

EPISODE 1126

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[INTRODUCTION]

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FT: The story of how marijuana went mainstream is one about business, race, politics, and a culture in transition. Welcome to So Money, everybody. I'm your host, Farnoosh Torabi. We're exploring the world of pot today. Something that I didn't really think we would do at this point in 2020, but here we are. I've found an incredible guest, Heather Cabot, who is the author of the new book *The New Chardonnay: The Unlikely Story of How Marijuana Went Mainstream*.

Heather is an award-winning journalist, former ABC News correspondent and anchor. Her book, *The New Chardonnay*, has been named a Good Morning America must read and has earned praise from Publishers Weekly, Booklist, and Katie Couric for its deep reporting and entertaining storytelling. Heather takes us behind the scenes to this massive industry from Snoop Dogg, to Martha Stewart, to Suburbia. How this unlikely drug became widely accepted and legal in many states. Here's Heather Cabot.

[INTERVIEW]

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FT: Heather Cabot, welcome to So Money.

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HC: Thank you so much. It's great to be here.

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FT: *The New Chardonnay*. That is your new book. *The Unlikely Story of How Marijuana Went Mainstream*. I'm in New Jersey, Heather, and we just legalized marijuana here. I'm not a marijuana user but I'm now thinking I might try it because I can and I hear so many benefits. Unlike what I grew up with, the message was don't do drugs, and marijuana was sort of like the gateway drug. What changed, bringing us to your book? What was the pivot? Because now everybody from Martha Stewart to moms at pickup line at the school are talking of marijuana.

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HC: Well, first of all, I just want to say I'm in the same boat. I'm not a consumer myself. I grew up in the just say no generation, and really the inspiration for this book was that I was looking around in 2017 and noticing the things that you're talking about, everybody from Oprah Magazine featuring THC-infused tea parties to Gwyneth Paltrow talking about cannabis at her Goop conference. I just couldn't believe it.

Then when I found out that there were some women in my network and women who I had interviewed for my first book, *Geek Girl Rising*, who were starting to make their own investments in these companies. That really floored me because I thought why would they be investing in something federally illegal. So, of course, I started working the phones and learn that there was this business that was really exploding in the rest of the country that I really knew nothing about. Once I started to meet some of the people who were behind that and to learn their stories and really kind of the crazy risks that they took to get into this industry, I thought, "Wow, this is a really juicy story. I want in. I want to learn more and potentially write a book about it."

But to your question, I mean, I think there are a confluence of factors that have played out. I mean, number one, I think when Colorado and Washington became the first two states to legalize recreational use in 2012, it really created this opportunity for people to see that you could actually make real money doing this. In an environment that was heavily regulated, very much tax by the state, these were businesses that were generating ultimately millions of dollars in tax revenue for states creating lots of jobs. I think right there, that opportunity really changed a lot of people's minds.

Then, of course, right around the same time, you started to see mainstream media start to pay attention to the potential therapeutic benefits in a very serious way around medical applications of cannabis. In the book, I talk about this kind of watershed moment in December of 2013 when CNN aired a documentary that was hosted by Dr. Sanjay Gupta. Actually, so many of the characters in the book talk about this. They remember watching the documentary which featured the little girl in Colorado, Charlotte Figi, who unfortunately recently passed away who was helped by what ultimately would be called Charlotte's Web, which was a high CBD strain of cannabis that was able to mitigate her very serious seizures. This documentary really explained that. At the end, Dr. Gupta came on the set and apologized and basically said that he, like so many others in the medical community, had really dismissed the potential efficacy of cannabis and cannabinoids that the phytochemicals in the plant and essentially said that this needs to have a more serious look.

So you have that. You had big business. All of it coming around at the same time and then a number of things happening in terms of the political landscape shifting. That's brought us to this point, which is just amazing to me, again, given that I grew up in the '80s that 60% of Americans now endorse marijuana legalization. That's a statistic that just came out last week from Gallup, and it is the highest level of acceptance that since Gallup started tracking attitudes about marijuana since 1969.

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FT: Comparatively, is there something else in our history that compares to the societal split

that we did on marijuana, the rebranding, the now like widely accepted drug that was once positioned as a – I don't even know. Basically, I was told to never take it as a kid, like to Sanjay Gupta's point. It was for stoners, a stoner's drug. Is there anything like this that has happened in our history?

