

# **MARIJUANA BREAK – YEAR TREND IN A BEARISH MANNER**

## **(OTO: CGRW, HEMP, EDXC, MMHC)**

**MARCH 20, 2016**

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December 29th, 2015- (NASDAQ: INVT) opened \$1.35/share hit a high midday of \$2.82/share over 100% in gains for our members.

December 15th, 2015-(NYSE-MKT: XXII) opened at \$1.29 hit a high of \$1.54 within 3 days for gains of 19% for our members.

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#### **Marijuana sector – The Green Wave**

The legal marijuana businesses will need to battle through significant challenges; however, currently the green business is booming, giving investors high hopes for new startups in the legal marijuana space. Instead of fighting against marijuana entrepreneurs, many states such as Colorado and Washington are capitalizing on their innovators. By legalizing marijuana, governments provide guiding regulation for a solution that is both profitable and safe.

The legalization of marijuana has benefited Colorado both economically and socially. Official statistics show that the state collected \$23.7 million from taxes, licenses and fees year-to-date for FY 2015-2016, an increase of 70 percent (\$13.9 million) from the prior fiscal year. In Washington state, one year after the legalization of recreational marijuana, sales have been averaging \$2.4 million a day in September 2015 (up from \$420,000 a day in October of 2014). This translates to expected tax revenues of \$65 million in FY 2015 for Washington State.

It's not just the government's coffers that benefit from legalization. On the medical front, both public and private institutions are busy studying the effects of cannabinoids (the chemicals that give marijuana its active drug effects) for a whole slew of physical and mental ailments. Multiple studies have

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pointed to efficacy of cannabis in everything from alleviating pain in sufferers of multiple sclerosis and arthritis to helping to slow the spread of cancer or the progression of Alzheimer's disease.

With marijuana's many social, fiscal and medicinal benefits, why isn't full-blown federal legalization happening now? And should investors jump in on companies that will profit from the national legalization of marijuana? Before making any investment decisions betting on the future of cannabis, consider a few important caveats. On the federal level, a case can be to keep medical marijuana illegal based on its increasing potency over time and properties that can lead to misuse or dependency. And despite its mild reputation, marijuana is a powerful drug with both positive and negative effects. Studies have shown cannabis can cause of short-term paranoia and exacerbate symptoms of psychosis for those suffering from or susceptible to psychotic disorders.

### **CannaGrow Holdings Inc. – The Hyped-Up**

#### **Summary**

CannaGrow Holdings, Inc. (OTO: CGRW) provides solutions to the cannabis industry in the State of Colorado. It operates as a lessor, liaison, and consultant to licensed growers in the medical/recreational cannabis industry, as well as offers them with growing facilities. The company was formerly known as BizAuctions, Inc. and changed its name to CannaGrow Holdings, Inc. in November 2014. CannaGrow Holdings, Inc. is based in Las Vegas, Nevada. It currently falls under 'Nano-Cap' category with current market capitalization of 1.15 M. It has 2.47 M outstanding shares.

#### **Recent News and Analysis**

Recently, CannaGrow Holdings announced a key update on the Colorado Buffalo Ranch Project, in Huerfano County, Colorado,. The Colorado Buffalo Ranch Project represents a significant evolution in the industry through the strategic implementation of assets such as using seasonal greenhouses in the overall grow strategy. Each building is 2,880 sq. ft. in size and will function primarily as seasonal production facilities. By making these greenhouses an integral part of production, the company plans on benefitting from the increasing commercial appeal of "sun-grown" Cannabis as well as mitigating higher production costs and the larger carbon footprint associated with indoor commercial grows that rely solely on artificial lighting.

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## Verdict

CannaGrow is currently projected to have valuation of 3.43 M with market capitalization of 1.15 M, debt of 2.47 M, and cash on hands of 26.4 K. It shows prevailing Real Value of \$0.4 per share. The current price of the firm is \$0.494 and it is overvalued. From analyzing the firm fundamentals such as Shares Outstanding of 2.47M, Return On Asset of (74.40)% and Operating Margin of (85.37)% as well as examining its technical indicators and Probability Of Bankruptcy, Sell is the rating for this stock.

## Hemp Inc. – To the Stay Level

### Summary

Hemp Inc. (OTO: HEMP) produces products made from industrial hemp. The company also offers products and services to the medical and recreational marijuana industries. It also develops and operates a website providing entertainment and news related to medical marijuana industry. The company was formerly known as Marijuana, Inc. and changed its name to Hemp, Inc. in June 2012. Hemp Inc. was founded in 2008 and is headquartered in Las Vegas, Nevada. The company currently falls under 'Micro-Cap' category with current market capitalization of 11.75 M. Hemp has 273.91 M outstanding shares.

## Recent News and Analysis

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Recently, the Pennsylvania Senate just voted 49-0, a unanimous vote, in favor of industrial hemp. Senate Bill 50, Pennsylvania's industrial hemp bill, will provide for an industrial hemp cultivation pilot program in the Commonwealth through the establishment of an Industrial Hemp Licensing Board within Pennsylvania's Department of Agriculture. Under the bill, Pennsylvania universities can legally conduct industrial hemp agricultural pilot programs for research purposes under the guidelines issued by the federal government. With the unanimous vote, the industrial hemp bill now heads to the House for consideration. With Pennsylvania House of Representatives passing legislation to legalize medical marijuana and the Pennsylvania Senate unanimously passing the industrial hemp bill, it appears that the entire eastern United States is going green. The founding fathers that once gathered in Philadelphia for various historical U.S. events can now stop turning in their graves from one of their favorite crops, industrial hemp, going amiss by the federal government. Industrial hemp will once again grace the farmlands of the United States. Thus far in the United States, 27 states which include California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Indiana, Kentucky, Maine, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New York, North Carolina, North Dakota, Oregon, South Carolina, Tennessee, Utah, Vermont, Washington, West Virginia, and Virginia have adopted pro hemp laws. The United States remains one of the biggest importers of hemp.



