

# MEDISWIPE, INC.

## The Leading Pure Play in the Booming Marijuana Market

Rob Goldman  
[rob@goldmanresearch.com](mailto:rob@goldmanresearch.com)

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### MEDISWIPE, INC. (OTCQX - MWIP - \$0.27)

Price Target \$1.00

Rating: Speculative Buy

#### COMPANY SNAPSHOT

**MediSwipe, Inc.** provides innovative patient solutions and is the leader in Compassionate Care Technology for the medicinal marijuana industry. MediSwipe provides terminal-based service packages and integrated web Portal add-ons for physicians, clinics, hospitals and medical dispensaries that include: digital patient records, Electronic Referrals, Credit/Debit Card merchant services, and health and wellness product lines including beverages, and accessories. Plus, the Company sells the Mont Blunt brand of vaporizers and alternative tobacco products.

#### KEY STATISTICS

Price as of 2/12/14	\$0.27
52 Week High – Low	\$1.274 – \$0.081
Est. Shares Outstanding	57.0M
Market Capitalization	\$12.7M
3 Mo Avg Vol	2,011,000
Exchange	OTC:QX

#### COMPANY INFORMATION

MediSwipe, Inc.  
319 Clematis Street  
Suite 400  
West Palm Beach FL 33401  
[www.MediSwipe.com](http://www.MediSwipe.com)  
[info@mediswipe.com](mailto:info@mediswipe.com)  
248.262.6850

#### INVESTMENT HIGHLIGHTS

**The medical marijuana and recreational marijuana industries are in the early innings of a major adoption phase which will result in \$20 billion in revenue in the coming years.** Approved in 20 states and D.C., and with endorsements from high profile doctors such as Dr. Sanjay Gupta, more states will soon come on line increasing the size of the market.

**MediSwipe, which helped pioneer and design the use of a HIPAA-compliant back end record system, is the only pure play medical marijuana stock with a real presence in the critical payments and records segment of the industry.**

**Targeting an estimated 75 million consumers, MediSwipe is a one-stop shop for medical marijuana needs for patients and physicians alike.** The Company provides health and wellness products, vaporizers and e-cigs under the Mont Blunt brand, and consulting services to canna-businesses.

**In addition to its payments and record solutions, the Company sells popular hemp-based beverages and cutting-edge alternative tobacco products.** The recently introduced Mont Blunt Vaporizer and other e-cig products could prove to be huge this year as well, with industry estimates calling for sales growing to \$3 billion in 2015.

**With its peers trading at an average market cap north of \$200M, the overlooked MWIP has not yet made the big, inevitable run higher and could easily trade up to \$1.00 in the near term.** Plus, MWIP is the industry's only pure play fully reporting company has significantly reduced its debt in 2013. In 2014 the Company received a \$1.5M commitment for expansion and working capital. Thus, MWIP offers the greatest upside and least downside risk in the medical marijuana space. We rate MWIP Speculative Buy.

## MEDISWIPE, INC. (OTCQX - MWIP)

### COMPANY OVERVIEW

As a full-service provider to canna-businesses across legal jurisdictions, MediSwipe, Inc. is quickly becoming a force in a budding industry – canna-business, a term surrounding the use of medical marijuana. Transactions within this industry that range from physicians to licensed dispensaries to pharmacies, whether through traditional methods or Internet and mobile devices, value security of patient information is where MediSwipe excels.

Initial marketing targets are Colorado, where the company has a network of 250 dispensaries along with Washington State. Although many parts of the U.S. have approved medical dispensing of cannabis, legislation in these two jurisdictions lean toward recreational use and MediSwipe can gain a strong foothold with its technical and marketing expertise. Lists of illnesses benefitting from medical marijuana continue to grow – originally glaucoma and cancer, now extending to Crohn's disease, Alzheimer's, hepatitis C, and severe muscle spasms.

