

# ACAMS® | Webinars

## Adapting to the Rapidly Changing Compliance Landscape Involving Marijuana and Marijuana-Related Businesses

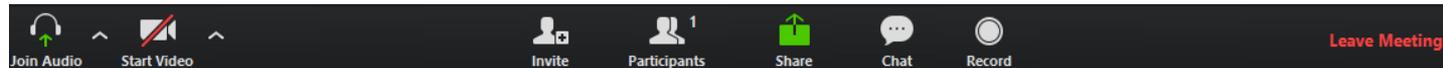


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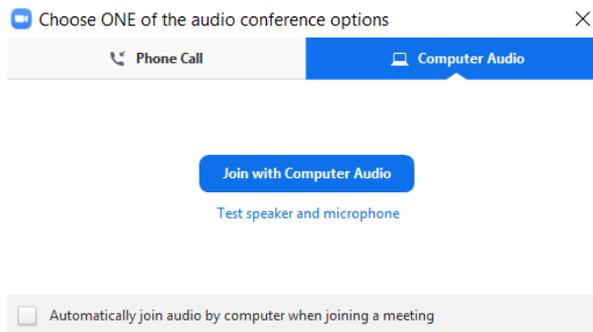
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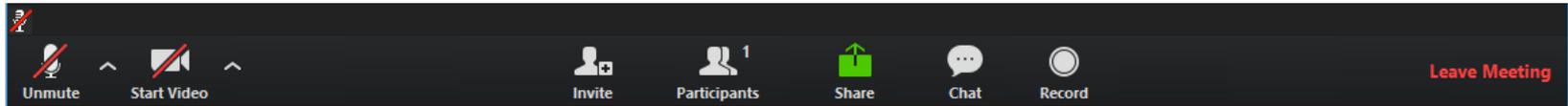


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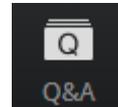


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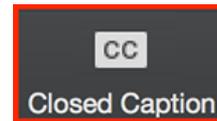
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ACAMS events are enhanced by your participation. Please submit questions by clicking on the Q&A button



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## **Moderator**

**Steven Kemmerling** – CEO, CRB Monitor



## **Speakers**

**Zane Gilmer** – Partner, Stinson LLP



**Michael O'Neill** -- BSA Officer, Safe Harbor Private Banking



**Dan Stipano** – Partner, Buckley LLP

## Description

The **legal status** of marijuana, including federal prohibitions and the permissiveness of state, local and non-US laws, as well as new technological approaches to marijuana-related businesses (MRBs) have created compliance conflicts for financial institutions both large and small. This fast-paced deep-dive webinar will provide practical guidance on **how to adapt** to **rapidly evolving** marijuana-related compliance issues facing anti-financial crime professionals today, including **recent legal developments** and the implications of global cross-border transactions related to the movement of funds associated with marijuana sales.

## Learning Objectives

1. Reviewing the **latest laws and regulations** related to legalized **marijuana**, **cannabinoid products** and **industrial hemp**, including the 2018 Farm Bill
2. Formalizing periodic reviews of **current policies, procedures, risk assessment, suspicious activity monitoring programs, CDD/EDD and High-Risk Customer programs** to effectively manage the risks of the marijuana industry
3. Understanding **what marijuana legalization means** for global **cross-border transactions** related to the **movement of funds associated with marijuana** sales

## Agenda

- Background & Updates (~45 min)
  - “Cannabis” 101
  - Legal & Regulatory Status – Recap/Current
  - Legal & Regulatory Status – Future
- Operational Considerations & Reality (~60 min)
- Questions (~15 min)

# “Cannabis” 101

# Cannabis: Definitions

- “Marijuana”, “Hemp” and “CBD” are all “Cannabis”, but are NOT the same thing and need to be considered individually

