

# Cannabis Banking 101: A Year in Review

December 17, 2020



GREEN CHECK

# Today's Hosts

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**Mike Kennedy**

Co-Founder

Head of Product and Strategy

Green Check Verified



**Paul Dunford**

Co-Founder

Dir of Program Development

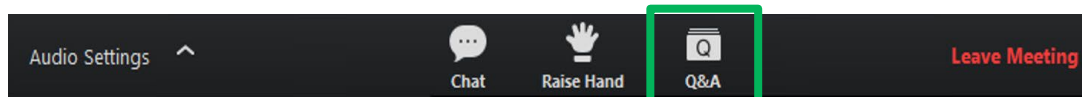
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# Housekeeping

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- A recording of the presentation will be shared following the session
- Attendees will be muted during the session to avoid background noise

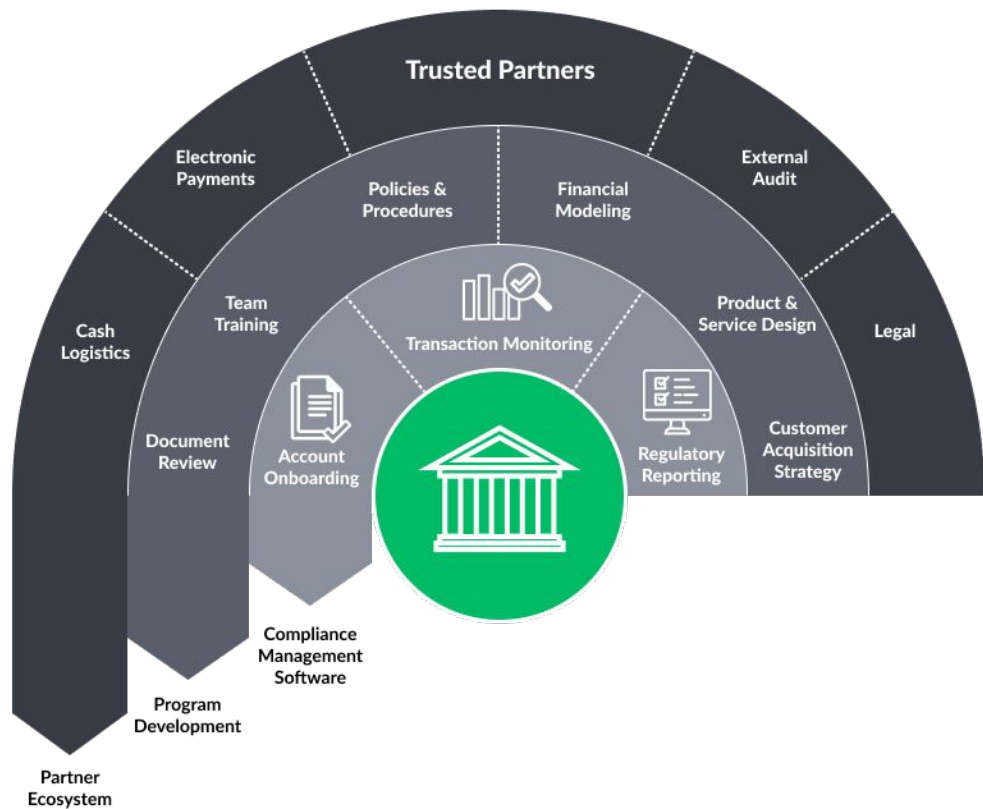
## Have a question?



- **During the session:** Use the Q&A button in your Zoom window to submit a question
  - Not available those using the call-in only option
- **After the session:** Email [mkennedy@greencheckverified.com](mailto:mkennedy@greencheckverified.com)

# About Green Check Verified

We offer **purpose-built software**, combined with **expert advisory services** and a rich **partner ecosystem** to deliver compliant, profitable cannabis banking programs.



