

**Operational  
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**CALIFORNIA CANNABIS  
INDUSTRY ASSOCIATION  
SECURITY & TRANSPORTATION  
SUBCOMMITTEE**



## **STATE OF THE INDUSTRY: SEPTEMBER 2017 /**

With respect to security and transportation, the State of California's cannabis industry can be summarized in one word – “improving.” With an increasing general awareness of security and transportation challenges, this assessment portends a positive forecast for existing and aspiring Marijuana-Related Businesses (MRBs). The exposure of several recent, well-publicized California MRB robberies (1,2,3) has certainly contributed to the industry's growing awareness of the unique security challenges facing it. But before going too far, let us pause for a moment to ask: “What are we really talking about when we refer to security and transportation in the cannabis industry?”

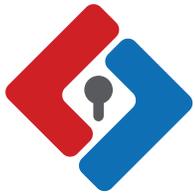
And, why are these two particular areas intertwined?”

Let's begin with security, one of those overused terms that, absent further qualification, runs the risk of being somewhat amorphous/nebulous. There should be no uncertainty about what “Security” means in the cannabis industry. To begin with, the divergence of Federal and State laws relative to cannabis legalization has created an industry replete with highly fungible stockpiles of exchangeable economic value, both in the form of cash, and in cannabis crops. And, as if to compound this situation, we now have reputable business journals forecasting a \$50 billion cannabis industry in the United States by 2026 (4). In a cash-based industry, and in the absence

of any near-term access to traditional banking services, growth of this magnitude can only mean that safety and security concerns will multiply, potentially exponentially.

So, when we speak of security in the context of the cannabis industry, we intend a scope sufficiently broad to encompass:

- **Facilities** secured against unauthorized access
- **Physical and electronic assets** secured against theft, diversion, and misappropriation
- **Operations** secured against HUMINT collection, noncompliance, and other legal risk
- **Personnel** secured against injury and loss of life
- **Currency** secured (legally) against FinCEN AML/BSA violations and asset forfeiture cases



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In each of these areas, we can expect the state of the industry and applicable regulatory infrastructures will converge at an accelerating rate. However, there is much to be done by the industry as regulatory matters run their course. With no less than a half-dozen Federal regulatory agencies, and at least an equal number of State and local regulatory authorities to contend with, MRBs have numerous hurdles to navigate en route to sustainable business operations.

Ironically, MRBs must increasingly adopt security practices that will make them resemble the very same banking institutions that currently eschew their business. The key takeaway is that MRBs who aim to build profitable and sustainable businesses must adopt a security-centric mindset and the willingness to make security best practices integral to their business operations.

Now, where does transportation fit in? As in most industries, an essential foundational requirement for the conduct of commerce is the transport of goods from producers to consumers. In this respect, the cannabis industry is no different – except that being a cash-based industry means MRBs face

the additional challenge of safe transport and storage of large volumes of cash. The security implications of transporting cannabis, cannabis products, and cash at an industrial scale and across a territory as large as California are too obvious to belabor. So, discussions of transportation in the cannabis industry must increasingly occur in the context of realistic threat and vulnerability assessments and mitigating security measures.

To this end, the California Cannabis Industry Association (CCIA) has initiated the formation of a Security and Transportation Subcommittee whose membership anticipates working with a broad cross-section of stakeholders (MRBs; legislators; regulators; law enforcement; federal, state, and local governments; etc.) toward building a comprehensive security framework for the California cannabis industry.

The Subcommittee will work to raise awareness of security regulations and best practices, develop security training programs, and mobilize membership to actively participate in shaping the security standards and practices of the California cannabis industry. The work and the

activities of the Security & Transportation Subcommittee will become increasingly visible as the January 2018 deadline approaches for California's full-scale licensing of medical and recreational MRBs under a consolidated regulatory framework. Some of the priority agenda items for the Subcommittee going forward include:

- Establishing a platform for dialog, participation, information sharing, and collaboration among CCIA and Subcommittee members on shared projects and initiatives.
- Identifying and engaging with regulators, legislators, state/local government officials, law enforcement, journalists, and other influential stakeholders whose awareness of the Subcommittee's aims and objectives would be beneficial toward achieving them.
- Developing channels of communication and information-sharing for security and transportation-related news, events, and industry developments – such that benchmarks can be established to gauge the California cannabis industry's progress toward a safe, secure, and sustainable future.

***In summary***, with respect to security and transportation, the California cannabis industry is finally, collectively beginning to evaluate the many moving parts of a once fractured and unregulated industry. We hope to enable the industry with the positive ability to come together with professionalism and cohesion as apparent guiding principles. The CCIA Security & Transportation Subcommittee welcomes participation from across the California cannabis industry as we prepare for what promises to be an exciting, momentous, and historical period in the development of a new industry.

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1. <http://sanfrancisco.cbslocal.com/2017/08/04/santa-rosa-medical-marijuana-distribution-centerrobbery/>
  2. <http://fox5sandiego.com/2017/06/10/armed-robbers-tie-up-dispensary-employee-escape-withbags-of-marijuana/>
  3. <http://fox5sandiego.com/2017/06/07/masked-men-rob-marijuana-dispensary/>
  4. <https://www.bloomberg.com/news/articles/2016-09-12/cannabis-industry-to-expand-to-50-billion-by-2026-analysts-say>

**About John Cayanne:** John Cayanne has 28 years of military, public safety, and corporate leadership experience and a Bachelor's Degree in Public Safety and Emergency Management. His tactical background includes tenure as a US Marine, SWAT Team Leader, US Marshals' Service High-Risk Fugitive Apprehension Strike Team (FAST) Team Leader, and Lead Instructor for the California Narcotics Officers Association (CNOA) High-Risk Search Warrant Course. In the corporate world, Mr. Cayanne built US and foreign government programs, guided numerous defense companies through RDT&E cycles, launched two security and advisory services companies, and created the operations and security models deployed by numerous MRBs. <https://www.opsecsolutions.us/>