In 2013, MediSwipe's business transformed from one segment – offering a suite of services comprising banking solutions to licensed medical marijuana facilities that electronically process patient transactions – to multiple vertical segments, including health and wellness products, and linking doctors with patients through medical portals. Recently more products and services have been added, making the company a one-stop shop for medical marijuana needs for patients and physicians alike.

MediSwipe's future plans include kiosks that will allow patients to use a secure identification card containing personal medical records that also transfers and stores every transaction, acting as an alternative to cash payments and providing an ongoing history for patient convenience. These kiosks will allow patient transactions to be tracked and allow for the purchase of medicine and peripheral products.



Source: MediSwipe, Inc.

**Image I. Chillo Hemp-based Energy Drink**

MediSwipe also offers fee-based patient certification and registry services in combination with managing caregiver's records, providing a hub of information for all parties involved in the issuance of state medical marijuana cards. Also gaining traction is MediSwipe's Digital ID Hotline that affords patients, after certification and state registration, to scan, store and send records among dispensaries, giving them more freedom and privacy over their personal information for a reasonable yearly fee. Millions of patients within 20 medicinal states across the country could benefit from this service, Digital ID promises to be a meaningful revenue generator.

## MEDISWIPE, INC. (OTCQX - MWIP)

### COMPANY OVERVIEW (cont.)

Besides providing financial transactions to the medical marijuana industry, MediSwipe offers hemp-based beverages and vaporizers, items increasing in popularity. CHILLO, an energy drink containing hemp seed extract, with several B-vitamins and caffeine, and C+ Swiss Teas, also with hemp seed extract combined with fruit and plant extracts, are sold in medical marijuana dispensaries in Vancouver, Washington State, and nationally through Amazon.com Marketplace and Whole Foods. The company has trademarked its Mello Meal with secure packaging of non-THC edibles that would include chocolate bars and other foods, eligible for licensing through dispensaries and caregivers, for additional revenue streams.

MediSwipe's alternative tobacco products carry them even further toward a company providing lifestyle choices. Mont Blunt, acquired just recently, is a sleek variation on the electronic cigarette that quickly achieves vaporizing temperatures, sold with flavorings to enhance the experience without harm to the body.

Mont Blunt Vaporizer is a battery operated rechargeable electronic device that delivers flavor in a delicious, satisfying vapor form. This sleek and compact design has captured the eye and is a popular choice of many alternative tobacco smokers. Its immediate heat up time which is capable of reaching vaporizing temperatures within seconds, makes it convenient to use anywhere at any time. Its stylish sophisticated look made lightweight comes with a convenient ergonomic power button. A website for the brand has been launched and retailer interest is gaining momentum. Custom designs including rare jewels embedded in the device's case are available, expected to attract a high-end audience willing to spend money.



**Image II. Mont Blunt Starter Kit**

The e-cig market is huge, estimated to generate \$1 billion in annual sales with traditional tobacco and cigarette sellers chomping at the bit to get a big piece of the market lest their existing products become marginalized. In fact Citigroup predicts the market will grow to \$3 billion in 2015 and we should note that it is a very popular product among marijuana users.

The Company has signed an exclusive license and formed a joint alliance with The Medical Cannabis Network to operate market and manage the premier online physician and patient registry [www.MarijuanaDoctors.com](http://www.MarijuanaDoctors.com). This is the largest online portal and registry for medicinal marijuana patients and physicians in the US. This exclusive license and joint venture shall be dedicated to delivering compassionate care services in regulated jurisdictions throughout the US and now in 20 states and the District of Columbia.



## MEDISWIPE, INC. (OTCQX - MWIP)

### COMPANY OVERVIEW (cont.)

The exclusive license and joint alliance enables MediSwipe to provide administration, market and share revenues in all registrations of patients, physicians, digital record storage and advertising and includes participation in additional leading online portals including [www.Potlocator.com](http://www.Potlocator.com), [www.StrainBrain.com](http://www.StrainBrain.com), and others. The site [www.MarijuanaDoctors.com](http://www.MarijuanaDoctors.com) was founded to act as the trusted gateway for patients searching for medical marijuana treatment in legal medical marijuana states, now totaling twenty. The unique and technically advanced portal provides patients a variety of online services in selecting a doctor and setting an appointment for a medical marijuana evaluation including detailed profile information, scheduling information, and ratings and reviews.