## Cannabis = “*Cannabis Sativa L*”

### “Marijuana”

- THC > 0.3%
- Psychoactive
- Recreational & Medical Uses

### “Hemp”

- THC ≤ 0.3%
- Non-psychoactive
- Thousands of Industrial Uses

### “CBD”

- CBD ≠ THC
- Non-psychoactive
- Evolving Uses
- Marijuana or Hemp Derived

# Cannabis: Definitions & Segmentation

- “Cannabis” represents significant Risk and Opportunity

## “Marijuana” (U.S. Retail)



CAGR  
**22%**  
\$25-30B by 2020

## “Hemp” (Global)



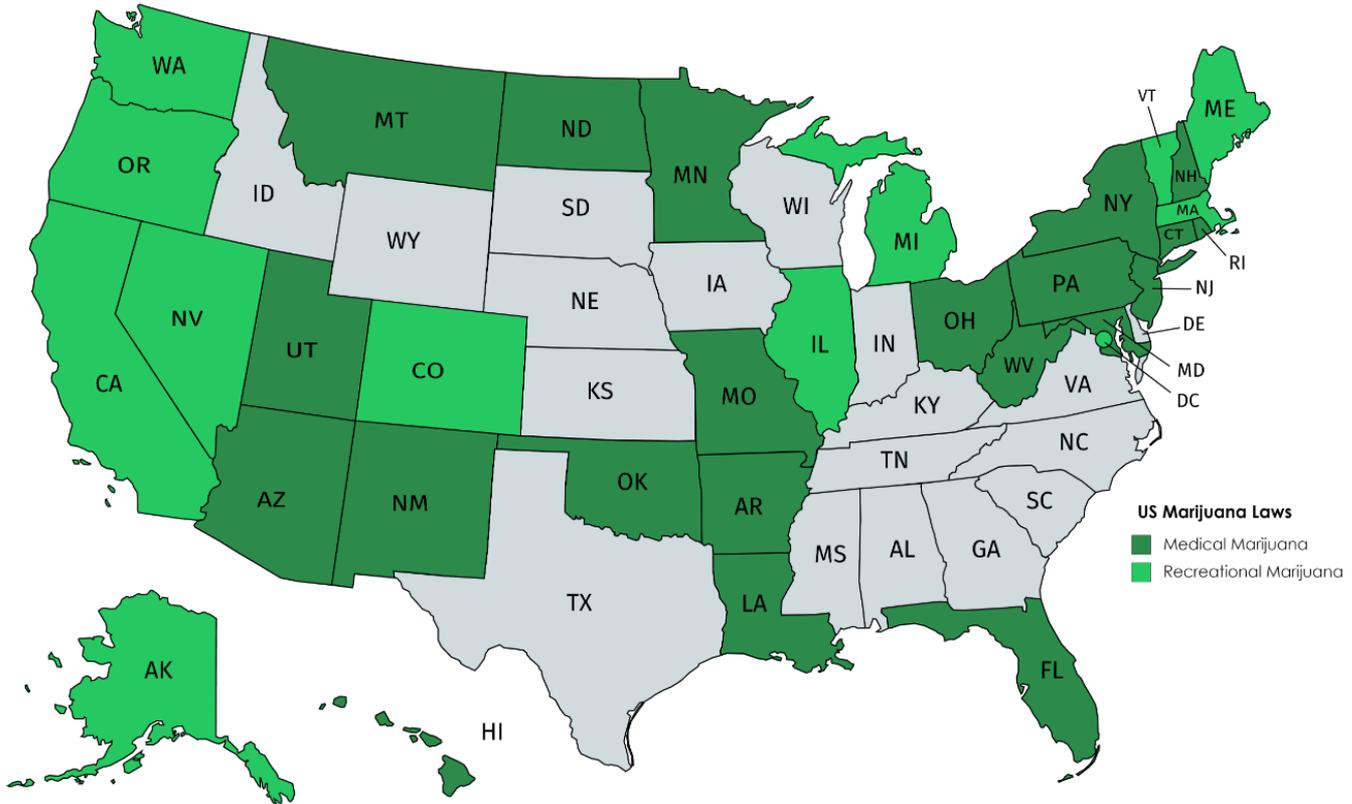
CAGR  
**20%**  
\$5.7B by 2020

## “CBD” (North America)



CAGR  
**37%**  
\$1.9B by 2020

# US: Marijuana Laws



# Marijuana Prohibitions under US Federal Law

- CSA prohibits production, sale, and possession of marijuana.  
21 U.S.C. § 841
- Also illegal under the CSA to open, use, lease, or maintain any place for the purposes of manufacturing, distributing, or using marijuana. 21 U.S.C. § 856(a)(1)
- Under civil forfeiture law, 21 U.S.C. § 881, the federal government can seize real estate or personal property that constitutes proceeds of marijuana sales or was used to facilitate the production of marijuana

## US Medical Marijuana

- CSA does **not** distinguish between medicinal and recreational marijuana use
- But Congress has restricted federal government's ability to prosecute crimes involving medical marijuana
- Every appropriations bill since December 2014 has included rider that prohibits DOJ from spending funds in manner that interferes with implementation of state medical marijuana laws (Rohrabacher-Farr Amendment)

# US: Hemp Laws



# “Marijuana” v. “Hemp”

- **Marijuana** (*ie, cannabis > 0.3% THC*)
  - Classified as Schedule I substance under the Controlled Substances Act (CSA)
  - 11 states and D.C. have legalized small amounts for recreational use
  - 33 states, D.C., Guam and P.R. have medical marijuana programs
- **Hemp** (*ie, cannabis ≤ 0.3% THC*)
  - Until 2018, classified with marijuana as a Schedule 1 substance under the CSA
  - 2014 Farm Bill: allowed certain research institutions and state departments of agriculture to establish pilot programs for legal cultivation
  - 2018 Farm Bill: excluded hemp from definition of marijuana in CSA; authorized legal sale of hemp grown under approved state plan or federal license
  - To date, no state plans have been approved

# “Hemp” vs “CBD”

- **Hemp** (*cannabis* ≤ 0.3% THC)
  - No prohibitions **if produced by licensed grower** in accordance with 2018 Farm Bill
    - Although states may have **more** restrictive hemp laws than federal law
  - 0.3% THC or less
  - USDA recently published “interim final” rules for states/tribes to submit hemp production plans
  - Farm Bills requires plans to include testing for THC levels, annual inspections, and disposal of plants grown in violation of the bill
  - To date, **no** state plans have been approved
- **CBD** (*not* = THC)
  - **Hemp**-derived CBD – Legality dependent on source, intended use and state-specific laws
  - **Marijuana**-derived CBD – subject to same prohibitions as marijuana
    - Exception is one FDA-approved epilepsy drug--Epidiolex

