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Sep. 30, 2013

For 27 year-old Paul McCarrier, selling marijuana pays the bills and grows his career. But McCarrier doesn't meet clients on street corners or in dimly lit parking lots.

As a state-licensed caregiver, the Belfast, Maine, man runs a legal small business. His profession was created under Maine's medical marijuana laws, which have grown increasingly beneficial for caregivers since the first measure was approved in 1999.

The number of licensed caregivers has grown to 600 — and that figure is expected to shoot higher after Tuesday, when new rules go into effect that will expand the number of health conditions that can legally be treated with medical marijuana.

In 2009, the state passed an amendment that allows caregivers to serve up to five patients. The new law also removed provisions that restricted medical marijuana patients to those related to or living with the caregiver. The caregivers can own six flowering marijuana plants per patient, and can sell up to 2.5 ounces of marijuana to patients every 15 days.

“We've created hundreds of jobs in Maine,” McCarrier said, although that fact likely won't be touted by the Maine Chamber of Commerce or the state Office of Tourism.

The medical marijuana cottage industry co-exists alongside the eight state-approved medical marijuana dispensaries. Although there's no official record-keeping of patients, a dispensary official estimated that caregivers serve about 20 percent of the roughly 10,000 marijuana patients statewide.

While the word “caregiver” does not conjure up images of entrepreneurs, in many cases the work not only helps patients, but also provides an income from farming and selling marijuana products.

Caregivers can expect to earn, after expenses, about \$30,000 to \$50,000 per year, said

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A PROFITABLE SMALL BUSINESS

In mid-September, caregivers Michele and Frank set about making marijuana chocolates and homemade pills in a kitchen in York County. The two didn't want to disclose their full names or the exact location of their business because they're worried about becoming a target for thieves — a widely held concern among caregivers.

The two, who have been in the medical marijuana business together since 2010, stirred coconut oil, melted dark chocolate and ground up marijuana trimmings in a blender.

“The dark chocolate complements the cannabis nicely,” said Michele, smiling while stirring the concoction with a metal whisk.

They both quit their jobs to solely focus on the new venture, and after some initial reluctance because of security fears, they have started telling close friends and family about their new profession.

“A year ago, I would have been terrified to tell anybody,” Michele said. “But if you want to change people's perceptions of this, you have to talk about it just like you would talk about anything else.”

Frank said that after expenses, they netted \$70,000 last year between the two. He said their costs are higher than some because instead of growing at home, as many caregivers do, they spend \$2,000 a month to rent a facility to farm the marijuana.

Frank said they had to take out a \$75,000 loan to start the business, and because it takes four months from planting the seeds to harvesting the buds for patients, there were some lean times at the beginning.

McCarrier's days consist of managing finances, tending to plants and keeping track

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hoped.

"I'm getting by, but I don't have another \$10,000 to invest," McCarrier said.

Nonetheless, many are jumping into the field. McCarrier said the Medical Marijuana Caregivers of Maine trade group hosts frequent "how-to" classes for potential caregivers, and the classes almost always fill up.

That interest could grow on Tuesday, when post-traumatic stress disorder and irritable bowel syndrome are added to the list of conditions for which doctors are permitted to prescribe medical marijuana.

The list already includes cancer, AIDS, Crohn's disease and other disorders. Those in the medical marijuana field say the latest changes to the law should be a boon to the industry.

"PTSD is going to be a huge addition for medical marijuana in Maine," said Brad Feuer, CEO of Integr8 Health, a Falmouth doctor's office that caters to those seeking marijuana as treatment for chronic conditions.

Becky DeKeuster, executive clinical director of the Wellness Connection of Maine, which owns four of the eight medical marijuana dispensaries in the state, agreed. She said PTSD should increase overall demand for dispensaries as well as caregivers.

DeKeuster also said she does not consider the caregivers a threat to the dispensaries.