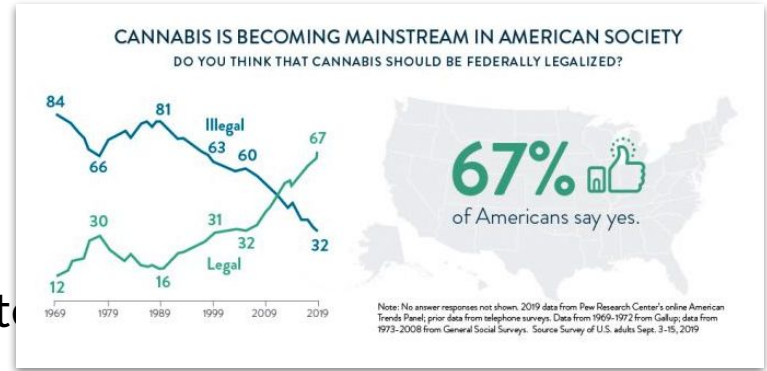
# Today's Agenda

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- Public Perception + economic opportunity
- Examiner Expectations
- COVID Impact
- Cannabis Authorities
- Legislative Highlights
- Key Takeaways
- Predictions
- Q & A

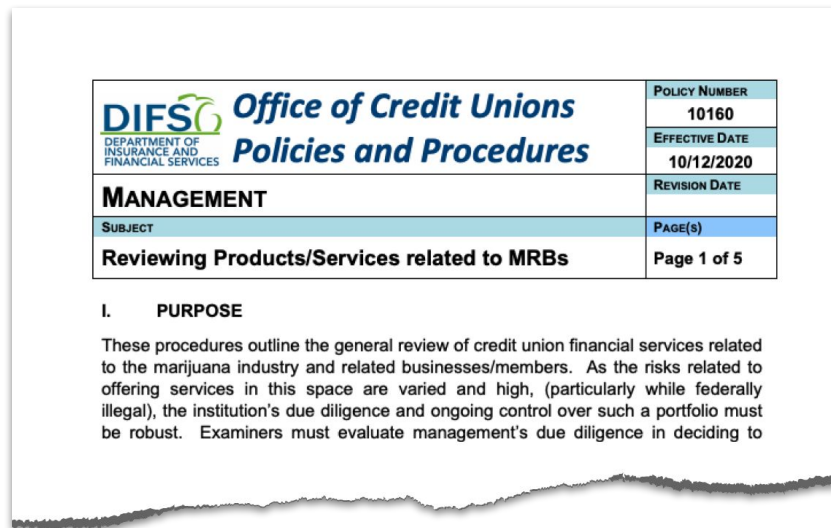
# Perception of Cannabis

- Increasing support of full legalization
- 2020 Election:  $\frac{2}{3}$  of Americans live in states with recreational cannabis
- Projected growth of 21% (CAGR)
- \$13.7B added to federal budget (CBO)
- NFL, NBA update drug testing policies
- U.N. Commission for Narcotic Drugs reclassifies medical cannabis



# Examiner Expectations are Evolving

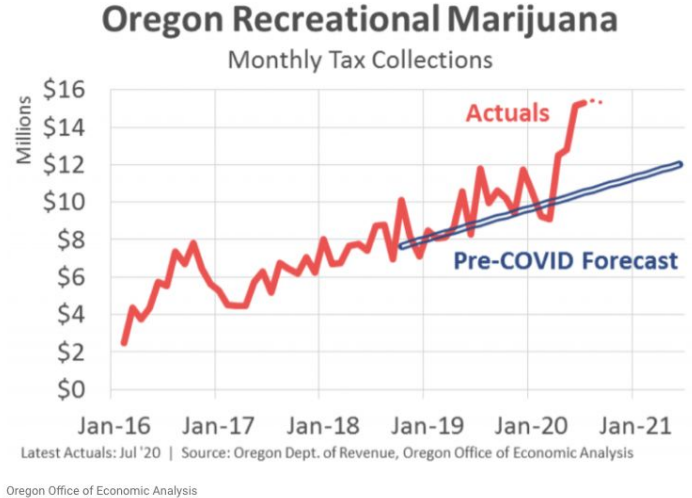
- Dedicated subject matter experts
- Formal legal review
- Defined pilot program
- Growth targets/thresholds
- Clarity around transaction monitoring