[00:06:49]

HC: Well, I mean, I think alcohol is probably the closest. Actually, in the book, I talk about how and I didn't know this until I started researching this. But in Colorado, one of the main arguments that ultimately convince voters to pass legalization in Colorado was that activists started making the case that weed essentially was safer than alcohol in terms of the effects on society, and people really buy into that and ultimately voted for Proposition 64.

But when you look back at alcohol prohibition, I also thought this is really interesting. Even during prohibition, during those years, people were still able to get prescriptions for alcohol to treat certain illness. Now, I'm going to forget the name of the book, but there's a wonderful book about prohibition. It's sort of as the – I'm going to look for the – It's called Last Call and it's by Daniel Okrent. It's a famous book. It's actually made into a Ken Burns documentary. But he talks about how Walgreens, the drugstore chain, became such a huge brand and a huge business because it was one of the pharmacies that actually wrote prescriptions for alcohol during prohibition.

Cannabis actually follows some of that, right? It's sort of it evolves out of this sort of medical applications and this idea that maybe it isn't bad for you. Of course, we now know that alcohol obviously. You could go down the list of how bad alcohol is for you and we are – That's the other thing that's happening too is we're starting to see younger generations move away from drinking. That's why you're seeing companies like Constellation Brands, for example, which is the maker of Corona Beers and SVEDKA Vodka and Mondavi Wines. They made a huge investment in Canopy Growth, which is actually one of the stories that I talk about in the book. Canopy Growth would go on to become one of the first publicly traded cannabis company in

the world and still one of the largest.

Constellation made a huge bet in Canopy several years ago because they were hoping that they would be able to create these THC and CBD-infused beverages, which by the way will be hitting the market this summer. So it's interesting how both of those things sort of intersect. But to your question, I mean, I think alcohol would probably be the closest thing that I can think of off the top of my head.

[00:09:26]

FT: I'll tell you what. I voted for the legalization of marijuana in New Jersey recently, Heather. It had, of course, a lot to do with the science now saying so much about the medical benefits, and I also didn't want to see more black men go to jail for this, which is a big reason. We have a overpopulation of black men in the prison system. Did that come up in your reporting at all, the implications that legalizing marijuana would have on racial justice?

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HC: Absolutely. I mean, that's a major theme that I address in the book, and it actually was one of the things that also drew me to this topic because I've just always been someone who is interested in social justice. I think one of the things that *The New Chardonnay* really exposes for people is that this industry, despite the fact that brown and black people have been disproportionately targeted by the war on cannabis in this country. As you referenced, they are filling up and have filled up our prisons on these low-level drug charges. Despite that fact, those communities are not necessarily benefiting from the green rush.

What I talk about in the book is how the way this industry has evolved mostly because it is still federally illegal, which creates this conundrum, this conflict between the state and the federal government. It's really cut out a lot of people who did not have their own personal resources to get into this business early. So overwhelmingly, when you look at the people who are helming

the largest multi-state operators in the US right now, they are run by white wealthy men. It is something that people are talking about now.

Certainly in New Jersey, that was a sticking point, creating social equity, figuring out a way to make sure that not only that these communities benefit directly in terms of economic development but also the fact that black and brown founders actually get a chance to become owners of these businesses. What we've seen is that hasn't happened. Even though some states have really tried to put some of those programs in place, they haven't been really successful yet and for a variety of reasons. But one of the biggest reasons is because cannabis is still federally illegal, you can't get a small business loan. Most institutional investors are on the sidelines, so you can't you can't get a loan.

So unless you're somebody that has really deep pockets or you have a lot of rich friends or a rich uncle, you're not going to be one of those people that is going to be able to. Certainly in the early days, you were not one of those people that could compete to apply for a cultivation license, for example, where you could be spending a million dollars just to be in the game. I go into that in the book through these characters. So I should say I'm getting very wonky here. But the book is very much focused on four really compelling characters, and I go into all of this through their stories.

So, yes, I agree with you. Certainly looking at the racial injustices of the drug war I think has been an incredible impetus for people to vote for legalization. It's going to be very interesting to see how the states deal with that. Another piece of that is the fact that in some places where they've legalized, the states didn't put in provisions to pardon people or expunge people's records. So you have legalization in place and people able to start these businesses and people able to legally purchase cannabis, while you still have other people that still have felonies on their records. That's a real problem.

So I think certainly in New Jersey, that's something that I, as the legislature, grapples with how to roll out this program. That's going to be something to pay attention to.

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FT: You interviewed Snoop Dogg for this book, right?

[00:13:41]

HC: Well, not really. I interviewed Ted Chung and a lot of his – I spent a lot of time with his entourage.

