

Marijuana: The Next \$100 Billion Market

In recent years, legalization of marijuana at the state level has expanded dramatically. Our analysts believe we're on the verge of seeing similar laws adopted at the *national* level. This could spell windfall profits for early investors.

2012 was an historic year.

A set of groundbreaking laws led to the emergence of a new \$100 billion industry.

For those who get involved early, this new industry could deliver stunning returns.

In this report, we'll tell you about this new set of laws...

And we'll show you the financial opportunities they're creating for investors like you.

THE NEW COMMODITY

Today I want to introduce you to America's next cash crop:

Marijuana.

The legalization of marijuana has been brewing for almost 20 years...

It all began when California state voters approved Proposition 215 in 1996.

This is what allowed marijuana to be dispensed and used within California for medical purposes.

Since then, 22 other states have adopted similar medical marijuana laws.

Then, in 2012, Colorado and Washington made the *recreational* use of marijuana legal.

AT A GLANCE:

Sector:

- Marijuana-Related Companies

Description:

- Medical marijuana is currently legal in 26 states. It was also recently legalized for *recreational* use in Colorado and Washington.
- The "legal" market for marijuana is valued at \$2.4 billion per year. However, the black-market for marijuana is valued at over \$110 billion per year.
- Once marijuana is legalized at the national level, marijuana-related industries will be set to soar.

Core Investment Thesis:

- Multi-billion dollar industry *without* federal legalization
- Strong parallels between marijuana legalization and repeal of alcohol prohibition
- Identification of strong companies at their earliest stages is the key to investment success in this market

Unlike California, citizens of Colorado and Washington can purchase and use marijuana the same way they'd buy a bottle of wine or a six-pack of beer.

But make no mistake: these laws weren't passed so "stoners" could get high. For the states implementing these laws, marijuana has the potential to be big business.

In Colorado and Washington, new industries have emerged to produce and sell marijuana, and tax revenues have already started to flow in.

According to Reuters, Colorado's tax revenues from marijuana already exceed \$100 million.

Can you imagine what'll happen if similar laws are enacted at the national level?

HISTORY REPEATING ITSELF?

The current circumstances surrounding the legality of marijuana closely mirror the situation with alcohol during Prohibition.

In fact, given the similarities, it might only be a matter of time before marijuana is legalized at the *national* level.

Here are three reasons why:

SIMILARITY #1: Medicinal Uses

During Prohibition, you could obtain alcohol in a variety of illegal ways...

You could get it from a bootlegger, a smuggler, or at a speak-easy.

But there were legal ways to purchase it, too: you just needed a doctor's prescription.

You see, some folks believed that alcohol cured a variety of ailments – from snakebites to high blood pressure.

Fast-forward to today: doctors regularly prescribe marijuana for a number of conditions,

from AIDS and anorexia, to cancer.

But beyond issues of health, there are social and economic reasons for the federal government to legalize marijuana...

SIMILARITY #2: Negative Impacts of Enforcement

Throughout Prohibition, alcohol was still readily available...

In the 1920s, citizens could purchase bottles of smuggled booze or home-brewed whiskey from bootleggers or speakeasies.

But these enterprises were often run by criminal organizations.

Revenues from alcohol sales provided enough cash for these organizations to pay off politicians, wage war in our cities' streets, and finance other illicit activities.

The same could be said for marijuana today:

It's estimated that the ultra-violent Mexican drug cartels generate as much as 60% of their annual profits from the sale of marijuana in the United States.

While these organizations may not be visible on American streets, they're transforming areas of Mexico into war zones.

From 2006 to 2012, there were over 60,000 cartel-related murders

In 2013 alone, there were more than 16,000 murders.

If marijuana remains a "black market" substance, it will continue to fund the activities of vicious criminal organizations.

SIMILARITY #3: Tax Revenue

The enactment of Prohibition led many states to suffer massive tax shortfalls.

In the years leading up to Prohibition, New York State, for example, derived an estimated 75% of its revenue from liquor taxes.

During Prohibition, all those revenues disappeared.

And at the national level, prohibition robbed government coffers of \$11 billion annually.

If marijuana were legalized, there would be billions in new tax revenues.

On top of that, experts estimate that legalizing marijuana would save the U.S. over \$13 billion per year...

Why?

Because enforcement of marijuana laws would no longer be necessary.

Regardless of personal opinion about marijuana use, one thing is clear:

It's only a matter of time before it's legalized at the national level.

ONLY A MATTER OF TIME

And when it does become legal, investors who are well positioned – those who get in early – stand to make a killing.

It was the same when Prohibition was repealed in 1931.

Those who saw the law change coming and took proactive steps to get ahead of the curve made a fortune.

For example, in the late 1920s, Joseph Kennedy set up a number of exclusive liquor importing contracts with Europe's top distilleries.

At the time, as long as it was for medicinal purposes, he was able to sell liquor to licensed alcohol producers. (Sound familiar?)

But once prohibition was repealed, Kennedy was sitting on the exclusive rights to import liquor – and the right to sell it to everyone.

By 1950, he was one of the wealthiest men in the country.

HOW TO INVEST IN MARIJUANA

There are a number of ways to invest in this emerging market...

For example, a number of publicly traded “pot stocks” are out there already.

However, most are traded on the pink sheets, or on the Canadian venture exchange.

