



COUNTIES CANNABIS SUMMIT
Program Packet

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Counties Cannabis Summit

July 19, 2017, 9:30 am – 3:30 pm

Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA

9:30 a.m. **Registration Opens**

10:00 a.m. **Opening Plenary Session**
CSAC, RCRC, UCC Presidents Welcome
Alex Traverso, Chief of Communications, Bureau of Medical Cannabis Regulation

11:00- 12:30 p.m. **Morning Breakout Sessions**

East Meeting Room: Taxing, Banking & Financial Impacts

Moderator: Alan Fernandes, Executive Vice President, CSAC Finance Corp

John Bartholomew, Tax-Treasurer Collector, Humboldt County

Courtney Jensen, Vice President of Governmental Affairs, California and Nevada Credit Union League

Tim Schaefer, Deputy Treasurer for Public Finance, State Treasurer's Office

West Meeting Room: Cultivation & Environmental Considerations

Moderator: Alex Spelman, Vice President of Business Development, SIPCA

Amber Morris, Branch Chief, CalCannabis Cultivation Licensing, CA Dept. of Food & Agriculture

Terra Carver, Executive Director, Humboldt County Growers Alliance

Josh Huntsinger, Agricultural Commissioner, Placer County

12:30- 2:00 p.m. **General Session Lunch**
Remarks by Senator Mike McGuire

National Roundtable: What's Happening Around the Country

Moderator: Kevin Riggs, Senior Vice President, Randle Communications

Eric Johnson, Executive Director, WA State Association of Counties

Andrew Freedman, Partner, Freedman & Koski LLC

2:00- 3:30 p.m. **Afternoon Breakout Sessions**

East Meeting Room: Working with the Industry

Moderator: Amy Jenkins, Legislative Advocate, Platinum Advisors

Kimberly Cargile, Director, A Therapeutic Alternative

Nicole Howell Neubert, Partner, Clark Neubert LLP

Elizabeth Conway, Principal, Gide Consulting

West Meeting Room: Licensing and Land Use—Local Cannabis Regulatory Programs

Moderator: David McPherson, Principal, HdL Companies

Amanda Ostrowitz Esq., Co-Founder & Chief Strategy Officer, CannaRegs

Heather Littlejohn, Deputy County Counsel, Alameda County

Joseph M. Nicchitta, Office of Marijuana Management, Los Angeles County Chief Executive Office

Carmel Angelo, Chief Executive Office, Mendocino County

3:30 p.m. **Adjourn**

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<p>Alex Traverso Chief of Communications</p>	<p>Alex Traverso was appointed Chief of Communications at the Bureau of Medical Cannabis Regulation at the California Department of Consumer Affairs on November 1, 2016. He had been Assistant Deputy Director of Corporate Communications at the California State Lottery since 2008. He had also previously served as Communications Director in the Office of California State Assemblymember Lloyd Levine from 2006 to 2008; Deputy Press Secretary in the Office of California State Assembly Speaker Fabian Núñez from 2004 to 2006; Public Relations Manager at the California Exposition and State Fair from 2003 to 2004; and Assistant Press Secretary in the Office of the Governor from 1999 to 2003. Mr. Traverso earned a Bachelor of Arts degree in English from the University of California, Davis.</p>
<p>Carmel Angelo CEO, Mendocino County</p>	<p>Carmel J. Angelo is the Chief Executive Officer of Mendocino County and is responsible for an organization of approximately 1,200 employees with a total budget of nearly \$300,000,000. Ms. Angelo has over 30 years' experience in healthcare and local government administration. In 1991, she began her public service career in San Diego County and in June of 2007, Ms. Angelo became the Director of the Health and Human Services Agency (HHS) for Mendocino County. In 2010, she was appointed as the Chief Executive Officer of Mendocino County, a position she still holds today. As the Mendocino County Chief Executive Officer, Ms. Angelo is keenly aware of the challenges of small rural counties, particularly access to healthcare and unstable economies. Mendocino County, like many other small counties, is a cannabis cultivating county with a good percentage of cannabis dollars stabilizing the local economy. For this reason, Ms. Angelo has focused on the challenges and economic impacts of cannabis legalization on counties. Recently, Ms. Angelo was involved in the successful collaboration of six Northern California Counties in developing the North Coast Counties Marijuana Policy Statement, a unified regional position paper focused on addressing the impacts of marijuana to this region. The North Coast Counties received the California Counties Collaboration Award from the California Association of Counties (CSAC) for their work on the Policy Statement. Ms. Angelo is active in statewide associations and is a credentialed County Senior Executive and Fellow from the California State Association of Counties (CSAC) Institute for Excellence in County Government, as well as a 2012 graduate of the University of Virginia's Senior Executive Institute. While immersed in County administration and budgeting issues, Ms. Angelo remains a strong and vocal advocate for small, rural communities.</p>
<p>John Bartholomew Treasurer-Tax Collector, Humboldt County</p>	<p>John Bartholomew is in his second term as Humboldt County Treasurer-Tax Collector. He is a Certified Public Funds Investment Manager, and was previously licensed as a Chartered Financial Consultant and Registered Investment Advisor. John is a former Naval Officer and graduated from the University of Wisconsin.</p>
<p>Kimberly Cargile CEO of A Therapeutic Alternative Inc.</p>	<p>Kimberly Cargile has been dedicated to advancing the medical cannabis industry in California for over a decade. With over 15 years of experience as a cultivator and 10 years operating dispensaries, Kimberly has gained invaluable industry experience. In 2006, when she graduated Humboldt State University as a Presidential Scholar with a degree in Liberal Studies with a minor in Psychology and a focus on Social Justice, she moved to Sacramento and began her advocacy for patients to City Councils, Board of Supervisors and the State Legislature. Kimberly has worked hard over the years to continually expand her knowledge the science and law of medical cannabis. As a consultant she has helped many companies open or transition into the regulated market place. As the Executive Director of A Therapeutic Alternative Inc., a locally permitted dispensary in Sacramento, Kimberly is proud of the fact that various government officials have commended her on her model operation. Her passion for helping others has fueled her desire to stay in the industry through some very hard times. Kimberly is respected for her knowledge, ethics and compassion. Her experience has earned her the title as an expert in the medical cannabis industry.</p>

