

## VerdeMed's founder shows the potential of Brazilian cannabis to the U.S.

U.S. investment events are useful tools even for small businesses

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José Bacellar no meio dos sócios do Benzinga, Patrick Lane (à esq) e Elliot Lane (Foto: Raphael Lopes)

José Bacellar (middle) with Benzinga's partners, Patrick Lane (left) and Elliot Lane (Photo by Raphael Lopes)

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*By Valéria França*

While cannabis conferences in Brazil tend to have an educational focus, in the United States there are events whose function is to showcase to investors businesses at different growth stages. This month, two major industry events – ArcView, in Los Angeles, and the Benzinga Cannabis Capital Conference, in Miami – which combined had 1,500 attendees, shook up the business.

Among so many participants, only one representative from Brazil was at both events. José Bacellar, the founder of VerdeMed, was there looking to raise capital. He was able to highlight to U.S. investors the regulatory changes made by Anvisa (Brazil’s National Health Surveillance Agency), which since last December has authorized the production of medical cannabis from imported raw materials, as well as the sale of these products in pharmacies.

According to Iqvia (the Institute for Human Data Science), there are 1.7 million Brazilians who could benefit from medical cannabis, and throughout Latin America there are 4.1 million potential consumers. “Brazil is the largest market (in South America). Anvisa’s regulatory changes are a major step forward, and there are many business opportunities developing,” Bacellar explained at one of the event’s seminars.

Since the beginning of last year, VerdeMed has been seeking new investors. While its headquarters are in Canada, the company was established with a focus on Latin America. In Brazil, it has an office in São Paulo and a laboratory on the outskirts of the capital, Brasília. The company has already been granted cultivation and operating licenses for an oil extraction laboratory in Colombia.

“VerdeMed is intending to raise US\$15 million. We have already received US\$3 million from our initial investors, and we are still in the process of raising another US\$12 million,” says Bacellar. “The American market is very welcoming, unlike the Canadian market, which has gone through a period of retrenchment.”

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## How do these events work?

According to Bacellar, “these events are very different from expos – they are more exclusive. When you are at Benzinga and ArcView, you are attending a business platform.” To illustrate this point, the lawyer and activist Steve DeAngelo, a leader in the market, founded ArcView with friends and a group of entrepreneurs in 2010. Today, the pool of investors has 600 associates, including individual investors and companies. Some of its trademarks are well known, such as MJ Free Way production control software and New Frontier Data information and logistics, which recently raised \$30 million.

At Benzinga, VerdeMed – while still a small company – was among large players in the sector, such as Trulieve, with 45 cannabis dispensaries in Florida.

At both events Bacellar sponsored a breakfast, which is considered an ideal venue for people to exchange business cards and contact information. This does not imply, however, that someone will emerge with a contract in their pocket. “That’s just the start, where expressions of interest are offered, which may lead to the entrepreneur beginning to share information with the investor,” Bacellar explains.

“Negotiations can then drag on for up to three months, on average, before something can finally be closed. The investor analyzes the company, while the company in turn assesses whether the investor is a good fit with its intended profile,” says Patrick Lane, one of Benzinga’s partners.

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## The outcome

VerdeMed emerged with a debt proposal, which is still being examined. “Beyond raising capital, being present at these events helps the company become better known – as well as raising awareness of this turning point in the Brazilian cannabis business.” And speaking of Brazil, what is the mood of investors there? “We have three proposals under negotiation in Brazil,” says Bacellar. “And we came back from the U.S. with five more interested investors.” Not bad for a year that has just started.