



Georgia Department of Banking and Finance Marijuana Job Aid

Pursuant to the Controlled Substances Act (“CSA”), 21 USC § 812, marijuana is a Schedule 1 controlled substance. It is illegal under federal law to manufacture, distribute, or dispense marijuana. In 2013, under Deputy Attorney General James Cole, the Department of Justice (“DOJ”) issued “Cole Memo 1” which contained guidance addressing marijuana, the CSA, and federal enforcement priorities. “Cole Memo 2” was issued in 2014, which reiterated the guidance in Cole Memo 1 and provided some clarity for financial institutions surrounding compliance with federal and state law. Following the Cole memos, FinCEN issued guidance in 2014 setting forth BSA expectations related to marijuana related businesses. In 2018, Attorney General Jeff Sessions on behalf of the DOJ issued a memo rescinding the Cole memos.

In 2015, the Georgia General Assembly passed “Haleigh’s Hope Act” which legalized medical cannabis in the form of low THC Oil. Haleigh’s Hope Act allowed for the creation of a registry and the issuance of registration cards by the Georgia Department of Public Health. These cards are available to individuals who have certain medical conditions or are caregivers of such individuals. In 2019, the Georgia General Assembly passed laws relating to the growth, production, and sale of medical cannabis. O.C.G.A. § 16-12-200 *et seq.* Among other things, the law created the Georgia Access to Medical Cannabis Commission (“GMCC”). O.C.G.A. § 16-12-202. The GMCC is authorized to issue six production licenses and a limited number of dispensing licenses to these production licensees. In addition, the law permits the Georgia State Board of Pharmacy (GSBP) to issue dispensing licenses to independent pharmacies.

This job aid is an examiner reference tool providing federal regulatory insight as well as Georgia-specific information such as legalization status, risk management considerations, and related topics on marijuana banking. Institutions must assess the cost of providing services and the risk of administrative or criminal

sanction, as well as develop policies and procedures to ensure that accounts will not implicate enforcement priorities. Elevated loan reserves should also be priced into loan extension activities.

Questions	Information for Examiners	Relevant Policy or Reference	Examiner Notes
<p>Part I - Federal Guidance This section is designed to help examiners understand the status of federal enforcement and guidance issued by federal regulatory agencies.</p>			
<p>1. What is the current status of federal enforcement against marijuana-related businesses (MRBs) in states where marijuana is legalized in some form?</p>	<ul style="list-style-type: none"> • The Cole Memo (issued in 2013) indicated that the federal government would focus its investigative/prosecutorial powers on certain enforcement priorities • While the Sessions Memo (2018) rescinded the Cole Memo guidance, federal enforcement has largely not changed since the Cole Memo 	<p>The Cole Memo listed the following priorities for federal enforcement:</p> <ol style="list-style-type: none"> 1. Preventing the distribution of marijuana to minors; 2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; 3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states; 4. Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; 5. Preventing violence and the use of firearms in the cultivation and distribution of marijuana; 6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; 7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental danger posed by marijuana production on public lands; and 8. Preventing marijuana possession or use on federal property. 	

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<p>2. What regulatory guidance addresses banking MRBs?</p>	<ul style="list-style-type: none"> • 2014 FinCEN Guidance, FIN-2014-G001 • 2019 Providing Financial Services to Customers Engaged in Hemp-Related Businesses Statement issued by FRB, FDIC, FinCEN, OCC, CSBS (2019 Statement) 	<p>2014 FinCEN Guidance, FIN-2014-G001 clarifies how financial institutions can provide services to MRBs consistent with their BSA obligations.</p> <p>While the 2019 Statement is focused on hemp, it does provide that “[i]n the context of marijuana-related businesses, banks should continue following FinCEN guidance FIN-2014-G001 – BSA Expectations Regarding Marijuana-Related Businesses.”</p>	
<p>3. Based on regulatory guidance, what should the financial institution consider before banking MRBs?</p>	<p>MRBs include those with direct relationships to marijuana (licensed marijuana producers/growers and dispensaries) as well as indirect relationships.</p>	<p>2014 FinCEN Guidance, FIN-2014-G001, lays out factors that financial institutions should consider prior to banking MRBs: (1) whether the MRB is operating/plans to operate in compliance with state law; (2) whether the MRB is violating any Cole Memo priorities; (3) whether any enforcement actions have been taken by the state regulatory authority; and (4) any other standard factors considered by the financial institution for non-MRB clients (e.g., the client’s particular business objectives, evaluation of risks associated with products or services, and the client’s ability to manage risks).</p>	

