

10 LEGAL CONSIDERATIONS WHEN STARTING A HEMP BUSINESS

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So, you want to start a hemp company. You have your big idea and a business plan ready. At some point, though, you begin to wonder whether you should be thinking about any legal issues as you get your company off the ground. That's where we come in.

Bradley's Cannabis Industry team has a deep understanding of the many unique legal and business issues that impact hemp companies. Our multidisciplinary team of attorneys helps businesses successfully identify and mitigate risk and recognize opportunities for sustainable growth. In our experience, here are the 10 things to consider when starting a hemp business.

1. Establish a Corporate Entity to Operate Your Business

Many entrepreneurs choose to establish a corporate entity to operate their budding business. The costs of doing so are relatively small, but the benefits are substantial – for you and for your business.

Attorneys on our [Corporate and Securities team](#) have experience working with our Cannabis Industry team to form the right corporate entity to meet your needs.

2. Obtain All Necessary Licenses to Conduct Your Business

In a highly regulated industry, licenses are essential. In certain jurisdictions, hemp companies will need different licenses from different levels of government. No item on this list poses a greater existential risk to your operations than the failure to obtain appropriate licenses.

Our [Cannabis Industry team](#) can advise you on all of your licensing needs.

3. Obtain Funding for Your Business

Even the best ideas cannot succeed unless they get off the ground. Sometimes the difference between success and failure is having access to capital – more importantly, strategic capital. Raising capital in the hemp industry is a particular craft that calls for a mastery of different skill sets.

Attorneys on our [Emerging Growth Companies, Private Equity, and Venture Capital teams](#) have the experience to help get your hemp company the capital it needs for strategic and sustainable growth.

4. Prepare Contracts with Suppliers/Processors

Unless your hemp company is fully vertically integrated, you will have contracts with other players in the hemp space. Whether you are a grower, processor, supplier, or retailer, your company needs thoughtful, well-negotiated contracts to survive in this competitive market.

Our [Cannabis Industry team](#) can counsel you on all of your contracting needs.

5. Understand What the Law Allows for Hemp

Even though hemp is now legal at the federal level, the hemp industry is still highly regulated by various levels of government. For example, the Food and Drug Administration prohibits the introduction of hemp and hemp-derived products (including, for example, CBD) into foods and beverages. Certain states and municipalities have their own hemp-specific rules and regulations.

Don't get tripped up over the rules of the road. Our [Cannabis Industry team](#) stands ready to advise you on what you legally can and cannot do with your hemp operations.

6. Protect Your Intellectual Property

For many companies, their most valuable asset is their intellectual property. Without a trademark, your clever name and tag line are there for the taking. Invented a novel way to process hemp? A patent may be the appropriate strategic choice for your company.

Our [Intellectual Property](#) attorneys are prepared to protect your company's IP assets.

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7. Establish a Banking Relationship

Many hemp companies are surprised to learn that many banks will not provide services to cannabis-related businesses, including hemp companies. Operating a business without the ability to utilize and offer banking services is a recipe for failure.

Our [Banking and Financial Services](#) attorneys have the experience and the connections to help you establish the banking relationships needed so your company can conduct business smoothly.

8. Establish an Accounting Relationship and Understand Hemp's Tax Treatment.

Let's face it, you don't want to handle complicated tax questions. But in a highly regulated industry, that's exactly what you can expect. Let our tax professionals do their part while you focus on growing your business.

Our [Tax](#) attorneys can help guide you through cannabis-related tax issues, as well as other tax matters commonly faced by emerging companies.

9. Understand Employment Laws.

A company is only as good as its employees. It is critical to comply strictly with the employment laws of each jurisdiction where your business operates. This is one place where it definitely does not pay to be penny-wise, pound foolish. Get it right on the front end.

Our [Labor and Employment](#) lawyers are an invaluable resource for navigating local, state, and federal employment laws.

10. Get the Right Insurance.

All businesses should have appropriate insurance coverage, but hemp companies will quickly realize that not all insurance companies will write hemp insurance policies. And in the event of a claim, the hemp company may learn that many hemp claims are denied for various reasons. Don't find yourself facing a loss without insurance coverage.

Attorneys on our [Insurance team](#) can advise you on a range of coverage options.

Bradley lawyers have the breadth of experience to provide full-service representation to our hemp clients, including litigation, if necessary. As strategic advisors, we give each client the practical counsel they need to make the best decisions for their businesses.

Our team is a leading voice in the hemp sector. We have presented on hemp issues at conferences around the country. Our work has been featured in the *National Law Journal*, *Law360*, and the *Westlaw Journal*. And we have been quoted in an array of legal and mainstream publications, from *Law360* and *Super Lawyers* to the *Atlanta Journal-Constitution*, the Associated Press, and ABC News.



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