

# 419 Hemp



## Compliance Package Overview

We provide this general overview of current federal law and supporting documentation to help clients understand the opportunity that is presented by high quality industrial hemp in the US. Hemp products produced under federally compliant state agricultural programs can be sold anywhere in the country without federal restriction or interference from the US Drug Enforcement. Relevant federal laws and legal decisions include *Hemp Industries Association v. DEA* (2003), the 2014 Farm Bill, and the 2016 Consolidated Appropriations Act (all attached). A brief synopsis of each and the legal basis for federally legal hemp products is elucidated below.

***Hemp Industries Association v. Drug Enforcement Agency (2003) (HIA v. DEA)***  
In 2003, the 9th Circuit Court of Appeals heard a case from hemp product manufacturers who sued the DEA after the agency issued rules preventing the use of hemp in consumer products due to the presence of trace amounts of THC. The court decided in favor of the appellants, ruling that the Controlled Substances Act only prohibits (1) synthetic THC and (2) marijuana, the latter of which is defined as *cannabis* containing THC. The court further specified that **“non-psychoactive hemp is explicitly excluded from the definition of marijuana” and “non-psychoactive hemp is not included in Schedule 1”** (pgs. 1798 and 1801). The amount of allowable THC was not decided in this case, as it was outside the purview of the court and required an act of Congress to establish; however, the decision provided the legal basis for businesses to import industrial hemp for use in consumer products.

**Agricultural Act of 2014, Section 7606 (2014) (Farm Bill)**  
This historic legislation establishes the legality of industrial hemp produced in state pilot agricultural programs. Congress provides the requisite definition for allowable amounts of THC that was missing in the HIA v. DEA case: “industrial hemp” means the plant *Cannabis sativa L.* and any part of such plant, whether growing or not, with a **delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis**”. An important legal distinction also appears in the first sentence of this bill, stating: “Notwithstanding the Controlled Substances Act (21 U.S.C. 801 et seq.), the Safe and Drug-Free Schools and Communities Act (20 U.S.C. 7101 et seq.), chapter 81 of title 41, United States Code, or any other Federal law”. The term “notwithstanding” was widely used by the 114th Congress as a way to supersede previous laws that may apply, without going through the process of overturning them. This confirms that hemp cannot be considered “marijuana” under the CSA.

**Consolidated Appropriations Act, Sec. 763 (2016)**  
This legislation was the omnibus federal budget for FY2016. It contains a short, but critically important clarification that confirms Congressional intent regarding interstate commerce of domestically produced hemp commodities and products: **“None of the funds made available by this Act or any other Act may be used— (1) in contravention of section 7606 of the Agricultural Act of 2014 (7 U.S.C. 5940); or (2) to prohibit the transportation, processing, sale, or use of industrial hemp that is grown or cultivated in accordance with subsection section 7606 of the Agricultural Act of 2014, within or outside the State in which the industrial hemp is grown or cultivated”** (pg. 2285). No federal funds can be used to impede legal industrial hemp programs or to prohibit interstate hemp commerce. Identical language is currently included in the 2017 budget as well; despite dramatic changes in the executive branch of government this year, we expect to see this practice continued, as the principal proponent of hemp in Congress is Senate President Mitch McConnell (R).

**Implications**  
Our company is a national leader in the sale of terpene-rich, high CBD industrial hemp. We offer the highest quality flowers available. Because registered Industrial Hemp is not included in the federal Controlled Substances Act, and due to our status as a distributor of Section 7606 compliant industrial hemp, we have the legal right to sell and ship our hemp product to anyone in the United States, which opens up an enormous marketing opportunity for us and for you as a merchant. We look forward to establishing a steady business relationship with you. We appreciate you being a part of this rapidly growing American Industry. We distribute hemp from a family farm in central Oregon that has passed Oregon’s Department of Agriculture THC compliance tests, along with private party testing. If you have any questions about the content of this compliance package, or our product, please do not hesitate to contact me.

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