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4. How should financial institutions conduct due diligence on MRBs based on regulatory guidance?	In addition to conducting standard customer due diligence when working with MRBs, a financial institution should conduct heightened due diligence.	2014 FinCEN Guidance directs financial institutions to conduct due diligence on MRBs that includes: (1) verifying with the appropriate state authorities whether the business is duly licensed and/or registered; (2) reviewing the license application (and related documentation) submitted by the business for obtaining a state license; (3) requesting from state licensing/enforcement authorities any available information about the business and related parties; (4) developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical vs. recreational sales); (5) ongoing monitoring of publicly available sources for adverse information about the business and related parties; (6) ongoing monitoring for suspicious activity; and (7) refreshing information obtained as part of this due diligence on a periodic basis and commensurate to the risk.	

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<p>5. What SAR filings are required by FinCEN?</p>	<p>Regardless of state law on marijuana, the financial institution is required to file a SAR on an MRB.</p>	<p>2014 FinCEN Guidance discusses three categories of SAR filings related to MRBs:</p> <p>“Marijuana Limited” should be filed when a financial institution is providing financial services to a MRB that does not implicate one of the Cole Memo priorities or violate state law. FinCEN released FAQs which indicate that institutions should file a continuing activity report, with the filing deadline being 120 days after the date of the previously related SAR filing, for MRBs that the institution does not suspect are violating Cole memo priorities or state law.</p> <p>“Marijuana Priority” should be filed when the financial institution reasonably believes, based on customer due diligence, that a MRB implicates one of the Cole Memo priorities or violates state law.</p> <p>“Marijuana Termination” should be filed when a financial institution deems it necessary to terminate a relationship with a MRB to maintain an effective AML compliance program.</p> <p>The guidance also lists possible red flags that indicate the need for a financial institution to file a marijuana priority SAR.</p>	

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6. What additional filings are required by FinCEN?	Financial institutions must report currency transactions in connection with MRBs as they would in any other context, consistent with existing regulations and with the same thresholds. MRBs may not be treated as non-listed businesses under 31 C.F.R. § 1020.315(e)(8) and, therefore, are not eligible for an exemption from CTR reporting under 31 C.F.R. § 1020.315(b)(6).	2014 FinCEN Guidance, FIN-2014-G001	

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<p>7. Is there a regulatory definition of indirect MRBs?</p>	<p>The current regulatory definition is limited in scope. The Small Business Administration provides some guidance in SBA Policy Notice 5000-17057, effective April 3, 2018, which defines “direct marijuana business” and “indirect marijuana business”. The policy notice states that because federal law prohibits the distribution and sale of marijuana, financial transactions involving MRBs would generally involve funds derived from illegal activity therefore, businesses that derive revenue from MRB activities or that support end-use of marijuana may be ineligible for SBA Financial Assistance. Eligibility is determined by a business’s operations.</p>	<p>A “direct marijuana business” is one that grows, produces, processes, distributes, or sells marijuana or marijuana products, edibles, or derivatives, regardless of the amount of the activity. This applies to personal and medical use even if the business is legal under local or state law where the business is located.</p> <p>An “indirect marijuana business” is one that derives any of its gross revenue from sales to direct marijuana businesses of products or services that could reasonably be determined to support the use, growth, enhancement, or other development of marijuana. Examples of indirect marijuana businesses are those that sell grow lights or hydroponic equipment to a direct marijuana business or those that sell smoking devices such as pipes, bongs, inhalants or other products that may be used in connection with marijuana if the products are primarily intended or designed for such use or if the business markets the products for such use.</p>	
<p>Part II – Georgia Law This section is designed to help examiners understand Georgia laws surrounding the production and sale of marijuana.</p>			

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<p>8. What is marijuana?</p>	<ul style="list-style-type: none"> • Marijuana is any part of the Cannabis sativa L plant that contains more than 0.3% THC. • The same plant produces hemp and marijuana – the primary difference is in the amount of THC. 		

