



GREEN CHECK

Green Check as a Primary Control

Addressing FinCEN Guidance

Web

www.greencheckverified.com

Phone

(904) 328-7893

Address

262 State St.
North Haven, CT 06473

Green Check as a Primary Control

Green Check is your primary control for mitigating the risk associated with your cannabis banking program. Green Check's compliance management system makes it easy to adhere to the existing guidelines for higher-risk lines of business, while providing you with the information you need to demonstrate that you are following the cannabis-specific guidance from FinCEN, and that the cannabis-related businesses you serve do not violate federal law enforcement priorities.



Addressing FinCEN Guidance

Green Check has been designed from the ground up to align with the 2014 FinCEN guidance on banking cannabis-related businesses (CRBs)¹. When developing your cannabis program policies and procedures you can rely on Green Check to serve as the primary control to reduce risk associated with banking CRBs².

FinCEN Guidance

A customer appears to be using a state-licensed marijuana-related business as a front or pretext to launder money derived from other criminal activity.

The business is unable to produce satisfactory documentation or evidence to demonstrate that it is duly licensed and operating consistently with the law.

How GCV mitigates this risk

Green Check provides visibility into every one of your cannabis business' customer transactions, and only those funds verified through Green Check's Compliance Rules Engine are eligible for deposit, limiting the possibility that a CRB can introduce illicit funds into your institution. Transaction information is always available to you and your examiners through Green Check's reporting functions.

During the CRB account onboarding process Green Check collects the documentation necessary to verify that they are a legal business in possession of all credentials mandated by your state's legal cannabis program. Representative documents include their state cannabis license, lease, certificate of good standing, and their articles of incorporation. Your institution can always introduce additional requirements as you see fit, not only during initial account onboarding but at any time. These documents are hosted on the platform and are always available to you. These documents are flagged for periodic review to make sure that any necessary licenses or credentials have expired.

¹<https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses>

²Note: You will see the words "marijuana" and "cannabis" used interchangeably throughout this document because the industry has shifted to the latter term while FinCEN and the Department of Justice still refer to it by the former.

FinCEN Guidance

The business is unable to demonstrate the legitimate source of significant outside investments.

How GCV mitigates this risk

During the CRB account onboarding process Green Check collects information on beneficial ownership. Green Check imposes an aggressive beneficial ownership threshold but ultimately your institution decides this percentage.

A customer seeks to conceal or disguise involvement in marijuana-related activity.

Green Check provides visibility into all transactions associated with a cannabis business, and only those funds verified through Green Check's compliance rules engine are eligible for deposit, limiting the possibility that a CRB can introduce illicit funds into your institution. Transaction information is always available to you and your examiners through Green Check's reporting functions.

Review of publicly available sources and databases about the business, its owner(s), manager(s), or other related parties, reveal negative information, such as a criminal record, involvement in the illegal purchase or sale of drugs, violence, or other potential connections to illicit activity.

As part of the CRB onboarding process Green Check verifies the identities of beneficial owners, operators, and users via a secure third party service that checks hundreds of US and foreign databases, including money-laundering and terrorism watchlists like the one maintained by OFAC.

The business, its owner(s), manager(s), or other related parties are, or have been, subject to an enforcement action by the state or local authorities responsible for administering or enforcing marijuana-related laws or regulations.

Once a CRB uploads their completed due diligence packet it is first checked against data from state and local cannabis regulators and law enforcement agencies to identify any potential violations of this guidance.

FinCEN Guidance

A marijuana-related business engages in international or interstate activity, including by receiving cash deposits from locations outside the state in which the business operates, making or receiving frequent or large interstate transfers, or otherwise transacting with persons or entities located in different states or countries.

How GCV mitigates this risk

Green Check provides visibility into every aspect of a cannabis business' operations, from sales to inventory movement. The compliance rules engine verifies all sales transactions and identifies unusual behavior based on past performance and industry benchmarks, limiting the possibility that a CRB can disguise and introduce illicit funds into your institution.

The owner(s) or manager(s) of a marijuana-related business reside outside the state in which the business is located.

As part of the CRB onboarding process the residency status of a businesses' owners and managers is confirmed by a trusted ID verification partner with access to an extensive index of public records.

A marijuana-related business is located on federal property or the cannabis sold by the business was grown on federal property.

For state and local authorities to issue a cannabis license they will check to make sure that the business (whether a dispensary or a grow facility) is not located on federal property, so a valid license attests to this fact. Green Check independently verifies the address of the CRB to confirm that it is not located on federal property.

A marijuana-related business's proximity to a school is not compliant with state law.

For state and local authorities to issue a cannabis license they will check to make sure that the business (whether a dispensary or a grow facility) is located in compliance with regulations regarding proximity to schools, so a valid license attests to this fact. Green Check independently verifies the address of the CRB to confirm that it is not located too closely to any schools.

