

Financial Institutions and Marijuana Related Businesses

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Agenda

01 Marijuana Industry Players

02 Overview of the Legal Regime and Legal Risks to Financial Institutions (FI's)

03 Projections on Trump Administration

04 Banking Direct and Indirect Marijuana Related Businesses (MRB)

05 Examination of Data Display of MRB and Beneficial Owners

06 Intro to Due Diligence Models, KYC Procedures

Marijuana Industry Players

Direct Businesses

- Growers (Medical, Recreational)
- Dispensaries (Medical, Recreational)

Indirect Businesses

- Lights, Fertilizer, Packaging Providers, Cleaning Services, Armored Cars
- Insurance, Accountants
- Lawyers, Real Estate
- Private Equity / Hedge Funds

Other

- Native American Tribes
- Other Financial Institutions (i.e., Casinos)
- States
- Foreign MRBs

Regulators

- State Regulators
- Banking Regulators (OCC, Federal Reserve Bank, FDIC, NCUA)
- Securities Regulators
- FinCEN

Law Enforcement

- DOJ, US Attorney's Offices
- State and Local Prosecutors

Overview of Legal Regime

- Forty-six states and the District of Columbia have legalized medical marijuana:
 - Full Medical – 20 states and DC
 - Limited Medical – 17 States
 - Recreational – 8 states and DC
- However, the manufacture, distribution, and dispensing of marijuana for any purpose continues to be a violation of the federal Controlled Substances Act, 21 U.S.C. § 801 et seq., (“CSA”), **even in states where recreational or medical marijuana sales are legal.**

Overview of Legal Regime

- Federal Money Laundering Statutes
- Bank Secrecy Act – Criminal/Civil Liability
- BSA Regulatory Risk
- Money Laundering Forfeiture
- The Cole Memo
- FinCEN Guidance
- Other Guidance

DOJ Cole Memo

August 29, 2013 - Primary Guidance for Federal Prosecutors
Regarding Marijuana Enforcement

Eight Enforcement Priorities:

- Preventing distribution to minors
- Preventing revenue from sale of MJ from going to criminal enterprises, gangs, cartels
- Preventing diversion of MJ from states where it is legal under state law to others.
- Preventing state – authorized MJ activity from being used as a cover or pretext from the trafficking of other illegal drugs or other illegal activity

DOJ Cole Memo

Enforcement Priorities:

- Preventing violence and the use of firearms in the cultivation and distribution of marijuana
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands
- Preventing marijuana possession or use on federal property

2014 FinCEN Guidance

- FinCEN Guidelines for FI's that Provide Services to MRB Operating in States Where MJ Sales are Legal. *BSA Expectations Regarding Marijuana-Related Businesses*, Fin – 2014 – G001 (February 14, 2014)
- Guidance intended to “clarif[y] how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations [and] enhance the availability of financial services for, and the financial transparency of, marijuana – related businesses.”

2014 FinCEN Guidance

- FinCEN Guidance - customer Due Diligence Standards may be difficult for FI's to meet:
 - Conduct enhanced due diligence to assess whether services should be provided to MRB
 - Conclude that the business does not “implicate” one of the eight priorities in the Cole Memo

2014 FinCEN Guidance

- SAR Filing Requirements:
 - Marijuana Limited SAR
 - Business does not implicate a Cole Memo priority
 - Business does not violate state law
 - Marijuana Priority SAR
 - Business implicates a Cole Memo priority
 - Business violates state law
 - Marijuana Termination SAR

Trump Administration

- Based on public statements and actions taken to date, the Trump Administration is not likely to decriminalize marijuana under federal laws.
- Attorney General Sessions rescinded the Cole Memorandum in January 2018.
- FinCEN guidance is under review.
- Messages from the Trump Administration as to whether increased enforcement of federal marijuana laws can be expected are mixed.

Trump Administration

- Members of Congress from states where MJ is legal have attempted to pressure Treasury and DOJ to find a solution.
- Additional states are considering broader legalization – Recent statements by NY Governor Cuomo.
- Recent Congressional Spending Bill continued protection for medical marijuana.