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<p>9. What type of marijuana is legal under Georgia law?</p>	<ul style="list-style-type: none"> • Possession of low THC oil was authorized in 2015 for individuals with certain medical conditions or their caregivers so long as in the possession of a law THC oil card. • Low THC oil is an oil that contains an amount of cannabidiol and not more than 5% by weight of tetrahydrocannabinol (“THC”), tetrahydrocannabinolic acid (“THCA”), or a combination of the two which does not contain plant material exhibiting the external morphological features of the plant of the genus Cannabis. • In 2019, a licensing scheme for growth, production, and dispensing was passed. 	<p>OCGA §§ 16-12-190, 16-12-191, 16-12-206, 16-12-211, 16-2-212, and 31-2A-18</p>	

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10. How does Georgia regulate production/distribution of low THC oil?	<ul style="list-style-type: none"> • Georgia Access to Medical Cannabis Commission (“GMCC”) issues and regulates licensees. • The Georgia State Board of Pharmacy (“GSBP”) issues and regulates Low THC Pharmacy dispensing licenses. 	OCGA §§ 16-12-200 <i>et seq</i> , 16-12-210 <i>et seq</i>	
11. Are there any Georgia regulations related to the production/distribution of low THC oil?	<ul style="list-style-type: none"> • GMCC and GSBP have issued final regulations. 	https://rules.sos.state.ga.us/gac/351 https://rules.sos.state.ga.us/gac/480-52	

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<p>12. What licenses and/or permits are required by the State of Georgia?</p>	<ul style="list-style-type: none"> • Dispensing: Unlimited number of dispensing licenses can be issued to independent pharmacies by the GSPB; five dispensing licenses may be issued by GMCC to each production licensee (see below). • Two Class 1 production licenses have been issued by GMCC. GMCC has issued dispensing licenses to the Class 1 production licensees. • As of the date of publication, four Class 2 production licenses have been issued by GMCC. • The GSBP has issued several licenses. See website link for a detailed list. 	<p>OCGA §§ 16-12-206, 16-12-211, and 16-12-212</p> <p>Class 1 and Class 2 Production Licenses and all Dispensing Licenses can be found at: https://www.gmcc.ga.gov/licensing/verify-a-license</p> <p>GSBP licensees can be found at: https://gadch.mylicense.com/verification/Search.aspx?facility=Y</p>	

<p>13. What is required of Georgia licensees?</p>	<ul style="list-style-type: none"> • Applicants must be a Georgia corporation or entity and have an account at a bank or credit union located in Georgia. • Class 1 and Class 2 production and dispensing licenses must be renewed annually. • Application for Class 1 or Class 2 production licenses must include: (1) proof of available capital; (2) written production plan; (3) comprehensive security plan; (4) written security plan for transportation and tracking; (5) detailed employment plan; (6) written plan for pesticides; (7) detailed designs of production facilities; (8) letters of support from local government entities; (9) demonstration of minority business involvement; (10) documentation of industry capabilities and management experience; (11) sufficient documentation to show that bond can be obtained; (12) fingerprints for owners, 	<p>OCGA §§ 16-12-211, 16-12-212; see OCGA § 16-12-206</p> <p>Rules related to Class 1 and Class 2 Production Licensees are located at GMCC Rule Chapter 351-4 https://rules.sos.state.ga.us/gac/351-4</p> <p>Rules related to Dispensing Licensees issued to Class 1 and Class 2 Production Licenses are located at GMCC Rule Chapter 351-6 https://rules.sos.state.ga.us/gac/351-6</p> <p>Rules related to retail pharmacy dispensaries are located at GSBP_Rule Chapter 480-52 https://rules.sos.state.ga.us/GAC/480-52</p>	
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	<p>officers, and employees; and (13) description of efforts made to create jobs in certain counties.</p> <ul style="list-style-type: none"> • Low THC Retail Pharmacy Dispensary licenses have annual renewal with expiration on June 30th of each year. Applications must include: (1) detailed business information about the pharmacy, type of ownership, and information about the owner and/or operator; (2) certification that the location complies with restrictions of OCGA § 16-12-215(a), or certified copy of an Order from the local zoning authority permitting operation of a Low THC Pharmacy Dispensary in the location; (3) payment of an application fee; and (4) filing a report from the Director of the Georgia Drugs and Narcotics Agency certifying the applicant possesses the necessary qualifications for a license. 		