# Legal & Regulatory Status: Recap / Current

# Cole Memo

 U.S. Department of Justice  
Office of the Deputy Attorney General

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The Deputy Attorney General Washington, D.C. 20530

August 29, 2013

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole   
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Enforcement

In October 2009 and June 2011, the Department issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). This memorandum updates that guidance in light of state ballot initiatives that legalize and the possession of small amounts of marijuana and provide for the regulation of marijuana production, processing, and sale. The guidance set forth herein applies to all federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

As the Department noted in its previous guidance, Congress has determined that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Department of Justice is committed to enforcement of the CSA consistent with those determinations. The Department is also committed to using its limited prosecutive resources to address the most significant threats in the most effective, cost-efficient, and rational way. In furtherance of those objectives, as several states enacted laws for the use of marijuana for medical purposes, the Department in recent years has focused on certain enforcement priorities that are particularly important to the federal government:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

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- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext from the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.



# 2014 FinCEN Guidance



## Department of the Treasury Financial Crimes Enforcement Network

### Guidance

FIN-2014-G001

Issued: February 14, 2014

Subject: BSA Expectations Regarding Marijuana-Related Businesses

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The Financial Crimes Enforcement Network (“FinCEN”) is issuing guidance to clarify Bank Secrecy Act (“BSA”) expectations for financial institutions seeking to provide services to marijuana-related businesses. FinCEN is issuing this guidance in light of recent state initiatives to legalize certain marijuana-related activity and related guidance by the U.S. Department of Justice (“DOJ”) concerning marijuana-related enforcement priorities. This FinCEN guidance clarifies how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations, and aligns the information provided by financial institutions in BSA reports with federal and state law enforcement priorities. This FinCEN guidance should enhance the availability of financial services for, and the financial transparency of, marijuana-related businesses.

#### Marijuana Laws and Law Enforcement Priorities

The Controlled Substances Act (“CSA”) makes it illegal under federal law to manufacture, distribute, or dispense marijuana.<sup>1</sup> Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, as of the date of this guidance, 20 states and the District of Columbia have legalized certain marijuana-related activity. In light of these developments, U.S. Department of Justice Deputy Attorney General James M. Cole issued a memorandum (the “Cole Memo”) to all United States Attorneys providing updated guidance to federal prosecutors concerning marijuana enforcement under the CSA.<sup>2</sup> The Cole Memo guidance applies to all of DOJ’s federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

The Cole Memo reiterates Congress’s determination that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Cole Memo notes that DOJ is committed to enforcement of the CSA consistent with those determinations. It also notes that DOJ is committed to using its investigative and prosecutorial resources to address the most

<sup>1</sup> Controlled Substances Act, 21 U.S.C. § 801, *et seq.*

<sup>2</sup> James M. Cole, Deputy Attorney General, U.S. Department of Justice, *Memorandum for All United States Attorneys: Guidance Regarding Marijuana Enforcement* (August 29, 2013), available at <http://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

# FinCEN Guidance

- To clarify BSA expectations for financial institutions seeking to provide services to marijuana-related businesses
- Customer due diligence required to ensure compliance with DOJ
- New Marijuana SARs
  - “Marijuana Limited” SAR
  - “Marijuana Priority” SAR
  - “Marijuana Termination” SAR
- Consideration of “Red Flags”
- Indirect Relationships
- Not a green light

# Attorney General Sessions' Rescission of DOJ Memos



Office of the Attorney General  
Washington, D. C. 20530

January 4, 2018

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: Jefferson B. Sessions, III  
Attorney General

SUBJECT: Marijuana Enforcement

In the Controlled Substances Act, Congress has generally prohibited the cultivation, distribution, and possession of marijuana. 21 U.S.C. § 801 *et seq.* It has established significant penalties for these crimes. 21 U.S.C. § 841 *et seq.* These activities also may serve as the basis for the prosecution of other crimes, such as those prohibited by the money laundering statutes, the unlicensed money transmitter statute, and the Bank Secrecy Act. 18 U.S.C. §§ 1956-57, 1960; 31 U.S.C. § 5318. These statutes reflect Congress's determination that marijuana is a dangerous drug and that marijuana activity is a serious crime.

In deciding which marijuana activities to prosecute under these laws with the Department's finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions. Attorney General Benjamin Civiletti originally set forth these principles in 1980, and they have been refined over time, as reflected in chapter 9-27.000 of the U.S. Attorneys' Manual. These principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

Given the Department's well-established general principles, previous nationwide guidance specific to marijuana enforcement is unnecessary and is rescinded, effective immediately.<sup>1</sup> This memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion in accordance with all applicable laws, regulations, and appropriations. It is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal.

<sup>1</sup> Previous guidance includes: David W. Ogden, Deputy Att'y Gen., Memorandum for Selected United States Attorneys: Investigations and Prosecutions in States Authorizing the Medical Use of Marijuana (Oct. 19, 2009); James M. Cole, Deputy Att'y Gen., Memorandum for United States Attorneys: Guidance Regarding the Ogden Memo in Jurisdictions Seeking to Authorize Marijuana for Medical Use (June 29, 2011); James M. Cole, Deputy Att'y Gen., Memorandum for All United States Attorneys: Guidance Regarding Marijuana Enforcement (Aug. 29, 2013); James M. Cole, Deputy Att'y Gen., Memorandum for All United States Attorneys: Guidance Regarding Marijuana Related Financial Crimes (Feb. 14, 2014); and Monty Wilkinson, Director of the Executive Office for U.S. Att'ys, Policy Statement Regarding Marijuana Issues in Indian Country (Oct. 28, 2014).

