



# Arizona's Medical-Marijuana Pioneers Don't Know the Final Rules of the Game Yet -- But They Are Certain of the Prize

By Ray Stern

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At least one major dispute already has erupted among Arizona's fledgling marijuana businesses.

Al Sobol, one of the industry marketers featured in our earlier cover story about Proposition 203 (["Chronic Future," November 25](#)) filed a complaint in January with the U.S. Justice Department, alleging collusion between some would-be dispensary owners and the state Department of Health Services, the agency charged with developing rules for the new medical-marijuana system.

Sobol's a licensed private investigator and former preparer of legal documents (his certificate for the latter has been revoked for the unauthorized practice of law) who works out of a mock dispensary in North Phoenix, offering classes on the marijuana business and guidance for hopeful entrepreneurs. Besides the federal complaint, he also wrote in a January 3 letter to the DHS that he feels some people are getting shut out of the process.

Affiliates of the Arizona Medical Marijuana Policy Project, which put Prop 203 on the ballot, are working with the DHS to make rules "so complicated and costly as to preclude otherwise qualified applicants merely on the basis of wealth and influence," he wrote.

Sobol says contributors and others connected to the Policy Project formed a "round table" that advised the DHS regularly for their own benefit. Some of the strictures they suggested appeared in the first draft of rules put out by the



High-quality marijuana buds line the shelves at Nature's Own Wellness Centers in Colorado. Owner Travis Pollock plans to run a dispensary in Arizona.

Jamie Peachey



Russ Antkowiak of Aqua Culture in Tempe expects increased of hydroponic equipment and grow lights.

Jamie Peachey



Will Humble of the DHS

Jamie Peachey



Garv and Debbie Frve of Tonopah hope to be among the lucky

state, such as the proposed requirement of a surety bond and hiring of a medical director.

Opening a dispensary might now cost as much as \$500,000, Sobol complained.

True enough, the Prop 203 group, including people who want to open pot businesses, pushed the DHS to create robust rules both before and after the election. DHS e-mails obtained by *New Times* show that the agency's director, Will Humble, and the Policy Project's Andrew Myers chatted a couple of days after the election results came in.

"Reading your comments over the last couple of days, I think we both have similar goals for the implementation of 203 . . . to put together a responsible rule package," Humble wrote on Sunday, November 14.

"As we indicated during the campaign," Myers wrote back on November 15, "we stand ready to assist you in any way we can. We are deeply committed to the creation of a program that serves the needs of legitimate patients while — as you said — avoiding the excesses of [California and Colorado]."

"I truly believe that we can have a fruitful working relationship."

Humble, appointed by former Governor Janet Napolitano, denies that any collusion occurred. He says he stopped discussing rule-making with all representatives of the marijuana industry after the final election results came in.

Similarities between suggestions and the proposed rules do seem coincidental, given that other people — including at least one who campaigned against the proposition — suggested ideas that were later adopted.

In any case, it remains to be seen who will end up with pot stores.

The finalized rules aren't expected until March 28, after public hearings across the state from February 14 through 17.

The DHS will start accepting applications for dispensary licenses on May 1. But it only has 124 licenses to grant — one per dispensary location. Proposition 203, now the law of the land, limits the number of pot shops to a tenth of

few who get a license.



the pharmacies in the state.

On January 31, the DHS released new draft rules that propose putting no more than one dispensary in arbitrary zones drawn up by the agency a few years ago for statistical purposes. For example, only one dispensary would be allowed in north Tempe and only one in Scottsdale from its southern border to Shea Boulevard. If the agency receives more than one quality application for each zone, one lucky dispensary applicant will be chosen at random by the DHS.

Gordon Hamilton, a member of what he calls the Arizona Medical Marijuana Policy Project's "founder's circle," dismisses Sobol's accusations as nonsense, as does Myers, the Project's front man and leader of the newly formed Arizona Medical Marijuana Association.

The proposed rules certainly do mean more money must be spent up front than some had planned. For instance, one rule requires dispensaries to hire a medical director who must be a physician, though the person could work for more than one shop.

