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*Prior to contributing, you should carefully consider the full 7Pass whitepaper and all other materials available concerning 7Pass and 7Pass tokens and, to the extent necessary, consult an appropriate lawyer, accountant, or tax professional.*



# 7Pass Token

Lite Paper Version 2.02

Visit the website at  
[www.7PassToken.com](http://www.7PassToken.com)

# Investment Thesis

“

In the midst  
of chaos,  
there is also  
opportunity”

– Sun Tzu

High volatility, imperfect information, latent demand and market inefficiencies characterize the current investment landscape for cannabis-related enterprises. Market volatility creates risks but has also historically provided opportunities for dispassionate, objective, professional investors to achieve above market returns. While we believe the volatility in the cannabis industry will eventually dissipate resulting in more moderate, stable returns to the investment community, we believe a near-term opportunity exists to assemble a portfolio of complementary investments through the application of sound financial discipline, diversification and risk-reward analysis.

7Pass will provide an investment vehicle spanning a spectrum of emerging investment opportunities in the cannabis sector. Against a backdrop of legislative dissonance, momentum investing, nascent financial infrastructure and companies with little or no operating history, 7Pass offers the opportunity to invest in a team with deep domain expertise and a proven ability to identify and build cannabis market leaders.

The cannabis ecosystem is emerging from the shadows due to a combination of surging consumer demand, the promise of incremental tax revenues and moderating social perceptions.

However, this transition will not be easy or smooth. The dynamic transformation of the industry will leave a playing field littered with winners and losers. The enterprises that fail to adapt will suffer, but we believe those, which embrace this transformation, have the potential to realize attractive returns for investors. 7Pass' intent is to selectively invest in a range of cannabis related companies specifically optimized both to provide an attractive mix of risk/return profiles and to mitigate downside risk and exposure.

7Pass also plans to capitalize on the continuous introduction of emerging technologies in the space. Specifically, as the cannabis market matures, technology, data and digital solutions will provide the critical infrastructure necessary for the sustainable growth and success of future market leaders. Development has historically fallen into two broad categories: (i) business-to-business Software as a Service (SAAS) and (ii) digital: consumer and business-facing web-based applications.

Today a handful of digital solutions specifically designed to meet the growing needs of cultivators, processors, distributors, retailers and consumers provide rudimentary industry technology infrastructure. While these point solutions are experiencing mixed adoption, web-based offerings built by experienced digital executives and following best practices of non-cannabis digital market leaders are growing. It is the intention of the 7Pass Team to identify and partner with these emerging digital cannabis entrepreneurs to provide much needed digital and other infrastructure to the industry.

**CANNABIS DELIVERY AND COMPLIANCE SOFTWARE PLATFORMS:** The struggle to enact and enforce regulatory compliance of cannabis delivery services within numerous jurisdictions has resulted in thousands of black and grey market service operators. This condition has allowed illegal and non-compliant cannabis operators to avoid meaningful regulatory oversight. We believe in SAAS delivery and compliance platforms designed with the necessary capabilities to serve as an industry standard for retailers, delivery companies and regulators. These platforms would offer retailers, distributors, cultivators, manufacturers and processors necessary delivery services, tracking and inventory management, but also provide regulators a powerful tool to ensure compliance, ongoing monitoring and collection of tax revenues as well as identification of non-compliant operators.

**CANNABIS COMMUNITY PLATFORMS:** We believe people naturally gather, share, inform, learn and connect based on shared

interests and experiences. Facebook provides value through the power of connections based on an individual's social graph, and LinkedIn based on a person's occupation, but those platforms are driven by ephemeral social content (selfies, status updates, random thoughts) rather than knowledge. The success of Weedmaps, Leafly and GrassCity demonstrate the industry demand for information from a trusted source. Growers, manufacturers and processors sharing knowledge, distributors wrestling with increased competition and regulation, and the millions of new consumers suddenly introduced to cannabis are but a few examples of influential groups with a strong appetite for a dedicated information and community hub for this industry. We believe web-based services led by proven experts in online community and e-commerce platforms will have the ability to establish a clear market leadership position and become an indispensable utility for the participants in the cannabis industry globally.