These companies are highly illiquid, lightly regulated, and trade more on rumors than business fundamentals.

For many of them, their management teams are focused on pumping up the price of their stock, and selling shares to the general public at inflated prices.

Which is why we advise investors to stay away from the vast majority of these companies.

That being said, a few reputable players *do* exist in the market...

GW Pharmaceuticals is one example. It’s a British pharmaceutical company focused on the development of marijuana-related therapies.

The company’s ADR (American Depositary Receipt) trades on the NASDAQ under the symbol, GWPH.

And it currently commands a \$1.5 billion market cap.

The stock is actively traded and has already doubled in the past 12 months.

BIGGER PROFITS...

But we don't believe the largest gains will be made in the public markets.

At Crowdability, we focus on a different side of the market:

The private equity market.

Historically, the most profitable of investments of all time have been made in the private markets.

And private investors in emerging industries have made *fortunes*.

For instance, early investors in technology companies like Facebook, Google, and Apple made thousands of times their money by backing these innovative companies when they were still private.

It's estimated that Google's earliest investors made over 3,000% on their investment when the company went IPO.

And Facebook's early investor turned every \$1,000 he invested into \$2 million.

Which is why we believe investors are best served by searching for profitable marijuana investments in the **private market**...

And we'll show you exactly where to look.

PRIVATE POT PROFITS

Currently, there are hundreds of privately held marijuana start-ups raising capital to get their businesses off the ground.

These companies break down into three groups:

- **Growers** – These folks cultivate and grow marijuana

- **Grow Services** – These are the “pick axe and shovel” companies of the sector. (Think of these as you would the companies that sold picks and shovels to miners during the Gold Rush.)
- **Technology Companies** – These companies are on the periphery of the industry, providing technology solutions. For example, a company called “Weed Maps” shows users where to legally buy marijuana in their area.

And unlike their publicly traded counterparts, instead of trying to “pump up” the price of their stock, these private companies are aiming for legitimate growth.

Which is why we’re strong advocates of investing in these companies – in fact, we advocate investing in a diversified portfolio of them.

Our recommendation would be to avoid the first category – the “Growers” – as those companies are most susceptible to legal repercussions.

But the “pick axe and shovel” companies, as well as the technology companies, are smart long-term bets.

Before we tell you where to find these investment opportunities, to be clear, not everyone can invest in the private markets...

THE PRIVATE STOCK MARKET

Historically speaking, the private stock market has generated the largest investment returns.

Average returns for professional private market investors are 27% per year – nearly four times greater than the public stock market.

But not everyone has been able to access this lucrative market.

For the past 82 years, the private stock market has been off-limits to all but the wealthiest investors in the country.

Due to securities laws passed back in 1933, only “accredited investors” – individuals with a net worth in excess of \$1 million – were allowed to invest in private deals.

So today, if you want to get involved in a private marijuana investment, you would need to be accredited...

However, that will all change in the very near future...

You see, a set of laws was recently passed that will open up the private stock market to all investors... regardless of their income or net worth.

These laws are collectively known as the “JOBS Act.”

The JOBS Act will allow regular investors – people just like you – to invest in an asset class that was once reserved for only the wealthiest investors in the country.

You’ll be able to invest in high-potential, high-growth companies before they ever trade on a public stock exchange.

And that’s why we founded Crowdability...

Our mission is to be the leading trusted source for independent education and research on the private stock market.

We’ll keep you updated when the JOBS Act “goes live,” and we’ll keep you apprised of promising investment opportunities.

We hope you enjoy your subscription!

With that being said, if you’re an accredited investor, there’s an excellent research service you can use, right now, to discover a number of promising private marijuana investment opportunities.

420 FUNDERS

A company called Marketfy.com recently launched a service that provides a directory of

private marijuana companies that are raising capital.

You can learn more about the service, [420 Funders, here »](#)

This is new territory for everyone. But from the perspective of investment opportunities, we see many similarities between what's happening now and what happened with alcohol post-Prohibition.

That's why we'll actively be looking at deals in this space in the coming months, and keeping you up to date on them via the Crowdability newsletter.

We hope you enjoy!

PLEASE NOTE: We have no relationship with Marketfy.com or any of the companies on their service. Crowdability is an independent provider of education and research on the private equity market.

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Actual results may differ significantly from the results described.

Potential retail investors are urged to consult their own authorized investment professional before entering into any investment agreement. Past performance of securities is not necessarily a guide to future performance and the value of securities may fall as well as rise. In particular, investments in the technology sector can involve a high degree of risk and investors may not get back the full amount invested.

ABOUT CROWDABILITY

Crowdability provides individual investors with education, information and insight into opportunities in the crowdfunding market.

Our free website and email newsletter aggregate and organize deals from an ever-expanding universe of crowdfunding platforms. We aim to save people time and simplify the process of discovering and evaluating crowdfunding opportunities.

BENEFITS OF JOINING CROWDABILITY

- Never worry about missing an opportunity - we track them all for you
- Gain access to education and resources that remove the confusion and anxiety about early-stage investing
- Hear from professional venture and angel investors to help you better understand the mechanics of early-stage investing and how to identify the best opportunities

Crowdability's goal is to become your primary resource for navigating the equity crowdfunding landscape.

Visit www.crowdability.com to join for free today.

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