

HOW A CANNABIS SPAC OPERATES



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This Is Everything You Need to Know about Cannabis SPACs

A special purpose acquisition company, or SPAC for short, raises money through an IPO. These are also called “blank-check companies.”

You don't know exactly what the SPAC will buy, but the funds you use to buy shares are then used to acquire a company.

And right now, cannabis SPACs are increasing in popularity.

That's because through a strategic investment, a SPAC can acquire an underperforming company, turn it around, and reap a large reward. It can also acquire a company that is doing well but just needs a cash infusion to grow.

Today, we're going to show how a cannabis blank-check company operates, how it raises money, what happens when it doesn't, and how you can buy a cannabis SPAC.

Cannabis SPACs 101

Before a blank-check venture starts, entrepreneurs and investors get together to form a general plan of what they want to buy. And that's an important note to make.

A blank-check company does not list what it is going to buy. That's why the skill sets and backgrounds of the executives involved are so important.

Now, these individuals generally have different expertise. Some have worked in tech, some have worked in real estate, some have worked in the pharmaceutical industry, and some have worked in finance.

Also, they may have held different positions within those industries.

Chief executive officers... chief financial officers... heads of research and development... lawyers...

The point is that all of that expertise is leveraged and utilized to come together and pinpoint profit opportunities. There are some cannabis companies out there that are great businesses, but the owners have been ineffective in growing the business.

That's where the leadership team in a SPAC comes into play.

With sometimes decades of experience, cannabis SPAC executives can turn an underperforming company into a gold mine.

Cannabis SPACs Raising Money

Cannabis SPACs raise money through an initial public offering (IPO).

Again, the company will not list what it is buying, but it will raise money through an IPO to make an acquisition. The money is placed in an interest-bearing trust. The cannabis SPAC will then generally have up to two years to make a purchase.

If a purchase isn't made, then the money is returned to shareholders.

SPAC Risk Factors

With a SPAC, there's always the risk that an acquisition is never made. So while you will receive your money back if an acquisition isn't made, that means your money will have been tied up when you could have used it elsewhere.

You could miss out on returns from other investments.

Once a cannabis SPAC acquires a company, there is also a chance that the SPAC executives will not keep good managers or employees from its acquisition.

There just may not be room, and it's a risk to lose good employees.

Also, there may be heavy competition for the best merger and acquisition (M&A) targets. The blank-check company may not be able to acquire the company it originally wanted to target.

How Do I Buy a Cannabis SPAC?

It is very easy to buy a cannabis SPAC.

All you need is a brokerage account. If you don't have a brokerage account, we have several brokerages listed below that you can contact.

[E*Trade](#) – 1 (800) 387-2331

[Fidelity](#) – 1 (800) 343-3548

[TD Ameritrade](#) – 1 (800) 669-3900

You can also buy and sell SPACs on [Robinhood](#).

When you have your account set up, you will then have to determine how much you want to invest. Remember: This is a deeply personal decision, and you should never invest what you can't afford to lose.

Now, when you have a brokerage account, understand the risks involved, and know how much you want to invest, the next step is to find a list of cannabis SPACs to narrow down your investing choices.

A List of Cannabis SPACs

Below is a list of cannabis SPACs.

You should be able to buy any of them that are trading on the **Nasdaq** within your brokerage account. You will have to sign up for an account on the [NEO Exchange](#) for any company listed on the NEO.

The TSX is the **Toronto Stock Exchange**.

SPAC	Exchange & Ticker
Silver Spike Acquisition Corp.	(Nasdaq: SSPK)
Merida Merger Corp. I	(Nasdaq: MCMJ)
Greenrose Acquisition Corp.	(Nasdaq: GNRSU)
Stable Road Acquisition Corp.	(Nasdaq: SRAC)
Tuscan Holdings	(Nasdaq: THCBU)
Tuscan Holdings II	(Nasdaq: THCAU)
Mercer Park Brand Acquisition	(NEO: BRND)
Subversive Capital	(NEO: SVC)
Bespoke Capital Acquisition Corp.	(TSX: BC)

At the *National Institute for Cannabis Investors*, SPACs are something we trade in *Danny Brody's Cannabis Inner Circle*. [You are free to learn more about it and all of our other services here.](#)

Also, we suggest bookmarking our [homepage](#) to make sure you stay up to date on the most important cannabis news.

To your investing success,
The Institute

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