[00:13:47]

FT: How was it hanging out with his entourage?

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HC: Well, I think actually it's better to describe them. I'm realizing, I shouldn't really describe them as an entourage. I mean, they are his entourage. But more importantly, the person that I spent the most time with and who's a main character in the book is Ted Chung who is Snoop's business partner and is long-time manager. He is really the mastermind behind Snoop's cannabis investments. A lot of people sort of think if Snoop is just being synonymous with being a stoner.

But what many people don't know and the story that I wanted to tell in *The New Chardonnay* was that he and his team were incredibly early in terms of seeing the opportunities of the industry beyond just the idea of growing the plant. They invested very early on in technology, for example. They realized that if this was going to be a legitimate industry that you needed to have all of these picks and shovels to support it. So he and Ted Chung founded one of the very first venture capital funds to invest in, as I said, software, different types of testing technology, packaging, all the sort of unsexy stuff that makes a business. These guys were doing this very early on. I mean, they first came up with the idea in around 2013 and they ultimately founded

the firm formally in 2015. But they've continued to make very, very early and successful bets on some of the most innovative companies that support the industry.

I just thought that was a story that most people would never understand or even think about just because on this business you wouldn't expect that. Ted, for his part, is this Wharton-trained entrepreneur and investor who is not what you would expect as sort of Snoop's right-hand man. Through Ted, I was able to meet so many of the people in Snoop's orbit who have really helped him not only think about his cannabis investments but also how to leverage his brand into the cannabis space in the US and also in Canada.

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FT: Let's talk about money, Heather. When we were talking about bringing you on the show, you were very candid and you said that – You mentioned that you celebrated a big birthday this year, 2020, turning 50. Congratulations.

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HC: Thank you.

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FT: But that only recently you felt like you came to terms with your money, and you kind of felt like you finally mastered your money. Tell us about that journey and what was the turning point for you.

[00:16:27]

HC: Well, I think it was funny. We were just having this conversation with our kids the other night and I just thought – My kids are a freshman in high school. I have a boy, girl twins, and we just set them up with their own debit cards. We have been teaching them about investing

and we we've been – My son is actually – Both of them actually are really interested in investing now, and I was telling them the other night that no one ever talked to me about investing. I didn't understand. I didn't even really know what compound interest was until I was probably in my 20s. I really – No one ever – My parents are both very-well educated, but I think some of it was the times. I think that I'm a woman. I just think that certainly wasn't something that I think was thought of as polite, and money in general was something that we didn't have conversations about.

My parents know have been very successful that they were definitely – They had me when they were really young, so I definitely remember the years. We didn't have a lot, but it wasn't a topic that we talked about, and I was even telling my kids like, “I don't even think that I started contributing to my 401(k) until I was probably in my late 20s.” I didn't even think about it and I was working in these sort of entry-level reporting jobs, TV reporting jobs. I wasn't really saving and I was just kind of thinking, “Oh, that's something I'll do later.” It didn't really occur to me that what I was saving then would ultimately multiply so much, and we were discussing this with the kids now that they have their bank accounts about are they going to – Do they want to put some of it into actually investing versus we're talking about interest rates in savings accounts. They're just – Their grasp of money is so much more advanced than mine was certainly in high school.

I just think there are so many things that maybe I would have done differently but I think a big part of it does play around gender and I did not realize until I – I think I mentioned this to you that I was very fortunate to participate in the Pipeline Angels training program, which is a program to help women learn how to invest in early stage startups, and because I wasn't really somebody that ever really talked about wealth building. I mean, I just didn't think it was polite conversation. It was really interesting to suddenly be in a situation where that's what we were talking about.

There I was. I think I was like in my mid-40s, and that was the first time that I was really getting this very kind of rudimentary introduction to investing and understanding a whole world that I didn't even know existed before. So, yeah, I mean, I wish I had come to it much earlier in my

life. But my husband and I are trying really hard to educate our kids now, so they can think differently about their money and also just be comfortable talking about it.

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FT: It sounds so basic but we don't often, and I think it is generational. But I think, unfortunately, a lot of the generational traditions repeat, and we're seeing a lot of that show up even in the millennials' lives where they're deferring financial management to their spouses. They're not negotiating for themselves. They're not investing. All of that is repeating because history does repeat. You have to learn it. It doesn't just happen, just because we're living in modern times. You mentioned what you wish you had known or did. I'm curious because I'm 10 years behind and I'm looking at my 40s as really an opportunity, the decade to fine-tune, accelerate some of my investments just to put more toward.