Yet Myers and his association are among those who have argued *against* many of the rules, including the hiring of a medical director and the need to obtain city approval for a dispensary site before the state can grant an operating license.

Hamilton hopes the rules are rigorous enough to keep out amateurs but not so tough that they will impede the dispensary he plans to open.

What's obvious to outsiders is that competition in the potential billion-dollar-industry already has become ember-hot. With only 124 dispensaries possible, the game has turned into something like *Monopoly*. In this variation, players must go around the board once, spending money yet buying nothing, before the final rules are known



Subject(s):

[Prop 203](#), [medical marijuana](#), [Arizona Medical Marijuana Association](#), [Arizona Medical Marijuana Policy Project](#)

Many cities around Arizona, including most in metro Phoenix, have put various zoning restrictions in place that limit where stores can operate.

When the final rules are released, the stores' potential customers and doctors will know exactly what's required to obtain medical marijuana. Patients can begin applying for their get-out-of-jail free cards on April 14.

Qualified patients — the DHS has 15 days to process each patient application — can possess up to 2.5 ounces of pot legally. Each can grow up to 12 pot plants in his or her home. However, once a dispensary opens within 25 miles of a residence that's blossoming with virtually free homegrown weed, the law requires patients to buy their medicine at the dispensary at prices expected to cost about \$400 an ounce.

Despite the steep price of pot, the industry seems poised to grow even more competitive because of the rising level of interest.

Sobol's company isn't the only one teaching people the ropes. A \$300 seminar in Scottsdale presented by Greenway University, a company started by California

entrepreneur Gus Escamilla, drew an estimated 300 people last weekend.

A crackdown on the number of dispensaries in Los Angeles alone is putting numerous operators out of business — and many may attempt to set up shop in Arizona, despite the likelihood of a residency requirement for licensees.

Among all the hopeful pot-shop owners — even Sobol, to an extent — is a constant drumbeat of caution. They want restrictions (though not too many) because a proverbial free-for-all could mean a swift end to the game. They'd rather be invisible to their detractors. They plan to follow the rules to the letter. They're acutely aware that Prop 203 passed by only about 4,000 votes, that Arizona's fickle, and that mostly conservative voters could reverse the program less than two years from now, in the next general election.

The emerging leaders in this industry want to take it slow, because if everything goes right, their future in the business will be long.

Dispensaries must be nonprofit. But pot shops in California are nonprofit, too, and this hasn't stopped people from making small fortunes selling legal weed. Could the nonprofit business owners and their employees simply be paying themselves high salaries?

"Bingo," says Jamie Reyes, manager of the Inglewood Wellness Center in California. "I would like to have a franchise out there in Arizona."

It's a virtual certainty that thousands of hopeful patients will begin applying for medical-

marijuana cards through the DHS starting in April. Yet this is the age of convenience: The majority of patients won't suddenly turn into urban farmers. By the time the shops open, demand for legal weed will be enormous.

The Scottsdale City Council adopted strict zoning regulations for dispensaries at its January 25 meeting, restricting the shops and grow centers to office complexes and industrial areas. Before the 4-3 vote, Councilman Bob Littlefield ridiculed the idea that potential customers would mind that the shops weren't in areas of the city zoned for retail businesses.

"We could require that these are on top of McDowell Mountain with no roads, and people would still make a ton of money," he said.

Though competition is most intense among the would-be dispensary owners, the new industry's potential also can be seen in the many ancillary businesses springing up.

Doug Banfelder, a commercial insurance specialist in Scottsdale, has spun off a side business, Premier Dispensary Insurance. Geoffery Graehling, a co-owner of a Colorado dispensary, now lives in Tempe plying his trade as one of numerous self-proclaimed consultants in the marijuana business. Other businesses, like Scottsdale's Arizona Medical Marijuana Certificate Centers, aim to hook up potential patients with doctors willing to write recommendations.