Terra Carver Humboldt County Cultivator	Terra J. Carver has been involved in Humboldt County's cannabis community for over a decade. Currently, Terra is the Executive Director of the Humboldt County Growers Alliance and sits on the Board of Directors for California Growers Association and co-chairs their Policy Committee. Terra genuinely believes cannabis farms in Northern California have the opportunity to become worldwide leaders in sustainable agriculture. She looks forward to the paradigm shift when cannabis grown in Northern California is not only recognized as the best quality but also recognized for being produced with highest environmental and social standards.
Elizabeth Conway Co-Founded, Gide Consulting	Liz Conway founded Gide (pronounced GUIDE) Public Affairs in 2014 with the vision to help emerging businesses with government relationships, communicating complex technology and unheard of industries to legislators and regulators. Cannabis came calling and the firm now represents cannabis interests all along the vertical as well as collateral industries with their government facing strategies. Her firm is a national firm operating out of the San Francisco bay area, Washington D.C and the Miami area.
Alan Fernandes Executive Vice President of CSAC Finance Corporation	Alan joined the CSAC Finance Corporation as the Executive Vice President in November 2015 after a successful career in government affairs. He has a broad range of professional work experience having worked in both the private and public sector. Alan has published on effective government advocacy including a Law Review Article on the topic of Ethics in Government and is occasionally requested to speak publicly on these topics. He has spent much of his career in government, law and public policy where most recently he was the Chief Legislative Representative for Los Angeles County. Prior to this, Alan practiced law at a Government Law Firm where he was an active member of the Public Law Section of the State Bar. In addition, Alan worked at a major investment firm where he was an accountant for an international pension fund group. Alan earned his undergraduate degree in Political Science and English minor at UC Davis, and subsequently earned his law degree where he completed a certificated concentration on Taxation.
Andrew Freedman Co-Founder and Senior Director of Freedman & Koski LLC	Colloquially known as Colorado's Marijuana Czar, Andrew was appointed the state's first Director of Marijuana Coordination by the Governor. He ensured the efficient and effective regulation of Colorado's retail and medical marijuana while promoting public health, maintaining public safety, and keeping marijuana out of the hands of children. He managed hundreds of millions of dollars of marijuana tax revenue and guided the administration through difficult regulatory, legal, and personnel issues as Colorado became the first state in the world to regulate recreational marijuana. He led the administration through difficult challenges: unique regulatory structures, the gray and black market, lack of banking, pesticide regulation, tax work, public education campaigns, edibles regulation, hemp regulation, and countless other topics. He has been featured by 60 Minutes, NBC Nightly News, The Today Show, The New York Times, The Wall Street Journal, The Boston Globe, and dozens of other national and international news outlets. Andrew holds a J.D. from Harvard Law School and a B.A. in philosophy and political science from Tufts University. Prior to being the Director of Marijuana Coordination, he was the Lieutenant Governor's Chief of Staff and the campaign director for Colorado Commits to Kids.
Josh Huntsinger Agricultural Commissioner, Sealer of Weights and Measures, Placer County	John's early work history was all in production agriculture working with such various commodities as organic peaches, Christmas Trees, and commercial beekeeping. He has worked for Placer County since 2000, starting as a seasonal insect-detection trapper, and progressing to the position of Agricultural Commissioner and Sealer of Weights and Measures in 2011. In addition to his regular responsibilities such as pesticide regulation, weights and measures consumer protection, and agricultural regulation, he spends a lot of time working with the county's building and planning departments where he assists farmers, ranchers, and winery owners as they navigate through the complex regulations that govern on-farm public events and retail sales. John has been one of Placer County's

lead staff on cannabis issues since May of 2015 when the Placer County Board of Supervisors first directed staff to explore solutions to the challenges associated with unregulated cannabis cultivation, manufacturing and sales. Since that time, he has spent countless hours studying relevant law, learning about the cannabis industry, and have made presentations at over 35 separate public meetings. He currently serves on the county's informal Cannabis Work Group, and also chairs the statewide Agricultural Commissioner Association's Cannabis Work Group.

Courtney Jensen

Vice President of State Government Affairs, California and Nevada Credit Union League

Courtney Jensen is Vice President of State Government Affairs for the California & Nevada Credit Union Leagues, where she represents over 300 credit unions in California and Nevada and their more than ten million members. Courtney also represents the members of the California Credit Union League as a member of the Treasurer's Cannabis Banking Working Group, which is charged with finding practical and timely ways to address the state-federal conflict.

Amy Jenkins

Legislative Advocate, California Cannabis Industry Association

As an influential government affairs professional, Amy Jenkins has over 20 years of experience in legislative, public affairs and political campaigns at the federal, state and local levels. She has specific expertise in matters involving local government, revenue and taxation, water policy, environmental regulation, consumer product safety, and medical cannabis policy reform. She excels in developing legislative, political, communications and campaign strategies for businesses, local government agencies and professional associations. Amy joined Platinum Advisors in November 2014 where she manages a diverse client portfolio that includes the County of Orange, Ygrene Energy Fund and the California Cannabis Industry Association. Among her many accomplishments, Amy helped secure passage of the Medical Marijuana Regulation and Safety Act of 2015, landmark legislation to establish a framework for the licensure and regulation of medical cannabis in California. Prior to joining Platinum, Amy served as chief of staff to State Senator Lou Correa (D-Santa Ana) where she planned and directed all administrative, financial, legislative, and operational activities for the Senator's Capitol and District offices; represented the Senator with other Legislators, government officials, stakeholder groups, and members of the public; and managed all communications and information flow. As director of the League of California Cities' nationally recognized grassroots program, Amy led a team of 17 professionals through a number of successful statewide ballot measure campaigns to protect local government revenues and authority including: "No on Prop. 90" in 2006, "No on Prop. 98 and Yes on Prop. 99", both in 2008. Prior to her work at the League, Amy worked in the California State Assembly as a legislative aide to then-Assembly Member Lou Correa (D-Santa Ana); committee consultant to the Assembly Business & Professions Committee; field representative to former Assembly Member Valerie Brown (D-Sonoma); and fundraising consultant to Congresswoman Lynn Woolsey (D-Petaluma).

