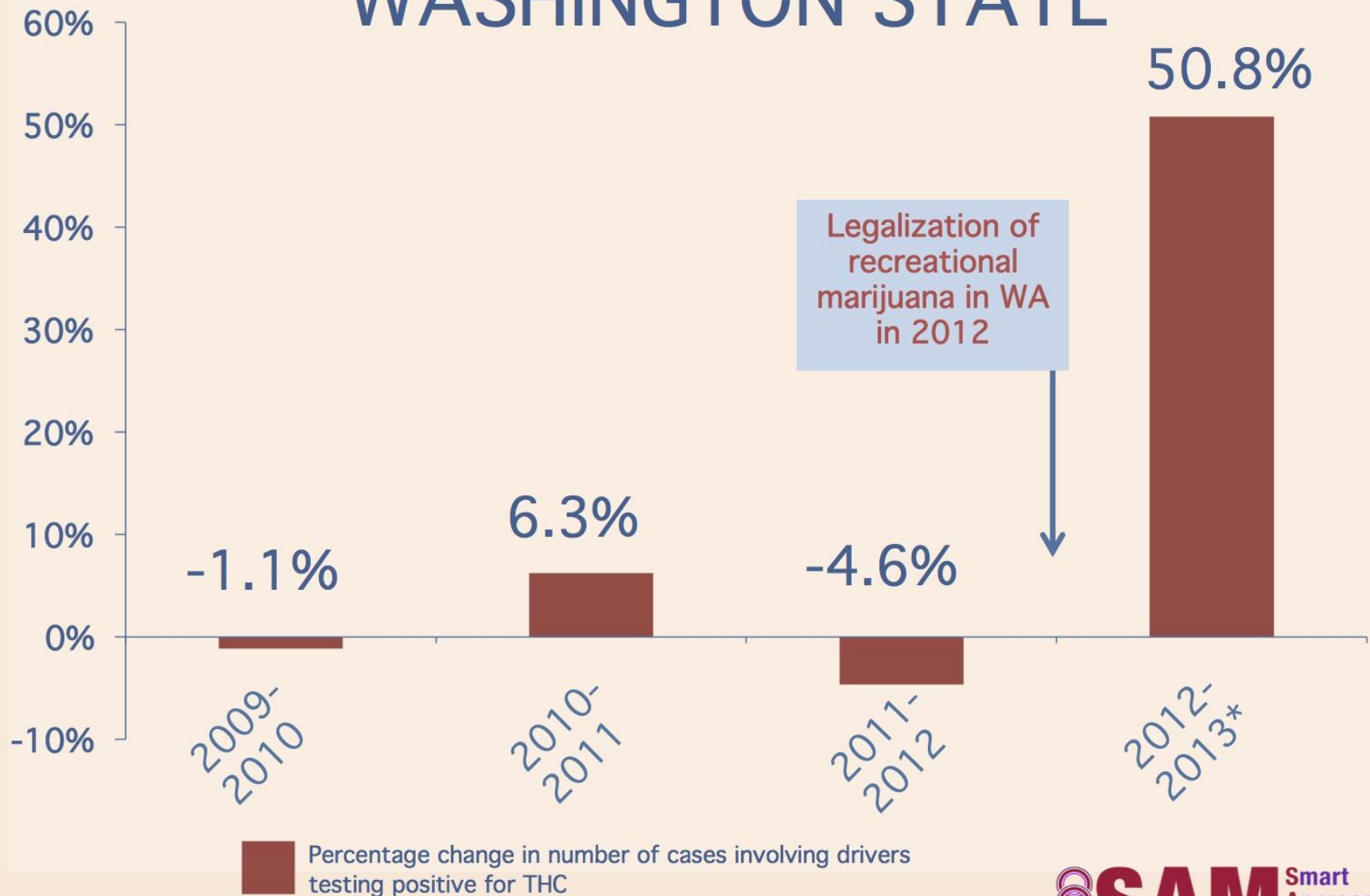
3 #CUBoulder students honored

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IMPAIRED DRIVING TRENDS IN WASHINGTON STATE



* Projected 2013 numbers based on data from first half of the year

Project SAM

1. To inform public policy with the science of today's marijuana.
2. To have honest conversations about reducing the unintended consequences of current marijuana policies, such as lifelong stigma due to arrest.
3. To prevent the establishment of Big Marijuana that would market marijuana to children — and to prevent Big Tobacco from taking over Big Marijuana. Those are the very likely results of legalization.
4. To promote research of marijuana's medical properties and produce pharmacy-attainable medications.

So What Are Our Choices?

All or nothing?

Legalization (“Regulation”) vs. Incarceration (“Prohibition”)



Smart Approach

Addressing current policy:

- People should not be stigmatized for their past use
- No sense in incarcerating users
- People need job and economic opportunities; by being blocked from them they will re-enter the illicit market

Non-legalization reforms

- Robust community-based prevention programs
 - community coalitions
- Criminal justice intervention programs
 - Probation reforms
 - Drug treatment courts
- Non-drug interventions
 - Housing
 - Education
 - Healthcare

‘Big Marijuana’

Can we trust companies and Big Corporations not to target youth and the vulnerable?