Pot-oriented trade shows, colleges, newspapers, and Web sites aim to educate the public on all aspects of the industry — and turn a few bucks in the process. Lawyers, real estate brokers, and other business professionals are benefiting from the rising tide. Sellers of hydroponics equipment and grow lights believe their businesses will boom in the next couple of years.

The state already is planning on cashing in by collecting sales tax on dispensary pot. A bill before the Legislature would add a whopping 300 percent tax on marijuana sales, although Myers' group sees this as a violation of the law and vows to sue if the tax passes. (The bill's sponsor, Representative Steve Farley, D-Tucson, admitted he was thinking the base price of an ounce would be \$40. As mentioned, it may be up to 10 times that amount.)

Whatever the tax rate, it's clear that pot will soon be pumping much-needed cash into the treasury.

In some ways, the excitement, risks, and challenges of medical pot in Arizona could be compared to the coming of the Internet, says Jordan Rose, a Scottsdale lawyer whose clients include potential dispensary owners.

The new law's already been good to the Rose family: Jordan's husband, well-known public relations agent Jason Rose, has picked up pot-related clients that include Greenway University, the California pot-business college expanding to Arizona.

Arizona's legalized pot scene will unfold rapidly over the next several months, but in a far more controlled fashion than seen in California or Colorado.

California's robust and somewhat infamous dispensary industry began in 1996, the year Californians passed the Compassionate Use Act. Arizonans also passed a medical-marijuana law that year, one with a major difference: Arizona doctors had to write prescriptions for marijuana, while the California law required patients to obtain mere recommendations from doctors to legally use weed.

The feds snuffed out Arizona's prescription-based program but couldn't do the same to California's, which didn't involve the federal prescription-writing program policed by the Drug Enforcement Administration. Despite occasional law enforcement raids, the medical-marijuana industry in the Golden State grew over time, resulting in hundreds of dispensaries operating on the margins of the law. After the biz became semi-legitimate in October 2009 with the Obama Administration's announcement of a hands-off policy, the number of California dispensaries exploded.

City leaders are still trying to rein in the businesses, which they blame for causing neighborhood blight and other problems. In Los Angeles, the City Council voted January 21 to limit the number of pot shops in the city to 100. Which ones among the 135 operating stores that will remain will be decided in a lottery.

California residents can easily qualify to use marijuana for such ailments as insomnia and anxiety. The ease of qualifying for medical pot in the state worries critics concerned that many patients are really recreational users.

In 2000, Colorado voters approved Amendment 20, which set up a state-run medical-marijuana system similar to the one adopted in Arizona.

"Cops out here were very lenient," says Brian Cook of Altitude Organics, a company that owns five dispensaries in Colorado. In the early years, dispensaries often were stocked with "California bud" that flowed into the state, he says.

After President Obama's historic policy change to keep federal cops out of properly run state medical-pot programs, hundreds of new dispensaries opened in Colorado, and demand for doctors' recommendations soared. Neighborhood complaints about the stores increased, and opponents of marijuana gave shrill warnings of how easy it was to obtain a recommendation. New rules that went into effect last year limit the spread of dispensaries and make it harder for patients to obtain a medical-pot card; another round of stiff regulations was under debate as of this writing.

The policies of the 12 other states with medical-marijuana laws have shifted over time, as well — in many cases becoming stricter.

Arizona's program will begin with well-defined rules at both state and local levels. The Arizona Medical Marijuana Act allows the DHS to draw up rules controlling the application process.

Even after the rules become final, voters could make more changes to the system in the next general election. Cities also may change zoning requirements. Entrepreneurs may have to endure years of unpredictable rule changes before the industry settles.

Still, they need rules to operate — and to help stave off trouble with the anti-pot crowd.

Will Humble e-mailed a staffer on the morning of November 3, telling her not to worry about a blog post he had written about Prop 203 for the DHS' Web site.

"We won't need it now," he wrote. "It failed."

On a Friday evening more than a week later, he got a surprise while watching the news on

vacation in Rocky Point. It hadn't failed after all. He drove back home that Sunday and sent the Arizona Medical Marijuana Association's Myers an e-mail. A week later, he had a meeting at an outpatient medical clinic with Myers and Joe Yuhas, a public-relations professional and co-founder of the association.

