



## Episode 116: What's Next in the Psychedelics Market, With Matt Brockmeier and Rebecca Nicholson

### Episode Summary

A range of new mental health treatments are available to Western medicine, and practitioners are figuring out how to use them effectively. [Matt Brockmeier](#), co-founder and chief legal officer at Entheogyn and of counsel at Antithesis Law, joins [Rebecca Nicholson](#), foundation director and wellness advisor at Prime Quadrant, to explore this evolving landscape with McGuireWoods partner and host [Geoff Cockrell](#).

Matt discusses the tension between state and federal laws shaping access to psychedelics and controlled substances, while Rebecca contrasts the investment dynamics of cannabis versus psychedelics, emphasizing mental health over recreation. They examine specialized investor appetite, the medical community's evolving response and the ancillary wellness modalities supporting comprehensive mental health transformation.

### Transcript

Voice over (00:00):

This is The Corner Series, a McGuireWoods series, exploring business and legal issues prevalent in today's private equity industry. Tune in with McGuireWoods partner Geoff Cockrell, as he and specialists share real-world insight to help enhance your knowledge.

Geoff Cockrell (00:20):

Thank you for joining another episode of The Corner Series. I'm your host, Geoff Cockrell, a partner at McGuireWoods. Here at The Corner Series, we try to bring together dealmakers and thought leaders at the intersection of healthcare and private equity. Today, we're going to have a super interesting discussion that's a little different from ones we've had before. Today we're going to be exploring the investment opportunities and landscape in psychedelics and other controlled substances. Today, we're joined by Matt Brockmeier. Matt is the co-founder and Chief Legal Officer at Entheogyn, and also by Rebecca Nicholson, Foundation Director and Wellness Advisor to Prime

Quadrant. If you two could introduce yourselves, Matt, start with you, and then we'll jump into some discussion.

Matt Brockmeier (01:01):

Yeah, sure. Thanks, Geoff. And the company is called Entheogyn. It's a reference to a term coined by an ethnobotanist named Jonathan Ott, who recently passed away. And the term is kind of a reference to the relationship building qualities of some of the substances that I'm involved in working with in Colorado. But so Entheogyn is the company in Colorado. Also, of counsel at a boutique law firm called Antithesis. My four amazing coworkers, we focus on the intersection of healthcare, alternative wellness, and regulated substances, so cannabis, psilocybin, mushrooms, research chemicals, ketamine, you name it, and all of the practices and modalities and businesses and investment opportunities around those substances.

(01:42):

And I'm also on the board of directors of the Psychedelic Bar Association, which is a trade association or a nonprofit focused on the lawyers in this space because we think we have a unique role to play in this industry, given that we're taking substances from illegal to legal and all the gray area in between. I'm sitting here today outside of Boulder, Colorado. I'm actually living in Boulder and in Medellin, Colombia, these days. So doing the digital nomad thing for a little bit, and happy to be on the podcast today. I'm really excited to get into some of these topics.

Geoff Cockrell (02:15):

And Rebecca, maybe give a little of your background as well.

Rebecca Nicholson (02:18):

Sure, thank you. Great to be here with you guys. So I started in the psychedelic industry back in 2020 when psychedelics became very exciting around the world. And we started an impact fund. We were focused on supporting immersive wellness, Indigenous wisdom, philanthropy, and international psychedelic retreat centers. So we're really focused on supporting the healers and the light warriors, but also the business format. So how do we combine these two really sticky worlds and do it harmoniously? And since then I've been advising, consulting different health and wellness and psychedelic companies around the world, advising investors, and also supporting the healers, and now working with Prime Quadrant, which is a multifamily office and running their foundation and creating different wellness initiatives for clients, but also really creating that cyclical opportunity of healing and really focused on all the modalities really. So with the fund, we're focused on natural plant biomass mostly, but also all the modalities that will support the full human experience.

Geoff Cockrell (03:21):

Maybe let's start on the legal side. Matt, we heard a little bit about kind of gray areas and evolving landscape. How would you describe the legal environment, both from a federal US and state US

perspective? I know there can be some incongruities there, but how would you describe the legal landscape?