**CANNABIS MEDIA AND ADVERTISING:** The disruption now occurring in linear media extends to the cannabis market as well. The recent High Times acquisition illustrates the opportunity to establish a trusted brand for the cannabis industry, designed around a new media model (advertising, events, ecommerce, influencers and original content). Recently imposed cannabis-related advertising restrictions across most digital social platforms have further limited ways for advertisers in this industry to reach their target audience, creating a compelling opportunity in the areas of cannabis-related digital media and related advertising solutions.

**SUPPLY CHAIN MANAGEMENT:** There remains significant potential for improved product development throughout the scientific process of formulating novel products, from custom nutrients to other materials for growers. Retailers and processors require very specific supplies and machinery for consumer facing goods in this industry. Supply chain professionals will continue to analyze current processes and uncover new ways to optimize yields and decrease expenses. We believe these potential 'picks and shovels' businesses within the cannabis industry will sit in high growth areas of the value chain with few, if any, strong competitors leaving the potential for rapid public or private equity exits. Furthermore, we believe that blockchain solutions will eventually play an increasing role within this sector (e.g. smart contracts between growers and suppliers that offer lower prices in return for sharing crop yield forecast and related data).

**PAYMENT PROCESSING, KYC/AML & BANKING SOLUTIONS:** Payments and the required use of cash are another challenge for the cannabis industry. Evolving state laws on the legality of medical and adult-use cannabis businesses has led major credit and debit card providers to classify cannabis as high-risk transactions in the U.S. and other jurisdictions, leaving merchants without access to traditional debit/credit card processing for

transactions. As a result, most cannabis vendors deal exclusively in cash transactions. Similarly, certain banks do not allow cannabis companies to establish 'normal' banking relationships over concerns of anti-money laundering regulations. We believe financial institutions or companies which can develop the appropriate Know Your Customer (KYC) / Anti-Money Laundering (AML) and compliance tools to address regulatory concerns will support the industry and have tremendous upside in the cannabis and cryptocurrency universe. For example, there are companies developing blockchain technology as a solution that could satisfy the need for secure, safe and tractable payment solutions with appropriate compliance. 7Pass will look at the possible acquisition or investment in these emerging token and non-token based technologies, or even future acquisition of or investment in a financial services entity itself, which will support the industry.<sup>1</sup>

**CULTIVATORS, PROCESSORS, AND DISTRIBUTORS:** Many of these enterprises face increasing financial pressure due to rapidly changing technology, limits to scaling, increased competition, rising production and transportation costs, additional compliance overheads and ultimately commoditization. We believe these market forces combined with a lack of access to capital, provide a window for opportunistic investment/ownership.

**RETAILERS:** We believe the proliferation of medicinal and adult-use licenses will dramatically increase the number of licensed pharmacies and other retailers in existing markets, resulting in a corresponding increase of competitive pressures in the space. We also believe the opening of new markets will present an opportunity for new retail entrants with the need for early stage capital. Location, branding, inventory management, legislative compliance, delivery, cash management and security will continue to be essential for the survival of any retailer. Finally, we believe these market forces combined with a need for capital will provide a window for attractive investment/ownership.

Although there are significant opportunities to invest in multiple countries and jurisdictions, our ability to invest in certain areas may be limited by applicable U.S. federal, state or non-U.S. law. For opportunities within the U.S., we plan to identify investments in cannabis-related companies operating in compliance with state and local law. In other non-U.S. jurisdictions, we plan to opportunistically identify legal cannabis-related investments as the legal and regulatory landscape evolves.