# “Rohrabacher- Blumenauer” Amendment



None of the funds made available under this Act to the Department of Justice may be used, with respect to any of the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, or with respect to the District of Columbia, Guam, or Puerto Rico, to prevent any of them from implementing their own laws that authorize the use, distribution, possession, or cultivation of *medical* marijuana. SEC. 539.

## Federal Prohibition in Practice

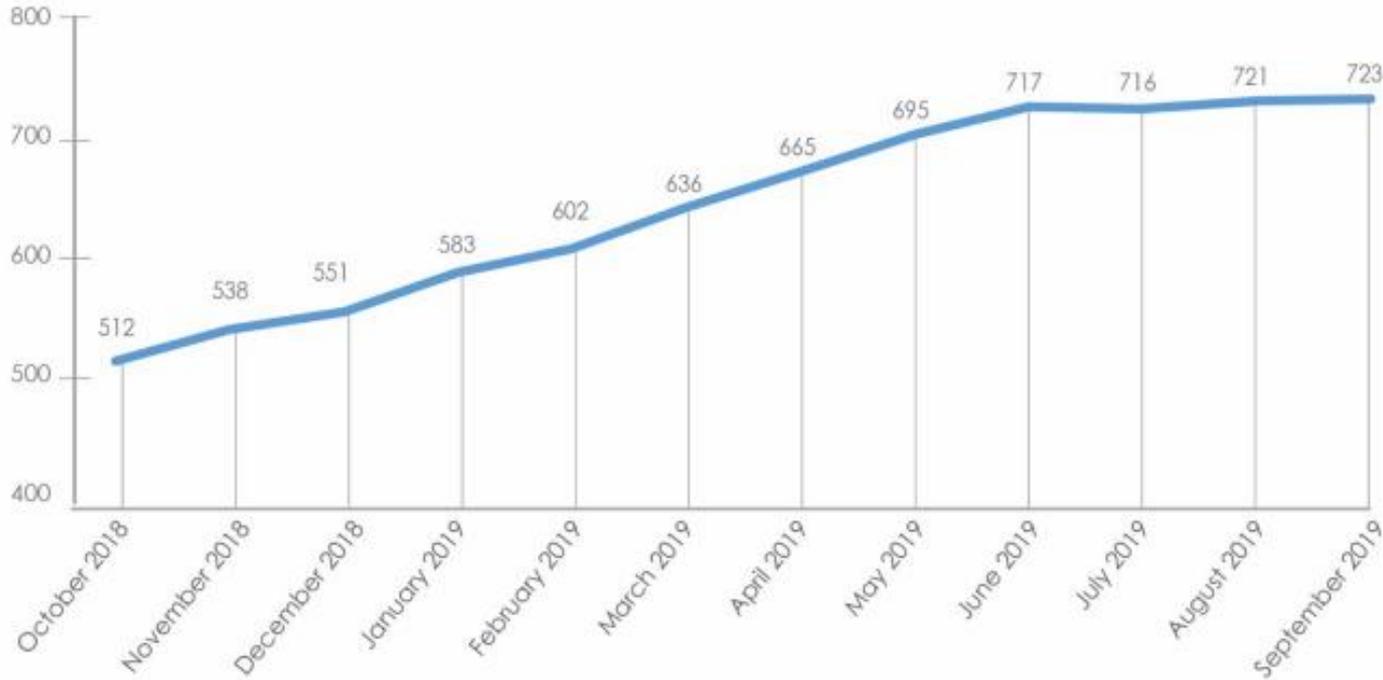
FinCEN guidance relies on DOJ guidance

SARs filing requirements largely dependent on DOJ enforcement priorities

“FinCEN works closely with law enforcement and the financial sector to combat illicit finance and provide relevant information that allows law enforcement to pursue their priorities. We will continue to work with DOJ and other stakeholders on this issue.”

Spring 2019 – AG Barr states in congressional testimony that he will not go after businesses that rely on Cole Memos

# Depository Institutions “Actively” Banking MRBs



Take count with a  
“grain of salt”

Recent leveling-off

# Legal & Regulatory Status: Future

# 2014 Farm Bill

## *(a Prelude to 2018 Farm Bill)*

- Institution of higher education or State department of agriculture may grow or cultivate industrial hemp if:
  - (1) industrial hemp is grown or cultivated for purposes of **research** conducted under an **agricultural pilot program** or other agricultural or academic research;
  - (2) the growing or cultivating of industrial hemp is allowed under the laws of the State in which such institution of higher education or State department of agriculture is located and such research occurs.
- “Pilot program” means “a pilot program to study the growth, cultivation, or marketing of industrial hemp”
- “Industrial hemp” means “the plant *Cannabis sativa* L. and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol”

# 2018 Farm Bill:

## State and Tribal Authority to Regulate Hemp

If a State or Indian tribe wishes to be the primary regulator of industrial hemp, it must design and submit a plan containing:

A practice to maintain relevant information regarding the land where hemp is produced;

A procedure for testing THC levels;

A procedure for the effective disposal of product (hemp waste, non compliant hemp, etc.);

A procedure to comply with enforcement procedures;

A procedure for conducting annual inspections and random sampling;

A procedure for submitting relevant information to Secretary;

A certification that the State or Tribe has resources to carry out these procedures.

