Preventing Market Capture in Virginia

An Evidence-Based Risk Analysis

Presenter: Max Jackson, Founder, Cannabis Wise Guys

De-Risking Virginia's Launch

I've approached this challenge as a risk analyst. My objective is to provide this committee with an unbiased, evidence-based framework to de-risk Virginia's adult-use launch by identifying the documented risks of limited-license market structures and the proven strategies that prevent corporate consolidation.

Today We Will Cover:

The Playbook: How limited-license markets are designed for corporate capture.

The Proof: The documented failures of this model in other states.

The Path Forward: The guardrails that prevent consolidation.

A Tale of Two Markets

States have generally followed one of two paths: a fiercely competitive, high-volume market, or a protected, limited-supply market.

Data shows one model consistently produces higher state revenues and lower consumer prices. This is the core architectural choice before Virginia.

Anatomy of a Limited-License Market

> "The Corporation has successfully secured and operates in markets that are monopolistic or oligopolistic in nature, where there is limited supply and thus limited competition. This enables the Corporation to secure significant and growing captive demand and market share."

Source: Green Thumb Industries (GTI), 2018 Annual Report

Source documents available upon request

The Strategy is Openly Stated

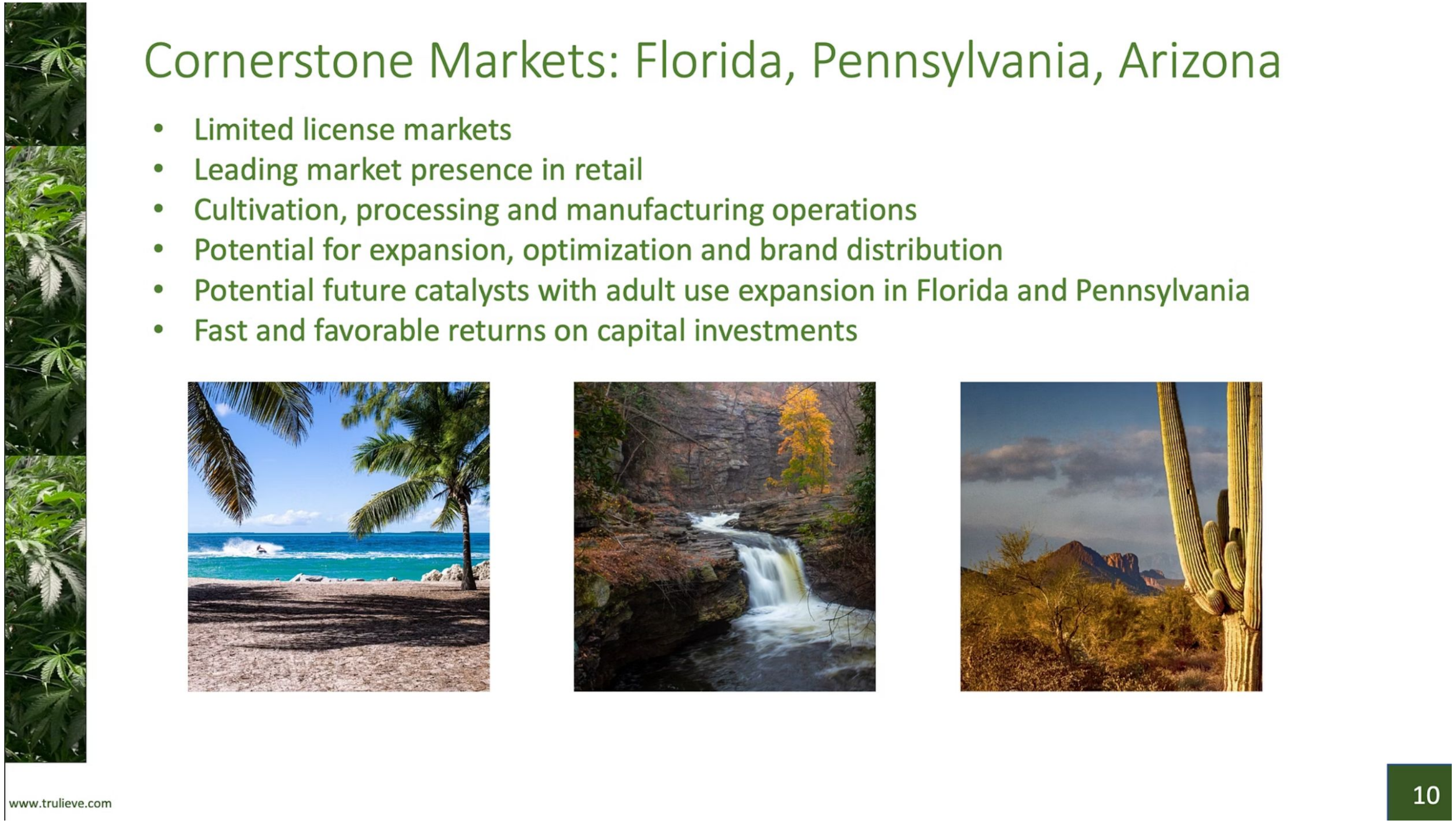
> "The Company is pursuing acquisition opportunities in limited license markets with high barriers to entry."