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<p>14. Where can I verify Georgia approved licensees?</p>	<ul style="list-style-type: none"> As of the date of publication, two Class 1 production and four Class 2 production licenses have been issued. GMCC has also issued dispensing licenses to the Class 1 and Class 2 production licensees. GMCC provides information on its licenses once they are issued. The GSBP publishes a list of Low THC Pharmacy licensees on their website. 	<p>https://www.gmcc.ga.gov/licensing https://www.gmcc.ga.gov/licensing/verify-a-license gadch.mylicense.com/verification/SearchResults.aspx</p>	
<p>Part III – Institution Specific Questions The questions in this section are intended to build an understanding of the institution's posture regarding the marijuana industry.</p>			

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<p>15. How does the institution determine whether customers (current or potential) are related to the marijuana industry?</p>	<ul style="list-style-type: none"> • The institution’s policies should account for identification of MRBs in the initial customer due diligence (“CDD”). • Be aware that the identification of MRBs, especially indirect MRBs, can be difficult. This question is intended to identify the robustness of the institution’s CDD policies and identify any weaknesses. • The FFIEC BSA/AML Examination Manual discusses enhanced CDD for higher-risk customers, including obtaining the following from the customer: description of business operations, the anticipated volume of currency and total sales, and a list of major customers and sales. 	<p>2014 FinCEN Guidance (discussed in Questions 2 and 3) lists specific CDD questions and concerns for institutions. The institution should also have initial procedures to identify an MRB (this may be accounted for in the standard CDD).</p> <p>31 CFR 1020.210(a)(2)(v) addresses CDD generally.</p>	

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<p>16. How does the institution handle indirect MRBs?</p>	<ul style="list-style-type: none"> • Even if the institution does not plan to have relationships with direct MRBs, the institution should have procedures and policies related to indirect MRBs. 	<p>2014 FinCEN guidance suggests that, when institutions are aware of an indirect MRB, the institution may file SARs based on “existing regulations and guidance” without distinguishing between “Marijuana Limited” and “Marijuana Priority.”</p> <p>Additionally, the 2014 FinCEN guidance suggests that institutions should consider the Cole memo priorities when considering and dealing with indirect MRBs.</p>	
<p>17. What processes are in place to identify whether existing loan customers have a relationship with an MRB?</p>	<ul style="list-style-type: none"> • The institution should have processes in place to review loan customer relationships for MRBs. For example, a commercial property borrower renting space to a MRB would be an indirect MRB relationship. • These processes should help identify if activity is suspicious in these indirect cases, but there is not an expectation for institutions to scour existing relationships for activity that may be an indirect MRB. • If activity is known or identified, institutions should have a process to identify whether a SAR filing is needed. 	<p>FinCEN 2014 Guidance directs financial institutions to seek licensee information from state licensing authorities. GMCC requires information from MRBs about individuals/companies that have a financial interest in the MRB but until the rules are published it is unclear whether such information will be publicly available.</p> <p>Footnote 7 in the FinCEN 2014 guidance also provides some detail related to indirect MRBs.</p>	

<p>18. Is the institution currently banking any MRBs?</p>	<ul style="list-style-type: none"> • Two Class 1 production licenses have been issued by GMCC, therefore these two direct MRBs are approved for business in this state. These two Class 1 production entities also have dispensing licenses issued by GMCC. • As of the date of publication, no Class 2 production licenses have been issued by GMCC. • GSBP publishes a list of Low THC Retail Pharmacy Dispensaries it has licensed. • Financial institutions should be monitoring the process and ensure that MRBs are duly licensed prior to initiating a relationship with them. Financial institutions should also periodically review the license status to ensure that the MRBs are still validly licensed. • Financial institutions can offer a deposit account to an applicant for a Class 2 production license. However, if the applicant does not receive a license, it is unlikely the financial institution will 	<p>https://www.gmcc.ga.gov/licensing https://www.gmcc.ga.gov/licensing/verify-a-license gadch.mylicense.com/verification/SearchResults.aspx</p>	
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	be able to continue the relationship with the MRB.		
<p>19. If applicable, what types of MRBs have relationships with the institution and approximately how many accounts does this include?</p>	<p>Financial institutions need to be aware of what types of licensees they have relationships with in order to appropriately monitor the business.</p>	<p>O.C.G.A. §§ 16-12-206, 16-12-211, 16-12-212</p>	
<p>20. Is the institution planning to have relationships with MRBs? If so, when?</p>	<p>This question is intended to help understand whether MRBs are potential customers.</p>	<p>2014 FinCEN Guidance (discussed in questions 2 and 3) identifies certain factors for financial institutions to consider.</p>	
<p>21. What discussions have taken place at Board of Directors' meetings about MRBs?</p>	<p>This question is intended to help develop an understanding of how the institution's management team views banking the MRB industry. There are not specific provisions or steps that are necessary.</p>	<p>2014 FinCEN Guidance states that the decision to open, close, or refuse any particular account or relationship should be made by each financial institution based on a number of specific factors to that institution, including: the institution's particular business objectives, an evaluation of the risks associated with offering a particular product or service, and its capacity to manage those risks effectively.</p>	
<p>If answers to the Questions 15-21 indicate that this institution does not have any current or planned banking relationships with MRBs, the remaining questions on this job aid may be disregarded.</p>			