FinCEN Guidance

A marijuana-related business purporting to be a "non-profit" is engaged in commercial activity inconsistent with that classification, or is making excessive payments to its manager(s) or employee(s).

How GCV mitigates this risk

Green Check provides visibility into every one of your cannabis business' customer transactions, and only those funds verified through Green Check's compliance rules engine are eligible for deposit.

Green Check's predictive industry insights identify revenue patterns inconsistent with a CRB's profile, limiting the possibility that a CRB can introduce funds derived from sources inconsistent with a "non-profit" organization. Transaction information is always available to you and your examiners through Green Check's reporting functions.

Addressing Cole Memo Priorities

While it's true that the Justice Department formally rescinded the Cole Memo in January 2018, it's important to understand that it did not mandate that the Department begin aggressively prosecuting cannabis businesses in states with medical and/or adult-use programs. In the absence of new priorities, States' Attorneys General continue to rely on what was laid out in the Cole Memo, as does FinCEN.

Cole Memo Priority

Preventing the distribution of cannabis to minors.

How GCV mitigates this risk

Green Check verifies that each CRB transaction is conducted in accordance with all state and local regulations, meaning customer age is verified before any customer can make a purchase.

Preventing revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels.

The very act of providing banking services to the cannabis industry prevents CRB revenue from going to criminal enterprises, gangs, and cartels because it removes the risk inherent in keeping cash on premises or in the homes of CRB owners and operators. Industry insights built into Green Check's compliance rules engine flag unusual behavior based on the habits of similar CRBs, for instance an unusual amount of cash kept on hand.

Preventing the diversion of cannabis from states where it is legal under state law in some form to other states.

Complete visibility into transaction details attests to the fact that customers and patients can only buy up to their legal limit, reducing the possibility that they will accumulate enough product to make it worthwhile to then sell it across state lines. Complete visibility into a CRB's inventory ensures that all product they receive is sold to real customers through their licensed retail location and anything that must be destroyed is documented in accordance with state and local regulations.

Cole Memo Priority

Preventing state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity.

Preventing violence and the use of firearms in the cultivation and distribution of cannabis.

Preventing drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use.

How GCV mitigates this risk

Green Check provides complete visibility into all customer transactions, including a detailed breakdown of all products purchased.

Because this is a priority in the Cole Memo most states and locales address this issue in their regulations: for instance, many states specifically forbid the possession of firearms by delivery drivers, etc. As GCV only works with licensed and compliant CRBs, they have their own policies and procedures in place to align with this priority. Green Check provides comprehensive Compliance Guides that distill the official language into easy-to-understand, easily searchable language so you have access to the specific regulations that govern the use of firearms in your state and local jurisdictions

Because this is a priority in the Cole Memo most states and locales address this issue in their regulations: for instance, requirements that literature and signage must be publicly posted in CRBs advising customers and patients of the dangers associated with driving under the influence of cannabis. As GCV only works with licensed and compliant CRBs, they have their own policies and procedures in place to align with this priority. As part of the CRB onboarding due diligence process, they will provide your institution with a copy of their operations manuals so you have direct insight into how they address this priority.

Cole Memo Priority

Preventing the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands.

How GCV mitigates this risk

As GCV only works with licensed and compliant CRBs, they have their own policies and procedures in place to align with this priority. As part of the CRB onboarding due diligence process Green Check verifies that the business address is not located on federal or other public land. Insight into CRB inventory ensures that any product sold was sourced from a licensed and compliant producer that has controls in place to mitigate environmental and community impact associated with every step of the supply chain.

Preventing cannabis possession or use on federal property.

Because this is a priority in the Cole Memo most states and locales address this issue in their regulations: for instance, requirements that literature and signage must be publicly posted in CRBs advising customers and patients not to possess or consume cannabis on federal property. As GCV only works with licensed and compliant CRBs, they have their own policies and procedures in place to align with this priority. As part of the CRB onboarding due diligence process, they will provide your institution with a copy of their operations manuals so you have direct insight into how they address this priority.

Green Check uses innovative technologies combined with industry leading expertise to deliver automated solutions that verify legal cannabis businesses and their transactions, allowing financial institutions to mitigate risks and maximize profitability when serving the cannabis industry.

Core Features



Account Onboarding

Satisfy customer due diligence requirements by gaining visibility into cannabis business activity, ownership details, financial health, and regulatory standing.



Program Management

Adaptable processes and configurations to ensure that the cannabis banking program matches the institution's policies and procedures.



Source of Funds Verification

Automated tools to verify sales and deny deposits containing non-compliant cannabis funds from entering the financial institution.



Compliance Scoring

A metric-driven approach to measuring initial and ongoing compliance of each cannabis business account.



Deposit Logistics

Easily support cannabis business customers and their transactions without impacting existing operations.



FinCEN Reporting

Dedicated functionality to manage the FinCEN reporting requirements associated with serving cannabis business customers.

Learn more at www.greencheckverified.com