"Mostly, we talked about the campaign," Humble says. "That's the extent of my communication with [Myers]. Nobody is driving this except for us."

At the same time, Humble admits he "plagiarized" from the rulebooks of other states. He'll "collude with anybody who has a good idea," he says.

Almost all the proposed rules came from outside sources, he says, and many came from Colorado. Indeed, in a November 29 e-mail, Humble tells his staff that Colorado's rules "capture the essence of what I'm looking for in terms of applicants."

The initial proposed requirements for dispensary applicants were nearly identical to Colorado's, including banning those who won't provide a surety bond or have unpaid taxes.

Ideas for the definition of a doctor-patient relationship in Arizona, which resulted in a proposal that patients visit their doctor for an ailment at least four times before obtaining a recommendation, came from New Jersey's strict rules, he says.

Humble was provided a copy of New Jersey's latest draft rules the day after he got back from Mexico, courtesy of Carolyn Short, leader of the anti-Prop 203 campaign.

"According to my lawyer, [New Jersey's rules] will be the most restrictive rules in the country," Short wrote to him.

He forwarded the e-mail and attachment to Tom Salow, the agency's administrative counsel and rule manager.

To the DHS' credit, none of the draft rules contained suggestions that Short forwarded from anti-marijuana crusader and Prescott psychiatrist Ed Gogek, who wanted the rules for pot to be identical to DEA regulations for buprenorphine, an addictive, sometimes deadly, opiate alternative. And Gogek wanted pot distributed only in non-smokable forms "unless the patient has a terminal disease and is not expected to survive more than six months."

The first round of draft rules drew more than 1,500 comments on the DHS' Web site. A lengthy letter from Myers' group protests the idea of dispensaries having to put up surety bonds, hire a medical director, be subject to surprise inspections, require four doctor visits before pot can be dispensed, or cultivate 70 percent of the marijuana they sell.

In the second version, the state agency dropped the 70 percent rule and the surety bond.

The process for patients to receive their registration cards also eased: Instead of four visits, one would suffice. Doctors would have to conduct a physical exam, review medical records, and assume some responsibility for care of the patient's qualified ailment before recommending marijuana. The change probably would add tens of thousands more qualified patients — dispensary customers — than possible under the first rules draft.

A major sore spot for dispensary entrepreneurs was the proposal that would-be owners obtain an

official certificate of occupancy for a dispensary location before a license could be approved. This would have meant, for example, that a hopeful pot company would have to fork out the dough to set up its entire grow room, among other things, so the fire marshal and other municipal officials could permit occupancy — yet the company would have no assurance it could use the space as a dispensary, because it hadn't yet obtained a license.

The certificate-of-occupancy requirement and the need for dispensaries to hire a medical director were retained in the second set of draft rules that came out on January 31.

But the latest draft takes the edge off both rules.

The idea now is to have a two-step process to obtain a license: Qualified applicants would have to try to reserve their desired areas, with a random drawing in cases when multiple applicants seek the same area. Then, after the initial application is chosen, a valid certificate of occupancy for the dispensary site would be mandatory before the issuance of a license.

The two-step method was suggested by Myers' Arizona Medical Marijuana Association.

The medical director, under the latest rules, no longer needs to be a medical doctor or doctor of osteopathy.

Weeks before the second set of rules was released, Humble hinted to *New Times* that he would reconsider several of the more-criticized rule ideas.

"I'm not a social conservative or anything like that," he says. "I don't intend to overturn what the voters approved."

Humble aspires to be an efficient bureaucrat. He plans to "turn the key in April" and let the medical-marijuana system roll.

Gary Frye and his wife, Debbie, a bounty hunter and a beautician, respectively, speak with passion about marijuana and its potential benefits to sick people. They want to open an "upscale and discreet" dispensary somewhere in the northwest Valley — they're not ready to say where. They live in rural Tonopah, about 50 miles west of Phoenix.