MarijuanaDoctors.com is dedicated to legitimizing the process for the booking and selection of medical marijuana doctors by standardizing the criteria and selection process for doctors allowed to join our trusted network of quality physicians.

MediSwipe will also focus on providing comprehensive scheduling and marketing services for doctors that are both already established medical marijuana physicians as well as those looking to expand their practices into alternative medicine. Each Physician would pay a monthly fee to be listed on the national search engine and the site is free to patients.

The Company also offers marijuana doctors as a mobile application and is approved for all mobile devices and is presently available as a free download in iTunes and Droid stores. Users of the site must be 18 years of age to use the appointment booking services. Additionally, the information provided on MarijuanaDoctors.com is designed to complement, not replace, the relationship between a patient and his/her own physician.

In the third quarter of last year, MediSwipe launched an initiative geared toward licensed growers of medical marijuana in Colorado. For a monthly fee of \$499, agricultural operators will enjoy benefits from MediSwipe's relationships with intermediaries that could result in lower expenses for infrastructure that includes annual licensing costs and taxes. Through MediSwipe's cooperative, single businesses gain much greater buying power with significant savings only seen by direct wholesalers. To augment this effort, the company formed Agritech Innovations to act as a roll-up of existing physical locations for agricultural products including hydroponics and nutrients.

Competition in electronic medical information, though prevalent, favors MediSwipe as the first to target cannabis businesses and offer ancillary products and services to help its dispensary customers grow and profit. By using cloud technology and a digitized format for the capture and storage of patient data, MediSwipe avoids the limitations of other collection methods that invite inaccuracy and invasion of privacy.

In September 2013, MediSwipe spun off 800 Commerce, its online directory division with mobile-based marketing capability, and later organized a share consolidation that puts the company in a better position to attract future funding. MediSwipe was incorporated in 1997 with corporate headquarters in Denver, Colorado and West Palm Beach, Florida

**MEDISWIPE, INC. (OTCQX - MWIP)****MARKET/INDUSTRY OVERVIEW**

The popularity of medical marijuana has risen sharply since the FDA-approved synthetic cannabinoid Cesamet began commercial sales in 2006 for nausea related to chemotherapy, weight loss in AIDS patients, and chronic pain management. More recently, the non-psychoactive component of cannabis known as CBD has been shown to have potent anti-metastatic activity, in addition to the potential to relieve convulsions and some psychiatric conditions like anxiety and depression.

Support for legalization of marijuana in recent U.S. polls show a large majority favor, backing the laws of forward-looking states like Colorado and Washington that have more flexible regulation toward moving medicinal marijuana to recreational use. Twenty states, including the District of Columbia allow medical marijuana sales, with eight more to follow. Municipalities across the country have moved to decriminalize possession. Money is the driver; Colorado, which first approved the use of medical marijuana in the year 2000 and since then passed Amendment 64 to expand use of the substance beyond therapy, expects almost \$600 million in revenue outside of clinical measures and an additional \$67 million in taxable income. Tourism to the state could increase this number substantially when recreational use is approved. Predictions say the domestic cannabis market will reach \$20 billion in the next five years.

Washington State's landmark Initiative 502 that legalized the sale of marijuana mandates it be grown by specially-licensed local farmers and sold in stores regulated by the state. Taxes and percentages of revenue are not trivial, and the state looks forward to billions of dollars over the next ten years.