# Executive Summary

## Catching the \$100 Billion Wave

- ▲ Global annual regulated cannabis market is projected to be over \$140 billion by 2027<sup>2</sup>
- ▲ North American annual regulated market is expected to reach \$100 billion by 2029<sup>3</sup>
- ▲ Growth rate of regulated cannabis is 60% per year in the current global market<sup>4</sup>
- ▲ The current U.S. cannabis market is larger than the markets for wine or chocolate<sup>5</sup>
- ▲ We believe new health and medical benefits awareness will drive significant demand beyond the current market
- ▲ We believe global growth will spur continuous innovation throughout all elements of the cannabis sector
- ▲ 7Pass is well positioned to allow global investors to participate in this movement

7Pass is an opportunity to participate from the ground floor in a multi-billion-dollar industry that we believe is poised for significant international growth. Despite a long history of demand for cannabis, recent regulatory changes and growing legalization and regulation of the cannabis industry (in the U.S. and internationally) present what we believe to be a rare investment opportunity.

According to a report from the Brightfield Group, the global cannabis industry is expected to grow at a compound annual growth rate (CAGR) of 60%.<sup>6</sup> Canadian cannabis companies such as Aphria are driving international deals and exporting their products to markets in Europe and South America where regulations allow. Other large corporations are also beginning to invest in global cannabis opportunities such as Constellation Brands, the company behind Corona beer, partnering with a Canadian grower to brew a cannabis-infused beverage,<sup>7</sup> Philip Morris International investing in Israel's Syqe Medical and their meter-dosed inhaler,<sup>8</sup> and Alliance One International taking controlling interests in two Canadian cannabis companies.<sup>9</sup>

The global cannabis industry is primarily driven by North America, and specifically the United States and Canada. According to an Arcview Market Research (Arcview) report, North American regulated cannabis sales grew by an unprecedented 30% in 2016 to \$6.7 billion. The same report projects North American sales to top \$20 billion by 2021 at a compound annual growth rate of 25%.<sup>10</sup>

These growth rates will require a large influx of capital to support business growth in plant touching verticals such as cultivation, processing, extraction, distribution and retail, and more importantly, non-plant touching ancillary services such as technology and web-based applications. We believe that commoditization and regulation will inhibit returns in plant touching enterprises, while these ancillary businesses have a higher return profile. In this new 'green rush,' nearly everyone is a startup and many of tomorrow's market leaders are currently seeking value-added capital through partnership with experienced operators and investors.

To date, a few early market leaders have emerged, but significant opportunities remain for well-capitalized, professional entrepreneurs that can execute an aggressive growth plan under constantly changing market conditions. As evidenced by Canadian and U.S. market statistics, this multi-billion-dollar industry should experience steep growth over the next 3 years providing a 'greenfield' opportunity for future market leaders.<sup>11</sup>

Continuous change, growth and regulatory shifts within this market will put the need for investment capital and operating expertise in high demand. Countries such as Chile, Colombia, Iran, Jamaica, Spain and Uruguay have legalized possession, sale, transport and/or cultivation of cannabis. Australia, Denmark, Germany, Israel, Lesotho, Mexico, Netherlands, Peru, Philippines, Poland, San Marino, Slovenia, Switzerland and Zambia

permit medical and religious activity in these categories. Lastly, a significant number of countries have decriminalized cannabis possession and cultivation for personal use.<sup>12</sup> Within the U.S., more than half of the states have already legalized medical-use cannabis, and adult-use legalization is growing quickly, but cannabis remains illegal at a federal level. According to an October 2017 Gallup Poll, 64% of Americans support legalized cannabis use.<sup>13</sup> Despite this progressive shift and greater adoption of cannabis, most major banks, institutions and venture capitalists are not yet engaging significantly with these businesses, which we believe will lead to numerous opportunities for a sophisticated investment group with deep domain expertise.