Eric Johnson

Executive Director, Washington State Association of Counties

Eric Johnson is now in his 10th year as the Executive Director for the Washington State Association of Counties. Prior to joining the WSAC Staff, Eric served as a Lewis County (Washington) Commissioner being first elected in 2000 and again re-elected in 2004. As a County Commissioner, Eric primarily focusing on transportation and public works, land use and natural resources, and improving health and human services in distressed rural communities. Eric has worked in administrative positions for the cities of Chehalis and Bellingham and served for 11 years as Assistant Director for the, then, Washington State Interagency Committee for Outdoor Recreation. Eric is passionate about effective and efficient delivery of public services. He works tirelessly to improve public policy and processes, strategic organizational improvement, and ensuring prioritization and accountability for public expenditures.

Heather Littlejohn

Deputy County Counsel, Alameda County

Heather Littlejohn is a Deputy County Counsel with the County of Alameda's Office of the County Counsel. For the past three years, Heather has worked with the County's Community Development Agency with respect to land use matters. Prior to joining the

County, Heather worked in the private sector on litigation, real estate, and land use matters, including three years with a large firm San Francisco and three years with a small firm in Marin County. Heather obtained a J.D. and M.A. in Urban Planning from UCLA.

David McPherson
Cannabis Compliance
Director, HdL Companies

David McPherson is the Cannabis Compliance Director for HdL Companies. Prior to joining the firm, David served 28 years in local government for the County of Orange and the cities of Newport Beach, San Jose and Oakland. David's experience as a law enforcement officer, compliance auditor, and tax administrator has provided him a wealth of experience that makes him uniquely qualified to manage the HdL Cannabis Compliance Program. While working for the City of Oakland, he became the first Tax Administrator in the Country to successfully tax, audit and regulate medical marijuana businesses. David is one of the state's most recognized experts in cannabis horticulture, processing and dispensary operations. He uses his experience to assist local and state agencies in developing marijuana policies for regulation, compliance, auditing and economic development. He worked closely with the League of Cities and lobbyists on the development of AB 243, SB 243 and AB 266, which established the Medical Cannabis Regulation and Safety Act (MCRSA). David is currently working on implementation and regulatory requirements for Proposition 64 with local agencies to prepare them to mitigate several issues surrounding the ballot measure. David provides technical support on cannabis-related matters to the League of Cities, the Police Chief's Association, Rural County Representatives of California, and the California State Association of Counties. In addition, David is working collaboratively with the Department of Consumers Affairs, Department of Food & Agriculture, Department of Health Services and the State Board of Equalization on the implementation of best practices for regulating the Cannabis Industry for local agencies.

Amber Morris
Branch Chief, CalCannabis
Cultivation Licensing,
California Department of
Food and Agriculture

Amber Morris is the Branch Chief of the California Department of Food and Agriculture's CalCannabis Cultivation Licensing Branch. Amber oversees implementation of the cultivation licensing program for medical cannabis and adult-use cannabis. She has worked for the California Department of Food and Agriculture for nearly a dozen years in several capacities, most recently as the Environmental Program Manager of the Interior Pest Exclusion Program, where she directed statewide implementation of the *Phytophthora Ramorum* Program (Sudden Oak Death), Agricultural Detector Dog Team Program, Phytosanitary Export Program, and County High-Risk Pest-Exclusion Program. Prior to her service with the state, Amber worked for the Sonoma County and the Sacramento County agricultural commissioners' offices. She has a Bachelor's Degree in Environmental Studies and Planning, with an emphasis in conservation and restoration, from Sonoma State University.

Nicole Howell Neubert
Attorney, Clark Neubert LLP

Nicole Howell Neubert is a California business attorney and principal of the go-to cannabis business law firm Clark Neubert LLP, which serves as outside counsel to the cannabis industry. Amidst a rapidly changing legal environment, Nicole's incisiveness, intense client commitment, and wide-ranging legal experience makes her uniquely qualified to advise operators through the transition from prohibition to regulation. Actively engaged in the regulatory implementation of California's medicinal and adult-use licensing (MAUCRSA), Nicole serves as Policy Committee leadership for California Growers Association, on the board of California NORML, and as one of 16 members invited to serve on State Treasurer John Chiang's Cannabis Banking Working Group. Nicole regularly speaks on California cannabis law and related corporate matters, and teaches courses in legal business structures and local and state laws at Oaksterdam University.

Joseph M. Nicchitta
Office of Marijuana
Management, Los Angeles

Joe Nicchitta is the Countywide Coordinator for the LA County Office of Cannabis Management, with reporting responsibilities to the County Chief Executive Officer. Joe previously worked at the Los Angeles County Counsel's Office as counsel to the County's

