

# Banking on Cannabis

## Mitigating risk using technology



# Cannabis Banking

## Understanding where you are...

**Preliminary Interest**  
What are our goals?  
Are we ready?

**Program Development**  
Policies and procedures  
Product and service offering

**Board Approval**

**Establish Relationships**  
Open accounts  
Verify deposit activity

**Formal Initiative**  
Initial Risk Assessment  
Choosing partners

**External Stakeholders**  
Examiner(s) and auditors  
Vendors

**Staff Training**  
Cannabis regulations  
Program operations

**Program Management**  
Key Risk Indicators  
Ongoing Monitoring

The Green Check team

Deep expertise in enterprise software, financial services, and regulatory oversight.



How did we get here?

# The cannabis banking challenge.

State and Federal laws make it difficult for cannabis related businesses (CRBs) to access even basic banking services.



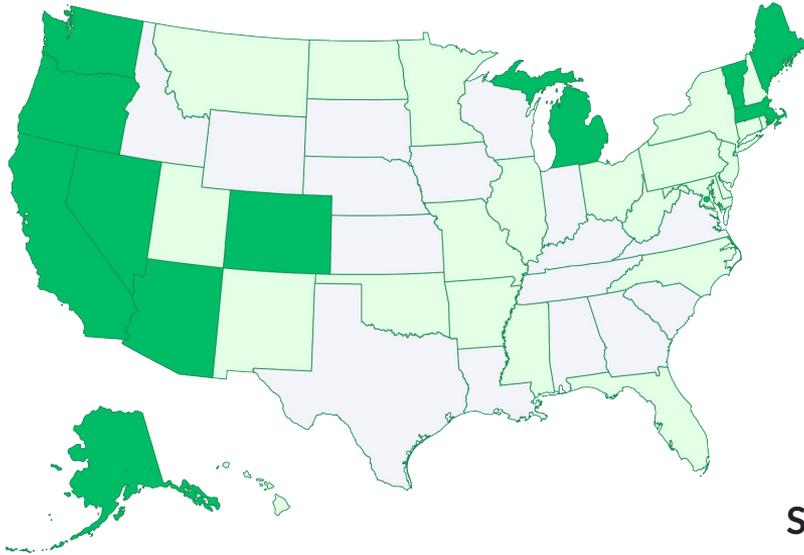
CRBs are forced to operate outside the banking system



Financial institutions aren't able to grow with the cannabis industry

# The Legal Cannabis Industry

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Legal in **33** states



**12,000+** licensed cannabis businesses



**\$13b** in sales (2019 proj.)



**Strong industry support** for banking solution



# Banking Opportunity



- Low-cost deposit growth
- Long-term commercial relationships
- Non-interest fee revenue
- Community and security benefits
- Stronger regulatory oversight

# Current Regulatory Framework



- 2009: Odgen Memo
- 2013: Cole Memo
- 2014: FinCEN guidance
- 2014: FinCEN response to Feinstein-Grassley
- 2014: Rohrabacher-Farr/Blumenauer Amendment
- 2018: Post Cole Memo Guidance

Customer Identification

Enhanced Due Diligence

Beneficial Ownership

# Bridging the gap

## Green Check connects the cannabis and banking industries

Grower



Dispensary



Bank



Seed-to-Sale

Point of Sale

Banking Compliance

Examples:



Manual programs

Alternative Payments

Deposit Brokers and Other Layered "Consultants"

# Compliance Rules Engine

## Real-time verification of the source of funds entering the institution

1

### Automated monitoring of sales transactions

Direct integration with a business' point-of-sale and seed-to-sale systems to verify all sales and inventory data for compliance with applicable rules and regulations.

2

### Rule-based alerts

Restrict deposits to only include verified funds while tracking exceptions and corrective actions on an account-by-account basis.

3

### Built and maintained by Green Check

Our team of former cannabis regulators and subject matter experts create and maintain the rules engine so you're always up-to-date with applicable regulations.