With the emerging cannabis sector sitting at a key juncture between innovators/early adopters and the mainstream market, we believe both forward thinking and risk-taking investors are presented with the rare opportunity to invest early in potential market leaders at attractive valuations. However, limited data in conjunction with a multitude of actors, both good and bad, trying to enter to 'strike gold,' make it extremely difficult for a disciplined investor to determine what is a 'good' investment. Even after an investment is made, how does an investor both keep up with the ever-changing laws and regulations as well as the implications of all of those changes to their specific investment?

Quite simply, we believe this is the benefit an investment in 7Pass offers versus individual investment(s). 7Pass has assembled a team of individuals with over 150 years of combined experience across multiple industries including technology, compliance, cannabis, banking, finance, private equity and portfolio management. Specifically related to cannabis and cannabis-related technology, multiple team members have decades of direct experience in a full range of global cannabis-related businesses.

By combining a variety of financing structures such as royalty-based finance (RBF), private equity (PE) and other debt instruments, 7Pass will create a hybrid investment company to support the growing cannabis market. With a full range of financing structures at its disposal, 7Pass and its portfolio companies will be able to determine the most beneficial structure to successfully grow the business for the entrepreneur, customers and investors. This hybrid structure should provide the necessary flexibility to generate above market returns.

To raise capital, 7Pass will create a new cryptocurrency, the 7Pass Token (Ticker: TBD), enabling global participants to enter the cannabis investment community. The 7Pass Token will enable hybrid investing, providing these cannabis investors the opportunity for the higher return benefits of the combination of asset classes typically only available to select accredited investors, institutional investors and dedicated fund of funds in most countries.

The 7Pass Token will allow for participation in both an investment as well as a driving force in the educational community for and within the global cannabis industry. Participants will range from private to institutional, neophyte to sophisticated, and conventional to cryptocurrency/blockchain educated. 7Pass will utilize the capital funding to originate and seek above market returns through diversified investments in the cannabis community. 7Pass will source a series of cash-flow generating RBF transactions, high-interest debt facilities, private investment in public equity (PIPE), and direct public equity investments to seek to underpin and hedge higher-risk, higher-return opportunities of private equity, Pre-IPO and Pre-RTO transactions. To the extent that we do not redeploy cash flow in new investments, we may periodically buy back 7Pass Tokens from the open market to provide liquidity and seek to support the token price.



# Why “7Pass”?

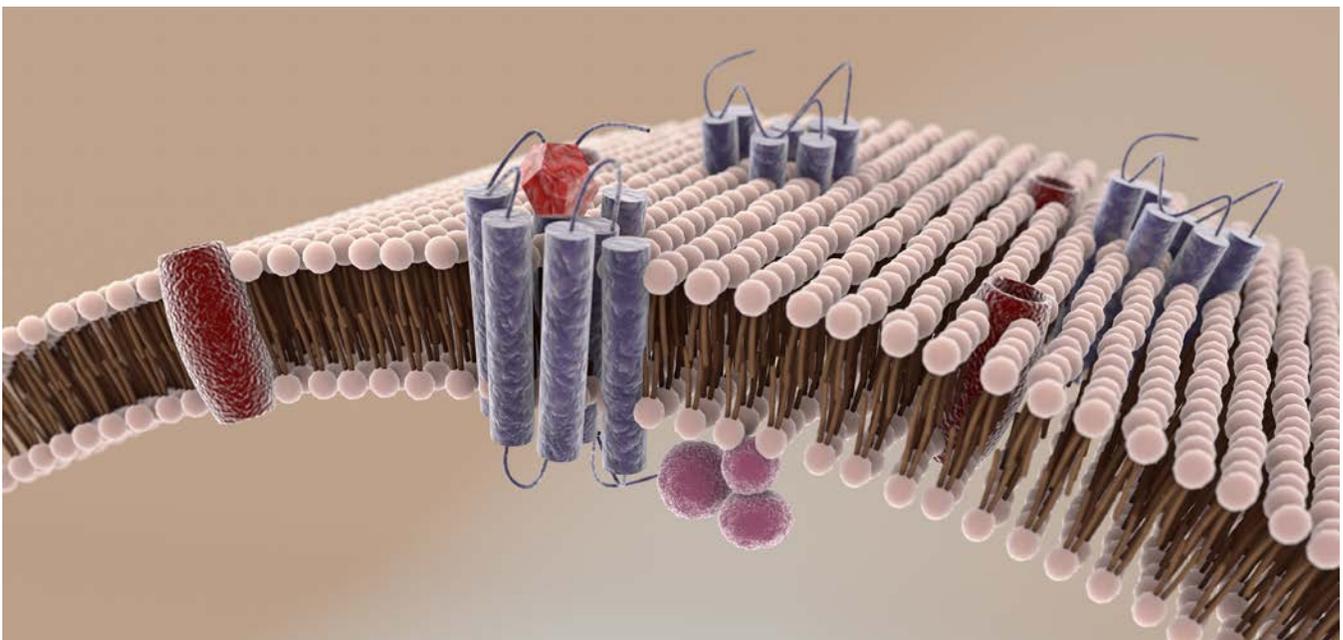
## Why did the team choose the name 7Pass?

