

Introducing the MAPS Public Benefit Corporation

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The **Multidisciplinary Association for Psychedelic Studies (MAPS)** is proud to announce the formation of the **MAPS Public Benefit Corporation (MPBC)**, a new wholly owned subsidiary of MAPS. The special purpose of MPBC is to serve as a vehicle for conducting MAPS' research, and to balance social benefits with income from the legal prescription sale of MDMA, other psychedelics, and marijuana.

MPBC's primary work is completing Phase 2 studies of MDMA-assisted psychotherapy for PTSD, and preparing for the Phase 3 clinical trials required to develop MDMA-assisted psychotherapy into an approved treatment for PTSD. MAPS will continue to conduct education and harm reduction projects, to raise funds for MPBC projects, and serve as parent organization and sole funder of MPBC.

MPBC is a key part of MAPS' strategy to become a sustainable non-profit organization. MAPS currently projects FDA and European Medicines Agency (EMA) approval for the prescription use of MDMA-assisted psychotherapy for PTSD in 2021. Once MDMA-assisted psychotherapy is approved, MPBC will manage prescription sales of MDMA, a taxable activity not

possible with MAPS' 501(c)(3) designation. Research expenses incurred by MPBC will be used to reduce taxes on income received by MPBC from legal sales of MDMA. Income from prescription sales of MDMA will help fund further research and educational projects in accordance with MAPS' mission, reducing MAPS' reliance on donations over the long term.

The MPBC team is led by Amy Emerson (Executive Director/Director of Clinical Research), who has managed MAPS' clinical research programs since 2009. The majority of MAPS' clinical research staff has also joined the MPBC team. The MPBC Board of Directors is appointed by the MAPS Board of Directors, and currently includes Rick Doblin, Ph.D. (MAPS Founder and Executive Director), Allen Hopper (American Civil Liberties Union), and Matt Neal (Amgen).

A new website detailing MPBC's purpose, bylaws, and current projects is under development. If you have questions about MAPS and MPBC's work to develop psychedelics and marijuana into legal prescription treatments, contact askMAPS@maps.org.



Questions and Answers

In January 2013, MAPS' Board of Directors authorized planning for the projected rollout of FDA approved MDMA-assisted psychotherapy in the United States in 2021. The goal was to enhance MAPS' potential to become a sustainable non-profit through earned income from the sale of prescription medicines for which MAPS obtained FDA approval to market, to supplement continued tax-deductible donations. Planned activities include the sale of MDMA for use in psychotherapy initially for PTSD and subsequently for other indications, training psychotherapists to use MDMA in treating PTSD and other indications, and establishing a network of clinics to provide MDMA-assisted psychotherapy.

After extensive consultation regarding IRS regulations, MAPS' attorneys and accountants recommended the establishment of a new 100% MAPS-owned for-profit subsidiary, the MAPS Public Benefit Corporation (MPBC), to conduct these activities. This 100% MAPS-owned subsidiary has been structured to strengthen MAPS' ability to benefit the public in a sustainable manner, while ensuring IRS regulations are followed. The following are some commonly asked questions regarding the rationale for a for-profit subsidiary and responses indicating how the subsidiary enables MAPS to further its mission.

Why does MAPS need a for-profit corporation?

- *Sale of MDMA for use in psychotherapy:* In itself, the sale of pharmaceuticals is not an exempt activity under Section 501(c)(3); it is typically a commercial activity conducted by a for-profit business.

» Consequently, the IRS will require MAPS, a 501(c)(3) non-profit, or any other charitable organization in similar circumstances, to conduct the actual sale of MDMA at a price in excess of its cost to trained therapists from a company that is not a 501(c)(3) non-profit—i.e. a for-profit.

- *Establishing a network of clinics and the risk to tax-exempt status from unrelated business activity:* If an organization primarily operates legitimate exempt activities, it may also operate a substantial unrelated business in furtherance of its exempt purposes without losing its exempt status, as long as its primary purpose and activity continues to be exempt.

» Since the provision of health care for the benefit of the community through clinics is not one of MAPS' approved exempt activities, MAPS is required to conduct this activity through another company.

- *Supporting sustainable development of FDA-approved use of psychedelics and marijuana for medical conditions:* Both MAPS' attorneys and accountants agree that establishing the MPBC now instead of waiting for FDA approval of MDMA-assisted psychotherapy for PTSD will enable the funds required for research to be characterized as tax deductible expenses of the MPBC and ultimately used to offset taxable income from sales. With roughly \$18 million in research expenses remaining this could amount to an additional \$6.3 million that may be available to further MAPS' mission and thereby reduce MAPS' reliance on donated funds.

What is a Public Benefit Corporation?

A public benefit corporation is a recently enacted hybrid corporate form in several states including California and Delaware that has several key attributes that differentiate it from standard corporations. These are:

- *The pursuit of social objectives:* Directors of public benefit corporation are legally authorized (and sometimes required) to take non-economic factors such as social goals and constituencies other than shareholders into consideration when making business decisions.

» MAPS has defined MPBC's social objectives to be identical with those of MAPS. In the event that the MPBC makes a profit sometime in the future, all monies will be legally constrained to be used for purposes consistent with MAPS' mission.

- *Increased transparency:* Public benefit corporations generally must issue annual reports addressing the societal benefit of their activities and must typically make these reports available to the public.

» The MPBC will issue annual reports that will spell out on both a qualitative and quantitative basis, the societal benefits that have been realized each year. This is actually a greater level of transparency than is currently required of MAPS.

- *Long-term protection of a social-benefit purpose:* Since a supermajority of shareholder votes are required to convert public benefit corporations into standard corporations, it is more difficult for dissident shareholders to shift the company away from its social mission in favor of additional profitability.

» In addition, and perhaps more importantly, the MPBC is a 100% owned subsidiary of MAPS and so has no other shareholders who might object to using any or all funds generated to further MAPS' mission.

How does the MAPS Public Benefit Corporation function in practice?

- *Current activities:* The MPBC's primary work is to complete Phase 2 studies of MDMA-assisted psychotherapy for PTSD, and prepare for Phase 3 clinical trials required to develop MDMA-assisted psychotherapy into an approved treatment for PTSD. MPBC also conducts initial Phase 2 research on other beneficial uses of MDMA such as anxiety related to life-threatening illness and social anxiety related high-functioning autism, as well as research with other psychedelics and marijuana.

» MAPS will continue to conduct education and harm reduction projects, raise funds for MPBC projects, conduct some research, and serve as parent organization of the MAPS Public Benefit Corporation.

- *Funding:* The MPBC is 100% funded by MAPS through the generosity and support of MAPS' donors. No private investment is accepted.
- *Oversight:* The MPBC Board of Directors is appointed by the MAPS Board of Directors, and currently includes Rick Doblin, Ph.D. (MAPS Founder and Executive Director), Allen Hopper (American Civil Liberties Union), and Matthew Neal (Amgen).
- *Staffing:* The MPBC team is led by Amy Emerson (Executive Director and Director of Clinical Research), who has managed MAPS' clinical research programs since 2009. The majority of MAPS' clinical research staff has also joined the MPBC team.

The MPBC is not only a necessary step to adhere to IRS regulations but also a key part of MAPS' strategy to become a sustainable non-profit organization. Once MDMA-assisted psychotherapy is approved, any profits generated from the MPBC's activities will help fund further research and educational projects in accordance with MAPS' mission, thereby reducing MAPS', and indirectly the MPBC's, reliance on donations over the long term. If you have further questions, feel free to contact us at sustainability@maps.org. 