MI Dep of Insurance and Financial Services  
releases guidance for state examiners

# COVID Impact

- Medical businesses deemed “essential”
- Push towards contactless transactions - delivery, curbside pickup, etc
- Delays in licensing and renewals
- CRBs still don't have access to SBA programs like the PPP



Several states saw record monthly sales throughout 2020



# State Regulatory Actions

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- States are consolidating multiple regulatory agencies into one
- Various approaches to address social equity issues
  - Massachusetts delivery licenses
  - Colorado accelerator program
  - Illinois community college initiative
- Regulations adjusted significantly to accommodate social distancing requirements
- Leadership turnover in state regulatory agencies

# Legislative Highlights

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## FinCEN Guidance Regarding Due Diligence Requirements under the Bank Secrecy Act for Hemp-Related Business Customers (FIN-2020-G001)

No HRB SAR reporting requirement:

*"... because hemp is no longer a Schedule I controlled substance under the CSA, financial institutions are not required to file a Suspicious Activity Report (SAR) on customers solely because they are engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations"*

# Legislative Highlights

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## 2020 State Ballot Initiatives

- Medical

Mississippi Initiative 65 and Alternative 65A, Medical Marijuana Amendment

South Dakota Initiated Measure 26, Medical Marijuana Initiative

- Adult

Arizona Proposition 207, Marijuana Legalization Initiative

Montana CI-118, Allow for a Legal Age for Marijuana Amendment

Montana I-190, Marijuana Legalization and Tax Initiative

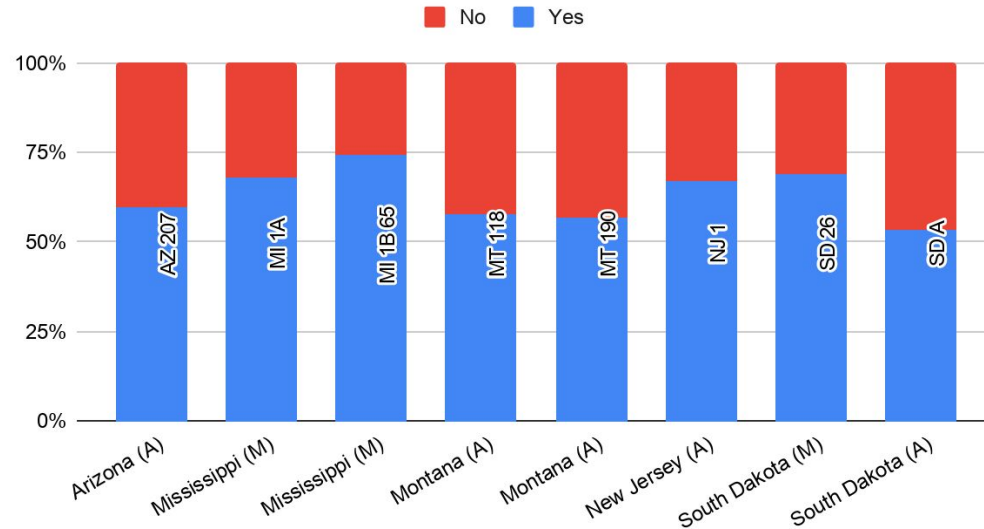
New Jersey Public Question 1, Marijuana Legalization Amendment