State by state, progress moves forward. In November of last year, the Michigan Senate passed Bill 660 to allow medical marijuana in pharmacies and condone agricultural growers. Debates in the House, however, are pending. Central to the proposal is use of a medical card for patients, whose numbers exceed Colorado, and include a succession of licenses, regulations and inspections for providers. Patients would not be allowed to grow their own plants, however. Oregon is developing a system to allow patients to authorize agricultural providers to transfer product to the clinic. In Nevada, regulation is attempting to relax laws for operation of storefront centers selling cannabis, but not without high fees for registration and certification. On January 31 2014, Massachusetts gave the nod for 20 dispensaries, under license, to begin growing and selling marijuana for medical use. Distribution networks there are underway.

Colorado's regulatory environment, while easing, would still cause dispensaries and agricultural businesses to deal with very high costs related to licensing, taxes and retail infrastructure build. New legislature could relieve economic suffering for growers, packagers and laboratories testing cannabis distributed to the public. Regardless, federal reclassification of marijuana to a Schedule II drug is vital to boost the industry.

Relaxation of U.S. marijuana laws received a boost within the Obama administration, giving states greater flexibility to explore recreational use and ending what supporters have called 'marijuana prohibition'. Regulation within states while conforming to federal rules on controlled substances is important to passing laws to legalize marijuana. Keeping the sale of cannabis from criminal hands is also high on the list of



## MEDISWIPE, INC. (OTCQX - MWIP)

legislators. There has also been a proliferation of new statutes to bring medical marijuana dispensaries in compliance with state rules, although many still exist in a legal grey area that has forced closures in several states that cause patients to lose access to private medical data, an ongoing problem that needs a quick solution.

Moreover, medical marijuana and even recreation marijuana use support has come from the most unlikely of sources. A 2013 poll published in *The New England Journal of Medicine* demonstrated that fully 76% of poll participants (doctors) are in favor of the use of marijuana for medicinal purposes. The notion has recently received an endorsement from high profile doctors such as Dr. Sanjay Gupta. Plus, a recent CNN poll found that 55% of Americans believe marijuana should be legalized. In lockstep with the American public, even President Obama gave a tacit endorsement regarding the recreational use of marijuana. Clearly, sentiment has shifted and there is no turning back, which is a good thing for MediSwipe and its peers.

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### THE MEDISWIPE EXECUTIVE TEAM

#### **B. Michael Friedman**, *Chief Executive Officer and Director*

B. Michael Friedman is Co-Founder of MediSwipe and has been CEO for the past three years. Through his direction and turn-around strategies, the Company has raised over two million dollars in funding, issued two stock dividends and remains one of the only fully reporting Companies within the medicinal cannabis sector. Mr. Friedman began his career on Wall Street in 1987 which included Bear Sterns, managing private hedge funds and as a principal of First Level Capital providing an umbrella of services to over 40 small cap Companies and start-ups. Mr. Friedman has raised over 50 million dollars for Companies during his 20 year career and has a business degree from a Florida state university.

#### **Barry S. Hollander**, *Chief Financial Officer*

Mr. Hollander has been the CFO of the Company since April 12, 2011. Since February 2010, Mr. Hollander has also been the CFO of 800 Commerce, Inc. Previously Mr. Hollander has held various CFO positions in public companies, and has over 30 years' experience in public company filings. Mr. Hollander has experience in tele-health space and provides financial consulting services to start-ups as well as provides financial reporting services.

### Advisory Board

#### **Dr. James Canton**

CEO and Chairman of the Institute for Global Futures, a leading think tank Dr. Canton founded in 1990 that advises business and government on future trends. Dr. Canton has advised three White House Administrations, the National Science Foundation and MIT's Media Lab, Europe. Global futurist, social scientist, keynote presenter, author, and visionary business advisor. For over 30 years, he has been insightfully predicting the key trends that have shaped our world. Dr. Canton is recognized as one of the leading futurists worldwide.



