

# Canada's Got

# 'A Guy'

Bruce Linton is having a great time running Canopy, the biggest pot company in the world. (No, he doesn't use his product—and he'd prefer you call it cannabis)  
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Photographs by Alexi Hobbs

**B**ruce Linton doesn't spend much time in his office at an old Hershey's factory in the small Canadian town of Smiths Falls. But when he does, he turns off the overhead fluorescent lights. Natural light is less stressful. He doesn't have a couch in his office, but if he did, it would have two cushions. Not three. Because when he does sit on a couch with three cushions, the middle one can slip out. That's annoying. Linton seems to have thought about all kinds of very specific issues. But, as in the case of the couch, he has his limits. "I have zero interest in a fabric discussion," he tells us. We hadn't asked.

This is Linton's brain not on drugs. Let's get that out of the way. He's the founder and co-chief executive officer of Canopy Growth Corp., the biggest pot company in the world. Linton doesn't sleep very well, but he doesn't use medical marijuana to help. He says he doesn't smoke pot recreationally, either. He doesn't vape. He doesn't eat pot brownies.

After all, Linton has a reputation to protect. He's running a company with a market value of about \$15 billion. He regularly crosses national borders, and he doesn't want to embarrass himself or the industry or the countries where he's allowed to do business. And he doesn't want to get the munchies. "I'm trying to starve myself so I get cheekbones again," he says, "because I'm getting f---ing fat."

Linton is 52, with floppy blond hair and a slight gap between his front teeth. He usually wears faded black jeans, a black Canopy Growth T-shirt, and a jacket with a "Hi" lapel pin. At parties he sometimes wears pink velvet slippers with a marijuana leaf embroidered on each. He used to wear Hawaiian shirts on television. Now in his official corporate portrait he's in a suit and tie.

A few more things. He'd really prefer everyone use "cannabis," the scientific name for the plant at the center of a quickly legalizing global market that could be worth \$32 billion in three years. And speaking of legalizing cannabis, he'd prefer people use more positive words, such as "regulating" and "monetizing." One more: It's tempting to make puns about weed or dope or Mary Jane, but don't. Linton already uses the good ones.

Medical marijuana can be legally prescribed in more than three dozen countries and 33 U.S. states. It's used to treat a rare form of childhood epilepsy, improve chemotherapy patients' appetite, and reduce chronic pain and social anxiety. Supposedly it also helps people sleep better. Adults can legally

purchase pot for fun in Canada and Uruguay and 10 U.S. states. Mexico, New Zealand, and Luxembourg could be next to legalize it for recreational use. But America is potentially the biggest market of all. And America is confusing. For now, the federal government classifies pot alongside heroin as one of the most harmful drugs. It's not sure what to make of cannabidiol, better known as CBD, a nonintoxicating cannabis compound. Research into doses, potency, efficacy, and side effects of marijuana is just beginning in North America. Doctors in the U.S. can't run clinical trials without permission from the Drug Enforcement Administration. Banks in the U.S. can't work with companies that sell marijuana, even in the states where it's legal to do so. Stock exchanges won't list companies that break federal law.

Canopy doesn't operate in the U.S. marijuana market, which is why, in May 2018, it was eligible to be the first pot company on the New York Stock Exchange. But Linton and the other executives weren't allowed to ring the bell. They weren't allowed to take photos with the bell. "Everybody else gets to ring the bell," Linton says. "Our hands got pot on them. I don't know what it is, we just can't touch the bell."

A few months later, Canopy became the first pot company to secure a partnership with a consumer-products conglomerate. Constellation Brands Inc., best known for Corona beer, paid \$4 billion for a 38% stake in the summer of 2018. "It's a tremendous burden," Linton says. "I have to use it." He was only partly joking. In January he announced that Canopy won a New York state license to process and produce hemp—a strain of cannabis cultivated for its fiber and seeds that's rich in CBD and contains just trace amounts of THC, or tetrahydrocannabinol, the plant's intoxicating chemical essence. Canopy will invest as much as \$150 million in a facility in the struggling town of Kirkwood on the state's southern border.

Then Linton was off to Davos, Switzerland, for the World Economic Forum. It was his first time. He met Tony Blair. He looked for Jamie Dimon. He spoke at the Cannabis Conclave, an industry gathering on the sidelines of the conference. He shared a house with seven others in the business and a bunk bed with Dan Daviau, Canada's top pot banker. He had a great time.