Speaker Bios | Counties Cannabis Summit | July 19, 2017

County Chief Executive Office	Regional Planning Commission, Regional Planning Department, Arts Commission, Natural History Museum, and Los Angeles County Museum of Art.
Amanda Ostrowitz, Esq. Co-founder and Chief Strategy Officer, CannaRegs	Amanda Ostrowitz, Esq. is the Co-Founder and Chief Executive Officer of CannaRegs. She is an attorney and entrepreneur specializing in cannabis regulations and has developed a comprehensive database of federal, state, and local cannabis laws. Prior to conceiving and co-founding CannaRegs, Amanda worked as a bank examiner at the Denver Branch of the Federal Reserve Bank of Kansas City, where her practice focused on regulatory compliance in the consumer lending and banking industries. Amanda is an east coast native who moved to Colorado in 2004 to attend Colorado College where she earned a B.A. in Economics. She later received her Juris Doctor from the University of Denver Sturm College of Law. In September of 2014 Amanda entered the First Annual Massroots Marijuana Technology Startup Competition and earned first prize for CannaRegs, which launched in June of 2015. CannaRegs now has over 100 companies subscribed to their platform which consist of marijuana businesses, law firms, consulting companies, local governments, real estate professionals, and ancillary service providers.
Kevin Riggs Senior Vice President of Randle Communications	Kevin Riggs, Senior Vice President with Randle Communications, brings an unrivaled perspective and media savvy to the firm's senior management team. He is an Emmy-winning reporter and has been recognized among California's top political journalists during a career that spanned four decades. In this capacity, he has covered some of the world's most remarkable and influential leaders, earning a reputation for quality, fairness and professionalism. From 1994-2011, Riggs worked for Sacramento's NBC affiliate KCRA-TV, serving as a general assignment reporter, anchor and the lead for politics and the State Capitol. Riggs has been recognized with numerous awards for broadcast excellence, including being part of the KCRA team that was awarded the national 2011 Edward R. Murrow Award by the Radio Television Digital News Association for breaking news coverage of the Galleria fire. Riggs received a bachelor's degree in journalism from California Polytechnic University, San Luis Obispo.
Tim Schaefer Deputy Treasurer for Public Finance for California Treasurer John Chiang	Tim Schaefer is a Deputy Treasurer for Public Finance for California Treasurer John Chiang. He has executive responsibility for the State Treasurer's Investment Division, the Public Finance Division, and, the Centralized Treasury Division. He has more than forty years of experience in the financial services industry, including managing the Public Finance Division of Bank of America in San Francisco and the national municipal trading desk at Chemical Bank in New York City. He is a co-author of the California Public Funds Investment Primer, published by the California Debt and Investment Advisory Commission in 2006. He is a frequent speaker in the field of public finance.
Alex Spelman Vice President of Business Development SICPA	Alex Spelman has more than 17 years of experience assisting state and local agencies in developing and adopting regulatory, policy and enterprise technology initiatives. As the Director of Business Development for Meyercord Revenue, a SICPA company, Alex oversees SICPA's relationships with more than 45 U.S. states and 160 municipalities, all of which use SICPA's products for supply chain verification and control (including the SICPA track and trace program currently used by the State of California). Additionally, Alex has developed new market opportunities for SICPA in emerging markets subject to excise tax including alcohol, OTP and medical marijuana. Prior to joining SICPA, Alex spent more than 12 years at Accenture and several years at Oracle. As an executive for both companies, Alex managed a variety of initiatives focused on assisting state and local agencies to define and implement information technology solutions across a spectrum of capabilities including registration and licensing, payment and returns processing, revenue accounting, and case and audit management.

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SUMMIT GUIDELINES

Most of the summit will be spent in large group discussions. Participants are asked to subscribe to several key agreements for productive outcomes.

USE COMMON CONVERSATIONAL COURTESY

Don't interrupt; use appropriate language, no third party discussions, etc.

ALL IDEAS AND POINTS OF VIEW ARE WELCOME

During these meetings you may hear something you do not agree with or you think is "silly" or "wrong." Please remember that the purpose of the summit is to share ideas. All ideas are welcome in this setting. The goal is to achieve understanding. Simply listen, you do not have to agree, defend or advocate.

HONOR TIME

We have an ambitious agenda, in order to meet our goals it will be important to follow the time guidelines given by the facilitator.

HUMOR IS WELCOME

BUT humor should never be at someone else's expense

BE COMFORTABLE

Please feel free to help yourself to refreshments or take personal breaks. If you have other needs please let a facilitator know.

USE THE MICROPHONE WHEN AVAILABLE

Please use a microphone in the main room so that others can hear you. Summit presentations will be video recorded and notes will be taken from each session (without name attribution).

AVOID EDITORIALS

It will be tempting to analyze the motives of others or offer editorial comments. Please talk about YOUR ideas and thoughts.

CELL PHONE COURTESY

Most of the participants have demanding responsibilities outside of the meeting room. If you need to take a call, please step out of the room so as not to disturb others. Please switch cell phones to vibrate or silent modes.

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CalCannabis Cultivation Licensing, a branch of the California Department of Food and Agriculture, is preparing to accept applications for medical and adult-use (nonmedical) cannabis cultivation licenses beginning **January 1, 2018**.

What CalCannabis Is Working on Now

- ✓ Developing **regulations** to license cultivators of medical and adult-use cannabis
- ✓ Conducting a statewide **Program Environmental Impact Report (PEIR)** to determine and mitigate the significant environmental impacts of cannabis cultivation
- ✓ Implementing an **online licensing program** and a **track-and-trace system** to record the movement of cannabis through the distribution chain

The Three Licensing Authorities

Bureau

BUREAU OF MEDICAL CANNABIS REGULATION

Housed within the **Department of Consumer Affairs**, the bureau licenses testing labs, transporters, distributors, dispensaries, and microbusinesses.

- 800-952-5210
- bmcr@dca.ca.gov
- bmcr.ca.gov

CalCannabis

CALCANNABIS CULTIVATION LICENSING

Housed within the **Department of Food and Agriculture**, CalCannabis licenses cannabis cultivators and establishes a track-and-trace system.

- 916-263-0801
- calcannabis@cdfa.ca.gov
- calcannabis.cdfa.ca.gov

OMCS

OFFICE OF MANUFACTURED CANNABIS SAFETY

Housed within the **Department of Public Health**, OMCS licenses manufacturers of cannabis products, such as edibles.

