

**Operational  
Security  
Solutions**

# MRB CASH MANAGEMENT SOLUTIONS



## THE SITUATION /

The single most difficult challenge for marijuana-related businesses (MRBs) is obtaining access to banking and other financial services. As long as marijuana remains a Schedule 1 controlled substance at the federal level, banks, credit unions and other financial institutions will remain wary of doing business with MRBs regardless of how many states legalize sales, distribution and use of marijuana. Making matters worse, on January 4, 2018, U.S. Attorney General Jeff Sessions rescinded the Cole Memo. This action is expected to further discourage financial institutions from providing services to MRBs thus relegating the industry to cash-only operations for the foreseeable future.

## THE RISK /

While MRBs are poised to flourish in a wave of state-level legalization initiatives, they also face ever-greater and more ominous risks due to the cash-intensive nature of the business. This is already evident in the increasing incidence of MRB personnel and property targeted for theft, robbery, kidnappings and other violent crimes. MRBs are also required to comply with complex AML/BSA financial reporting requirements despite ambiguity at the federal level with respect to cannabis as an enforcement priority at the Department of Justice and at the

Financial Crimes Enforcement Network (FinCEN), a division of the Department of Treasury. The risks for MRBs as targets for criminal activity and for AML/BSA compliance enforcement is real and present.

## HOW DOES OSS HELP? /

OSS provides secure cash transportation and storage services for MRBs licensed in the state of California. OSS services mitigate the risks of MRBs becoming targets for criminal activity while also ensuring that AML/BSA compliance and financial reporting obligations are fulfilled. Most importantly, OSS services enable MRBs to access banking and other financial services that are otherwise inaccessible due to financial institutions' reluctance to manage (on their own) risks of MRB-specific AML/BSA compliance. By leveraging established relationships with California credit unions, local banks and other financial institutions, OSS expedites the otherwise lengthy, complex and arduous process of banking cash from legal, California-licensed MRB operations.

## WHY OSS? /

Operational Security Solutions (OSS) has established financial compliance and reporting systems specific to the California MRB. We

enable our banking and financial institution partners to conduct business with MRBs while simultaneously satisfying their AML/BSA compliance and reporting obligations. OSS identifies risks and formulates MRB risk profiles based on factors defined by AML/BSA guidelines. Our compliance team provides ongoing due diligence and risk monitoring that includes MRB legal and regulatory developments to ensure our clients and financial-sector partners are able to adjust to changes that could otherwise increase their risk exposure. Our Comprehensive Know Your Customer (KYC), Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) programs are contextualized to the unique challenges MRBs face when seeking to obtain banking and other financial services.

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

As an OSS client, you can expect an onboarding process in strict compliance with AML/BSA guidelines to prepare your business to conduct business with banks and other financial institutions. OSS enables you to focus on building a profitable, licensed MRB with dramatically reduced risks of targeting for criminal activity and/or AML/BSA compliance enforcement.

# KEY PLANNING DOCUMENTS

for your Business Background Check must include:

## Business & Financial Plan

- Business plan
- Articles of incorporation
- State EIN
- 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) compliance 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

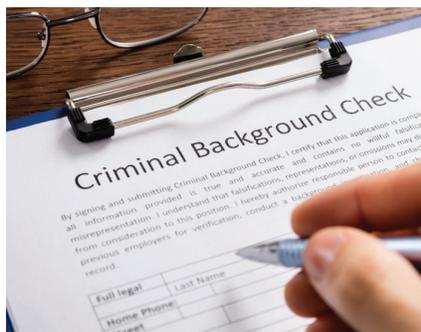
## Miscellaneous Business Plans

- 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.** 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.

