

Business

A green rush as marijuana becomes legal

SMITHS FALLS, ONTARIO

Investors snap up stock as Canada opens way for an industry worth billions

BY IAN AUSTEN

Millions of dollars worth of marijuana plants sat under lamps brighter than the noonday sun as employees of Canada's largest cannabis business bustled about the 47 giant growing rooms of its factory, which once made Hershey bars.

Now it's home to Tweed, whose parent company, Canopy Growth, was the first Canadian marijuana grower to debut on the New York Stock Exchange.

Valued at more than \$10 billion, Canopy is worth even more than Bombardier, the Canadian manufacturer that is one of the world's largest makers of planes and trains, offering a stark example of this nation's new get-rich-quick hope — the marijuana industry.

On Wednesday, Canada became only the second country in the world and the first major economy to legalize marijuana for all uses. Companies are clamoring to join in what some are calling a green rush.

"It's like Seagram's back when Prohibition was in place and just about to end," said Deborah Weinstein, a lawyer in Ottawa, the Canadian capital, who handled Canopy's move onto the Toronto Stock Exchange, with the stock symbol WEED. "But it's more than that. This has never been an industry."

On the same day that marijuana became legal, the government was to announce a program to make it easier for Canadians convicted of possessing small amounts of marijuana to obtain a pardon, according to an official familiar with the plan.

The official, who spoke on the condition of anonymity, said that because several details must still be worked out, the program will not become active immediately. Pardons are to be available only for people convicted of possessing 30 grams (1 ounce) of marijuana or less, the legal limit under the new system. The law limits the products that can contain cannabis; edibles, for example, will not be legal until next year.

The legislation also heavily restricts advertising and is laden with bureaucratic rules, including licensing and inspection requirements for producers.

But companies are already lobbying for more permissive rules.

The fervor is reminiscent of the dot-com boom of the 1990s. The top 12 Canadian marijuana companies are now worth nearly 55 billion Canadian dollars, or \$42 billion, and investors are



An employee tending marijuana plants at Canopy Growth's factory in Smiths Falls, Ontario. Canopy Growth is the first Canadian pot grower on the New York Stock Exchange.

snapping up the stock. Profits, though, are a dream of the future.

At Tweed, for example, sales last year from the medical marijuana business were just 77 million Canadian dollars. The company lost 70 million dollars.

Some investors may be sorry. Not every marijuana producer now taking stock markets by storm will profit and survive, many experts believe.

There are 120 businesses licensed to grow medical marijuana, which has been legal in Canada since 2001. They are now poised to serve people who simply want to get high. In provinces where the private sector will handle retail sales, companies are scrambling for licenses to open stores.

Shoppers Drug Mart, the country's largest pharmacy chain, has taken out a

medical cannabis producer license.

Most big alcohol players appear to be sitting back for now, except for some investments, but analysts expect they will eventually get more involved.

A notable exception is Jakob Ripshtein, who used to head the Canadian operations of Diageo, the British-based liquor giant that makes Guinness beer and owns several of Seagram's brands.

In May, he became the chief operating officer of Aphria, which owns an expansive and expanding marijuana greenhouse complex near Leamington, Ontario.

"Do I believe there are going to be different players coming into the industry?" Mr. Ripshtein said. "I absolutely do."

Only dried cannabis, oils and seeds

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will go on sale this month. But the industry is dreaming up a future that will include products like cannabis-laced candies.

At a large lab at Tweed, for example, scientists are laboring away under fume hoods on marijuana drinks.

There is also an industry around the industry, already making money.

Businesses have sprung up to create the software that allows growers to track their plants and final products, as the government requires. Marijuana growers are also voracious consumers

of supplies like fertilizers, as well as energy.

And greenhouse makers now have a customer base beyond tomato and green pepper farmers.

Beyond that, abandoned factories, like the one Tweed operates in, have suddenly become hot properties.

Even Canadian news organizations have joined in. In Toronto, The Globe and Mail has hired reporters and editors to produce "Cannabis Professional," a daily newsletter that will cost 2,000 Canadian dollars (\$1,543) a year for a subscription.