The screenshot displays a 'Purchase Record' for 9/30/20 at 9:40 AM. A yellow warning banner is present at the top right. Below the record is a table of items purchased, including Tangerine Kush, Grape Ape, Cherry Cream Pie, Grand Daddy Purp, and Sales Tax, with a total of \$215.84. At the bottom, a 'Warnings' section lists 'Purchased outside hours of operation'. To the right, a table shows a list of transactions with columns for Purchase Date, Total Paid, Payment Type, and Status. The transaction at 9:40 AM is highlighted in grey and has a warning icon, while all other transactions have a green checkmark status.

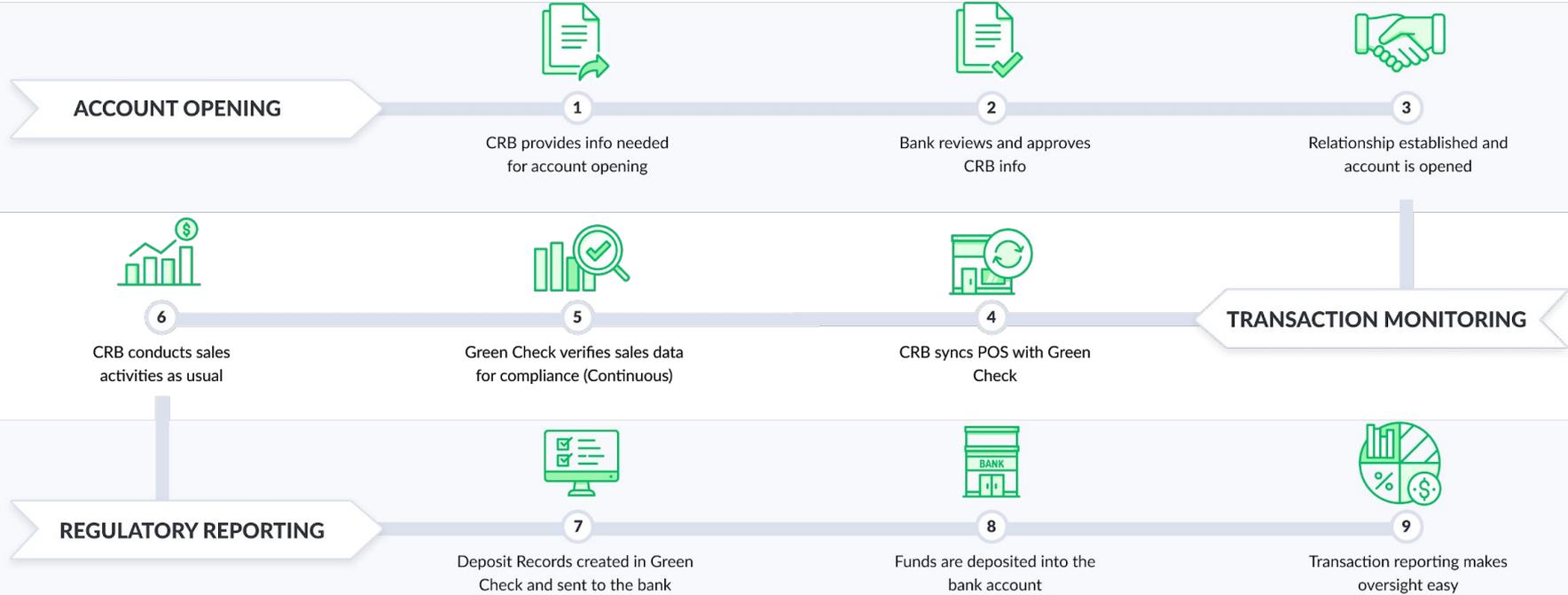
Purchase Date	Total Paid	Payment Type	Status
30/20 - 9:02 AM	\$229.12	Cash	✓
30/20 - 9:35 AM	\$42.18	Cash	✓
30/20 - 9:40 AM	\$215.84	Cash	!
30/20 - 9:42 AM	\$167.81	Cash	✓
30/20 - 9:48 AM	\$57.09	Cash	✓
30/20 - 9:57 AM	\$35.54	Cash	✓
30/20 - 10:02 AM	\$20.68	Cash	✓
30/20 - 10:08 AM	\$350.12	Cash	✓
30/20 - 10:13 AM	\$98.87	Cash	✓
30/20 - 10:18 AM	\$101.90	Cash	✓



# A Solution for Cannabis Banking

## How It Works

# Full Transparency into Your Cannabis Banking Program



# Features

Green Check is built to simplify compliance and increase transparency.