"Our numbers are robust and growing," she said. "We feel like it's good for the patients of Maine that they have many options. They can go to a dispensary, a caregiver or grow their own. We find ourselves on the same side as the caregivers on many issues."

RISKS, OBSTACLES FOR CAREGIVERS

Although in some ways the industry looks promising, caregivers face obstacles not

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Michele, the York County caregiver, said her credit card company flagged the purchase of marijuana seeds, but she and her partner, Frank, were able to figure out a way to acquire them.

Frank, who has a business background, said that because marijuana is illegal federally, and financial institutions cross state lines, business transactions have to be done on a cash basis. Banks could be exposing themselves to money-laundering charges if they knowingly allow an account to include revenue from the sale of medical marijuana, he said.

So far, they have been using their personal bank accounts to deposit revenue earned from the business, which is not a sound accounting practice, Frank said. He said they may try to open a company account anyway by masking their true business when applying for the account.

Unlike other small businesses, they can't deduct grow equipment as a business expense on federal taxes. And when filing taxes, they don't dare list their profession as "medical marijuana caregiver," but instead list their profession as "agriculture," Frank said.

President Obama and Attorney General Eric Holder have made recent policy statements that the federal government would, for the most part, not pursue prosecutions in states where medical marijuana is legal or in states that have made small amounts of marijuana legal for recreational purposes. Washington state and Colorado recently approved limited legalization of marijuana.

But it's unclear whether caregivers will reap any benefits from the clarified federal policy.

Maine has been targeted by marijuana activists as one of the states where

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state create rules to protect the “mom and pop” caregivers, or would large companies dominate the sale of recreational marijuana?

Frank and Michele said that if Maine votes to legalize recreational use of marijuana, they're considering opening a storefront, although they're wary of federal intervention.

McCarrier said that on the state level, the next task for supporters of medical marijuana is persuading the state to permit caregivers to serve more patients, perhaps 10 instead of five, or an unlimited number. Many patients do not use the full 2.5 ounces per 15 days that the state permits, so the flexibility of being able to care for more patients would allow the caregivers to better match the marijuana being produced with patients' needs, he said.

If patients do not use the full amount, the caregivers often end up with more marijuana than can be legally sold. They end up having to give it away to patients, which is legal but does nothing to help their bottom line, McCarrier said.

STATE OVERSIGHT IS MINIMAL

While concerns about federal prosecution shadow caregivers, state oversight of their work is minimal.

Marietta D'Agostino, medical marijuana program manager for the Maine Department of Health and Human Services, said the state does not currently inspect caregiver operations, and doesn't know if they are following state rules. The state also does not require patients to register. D'Agostino said the state has no way of truly knowing whether the products being sold to patients are safe, and that's a concern.

McCarrier said that although it's true there's no direct oversight, caregivers are kept

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marijuana plants outside, which is less expensive, but also less certain to produce a good crop because of fluctuations in the weather.

Caregivers charge from about \$175 to \$250 an ounce for marijuana, but there's no telling whether those prices will hold steady, McCarrier said. That will depend on how much demand there is from patients, and how many caregivers enter the market.

He said the price per ounce has already declined since the caregiving industry developed.

Feuer, the CEO at the Falmouth doctor's office, said the stigma of medical marijuana is also receding, which may lead to a large influx of caregivers.

"Everyone is seeing how medical marijuana became legal, and seeing how it's become a larger industry, and people want to be a part of it," said Feuer, whose clinic serves "thousands" of patients. Patient demand is also increasing, he said.

For Igor Rakuz, owner of Maine Indoor Garden Supply in Windham, which sells hydroponic materials that can be used to grow marijuana plants indoors, business is going well. But since 2010 there's been fierce competition to sell the materials to caregivers, he said.

Rakuz said he could complain about his competitors, and he often does, but at the end of the day he's able to earn a living.

"Hey, I'm a capitalist as much as the next guy," he said. "It's bringing a lot of jobs to Maine."

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