Now that I know retirement isn't that far away, like I got to really get certain things in motion or more in motion, and I'm really set on trying to retire by 60 if not sooner. That's aggressive but like what does that look like, and I'm manipulating all the calculators. But what would you have told yourself at 40, financial advice?

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HC: Oh, my goodness. My family would laugh. They were asking me for my financial advice, but I don't know. Look, I think – Well, first of all, I mean, this is what you do for a living. So you feel confident even speaking the language of finance. I mean, I think for me, that was like – It was –By the way, the fact that I'm writing about business now, my family is like – My mother actually said to me after she read *The New Chardonnay*, she said, “I was really impressed about your mastery of how you were explaining venture capital.”

But I think the big thing is and this is – I don't think it's just for when you're 40. I think it's in general. I just think it's this idea of paying yourself first. I think that's an important concept, especially as you get into your 40s and you have just more things that you want to do. You

probably have more financial freedom in your 40s too, and I think just kind of always going back to those goals. I think it's important to not get yourself too emotional about what's happening in the markets. I mean, right now it's easy to just like every single day follow what's happening because we're just living in such a crazy time right now.

I think you have to kind of look at the long term, and that's more for mental health too. If you're doing all the things that you need to do, obviously diversifying your portfolio, and following the news. I'm married to somebody who's a former 60 Minutes producer and both of us are reporters. I love the way my husband kind of thinks about all of this too because he really sees the intersection of what's happening in the world to what's happening in the markets. I mean, that's just the way he thinks about it and that's the way I think about it too and that we're trying to help our kids think about it that way too. You can't sort of divorce the two. It's all the same thing. Everything is interrelated these days, so I think it's really important to kind of take that kind of global view but not get so emotional about it that you're worried. Because I feel like right now – I would guess a lot of people you're talking to right now also, and there's just so much uncertainty in the world right now.

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FT: Well, I really appreciate the reminder to pay yourself first and not to be confused with buy yourself stuff first, which I tended to do a lot in my 20s and even last night. Yeah, it's really hard to not only put away money for yourself intentionally, and I speak to a lot of entrepreneurs who are listening who it's one thing to get paid consistently a paycheck but it's another to get lump sum payments every six weeks or every four months or whatever your cadence is in your business. You finally get that money and you have all these bills to pay.

But, yeah, so it's hard to kind of very consciously say, “Okay, I'm taking 10% or 15% and putting it away.” But then to not spend it is the other challenge. It's not fun to just save. But I'm telling everybody now as a 40-year-old, going on 41, that no one arrives at any stage in life 40, 50, 60 and says, “Gosh, I just saved too much money.” I don't think that's ever been said out loud.

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HC: I think that's true and I would just add to when you talk about things. One of our big philosophies in our family – By the way, my husband and I are about to celebrate 20 years married, so we've known each other a long time, and this has definitely been an evolution. But the other thing that our spending – I think we try to really keep it in line with our values. So as an example, we tend to – When we do spend money, we spend it on experiences. So like we took our kids last year to Vietnam and Cambodia on this amazing trip, and we went to go see Angkor Wat. It was an amazing trip.

When we do spend money, we really think about it in terms of like how are we creating memories, as opposed to kind of like stuff that I feel so fortunate that we can even have those kinds of experiences. I really hope someday we'll be able to get back to them too in this post-pandemic world. But travel and family vacations, seeing our extended family, to me that that means more than anything, and I think our kids feel that way too.

So I think that's also important too as you think about saving and spending. What are you really spending it on? Where are you going to get the most joy? I think for us, that's something that we're really on the same page about.

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FT: Congrats on 20 years. Absolutely, it reminds me of advice that a guest gave me on this show, Bill Perkins, who wrote the great book *Die with Zero*. It's all about how to make the most of your financial life in your living years, as opposed to just saving for the sake of saving to die with an inheritance that you'll never see really enjoyed. But he says to build up your memory bank. That your bank of memories is something that can never be too high, and it's the sort of thing that once the memory bank is filled with a memory, you can always go back to that memory. It's like this gift that keeps on giving. It's enjoying and going down memory lane and

recounting those memories with your loved ones. It's this like ongoing asset that never diminishes.

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HC: And especially now when we can't see our family. I mean, we talk about it all the time and how lucky we were that we went on the trip or even the fact that we had – We actually – So I'm Jewish, and my husband is Hindu, and we decided to have a B'Nai Mitzvah for our twins and [inaudible 00:26:30], which is a coming-of-age ceremony in his faith. We weren't going to do a big thing and we were like, "Well, why not? Let's do it." His family came, my family came, and it was the year before the pandemic. It was the spring of 2019, and we have those memories now. We brought our family together from all over the country, and that was a really special thing.