David Campbell is one of those profiting from the boom.

Mr. Campbell, 50, has a background in management at companies that make machines dauntingly known as "super-

critical fluid botanical carbon dioxide extraction systems." Typically they decaffeinate coffee.

But they are also ideal for squeezing the active ingredients out of marijuana plants to create oil.

So in 2015, when Justin Trudeau was campaigning for recreational legalization (Uruguay legalized the drug in 2013), Mr. Campbell set up Advanced Extraction Systems in Charlottetown, Prince Edward Island, just to serve the cannabis industry.

Mr. Campbell hasn't looked back. The company has sold 12 systems this year, including one to a medical marijuana company in Germany. Advanced has gone from one employee, Mr. Campbell, to 14, most of them engineers.

"We feel this is just the beginning," Mr. Campbell said. "We're targeting California hard now."

Even seemingly minor announcements about the industry can create paper fortunes overnight.

In September, Tilray, a producer with headquarters in Nanaimo, British Columbia, said the Food and Drug Administration in the United States had given it permission to export a cannabis compound to the University of California, San Diego, for medical research.

The value of the sale is so small that the company declined to disclose it. But the news still sent Tilray's stock price up by 78 percent, adding billions to its value. The excitement soon faded and its shares have dropped back toward their previous value.

The size of the industry is anyone's guess.

Statistics Canada, the census agency, estimated that last year Canadians handed over 5.7 billion Canadian dollars for marijuana, with 90 percent of that going to a vast black market of dealers and underground websites.

No one knows what will happen now to the illegal trade, with its greater selection and lower prices, although the government has vowed to stamp it out.

The biggest players in Canadian marijuana, including Canopy, came out of the medical marijuana system, which was greatly expanded about five years ago.

Bruce Linton, Canopy's chief executive, acknowledged that from the first days of legal medical marijuana his mind was on the day that the much larger recreational market would open for legitimate business.

But, like most others in the cannabis business, he sees the government's tight limits on advertising and marketing as an obstacle to future profits.

The government requires that marijuana be sold in plain packages that feature large health warnings and tiny logos. Advertising is limited to what CANADA, PAGE 8

A snarl in Iran sanctions

United States confronts entity at the heart of the world's financial plumbing

BY PETER EAVIS

President Trump's "America First" foreign policy has run into an obscure obstacle at the heart of the global financial system.

The Trump administration abandoned the nuclear deal with Iran this year and is reimposing sanctions against the country. The sanctions leave Western companies and banks with a stark choice. If they do business with Iran, they lose access to the American market and financial system.

Not surprisingly, businesses and banks have been cutting ties with Iran or shelving plans to invest there. But one important financial link to the country remains: the financial messaging service that plays a crucial role in moving money around the international banking system.

The messaging service is run by a cooperative called Swift, based in Belgium. The service, which is owned and used by banks around the world, plays a central role in the flow of money across the globe. If, say, a Bank of America customer wants to send money to a client of Barclays, Bank of America will send a message over Swift's network to Barclays, notifying it of its intention to move the money. Swift does not hold any of the money itself.

Because the next wave of United States sanctions target financial messaging, Swift now finds itself under pressure from Washington to disconnect from Iran. But it has not done so yet, and time is running out — those sanctions take effect after Nov. 4.

The Trump administration now has to weigh some tough choices. It could take a hard-edge approach and impose penalties on Swift or the banks and people connected to the entity. But that could unsettle the major financial institutions that own and rely on Swift.

The importance of the messaging service is hard to overstate. Swift connects more than 11,000 banks across more than 200 countries, and there is no other entity that could quickly step in and take its place.

But if Swift is allowed to maintain its

current connections with Iran, the country's leaders could exploit Swift to move money in and out of the country. It would also help the European Union's efforts to keep the Iran nuclear accord afloat.

Here are some of the questions that loom over the Swift battle.