# SAFE Banking Act

- Proceeds from cannabis-related legitimate business or service provider not to be considered as unlawful activity
- Precludes federal banking regulators from:
  - Terminating or limiting deposit insurance solely for providing financial services to a cannabis-related business or service provider
  - Prohibiting, penalizing, or otherwise discouraging...
  - Recommending, incentivizing, or encouraging not to offer services...
  - Taking any adverse or corrective supervisory action on a loan...

## SAFE Banking Act (continued)

- A depository institution that has a legal interest in the collateral for a loan not be subject to criminal, civil, or administrative forfeiture...
- Would not require a depository institution to provide services to a cannabis-related legitimate business or service provider
- SARs concerning a cannabis-related legitimate business must comply with appropriate guidance issued by FinCEN
- Passed by the House; recent amendments would include hemp

## STATES Act

- Amends the Controlled Substances Act to exempt any person acting in compliance with state law or the law of a federally recognized Indian tribe within its jurisdiction in Indian country relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marijuana

# Operational Considerations & Reality

# LEGAL DISCLAIMER

As we all know, marijuana remains illegal under the Federal Controlled Substances Act and as such, any information contained herein regarding potential ways of providing financial services to marijuana related businesses (“MRBs”) is based on the guidance issued by the Department of Justice in the Cole Memo, from the guidance provided by the United States Department of Treasury Financial Crimes Enforcement Network (“FinCEN”), and from the unprecedented knowledge that Safe Harbor Private Banking has gained from creating and operating a cannabis banking program that is designed to: 1) provide the transparency that regulators require; 2) keep communities safe and; 3) support a new and growing industry that contributes to the vitality of local, state, and national economies.

Nevertheless, marijuana remains illegal under federal law and the information contained in this presentation does not purport to offer a safe harbor from the current conflict that exists between your state laws and federal law. Because cannabis remains a controlled substance, all assets related to MRBs and the assets of the financial institutions that service MRBs are subject to seizure by federal authorities. Nothing contained in this presentation constitutes legal advice. Safe Harbor Private Banking advises you to work closely with your legal advisors to evaluate all statements contained in this presentation.

Safe Harbor Private Banking seeks to help educate financial institutions about the ways that they might provide much needed practical banking solutions. These solutions help ensure, among other things, that communities are safe, MRBs can more easily account for and pay taxes, and financial institutions can support this group of entrepreneurs in the uncertain legal environment in which they operate. The path is not without risks, but it is a way to move forward alongside this progressive industry that continues to expand despite regulatory challenges.

**SAFE HARBOR HAS NO REGULATOR ENDORSEMENTS, EXPRESS OR IMPLIED, RELATED TO THE CONTENTS OF THIS PRESENTATION OR THE SAFE HARBOR PROGRAM.**

## CANNABIS PROGRAM - JUST THE NUMBERS

Employees: 20, All Are BSA Certified

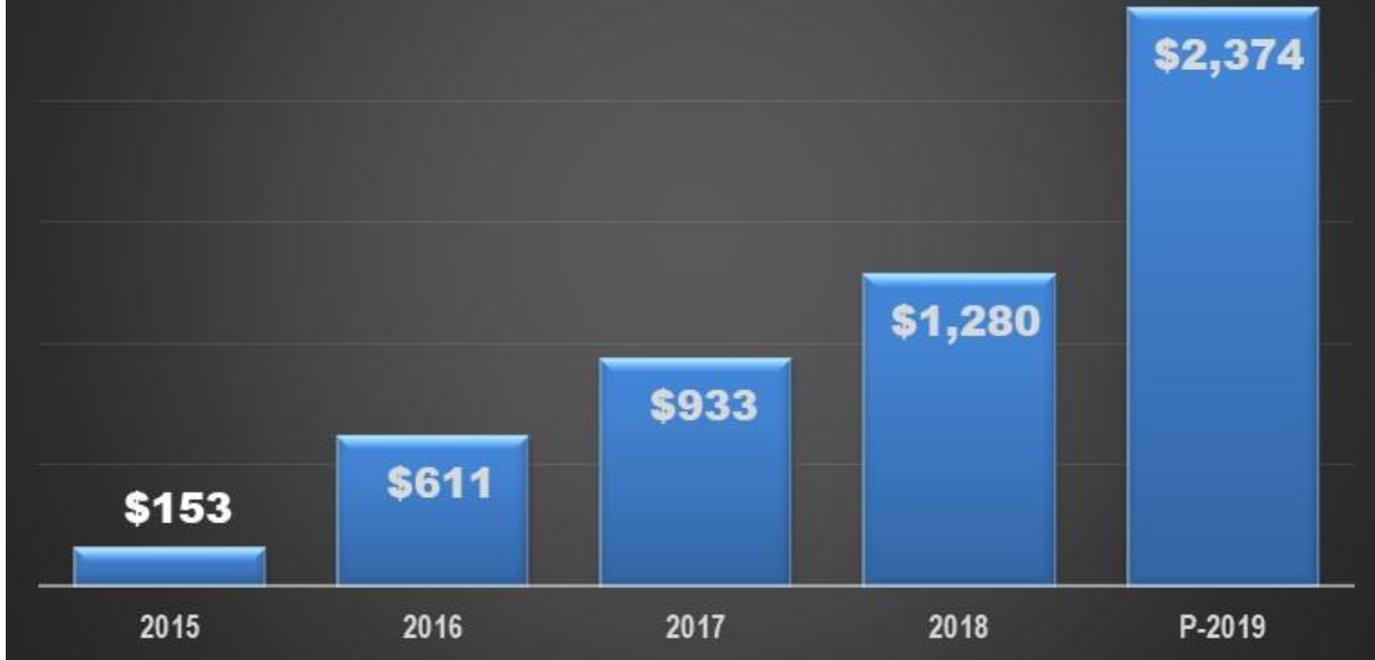
Accounts: 545 Total : 321 Licensed, 224 Ancillary

