

Unique risks of investing in marijuana businesses

Legality: Marijuana is not legal everywhere. Although marijuana will be legal in Canada on October 17, 2018, an investment opportunity being pitched may be operating illegally in a jurisdiction that does not allow marijuana use. The law regarding the marijuana industry is evolving and varies across jurisdictions. While some jurisdictions allow medicinal or recreational marijuana use, the U.S. government still prohibits its use. A business operating across jurisdictions may be legal in one jurisdiction and illegal in another.

Start-up Risk: Even if marijuana is legal in a jurisdiction, and the promoters have no fraudulent intent, most marijuana-related investment opportunities are in high-risk start-up ventures with a significant chance of failure.

How to Protect Yourself

- **Ask questions:** Is the person offering the investment opportunity registered or exempt from registration? Check www.aretheyregistered.ca, or follow up with the provincial or state securities regulator.
- **Research:** Look at the company's business history before investing in a marijuana-related company.
- **Avoid pressure:** Carefully evaluate the merits of the investment to ensure it matches your investment objectives and risk tolerance.
- **Be wary:** Do not rely solely on press releases, emails, internet chatter, or cold calls promoting a company you've never heard of.
- **Verify:** Check for required licenses and registrations, and ask a trusted, registered investment professional for help before you turn over your hard-earned savings. Agents who raise money from investors need to be registered or properly exempted from registration with provincial or state securities regulators.

The Bottom Line:

Before making any financial decisions, ask questions, do your homework and contact the Nova Scotia Securities Commission at 1-855-424-2499, or NSSCinquiries@novascotia.ca with any questions about the product or the person selling it.