Licensed MRB Data Listing

Original ID	namefull	phone	fax	email	website	page_URL	Source	type	remarks	Address	City	province	postcode	Alias_name	riskcode
MMD36565	420 Club LLC	5416722420				http://public.heal	OR Medical Marijuana Dispensary Directory			2574 & 2576 NE Stephens St	Roseburg	OR	97470		MJ
MMD71616	7 Leaf LLC	5038813624			www.7leaforegon.com	http://public.heal	OR Medical Marijuana Dispensary Directory			1026 Commercial St.	Salem	OR	97301		MJ
MMD10745	A Better Way Medicinal Alternatives, LLC	5418872335			www.klamathdispensary.com	http://public.heal	OR Medical Marijuana Dispensary Directory			3255 Washburn Way Ste 5	Klamath Falls	OR	97603		MJ
MMD19734	Above the clouds llc.	5039461972				http://public.heal	OR Medical Marijuana Dispensary Directory			8105 N Fessenden	Portland	OR	97203		MJ
MMD00456	Aces LLC	5039543900			www.albertagreenhouse.com	http://public.heal	OR Medical Marijuana Dispensary Directory			1313 NE Alberta St	Portland	OR	97211		MJ
MMD83554	Agricultural Resource Services, LLC	5414089058				http://public.heal	OR Medical Marijuana Dispensary Directory			63552 N 97	Bend	OR	97701		MJ
MMD54156	AgriServ Enterprises LLC	5414803487				http://public.heal	OR Medical Marijuana Dispensary Directory			1234 SW Baseline Street	Hillsboro	OR	97123		MJ
MMD69205	Agronomy LLC	5412136724				http://public.heal	OR Medical Marijuana Dispensary Directory			70 SW Century Dr Ste 180	Bend	OR	97701		MJ
MMD61757	Albany's 1st Gramsterdam	5419812620			Gramsterdam.com	http://public.heal	OR Medical Marijuana Dispensary Directory			2300 Ferry St SW Ste 1	Albany	OR	97322		MJ
MMD18016	All Systems As Promised, Inc.	5036016000				http://public.heal	OR Medical Marijuana Dispensary Directory			10920 SW HILLSDALE	BEAVERTON	OR	97005		MJ
MMD24438	Allied Patient Care, Inc.	9713196298			http://www.blueskyofportland.com	http://public.heal	OR Medical Marijuana Dispensary Directory			729 SE Powell Blvd	Portland	OR	97214		MJ
MMD22445	Alpha Alternative Solutions, LLC	9713047141				http://public.heal	OR Medical Marijuana Dispensary Directory			3700 River Rd N Ste 11	Keizer	OR	97303		MJ
MMD32248	Alternative Medical Consulting, Inc.	5033696540				http://public.heal	OR Medical Marijuana Dispensary Directory			74382 Columbia River Hwy	Rainier	OR	97016		MJ
MMD39253	Alternative Solutions	5037611635			Alternativesolutionsdispensary.co	http://public.heal	OR Medical Marijuana Dispensary Directory			13560 SE Powell Blvd	Portland	OR	97236		MJ
MMD05545	Amazon Organics LLC	5416364100			amazonorganics.net	http://public.heal	OR Medical Marijuana Dispensary Directory			3443 Hilyard St	Eugene	OR	97405		MJ
MMD33401	AMF LLC	5038941254				http://public.heal	OR Medical Marijuana Dispensary Directory			10645 SE Henry St	Portland	OR	97266		MJ
MMD78831	ANTHEIA, LLC.	5412958271				http://public.heal	OR Medical Marijuana Dispensary Directory			2455 Rogue River Hwy	Grants Pass	OR	97527		MJ

