

# How Is the Former CEO of Toronto-Dominion Bank Getting Involved in Canada's Marijuana Industry?

## Description

Last month saw the announced that Ed Clark, CEO of **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) between 2002 and 2014, has been tapped to oversee the distribution of Ontario's recreational marijuana as chairman of the Liquor Control Board of Ontario.

Clark had inherited the role as leader of TD following the company's acquisition of Canada Trust in 2000, and was instrumental in helping the lender to become the country's leading retail branch network, which eventually allowed them to expand operations south of the border.

Today, TD has more branches in the United States than it does in Canada, with nearly all of its branches located along the eastern seaboard.

Clark was nominated to the LCBO's board of directors by Ontario Finance Minister Charles Sousa, who spoke to Clark's prior experience in retail, but also touted his strengths when it came to policy decisions.

In announcing the move, Sousa said, "He has the ability to deal very effectively with leaders around the world, and we've engaged him to do just that on our behalf."

Last fall, the Ontario government announced that it would be creating a subsidiary of the LCBO, which handles all alcohol sales in the province, to oversee the province-wide distribution of recreational cannabis.

The province plans to set up about 150 stand-alone marijuana retail locations by 2020, with 40 of those stores planned to be ready by the end of the year.

But the plan has some obvious challenges ahead.

The big plan facing Canada's regulators is how to quickly develop a supply chain to meet oncoming demand once the drug is legalized.

While the country already has a supply chain in place for medicinal marijuana, it is expected that the recreational market for pot will be considerably larger, potentially even 10 times bigger or more.

This clearly has the potential to create problems if the growers aren't able to supply enough product to fill the needs of the legal market – an issue that could be particularly problematic given the federal government's goal to eliminate the black market.

But this isn't Clark's first case of managing difficult policy decisions for the government.

Since walking away from TD, Clark signed on as Ontario Premier Kathleen Wynne's senior business advisor, taking a nominal \$1 salary.

As part of his work for the provincial government, Clark helped advise on the restricting of U.S. Steel Canada in 2016, led a review that recommended the province sell part of its interest in **Hydro One Ltd. (TSX:H)** in 2015, and most recently worked on the bid to recruit Amazon's new headquarters to the Greater Toronto Area.

### Will Ed Clark privatize the LCBO?

Some critics have pointed to Clark's background in the finance industry, and more recently, the recommendation to privatize Hydro One as signs that he may push for the Ontario government to privatize the LCBO.

While there's no question that the business would be of interest to a private bidder, when asked about the prospects of privatizing, Clark said, "valuation is tremendous," but that he has "no intent on selling [the] LCBO."

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### Date

2025/07/26

### Date Created

2018/02/09

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