1

## Due Diligence

Green Check simplifies the due diligence process, reducing the risk of launching a cannabis banking program.

2

## Program Management

Complete control of key thresholds and processes creates a cannabis banking program that fits your institution.

3

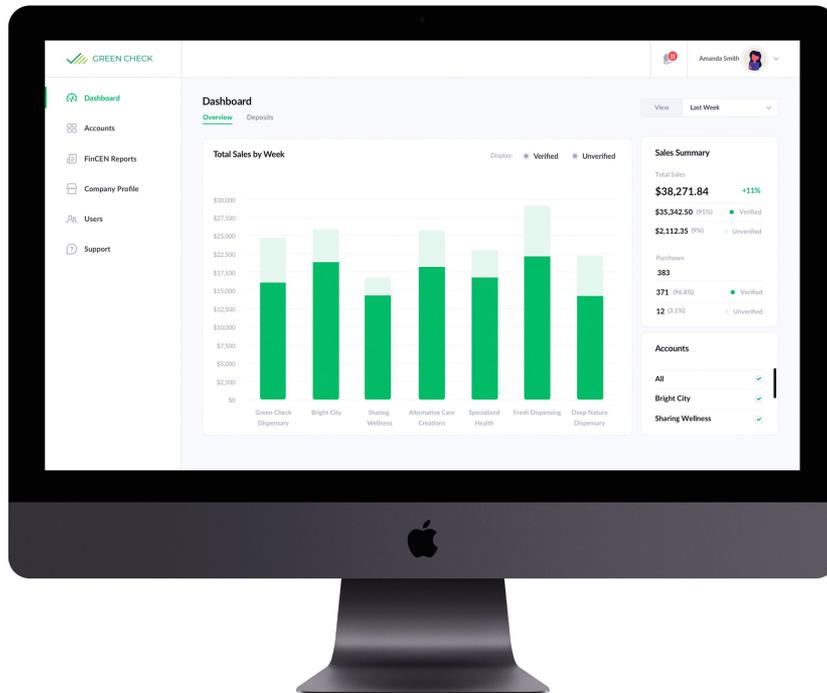
## Transaction Monitoring

Green Check monitors every sale made by your accounts, making it easy to track their ongoing compliance.

4

## Regulatory Reporting

Dedicated tools streamline your internal and external reporting process.



# Due Diligence

Green Check makes it easy to launch your cannabis banking program with trustworthy and reliable cannabis businesses.

1

## Vetted Companies

Green Check will only connect you with thoroughly vetted and reputable cannabis business owners.

2

## Compliance Histories

Cannabis businesses can start using Green Check before they open an account with a financial institution, giving you the opportunity to view and verify their history of compliance.

3

## Initial and Ongoing Due Diligence

Easy-to-use workflows make it simple to add risk-based decision making to your evaluation and oversight activities.

85  
Score

65  
Score

40  
Score

95  
Score

55  
Score

70  
Score

## Sales Summary

Total Sales

**\$37,454.85**

+11%

**\$35,342.50** (91%)

● Verified

**\$2,112.35** (9%)

● Unverified

Purchases

**383**

**371** (96.8%)

● Verified

# Program Management

With Green Check, you easily manage your cannabis banking program to make sure that it fits your institution's goals and requirements.

1

## Custom Compliance Requirements

Choose the information and documents that cannabis businesses need to provide when they apply for an account with your institution.