They recall with glee the stunning results of the November 2 election and how what looked like a narrow defeat turned into a narrow victory after 10 days of counting votes.

"We were jumping up and down," Debbie says.

"It was like, 'This is really, really cool,'" her husband chimes in.

Their dream during the past two years could finally move toward reality. Ever since the pot market exploded in California and Colorado two years ago, the Fryes have thought about how they'd open their own store if the law ever changed in Arizona. Now they've got a corporation, The Healing Company, and are trying to nail down a deal to lease property for their hoped-for pot shop.

They expect to be among the first in line when the state begins taking applications for dispensary licenses in April.

The couple hopes the venture makes boodles of cash, naturally. But they're doing it for the "right reasons," they say, adding that they know people who have suffered terrible medical problems.

"A lot of people are strung out on prescription medications right now," Gary says. "[Marijuana] is a very non-addictive, safe alternative."

The Fryes have run businesses before. He's formerly a partner and manager of two auto-collision repair shops, neither of which is still open. He's most recently worked as a bail bondsman and in the field of "high-risk fugitive recovery." Debbie says she's practiced cosmetology and once owned a salon. In a Chapter 7 bankruptcy filing from last year, the Fryes reported an annual family income of about \$56,000.

They insist that they have the means to pull this off. Their "company of friends" includes experienced businesspeople, doctors, and investors, they say.

Like everyone else pursuing the same dream in Arizona since Prop 203 passed, the Fryes don't yet know whether they'll obtain one of 124 state licenses for dispensaries. All they know is they've got to try.

"Whatever it takes, we're going for it," Debbie says firmly.

Gordon Hamilton of Tucson has the same attitude. The member of Arizona Medical Marijuana Policy Project's "founder's circle" says he's also backed up by a company of professionals from various fields. His background in the aircraft-parts business will give him an edge when it comes to getting his dispensary application approved, he believes.

Humble wants medical marijuana tracked from seed to customer to prevent "diversion" — a.k.a. black-market dealing — and Hamilton's an expert at tracking aircraft parts under the strict rules of the Federal Aviation Administration. He helped run his dad's aircraft-maintenance business in Tucson before it went bankrupt and was sold. In 2008, Hamilton became the CEO of a successor company, Global Aerospace Technologies, which filed for Chapter 11 reorganization in 2009 and sold all its assets to a secured creditor.

A friend of a business partner suggested he get into the marijuana business, he says. Besides wanting to open a Tucson-area dispensary, Hamilton says his company will focus on research and development of pot that targets specific medical needs.

"One strain might be anti-nausea, another might be very powerful for pain management," he says.

The specialty-weed niche interests Edward Suter, too. A nuclear-medicine physician with a Mesa practice, Suter advertises on one Web site as someone who'll write a recommendation for medical marijuana. But when asked what part of the industry he's most interested in, his voice takes a dreamy tone.

"I want to get into growing," he says.

Erica Gildersleeve, a human-resources manager for a Scottsdale auto-glass firm, says it's "edibles" that will set her medical pot company apart from the rest, should she be lucky enough to obtain a state license. The board of directors for her corporation, The Holistic Choice, has two doctors and various business experts to help run a planned dispensary in the Valley.

Gildersleeve wants to exploit her passion for recipes and cooking with an off-site pot-infusion center. The company's contracting with a local restaurant that's open for lunch and dinner. Before and after hours, Gildersleeve's partners, she says, would produce high-quality, marijuana-laden food products at the restaurant. One of her sisters, who has a degree in nutrition, would help make sure the cakes, cookies, and other goods are made with healthy ingredients, she says.

Patric Allan, who owns a healthcare-marketing company and an insurance firm in the East Valley, plans to open a shop called Chronic Comfort. He's another founding member of the Arizona Medical Marijuana Policy Project and says he "contributed heavily" to the campaign. He knows how to run a business but acknowledges that he has shortcomings when it comes to growing marijuana.

"We're not sure how that's going to play out," Allan says. "The only people who have background in this right now have been working under the radar, if you will."