South Dakota Constitutional Amendment A, Marijuana Legalization Initiative

# Legislative Highlights

## 2020 State Ballot Initiatives

2020 Marijuana Legalization Ballot Initiatives



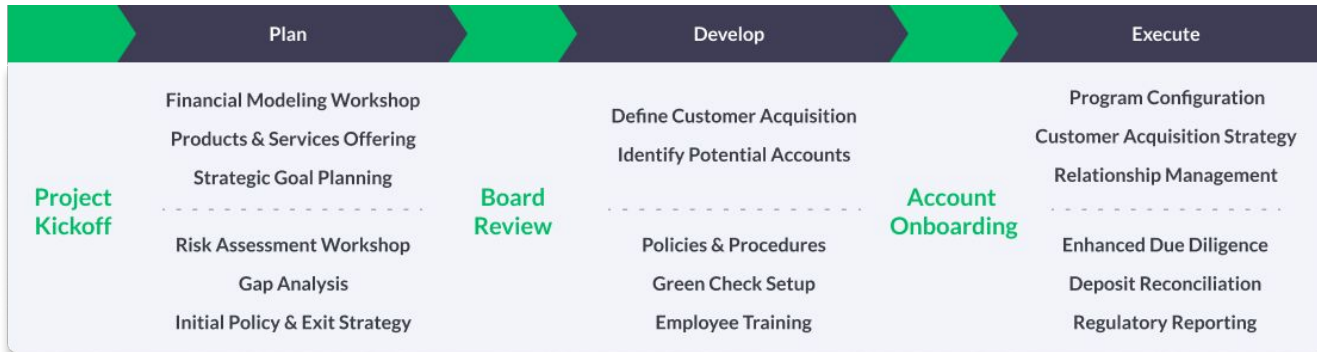
# Legislative Highlights

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- Proposed Federal Legislation
  - Marijuana Opportunity Reinvestment and Expungement (MORE) Act (S 2227)
  - Secure and Fair Enforcement of Banking (SAFE) Act of 2019 (HR 1595)
  - Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act (HR 6800)
  - Medical Marijuana Research Act (HR 3797)

# Lessons Learned

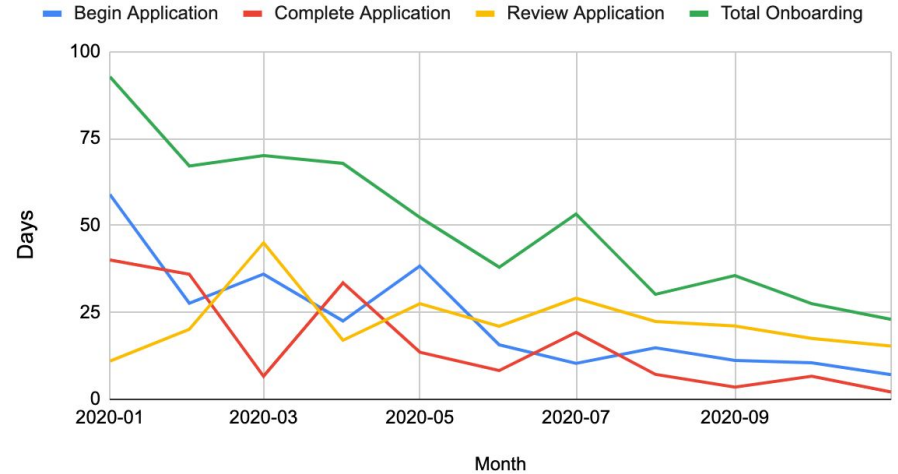
- Financial institutions realize that “no program” isn’t an option
- Financial institutions are offering more services than before - it’s not just checking accounts
- Software isn’t enough - [GCV Advisory Services](#)



# Lessons Learned

- Automation is necessary part of a successful cannabis compliance program - not a “nice to have”
- Source of funds is most important, use of funds a close 2nd
- Green Check trends:
  - Rate of adoption
  - Quality of applicants
  - Sales continue to increase

CRB Account Onboarding Timeline



**27.6%** Avg Monthly Sales Growth

# Predictions

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# Q & A

Let's keep the conversation going

Cannabis Banking 101 Newsletter: [greencheckverified.com/cannabis-banking-101-newsletter](https://www.greencheckverified.com/cannabis-banking-101-newsletter)