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OFFICE OF THE COMMISSIONER

April 22, 2013

William Rubenstein, Commissioner  
Department of Consumer Protection  
State Office Building, Room 103  
165 Capitol Avenue  
Hartford, CT 06106

RE: Proposed Regulation Concerning Palliative Use of Medical Marijuana  
Written Testimony of Gregg Wershoven, President, Canamed, Inc.

Dear Commissioner Rubenstein:

My name is Gregg Wershoven and I am the President of Canamed, Inc. ("Canamed"), a Connecticut corporation which intends to seek a license from the Department of Consumer Protection (the "Department") to produce medical marijuana in the State of Connecticut. This letter is submitted as written testimony on behalf of Canamed and in response to the intent of the Department to adopt regulations concerning the palliative use of medical marijuana, including provisions involving the regulation of producers and production facilities (the "Regulations"). While our company appreciates the tremendous amount of work and effort the Department has put into the proposed Regulations, we would like to take this opportunity to offer additional comment seeking clarification, and expressing some concern, regarding several provisions.

Canamed was formed earlier this year in response the recent legislation legalizing medical marijuana here in Connecticut. We believe our company and its principals have the experience, production facilities, and financial backing that is necessary for the State to successfully launch this important initiative. Over the last five years I personally have been involved in the indoor cultivation of mushrooms with another company which I own, Mountaintop Mushrooms of Waterbury, Connecticut. I have built an environmentally friendly facility that takes advantage the latest technology and techniques to reduce energy requirements, maximize recycling opportunities, and limit carbon footprints. I have operated a laboratory onsite and have successfully developed a gourmet and medicinal mushroom business. I currently sell my products to upscale restaurants like the Max Group and others throughout the region. I hope to bring much of my previous work and experience into this new medicinal cannabis venture. My background, along with that of our team, which includes two other cannabis growers and a consultant from Colorado with over a decade of experience in commercial production, makes Canamed well positioned to play an important role in Connecticut's new medical marijuana industry.

As our company has monitored the Department's efforts in drafting the proposed Regulations over the latest several months, we have identified two major issues and several minor items that we believe need further review and consideration.

The first major concern is the licensing and number of producers set forth in Sec. 21a-408-19. While we acknowledge that that this is new territory for both regulators and producers, we have struggled with the open-ended nature of this section and the lack of clear direction from the Department. Other than providing the number of producers that will be initially licensed, there is no other direction given to prospective applicants regarding the preferred size or the location of a proposed facility or even the amount of production that is desirable at this time. Obviously, the actual demand for medicinal cannabis will drive these requirements, but with so little information on the demand for the product available to date, it is incredibly difficult for potential licensees to develop both detailed business plans and applications for licensure. We would recommend and request that the Department provide additional guidance within Sec. 21a-408-19 to provide potential applicants some indication as to the size and location of the growing facilities it deems necessary and the amount of production it anticipates requiring upon startup and in future years of this initiative.

The second major concern is the escrow account required by Sec. 21a-408-19. The \$2 million escrow amount, which is essentially a bond, coupled with the significant investment required for facility infrastructure, is excessive for new startup ventures. Even with the opportunity for future escrow reductions, we would suggest that posting such a bond will place an unreasonable burden on the capital resources of producers and may threaten the viability of their operations. At minimum we would request that consideration be made to reduce the amount of the escrow account. We also believe that limiting the escrow to cover the cost of facility construction but not operation should also be explored. In addition, providing alternate means of posting the escrow amount, including through a surety, should be considered.

Canamed would also offer several minor comments regarding issues that do not appear to be addressed in the various provisions of the Regulations. The procedure for the purchase of seeds and/or clones by a newly licensed facility needs to be detailed. As it relates to producer packaging, we would suggest that a minimum size of 1 lb. be used as a threshold amount. Finally, while we understand that a dispensary and a producer cannot be affiliated or share common ownership, we think it would be helpful to have clarification as to whether a dispensary can be located on the same property as a producer, similar to what is permitted in other states.

Canamed appreciates this opportunity to comment on the Regulations and respectfully requests that the Regulations be amended as necessary to address these concerns. We look forward to making application to the Department as soon as the Regulations are put into effect and becoming a partner with the State in Connecticut's exciting new medical marijuana industry.

Very Truly Yours,



Gregg Wershoven  
President  
Canamed, Inc.