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<p>22. Did management perform a review of applicable federal and state laws prior to initiating a relationship with an MRB?</p>	<ul style="list-style-type: none"> • Management is expected to understand applicable laws to ensure that any applicable licenses or regulatory requirements have been met. • Reviews of applicable federal and state law should occur on a regular basis to ensure that no regulatory requirements have changed. 	<p>At a minimum, review needs to include (1) current federal guidance on marijuana enforcement (e.g., will there be federal investigation/prosecution of MRBs); (2) FinCEN and other federal guidance on banking MRBs; and (3) applicable Georgia laws and regulations.</p>	
<p>23. How will the institution monitor compliance with applicable state licensing requirements?</p>	<ul style="list-style-type: none"> • The GMCC will issue and regulate production licenses and the dispensing licenses for the production licensees. • The GSBP will issue dispensing licenses to independent pharmacies. 	<p>The institution should have policies and procedures to ensure that any MRBs are operating in compliance with GA law and any applicable regulations.</p>	
<p>24. Do the institution's policies address MRBs?</p>	<p>There is no requirement that separate policies or procedures be developed for MRBs, but if an institution has MRB customers the handling of such relationships must be addressed either in existing or separate policies.</p>	<p>Financial institutions should adjust policies and procedures related to MRBs to reflect the FinCEN 2014 Guidance.</p>	

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<p>25. Does the institution and its employees understand and follow SAR requirements for MRBs?</p>	<p>The institution should account for the three types of SAR filings for MRBs in its policies, procedures, and training.</p>	<p>The three types of SAR filings required by FinCEN are discussed in Question 4. A “Marijuana Limited” SAR should be filed for each MRB and continuing activity reports should be filed per guidance. In addition, institutions must be aware of and comply with “Marijuana Priority” and “Marijuana Termination” SAR filing requirements.</p>	
<p>26. Does the institution review customer information for MRBs on a periodic basis to determine whether a change in SAR filing is warranted?</p>	<p>MRBs risk profiles may change quickly. An institution should be prepared to manage these change risks and file any appropriate SARs.</p>	<p>FinCEN 2014 Guidance recommends refreshing information on a periodic basis. With respect to information obtained from state licensing authorities, the institution may reasonably rely on the accuracy of such information.</p>	

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<p>27. Has the institution adjusted their risk assessment to include MRBs?</p>	<ul style="list-style-type: none"> • Risks specific to MRBs should be included in the institution’s risk assessments if they have current or planned MRB relationships. • The Board is responsible for establishing risk limitations of the financial institution. Therefore, Board-approved policies and directives should be established for MRBs. 	<p>FinCEN 2014 Guidance suggests that institutions consider the risks outlined in Question 2.</p> <p>In addition, based on the banking relationship, risks include, but are not limited to:</p> <ul style="list-style-type: none"> • Implications of non-compliance with Cole Memo priorities or license requirements; • Involvement in products not authorized by Georgia law; • BSA risk assessment, CDD, and ongoing monitoring requirements; • Financial institution staff training to understand risks, requirements, and ongoing monitoring requirements of MRBs; and • If applicable, Loan Policy considerations for MRBs such as LTV, concentration limits, collateral considerations, primary and secondary repayment sources, cash flow requirements, etc. 	
<p>28. What challenges has the institution encountered in relationships with MRBs?</p>	<p>Responses should help an examiner understand how MRBs have impacted the institution’s risk profile.</p>		
<p>29. What training has been provided to staff related to the marijuana industry?</p>	<p>Employees that are tasked with oversight of MRBs should be familiar with applicable regulations, risk assessment, and ongoing monitoring requirements of the financial institution.</p>		