WHAT HAS THE WHITE HOUSE SAID?

President Trump's national security adviser, John R. Bolton, has taken a hawkish approach to Iranian sanctions. Last month, he said that executives at entities like Swift needed to ask whether doing business in Iran was "worth the risk."

But it is the Treasury Department that oversees the imposition of sanctions, and it has significant leeway in putting them into effect. When asked how it might approach Swift, the Treasury declined to comment specifically on any potential sanctions against the messaging service. In an emailed statement,

The importance of the Swift messaging service is hard to overstate. It connects 11,000 banks in hundreds of countries.

the agency added, "Regardless of the mechanisms a person or entity tries to use to transact business with a sanctioned Iranian entity, Treasury intends to take action against those conducting prohibited transactions."

WON'T SWIFT DISCONNECT?

Since large European energy companies have severed ties with Iran, saying they did not want to jeopardize their business in the United States, Swift could do the same. Or it could decide doing business in the country was too risky, perhaps citing concerns that Iran's banks don't comply sufficiently with international regulations and norms. Swift cut ties with Iran in 2012 when sanctions were imposed on the country.

But to Swift's leaders, the current situation may not be so straightforward. In 2012, both the United States and the European Union imposed penalties on Iran, and Swift, as a Belgian entity, had to comply with the bloc's measures.

Today, the European Union is trying to maintain trade and financial connections with Iran and is actively trying to

frustrate the United States' Iran policy. Swift may fear that relations with the bloc may deteriorate if it bows to Washington. The European Union is working on its own payment system to support trade with Iran.

In a statement, Swift said it was consulting with authorities from both the United States and the European Union.

WHAT ARE THE POSSIBILITIES?

If the Trump administration takes action against Swift, it must do so with care. Placing sanctions on Swift would most likely cause banks to stop using the service, which might be enough to prompt Swift to disconnect from Iran.

But the threat of sanctions on Swift could rattle the global financial system. Agencies like the Treasury typically avoid policies that could put stress on the world's financial architecture. The Treasury can also obtain information from Swift under the Terrorist Finance Tracking Program. If Swift stopped processing Iranian money flows, the United States might end up with less information about money moving in and out of Iran.

Richard Goldberg, a senior adviser at the Foundation for Defense of Democracies, which supports sanctions against Iran, suggested an alternative to sanctions for Swift. The United States could put members of Swift's board on its sanctions list. Such sanctions, Mr. Goldberg said, would allow the Trump administration to apply pressure on Swift while avoiding much of the uncertainty caused by targeting Swift itself.

Some experts on sanctions said that it is important not to focus too much on Swift.

By targeting Iranian banks, the United States has already gone a long way toward isolating Iran. Any advantage gained from forcing Swift to back out of Iran might be limited and not worth the potential financial disruption and damage to relations with the European Union, said Katherine Bauer, a fellow at the Washington Institute for Near East Policy. "It's not a silver bullet," she said.

But Mr. Goldberg said that disconnecting Swift would help fulfill President Trump's goals on Iran. "You can have sanctions at a seven or you can have sanctions at a 10," he said, "The president wanted a maximum pressure campaign."

Trolling liberals, as a joke?

The pro-Trump internet troubles Twitter with its new favorite insult meme

BY KEVIN ROOSE

Last week, a trolling campaign organized by right-wing internet users spilled over onto Twitter.

The campaign, which was born in the fever swamps of 4chan and Reddit message boards, involved creating hundreds of fictional personas with gray cartoon avatars, known as NPCs.

These accounts posed as liberal activists and were used to spread — among other things — false information about November's midterm elections.

Over the weekend, Twitter responded by suspending about 1,500 accounts associated with the NPC trolling campaign.

The accounts violated Twitter's rules against "intentionally misleading election-related content," according to a person familiar with the company's enforcement process.

The person, who would speak only anonymously, was not authorized to discuss the decision.

If you're confused, you're not alone. Here, we try to unpack the NPC meme, what it means and why it's causing trouble on Twitter.

