

February 8 – February 14, 2016

## The Secret Ingredient

A close-up photograph of a hand wearing a white latex glove, holding a square brownie on a silver tray. The brownie is dark and appears to be infused with cannabis. The background is dark and out of focus.

## In a \$12 Brownie

▶ Infused edibles are a growing part of the \$5.4 billion cannabis business in the U.S.

▶ It's "probably the most exciting segment of the marijuana industry"

Peggy Noonan knows a thing or two about marijuana. She was a drug runner between Mexico and the U.S., before earning her living as a dealer in Arizona. Both stints ended badly, with Noonan serving time in a Mexican jail and slapped with a felony conviction in Arizona. All that feels like ancient history, says Noonan, who's among the thousands of "ganjapreneurs" in the burgeoning market for edible marijuana products. "It was pretty wild, life coming full circle," she says.

Noonan's **Cornucopia Health and Wellness** in Tucson sells 40 products including Weedish Fish gummies, extra-large German chocolate brownies, and Serenity Tincture—all infused

with varying degrees of pot—to about 60 so-called dispensaries in Arizona for medicinal use. The company, which opened for business in April 2014, employs eight people and has seen sales double over the past three months, says Noonan, who's not to be confused with the columnist and Ronald Reagan speechwriter of the same name.

Marijuana is legal for adult recreational use in Alaska, Colorado, Oregon, Washington, and the District of Columbia and for medical purposes in 23 states, the District of Columbia, and Guam. U.S. sales of legal cannabis reached \$5.4 billion in 2015, up from \$4.6 billion the year before, according to ArcView Market Research. Edibles

and other infused products—defined as anything other than the bud itself—make up at least half of the total, dispensary owners say.

"It's probably the most exciting segment of the marijuana industry," says Christian Hageseth, founder and chairman of **American Cannabis Partners**, a holding company for marijuana-related businesses. "We still haven't identified who's going to be the Apple computers or the McDonald's hamburger or the Coca-Cola" of edibles.

Many people have heard of rapper Snoop Dogg's Leafs brand of pot edibles, but there are scores of companies popping up across the country, with names like **Dixie Elixirs**,



**Incredibles**, and **BlueKudu**, adding new items to the marijuana menu. Keef Cola, a soft-drink line owned by **CanCore Concepts**, is expanding this year from Colorado to Oregon and Nevada, according to the brand's co-founder Erik Knutson. Its Colorado licensee, **Denver Packaging**, sells Keef Cola in more than 380 dispensaries and turned a profit last year.

Despite the recent momentum on legalization, the industry faces plenty of hurdles, not the least of which is convincing lawmakers and the public that edible marijuana products are safe. One concern is the obvious appeal of pot-infused candies, cookies, and soda pop to children.

In the past couple of years, several states have taken action, some spurred by reports of an increase in emergency-room admissions. Most require marijuana edibles to be sold in child-resistant packaging that's opaque, so the contents aren't visible, and free of cartoons or other images that may appeal to children. The American Association of Poison Control Centers fielded 352 calls in 2013 and 456 in 2014 about accidental exposure to THC, the psychoactive chemical compound in marijuana, in children under 12. In 2014, by contrast, there were 17,563 reports of children ingesting deodorants and 28,009 incidents involving diaper cream.

**Noonan**, who grew up in an affluent family on Central Park West in Manhattan, began smuggling marijuana into the U.S. from Mexico after graduating from Arizona State University in the late '60s. The weed was supplied by "farmers coming down the mountains on donkeys with bales," she recalls. "It wasn't any kind of syndicate. It wasn't like cartels."

Noonan was arrested in 1969 and spent three months in a Mexican jail. After serving her time, she returned to the U.S. and started dealing. The feds

caught up with her in 1975. Noonan's ex-husband was sent to prison for two and a half years while Noonan, pregnant at the time, got probation.

After her marriage broke up, she moved back to New York, worked as a drug counselor, then enrolled at Parsons School of Design. She started her own company as a designer, developer, and contractor in the high-end residential market. She relocated the business to Tucson in the late 1990s, changing its focus to restaurants, and began laying the groundwork for Cornucopia after Arizona legalized medical marijuana in November 2010.

The edibles are baked at a commercial kitchen, part of a 13,000-square-foot "grow" site where Noonan cultivates and harvests marijuana. "We are constantly tasting," she says, explaining that the company first makes uninfused versions of its products for sampling. Once she's satisfied with each batch, her two-person sales staff loads the goods into unmarked vans (to avoid attention) and delivers them to dispensaries across the state. What Cornucopia bills as "The World's Best Brownie" can fetch as much as \$12.50 retail. It contains 40 milligrams of THC. **Globe Pharmacy**, an Arizona dispensary that sells the brownie, recommends customers start with 10-milligram increments.



Storage services that really deliver 42

Small to Big: How 4Moms kept its baby seat from meowing 46

Atelier Cologne: Smells like Paris, born in New York 44

Noonan has ambitions to expand to California, Colorado, and Washington state dispensaries through licensing agreements to comply with state laws. "Going national is ultimately the goal," she says. In the meantime, she's using Facebook and Instagram to bring attention to her brand and collect customer feedback. "We like that, getting comments, even if it's negative. It all helps."

—Jennifer Kaplan

**The bottom line** Sales of marijuana edibles rose in 2015 as more "ganjapreneurs" piled into the fledgling industry.

## Real Estate

### 90 Bedrooms, 4 Baths, Millions in Headaches

▶ A Czech brokerage listing only historic buildings racks up sales

▶ "This is a business for dreamers and enthusiasts"

The Libejovice chateau looks like something out of a 19th century romantic novel: an elegant, mustard-hued Renaissance palace with tall windows and elaborate balcony railings bearing the noble Schwarzenberg family's coat of arms. Natalia Makovik will sell it to you for less than the price of some Manhattan studio apartments. The catch: Restoring the place, a two-hour drive south of Prague, could cost 10 times the purchase price. "I look at a ruin, and I see an investment opportunity," says Makovik, founder of **VIP Castle**, a real estate brokerage specializing in historic buildings.

There are plenty of such opportunities in the Czech Republic, with its 2,000-plus castles and chateaux, the legacy of a turbulent history of feudal lords, royal dynasties, and minor aristocrats. Makovik started her business in 2007, eight years after she arrived penniless from her native Belarus. The history buff had fallen hard for the run-down castles she discovered in the Czech countryside. Lacking ▶