Interview: Boaz Wachtel, CresoPharma

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‘Democratization of knowledge’ fuels demand

Boaz Wachtel is chairman and co-founder of **CresoPharma**, a nutraceuticals company which **debuted on the Australian Stock Exchange** (ASX) this autumn. He is a certified clinical research manager and holds an MA in management and marketing from the University of Maryland. He was co-founder and former managing director of MMJ Phytotech, Australia’s first publicly traded medical cannabis company. Wachtel is also the co-founder of the **International Medical Cannabis Patient Coalition**(IMCPC). An Israeli medical cannabis pioneer and activist, he assisted the Israeli Ministry of Health with the implementation of a national medical cannabis program, one of only five in the world.

HempToday: How does the recent startup and ASX debut of CresoPharma compare to that of MMJ Phytotech in early 2015? How was the environment around medical cannabis then as compared to now?
Boaz Wachtel: MMJ was Australia’s first listed medical cannabis company and as such it received huge media and investor attention, resulting in a spike of the stock price from AU 20 cents to AU 90 cents in a couple of days. Today it is traded back at 20 cents a share. Since then five other medical cannabis related companies were listed (CresoPharma is the fifth and latest) so media and investor attention is now diffused between a number of companies, reflected in depressed share prices. At the same time the Australian regulatory regime at the federal level has evolved and progressed providing each of the six territories leeway to advance a different control, growing and distribution regimes. This resulted in big differences in terms of

patient accessibility to medical cannabis and its various delivery forms. CBD is prohibited at the federal level in Australia.

The Australian bias toward more research on account of access and the very limited number of indications is in fact criminalizing patients and families — who are forced to seek access to medical cannabis on the black market. During my testimony to the Australian Federal Medical Cannabis Investigation Committee I warned them against a bias towards more research as a prerequisite to provide access to various patients' conditions. This will change in due course but the transition is slow and very restrictive compared to Canadian, Israeli or Dutch national medical programs.

HT: Your corporate material stresses the 'methodological rigor' CresoPharma brings to the sector. Please talk about that.
BW: Methodological vigor relates to the use of pharma grade standards for the development of medical cannabis or hemp based compounds, formulations and active pharmaceutical Ingredients (API's). CresoPharma, which is a nutraceutical company (nutraceuticals are the combination between nutrition and pharmaceuticals) fuses big pharma executive experience with the medical cannabis and hemp extract fields, probably for the first time. Our CEO, Dr. Miri Halperin Wernli, left an US $19 billion company she helped form in Switzerland 15 years ago, and took a massive pay cut to join and help us form Creso with me and Adam Blumenthal just because she believes in the medicinal properties of cannabis and hemp. She brings with her other board members who are former pharma executives all dedicated to the methodological vigor needed for the development and registration of CBD food supplements for use by humans and animals.

HT: And how much of this rigorous process is relegated to contract or partner experts, laboratories, etc.? What are the trust and security issues in this context?
BW: Dr. Halperin's experience also relates to the ability to map and locate various much-needed expertise, such as regulatory experts, formulation consultants, delivery technologies, suppliers, manufacturers, international distribution networks, etc. From a corporate point of view this shortens considerably the learning curve and the products' time to market, helps accelerate development plans and provides a solid reputation for CresoPharma, thus attracting business opportunities from around the world. We only develop Good Manufacturing Practice (GMP) products as part of our CBD nutraceutical products which are based on two proven Swiss and German buccal delivery technologies, to deliver the CBD and other phytonutrients directly to the blood stream and not via the gastro system where due to acidic reactions more than 90% of the CBD is lost. These GMP sourcing, development and manufacturing standards assure consumers that our products will be safe and effective in comparison, for example, to some current CBD products sold over the internet and not registered at any jurisdiction.

HT: While it's expected Australia will eventually set a playing field for medical cannabis, what are your initial target markets?
BW: Our initial market is Switzerland where we will register our nutraceutical products with the national authorities as a reference registration in other EU

countries initially, followed closely by distribution in South America and Canada — and eventually in other countries.

HT: Recent estimates indicate the U.S. CBD market will grow to a $2.1 billion by 2020 (Hemp Biz Journal); how can the investor be assured these estimates — which are at best cursory — carry any level of accuracy?
BW: CBD's medicinal benefits are so vast and promising that the market estimate provided may turn out to be low. In my view CBD will be used for prevention and not just for treatment of symptoms. The monopoly on medical knowledge previously held by governments, pharma companies and the medical establishment has now been broken forever. The democratization of knowledge due to technological advancements and the internet, supports the rapid spread of knowledge on the benefits of alternative medicines such as medical cannabis and CBD. This fuels demand and further data sharing among patient groups in such a way that market estimates for CBD, especially because it is non-psychoactive and safe, are not far from future reality and market estimates.

HT: And what's your general outlook on the European and USA markets, especially in light of the recent questions raised in the UK and the warning letters that went out from the FDA to certain American CBD vendors earlier this year?
BW: I think that these are the results of both patient complaints of low quality CBD products that are sold based on inflated claims by some careless manufacturers, and the desire of some companies to prevent competition with their own products that have gone through lengthy and expensive clinical trials. It should be allowed to sell phytonutrients such as CBD extracted from hemp if they are produced by good and solid standards.The prohibition of this hurts many patients and good folks who set up CBD and hemp operations to provide access to patients who wish to use an alternative, herbal-sourced safe and effective compound such as CBD, especially when many conventional medications fail to provide and carry serious negative side effects.

HT: What are the keys to managing a fast-growing enterprise in such a dynamic however sometimes unpredictable sector such as CBD?
BW: It is hard to manage enterprises such as CresoPharma in a fluid regulatory environment. The way to handle such a situation is to use regulatory experts in each territory, backed by legal opinion from local lawyers; then to develop and use a two-pronged approach – one relates to the registration of CBD as a food supplement or nutraceutical and the second to register the products as part of a medical cannabis program and back it up with small scale clinical trials. Both options are difficult and expensive to implement but with proper resource levels and expertise we believe CresoPharma is up to the task.