



**Operational  
Security  
Solutions**

# AML/BSA COMPLIANCE & RISK MITIGATION



## THE NEED /

Due to recent marijuana legalization initiatives in many states, Marijuana-Related Businesses (MRBs) are emerging as an increasingly attractive business venture. These business opportunities include cultivation, manufacturing, testing and distribution through not only medical dispensaries, but the new addition of recreational dispensaries. As markets expand, businesses are forced to operate in a new regulatory environment with very specific Anti-Money Laundering (AML) and Banking Secrecy Act (BSA) requirements. These changes create a need for unique services managed by experienced professionals.

## THE RISK /

While MRBs are poised to flourish in this burgeoning market, they also represent more risk due to the cash-intensive nature of the business and the rapidly evolving regulatory environment in which they operate. After January 1st, 2018, there will be an exponential increase in the need for the secure movement of cash and product... all while exposing both personnel and property to increased levels of risk. Further, each business will be required to comply with complex AML/BSA requirements, new state and federal regulations, plus federal drug enforcement and federal banking restrictions that are not supportive of the new MRB marketplace. Accordingly, specialized support services are needed.

## WHY OSS? /

Operational Security Solutions (OSS) establishes compliance systems specific to the MRB customer so that our clients can conduct business with MRBs while also satisfying their AML/BSA obligations. OSS identifies potential risks and establishes an MRB risk profile based on factors defined by AML/BSA guidelines. The dedicated OSS compliance team provides ongoing due diligence and risk-based monitoring that includes examining MRB-specific legal and regulatory developments to ensure our clients are able to adjust to changes that could otherwise increase their risk exposure. OSS is the first AML/BSA-certified business in the state of California.

## HOW DOES OSS HELP MANAGE RISK? /

Our established relationships with regulators, law enforcement, local community leaders and private lenders who want to conduct business with MRBs provide secure channels of support for business operations. OSS adds a layer of compliance that maximizes our

client's focus on profitable business operations while we manage associated risks. OSS fields a skilled and experienced team of specialists employing risk management methods that encompass assessment, monitoring and mitigation planning. Our Comprehensive Know Your Customer (KYC), Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) programs are contextualized to the unique challenges MRBs face in an uncertain and rapidly evolving operating environment.

## WHAT CAN YOU EXPECT AS AN OSS CLIENT? /

In order to establish, and then maintain, a compliant business posture, your business will be required to develop and submit a series of required documents.

# KEY PLANNING DOCUMENTS

for your Business Background Check must include:

## Business & Financial Plan

- Business plan
- Articles of incorporation
- Federal EIN & State Tax ID
- City/County tax permits
- City/County business licenses
- Documentation of any and all affiliated DBAs
- Financials with P&L's statements
- Documentation of a Bank Secrecy Act/ Anti-Money Laundering (BSA/AML) compliancy program

## Legal Affairs Coordination

- Selection and retention of legal representation
- Local/county/state government lobbyist

## Architectural Drawings & Facility Plan Completed

- Architect of record
- General contractor
- Electricians



## Security Infrastructure Development Plan

- Camera, access control, secure storage
- Facility guard services (armed and/or unarmed) plan
- Good neighbor/neighborhood watch plan

## Cash Management Plan

- Secure, monitored cash storage
- Secure cash transportation
- Ability to safely issue cash payments to employees, vendors and local & state tax agencies

## Government Engagement Plan

- City councilman/county supervisor plan
- City/county planners office relationship plan
- Law enforcement engagement plan

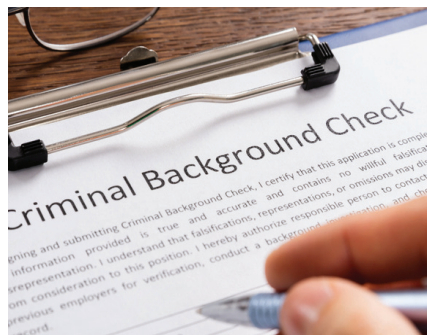
## Miscellaneous Business Plans

- Employee Handbook Plan
- Consumer Protection Plan
- Water Source Plan
- Wastewater Management Plan
- Environmental Impact Study (if required by local/county ordinances)
- Hazardous Material Handling Plan
- Odor Control Plan
- Solid Waste/Recycling Plan

Additionally, key individuals with your business and specific aspects of your business are required to go through a series of checks to document a compliant, but also transparent, corporate structure.

## Criminal Background Checks

Key employees of your business with access to monetary and controlled assets must endure a criminal background check. MRBs should not hire anyone whose background shows a conviction for drug trafficking, financial or violent crimes. For example, if a potential employee was convicted of embezzling funds from a previous employer, you should not trust them in a cash-based venture. Further, your business should avoid individuals with an unpredictable personality who have been convicted of a violent crime. Those employees with access to cash, financial accounts, and cannabis / manufactured cannabis products must provide identifying documentation to ensure that there is secure chain of custody during all transactions.



**Commercial Viability and Conflicts of Interest (COI) Checks** – MRBs and supporting commercial / financial institutions will have to provide documentation of their past and current business operations and partners. These checks will help ensure that your organization, as well as partner organizations, have the appropriate level of fiduciary responsibility needed to operate

in this highly-regulated industry. Further, these processes are designed to prevent the injection of legacy money or funds otherwise obtained through unregulated operations. In conclusion, OSS is uniquely qualified to help manage your risk in a compliant, secure business environment. With more than 100 years of experience in security, law enforcement, information technology and corporate compliance, **OSS can manage these challenges, plans and checks for you.** January 2018 is fast-approaching, so contact OSS at [info@opsecsolutions.us](mailto:info@opsecsolutions.us) for more information on how we can prepare for and manage these critical success factors for you.