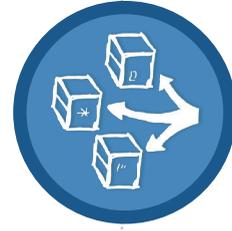
- 916-445-0275
- omcs@cdph.ca.gov
- cdph.ca.gov/programs/pages/omcs.aspx



CULTIVATION



MANUFACTURING



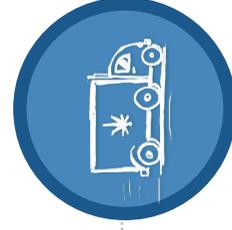
DISTRIBUTION



TESTING



DISPENSARY



TRANSPORTATION

CalCannabis
MEDICAL & ADULT USE

OMCS
MEDICAL & ADULT USE

Bureau
MEDICAL & ADULT USE

Bureau
MEDICAL

OMCS
ADULT USE

Bureau
MEDICAL & ADULT USE

Bureau
LICENSE REQUIRED FOR MEDICAL ONLY

This graphic illustrates the movement of cannabis and cannabis products through the state agencies responsible for regulating cannabis. Summit Program 8

Medical Cannabis Cultivation Program

**ESTABLISHED BY THE
MEDICAL CANNABIS REGULATION
AND SAFETY ACT (MCRSA)**

- The Medical Cannabis Regulation and Safety Act went into effect on January 1, 2016.
- This law establishes a licensing and regulatory framework for the commercial cultivation, manufacturing, transportation, distribution, and sale of medical cannabis in California.

Marijuana Cultivation Program

**ESTABLISHED BY THE
ADULT USE OF MARIJUANA ACT (AUMA)
(also known as Proposition 64: Marijuana Legalization Initiative)**

- The Adult Use of Marijuana Act was approved by the people of California on November 8, 2016; parts of this act went into effect on January 1, 2017, but the majority of the act will not be effective until January 1, 2018.
- This law establishes a licensing and regulatory framework for the commercial cultivation, manufacturing, distribution, and sale of cannabis for use by those aged 21 years or older.





Banking The Cannabis Industry



THE PROBLEM

On November 8, 2016, California voters passed Proposition 64, legalizing



the use of recreational cannabis. However, the use, possession and sale of cannabis remains a federal crime.

The federal government still considers marijuana a Schedule I drug under the Controlled Substances Act. As a result, banks and other financial institutions generally refuse to provide services to cannabis businesses.

The standoff between State-Federal Law causes the following problems:

State Cannot Fulfill the Will of the People

57% of voters approved the recreational use of cannabis.



Tax Revenues May Be Difficult to Collect

Prop 64 is projected to generate billions in new revenue that would be used for social and medical programs, cannabis research, educational programs, and much more.



Increase in Crime

Large amounts of cash make cannabis businesses targets for violent crimes.



70% | OF MARIJUANA-RELATED BUSINESSES DO NOT HAVE BANK ACCOUNTS.

(Source: Marijuana Business Daily Survey, December 2015)

\$6.64B

PROJECTED INCREASE IN CANNABIS SALES IN CALIFORNIA BY 2020

(Source: Arcview Market Research, August 2016)

PROP 64 IMPOSES A 15% TAX ON THE RETAIL SALE OF CANNABIS



By taxing cannabis, California is expected to bring in an estimated \$1 billion in new tax revenue.

(Source: Legislative Analyst's Office)

“WE SHOULDN'T BE FORCED TO CARRY (CASH) AROUND IN DUFFEL BAGS.”

AARON SMITH, EXECUTIVE DIRECTOR OF THE NATIONAL CANNABIS INDUSTRY ASSOCIATION

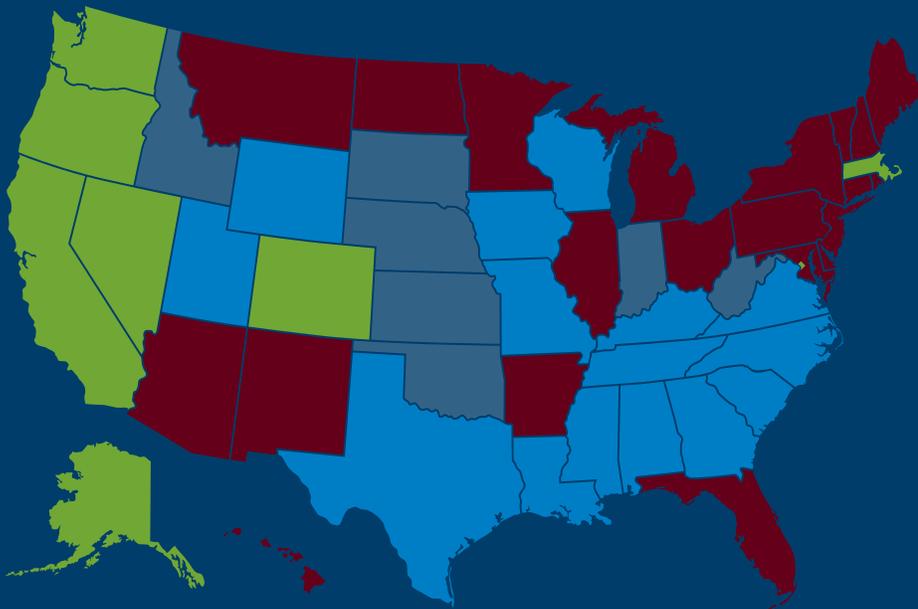
The Denver Post, 'Bipartisan marijuana banking bill introduced in U.S. Senate'

THE SOLUTION

State Treasurer John Chiang has convened the Cannabis Banking Working Group. The group has been directed to produce actionable recommendations designed to open access to the banking system to cannabis-related businesses. The current lack of access stands as a major barrier to the successful implementation of voter-approved Proposition 64.