Much of the discussion around the cannabis industry has focused on the 'plant' and the chemical tetrahydrocannabinol (THC) because of the historical debate regarding the legality of the substance. The 7Pass Team believes that the future discussion of cannabis should instead center on its benefits for society.

The mechanism of action for the positive effects of cannabis occurs through cannabinoid receptors found in the brain and other parts of the body. Cannabinoid receptors are a class of cell membrane receptors in the G-protein-coupled receptor superfamily that contain seven (7) transmembrane spanning domains and are also known as seven-(pass)-transmembrane receptors, hence

**“7Pass”.** These specific receptors and their corresponding structures detect the THC molecules outside of a cell and activate the internal signal transduction pathways and ultimately the cellular responses associated with cannabis.<sup>14</sup>

The 7Pass Team believes the future of this industry depends on changing technology for, business models around, and perception of the cannabis plant. 7Pass is grounded in the science of cannabis with a concentration on how its positive effects are delivered to people and communities.



# Token Sale Summary

<b>Token Name</b>	7Pass
<b>Token Symbol</b>	To Be Determined
<b>Token Execution Environment</b>	Ethereum blockchain
<b>Token Standard</b>	Ethereum EIP-20 (previously known as ERC-20)
<b>Token Decimal Units</b>	18
<b>Token Sales Currencies</b>	Ether (ETH), Bitcoin (XBT), Bitcoin Cash (BCH), LiteCoin (LTC), Ripple (XRP) and Credit/Debit Card

<b>Token Distribution</b>	
<b>Pre-Sale</b>	80,000,000
<b>Token Generation Event</b>	328,000,000
<b>Management / Founding Tokenholders</b>	192,000,000
<b>Future Use</b>	400,000,000

<b>Total Tokens Created</b>	<b>1,000,000,000</b>
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<b>Minimum Sales Target incl. Pre-Sale</b>	Equivalent of USD \$10,000,000
<b>Sales Cap</b>	Equivalent of USD \$102,000,000
<b>Minimum Purchase Amount</b>	Equivalent of USD \$10

<b>Pre-ICO (Pre-Sale) Date</b>	To Be Determined
<b>Token Generation Event</b>	To Be Determined

<b>Pre-ICO (Pre-Sale) Discounts</b>	
<b>First Tranche of 20,000,000</b>	20% Discount
<b>Second Tranche of 20,000,000</b>	15% Discount
<b>Third Tranche of 20,000,000</b>	10% Discount
<b>Fourth Tranche of 20,000,000</b>	5% Discount

<b>Token Sale to be announced on</b>	<b><a href="http://www.7PassToken.com">www.7PassToken.com</a></b>
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# The Investment Opportunity

Through direct involvement in the legal or regulated cannabis industry over the past decade, members of the 7Pass Team have witnessed firsthand the rapidly evolving landscape of technology, regulation and market dynamics in a variety of jurisdictions. By building on this knowledge and experience and adding the range of expertise provided by our operating partners, 7Pass believes it can originate and manage a diversified portfolio capable of producing above average market returns.

