

# Cannabis Company Formed by SPAC, Jay-Z Reveals Legal Team (1)

By Brian Baxter

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- Ex-Skadden, Tilray lawyer Colin Brown hired as chief legal officer
  - Left Coast Ventures' Judith Schvimmer to be U.S. general counsel
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The Parent Co., a holding company fronted by rapper-turned-entrepreneur Shawn "Jay-Z" Carter focused on cannabis startups, has rolled out a new legal team.

Colin Brown and Judith Schvimmer, two veteran cannabis industry lawyers, have been named in-house legal leaders—Brown as chief legal officer and Schvimmer as U.S. general counsel, a Parent spokeswoman confirmed.

The lawyers "form the legal backbone of the Parent Co., an extremely well-capitalized firm that should be a formidable player in the increasingly active cannabis M&A landscape, in California and potentially beyond," William Doran, a corporate lawyer who advised on the deal that formed Parent, said in a statement.

Parent claims that it will be the largest vertically integrated cannabis company in California by brand portfolio, footprint, and revenue by 2022. The company currently has \$381 million in cash that it plans to deploy for deals.

At least 10 law firms—including Benesch, Friedlander, Coplan & Aronoff; Boies Schiller Flexner; Cooley; Paul Hastings; and Reed Smith—advised on the creation of Parent through a special purpose acquisition company, or SPAC.

"Colin and Judith played a critical role in managing all elements toward a common goal and direction," said Doran, a Chicago-based partner at Benesch, when asked about Parent's new in-house team.

The transaction, announced in November, formed Parent out of Subversive Capital Acquisition Corp. and California-based cannabis companies Left Coast Ventures Inc. and CMG Partners Inc.'s Caliva.

Caliva, a direct-to-consumer cannabis platform, tapped Jay-Z in 2019 to be its chief brand strategist. The hip hop mogul, who also controls entertainment powerhouse Roc Nation LLC, last year debuted his new MONOGRAM cannabis line through Caliva.

Jay-Z has been appointed chief visionary officer for Parent, which completed its merger with Caliva and Left Coast in mid-January. The press release announcing the deal touted the involvement of other investors, including Roc Nation artists like Yo Gotti, Rihanna, Meek Mill, and DJ Khaled.

Tie-ups between legal pot purveyors took a hit last year due to the coronavirus pandemic. But despite myriad complexities stemming from conflicting U.S. state and federal laws, merger activity in the cannabis sector has rebounded.

## Legal Teams

Brown, a former associate at Skadden, Arps, Slate, Meagher & Flom, wasn't available to discuss his new role at Parent, where started working remotely in January.

He most recently was a consultant to Subversive Capital, having previously spent two years as a vice president of legal and corporate development for Tilray Inc., a Toronto-based cannabis and pharmaceutical company.

Tilray and Brown parted ways in October, two months before Tilray announced its \$3.8 billion merger with Aphria Inc., a combination that would create the world's largest retail cannabis company.

The Tilray-Aphria union, which is in part a bet that the Biden administration will relax U.S. cannabis restrictions, was quickly surpassed in size when Jazz Pharmaceuticals PLC agreed to buy cannabinoid drug maker GW Pharmaceuticals PLC in a \$7.2 billion cash-and-stock deal announced in early February.

Parent's aspirations are somewhat more modest in the marijuana space, with the company touting its support for a \$10 million social equity fund to increase minority representation in the growing field.

Schvimmer, Parent's new U.S. legal chief, joined the company in January after spending the past year as Left Coast's top in-house lawyer. Schvimmer, a former associate at Manatt, Phelps & Phillips and Kilpatrick Townsend & Stockton, didn't respond to a request for comment about her move to Parent.

Before being hired by Left Coast in December 2019, she spent two years as general counsel for Lagunitas Brewing Co., a Petaluma, Calif.-based craft brewery. Prior to that, Schvimmer worked in-house at Jackson Family Wines, a family-owned company that controls the Kendall-Jackson brand.

Schvimmer and Brown will both work with Andrew Kornreich, an attorney who served as chief M&A officer at Caliva. Kornreich now holds the same role at Parent, which told Bloomberg Law it plans to make more legal hires in the future.

On the outside counsel side, Paul Hastings and Canada's Blake, Cassels & Graydon took the lead for Subversive Capital, whose financial adviser Canaccord Genuity Corp. was represented on the Parent deal by Canadian firm Stikeman Elliott. Cooley and Canada's Cassels Brock & Blackwell advised Left Coast.

Reed Smith, Connecticut's Cummings & Lockwood, and Canadian firm Aird & Berlis represented Jay-Z and his affiliated entities, including Roc Nation, on the transaction.

## More Marijuana Moves

Other recent legal recruits in the cannabis space include:

- Pleasantrees Cannabis Co., a growing Michigan cannabis dispensary, announced in mid-February its hire of Jerome Crawford as director of legal operations and social equity. Crawford, a part-time actor and ex-associate at Dickinson Wright, was most recently senior corporate counsel at German auto parts supplier Mahle GmbH. He reunites at Pleasantrees with Benjamin Sobczak, a former Dickinson Wright partner hired last year as the Detroit-based company's chief legal officer.
- Green Thumb Industries Inc., a Chicago-based, multistate cannabis operator, raised more than \$150 million in February through share sales in the U.S. involving at least one undisclosed institutional investor. GTI hired Annie Cunningham, vice president of legal at logistics company GPE Pte. Ltd., as a senior corporate counsel in January, the same month that GTI's former legal chief found a new in-house job. GTI also promoted Stacey Dixon Mahone in November to chief compliance officer and chief counsel for litigation.
- Agrify Corp., a Burlington, Mass.-based maker of indoor agricultural solutions for the cannabis and hemp industry, raised \$54 million through an initial public offering in January that generated \$750,000 in legal fees and expenses for the company's lawyers at Loeb & Loeb. Agrify hired its general counsel Richard Stamm, a former legal chief at Ocean Spray Cranberries Inc., in September.
- The New Jersey CannaBusiness Association disclosed in December that board member William Caruso will serve as the pro-pot advocacy group's outside general counsel. Caruso, a partner and leader of the cannabis law practice at Archer & Greiner in Haddonfield, N.J., is also a managing director of Archer Public Affairs, a Trenton, N.J.-based affiliate of the firm. New Jersey expects to have legal weed sales within one year after the passage of legislation in late February.

(Adds final section on marijuana industry legal hires.)

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