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30. How have account opening procedures been adjusted to consider MRBs?	There are no specific standards for accounting opening procedures for MRBs. However, the institution must account for MRBs as a part of CDD.	Policies and procedures should reflect the FinCEN 2014 Guidance.	
31. How will the institution handle the cash demands of MRBs?	Some MRBs (specifically, dispensing licensees) may have substantial cash inflow and outflow. As a part of account opening/maintenance, the institution should have procedures in place to discuss these requirements with the MRBs.	FinCEN 2014 Guidance suggests that state licensing authorities may require MRBs to disclose transactional data. As of the date of publication, neither the GMCC nor the GSBP has issued anything related to such disclosures.	
32. For MRB borrowers, has the institution evaluated the impact a change in marijuana's legal status may have on the institution's collateral position as a creditor?	The institution should consider whether the MRB has contingency plans in place in the event of substantive legal changes. The change in legal status or federal enforcement of marijuana could affect collateral or result in enforcement against the MRB.		

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<p>33. Does the institution have a contingency plan should there be a change in law or enforcement priorities at the federal or state level?</p>	<p>The institution should consider having a plan to quickly exit or terminate MRB relationships. The assessment should consider liquidity, collateral positions, and other impacts of an abrupt separation from MRB relationships.</p>		
<p>34. If required, has the institution made required disclosures regarding MRB relationships to the institution's blanket bond insurance provider?</p>	<p>There are not specific laws or regulations that require disclosure, but the bonding company or insurer may require disclosures when an institution has relationships with MRBs.</p>		

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<p>Part IV – Risk Management Considerations While not considered an exhaustive list, this section is intended to provide risk management considerations when banking the marijuana industry.</p>			
<p>35. Policy and Procedures</p>	<ul style="list-style-type: none"> • Policy can be stand-alone or within BSA Policy. • Must be reviewed and approved by the Board. 	<p>The Policy should address:</p> <ul style="list-style-type: none"> • Responsibility and Authority • Definition and classification of MRB • Authorized Banking Services – Deposits and Lending Relationships • Concentration Limits (liquidity and capital risk limits) • Internal Controls • Customer Identification Program • Beneficial Ownership Requirements • Initial and Periodic Customer Due Diligence/Enhanced Due Diligence • Suspicious Activity Monitoring and Reporting • CTR Requirements • Funds Transfer and ACH Reporting Requirements • OFAC Compliance • Reporting to the Board • Required/Enhanced Training • Exit Strategy from Marijuana Banking Program • Accounts that do not meet policy requirements • Staff Training 	

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36. Staffing and Resources	Must be sufficient to adequately monitor MRB activity.	<ul style="list-style-type: none"> • Perform required reporting in accordance with FinCEN Guidance • Identify potential suspicious activity • Properly conduct investigations related to suspicious activity • Collect all required documentation and perform required enhanced due diligence • File SARs as required • Retain and file all documentation related to SAR filing 	
37. Board and Management Oversight	<ul style="list-style-type: none"> • Board minutes should include detailed discussions. • Determine that the Board has designated a qualified individual to serve as the MRB program liaison responsible for day-to-day monitoring. • Establish appropriate risk-based pricing standards for deposit and loan accounts. 	<p>Board Minutes should reflect approvals of:</p> <ul style="list-style-type: none"> • Acceptable types of MRBs (direct v. indirect) • Limits on geographic locations • Limits on products and services offered to MRBs (deposits, lending, cash management, etc.) • Risk limit considerations in relation to capital and liquidity • Cost Benefit Analysis – Impact on earnings, capital, liquidity, IRR • Risk Assessments 	

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<p>38. Management Information System Reporting</p>	<p>Evaluate Board reporting items and frequency.</p>	<ul style="list-style-type: none"> • Updates to federal and state statutes and regulations related to marijuana • Latest reporting from GMCC and other relevant parties • Status of current customer base including items such as: <ul style="list-style-type: none"> • Number of customers (new and existing) • Number of accounts • Total Deposit Dollars • Average Balances • Marijuana-related SARs Filed (report all three types independently) 	
<p>39. Independent Review/Internal Audit</p>	<ul style="list-style-type: none"> • Ensure MRB program is audited independently from individuals qualified to review that business. • Ensure transaction testing is performed. • Ensure adequate areas are reviewed (risk assessment, BSA compliance, CDD, EDD, etc.). 		