Businesses : 300 Retail, 300 Grow, 106 MF, 23 Distr.

Deposits: > \$200 Million / Month

Reports: 900+ BSA Reports / Month

## Annual Cannabis Related Deposits (Millions)



# TOP FIVE REALITIES OF CANNABIS BANKING

- It Is Not For Everyone
- Regulatory Expectations
- Program Development and Primary Components
- Third Party Expertise
- Working With Law Enforcement

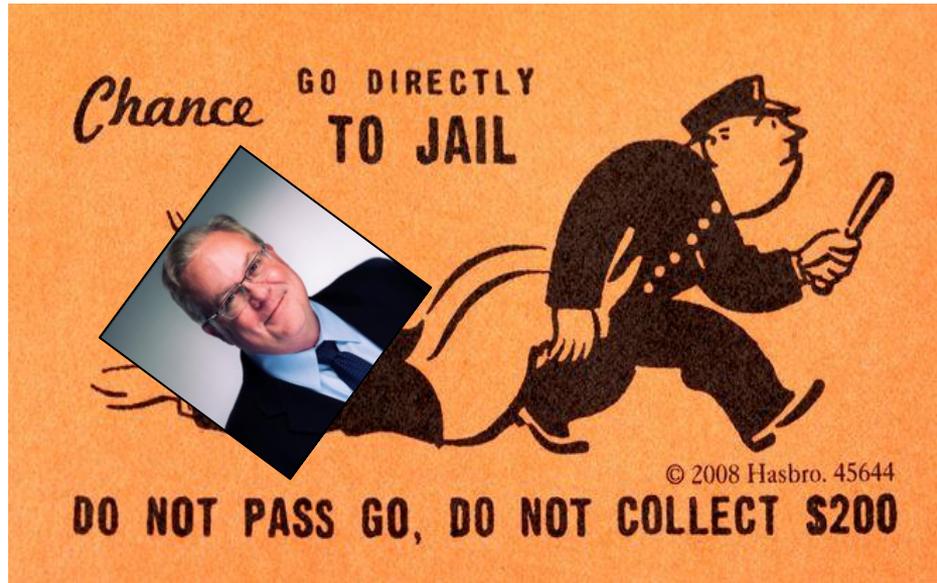
# NOT FOR EVERYONE



# CHILDHOOD LESSONS WHICH TRANSLATE TO BSA/AML



# BANKING CANNABIS PERCEPTION



# AVOIDING ENFORCEMENT ACTIONS

FEB  
2018

**\$185 million** civil money penalty against U.S. Bank for **willful** violations of the BSA.

NOV  
2017

**\$2 million** civil money penalty - Lone Star Nat'l Bank, TX for willfully violating the BSA.

FEB  
2017

**\$7 million** civil money penalty against Merchants Bank for willful violations of the BSA.

# REGULATORY EXPECTATIONS

# BEFORE YOU BANK THE FIRST CANNABIS DOLLAR...

- Assess the qualifications of your BSA/AML personnel to adapt to the ever-changing dynamics of the cannabis industry
- Ensure your team has the appropriate training, tools and resources to effectively manage this unique risk
- Know that bad actors will put their best foot forward to get banked

*The eyes of the Federal Government and its law enforcement community are on you...*

# GUIDANCE - FinCEN

## Providing Financial Services to Marijuana-Related Businesses

This FinCEN guidance clarifies how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations.

- Additional Guidance to BSA!
- What happens if this is revoked?