> "At present, the Company is proceeding with its expansion efforts in Virginia."

Source: AYR Wellness, 2024 FORM 40-F

Source documents available upon request

The Strategy is Explicit: Targeting Limited-License Markets



Source: Publicly Available Trulieve Investor Presentation, Jan 2025

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Medical Licenses Are Not Entitlements

A license to operate in a limited medical market is not a golden ticket to the adult-use market.

Gifting incumbents an automatic advantage is a policy choice, not a legal obligation.

Virginia retains the full authority to design a new market that serves the Commonwealth, not just the handful of existing license holders.

The Playbook in Action: Two Recent Failures

Florida's "Walled Garden"

Mandated vertical integration created a high-priced, low-access market dominated by a handful of companies—a structure MSOs are actively replicating.

Connecticut's Revenue Shortfall

A severe supply bottleneck—just four producers for seventy retail stores—has led to a revenue shortfall compared to competitive markets, generating just $6.70 per capita while Colorado generates $46.92.

Case Study: Illinois' Broken Promise

68%

Market Concentration

With 40 months of launching their program, 68% of all cannabis sales were captured by the top 10 brands.

(Source: Headset 2023 Report)

30%

Social Equity Failure

Only 30% of social equity businesses (outside of retail) are operational due to structural barriers.

(Source: State of Illinois, Annual Cannabis Report, 2024)

The MSO-dominated market in Illinois led to high prices, poor selection, and consumer flight. A highway of tax dollars now flows daily from Illinois to Michigan.

Case Study: Arizona's Equity Collapse

Regulatory Capture and Equity Collapse

- The industry association representing 80% of incumbent operators was responsible for "bankrolling the campaign... and for drafting the language of the bill itself." (Source: Business Insider, Nov 23, 2020)
- The state launched sales in a record 79 days—a timeline impossible for any new competitor to meet, guaranteeing incumbent control.

> "Predatory investors hijacked the cannabis social equity program in Arizona, where only three of the original 26 license winners still have a stake in their businesses."

Source: MJBizDaily, "Arizona cannabis social equity reform failure highlights struggle" (Feb 26, 2025)

Key Takeaway: The Arizona model proves a "head start" for incumbents isn't a fair transition—it's a permanent market takeover.

The Drumbeat of National Expansion

Columbia Care Continues Virginia Expansion With Opening of Cannabist Suffolk

The retail facility is the company's 36th Cannabist location and 86th active dispensary nationwide.

Trulieve to Open 143rd Medical Cannabis Dispensary in Florida

The New Port Richey retail location in Pasco County will host a grand opening celebration Aug. 16.

Jushi Opens 6th Beyond Hello Dispensary in Ohio

The cannabis retail facility in Parma, just south of Cleveland, marks the company's 41st location nationwide.

Curaleaf Opens 68th Florida Dispensary in St. Augustine

The company's newest medical cannabis facility in Northeast Florida brings its store count to 154 nationwide.

Verano Opening 82nd Florida Dispensary in Crystal River

The company's latest MÜV medical cannabis facility is its first location in Citrus County.

Green Thumb Opening 19th Pennsylvania Dispensary

The cannabis company opened its latest RISE dispensary in Lebanon, marking its 108th retail facility nationwide.

Source: Cannabis Business Times Headlines

National Scale, Virginia Foothold

Multi State Operator (MSO)	National Facilities	VA Licenses
Verano	182	6
Green Thumb	127	7
Cannabist Co	90	7
Jushi Holdings	Top 20 MSO	7 (via Dalitso acquisition)
Ayr Wellness	120	1

Source: Cannabiz Media Cannabis Market Intelligence Platform www.cannabiz.media

Myths vs. Reality of Limited Markets

Myth: "Limited licenses ensure stable businesses."
Reality: It creates a fragile oligopoly unable to compete with the illicit market.

Myth: "Limited supply ensures product quality."
Reality: It reduces consumer choice and stifles innovation. Competition drives quality.

Myth: "A 'rational' market provides predictable tax revenue."
Reality: Competitive markets generate more total tax revenue.

A Risk Mitigation Framework for Virginia

The evidence from other states provides a clear roadmap of what to avoid. A sound risk mitigation framework focuses on implementing specific, proven guardrails against the tactics that lead to market consolidation and failure.

A Measured Approach

The data leads to a clear conclusion: a measured and phased market launch is the prudent path for Virginia. This strategy, which uses strong guardrails to prevent the documented failures of market capture, is directly supported by the operational and economic evidence.