So I agree. I think those memories – I mean, I'm leaning on those memories right now. I'm so sad that we're not going to be able to be with our family for Thanksgiving. So I fully agree with that. Then the only other point I would add, of course, is philanthropy and giving back and making sure that while you're budgeting for everything else that you can, no matter what is meaningful to you. But that you can feel like you're contributing to causes and people in need. I mean, there's real joy in that. I think it's often been said but I really think it's true that the person who's actually making the gift gets more out of it than the person that's receiving it. I think it's really true.

[00:27:35]

FT: Yeah. There was a Harvard study that said even just spending five dollars on someone else for the good of somebody else. Maybe it's you get your friend a cup of coffee or maybe not now. But you send them a five-dollar gift card to Starbucks or whatever or a local coffee shop. It actually makes you happier. So that saying that money doesn't make you happy or more money doesn't make you happier, it's not that true. Because if money is spent right on

experiences, on helping other people, it definitely does elevate your sense of fulfillment in life, so if for no other reason.

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HC: I'm all about karma as we get out into the world. Like I said earlier, I mean – Or maybe I didn't say but I really was kind of the least likely person to write about the marijuana industry and marijuana in general. People are like, "I barely even like drink," and people are like – But on the other hand though, I think I was kind of the right person to come into the voyeur and look under the hood and see what was happening because I do come at it with trying to put good into the world.

I mean, I felt like this was a story that needed to be told for a variety of reasons, and we talked about the social justice piece of it. I think that is so important and I think people don't necessarily realize that there are people who really should be benefiting from this industry who are being left out, and that was something I really wanted to address in *The New Chardonnay*, along with everything else and sort of the juicy storytelling. But I felt like that was an important thing for me to put that out in the world.

To spend more than three years getting my arms around cannabis, there had to be something there that was giving me passion about it, and a lot of it was that and also the fact that I am always very inspired by entrepreneurs frankly and the risks that they take and the reasons that they do what they do. Because particularly in this industry, I mean, they're putting it all on the line. So I find that really fascinating. And also just I think it's motivating too, even if you don't care about cannabis at all. I just think that hearing from the entrepreneur –

[00:29:47]

FT: – Yeah. I have not read the whole book yet but it is about cannabis. But really what you're unveiling is the narratives behind things like business and race and social norms and history. It's fascinating. I think it's very encouraging to know that something as what seemed so fixed

and set, like you're just – It was branded. Good kids don't do drugs and cannabis was like the gateway drug, and it had this cloud over it that things can change and humans can change and thanks to things like science. The story's not over.

[00:30:30]

HC: Agreed. I also think it's a great lesson for all of us to remember that we should always ask questions and always challenge the narrative. Challenge the things that we've been told. Try to understand why have we been told things. Why were those messages given to us at that time and what was the impact of that? I think that more than anything really drew me to this. Everything that I thought I knew about this was the complete opposite from people, from the businesses that were being started, the motivations for people getting into this industry, even the people who use cannabis. It was so –

I always talk about it as this Alice in Wonderland moment. It really was, and that's really humbling and I think as a reporter but also as a human being to realize how important it is to not take things for granted that we're told and to look underneath the surface and understand what's really going on. So I hope that the people who read the book will be entertained, and it certainly is a fun read with lots of suspense. But at the same time, I hope that they'll come away with maybe a new understanding and a new perception of what this industry is all about and what it's becoming.

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FT: Thanks so much, Heather Cabot. *The book is The New Chardonnay: The Unlikely Story of How Marijuana Went Mainstream.* Thanks so much for writing this.

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HC: Thank you and thanks for having me. Have a good Thanksgiving.

[END OF INTERVIEW]

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FT: You can learn more about Heather on her website, heathercabot.com. Her book, *The New Chardonnay*, is available everywhere. You can also follow heather on social media, Instagram, [heather.cabot](https://www.instagram.com/heathercabot). All this info is on the So Money podcast website. While you're there, click on Ask Farnoosh and leave me your question for our Friday episodes, and I'd love to hear what you think of the show. If you like the show, of course, I'd love for you to subscribe and leave a review. Let me know what you're enjoying. Every Friday, I pick a reviewer to receive a free 15-minute money session. Thanks for tuning in, everybody. Happy Thanksgiving and I hope your day is So Money.

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