# POLICING THE CLIENTS

1. Distribution to minors

**NO**

2. Proceeds to criminal element

**SOME**

3. Diversion across state lines

**NO**

4. Pretext for criminal activity

**SOME**

5. Violence or use of firearms

**SOME**

6. Drugged driving/public health

**NO**

7. Use of public lands

**YES**

8. Use of federal property

**YES**



**RISK  
ASSESSMENT**

# ADDITIONAL RISKS

REPUTATION

EXCLUSION

EXPERIENCE

SUCCESS

SEIZURE

IGNORANCE

REGULATOR  
SCRUTINY

INSTITUTIONAL  
STRESS

PROSECUTION

BSA  
PENALTIES

CRIMINAL  
ACTIVITY

**Policies**

**Procedures**

**Key Controls**

**Agreements**

**EDD**

**Alerts**

**Data Security**

**Staff Monitoring**

# **APPROPRIATE INTERNAL CONTROLS**

# BSA ADDITIONS

**ADDITIONAL**

- State Alignment
- Enforcement Priorities
- Red Flags
- Reporting

**MORE INTENSE**

- Due Diligence
- Risk Rating
- Validation & Monitoring
- Exit / Liquidity Plans

# **PROGRAM DEVELOPMENT and PRIMARY COMPONENTS**

# PROGRAM FOUNDATION

Every Dollar is a Cartel Dollar **UNLESS**  
We Can Prove Otherwise

- EYES on the **OWNERS**
- EYES on the **BUSINESS**
- EYES on the **MONEY !!**



# THE CHALLENGES

Fear of the Unknown

Staffing & Education

Legal Counsel

Vague Guidelines

Liquidity & EXIT

Regulatory Oversight

3rd Parties / Vendors

Ever Evolving Program

***Learning Cannabis  
Banking the Hard Way!***



# GETTING STARTED

## Cannabis Industry Education

Google

Conferences

News

## Third Party Initial Conversations

Corporate

Auditors

Legal

Regulators

## Analyze Your Resources

Financial  
Position

Staffing  
Talent

Time

## BSA & FinCEN Obligations

AML  
Software

Certified

On Going  
Training

## Educate Management & Board

# MANAGE INTERNAL EXPECTATIONS

## Expect Difficult LEARNING CURVE

- We Don't Know What We Don't Know
- Must DIG IN And Learn The Industry

## Expect TIME ON TASK

- Comparative Analysis Requires Time
- BSA training takes Time

## Expect Additional WORK

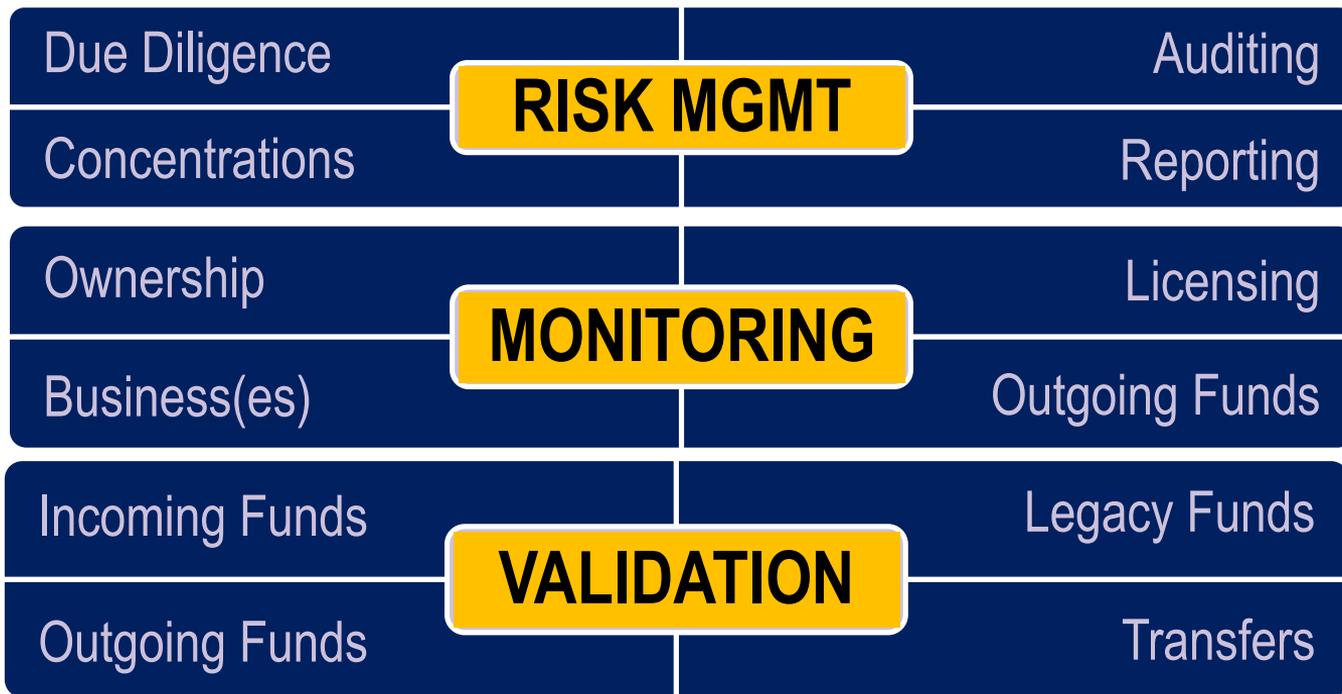
- Reporting
- Educating
- Contingency Planning

**Emerging Market = Emerging Risks = Evolving Program**

# KNOW THE MONEY



# PRIMARY PROGRAM COMPONENTS



# MANAGING THE PAIN POINTS

## BSA Risk

- Labor Intensive
- Talent
- A Moving Target

## Emerging Market

- A Moving Target
- Complexities
- Fast Growth

**Regulator  
Oversight**

## Financial Management

- Balance Sheet
- Liquidity
- Exit

## Law Enforcement

- Subpoenas
- US Attorney
- Legal Costs

**5 Years - 13  
Exams**

## REPORTING

2019	Safe Harbor			Partner Co CU		
MONTH	CTRs	SARs	TOTAL	CTRs	SARs	TOTAL
January	623	121	<b>744</b>	21	2	<b>23</b>
February	679	113	<b>792</b>	22	1	<b>23</b>
March	774	127	<b>901</b>	36	2	<b>38</b>
April	710	109	<b>819</b>	25	2	<b>27</b>
May	901	129	<b>1,030</b>	41	0	<b>41</b>
June	774	132	<b>906</b>	22	4*	<b>22</b>
July	845	129	<b>974</b>	32	2*	<b>32</b>
August	907	139	<b>1,046</b>	40	1*	<b>40</b>
September	780	145	<b>925</b>	15	3	<b>18</b>
October						
November						
December						
<b>YTD TOTAL</b>	<b>6,993</b>	<b>1,144</b>	<b>8,137</b>	<b>239</b>	<b>14</b>	<b>253</b>

