

Wealth in Weed

Don Smith and John Taylor admit to experimenting with cannabis in their younger days.

As adults, they now know there's big money in marijuana.

Smith and Taylor are behind SMART Cannabis (OCT PINK: SCNA), a California-based holding company designed to capitalize on the booming agritech communities by manufacturing and installing fully automated greenhouses through its primary subsidiary, Next Generation Farming. The greenhouses are ready for use in a matter of a couple of weeks and can yield as many as five harvests a year.

And, if pot remains federally illegal, the greenhouses can be used to grow food - a potentially lifesaving answer to food scarcity plaguing impoverished communities.

Smith is the Executive VP, essentially running operations on the business development front, and Taylor is the CEO, inventor, and manufacturer for Roseville, California-based SMART Cannabis. Together, they supply both the hardware and software



With the cannabis industry exploding, Don Smith and John Taylor Smith entered the marijuana market through the creation and installation of fully automated greenhouses that are ready for use in just 15 days and can yield as many as five cannabis harvests a year.

needed to effectively harvest the bushels of cash their clients, the growers, also see in cannabis.

“It’s one of the last great emerging marketplaces,” Smith says. “It is a business opportunity many can and should seize as a grower or investor.””

There’s one main reason, Smith says: There’s wealth in weed. He estimates it is a \$300 billion industry, one too big for governments to ignore. The Washington state treasury reported that it took in \$319 million in legal revenue and licensing fees in 2017, all but \$4 million of that coming from the marijuana sales tax. According to the Colorado state accounting system, the Centennial state collected \$247,368,473 in marijuana taxes, licenses and fees last year. Meanwhile, Fortune magazine predicts California will collect \$1 billion per year in tax revenue.

And while the federal government still considers marijuana a Schedule 1 drug under the Controlled

Substances Act of 1970 (as are LSD, amphetamines and heroin, among others), Smith thinks it’s “absolutely inevitable” that the government will come to realize there’s big profits in pot and it’s not the health threat once believed.

“There’s no doubt the U.S. federal government will not be able to ignore the income derived from cannabis sales,” Smith says. “The problem will solve itself. The government wants the money.”

Smith spelled out what he believes will happen to marijuana: It will be everywhere, in alcoholic beverages, cereals, candy, nutritional supplements, soft drinks and drugstores – to say nothing of the rope: clothing and building materials marijuana is already in as hemp. On the medical front, research is showing that cannabis is being used to effectively treat traumatic brain injuries, PTSD, chronic pain, opioid addiction, and much more.

Marijuana Business Daily reported that cannabis-

Marijuana will soon be everywhere — in alcoholic beverages, cereals, candy, nutritional supplements, soft drinks and in drugstores.

infused beer could debut in Canada as soon as next year. Denver-based Dixie Elixirs & Edibles already has flavored sodas with 100 milligrams of THC (the psychoactive ingredient that provides the “high”) in each bottle, chocolate bars with 500 mg of THC in each bar, and water with 50 mg THC and 50 mg CBD per bottle (CBD, or cannabidiol, does not affect the body like THC).

Even Big Tobacco has taken notice. Philip Morris International invested \$20 million in an Israeli cannabis company in 2016, the Times of Israel reported.

In one of its articles on cannabis, USA Today referenced a research paper entitled, *Waiting for the Opportunity Moment: The Tobacco Industry and Marijuana Legalization*. “Legalizing marijuana opens the market to major corporations, including tobacco companies, which have the financial resources, product design technology to optimize puff-by-puff delivery of a psychoactive drug (nicotine), marketing muscle, and political clout to transform the marijuana market,” the report read.

Taylor sees the medicinal value, saying scientists and doctors are breaking down the plant’s components into five or six parts, and between 80 percent and 90 percent of the marijuana market will be in oils, patches and other medicinal purposes. Taking that further, to meet quality control regulations established in Oregon and California, companies like Steep Hill are testing cannabis production to ensure its safety and potency.

Smith and Taylor’s entry into the marijuana market through greenhouses and automated monitoring software was a significant play. Taylor holds a patent for a vertical garden apparatus called a vertical wall that produces four times the crops in one-third the square footage using one-fifth the electricity. The company is expected to announce another significant innovation coming to market in the coming weeks - one that will further expand growing capacities.

One problem with greenhouses, Taylor says, is their inability to grow crops in the winter, when there’s less sunlight. A gifted problem-solver, he came up with a geothermal exchange system that regulates temperatures year-round, uses less power and allows for between five and five-and-a-half harvests per year instead of three. As you can see, vision, innovation, and ability to manufacture on-the-fly sets this company apart.

With regard to the automation aspect of the features,



Taylor designed an app that allows one person, be it an owner, operator, or farmer, to quickly assess the state of the greenhouse and crop using a smartphone. He said it’s especially useful for people with multiple greenhouses in multiple locations nowhere near each other. From any distance, the greenhouse manager can ensure production is running smoothly and, if it’s not, make corrections remotely.

“The greenhouse is the wave of the future in cannabis,” Taylor says. “Whoever secures this advanced infrastructure is in the best position to set up and harvest in a greenhouse environment. They will prevail and be profitable in the years to come.”

And even if Smith and Taylor wrongly predict greater pot legalization, the greenhouses can grow food. Smith estimates each greenhouse costs between \$130,000 and \$200,000. A \$150,000 investment would lead to a \$400,000 return if growing food such as herbs, tomatoes, peppers and leafy greens. Marijuana, he estimates, would fetch \$1 million a year.

Yes indeed, there’s green in those greenhouses. —
By Lee Barnathan, California Business Journal

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