2

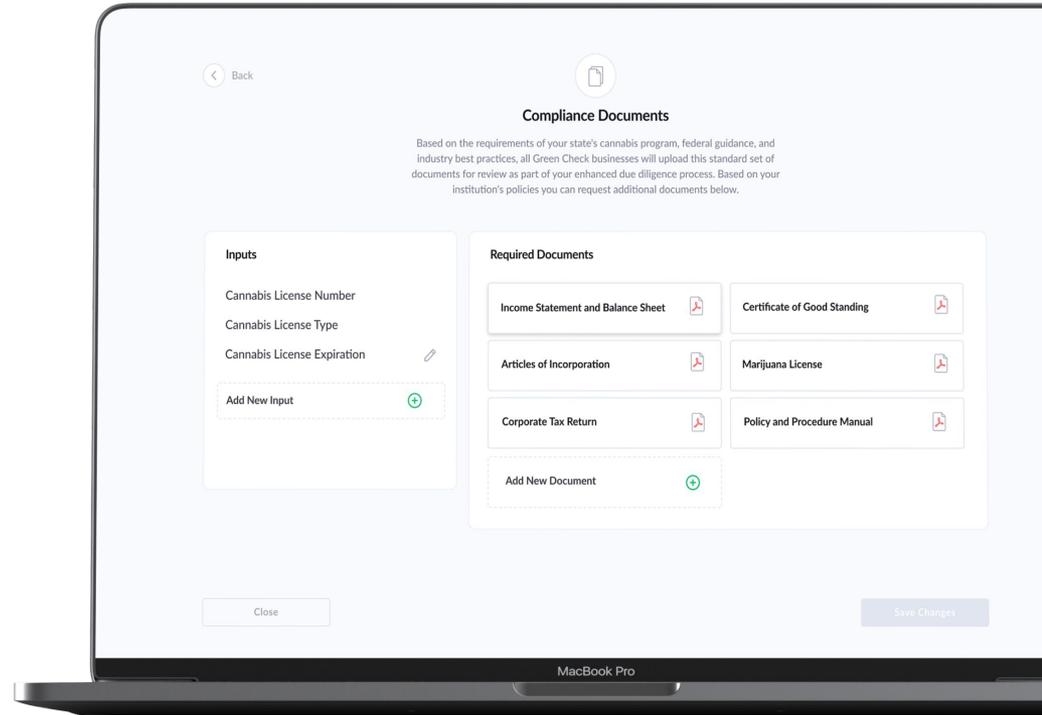
## Scheduling Deposits

Review deposit requests before deposits are made, with the option to approve or deny with comments.

