

Cannabis Group Of The Year: Jenner & Block

By **Diana Novak Jones**

Law360 (December 22, 2020, 3:09 PM EST) -- Amid uncertainty about the future of the industry, some of the world's biggest cannabis companies trusted Jenner & Block to help them raise capital and navigate major litigation, work that earned the firm a spot among Law360's 2020 Cannabis Groups of the Year.

Cannabis giants Curaleaf and Aurora have hired attorneys from Jenner & Block's cannabis team to lead their defenses against securities class actions and to run major capital raises this year, as the industry as a whole faced concerns about how the coronavirus pandemic would affect its survival.

"We're handling most, if not all, of the major litigation for multiple of the biggest companies in North America," said Stephen Ascher, co-leader of Jenner & Block's cannabis industry group.

About a dozen attorneys work on cannabis at Jenner & Block, bringing expertise from a variety of practice groups. None work on cannabis full time, but the firm is expanding the group, with a special focus on geographic diversity, according to Ascher.

The cannabis industry group was only formalized in January of this year, according to the firm. But it has been handling cannabis matters for some time, Ascher said.

"There was a period of time where our bank wasn't accepting money from cannabis companies, and it wasn't clear if or how we were going to get paid," he said. "We were so interested in working in this industry that for several months we were working without figuring out how we were going to get paid."

The Jenner & Block cannabis group might be relatively small, but it's busy.

Ascher is among the Jenner & Block attorneys leading Curaleaf's defense against a group of class actions filed by shareholders who claim the company made misleading statements about the legality of its CBD products. The suits claim Curaleaf was marketing the products as new drugs without U.S. Food and Drug Administration approval, and after the FDA sent a warning letter, share prices tanked.

In March, the company moved to have the suit dismissed, arguing it had repeatedly made clear the risk



of FDA enforcement action in its investor disclosures. That motion is still pending.

At the same time, Ascher and others from the Jenner & Block industry group are defending Canadian company Aurora against another consolidated batch of class actions. The suits accuse Aurora executives of withholding information about weak demand and oversupply in the cannabis market. The company's consumer revenue dipped by 33%, dropping the share price significantly, they say.

Aurora filed a motion to dismiss that argued the company has been transparent about the risks of investing in cannabis. The problems Aurora faced were well publicized, it said.

That motion is also pending, court records show.

While one team of Jenner & Block attorneys were working on the case for Aurora, the company tapped another team at the firm to set up two at-the-market offering facilities, raising \$650 million.

Martin Glass, the other co-leader of Jenner & Block's industry group, says Aurora's success in raising capital is following a trend this year. A capital crunch that descended on cannabis late last year appears to be lifting.

"The feeling is the election was overall a positive for the industry, [and the] the wind was behind the backs of these deals," Glass said.

"I would not be surprised if Aurora has raised more money on the public markets than anyone else."

Jenner & Block also worked on financing deals with other well-known cannabis companies this year.

The firm was behind a private placement of Curaleaf shares of a little more than \$21 million in July, and it took the opposite side of another deal, representing Canadian private equity firm SAF Capital in a deal worth up to \$50 million with Acreage in May.

Jenner & Block attorneys were also tapped to advise on cannabis company Green Thumb Industries' go-public registration with the U.S. Securities and Exchange Commission in February. It's a forward-looking move that will position the company to be ready for U.S. exchanges when cannabis becomes federally legal in the U.S., Glass said.

"I think it's quite clear cannabis is here to stay," he said.

--Additional reporting by Jeannie O'Sullivan and Sarah Jarvis. Editing by Adam LoBelia.