

# Cannabis Banking Part 1: Can I do it?

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Presented by:



**gleamlaw**

# Introductions

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# Agenda

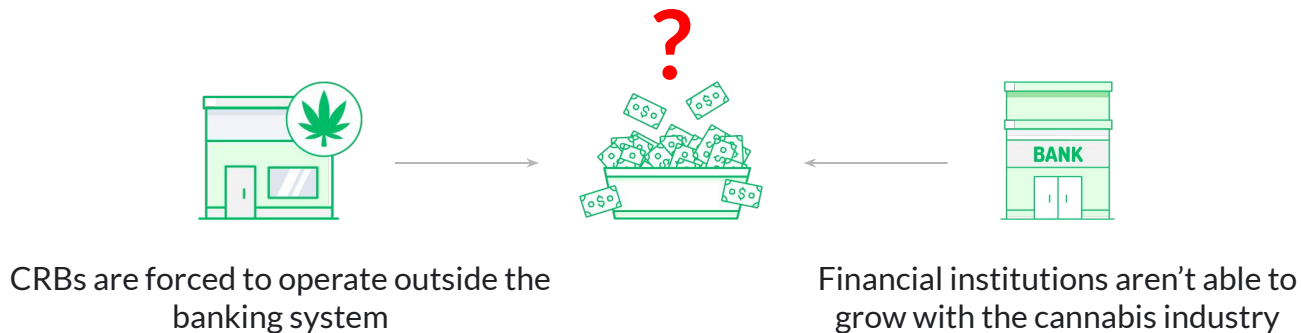
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- I. Cannabis banking overview
- II. Strategic goals for your institution
- III. Understanding the risks
- IV. Program considerations

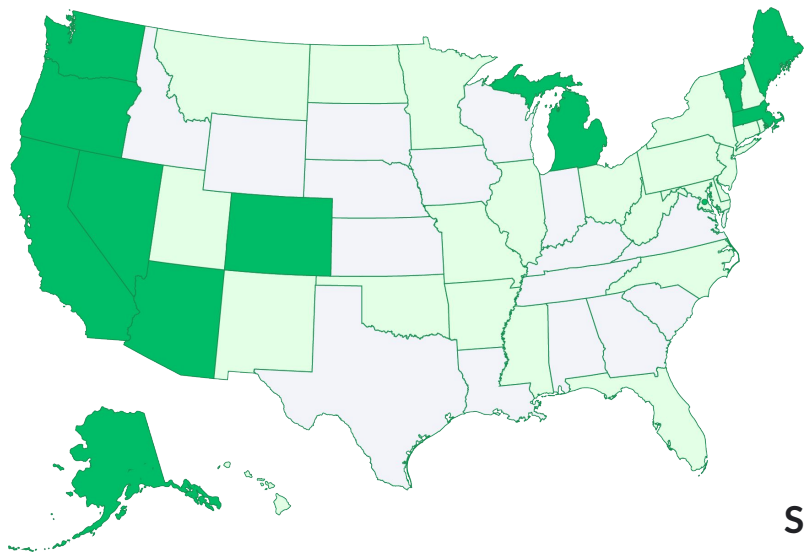
# Cannabis Banking Overview

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**State and Federal laws make it difficult for cannabis related businesses (CRBs) to access even basic banking services.**



# The Legal Cannabis Industry



Legal in **33** states



**12,000+** licensed cannabis businesses



**\$13b** in sales (2019 proj.)



**Strong industry support** for banking solution



# Regulatory Landscape



- 2009: Ogden Memo
- 2013: Cole Memo
- 2014: FinCEN guidance
- 2014: FinCEN response to Feinstein-Grassley
- 2014: Rohrabacher-Farr/Blumenauer Amendment
- 2018: Post Cole Memo Guidance

Customer Identification

Enhanced Due Diligence

Beneficial Ownership

# Cannabis Banking Opportunity

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- Low-cost deposit growth
- Long-term commercial relationships
- Non-interest fee revenue
- Community and security benefits
- Increased liquidity

# Strategic Goals for Your Institution

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**Does serving cannabis industry align with financial institution philosophy and goals?**

**Are there new goals that could be established based on this opportunity?**

**Would cannabis banking have a negative effect on any existing goals?**



# Understanding the Risks

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**Legal**



**Reputation**



**Compliance**

# Decision Making Process

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- Senior leadership
- Examiners
- Board of Directors
- 3rd party vendors



# Framework for Cannabis Banking

# Understanding the Market

- Benchmarking
- Products and services
- Economic impact
- Industry stakeholders
- Regulatory oversight