Matt Brockmeier (03:39):

Yeah, and if you could see, I have a notepad next to me, and the words at the top are state versus federal, because this is just always kind of really where the rubber meets the road. So yeah, I mean, we have this interesting tension in the US between state and federal drug laws. We saw it in cannabis starting in 1996 with California legalizing medical cannabis. They were kind of an outlier for two decades, but then along came Colorado, Washington, and Oregon and around 2010, 2014 started legalizing cannabis in those jurisdictions for adult use and then for medical and then recreational or adult use. And if you had asked a first year law student in constitutional law class like I was in the back row, if that was possible, they would say no, because there's this supremacy clause and you can't have a conflict between state and federal law.

(04:26):

And when there is one, the federal government trumps state, and it just, that's not how it's playing out. Fortunately, for millions of people that now have access to legal cannabis in 40 states, I think something like 80% of US adults have access to legal cannabis within driving distance of their home. And the reason is multifaceted, I guess. One is a kind of dysfunctional patent system with some perverse incentives or misaligned incentives, and then the politics of the war on drugs. And intransigent and pretty dysfunctional these days Congress, we're recording this podcast during a government shutdown. Again, just a reminder, that doesn't happen in other functioning countries. They fund their governments. So all that is the background or the context for, I guess a lot of probably what Rebecca and I will end up talking about because it seems like she's focused on jurisdictions internationally and potentially now in the US where things are legal across the board. I don't want to put words in your mouth, but at my, there's drug development at the federal level and opportunities to invest in or build businesses in a few jurisdictions.

(05:31):

And then there's everywhere else like in Colorado and Oregon and now New Mexico where there's some version of legal psychedelics or natural medicine, even though still not legal at the federal level. So yeah, that's the setup anyway. And my focus for the past few years has primarily been reforming the laws in states like Colorado and now Alaska. I just helped draft some legislation in Alaska called Natural Medicine Alaska to expand on what we did in Colorado because I don't think that we can wait for the federal government to listen to science or popular opinion or logic when it comes to allowing people more access to these medicines than they have right now.

Geoff Cockrell (06:10):

So Rebecca, for the uninitiated, from an investor perspective, how would you segment this market? Because there's different ways to think about it, but how would you slice and dice it?

Rebecca Nicholson (06:22):

Yeah, well, it is interesting when we bring up cannabis versus psychedelics as well. And I started talking about this back in 2020 was cannabis became such a big pump and dump like it was for the cowboys. Get in, get out fast, fast, fast. Canada became, I'm up in Canada, by the way, I'm in Toronto. But Canada became the laughing stock of the world because now we have a cannabis store on every single street corner, and they're open for two weeks and then they get closed down. So I used to joke that cannabis was like the one night stand, and psychedelics is the long-term relationship. We're going to fight for the marriage at the end of this. We're going to consciously uncouple, we're going to get back together, we're going to have a couple of kids, we're going to make it work. It's like this is family.

(06:55):

It's a very, very different market. And cannabis was really focused on the recreational use, and psychedelics is really focused on the mental health. So this is why I think we know, and especially I'm not in the States, but from what I hear with RFK, he's really pushing as well for hopefully eventually moving forward with psychedelic assisted therapy because this is really around safe use, but also how do we use these medicines in safe environments? How do we protect not only the journeyers, but how do we protect the facilitators? How do we actually make this accessible? Because it can be very, very expensive. So how do we make this maybe in group format? How does this look like in the future? So I think really there's also different buckets of natural plant biomass versus synthetic medicines. And I know there's a lot of companies right now who are moving forward in theirs, it's more of these second generational industry.

(07:48):

It's kind of coming forward with, Gilgamesh just got acquired by AbbVie for \$1.2 billion, and this is really for a new substance that they're developing called GM-2505. But then there's also Beckley Psytech is a 5-MeO nasal spray, that's moving forward, but in a very slow way. So this is also, all of these medicines are really focused on major depressive disorder or substance use or alcohol dependency. So a lot of these substances that are being developed right now is all focused on neuroscience and pharmacology.

(08:19):

So it is kind of different markets of what we're looking at. But in the bigger picture, when I think about going back to a little bit of the woo side, natural plant biomass was gifted to us by Mother Earth. And for me, when I think about that, I can't attach ROI to something that the Earth grows naturally, that our Indigenous teachers have been using forever. So it's really about focusing on what this could be, how to support people in the right way, and really, really combat a lot of the seriousness of the suffering that's happening around the world right now.

Geoff Cockrell (08:53):

And Matt, against kind of that backdrop and segmenting different aspects of the industry, where is the investment occurring now?