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<p>40. Training</p>	<ul style="list-style-type: none"> • Ensure all employees with responsibilities related to MRBs attend appropriate training. • Ensure proper consideration has been given to succession planning to oversee the compliance program for MRBs. 		

<p>41. Onboarding Process/CDD</p>	<ul style="list-style-type: none"> • Follow CIP procedures • Follow beneficial ownership requirements • Collect MRB specific documentation • Conduct initial site visits or interviews 	<p>MRB specific documentation should include:</p> <ul style="list-style-type: none"> • Registration and supporting documentation for all MRB licenses • Business Certificate • Proof of Issuance of Employer Identification Number <p>Initial site visits or interviews should determine:</p> <ul style="list-style-type: none"> • Nature of business • Entity Structure including subsidiaries and affiliates • 10% or greater individual owners • All locations of business • Recent financial statements • Tax Returns (if applicable) • Disclosure of onsite ATM • Disclosure of payment options accepted • Expected activity (cash, ACH, wires, checks, etc.) • Physical security protocols (protection of assets, armored car contracts, etc.) • Prior banking relationships (if applicable) <p>FinCEN 2014 Guidance states that in assessing the risk of providing services to a marijuana-related business, a financial institution should conduct customer due diligence that includes:</p> <ol style="list-style-type: none"> (1) Verifying with the appropriate state authorities if the business is duly licensed and registered; (2) Reviewing the license application submitted by the business for obtaining a state license to operate its marijuana related business; (3) Request from state licensing and enforcement authorities available information about the business and related parties; (4) Developing an understanding of the normal and expected activity from the business including types of products to be sold and the type of customers to be 	
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		served; (5) Ongoing monitoring of publicly available sources for adverse information about the business and related parties; (6) Ongoing monitoring for suspicious activity; and (7) Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.	

<p>42. Risk-Focused Monitoring/EDD</p>	<ul style="list-style-type: none"> • Processes for conducting ongoing risk-focused monitoring and EDD using manual or automated system. • Develop appropriate internal risk rating system (initial and ongoing). • Establish a periodic review schedule based on high, medium, and low risk ratings. • Determine elements of periodic review documentation. • Determine process for periodic site visits. • Ensure periodic review process is sufficient to capture potentially suspicious activity. • Evaluate procedures for possible reclassification of MRBs. • Establish procedures for removal of business entity 	<p>Documentation review may include the following items:</p> <ul style="list-style-type: none"> • Verification of continued valid licensing • Sales reports • Accuracy of bank ledgers • Online banking activity • Wire transfer activity • ACH activity • Monetary instruments • POS/ATM/Payment Systems activity • Lending activity 	
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Questions	Information for Examiners	Relevant Policy or Reference	Examiner Notes
	from any tier of MRB.		

Questions	Information for Examiners	Relevant Policy or Reference	Examiner Notes
<p>43. Risk Assessment and Legal Review</p>	<ul style="list-style-type: none"> • Risk assessments • Impacted third-party providers • CECL impact for lending activities • Practicalities of cash management • All risk considerations 	<p>Risk Assessments</p> <ul style="list-style-type: none"> • Risk Assessments need to be reviewed and approved by the Board prior to beginning business with MRBs. Approval should be documented in the minutes. • Process for reviewing and updating the risk assessment should be implemented. <p>Impacted Third-Party Providers</p> <ul style="list-style-type: none"> • Ensure confirmation with impacted third-party providers that they will service this program (fiduciary bond provider, armored car, correspondent banks, etc.). <p>CECL Impact for Lending Activities</p> <ul style="list-style-type: none"> • CECL methodology should consider inherent credit risks associated with MRB borrowers. Independent loan review should include any MRB credits. <p>Practicalities of Cash Management</p> <ul style="list-style-type: none"> • Including the facility’s capacity and security issues. <p>All Risk Considerations including:</p> <ul style="list-style-type: none"> • Customer/Products/Services • Geographic Locations • Legal and Regulatory Risk; Compliance Risk; and Operational Risk <p>Legal Review</p> <ul style="list-style-type: none"> • Management is expected to ensure that any applicable license or regulatory requirements have been met before establishing a relationship with any MRB. These reviews should occur on a regular basis to ensure that no licenses have lapsed or no regulatory requirements have been missed by the MRB that could jeopardize the ability to operate. 	