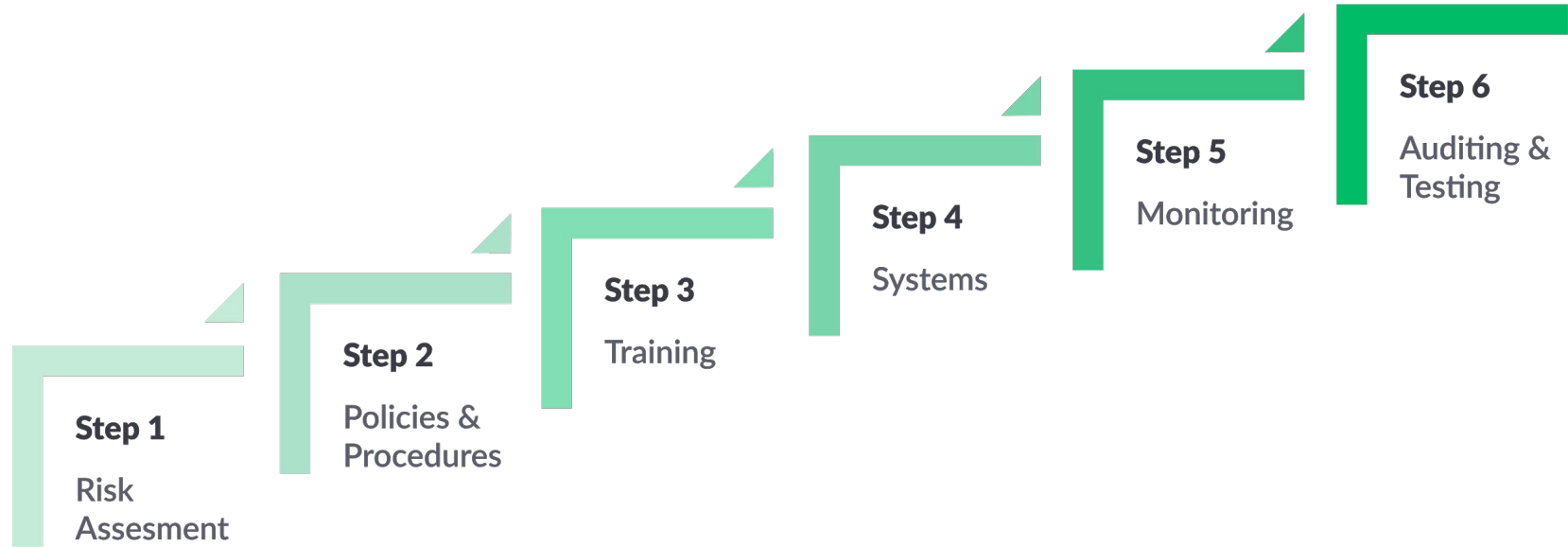
Estimated U.S. Cannabis Retail Sales



Source: MJBiz Marijuana Factbook, 2019

# Developing the Program

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Steps to Build an Effective Compliance Program

# Evaluating Opportunities

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- Identifying potential relationships
- Enhanced due diligence
- Beneficial ownership
- Site visits
- Customer risk rating



# Transaction Monitoring

- Existing BSA requirements
- FinCEN guidance
- Source of funds verification
- Anticipated vs. actual activity



# Reporting and Oversight

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- FinCEN reporting
- Account monitoring
- Auditing/testing
- BOD reporting





# Time and Cost

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BSA personnel

Compliance training

Account monitoring software

Legal and consulting fees

Audits

Program management

+ .....

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# Compliance as a Competitive Advantage

Green Check is built to simplify compliance and reduce risk - so you can focus on deposit growth.

1

## Due Diligence

Green Check simplifies the due diligence process, reducing the risk of launching a cannabis banking program.

2

## Program Management

Complete control of key thresholds and processes creates a cannabis banking program that fits your institution.

3

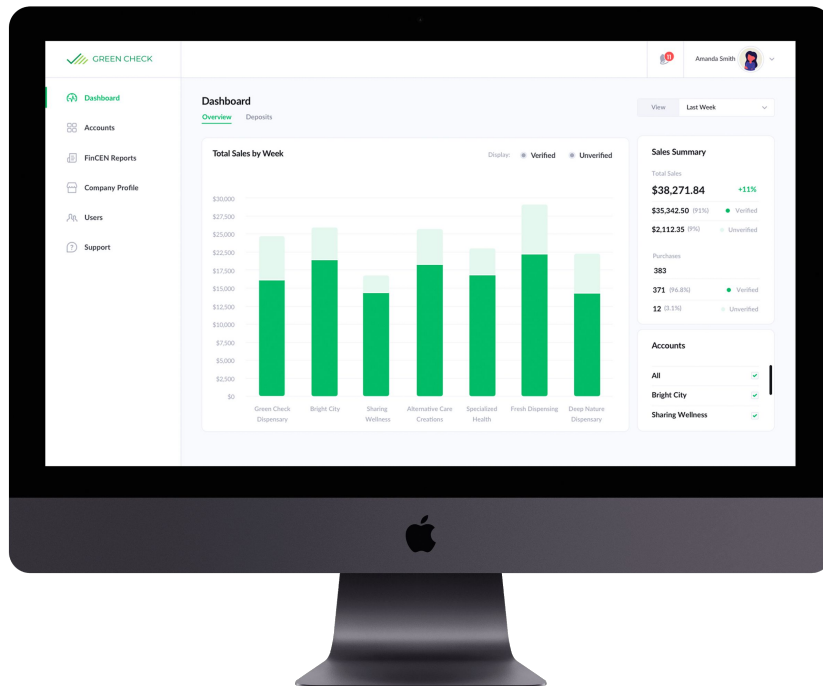
## Transaction Monitoring

Green Check monitors every sale made by your accounts, making it easy to track their ongoing compliance.

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## Regulatory Reporting

Dedicated tools streamline your internal and external reporting process.



# Questions

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# Up Next

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## Cannabis Banking Part 2: Should I Do It?

Wednesday August 7, 2019 12pm EST

### Learn how to:

- Build a business case to get key stakeholder approval
- Measure financial opportunity of your cannabis banking program
- Project impact on operational and strategic goals



# Thank you!

Reach out to us to learn more about cannabis banking.

[www.greencheckverified.com](http://www.greencheckverified.com)

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