# NEW EMERGING RISKS

Canadian  
Reverse  
Mergers

Cross Border  
Transactions

Public  
Companies -  
Ownership

Complex  
Corporate  
Structures

**FALSE SENSE OF SECURITY**

## THIRD PARTY EXPERTISE

Consultants

Lawyers

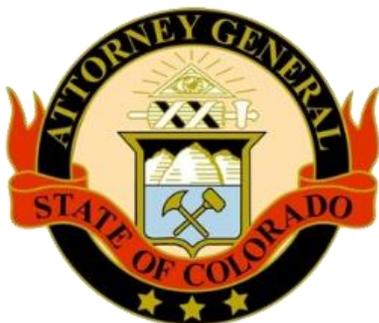
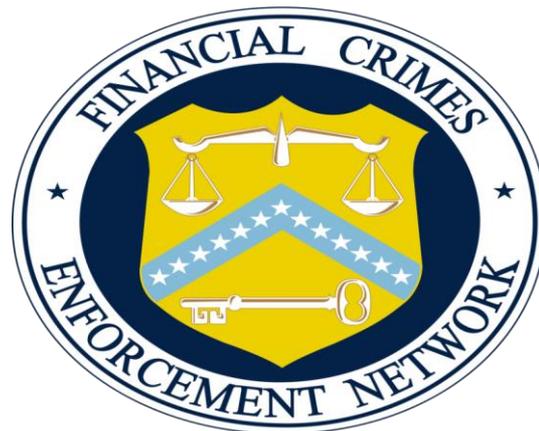
Automated  
Systems

**You Can't Do It Alone**

# WORKING WITH LAW ENFORCEMENT



Department of the Treasury  
Internal Revenue Service



# FORMAL INQUIRIES



**SEARCH WARRANT**

# THE PRESENT & FUTURE

## PRESENT ENVIRONMENT:

- A rush for knowledge
- Acceptance of reality
- First in Market Mentality



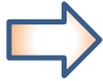
Legalization Continues



Market Growth



IRS 280E Relief



Safe Harbor Legislation



Reclassification



Continued Banking  
Issues



**OPPORTUNITY ?**

# Key Takeaways

## KEY TAKEAWAYS

- Despite passage of the SAFE Act in the House, the legal landscape remains uncertain.
- Banks that choose to do business with MRBs should follow the FinCEN guidance.
- Due diligence expectations for indirect relationships remain unclear.
- You don't know what you don't know
- Industry is new and evolving
- Develop expertise before engaging with the industry...you will need to do your homework
- Think **BIG**, start *small*...walk before you run
- Involve your regulator...early
- Work with law enforcement
- Compliance, compliance, compliance!



## THANK YOU FOR JOINING US TODAY

We'd love to know what you think about today's webinar. Please respond to the polling questions on your screen.

A copy of the presentation can be downloaded by revisiting the LMS webinar course description.

### Reference Materials



Presentation



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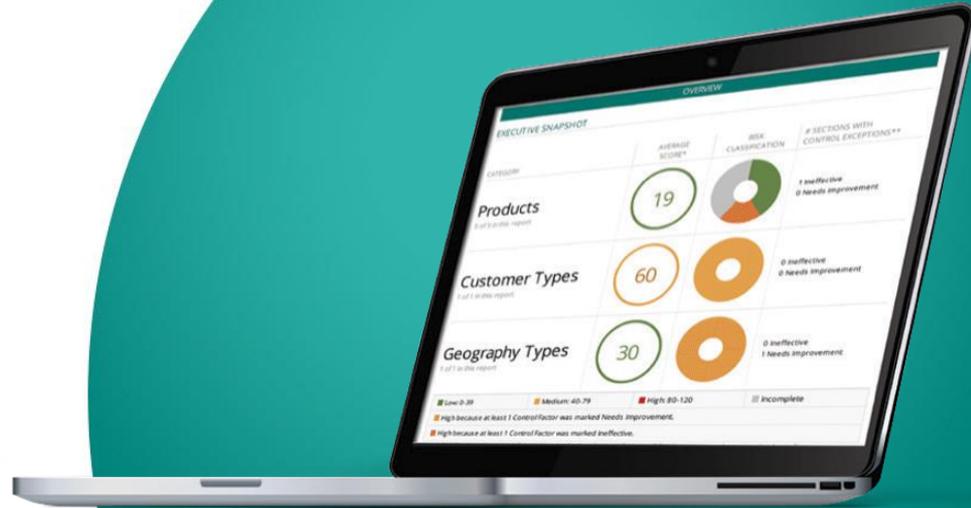
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