Cannabis Banking Not Only A California Problem

Finding a Solution to a National Dilemma



Recreational Use

- Alaska
- California
- Colorado
- District of Columbia
- Massachusetts
- Nevada
- Oregon
- Washington

Medical Use

- Arizona
- Arkansas
- Connecticut
- Delaware
- Florida
- Hawaii
- Illinois
- Maine
- Maryland
- Michigan
- Minnesota
- Montana
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Dakota
- Ohio
- Pennsylvania
- Rhode Island
- Vermont

Limited Medical Marijuana*

- Alabama
- Georgia
- Iowa
- Kentucky
- Louisiana
- Mississippi
- Missouri
- North Carolina
- South Carolina
- Tennessee
- Texas
- Utah
- Virginia
- Wisconsin
- Wyoming



Source: National Conference of State Legislatures, Nov. 9, 2016

*Limited medical marijuana includes cannabis extracts that are high in cannabidiol and low in tetrahydrocannabinol.

The following organizations will comprise the Treasurer's working group:

- ✔ The California Bankers Association
- ✔ California Community Banking Network
- ✔ Credit Union League of California
- ✔ California Board of Equalization
- ✔ California Employment Development Department
- ✔ California Franchise Tax Board
- ✔ California Department of Business Oversight
- ✔ California Business, Consumer Services and Housing Agency
- ✔ Bureau of Medical Cannabis Regulation
- ✔ Clark Neubert Law Firm
- ✔ California Department of Justice
- ✔ California Growers Association
- ✔ California Cannabis Industry Association
- ✔ California State Association of Counties
- ✔ California League of Cities



HUMBOLDT COUNTY 2017 EXCISE TAX BILL
 John Bartholomew, Humboldt County Tax Collector
 825 Fifth Street, Room 125, Eureka, CA 95501

PROPERTY INFORMATION		IMPORTANT MESSAGES
ASMT NUMBER: 203-200-000-000		Failure to pay these Excise Taxes will result in revocation of the permit(s) issued for this property.
PERMIT NUMBERS: 0000-000		
OWNER: Bob Smith		
Bob Smith 123 Main Street Arcata, CA 95540		

EXCISE TAX VALUE

TAX QUESTIONS:
707-476-2450

GROW TYPE	AREA	RATE	VALUE
OUTDOOR	0	1.00	0.00
MIXED LIGHT	9,792	2.00	19,584.00
INDOOR	0	3.00	0.00
TOTAL:			\$19,584.00

SQUARE FOOTAGE x CULTIVATION TYPE RATE = EXCISE TAX TOTAL

1ST INSTALLMENT	2ND INSTALLMENT	TOTAL TAXES
DUE 4/1/2017 DELINQUENT AFTER 4/30/2017	DUE 11/1/2017 DELINQUENT AFTER 11/30/2017	\$ 19,584.00
\$ 9,792.00	\$ 9,792.00	

HUMBOLDT COUNTY EXCISE TAXES – 2ND INSTALLMENT PAYMENT STUB

ASMT NUMBER: 203-200-000-000
 PERMIT NUMBERS: 0000-000
 OWNER: Bob Smith
 123 Main Street
 Arcata, CA 95540

2017
2ND
 INSTALLMENT

MAKE CHECKS PAYABLE TO:
 HUMBOLDT COUNTY TAX COLLECTOR

Please cut off and include this stub with your payment or note the property's Asmt Number on your check.

November 1, 2017	9,792.00
<i>Delinquent after 11/30/2017, add 25% penalty</i>	2,448.00
Total Amount Due if Paid on or after 12/1/2017	12,240.00
<i>(Penalty increases an additional 10% on the first of each subsequent month, up to 100%)</i>	

NOV	9,792.00	JAN	13,219.20	MAR	15,177.60	MAY	17,136.00	JULY	19,094.40	SEPT	19,584.00
DEC	12,240.00	FEB	14,198.40	APR	16,156.80	JUNE	18,115.20	AUG	19,584.00	OCT	19,584.00

HUMBOLDT COUNTY EXISE TAXES – 1ST INSTALLMENT PAYMENT STUB

ASMT NUMBER: 203-200-000-000
 PERMIT NUMBER: 0000-000
 OWNER: Bob Smith
 123 Main Street
 Arcata, CA 95540

2017
1ST
 INSTALLMENT

MAKE CHECKS PAYABLE TO:
 HUMBOLDT COUNTY TAX COLLECTOR

Please cut off and include this stub with your payment or note the property's Asmt Number on your check.

April 1, 2017	9,792.00
<i>Delinquent after 4/30/2017, add 25% penalty</i>	2,448.00
Total Amount Due if Paid on or after 5/1/2017	12,240.00
<i>(Penalty increases an additional 10% on the first of each subsequent month, up to 100%)</i>	

APR	9,792.00	JUNE	13,219.20	AUG	15,177.60	OCT	17,136.00	DEC	19,094.40	FEB	19,584.00
MAY	12,240.00	JULY	14,198.40	SEPT	16,156.80	NOV	18,115.20	JAN	19,584.00	MAR	19,584.00

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COUNTY OF HUMBOLDT
PLANNING AND BUILDING DEPARTMENT
CANNABIS SERVICES DIVISION

3015 H Street • Eureka CA 95501
Phone: (707) 445-7541 • Fax: (707) 268-3792
<http://www.humboldt.gov/156>

AFFIDAVIT: PROPERTY DESIGNATION, CANNABIS TAXES, AND ALLOTMENT

By affixing my signature to this affidavit, I hereby declare that:

(1) I am the owner of record for the property recorded as:

APN: _____-_____-_____-_____

(2) I acknowledge and understand that all commercial cannabis grown on my property by me, or my agents or employees or lessees, pursuant to an approved cannabis cultivation permit from the County of Humboldt, will be subject to the Humboldt County Commercial Marijuana Cultivation Tax Ordinance (Title VII, Division 1, Chapter 9 of the Humboldt County Code); and

(3) I acknowledge and understand that the Humboldt County Treasurer-Tax Collector's Office will send me, or my agents or employees or lessees, an annual cannabis tax bill that will be due and payable according to the terms specified in the Humboldt County Commercial Marijuana Cultivation Tax Ordinance; and

(4) I acknowledge and understand that it is my responsibility and obligation to ensure that the cannabis tax liens are satisfied whether the cannabis tax bill is sent to me, or my agents or employees or lessees, and that failure to receive a cannabis tax bill in no way relieves me, the property owner, of that responsibility and obligation, nor does it give the Humboldt County Treasurer-Tax Collector reason to cancel any penalties that may be imposed.; and

(5) I acknowledge and understand that this property has been approved for the following:

- Permit Number:
- Type of Grow:
- Square Footage of Authorized Grow Area:

I declare under penalty of perjury, under laws of the State of California, that the information provided on this affidavit is true and correct and that I am the owner authorized to sign on behalf of the property listed herein.