In February, Linton addressed the annual meeting of the food and beverage industry in Boca Raton, Fla. It was his first time at that gathering, too. At the end of the

month, Canopy announced it's working with Martha Stewart to create cannabis products—for pets initially—that no one could talk about yet. Snoop Dogg, who licensed his Leafs by Snoop brand to Canopy in 2016 and co-hosts a cooking show with Stewart, introduced her to Linton. Seth Rogen found Linton on his own. In March, Rogen said he'll collaborate with Canopy to sell his marijuana (brand name: Houseplant) in Canada as well.

In April, Linton offered to pay some \$3 billion for the U.S. company Acreage Holdings—when marijuana is federally permissible. Acreage is among the largest U.S. pot companies, with a market value of about \$2 billion. It has cultivation, processing, and dispensing licenses or agreements in 20 states and manages a chain of stores called the Botanist. It also has former House Speaker John Boehner and former Canadian Prime Minister Brian Mulroney on its board.

Linton says he wants to build a company so big that there's "no question who's No. 1. It's difficult to see who's behind us because they're so far behind." Linton seems to have picked up a thing or two from Silicon Valley. So have his rivals. They have catchy names for their companies: Aurora, Tilray, Cronos, Organigram. They want to take on established multibillion-dollar industries. They call themselves disrupters. "We're disrupting everything from veterinarian care, vet medicines, vegan proteins, OxyContin, opioids, sleep aids, geriatric care, alcohol, sports drinks," Linton says. This is what explains the company's \$15 billion value on the stock market, where promises and potential count. Canopy's actual revenue in 2018 was \$120 million. This year it could be around \$170 million. "For sure, the opportunity is overstated, but what else is exciting right now?" Linton asks.

"OK, let's go on a tour."

**W**e've come to Smiths Falls, an hour's drive southwest of Ottawa across quiet plains of snow, on a late February day to see a cannabis harvest. Smiths Falls was a hard-up city of about 9,000 residents when Linton first visited in 2013. "They made the first Beatles record ever pressed in North America, in an RCA record factory. Gone," he says. "They used to make all the silver film for cigarettes and vitamin packaging. Gone. They used to make all the chocolate bars for all of Canada for Hershey. Gone." Linton saw derelict buildings he could buy on the cheap, high unemployment, and plentiful power, gas, and water. Done deal.

The company grows marijuana in more than a dozen facilities around the world.



We walk down bright white halls. We swipe our security badges. We view the plants—"moms" and "teens," as they're called—in an almost 2,000-square-foot grow room. "All marijuana plants are female. Every one," Linton says. This gave him an idea for a workplace slogan: "Don't stress out women if you want a super-productive environment."

We meet people. Canopy has 3,400 employees, more than 1,000 of whom work at Smiths Falls. The rest are in its dozen or so facilities in Canada and outside the country. Bilal Razack monitors the systems that keep the growing, drying, and

trimming rooms at the right temperature, humidity, and brightness. "We don't want a single extinction event," Linton says. Growing cannabis on a commercial scale is hard. Mold, fungus, pests: Any of those could cause a crop to fail. Canopy says it's never had a crop failure.

Razack used to grow pot on his own. "I wouldn't say that we hired you because you knew about the plant," Linton says. "But we didn't not hire you because of that." There are many

**"For sure, the opportunity is overstated, but what else is exciting right now?"**

gray areas in the cannabis business. Linton's employment philosophy is simple: "We don't care if you have had criminal experience," he says. "We care if you don't disclose it."

"Exactly," Razack says.

"OK. This person, he's got things to do. We'll just randomly stop and say hi to people."

As the tour proceeds, Linton describes how he manages those people. "You have to have goals and a culture," he says. "Everybody's hustling around, but everybody is in a good mood." Could that be the marijuana? we ask. "Who knows? They joke: 'We have really high employee morale!'"

We see a room with eight people wearing hairnets and orange gloves who are working with joint-rolling machines. Canopy's engineering team developed the machines over two years and filed patents for them. The machines can roll 1,000 joints an hour; Canopy produces almost 200,000 joints every week. ▶



Canopy sold 17,500 kilograms of recreational and medical pot in 2018.

◀ Canada has allowed adults to use marijuana recreationally since October. Canopy has claimed approximately one-third of the market, outselling all competitors. Its brand is called Tweed, which explains the British names of its strains: Highlands, Bakerstreet, Argyle, Herringbone, Balmoral, Boaty McBoatFace.

"Bruce, can I get your cup?" Matthew Sly, the director of logistics, takes Linton's coffee and walks us into the distribution center, where as many as 300,000 packages of recreational and medical pot are loaded onto unmarked Brink's trucks every week and delivered to stores or provincial distribution centers. (Only medical patients get home delivery.)

