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Here's who stands to profit under a pro-pot governor

Now that marijuana will likely become legal in Illinois, there's a gold rush of companies positioning themselves to cash in.

<https://www.chicagobusiness.com/news/heres-who-stands-profit-under-pro-pot-governor>

After a slow start, medical marijuana consumption is booming in Illinois, in part thanks to an August law signed by Gov. Bruce Rauner that allows people to swap an opioid prescription for a cannabis one. As of early October, nearly five years after the state became the 20th in the country to allow marijuana use for medical purposes, Illinois has approved just over 46,000 patient applications—an 80 percent increase since October 2017. Total retail sales by the state's 55 licensed dispensaries totaled \$97.5 million for the first nine months of the year, a 65 percent spike from the year-ago period.

These numbers will continue to accelerate, given the election of avowed cannabis proponent J.B. Pritzker, who has said he'll work to [legalize recreational marijuana in Illinois](#).

Here, in alphabetical order, are the main cannabis players in the state, run by executives working to transform the industry into a mainstream one dominated by brands they hope will become juggernauts akin to Kraft Foods or Procter & Gamble.

Cresco Labs

Based in River North, Cresco was founded by two former Guaranteed Rate mortgage executives, Joe Caltabiano, 41, and Charlie Bachtell, 40. Last month, it announced a \$100 million funding round and is in the process of going public on the Canadian stock exchange through a reverse-takeover of a shell company listed there, following a similar maneuver by Green Thumb Industries (see below). (American marijuana companies can't go public in the U.S., given that the drug is still illegal at the federal level.)

This week, the company tapped former Nike global creative director Scott Wilson as its "chief experience officer" and completed an expansion of its Joliet kitchen, where it makes upscale chocolate and gummy edibles in conjunction with star chef Mindy Segal. Cresco is also undertaking a major expansion of its production facility in Lincoln that will add 135,000 square feet and triple the company's Illinois product within the next 16 months, according to its founders. "From the first time that I looked at this space in 2013, two things were obvious: One, that cannabis was a consumer packaged good,

and two, the industry desperately needed to be normalized and professionalized," says Bachtell. "Our goal from the beginning has been to present cannabis in a way that makes the potential consumer base feel comfortable."

Cresco's recent cash infusion has also allowed it to acquire FloraMedex, a dispensary located in suburban Elmwood Park that is the company's first wholly owned Illinois dispensary. (It also co-owns two others in Buffalo Grove and Champaign.) The company, which has grown to 120 employees in Illinois and 375 nationally, operates in six states and just expanded its presence in Arizona, adding two cultivation sites, a processing facility and a dispensary to its existing operations there.

Green Thumb Industries

Founded by 40-year-old Ben Kovler, an heir to the Jim Beam fortune, GTI in June became the second U.S. cannabis company and the first in Illinois to go public by engineering a reverse-takeover of a Canadian shell company. The River North-based company has added about 65 employees in Illinois so far this year, bringing its local total to 180. (It employs 450 nationwide.)

The company, which is licensed to operate in eight states, is also in the midst of nearly tripling the size of its Rock Island production facility, to 130,000 square feet, in order to meet demand for its 400 types of marijuana products. They range from gummy candies and topical lotions to tinctures—made by adding marijuana to alcohol and straining out the plant particles, and consumed by placing several drops under the tongue or adding to food or beverages—and are sold in four GTI-owned Illinois dispensaries plus dozens of others.

Those stores, which are being rebranded under the Rise Dispensary name, cater to a clientele far more likely to hang out in coffee shops than head shops, according to Kovler. That strategy will accelerate under GTI's chief strategy officer, Jennifer Dooley, who formerly led strategic brand development for Storck, the confectioner that makes Werther's Originals; and its new VP of retail, Jennifer Barry, a 16-year veteran of clothing chain Anthropologie. "It's a living-room, Starbucks-style, a technology-centered place where you can hang out and learn about the products," Kovler says, noting that he thinks GTI can ultimately support a number of dispensaries significantly beyond the 60 licenses it now owns across the country. (The company operates 14 dispensaries and just signed leases for nine Florida locations.) "We do well with 55-and-over females who come in a little skeptical. Our stores are designed to be inviting and comfortable."

PharmaCann

Since launching in Oak Park in 2014, PharmaCann has grown to operate 10 dispensaries and three cultivation sites in Illinois, New York, Maryland and Massachusetts, with operations planned in four more states. Last month, it made history as the target of the cannabis industry's biggest-ever acquisition, when it agreed to sell to MedMen, a Culver City, Calif.-based operator, for \$682 million in an all-stock deal. "This is a transformative acquisition that will create the largest U.S. cannabis company," MedMen CEO Adam Bierman said in a statement at the time.

PharmaCann's CEO and co-founder Teddy Scott has a Ph.D. in molecular biophysics plus a law degree from Northwestern. He left his perch as a partner at law firm Polsinelli to found the company after researching Illinois' plans for medical legalization. PharmaCann operates dispensaries in Arlington Heights, Evanston, North Aurora and downstate Ottawa and production facilities in Hillcrest and Dwight.

Revolution Enterprises

With just under 100 employees in Chicago and central Illinois, Elmhurst-based Revolution doesn't have as many employees as some of the other big players—but it currently operates the largest combined production facilities in the state, a total of 151,000 square feet split between Delavan, about three hours south of Chicago, and Barry, about 80 miles west of Springfield.

Founder Tim McGraw left Revolution in early 2017 to launch a California company that manages business parks for marijuana companies. Revolution is currently run by Mark de Souza, a longtime CME Group member who is guiding the company through a massive expansion that will increase square footage at the two facilities to 750,000 square feet within the next two years.

"We're optimistic because of the change in leadership," de Souza says. Using marijuana consumption and population density figures in Colorado, which voted to legalize recreational use in 2012, he extrapolates that Illinois will need as many as 3.5 million square feet of production space to meet demand if recreational use is legalized here. There are currently well under half a million square feet of production in the state. "We're trying to be smart and plan for the future."

Verano

A surprise newcomer to Illinois, Verano was created last month from a \$120 million financing round anchored by \$88 million from Toronto-based Scythian Biosciences. Though Verano is new, co-founders George Archos, 39, and Sam Dorf, 34, are no strangers to the marijuana business: In 2014, Archos founded Ataraxia Cultivation & Grow Labs in the tiny downstate town of Albion, and also serves as CEO of Zen Leaf Dispensaries in Illinois, Nevada and Maryland. (A holding company, Verano now owns

both of those operations.) Dorf, meanwhile, helped a friend launch a Colorado cannabis company years ago while attending Chicago's John Marshall Law School. After marijuana was medically legalized in Illinois, he partnered with Columbia Care, a New York-based medical cannabis company founded by former Goldman Sachs executives, to open a dispensary in Jefferson Park and a cultivation facility in Aurora.

Verano employs about 150 people in Illinois and plans to hire hundreds more in 2019. It owns or manages four cultivation sites and six dispensaries in Illinois, Florida, Maryland and Nevada, with licenses for operations in three more states and Puerto Rico.

Before leaping into Illinois' emerging marijuana business, Archos was a restaurateur who still owns four Wildberry Pancakes & Cafe locations. "We've like being in heavily regulated markets (like Illinois) because it weeds out the competitors," he says.