## Need for Quality Capital

The cannabis industry may be booming in terms of revenue, but cannabis startups looking to raise capital face many obstacles. Gone are the days when businesses could set up operations for less than \$250,000. While 72% of new companies are still backed primarily with founders' own savings and debt,<sup>36</sup> more outside capital is required for cannabis businesses to meet the projected demand. In recent years, median total startup costs have risen for every sector of the cannabis industry, in particular for retailers and indoor wholesale cultivators even on a square foot basis. Acquiring a license is only the first hurdle as regulatory requirements and restrictive local ordinances often require large investments in land, commercial real estate, renovations, security/surveillance and other items long before the business can serve its first patient/customer. Technology, tracking and data compliance have significant and rapidly changing requirements, compounded by a myriad of varying jurisdictional conditions. This critical and broad technology infrastructure is now more complex and costly. Cannabis is and will continue to be one of the most highly regulated industries in the world making the price of admission hefty.

Cannabis businesses, in most cases cannot look to banks for traditional financing as most banks will not typically provide loans to cannabis ventures. For example, the U.S. Federal Deposit Insurance Corporation (FDIC) will not insure a bank that takes on 'existential' risks, which often include sectors where the legal and regulatory landscapes are evolving and not always clear, such as cannabis. Most banks have taken ultra-conservative positions and will not even accept deposits from a cannabis business due to this conflicting or unclear regulatory situation. The difficulty of opening bank accounts creates both cash management and security concerns for cannabis businesses. Some banks have even

called default on their client's mortgage when a cannabis business is found to be operating on the property. These real property concerns further increase costs, either by forcing tenants to pay above market rent or requiring the purchase of the real estate outright.

While venture capitalists and institutional investors are an option, many have been hesitant to invest in the sector. MassRoots, which likens itself to Facebook for cannabis consumers, was prevented from participating in a TechCrunch startup competition in 2015 and then again in 2016. Their inclusion as a semi-finalist in a Consumer Electronics Show (CES) event resulted in Dell deciding not to judge the competition or provide prizes to the winners.<sup>37</sup> These are just a few examples of how cannabis startups remain taboo in the general public and investment community. Notable exceptions to this sentiment include the widely reported \$75 million financing of Privateer Holdings, led by Peter Thiel's (co-founder and former CEO of PayPal) Founders Fund<sup>38</sup> and Constellation Brands' (owner of Corona Beer) \$191 million investment in Canadian-based Canopy Growth Corporation.<sup>39</sup>



## Evolving Landscape of Technology, Regulation and Market Dynamics

While this is certainly encouraging for those interested in the cannabis business, success will depend on execution, access to capital, technology, as well as keeping ahead of constantly evolving legislation and market dynamics. Whether it is temporary regulations, tweaks to the tax structure, new rules, changes to production caps, or local bans or moratoriums, operational businesses in established markets still face a high degree of volatility and uncertainty. In some cases, this is a result of rapidly maturing markets where provincial, state and/or local governments are continuously trying to catch up. In other cases, uncertainty is due to other regulations opting to treat medical and/or adult-use cannabis as a pilot program or test case, which needs to be incrementally rolled out in a controlled manner.

