



REMARKS BY DAVID LAMPACH, CEO, Steep Hill

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Today I am going to talk about three things: Responsibility, Transparency, and Accountability.

These three simple concepts are the tenets that form the foundation of a consumer and patient centric cannabis market, and all three are currently missing from the California medical cannabis marketplace.

As a state that was once at the forefront of cannabis legalization, California has achieved much, paving the way for the movement that now sweeps across the nation. But where we were once first, California is now last, and that fact largely owes to the overall lack of regulation in the marketplace.

Consequently, many irresponsible cannabis businesses continue to overlook the health and safety of the consumers and patients who consume their products.

As Abraham Lincoln once said, "You cannot escape the responsibility of tomorrow by evading it today."

Now, in twenty fifteen, tomorrow has already come, and in the next two years we will watch the last of the unregulated cannabis markets fade into history, and become replaced with state sanctioned sensible medical and recreational cannabis regulatory regimes that focus on health and safety above all other factors.

A current accounting of the California cannabis marketplace quickly reveals an industry rife with non-testers, false labelers, and profiteers who nevertheless purport to stand on a platform of compassion while they ply their trade, resorting to rhetoric when pressed on the issue of safety testing.

Many, many times I have heard, "I don't believe in testing," from the mouths of producers, processors, and retailers all across the state..

And yet, when CBS news ran a story in the bay area, testing edibles to measure actual THC content versus what was printed on the label, the results were astonishing. Several products with professional packaging and sincere brand images missed the THC amounts advertised on their labels so completely that it strains credulity.

A product advertised as having 100mg of THC, should simply never turn up as having less than half that amount, and yet that is exactly what happened in numerous products tested in the CBS report.

Is this the level of responsibility we have come to accept from participants in the cannabis marketplace? Do we as a industry not have a responsibility to protect and inform the consumer, and not just take their money? And do medical patients and recreational consumers alike not have an absolute right to have full disclosure as to the source and purity of the cannabis they consume?

Full disclosure, also known as transparency, is the second tenet of a well regulated patient centric cannabis market.

Several months ago, my company was contacted by a doctor at the UC Davis School of Medicine, where several immune compromised patients died from fungal pneumonia after they starting using medical cannabis. It was unknown whether their medical cannabis use contributed to the cause of death, and due to DEA restrictions on cannabis testing, the doctor was unable to drill down further on the matter. One of the doctors vaguely recalled the location of the dispensary from which the patients were getting their medical cannabis, and as it turns out, that dispensary did not test for mold. Is that coincidence? The current lack of transparency in the California medical cannabis marketplace ensures that we will never find out.

In the case of the now deceased UC Davis patients, the doctors had no way of knowing in retrospect where their patients were acquiring cannabis, what cannabis they were consuming, and who was the original source of the product. It is almost certain that the dispensary who sold it to them, if confronted with questions about the product's origins, would not reveal the identity and source of the material.

Where regulations lack, mystery prevails.

Patients and the public have a right to know when cannabis products are contaminated, where they are coming from, and to stop their distribution until the source of contaminants are identified and the problem mitigated.

Take the mainstream industries of food processing and agriculture in the United States. According to the CDC, there have been a dozen outbreaks of E. Coli in the conventional food supply over the last five years. Thanks to standardized testing, tracking, and labelling, in each of these cases the source of the problem was quickly identified and isolated from the broader marketplace.

What would a similar outbreak in the cannabis industry look like? Under the current non-regulated environment, the source might be difficult if not impossible to identify. Is the cannabis industry really ready for the tidal wave of bad publicity that would ensue from a similar outbreak?

As the Dalai Lama once said - "Lack of transparency results in distrust and a deep sense of insecurity."

The time has come for California to identify the bad actors among us, and to hold them accountable.

With sensible regulation, we can proactively, and preventively forestall problems long before they happen, by defining rules and regulations, and the penalties for breaking them. Bad actors can then be disincentivized from making the wrong decision when the inevitable choice between patient safety and profit arises.

None of this is to say that there aren't good actors in our industry as well. I personally know many cultivators, processors, and dispensaries who always make patient centric choices. Health and safety are their foremost concern. But how can the consumer distinguish between the good and the bad?

They can't unless we impose responsibility, transparency, and accountability. An ounce of prevention is worth a pound of cure and intelligent and thoughtful regulation will go a long way toward securing a safe cannabis marketplace for all stakeholders on both sides of the retail counter. At labs like Steep Hill, we have the technology to keep cannabis safe, and it is time for regulations that require that it remains as such.

ABOUT STEEP HILL

Founded in Oakland, CA in 2008, **Steep Hill** is a science and technology firm that has become the industry leader in cannabis testing and analytics in the US and abroad. **Steep Hill** moved to a larger facility in Berkeley, CA, in January 2015. With cannabis labs in 4 states, **Steep Hill** is the largest lab network in the country. The company pioneered the first medical cannabis potency and microbiological contaminants testing methodology use in California—the first state to legalize medical cannabis. **Steep Hill** has since developed a variety of revolutionary cannabis testing products, including *QuantaCann*, *QuantaCann2* and *GenKit*. **Steep Hill** also provides expert consulting services to many states and municipalities, and is developing proprietary genetic testing services for the industry as well.