Matt Brockmeier (09:02):

Well, just now, I mean, it's in Colorado and Oregon because those are the first two states with a regulated model at the state level. You're going to see New Mexico soon. They just passed a law via the legislature as opposed to a ballot initiative, which is how most of these laws have gotten passed in the recent past. And you saw that same kind of trend in cannabis. The first few states to legalize cannabis were via ballot initiative. And then you saw Illinois come in and they were the first state to legalize via legislature. And so what we're seeing again and not to, cannabis is one plant with a bunch of 70 compounds and it is a medicine that unfortunately in the US, because we're ripping the bandaid off from the war on drugs, we kind of treated it like candy and really lost the reverence that I think we should have had for that plant as a medicine.

(09:52):

And we have another opportunity to try again with psychedelics, starting with psilocybin, to take them a little bit more seriously. And as Rebecca alluded to, leverage the power of these substances and the practices around them to treat mental health conditions as opposed to just recreational. Now, there's nothing wrong with feeling good. I think we're a very parochial society and feeling pleasure is shamed, and I don't know that that's very healthy, but regardless where we are as a culture, I think right now the conversation around psychedelics for mental health is really a way for us to have that conversation with people who would otherwise be very skeptical of controlled substances are all of a sudden medicine now. Well, they were always medicine. It's just that the war on drugs is a war on people and the human rights issue of our time, and we just keep doubling down on these policy failures begun.

(10:39):

I mean, the Nixon administration gets a lot of the blame, but we've had bad drug policy in this country since we were a country. And so the investment opportunities are now beginning to appear at the state level in addition to companies like the acquisition of Gilgamesh. Huge deal because we haven't really seen an acquisition of that size yet, or with those names attached with the reputations of those companies. Beckley obviously has a unique reputation in this space because of the variety of projects that they're involved in and the work that they do and their association with Amanda Feilding. But there have not been very many investment opportunities up until this point because you basically had to look outside of the US unless you were looking at drug development. And drug development is highly speculative, very resource intensive, very capital intensive. I wrote a law review article in 2008 or something, and I think back then the average cost of developing a successful drug was \$14 billion and that doesn't include all of the money that goes into drugs that just go nowhere.

(11:38):

And so frankly, that's why you're seeing a lot of these big pharma companies pivot to, they're more marketing companies that acquire innovative smaller companies as opposed to having huge research and development budgets. Also, they've been kind of absent in the mental health space for a very long time, even though we've known that a lot of these medicines are really good for our brains in a number of different ways because they didn't really fit their business model, which is why I gravitated myself anyway towards the kind of state regulated model because we're not trying to patent anything and gatekeep anything around nature.

(12:07):

What we're trying to do is create a system for adults to access these things safely, but also accessible to people at a lower price point than something that's going to have to come from a pharmaceutical company that comes through your employer-sponsored health insurance. That means you have to have a W2 job. And it's just a little bit, to me anyway, more of the same. And so I'm really excited about what we're doing in places like Colorado and hopefully Alaska next, New Mexico, Oregon, maybe even New York. They just had a hearing, just the New York State legislature. So investment opportunities are starting to appear at the state level in ways that they haven't before, and that's what I'm excited about.

Geoff Cockrell (12:42):

And Rebecca, you mentioned that you've worked with a family office. In my experience on the investor side, whether that is equity investors or people looking to provide debt capital for some of these businesses, that it's required kind of specialized investors, so private equity funds that might have more kind of headline risk or other discomfort with maybe limits on access to the banking system. It's been a unique cadre of investors that have invested in this arena at all. To what extent is that true or is the investor community more mainstreaming with interests going to more traditional types of investors rather than these specialized ones?

Rebecca Nicholson (13:27):

Yeah. Well, to be completely transparent, I'm not involved in the investment thesis at all with the family office. I'm running their foundation and their wellness initiatives. But I do support or advise other investors or VCs if they're looking for more information or if they have questions. I think generally speaking in the psychedelic space and how it's being on a down swirl, but now it's coming back up again, is education is the most important part of all of this. It still feels challenging to support the industry, I think on the investment side, just because we don't know truly what the space is going to turn into. We don't know how it's going to be scaled or marketed or how people are going to make their money back because this is generally speaking, that's what investors want to know. How are they going to make money on their money?