Affiant Signature: _____

Printed Name: _____

Date: _____

For Department Use only:

Department Signature: _____ Date: _____

- The following was proposed by Humboldt County and the California Association of County Treasurers and Tax Collectors (CACTTC), and it received input and support from the Rural County Representatives of California (RCRC); but we were unable to get any Legislators to author the proposal for the 2017 year:

Revenue and Taxation Code, Division 2, Part 1.7, Chapter 3.92

Revenue and Taxation Code section 7299.

- a) Any tax imposed by a county upon the cultivation, dispensing, manufacturing, production, processing, preparation, storage, provision, donation, sale, or distribution of cannabis or cannabis products, levied under any provision of law, may be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes. The ordinance imposing such a tax may provide that the tax, including any penalties and interest thereon, is a lien upon any real property on which the cultivation, dispensing, manufacturing, production, processing, preparation, storage, provision, donation, sale, or distribution is located, which may be collected on the secured roll, subject to the same lien priority and the same penalties and the same procedure and sale in case of delinquency as provided for taxes on the secured roll.
- b) Any tax collected pursuant to this section shall be subject to applicable voter approval requirements imposed by law.
- c) As used in this section, "cannabis" includes without limitation both cannabis as defined in Section 19300.5 of the Business and Professions Code and marijuana as defined in Section 26001 of the Business and Professions Code.
- d) The methods of collection set forth in this section are cumulative and not exclusive. This section does not limit or prohibit the collection of any fee, charge, or tax upon, or related to, the activities set forth in subdivision (a) as otherwise provided by law. This section shall not be construed as a limitation upon the taxing or collection authority of a county as otherwise provided by law.



U.S. Department of Justice

Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

February 14, 2014

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole 
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Related Financial Crimes

On August 29, 2013, the Department issued guidance (August 29 guidance) to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). The August 29 guidance reiterated the Department's commitment to enforcing the CSA consistent with Congress' determination that marijuana is a dangerous drug that serves as a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. In furtherance of that commitment, the August 29 guidance instructed Department attorneys and law enforcement to focus on the following eight priorities in enforcing the CSA against marijuana-related conduct:

- 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;
- 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.

Under the August 29 guidance, whether marijuana-related conduct implicates one or more of these enforcement priorities should be the primary question in considering prosecution

under the CSA. Although the August 29 guidance was issued in response to recent marijuana legalization initiatives in certain states, it applies to all Department marijuana enforcement nationwide. The guidance, however, did not specifically address what, if any, impact it would have on certain financial crimes for which marijuana-related conduct is a predicate.

The provisions of the money laundering statutes, the unlicensed money remitter statute, and the Bank Secrecy Act (BSA) remain in effect with respect to marijuana-related conduct. Financial transactions involving proceeds generated by marijuana-related conduct can form the basis for prosecution under the money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money transmitter statute (18 U.S.C. § 1960), and the BSA. Sections 1956 and 1957 of Title 18 make it a criminal offense to engage in certain financial and monetary transactions with the proceeds of a “specified unlawful activity,” including proceeds from marijuana-related violations of the CSA. Transactions by or through a money transmitting business involving funds “derived from” marijuana-related conduct can also serve as a predicate for prosecution under 18 U.S.C. § 1960. Additionally, financial institutions that conduct transactions with money generated by marijuana-related conduct could face criminal liability under the BSA for, among other things, failing to identify or report financial transactions that involved the proceeds of marijuana-related violations of the CSA. *See, e.g.*, 31 U.S.C. § 5318(g). Notably for these purposes, prosecution under these offenses based on transactions involving marijuana proceeds does not require an underlying marijuana-related conviction under federal or state law.

As noted in the August 29 guidance, the Department is committed to using its limited investigative and prosecutorial resources to address the most significant marijuana-related cases in an effective and consistent way. Investigations and prosecutions of the offenses enumerated above based upon marijuana-related activity should be subject to the same consideration and prioritization. Therefore, in determining whether to charge individuals or institutions with any of these offenses based on marijuana-related violations of the CSA, prosecutors should apply the eight enforcement priorities described in the August 29 guidance and reiterated above.¹ For example, if a financial institution or individual provides banking services to a marijuana-related business knowing that the business is diverting marijuana from a state where marijuana sales are regulated to ones where such sales are illegal under state law, or is being used by a criminal organization to conduct financial transactions for its criminal goals, such as the concealment of funds derived from other illegal activity or the use of marijuana proceeds to support other illegal activity, prosecution for violations of 18 U.S.C. §§ 1956, 1957, 1960 or the BSA might be appropriate. Similarly, if the financial institution or individual is willfully blind to such activity by, for example, failing to conduct appropriate due diligence of the customers’ activities, such prosecution might be appropriate. Conversely, if a financial institution or individual offers

¹ The Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) is issuing concurrent guidance to clarify BSA expectations for financial institutions seeking to provide services to marijuana-related businesses. The FinCEN guidance addresses the filing of Suspicious Activity Reports (SAR) with respect to marijuana-related businesses, and in particular the importance of considering the eight federal enforcement priorities mentioned above, as well as state law. As discussed in FinCEN’s guidance, a financial institution providing financial services to a marijuana-related business that it reasonably believes, based on its customer due diligence, does not implicate one of the federal enforcement priorities or violate state law, would file a “Marijuana Limited” SAR, which would include streamlined information. Conversely, a financial institution filing a SAR on a marijuana-related business it reasonably believes, based on its customer due diligence, implicates one of the federal priorities or violates state law, would label the SAR “Marijuana Priority,” and the content of the SAR would include comprehensive details in accordance with existing regulations and guidance.

services to a marijuana-related business whose activities do not implicate any of the eight priority factors, prosecution for these offenses may not be appropriate.

