

CANNABIS AT THE CROSSROADS: REGULATION, COMPLIANCE, AND ETHICAL CONSIDERATIONS IN THE UNITED STATES

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ABSTRACT

The total addressable global market for cannabis and other hemp products might easily approach \$hundreds of billions annually. Deloitte estimates \$7.17 billion in sales during 2019 from the aggregate Canadian market alone, including legal recreational products, illegal products, and medical applications— following the October 2018 recreational market legalization. For perspective, the Canadian population of approximately 37 million is less than the population of California, equals about eleven (11%) percent of the United States, and represents about 0.49 percent of the global population.

Conflicts between federal and state laws regarding cannabis are numerous. At present, about 97.7 percent of the U.S. population located in 47 states, the District of Columbia, and 4 U.S. territories, are living in jurisdictions where some form of medical or recreational use of marijuana, including CBD oil, has been legalized. An illustration of the rapid development in public demand for the legalization of cannabis is demonstrated by the September 25, 2019, “stronger than expected 321-103 vote in the [H]ouse in favor of the Secure and Fair Enforcement Banking Act, which allows banks to service the cannabis industry, sett[ing] the stage for likely passage in the Senate...”

This Article proceeds in nine parts. First, we explore the international market for cannabis and hemp products. Second, is a discussion about CBD and medical marijuana. Third, we look at applicable federal criminal statutes. Fourth, we consider the experience in the states. Fifth, we turn our attention to the payment and banking challenge. Sixth, is an investigation into current compliance requirements. Seventh, we look at the Canadian experience following recreational market legalization during recent months. Eighth is an examination of the (1) numerous positive ethical issues, including: medical benefits, reduction in criminalization and racial bias associated with marijuana related convictions, provision of tax resources for education, potential source of revenues to reduce poverty in currently poor agricultural communities; and (2) negative ethical issues, such as the impact of cannabis as yet another addictive substance, vaping, narco-terrorism impact, just to name a few. And last, we conclude. We believe that our Article contributes to the literature by exploring how business organizations can best position themselves to deal with these legal, compliance and ethical uncertainties.