For these reasons and many others, investors continue to remain hesitant to enter the market. Given the current highly fragmented nature of the industry, we expect that most single investors would not have the time to meet with all of the prospective entrepreneurs and companies. Ultimately, an investor wants to know that it is involved in a safe investment and one that can remain sound following a significant shift in regulations. Many of these startups may have convinced investors that they are good at one major component of the value chain, such as growing cannabis, but how savvy are these same operators when it comes to running a broader business and complying with a variety of laws and regulations ranging from clean water to tribal bone burials? These variations in the regulatory landscape create opportunity. The 7Pass Team has extensive experience in highly regulated markets and has successfully led businesses not only in the cannabis industry but also in finance, banking, medicine, and technology that will be integral to the growth of this opportunity.

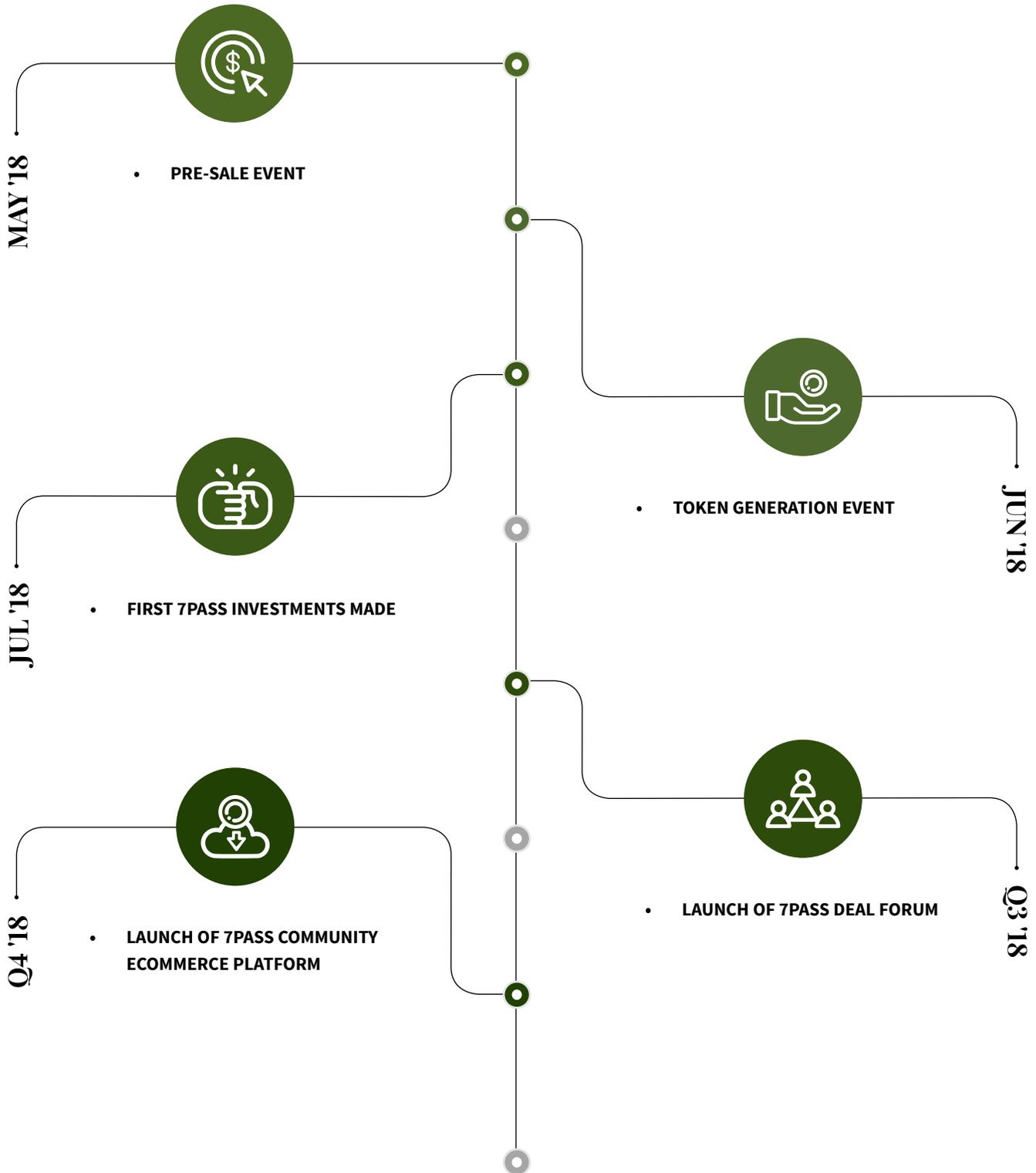
In many countries, no clear picture of a fully functional cannabis market has emerged. On a micro-level, there are operational and financial uncertainties for individual businesses, and on a macro-level, there is a lack of robust industry projections and comparisons. Success depends on a management team that thrives in highly regulated markets and can effectively mitigate risk.

