

# Why Aren't Your Cannabis Customers Paying You?

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Back in 2016, AGA, a global B2B collection agency, first got involved in the cannabis market assuming it would be the next "dot.com" – we wanted to be front and center when the market exploded. Instead, we found very little opportunity for collection agency business. Why? Because in order for there to be a collection need, a grower, manufacturer, producer, wholesaler or distributor must extend credit, and in 2016 the market operated 99% in cash.

Fast forward to 2023, and boy have things changed – the market has exploded! Benzinga reported, in early May, that there was more than \$600 million in unpaid debt across the California supply chain and cannabis-related business accounted for more than \$250 million in unpaid sales and marijuana taxes. To mitigate this problem, a coalition of cannabis firms that represents about 45% of the California cannabis distribution market tried to get California Assembly Bill 766 passed earlier this year. This Bill would require cannabis licensees to pay invoices for goods or services totaling \$5,000 or more within 15 days of the final date listed on the invoice, much like the alcohol industry, where each state's alcohol board determines how distributors and retailers transact their business, spelling out the consequences of nonpayment for goods and services. The passing and enforcement of Bill 766 will be a major...

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## About the Author



Sam Fensterstock is the SVP of Business Development at AG Adjustments (www.agaltd.com). AGA is one of the nation's leading providers of 3rd party commercial collection services. Sam oversees AGA's sales organization as well as corporate partnerships and marketing. He has more than 25 years of experience as a Senior Business Development Executive, Manager and Coach in the commercial credit and collections space. He is passionate about helping companies improve their order to cash process with a specific focus on credit risk and collection management. He has been a founder and played a key role in the dynamic growth of several leading niche commercial credit risk management companies and is considered an expert in the order to cash and credit and collections process. Prior to joining AG Adjustments Sam was the Director of Business Development at PredictiveMetrics, a statistical based credit and collection scoring and modeling company that he helped grow and sell to SunGard (FIS) in 2011. AG Adjustments has been a Platinum Partner of The Credit Research Foundation since 2000. Sam can be reached at samf@agaltd.com or 631-719-8096.