(14:11):

So a lot of this, and this is why I was running an impact investment fund because we were really focused on creating real impact, and to do that, we have to really think about what the human fully needs and it's not just about making money on your money. And sometimes we really need to think outside the box and work philanthropically and work with the really incredible people out there who are holding space for the people that really, really need it. So it's a bit of, a lot different worlds kind of swirling around right now trying to figure out what the future looks like in the psychedelic space. But I think at this point, I think hopefully, knock on wood, what happened in the '70s isn't going to happen again. I hate to say that out loud, because I don't want to jinx it, but I think generally speaking, we're all feeling pretty good that this is going to continue to slowly move forward.

(15:01):

Even with Lykos and MDMA, which didn't pass in the FDA, I think this will just take another two to three years, maybe a little bit more for them to hopefully get MDMA passed properly for PTSD and all of these other treatments for serious treatment resistant anxiety, depression, or alcohol dependency, or eating disorders, or extreme trauma. There is ways out for people, people are experiencing, people are being witnessed, people are being witnessed and witnessing, and it's an incredible opportunity right now.

Geoff Cockrell (15:32):

Is the reaction to these substances by the, for lack of a better word, kind of traditional medical community, is that softening or is there still resistance, or what is the environment at that intersection?

Rebecca Nicholson (15:47):

Yeah, I mean, when I think about my parents, they're not ready yet, but I think if we have more research, more clinical trials and more data and more education and more personal stories in the world, I think that will continue to push the envelope and people will become more and more open to trying these different modalities of healing. I think the more that the people have positive experiences versus recreational experiences and unsafe situations, then sharing those personal stories will continue to snowball and continue to support the entire infrastructure of the healing space.

Geoff Cockrell (16:22):

It sounds like there's a sense that we're at an inflection point and that that inflection point could break one direction or the other with not a lot of certainty as to which direction that will break. What would, in your mind be the catalyst for it breaking in favor of greater access, acceptance, utilization of these substances?

Matt Brockmeier (16:42):

I mean, I don't think it's one thing. I think you're seeing documentaries on Netflix and articles in major publications and Oprah talking about psychedelics on social media. And then you look at the science

page of whatever newspaper, if you're still reading a newspaper or whatever, and you're seeing, Rebecca rattled off a number of conditions and disorders, substance use disorder, alcohol use disorder, anxiety, PTSD, like you name it, and we have this litany of conditions that this menu of medicines or substances are good for and we just don't know what... That's kind of where we are right now is like, "Okay, where do we go from here?" It seems like people in the government from both sides of the aisle are listening because we've really run out of things that work and the things that we thought worked like SSRIs, actually turns out we don't know how they worked, and they don't work as well as we had hoped or have been led to believe by a for-profit.

(17:41):

And I understand that we all exist under this economic system that none of us voted for or anything, but it doesn't seem to be the best to allocate dollars in every area of our economy. And healthcare is one of them because elasticity of demand for staying alive is a lot different than just buying a new car. But yeah, I mean, I think we're at this point where we have to figure out, why do some of these medicines work for some people and not for others? Or why do they work better for some people? Or why does this one work for this person and that one work for the other? And RFK just made a statement the other day. It was in his response to the really unfortunate passing of Dr. Nolan Williams, who was a really prolific, prominent researcher and physician in the mental health space, big advocate for transcranial magnetic stimulation, and it was about targeted treatments for these therapies because we have to get...

(18:34):

So now that we know that we have this range of new treatments that are new to western medicine, we really have to figure out how to use them. And I think that's where we are now is opening up research so we can figure out what works so that we can get these in people's hands so that we can get these into people's lives. And I don't particularly care whether that's via a drug developer patenting a novel chemical that's developed because it's similar to something that grows in nature and then that's provided via a doctor's prescription and paid for by an insurance company or if it's somebody that takes ayahuasca in ceremony in the jungle of Columbia or in a ceremony that's now legal for personal use in Colorado, as long as people have multiple points of access to medicines that work and make people feel better, then we're helping to change the world one person at a time. And that's what draws me to this space. And I imagine Rebecca too, and most of the people that I get the chance to work with.

Geoff Cockrell (19:30):

Rebecca, in a lot of areas in healthcare investing where there's kind of sharper regulatory pressure of different forms, there's often a series of sub industries that pop up that are ancillary to the core, but don't have quite the same regulatory pressure. It sounded like some of your work is involved in implementation of some of these substances and not necessarily always the substance itself. Are you



seeing industries popping up that are supporting this that maybe don't have quite the same pressure, or is that not how it works?