We stop by the call center, where staff help new users make sure "you don't end up with a strain that's ideal for Snoop but not for you." Canopy sells its medical marijuana under the brand name Spectrum in nine countries, most recently Australia. Doctors prescribe the dose and duration of treatment. Canopy and other providers can suggest strains and discuss potential benefits but can't make medical claims until they've successfully completed medical trials. Canopy says it has about 20 trials planned or under way to test marijuana's effects on pain, mood, and sleep. It sold about 17,500 kilograms (38,600 pounds) of medical and recreational pot in 2018. Tilray, one of its best-known Canadian competitors, sold about 6,500 kilograms.

While Linton attends a meeting after lunch, we watch a movie about the history of cannabis. The abridged version: People have used it for centuries, including, apparently, Buddha. We sniff terpenes, aromatic chemicals that give cannabis strains their flavors—almond, pine, citrus, and one that we both agree smells like gasoline.

**T**he best way to describe Linton's career before cannabis is to say he jumped from opportunity to opportunity. Or, as he puts it, "Doesn't it get, like, super boring to stay doing the same thing forever?" Mostly, though, he operated within the tech industry. For three decades he helped start and run and sell companies involved in everything from telecommunications software to wastewater management.

In 2012 he was married with two kids and living in Ottawa. He had some money and no job. "I had this theory at the time that if I opened to businesses concurrently on the venture capital model, I would for sure have one winner," he says.

Idea No. 1 was cannabis. (Idea No. 2 was a parking meter app.) Medical marijuana had been legal in Canada since 2001, but the system didn't require standardization, so research and enforcement of individual growers were a challenge. In

June 2013 the government decided to license companies and regulate a competitive marketplace. Linton saw an opportunity. "As a tech guy, keeping track of things is a lot of what technology's about," he says. "So I was like, I should start one, because people like cannabis. They're going to regulate. I can do that."

He started looking for potential partners, advice, and money. Only advice was easy to come by. "The first four people I went and talked to about doing this, they all said, 'You're an idiot. This is a terrible idea.'" The next person thought more of it. Chuck Rifici had been chief financial officer in the early 2000s at Sitebrand, an online marketing company where Linton was a director. The two agreed to start a cannabis company they named Tweed Marijuana. The "T" is for therapeutic. Linton would be chairman and focus on raising money; Rifici would be president and CEO. They hired a grower from the U.S., an operations manager, someone to handle quality assurance, and Mark Zekulin to do everything else. Zekulin was a 33-year-old international trade lawyer on paternity leave looking for a career change. He liked Linton. He liked the idea of helping patients. But when people asked about his new job, he'd say, "I work in a pharmaceutical company."

In January 2014, Tweed became the fifth company approved by Health Canada to sell medical marijuana. Three months later, on the final day the new businesses could purchase plants and seeds from individual growers, Rifici was in Kelowna in British Columbia, with a chartered plane ready to carry a shipment. Royal Canadian Mounted Police confiscated it, and Tweed didn't try to get it back. The National Post recently reported that the company was transporting harvested pot, which wasn't allowed. The company says it complied with the regulations. "There was a lot of confusion!" Zekulin says. A few days after the incident, Tweed joined Toronto's TSX Venture Exchange. Its ticker: WEED.

By August, Rifici was gone. Linton fired him—they agree on that. Linton says Rifici couldn't keep up. Rifici says Linton wouldn't let him make any decisions. He sued Tweed for wrongful termination, but neither wants to litigate or let the dispute go altogether. Tweed became Canopy Growth in September 2015 after it bought a competitor. Linton named himself founder and told Rifici to stop calling himself a co-founder. Zekulin became co-CEO. "Bruce gets the glory, and I do the work," Zekulin says. He's in a company T-shirt, jacket, and jeans, smiling. The first years in a new and highly regulated industry were sobering. Everything took longer and cost more than he and Linton had promised. "It wasn't BS. We were just wrong or uneducated," Zekulin says. "Or optimistic—yeah, that's a much better word."

Everyone's optimism increased in the summer of 2018, when Canada announced that licensed companies could begin to sell recreational marijuana that autumn. The sudden end of prohibition—that's what everyone in the industry calls it—set off a scramble to grow enough weed, develop brands, meet the exacting standards of Health Canada, and overcome

potential customers' hesitations. "This is a product where people have for decades had, you know, possibly questionable experiences," Zekulin says. "You don't know what you're getting. Your neighbor just brought over a brownie, and the next thing you know, you're hiding under a chair. Or just the opposite: You paid good money for something, and nothing happened."