Preventing Market Capture

Common MSO Tactics & Proven State-Level Mitigations

Common MSO Tactic	Proven State Mitigation
"Transitional Sales" Head-Start for Medical Incumbents	A Phased Launch Prioritizing New Entrants, Not Incumbents
"License Stacking" & Canopy Monopolization	Strict Limits on License Ownership & Canopy per Entity
Speculative License Flipping & Predatory Partnerships	"Founder Integrity Period" (5-Year Equity Lock)
Lobbying for Inflexible Market Caps	Data-Driven Market Health Reviews to Guide Expansion

Visualizing "License Stacking"

Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052850
Mission Health Associates, Inc.	ACTIVE	Cannabis	Cultivator	California	CA-052851
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052852
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052853
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052854
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052855
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052856
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052857
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-052858
The Pottery Inc.	ACTIVE	Cannabis	Cultivator	California	CA-053001
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-059580
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-104162968
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-104766103
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377095
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377097
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377098

Source: Cannabiz Media Cannabis Market Intelligence Platform www.cannabiz.media

Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377105
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377106
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377122
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377123
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377124
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377128
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377134
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105377140
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-105528723
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-159772218
Glass House Camarillo Cultivation, LLC	ACTIVE	Cannabis	Cultivator	California	CA-159772219
Glass House Camarillo Cultivation, LLC	ACTIVE	Cannabis	Cultivator	California	CA-159772222
Glass House Camarillo Cultivation, LLC	ACTIVE	Cannabis	Cultivator	California	CA-160377916
Glass House Camarillo Cultivation, LLC	ACTIVE	Cannabis	Cultivator	California	CA-160377919
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-160982723
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-160982724
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-161586570

Source: Cannabiz Media Cannabis Market Intelligence Platform www.cannabiz.media

Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-162795384
Mission Health Associates, Inc. dba Glass House Farms	ACTIVE	Cannabis	Cultivator	California	CA-162795385
Glass House Camarillo Cultivation LLC	ACTIVE	Cannabis	Cultivator	California	CA-163401078
Glass House Camarillo Cultivation, LLC	ACTIVE	Cannabis	Cultivator	California	CA-164005923
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-33131421
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-33131422
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-33131423
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-33131424
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-33131425
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-33131426
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-33131427
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-37186594
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-37186595
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-37186596
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-37186597
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-37186598
G&K Produce LLC	ACTIVE	Cannabis	Cultivator	California	CA-37186599

Source: Cannabiz Media Cannabis Market Intelligence Platform www.cannabiz.media

Virginia's Path: A Market That Serves the Commonwealth

The choice of market architecture determines more than tax revenue; it defines public safety and social outcomes. The evidence is clear: limited-license markets fail to compete with the illicit market on price or access, which undermines public safety and guarantees the failure of social equity programs.

A phased, competitive market does the opposite. By prioritizing diverse local operators, Virginia can build a market that provides safe, tested products, fulfills the promise of social equity, and successfully displaces the illicit market—achieving all the core goals of legalization.

Thank You & Q&A

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Appendix: Top 8 MSOs by Facility Count

USA Top 8 MSOs by Facility Count

Company Name	Overall Facility Count	Store Count	State Count
Trulieve Cannabis Corp.	264	241	10
Curaleaf Holdings, Inc.	200	168	17
Verano Holdings, LLC	182	162	13
Green Thumb Industries	127	107	14
Ayr Wellness Inc.	120	107	9
Cresco Labs, Inc.	97	80	8
The Cannabist Company	90	66	12
Schwazze	71	61	2

Source: Cannabiz Media Cannabis Market Intelligence Platform www.cannabiz.media

Appendix: Virginia Operators by Facility Count

Virginia Operators by Facility Count

Company Name	Overall Facility Count
Jushi Holdings Inc.	7
Green Thumb Industries	7
The Cannabist Company	7
Dalitso LLC	7
Dharma Pharmaceuticals LLC	7
Verano Holdings, LLC	6
Ayr Wellness Inc.	1
Green Analytics LLC	1

Source: Cannabiz Media Cannabis Market Intelligence Platform www.cannabiz.media

Appendix: State Market Performance Comparison

State Market Performance Comparison (Flower, August 2025)

State	Revenue per 1,000 Adults	Avg. Item Price	Retail Locations per 100k Residents
Michigan	$12,310	$17.22	8.3
Massachusetts	$11,800	$25.15	5.4
Illinois	$7,578	$43.73	2.0
Arizona	$5,985	$24.93	2.2
Connecticut	$3,475	$35.42	2.0
California	$3,499	$28.17	3.0

Source: Analysis of Headset.io market data for adult-use flower sales, August 2025.

Appendix: Per Capita Cannabis Tax Revenue

Per Capita Cannabis Tax Revenue (2023 Data)

State	Per Capita Revenue
Washington	$57.84
Nevada	$46.92
Colorado	$46.01
Oregon	$39.66
Arizona	$37.35
Massachusetts	$35.74

State	Per Capita Revenue
California	$27.64
Michigan	$26.66
Maine	$24.03
Illinois	$21.88
Connecticut	$6.70
New York	$1.68

Source: Analysis of Headset.io market data for adult-use flower sales, August 2025. State-reported tax revenue data shows a wide disparity in performance based on market structure.