What is an NPC? NPC means "non-playable character" or "nonplayer character."

It's a term, borrowed from the world of video games, for a character that is controlled by the computer rather than by a player.

An NPC often advances the game's plot by saying scripted lines, or by assisting the playable characters in some way.

How is this related to politics? Several months ago, users on 4chan and Reddit, the online message forums, started using the term NPC to refer to liberals.

These people, they said, join the anti-Trump crowd not because they are led by independent thought or conscience to oppose President Trump's policies, but because they're brainwashed sheep who have been conditioned to parrot left-wing orthodoxy, in the manner of a scripted character.

As a Reddit user, BasedMedicalDoc-

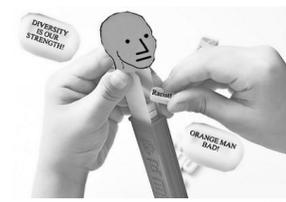
tor, explains in a thread about the appeal of the meme, NPCs are "completely dependent on their programming, and can't do or think on their own."

Is there more to the NPC meme? Sort of. There is NPC Wojak — a crudely drawn, gray cartoon avatar with a pointy nose and a blank face.

NPC Wojak is a variation of Wojak, an old cartoon (also known as "feels guy") that has become a kind of collective mascot for the far-right commenters online.

In recent weeks, users on 4chan and Reddit have made all kinds of memes featuring NPC Wojak.

And this is a thing . . . why? It's a long story, but the short version is that a group of young, extremely pro-Trump internet trolls have spent the past several years mocking anti-Trump people as whiny, easily triggered snowflakes who are primarily motivated by social acceptance rather than by logic and critical thinking.



Gray cartoon avatars have become a mascot for far-right commenters online.

Many of Mr. Trump's supporters — including, as of last week, Kanye West — put their support for him in the language of freethinking rationality and paint the other side as being motivated by blind loyalty and identity politics. (Mr. West said of his pre-Trump-supporting days, "I was programmed to think from a victimized mentality.")

The NPC meme fits neatly into this narrative and offers Mr. Trump's online supporters an easy shorthand way to paint liberals as humorless prudes who say "Drumpf" because the HBO host John Oliver told them to, who march in protests and put on pink "pussyhats" because they're the popular things to do, and whose views can't withstand scrutiny.

(And then, when progressives object to a meme that portrays them as unthinking automatons, it becomes another piece of evidence: See? The left can't take a joke.)

So what happened with Twitter? Late last week, a group of users on r/the_donald, Reddit's largest pro-Trump forum, decided to take the NPC meme to a wider audience.

They created dozens of Twitter accounts using fictional NPC personalities, the NPC Wojak avatar and bios like "fighting against Nazi Racism Drumpf Fascist Cheetofinger."

They used these accounts to follow and tweet at one another, as well as at liberals.

That created the semblance of an army of resisters mindlessly repeating anti-Trump talking points.

The campaign began as a joke. But a few of the accounts started posting misleading information about the midterm elections, including encouraging liberals to vote on Nov. 7. (Election Day is Nov. 6.)

This was a bridge too far for Twitter, whose rules prohibit giving out knowingly false voter information.

Are these people really trying to interfere in the election? Probably not. Evidence suggests that these are mostly just attention-starved gamers looking to impress one another by "triggering the libs" with edgy memes.

But not everyone gets the joke. State officials are already worried that voters will be fooled by deliberate social media campaigns that contain incorrect voting information.

Similar types of disinformation spread on social media in 2016, which makes companies like Twitter nervous.

Are these Russian bots? Probably not. (Although some of the NPC accounts may have been automated, there is no sign that Russia is involved in this.) Mostly, it appears to be a 4chan joke that spiraled into some mild voter suppression.

Aren't you giving these trolls the attention they're seeking? Yes, probably. But understanding how these things happen, and how easily joke memes can escape the internet's seedy underbelly and morph into actual tools of influence, is part of understanding the mechanics of modern politics. As we've learned, ignoring trolls doesn't always make them go away.