In the midst of this, Constellation was conducting some serious due diligence in Smiths Falls. The company's wine and spirits business was slowing, and it was looking for other ways to grow. In October 2017, Constellation had acquired a 9.9% stake in Canopy for \$191 million. "Then they spent a year living with us," Linton says. "I just told them, 'Don't slow us down.'" Constellation briefly considered getting into the business on its own, says David Klein, the chief financial officer. Instead, Constellation increased its stake and received warrants that could give it majority control of Canopy.

Constellation has been helping Canopy construct a 197,000-square-foot bottling facility in Smiths Falls. It was a skeletal structure in February. It was supposed to be complete by May. Now Canopy says definitely by fall. Cannabis drinks won't be legal to sell in Canada until mid-December. Linton talks about making a sports drink with CBD and adult beverages with THC. No alcohol will be involved. The world will be a better place. "If I have a choice to hang out with stoned people all night or drunk people, give me stoned people all night all the time," Linton says. "No fights. Good conversation."

**C**anada's Cannabis Act, which lays out all medical and recreational laws and regulations, is 130 pages long, with another 100 pages of appendixes. Every product has to list the percentage of THC and CBD. The packaging has to include warnings in bright yellow that cannabis smoke is harmful and that driving or operating machinery after using cannabis is dangerous. A company's logo can't be bigger than those warnings. No fluorescent or metallic flourishes. There will be even more rules when companies can sell cannabis beverages and edibles.

Linton wants others to come see what a highly regulated pot market looks like. "I used to die laughing with the Onion. You could buy Christmas gifts, and one of the T-shirts said, 'Stereotypes are a real timesaver,'" he says. "I think of that for Canada, because everybody's perception of Canada in the absence of specific facts is, 'Pay their taxes, follow the rules, hold the door open.'" So when officials do come, Linton tells them, "We really like the rules. And we want more rules."

That's why America remains a confounding place for cannabis executives. "Thirty-three states have moved into the market. The federal government and laws are way out of step," Boehner says. In addition to a seat on Acreage's board, he's also honorary chair of the National Cannabis

Stewart and Snoop have a show together—and deals with Canopy, too. She'll be helping with CBD pet products.



Roundtable, whose goal is to make it easier for businesses such as Acreage and Canopy to operate in the U.S. The group supports bills to let banks work with pot companies in states that have legalized use and to free those states from the threat of federal prosecution. "Ninety-five percent of Americans believe that medicinal cannabis should be allowed. I'm not sure you can find 95% of people who believe in God. Sixty-five percent believe in recreational," Boehner

says. "When the American people are for something, elected representatives usually come along."

But momentum for legalization has stalled in New York and New Jersey over social justice concerns. For decades, people of color have been prosecuted more harshly than whites for possession of marijuana. Some legislators want to tie legalization to a social and economic equity plan for those communities. "We are advocates for it," says Kevin Murphy, the CEO of Acreage. "We'll do whatever we can." Linton says Canopy will hire only local companies when it sets up its Kirkwood facility, and every employee will receive stock options.

In the meantime, there's CBD. In late 2018 the Farm Bill legalized hemp and hemp-derived CBD. Linton calls it the gateway drug—for consumers and investors. The oil is supposed to be calming. It's supposed to help with inflammation. And pain. And sleep. It's available in lotions, coffee, smoothies, and hamburgers. It's mostly unproven. The Food and Drug Administration is determining precisely how to regulate it. But Walgreens, CVS, and Kroger already announced they'll sell CBD-infused lotions, oils, and sprays in certain states. Golfer Bubba Watson signed an endorsement deal with an American brand, CbdMD Inc. The research company Piper Jaffray Cos. estimates the American CBD market could be worth as much as \$15 billion in five years.

This is where Martha Stewart comes in. Snoop and his business partner, Ted Chung, told her about Canopy's clinical trial to test CBD's effectiveness in treating animal anxiety. Stewart is devoted to her dogs. She was looking for other business opportunities. "It's the modern thing," she said at a conference for female entrepreneurs in May.

As Linton tells it, he, Chung, and several others joined Stewart in a slow elevator ride in a New York office building in 2017. Linton noticed a stray strand of hair on her shoulder. He plucked it off. "She goes, 'OK, exactly who the f--- are you?' And now we're texting. Martha's the coolest, smartest, most awesome person ever," he says. "I have a crush on her. Like, I'm not joking." Linton says he kept the piece of her hair.

By the end of our day at Smiths Falls, we'd walked 3 miles. We felt a little lightheaded. And we realized that we had unintentionally distracted Linton with our questions right outside the trim room. Instead of going in, we moved on. We never saw the Canopy harvest. <BW>

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