Beneficial Owner/Person – Corporate Control

Company Name	Officer Name	Position	Address	Street Address	City	State	Zip Code	Status
AQUARIUS CANNABIS INC.	VCORP SERVICES, LLC	agent	1645 VILLAGE CENTER CIRCLE STE 170, LAS VEGAS, NV, 89134	1645 VILLAGE CENTER CIRCLE STE 170	LAS VEGAS	NV	89134	Active
CANNABIS BUSINESS SOLUTIONS INC	SHELDON H ROSENBERG	agent	11016 MISSION LAKES AVE., LAS VEGAS, NV, 89134	11016 MISSION LAKES AVE.	LAS VEGAS	NV	89134	Active
CANNABIS BUSINESS SOLUTIONS INC	CLIFFORD PERRY	president	3571 E SUNSET RD, STE 420, LAS VEGAS, NV, 89120	3571 E SUNSET RD, STE 420	LAS VEGAS	NV	89120	Active
CANNABIS BUSINESS SOLUTIONS INC	CLIFFORD PERRY	secretary	3571 E SUNSET RD, STE 420, LAS VEGAS, NV, 89120	3571 E SUNSET RD, STE 420	LAS VEGAS	NV	89120	Active
CANNABIS BUSINESS SOLUTIONS INC	CLIFFORD PERRY	treasurer	3571 E SUNSET RD, STE 420, LAS VEGAS, NV, 89120	3571 E SUNSET RD, STE 420	LAS VEGAS	NV	89120	Active
CANNABIS BUSINESS SOLUTIONS INC	CLIFFORD PERRY	director	3571 E SUNSET RD, STE 420, LAS VEGAS, NV, 89120	3571 E SUNSET RD, STE 420	LAS VEGAS	NV	89120	Active
CANNABIS CARE INTERNATIONAL INC.	NATIONAL REGISTERED AGENTS, INC. OF NV	agent	311 S DIVISION ST, CARSON CITY, NV, 89703	311 S DIVISION ST	CARSON CITY	NV	89703	Active
CANNABIS CHAPEL LLC	ANDREW GENNUSO	agent	353 E. BONNEVILLE AVENUE UNIT 145, LAS VEGAS, NV, 89101	353 E. BONNEVILLE AVENUE UNIT 145	LAS VEGAS	NV	89101	Active
CANNABIS CHAPEL LLC	ANDREW GENNUSO	managing member	353 E. BONNEVILLE AVENUE UNIT 145, LAS VEGAS, NV, 89101	353 E. BONNEVILLE AVENUE UNIT 145	LAS VEGAS	NV	89101	Active
CANNABIS CHAPEL LLC	SIMONE B GENNUSO	managing member	353 E. BONNEVILLE AVENUE UNIT 145, LAS VEGAS, NV, 89101	353 E. BONNEVILLE AVENUE UNIT 145	LAS VEGAS	NV	89101	Active
CANNABIS EMBASSY LLC	XAVIER MEJIA	agent	5550 PAINTED MIRAGE RD. #140, LAS VEGAS, NV, 89149	5550 PAINTED MIRAGE RD. #140	LAS VEGAS	NV	89149	Active
CANNABIS RENAISSANCE GROUP LLC	HIRAM SEDANO	agent	1113 BAY LAUREL CT, LAS VEGAS, NV, 89110	1113 BAY LAUREL CT	LAS VEGAS	NV	89110	Active
CANNABIS RENAISSANCE GROUP LLC	JOSEPH F JACOBS	managing member	1520 ROCKING HORSE, HENDERSON, NV, 89002	1520 ROCKING HORSE	HENDERSON	NV	89002	Active
CANNABIS RENAISSANCE GROUP LLC	MATTHEW NEELY	managing member	2113 HUMBLE HOLLOW PLACE, N LAS VEGAS, NV, 89084	2113 HUMBLE HOLLOW PLACE	N LAS VEGAS	NV	89084	Active
CANNABIS RENAISSANCE GROUP LLC	HIRAM SEDANO	managing member	1113 BAY LAUREL CT., LAS VEGAS, NV, 89110	1113 BAY LAUREL CT.	LAS VEGAS	NV	89110	Active

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The image shows the interior of a dispensary with shelves of products, a counter, and promotional items like t-shirts displayed on the wall.

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Timeless raffle: one winner each day gets a cartridge a month for a year
Baked Bros raffle: three winners daily get a package of syrup and gummies
High Grade raffle: Glass rig and 2 grams shatter + 1/8th HG flower

Questions?

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