## 7Pass Provides Investor Comfort

7Pass has an experienced team in place to source, evaluate and manage these types of businesses as they and the industry grow. The 7Pass Team has over 150 combined years of experience across multiple industries including banking, finance, medicine, private equity, portfolio management, electronic payment solutions and blockchain technology but also over a decade of deep domain experience in the cannabis industry across multiple states and jurisdictions. We believe this track record is unmatched in the industry across the company's target verticals. This experience provides 7Pass the opportunity to create a truly compelling investment strategy.



# Roadmap



# 7Pass Team

The 7Pass management team and operating partners have an uncommon degree of direct day-to-day cannabis business experience having managed over \$80 million in combined annual revenue (2017) through vertically-integrated retail, processing and cultivation operations. In addition to cannabis-specific industry experience, the team has a history of success building and managing a wide array of businesses in the areas of banking, financial services, marketing, and technology.

## J. Francisco A. Turner

SENIOR MANAGING PARTNER

## Marlin Smith

SENIOR MANAGING PARTNER

## Steve Hansen

SENIOR MANAGING PARTNER

## Scott Canalichio

PARTNER, PORTFOLIO MANAGEMENT

## David Cho

PARTNER, MARKETING & BRANDING

## Ted Ray

PARTNER, CORPORATE OPERATIONS

## Rene Bharti

CO-FOUNDER

## Kiran Sidhu

PROCESSING & MANUFACTURING

## Nichole West

COMPLIANCE & LICENSING

## Ryan Kunkel

RETAIL OPERATIONS

## Bikram Dhawan

TECHNOLOGY

## David Ulick

MEDICAL RESEARCH

## Ismael Peinado

ENGINEERING

## Chris Alameddin

APPLIED SCIENCE

## Alex Campbell

CULTIVATION

## Nima Korpivaara

LEGAL

## Board of Advisors

## Hemu Nigam

ADVISOR

## Desirae Palma

ADVISOR

## Marlon Wayans

ADVISOR

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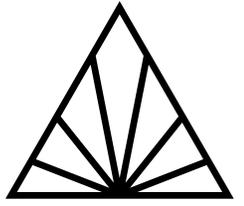
# More Information

In the full White Paper, we examine the current and projected cannabis market in terms of revenue, users and growth rate, for both the two largest markets in the United States and Canada, but also other countries outside of North America. We examine the current laws and regulations regarding cannabis as well as public support for its decriminalization and legalization. We also provide a summary of cannabis as medicine, including the science behind its mechanism of action in the body as well as its efficacy for a variety of medical conditions.

We provide our detailed investment strategy for the proceeds of the token sale in terms of target portfolio companies, geographic markets and the complimentary risk/reward profiles which we will be seeking. We also include a description of the different investment structures which we plan to use and the advantages of each form depending on the circumstances. Examples include royalty based finance, private equity, bridge loans, convertible debt, private investment in public equity and public equity. We present our plans for investment workflow from origination to portfolio management. We also highlight the team's past transactions in the cannabis industry and project a timeframe for investment of the raised capital. Finally, we provide a full description of the 7Pass Token and how to acquire it during the token sale.

# Endnotes / References

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