

Executive Voice: Scott Jordan wants to finance your cannabis deal



Scott Jordan poses for a portrait in downtown Denver on Oct. 8.



By [Jonathan Rose](#) – Associate Editor, Denver Business Journal

As tens of thousands of cannabis executives, workers, vendors and just plain enthusiasts descend upon the Las Vegas Convention Center this week for MJBizCon, the world's largest industry trade show, Scott Jordan is confident that his latest offering will be among the hottest topics.

"We can't wait to get the message out," Jordan told Denver Business Journal in a recent interview. "I highly suspect that this will be one of the most popular things to talk about at the conference."

That's a big statement for a function that has in past years attracted as many as 35,000 attendees and this year features "Shark Tank" co-star and Fubu founder Daymond John as its keynote speaker.

But the service Jordan is offering through the company he founded, Alternative Finance Network, is a big deal — both figuratively and literally: He's offering a multimillion-dollar lifeline to cannabis companies for use in everything from real estate deals to mergers and acquisitions at rates that were unheard of even 18 months ago. And he's doing it at a time of rapid consolidation within this young industry that is increasingly optimistic about the federal legalization of the plant and its commerce.

Just-announced plans to acquire Boulder-based manufacturer Wana Brands by Canadian corporation Canopy Growth Corp. (CGS) resulted in [a \\$297 million cash payout to the cannabis edibles company](#) and the [Denver area's second-largest cannabis retail chain](#), Livwell Enlightened Health, was snapped up by Chicago-based multistate operator PharmaCann. And that's just the past two weeks.

But not all cannabis names have the heft of a Wana or Livwell, and building a brand that will attract a big outside player's attention and investment can require funds that marijuana companies — often cash strapped due to tax regulations that don't allow them to claim business deductions — just don't have access to.

"What we are also seeing is because of the huge appetite in M&A, because the prevailing wisdom is marijuana is going to go legal, the MSOs [multistate operators] want to have as big a footprint as possible," Jordan said.

He's currently working on a \$39 million M&A financing transaction for a large, as of yet unnamed, public cannabis company to acquire real estate assets with 100% financing, something "unheard of," Jordan said. Three additional active transactions Jordan and his team are arranging total \$42 million.

Through Alternative Finance Network, Jordan says he's also able to offer 100% financing for greenhouse construction with less than 5% down, and commercial real estate financing at a 5.75% rate. These are numbers that fall roughly within average commercial real estate loan rates according to loan marketplace LendingTree, and they're well below the jacked-up rates with big fees that have defined lending to the cannabis sector since its early days.

"Our core objective," Jordan said, "is to help even the playing field for marijuana businesses."

Jordan has been working toward this mission since 2009, when the medical marijuana patient who had grown up in public housing in New York City's Queens borough helped his dispensary land a loan.

In 2015, [he headed up a cannabis-focused spinoff](#) from Colorado equipment-focused financial consulting firm Dynamic Funding Inc. that connected cannabis business owners with investors — a role that led DBJ at the time [to call him "the marijuana matchmaker."](#) It's a role he's still playing today, with relationships he's fostered over the decades.

"We've got eight banks, seven credit unions, three life insurance companies that are low-cost providers," Jordan said of the types of institutional investors he's lined up to help fund cannabis deals. "And then we've got roughly about 95 other companies: private lenders, hedge funds, leasing companies, working capital companies and other various lenders."

And there are about 66 cannabis or ancillary businesses in his pipeline looking for cash.

"That's why I'm looking for another person," Jordan said.

His team of six is running at capacity, he said, and he's actively looking to hire more loan originators and a marketing person.

"We know we have a product that the marijuana business owners need, want and is in short supply," Jordan said. "And quite honestly we've got a good reputation; we've got a persistent and aggressive PR person and the gravitas to make this happen and the desire to make this happen."

And despite federal legalization looming — something industry executives see as inevitable but that could still take years to happen, assuming it actually does — Jordan doesn't see his role brokering deals threatened as big banks inevitably move in on the emerging market. In fact, he sees it as quite the opposite. Somebody with his skills and connections, he says, will be even more important.

"It's going to take the banks a long time to gear up underwriting," he said, and when they do, they'll "go to the easiest, low-hanging fruit and [only] eventually get into construction."

The fact that 85% of many small business loans are guaranteed by the U.S. Small Business Administration, an agency Jordan doesn't see as being in any rush to back cannabis loans, is also a factor that will make his type of brokering necessary long into a decriminalized future.

Jordan is a person of color with his feet planted firmly in two predominantly white sectors — cannabis and finance. While he says he hasn't "faced a tremendous amount of challenges as a multiethnic person," he sees the biggest discrimination being against cannabis operators who "are not treated equally to non-cannabis businesses even though they pay taxes and employ people."

And he's hoping to help in other ways. He's establishing a program for college students where he offers part-time career opportunities in loan brokering, he told DBJ. He's hired college students in Massachusetts, where he went to private Babson College, and in Michigan. He said he hopes to expand the program to other cities like Denver.

But his big focus — this week at MJBizCon and every week — is to connect the marijuana operators with reasonably priced money.

“We are seeing unprecedented changes in the cannabis industry that are opening up many new opportunities for investors, cannabis companies and others,” Jordan said. “It’s the most exciting time in the industry since I became involved.”

Scott Jordan

Title: Founder

Company: Alternative Finance Network

On rotation: "New Cannabis Ventures" and "Seed to CEO" podcasts

Least "weed" thing about him: "I am a conservative dresser and wear a button-down shirt every day"

Does he consume? "I use cannabis for pain relief."