



Craft Spirits Pioneer Crater Lake Spirits and Maker of CBD Infused Beverages Sells 19.99% of Company for Nearly \$8 Million

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When Jim Bendis founded **Crater Lake Spirits** in Bend, **Oregon** in 1996 he was one of fewer than 20 craft distilleries in the United States. In a conversation with Bendis he said at the time, “We were the first ones in the country to hand craft a vodka and a gin.” To help put this time frame in perspective, it was January 3, 1996 when Motorola introduced the world to StarTAC, the first clamshell flip phone.

Oh my we've come a long way. There are now nearly 2,000 licensed and producing craft distilleries in the country and the flip phone is so old that the Razr (didn't everyone own one of those at some point) is about to make a comeback later this year. Since Bendis launched his startup in 96, he's never stopped looking for new opportunities. In 2005 he started Bend Spirits, an offshoot company to offer people the opportunity to private label their own spirits brand without ever owning a distillery.

Ablis Created in 2015

As more and more states were legalizing Cannabis, Bendis started to look for an opportunity. The product line he identified was outside of the distilled spirits world but was still a beverage – a CBD based beverage. In 2015 he founded Ablis a company name derived from blending the words Cann**AB**is and **bLIS**s to form Ablis.



The Ablis line of products are infused with CBD (Cannabidiol), not THC (Tetrahydrocannabinol.) CBD is a component of marijuana and hemp but is not psychoactive. THC is the psychoactive component of cannabis plants – most predominantly found in marijuana. CBD can be extracted from hemp without any trace of THC. Ablis infuses its products with 100% THC-free CBD extracted from organic hemp plants bred to produce the pure, odorless and tasteless CBD (sounds a lot like the TTB definition for vodka.)

There are many ways to extract the CBD oil from the hemp but most ways include some form of distillation, a thing that craft spirits makers know a thing or two about. Bendis is currently working on patenting a proprietary extraction method to emulsify the CBD crystals to make it water soluble during the process. The company now produces Ablis beverages and supplements. The beverage line includes Ablis' CBD-infused lemon ginger, cranberry blood orange, cold brew coffee, various water kefir flavors and zero-calorie lemon or grapefruit sparkling water beverages that target the mainstream health market. They are all-natural, shelf-stable, GMO-free, THC-free and non-alcoholic. The beverages are packaged by the bottle or keg and are sold direct to consumer and on tap at bars and restaurants.

The \$7,596,200 Cash Deal

“This is kind of a new venture for us, to be into stocks and that type of world,” said Bendis. “We are really excited about these guys. They’ve done copious amounts of research on us and we’ve done copious amounts of research on them and their investors and we really feel good about these guys.”



Ablis CBD Beverage is available on tap.

In November 2018 it was announced that Bendis had agreed to sell 19.99% of his business including Ablis, Bendistillery DBA Crater Lake Spirits and Bend Spirits, the private label company for a total of \$7,596,200 in cash to Acquired Sales Corp. of Lake Forest, **Illinois**. Doing the simple math, this puts the value of his 23 year old company in the neighborhood of \$38,000,000. In rough numbers he breaks down the value as 15% for Ablis, 75% for Crater Lake Spirits and 10% for Bend Spirits. That's the current break down but when it comes down to growth the CBD side of the world is going gangbusters or has Bendis said, "It's experiencing explosive growth." He estimates the CBD side of the business is growing at about 300%.

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Closing on the First Round of \$1,896,200

The two companies have been doing their due diligence for the last several months with the execution of definitive merger documents, obtaining necessary third party approvals, and the completion of all necessary securities filings. Subject to certain conditions, Acquired Sales Corp.'s initial purchase is for 4.99% of the stock of Ablis, Bendistillery and Bend Spirits for a total purchase price for this first round of \$1,896,200. Bendis said most of the initial cash infusion will be used to expand production capacity at the Crater Lake Spirits distillery not for spirit production but to keep up with demand for CBD production. The deal is expected to close later this month.

Crater Lake Spirits products are currently available in 24 states while their CBD based beverages and oils are available in 12 states, Puerto Rico and Guam.

This will continue to be interesting space as the lines between distilled spirits and cannabis continue to blur. One thing is clear, there's a lot in common from a production, distribution and sales opportunity between distilled spirits and the CBD beverage market.

What Else Happened in 1996?

1996 was a busy year. In addition to the release of the flip phone here are a few other things of note.

- Nintendo released their newest gaming system the Nintendo 64.
- Tickle Me Elmo was first introduced from Tyco Preschool.
- And finally... NFL coach Bill Belichick was fired by the Cleveland Browns with a record of 36-44.

Cheers!





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