

Cannabis Group Of The Year: Jenner & Block

By **Katryna Perera**

Law360 (February 10, 2022, 2:02 PM EST) -- Jenner & Block LLP secured the dismissal of securities class actions against two major cannabis companies, showcasing the strength of its lawyers in various industries and landing the firm among Law360's 2021 Cannabis Groups of the Year.

Jenner & Block likes to think of itself as a destination law firm, according to Martin Glass, one of the cannabis group's co-chairs.

"We represent some of the best names in the industry both in the United States and in Canada," he said. "We are a law firm that is full-service that does a full suite of corporate and litigation work for these companies, and we also do a lot of work for private equity funds."

There are currently about 40 lawyers in Jenner & Block's cannabis practice group, but that wasn't always the case, according to Glass. At first, it was just Glass and the group's other co-chair Stephen Ascher making strides in a brand-new industry. But as more and more states turned to legalization and the market began to grow, Jenner & Block decided to formalize its cannabis group, Glass said.

"I would say that we've internally grown quite a bit ... and as we've sort of become more and more focused on the industry, more and more of our lawyers have gotten involved in their areas of specialty," he said.

Today, Jenner & Block represents some of the biggest names in cannabis, such as Curaleaf and Aurora Cannabis Inc., both of which the firm represented in securities class actions in 2021.

In the Curaleaf litigation, shareholders claimed the cannabis chain had improperly marketed CBD products, leading to a drop in stock prices. Curaleaf got the claims dismissed in February 2021, with Jenner & Block arguing that the company had properly disclosed the disputed information about the products' legality, resulting in what the firm called a "first of its kind" securities fraud class action against a consumer cannabis company.

Ascher called the case "very weak" and said it was a good win for an industry that operates within a unique legal environment.



"It was a good win for the industry in terms of affirming that investors understand that this is federally illegal, there is a risk of adverse federal action, there is a risk of federal regulation, and the multistate operators have disclosed that adequately," Ascher said.

Jenner & Block also secured the dismissal of a class action filed against Aurora Cannabis in which investors claimed it and six of its executives violated federal securities laws by talking up demand for the company's products despite oversaturation in the Canadian cannabis market.

The judge agreed with Jenner & Block that the plaintiffs had failed to adequately allege any false or misleading statements and dismissed the suit in July 2021.

Ascher, a Law360 2021 Cannabis MVP, said it was an exciting group of cases to work on.

"A bunch of cannabis companies all went public primarily in Canada around the same time, and there was a real correction about a year after all these companies went public their share prices declined quite a bit, there was oversupply in the market, some of the enthusiasm that was fueling the early stock prices had waned," he said. "And so there were several class action litigations brought against cannabis companies, and it was exciting because it's a new industry."

Jenner & Block's cannabis group also helped Aurora and Chicago-based cannabis company Green Thumb Industries close public offerings last year.

Green Thumb specifically sold 3.1 million voting shares in its IPO in February 2021 for a total of \$100 million, leading it to its current market cap of \$7 billion, according to Jenner & Block.

"The interesting thing about this company was that they are already public in Canada, and they were kind of repatriating from a regulatory perspective," Glass said. "It was very heartening to be involved with that ... and [the outcome] just goes to show the scale that some of these companies have reached ... and how much the industry had matured."

With Aurora, the group advised on the closure of several deals, including a bought-deal offering that closed last January for total gross proceeds of \$137.9 million.

"The cannabis industry, like any industry, is quite capital intensive ... and we've been privileged to help [companies] out for quite a few years in terms of their capital raising activities in the United States ... and it's been very heartening to help them get the capital they need to expand their business," Glass said.

Jenner & Block also represented Verano Holdings Corp. in its acquisition of Mad River Remedies LLC in July 2021. According to the firm, this deal will allow Verano to expand its retail footprint in Ohio to five dispensaries, the maximum permitted in the state.

Additionally, Jenner & Block is representing Cresco Labs Inc. in litigation in New York state court concerning an equity purchase agreement. According to the firm, the case is now in discovery.

When asked about the challenges to the industry, Glass pointed to the lack of federal legalization.

"I think we should not minimize how difficult [the lack of legalization] makes things for cannabis offerings, you cannot transport marijuana over state lines which makes economy-to-scale difficult ... and

that's not optimal from an economic and logistical perspective," he said.

But Glass also said he doubts across-the-board approval will come anytime soon.

"I'm not sure that cannabis is that high up on the priority list, and it's obviously somewhat controversial in some corners still which doesn't help so while [the firm] is prepared," he said. "We're not holding our breath."

--Editing by Adam LoBelia.

All Content © 2003-2022, Portfolio Media, Inc.