

June 14, 2019

Brian Kujavsky Highlights Key Issues for Cannabis Investors in *Hedge Fund Law Report*

In a recent [interview](#) with *Hedge Fund Law Report* (available to subscribers), [Brian Kujavsky](#) outlined key considerations for investors seeking to enter the cannabis space.

Brian believes there are two reasons why investors might choose to invest in the United States rather than Canada. First, investors with an appetite for risk stand to realize tremendous gains when cannabis is legalized. Second, statewide regimes are much less strict than those in Canada, which means greater ability to market, promote and brand. “It is in the DNA of the U.S. to have a more open system,” Brian remarked.

For investors looking to enter the Canadian market, Brian stressed the importance of conducting proper due diligence and consulting with experts prior to making any investments. “Canada has a number of regulations, so an investment fund must ensure that it is within those regulations. It is a very new industry with very strict parameters” on both federal and provincial levels, he explained.

Brian observed that the alcohol industry is increasingly investing in the cannabis sector, noting that “the goal is not to make cannabis-infused alcohol, which is and likely always will be prohibited, but to infuse non-alcoholic drinks with cannabis.”

Edibles, in contrast, pose more of a challenge. Because companies making edibles must be licensed cannabis producers, traditional food manufacturers will not be able to enter the space without great cost. “Instead, we are seeing a race toward branding by current licensed cannabis producers,” that may do so by forging partnerships with more established brands.