Yet cultivation might not be such a problem for Nick Lockwood, a restaurant manager who hopes to open a dispensary. The father of one of his business partners owns an agricultural-supply company, Lockwood says, "and we do have someone in mind who can help with cultivation."

Travis Pollock, meanwhile, says he knows plenty about growing pot — because his businesses have been doing it for years in Colorado. He's owner of Nature's Own Wellness Centers in Durango and Cortez, Colorado. For the two dispensaries, he says, he operates five cultivation facilities and one infusion shop. He's launched Accessible Arizona, a consulting service. But he also wants to open at least one dispensary in the Valley, he says.

Problem is, the proposed rules demand at least three years of Arizona residency for dispensary owners. Although he's licensed as a real estate agent in Arizona and owns a house here, his main residency is in Colorado, which also requires dispensary owners to be residents. Assuming DHS residency rules make the final cut, Pollock would be prohibited from owning a pot store in Arizona. But not from running one. "I'll be in more of a management role" at the planned dispensary, he says.

The next few months will reveal whether these and other pioneers of the Arizona's new pot industry will meet with success or failure in, first, getting licenses and, then, running small businesses.

Ramona Sanchez, spokeswoman for the Drug Enforcement Administration in Phoenix, refuses to say whether the DEA plans to bust people who buy, sell, or trade seeds that could be used to kick off Arizona's medical pot program.

No part of the marijuana law, or any of the rules proposed so far, give direct guidance to entrepreneurs on how to create an initial product to sell to patients.

The pot businesses want to sell ultra-potent, medical-grade marijuana. For that, they need high-quality seeds. Mail order seems like a bust waiting to happen — or is it?

"The DEA is not going to use its federal resources to try to circumvent state law," she says.

Yet Sanchez won't say whether this means the DEA would ignore a tip about a package of potent seeds in the mail to Arizona from pot-centric Amsterdam or Humboldt County, California. Nor would she reveal whether stings of seed-orderers could happen.

"We don't report what investigations the DEA will conduct," she says. "Interstate transport or importation — of course, it's risky. It's an illegal activity."

Sanchez bristles when asked to suggest the least "risky" way to begin a pot-growing operation under the new state law.

"I will not make any recommendations where people can obtain a Control 1 substance," she snaps.

Experts assume dispensaries will get their first seeds from patients who may or may not have obtained their pot legally.

The law allows dispensaries to accept donated marijuana if no price is attached. If a large number of patients or caregivers (people who are approved to buy pot for up to five qualified patients) donate their homegrown stashes to dispensaries, the problem of how to start a cultivation station would be solved, to some extent.

Dispensaries that offer well-known strains of bud seen in California or other states could fall under suspicion yet still beat their competitors to the punch by offering a superior product.

Myers, of the Arizona Medical Marijuana Association, doubts that will happen on a large scale because the minimal product would fly off the shelves too quickly, leaving dispensaries bare. Many dispensaries will grow their own weed and begin full operations once the harvest comes in, he predicts.

It's not illegal under state law to buy seeds, even from online sources, he says. True, it's illegal federally — but so is the whole program.

Myers says the intent of the law is to allow each licensed dispensary to grow pot in its store or at separate cultivation facilities. He's happy with the revised rules, which would let dispensaries that excel at cultivation sell their crop to other dispensaries. That, in turn, would allow some shops to offer "boutique" strains while still importing the bulk of their product. Such a "free wholesale arrangement" would better serve patients by ensuring a steady supply of weed, he says.

Running out of medical pot would be a real bummer for patients. But once Arizona has a good supply system in place, it might never happen again.

After state voters approved the Michigan Medical Marijuana Act in November 2008, the number of stores selling equipment to help grow pot there skyrocketed.

Relatively few grow shops operate in the Valley these days. The owner of one of them, who didn't want to be identified, says he's expecting an avalanche of competition. He wants to stay anonymous because he's worried the feds will come after him.

The rise of medical marijuana in Arizona is a double-edge sword, he feels, because it probably will increase both bottom-line sales and the risk of raids by law enforcement. It's not as though the grow shops are new to narcotics squads.