### Verdict

Hemp stabilizes fairly after it returned to its previous price level. The company stock itself has a decent market cap of \$11.75 M but it retains negative application of working resources of -31.39

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(percent), generating only \$0.31 for each dollar of working resources held by the corporation. Inadequate assets utilization attests that the company is being less effective with each dollar of working resources it retains. In other words assets utilization of Hemp shows how discouraging it operates for each dollar spent on its working resources. Hemp currently holds about 95.71 K in cash. It currently holds 16.26 K in liabilities with Debt to Equity (D/E) ratio of 0.01 which may suggest the company is not taking enough advantage from borrowing. For the short term run the company runs fine, although I do not recommend this stock for a long-term buy-and-hold.

### **Endexx Corp. – The Crash Continues**

#### **Summary**

ENDEXX Corp. (OTO: EDXC) is a provider of innovative medical marijuana management and technology solutions. It offers m3Hub, a platform that manages patient concentric data and incorporates best patient privacy practices through verification, privacy, legal, and transparent controls, as well as legitimizes the entire transaction process on behalf of patients. The company also provides Project Canopy, a platform that provides coworkers and customers a virtual environment to work together as if they were sitting together in the same room. In addition, it operates as an integrator of renewable energy services for governments, electric utilities, communities, schools, churches, data centers, agriculture, irrigation districts, mining, and other remote area operations requiring dependable power systems, which include producing and providing renewable energy power; providing renewable energy power systems; providing services, including consulting, design and engineering, procurement, installation, monitoring, and maintenance; and offering financing options through power purchase agreements, project finance, and lease programs. The company has collaboration agreement with American Green, Inc. to develop the Access Control Identification and Verification Vending Platform.

#### **Recent News and Analysis**

Endexx Corporation just announced the imminent completion of a company audit with the auditing firm, Anton & Chia. Upon filing of 2015 financials, the company will have three years of fully audited financials. As an SEC filer, the Company will be up-listed to OTCQB status and maintain a fully audited status on an annual basis. Upon completion of the audit and up-listing, the company will announce the structure and composition of its investment banking syndicate and proceed to file a registration statement with the Securities and Exchange Commission to raise growth capital dedicated to the expansion of product lines, sales and marketing, R&D and strategic acquisitions. Upon completion of the audit and up-listing, the company will announce the structure and composition of its investment banking syndicate and proceed to file a registration statement with the Securities and Exchange Commission to raise growth capital dedicated to the expansion of product lines, sales and marketing, R&D and strategic acquisitions.

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## Verdict

Endexx is currently projected to have valuation of 4.99 M with market capitalization of 4.99 M, debt of 2.23 M, and cash on hands of 0. The current price of the firm is \$0.02 and it is overvalued, sell is the rating for this stock.

## Medically Minded Inc. – A New Look

### Summary

Medically Minded, Inc. (OTO: MMHC) provides medical cannabis, medical cannabis-related products, and medical tourist services in the United States Virgin Islands. Its medical cannabis-related products include energy beverages, mints, vaporizer supplies, candy, magnets, lotions and creams, cookies, oils, brownies, gummies, butter, tinctures, paraphernalia, and confectionary; and hemp clothing. The company is based in St. Thomas, Virgin Islands.

### Recent News and Analysis

Medically Minded recently announced that it will begin marketing and distributing end consumer products containing the hemp plant extract or Cannabidiol under the "Medically Minded" brand name. These products will include 100% CBD-Rich Hemp Oil in a variety of sizes and flavors. CBD Rich Hemp Oil is an oil extracted from Industrial Hemp plants (stalks and seeds) with a High Grade of Cannabidiol (CBD). The plants used are specifically and uniquely bred to comprise high concentrations of the naturally occurring Cannabinoid Cannabidiol (CBD). Cannabidiol oil that comes from industrial hemp plants, such as

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will be the case with our products, are considered by the FDA to be a dietary supplement (not a medication) since they are made from industrial hemp plants. The company is excited about the opportunity to enter the revenue generating phase with the launch of its "Medically Minded" brand of CBD-enriched products. In an effort to move forward immediately with its business plan, management has been exploring a potential relationship with an experienced manufacturer to provide the initial product line, developing a variety of product marketing campaigns, and identifying support among several key investors.



### Conclusion

While the legalization of cannabis in Colorado, Washington, Oregon and Alaska are major breakthroughs for a possible federal legalization, it is still too early to cite the experiences of these states to support national drug policy decisions. That said, the evidence from Colorado and Washington have been promising. So far, these states have enjoyed all the benefits of legalization with little-to-none of the feared side effects. Furthermore, as more studies are conducted on the medicinal efficacy of marijuana, more states will undoubtedly join the 23 that have already legalized cannabis for medical use. However, the marijuana industry is still extremely speculative in nature, and prices in states like Colorado and Washington have yet to reach a stable equilibrium. Moreover, cannabis retailers are faced with outdated, sub-optimal tax policies that can cut into their income base. Cannabis retailers, as well as other businesses dependent on cannabis, can have a hard time raising investment funding due to the credit and social risk associated with uncertainty on the drug's legal status. For now, investors should hold off on betting on the full federal legalization of marijuana.

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