3

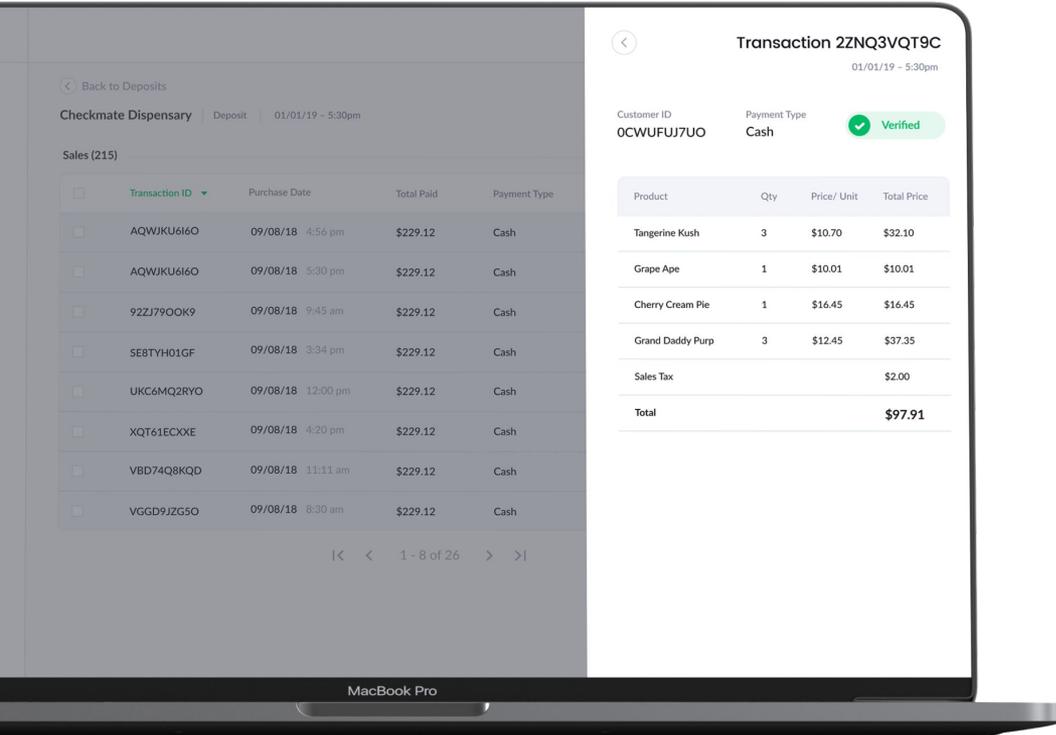
## Configure Thresholds and Processes

Green Check allows you to customize key program thresholds such as products, volume, and timing, as well as the internal processes you'll use to support them.



# Transaction Monitoring

Green Check gives you unparalleled transparency into your cannabis-related accounts, reducing risk and alerting to you important trends.



1

## Compliance Rules Engine

Green Check's Compliance Rules Engine automatically processes every sale made by your cannabis business accounts, flagging any suspicious transactions or compliance violations.

2

## Dashboard

View your accounts' sales data in real time, with helpful charts and breakdowns to summarize information, and notifications that alert you when action may be needed.

3

## View Every Sale

View past sales data to track your accounts' compliance habits and progress.

# Regulatory Reporting

Green Check makes it easier to manage your reporting obligations, whether you're filing government-mandated forms or reporting to your institution's board.

1

## FinCEN Reporting

Our templates simplify the reporting process, auto-filling information whenever possible.

3

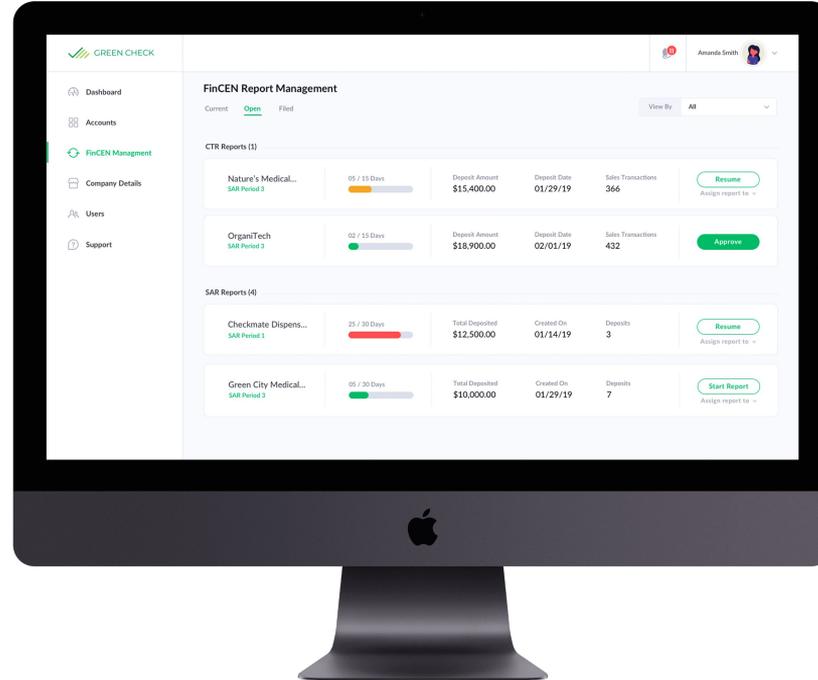
## Workflow

Use Green Check to assign reports to your employees and review their work.

2

## Timelines and Notifications

Proactive notifications and countdowns make it easy to keep up with reporting requirements.





# Get in touch!

Reach out to us to learn more about cannabis banking.

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