"The first rule of a grow club is you don't talk about the grow club," the owner says. "I don't want to be made an example of."

His lawyer tells him he could be charged by the feds with conspiracy if he openly discusses how to grow marijuana with a customer, even after the person becomes a qualified patient under state law.

(It may be impossible to predict what the feds will do, but Jordan Rose, the Scottsdale lawyer who's helping people set up dispensaries, says she's unconcerned about the possibility of a conspiracy charge, despite the fact that what she's doing could technically violate federal law. The State Bar of Arizona has approved lawyers representing Prop 203-related businesses. No such sanction has been given to grow shops.)

Russ Antkowiak, owner of Aqua Culture in Tempe, doesn't mind giving his name. His concern is people who come into his hydroponics store near Priest and Broadway asking how to grow marijuana. He doesn't talk to them when that happens, and he won't change his policy for medical pot cardholders.

"It's still illegal for me to promote growing something illegal," he says.

The front of his store contains brightly lit plants and beanbag-like pillows, since the space doubles as a showroom for his other business, The Pillow Shop. Trickling water from his displays of hydroponics trays make the place sound like a fish tank. For lighting, plants prefer high-pressure sodium or metal halide.

"This is a highly productive way of growing plants," he says. "It's a root-delivery system."

Using a few watts of electricity, recycled water, and surprisingly little space, the hydroponics trays near the front door are producing tomatoes — but also a lot of low, bushy plants. Thai basil, Antkowiak says. Structurally, the plant is very similar to marijuana.

Antkowiak expects more business and more competition this year because of Prop 203. And the feds? Antkowiak's been there, done that.

"I had the DEA come in years ago — come in with badges and guns," says Antkowiak, a mustachioed Vietnam vet. They wanted records of his customers and threatened to turn his place (then at a different Tempe address) into "Swiss cheese" if he didn't comply, he says. He didn't back down, and no charges were ever filed.

"People already are coming to me and saying they're looking at warehouses, etc.," he says. "It's been kind of like Realtor people, scouting out facilities."

Gus Escamilla, founder and CEO of Greenway University, says he expects thousands of people to attend his pot college, which will offer classes on running a small business, working behind the counter as a "bud-tender," and cultivating marijuana. In a touch of cross marketing, Escamilla says he also plans to open a hydroponics store.

Some local warehouses soon will be full of legal, high-grade pot, obviously. But the dispensaries and their hired growers will have to trust in the DEA's new non-interference policy.

Under federal sentencing guidelines, growing 99 plants could mean a prison term of up to 20 months. One extra plant triggers a mandatory minimum five years in the big house.

Sticking to 99 plants, though, would make it tough, it not impossible, for dispensaries to supply

tens of thousands of clients.

Home growers with just 12 plants have a lower risk for a DEA raid, naturally. But under state law, they still need to keep the plants in an "enclosed, locked facility" unless they're moving to a new home.

The bubble will soon burst, if it hasn't yet, for anyone who thought a \$5,000 application fee and a hand-drawn sign might be the ticket to legal weed-dealing in this state. Because of all the likely regulations, zoning requirements, and normal expenses for retail businesses, experts now say owning a dispensary could require an initial outlay of \$350,000 to \$500,000.

Some industry backers claim that's not such a bad thing.

"It takes \$250,000 in the bank to open a Baskin-Robbins," quips Brad Senesac, chief marketing officer for the Berkeley Patients Group in California.

If that cuts out some people with lesser means, he says, so be it. Arizona's industry needs only the best, most qualified players if it's to survive long-term, he says. He throws out another one-liner: "If everybody's great, it's great for everybody."

Senesac's talking points are similar to those of the Arizona Medical Marijuana Association's Myers and Yugas. There will be winners and losers in this game, they all agree.

Yugas notes that if someone's disappointed they don't get to own a dispensary, the industry is "creating thousands of jobs."

In other words, if you miss one of the 124 dispensary jackpots, there's always the option of salaried "bud-tender."