## MEDISWIPE, INC. (OTCQX - MWIP)

### RISK FACTORS

In our view, the biggest factors in impeding MWIP's success would be the timing and magnitude of adoption of its product and service offerings to the cannabis sector. Separately, it is possible that its consumer-based products, such as Chillo and Mont Blunt fall short of sales expectations. While it is expected that the early adopters and younger users would dominate the ranks in the near term, it is hard to predict how the sales and services ramp-up to mainstream consumers. Clearly, scalability is not an issue. Even if there are adoption delays, given the fact that consumers in Colorado and Washington are driving sales higher than estimated, it is unlikely that slow adoption of MediSwipe's offerings will occur. Risks such as those posed by larger firms or newer entrants with exciting new offerings are typical obstacles facing companies of MediSwipe's size and status.

### CONCLUSION

The medical marijuana and recreational marijuana industries are in the early innings of a major adoption phase which will result in \$20 billion in revenue in the coming years and MediSwipe is poised to capitalize on it. The industry's only fully reporting company, MediSwipe, which helped pioneer and design the use of a HIPAA-compliant back end record system, is *the only pure play medical marijuana stock with a real presence in the critical payments and records segment of the industry.*

Targeting an estimated 75 million consumers, MediSwipe is a one-stop shop for medical marijuana needs for patients and physicians alike. In addition to its payments and record solutions, the Company sells popular hemp-based beverages and cutting-edge alternative tobacco products. The recently introduced Mont Blunt Vaporizer and other e-cig products could prove to be huge this year as well, with industry estimates calling for sales growing to \$3 billion in 2015, up from an estimated \$1 billion in 2013. Similar public companies that are presently taking advantage of the boom in the sector include Victory Electronic Cigarettes Corporation (ECIG), trades at \$13.50 with a \$700 million market cap and Vapor Corp (VPCO), trading at \$6.40 per share with a market cap of \$105 million. Surely the \$15M market cap MWIP will rise as it garners market share in this segment as well.

As illustrated in the table below, we believe that MWIP offers the greatest upside and least downside risk in the medical marijuana space based on valuation, financial status, and clever product mix. With its peers trading at an average market cap north of \$200M, the overlooked MWIP has not yet made the big, inevitable run higher and could easily trade up to \$1.00 in the near term and much higher over the next 12-18 months as adoption occurs. Thus, we rate these shares Speculative Buy.

**MEDISWIPE, INC. (OTCQX - MWIP)**

Table I. MediSwipe, Inc. Medical Marijuana Peer Group

Company Name	Symbol	Price (2/11/14)	52-wk high	52-wk low	Mkt Cap (mil)
Cannabis Science	CBIS	\$0.17	\$0.26	\$0.03	\$126
Cannavest	CANV	\$60.50	\$87.00	\$10.01	\$710
Endocan	ENDO	\$0.11	\$0.25	\$0.02	\$7
GreenGro Technologies	GRNH	\$0.40	\$1.20	\$0.02	\$48
Growlife	PHOT	\$0.32	\$0.47	\$0.01	\$224
Hemp	HEMP	\$0.16	\$1.10	\$0.01	\$122
Medbox	MDBX	\$27.00	\$93.50	\$8.11	\$399
Medical Marijuana	MJNA	\$0.26	\$0.50	\$0.09	\$250
Nuvilex	NVLX	\$0.17	\$0.23	\$0.03	\$99
Plandai	PLPL	\$1.40	\$3.12	\$0.05	\$149
Terra Tech	TRTC	\$0.43	\$0.81	\$0.06	\$44
<b>Average</b>					<b>\$198</b>
<b>MediSwipe</b>	<b>MWIP</b>	<b>\$0.24</b>	<b>\$1.27</b>	<b>\$0.08</b>	<b>\$11</b>

Produced by Goldman Small Cap Research

Sources: Yahoo! Finance, OTCMarkets.com, NASDAQ.com



**MEDISWIPE, INC. (OTCQX - MWIP)**

**Recent Trading History For MWIP**

(Source: BarChart.com)

**MWIP - Mediswipe Inc - Daily OHLC Chart**





## MEDISWIPE, INC. (OTCQX - MWIP)

### Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

### Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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