Rebecca Nicholson (20:11):

I mean, if you're talking about different modalities around health and wellness, yeah, I mean, it's going wild. People just generally just want to feel better, whether it means they're dealing with extreme mental health issues, or maybe they're just an executive that's really stressed out all the time and they're yelling at their kids, where does that come from? So we can think about IFS therapy, inter family systems, which is incredible, very complimentary to psychedelic work. Also even just sauna, cold plunge, creating community, having real connection with people. We've just kind of lost the plot on that. If you think about meditation, spirituality, mindfulness, nature immersion, even just moving your body. You're feeling anxious, that's pent up energy a lot of the time in your body. Get outside, move your body, go for a half hour walk. So there's all of these incredible modalities that can really support the full mind, body, spirit of the human. And all of these things is really what I'm focused on, is creating more accessibility and being that bridge to people that are curious.

(21:03):

Like, "Why do I feel like I have this rock in my heart?" So let's try and move that energy out and open up that new space for you, whether maybe it's some type of psychedelic work somewhere, or maybe it's just sauna, cold plunge and going deep into meditation and breathing into that place to really kind of move energy out. But a great article came out recently in the Canadian Globe and Mail, and it was called The Business Trip and all about the execs are not all right, and there's an increasing number of them. They're turning to psychedelic treatments all around the world to help them cope with the chaos. But I also feel really, and speaking, Matt mentioned Amanda Feilding. I did a retreat with Amanda Feilding a few years ago, and it was like, I'm literally journeying beside this woman. At that point, she was 79 and she was known as the queen of psychedelics.

(21:49):

And I was literally like, "There's my mentor. I'm here with her." And it was just an incredible opportunity to spread wisdom from the older generation and the wisdom keepers is hugely missing out right now. The younger generations are not getting the wisdom passed down through the different generations. And really from Amanda, it really should be a basic human right to be able to explore your consciousness. So if you're not going into this work to heal deep trauma, which maybe that might come up, but maybe you could have the right to explore what's actually happening here and maybe really opening up and maybe having that transformational experience.

Geoff Cockrell (22:27):

We could talk for quite a bit. I feel like we've just scratched a little tiny bit of the surface, but we're running up against our time limits. This has been super interesting. I've got to say, you all have a little different vocabulary than I'm accustomed to, but it's super interesting to see how the intersection of

finance and these new modalities of treatment are coming in contact with each other. And I can definitely see the investor community looking for on ramps into that, even if there are aspects of it that they have some discomfort with. And so from where I sit, that kind of intersection is going to continue to expand.

Rebecca Nicholson (23:05):

Well, you know what comes from discomfort, Geoff, is growth.

Geoff Cockrell (23:08):

Growth, there you go.

Rebecca Nicholson (23:11):

This is good for everyone. Let's have a conversation.

Geoff Cockrell (23:13):

I grew already today.

Rebecca Nicholson (23:15):

I'm really proud of you.

Geoff Cockrell (23:16):

This is fantastic.

Matt Brockmeier (23:16):

And we're growing mushrooms in Colorado under a license-

Rebecca Nicholson (23:20):

Yes, you are.

Matt Brockmeier (23:20):

From the state of Colorado, changing the paradigm, vertically integrated.

Geoff Cockrell (23:24):

The word of the day is growth.

Matt Brockmeier (23:24):

Growth.

Rebecca Nicholson (23:24):

That's right.

Geoff Cockrell (23:27):

This has been a ton of fun. I really appreciate you guys spending a little time with me.

Rebecca Nicholson (23:31):

Thank you so much, Geoff. Thanks, Matt.

Matt Brockmeier (23:32):

Thanks, Geoff.

Voice over (23:36):

Thank you for joining us on this installment of The Corner Series. To learn more about today's discussion, please email host Geoff Cockrell at [gcockrell@mcguirewoods.com](mailto:gcockrell@mcguirewoods.com). We look forward to hearing from you. This series was recorded and is being made available by McGuireWoods for informational purposes only. By accessing this series, you acknowledge that McGuireWoods makes no warranty, guarantee, or representation as to the accuracy or sufficiency of the information featured in this installment. The views, information, or opinions expressed are solely those of the individuals involved and do not necessarily reflect those of McGuireWoods. This series should not be used as a substitute for competent legal advice from a licensed professional attorney in your state, and should not be construed as an offer to make or consider any investment or course of action.