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Getting through the weeds: the business of marijuana

Nevada's Department of Taxation has until Jan. 1, 2018, to craft regulations that will govern retail marijuana dispensary licenses and sales. In the meantime, it is clear the cultivation, production and distribution of medical and recreational marijuana are big business here in Nevada.

As business lawyers, we are tasked with helping our clients "get through the weeds," so to speak. As the rules and regulations of the recreational marijuana industry emerge, businesses need to stay informed about how these rules and regulations will affect their operations now and into the future.

The medical marijuana business is intensely regulated through the Division of Public and Behavioral Health. Nevada law limits the number of medical marijuana dispensaries located in any one governmental jurisdiction and the number of certificates that can be issued to any one person, and it requires compliance with local requirements.

The various classes of certificates include those for cultivation, production of products, dispensaries and testing labs. Some regulations include who can own a business; who can be employed at a business; the physical structure where the business operates; control of inventory; security issues; the handling of product; testing, labeling and packaging; advertising; and to what entities/persons a business can buy and sell.

For business lawyers working with companies in the marijuana industry, it is imperative that they ensure the businesses' governing documents take into account current regulations and, if necessary, be amended to conform to new ones.

Prospective entrepreneurs, and the business lawyers helping them form a limited liability company in the marijuana industry, should

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agreements. Such laws govern required registration and vetting and may restrict who can be members in the company. These operating agreements must also take into account current regulations, which also include provisions regarding business ownership.

Industry experts expect the state Department of Taxation will work closely with the Division of Public and Behavioral Health when promulgating its regulations for recreational marijuana. The goal is to provide regulations in the recreational marijuana industry that coincide and complement the regulations already in place. Existing businesses that hold medical marijuana licenses will get preference during the application period to expand to recreational marijuana. The other related businesses (cultivation, production, dispensaries and labs) in the medical marijuana industry will now be regulated in the recreational marijuana industry, so analysis during formation of any such entity will need to account for those regulations as well.

Another consideration for businesses in the marijuana industry is litigation of contractual disputes between parties. The use of medical and recreational

marijuana is prohibited by federal law. Marijuana is listed as a Schedule 1 drug under the 1971 Controlled Substances Act, and numerous cases and petitions to re-classify marijuana have failed.

Accordingly, contractual disputes between parties must be litigated in state court versus federal court. Questions related to the right of removal to federal court by a defendant are sure to come up. Furthermore, on Feb. 23, White House Press Secretary Sean Spicer, during a press briefing, signaled that the new administration might challenge states that have passed legislation allowing recreational use. Hence, there is increasing uncertainty as it relates to federal enforcement.

For attorneys representing clients involved in the marijuana industry, retainer agreements should include language advising the possession, use and distribution of marijuana is prohibited by federal law and that clients acknowledge and understand this.

Even if your business is not engaged in the cultivation, production or distribution of medical or recreational marijuana, your business might be affected by the marijuana industry. For instance, businesses are now required to provide some reasonable accommodation to employees that have medical marijuana cards. Currently, the law offers no protections for employees related to recreational marijuana use, but undoubtedly issues will arise. It is important to know and understand your rights as an employer in this emerging area of law.

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Scientific Games Corp. to start producing James Bond slot machines

When it comes to new movies coming out, especially iconic franchises such as James Bond, the buzz comes out of Hollywood or, in the case of Bond, England as well.

The expectation is that the next reenactment of the British secret agent franchise will come to the big screen in 2018.

But it won't only be the premieres in London and Hollywood that will garner worldwide attention. Las Vegas will be in the spotlight as well. No, a movie premiere isn't scheduled for Las Vegas.

There will be, however, an unveiling.



Scientific Games Corp. announced earlier this month that it has reached an agreement to license the James Bond franchise for its lottery games, social slots and land-based gaming.

The exclusive agreement with EON Productions Limited, Danjaq LLC and MGM Interactive Inc., a subsidiary of Metro-Goldwyn-Mayer Inc., gives Scientific Games the rights to leverage all past and future iconic James Bond films, as well as

the film's talent portraying James Bond, according to Scientific Games.

The Las Vegas-based company could unveil some of its lottery offerings before next fall, but its first slot machines with a James Bond theme will be unveiled at G2E in October.

There will be a lot of media attention on all slot makers when they unveil their new games, but it might be hard to compete against James Bond when many companies have been after a licensing agreement with the franchise for decades.

"The Bond franchise is clearly