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WHY JEFF SESSIONS' MEMO IS A MAJOR STEP BACKWARDS FOR THE MARIJUANA INDUSTRY (AND HOW TO DEAL WITH IT)



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Posted on Feb 22, 2018

The California marijuana industry finds itself at an interesting crossroads: Excitement and convenience of the plant's legalized recreational use intersects with U.S. Attorney General Jeff Sessions' initiative to roll back Obama-era guidance (i.e. Cole Memo). Until now, that guidance directed federal prosecutors and U.S. Attorneys to not focus federal resources on prosecuting cannabis-related offenses that are in clear and unambiguous compliance with existing state cannabis laws.

On January 4, 2018, Sessions rescinded the Cole Memo. This left all nine recreational-marijuana-legal states, including California, wondering whether U.S. Attorneys will now reverse course and initiate a crackdown on the marijuana-related businesses (MRBs) within their respective jurisdictions.

More ominously, and as noted in the article [Marijuana Law, Policy, and Authority](#) by Vanderbilt University Law School, the new

"Sessions Memo" will "Likely make it even more difficult for the industry to obtain banking services. While some banks had started to serve the marijuana market, the rescission might cause some banks to retreat from it."

Along with federal authorities potentially crippling the efforts of marijuana related businesses and banks reticent to enter an industry desperate for its services, the recent actions by Sessions have additional negative ramifications.

WHAT THE SESSIONS MEMO COULD MEAN /

The dangers of Sessions rescinding the Cole Memo have immediate reverberations across the industry.

Hilary Bricken of *Above the Law* wrote, "Ultimately, the Sessions Memo means increased uncertainty for the marijuana industry as it's now clear that each U.S. Attorney (of which there are 93 across the country) is now free to enforce federal marijuana laws according to their own prosecutorial discretion."

Bricken felt that while, "... U.S. Attorneys have always had this discretion, under the Cole Memo they didn't necessarily have free reign to go gangbuster with prosecutions against state-law compliant marijuana businesses."

OSS AND THE "SESSIONS BLOWBACK" /

Operational Security Solutions (OSS) has taken aim at helping MRBs confidently overcome the significant challenges and risks of operating in a cash-only environment, an environment that has become even more challenging since Session's Memo.

To secure large sums of MRB cash, OSS provides secure, discrete transportation as well as secure vault storage services. OSS is focused on helping MRBs remain compliant and assisting them in securing reliable banking partners with which to navigate the confusing labyrinth of banking laws and regulations.

HER ARTICLE FURTHER ADDED /

We likely will see at least some financial institutions stop providing banking services to the cannabis industry. We also anticipate some investors and landlords will pull out of the industry as well for fear of asset forfeitures and secondary criminal liability."

To put it more succinctly: Decades of cautiously steady progress towards federal accommodation of state cannabis legalization initiatives could take a massive step backwards, especially if the Sessions Memo handcuffs the industry into being a cash-only enterprise.

CASH-ONLY BUSINESS /

Financial institutions are already wary about entering the cannabis industry despite the tremendous profit opportunities. Without a safe place for MRBs to store their surplus

cash, they are forced to contend with potentially dire consequences.

If the Sessions Memo does indeed scare banks and other financial institutions away from working with MRBs, all legal-cannabis verticals - from large-scale growers to mom-and-pop dispensaries that are the very backbone of the cannabis industry - become prime targets for drug trafficking organizations, other organized crime groups, burglars and robbers - all confident that large sums of cash are being stored on the premises.

With so much cash on hand, MRB owners are also at an increased risk of home invasion robberies by criminals who survey and target them. There are also reports of criminals kidnapping employees at the workplace and forcing them to reveal where shop owners live. With home address now in hand - and knowing that MRB owners tend to store excess company profits at their homes - violent, armed criminals can be expected to target MRB and dispensary owners, resulting in robberies, beatings, kidnappings of family members and even fatalities

According to *Bloomberg*, in eight years the marijuana industry could be worth as much as \$50 Billion Dollars. The prospect of so much cash openly moving through any economy obviously presents huge security and accountability concerns. OSS is helping California's legal MRBs overcome their litany of security challenges, legal currency-tracking processes and numerous money-laundering potentials involved in moving, accounting for, reporting and storing large amounts of otherwise unreported or poorly-tracked cash.

Moreover, with respect to the impact of Sessions' Memo and lack of any new FinCEN guidance, which only further convolutes MRBs' day-to-day operations and increases their exposure, OSS continues to provide one-of-a-kind, California-State legal, *AML/BSA-compliant asset management and risk*

mitigation solutions - all designed to help MRBs thrive in what is currently not only a precarious market space, but also one fraught with potentials for federal, state and criminal intervention.

OSS is singularly focused on enabling MRBs to effectively manage and reduce broad-spectrum risks to ensure they operate and report in a legal manner, reduce theft and asset forfeiture potentials, and - ultimately - remain open and profitable.

