

CANNABIS Dispensary

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BRANDON LEVINE

found his calling in cannabis 25 years ago. Today, the Mercy Wellness owner and CEO is making a difference in his Sonoma County community.

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IN YOUR TOWN?**
FIGHT BACK WITH
THESE 8 POINTERS

**3 STEPS
TO BETTER
BANKING**

**FIND YOUR
BRAND VOICE**
4 TIPS TO CONNECT
WITH CUSTOMERS

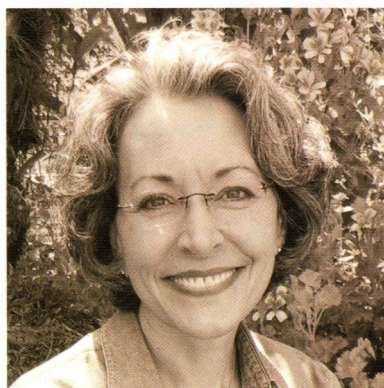
CONTRIBUTORS

Each issue we are committed to providing you industry insight, advice and trends from some of the most respected and knowledgeable individuals and journalists in cannabis today. We're pleased to introduce you to our contributors.



GENE MARKIN

Markin is a partner with law firm Stark & Stark. He counsels cannabis industry growers, cultivators, processors, distributors, dispensaries, infused-product manufacturers, suppliers, investors and shareholders on legal matters including intellectual property protection, liability exposure, tax, banking, licensure, regulatory compliance and insurance. Markin is a member of the New Jersey State Bar Association Cannabis Law Committee, the National Cannabis Bar Association and other related organizations. Reach him at gmarkin@stark-stark.com.



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Hansen is a freelance writer based in Wisconsin's Driftless Area. A former horticulture professional, she is a frequent contributor to the Horticulture Group publications owned by Cannabis Dispensary's parent company, GIE Media.



DEBBY GOLDSBERRY

Goldsberry is executive director at Magnolia Wellness, an award-winning dispensary in Oakland, Calif., and the managing director of the Berkeley Community Care Center dispensary at Amoeba Music. She co-founded the Berkeley Patients Group (BPG) medical cannabis collective in 1999, directing its growth for more than 11 years. In 2017, Goldsberry published her first book, "Idiot's Guide: Starting and Running a Marijuana Business."



MARK STOCKMAN

A partner at Frantz Ward, Stockman's practice is devoted to counseling clients through all phases of the real estate development and construction process: from site acquisition through completing effective resolution of disputes throughout the process. Stockman's clients include a wide range of industries including cannabis, manufacturing, higher education, health care and retail.

BANKING TIPS FOR CANNABIS BUSINESSES

By Gene Markin

The Federal Bank Secrecy Act (the “BSA”) prohibits national financial and banking institutions from accepting money generated from the sale of illegal narcotics, including cannabis. Nevertheless, the Financial Crimes Enforcement Network (FinCEN) issued guidelines in 2014 for banks to conduct business with cannabis companies without violating federal regulations.

Presently, banks that wish to conduct business with cannabis companies face a lot of regulation and uncertainty. Cannabis businesses looking to secure banking services must understand that banks are required to comply with anti-money laundering laws, which require national banks and credit unions to file Suspicious Activity Reports (“SARs”) with FinCEN if they suspect any of their account holders are engaged in or trying to cover up illegal activity.

Many of the major national banks take the position that following the FinCEN guidelines would constitute an open violation of the Bank Secrecy Act, which is why they consistently refused to open their coffers to cannabis clients.

However, even given these set-

backs, there are still steps you can take to legitimize your business with banking services. Here are three tips to help get you started when searching for and approaching banks.

1. FOCUS ON LOCAL BANKS AND CREDIT UNIONS

Many local, community and credit union banks are willing to deal with cannabis participants; however, it is important to approach those banks with caution and tact. Ask questions, such as: What are the bank’s compliance standards and requirements? What type of reporting does the bank require from clients? What type of cannabis businesses does the bank have as clients? What banking services are offered and what are restrictions/

limitations? What are the bank’s expectations?

2. BE PREPARED FOR DUE- DILIGENCE INQUIRIES

The best approach with banks is transparency, honesty and collateral. The more a bank understands your cannabis business, structure and operation, the easier it will be for it to comply with FinCEN guidelines. As such, it is important to understand that banks are wary of doing business with cannabis companies having short or non-existent operating histories, limited financial information and uncertain license statuses. Expect a diligent and thorough investigation by the bank into the ownership and management team, the company’s business affairs,

financials and regulatory compliance history. Establish personal relationships with key bank personnel who will be responsible for overseeing your banking needs. Be prepared for multiple rejections before finding a suitable banking partner.

3. BE PREPARED TO PAY MORE

Banks will require prospective clients to bear the cost of their due-diligence inquiry and investigation into the affairs of the cannabis businesses. Additionally, because cannabis accounts require more monitoring, reporting and special attention than other business accounts, set aside extra funds to pay a monthly premium for banking services. This premium will depend on the amount of work the bank has to do in order to confirm compliance and meet its own reporting and compliance requirements. The more organized and transparent the cannabis client is, the easier it will be for the bank to do its job, and thus the fees may not be as high. **CD**

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