The August 29 guidance rested on the expectation that states that have enacted laws authorizing marijuana-related conduct will implement clear, strong and effective regulatory and enforcement systems in order to minimize the threat posed to federal enforcement priorities. Consequently, financial institutions and individuals choosing to service marijuana-related businesses that are not compliant with such state regulatory and enforcement systems, or that operate in states lacking a clear and robust regulatory scheme, are more likely to risk entanglement with conduct that implicates the eight federal enforcement priorities.² In addition, because financial institutions are in a position to facilitate transactions by marijuana-related businesses that could implicate one or more of the priority factors, financial institutions must continue to apply appropriate risk-based anti-money laundering policies, procedures, and controls sufficient to address the risks posed by these customers, including by conducting customer due diligence designed to identify conduct that relates to any of the eight priority factors. Moreover, as the Department's and FinCEN's guidance are designed to complement each other, it is essential that financial institutions adhere to FinCEN's guidance.³ Prosecutors should continue to review marijuana-related prosecutions on a case-by-case basis and weigh all available information and evidence in determining whether particular conduct falls within the identified priorities.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA, the money laundering and unlicensed money transmitter statutes, or the BSA, including the obligation of financial institutions to conduct customer due diligence. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct of a person or entity threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended, 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. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

² For example, financial institutions should recognize that a marijuana-related business operating in a state that has not legalized marijuana would likely result in the proceeds going to a criminal organization.

³ Under FinCEN's guidance, for instance, a marijuana-related business that is not appropriately licensed or is operating in violation of state law presents red flags that would justify the filing of a Marijuana Priority SAR.

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Department of the Treasury Financial Crimes Enforcement Network

Guidance

FIN-2014-G001

Issued: February 14, 2014

Subject: BSA Expectations Regarding Marijuana-Related Businesses

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.¹ 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.² 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

¹ Controlled Substances Act, 21 U.S.C. § 801, *et seq.*

² 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>.

significant threats in the most effective, consistent, and rational way. In furtherance of those objectives, the Cole Memo provides guidance to DOJ attorneys and law enforcement to focus their enforcement resources on persons or organizations whose conduct interferes with any one or more of the following important priorities (the “Cole Memo priorities”):³

- 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;
- 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.

Concurrently with this FinCEN guidance, Deputy Attorney General Cole is issuing supplemental guidance directing that prosecutors also consider these enforcement priorities with respect to federal money laundering, unlicensed money transmitter, and BSA offenses predicated on marijuana-related violations of the CSA.⁴

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. In general, the decision to open, close, or refuse any particular account or relationship should be made by each financial institution based on a number of factors specific to that institution. These factors may include its particular business objectives, an evaluation of the risks associated with offering a particular product or service, and its capacity to manage those risks effectively. Thorough customer due diligence is a critical aspect of making this assessment.

In assessing the risk of providing services to a marijuana-related business, a financial institution should conduct customer due diligence that includes: (i) verifying with the appropriate state authorities whether the business is duly licensed and registered; (ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business; (iii) requesting from state licensing and enforcement authorities available information about the business and related parties; (iv) developing an understanding of the normal and expected activity for the business, including the types of

³ The Cole Memo notes that these enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA.

⁴ James M. Cole, Deputy Attorney General, U.S. Department of Justice, *Memorandum for All United States Attorneys: Guidance Regarding Marijuana Related Financial Crimes* (February 14, 2014).

products to be sold and the type of customers to be served (e.g., medical versus recreational customers); (v) ongoing monitoring of publicly available sources for adverse information about the business and related parties; (vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and (vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

As part of its customer due diligence, a financial institution should consider whether a marijuana-related business implicates one of the Cole Memo priorities or violates state law. This is a particularly important factor for a financial institution to consider when assessing the risk of providing financial services to a marijuana-related business. Considering this factor also enables the financial institution to provide information in BSA reports pertinent to law enforcement's priorities. A financial institution that decides to provide financial services to a marijuana-related business would be required to file suspicious activity reports ("SARs") as described below.

Filing Suspicious Activity Reports on Marijuana-Related Businesses

The obligation to file a SAR is unaffected by any state law that legalizes marijuana-related activity. A financial institution is required to file a SAR if, consistent with FinCEN regulations, the financial institution knows, suspects, or has reason to suspect that a transaction conducted or attempted by, at, or through the financial institution: (i) involves funds derived from illegal activity or is an attempt to disguise funds derived from illegal activity; (ii) is designed to evade regulations promulgated under the BSA, or (iii) lacks a business or apparent lawful purpose.⁵ Because federal law prohibits the distribution and sale of marijuana, financial transactions involving a marijuana-related business would generally involve funds derived from illegal activity. Therefore, a financial institution is required to file a SAR on activity involving a marijuana-related business (including those duly licensed under state law), in accordance with this guidance and FinCEN's suspicious activity reporting requirements and related thresholds.

One of the BSA's purposes is to require financial institutions to file reports that are highly useful in criminal investigations and proceedings. The guidance below furthers this objective by assisting financial institutions in determining how to file a SAR that facilitates law enforcement's access to information pertinent to a priority.

"Marijuana Limited" SAR Filings

A financial institution providing financial services to a marijuana-related business that it reasonably believes, based on its customer due diligence, does not implicate one of the Cole Memo priorities or violate state law should file a "Marijuana Limited" SAR. The content of this

⁵ See, e.g., 31 CFR § 1020.320. Financial institutions shall file with FinCEN, to the extent and in the manner required, a report of any suspicious transaction relevant to a possible violation of law or regulation. A financial institution may also file with FinCEN a SAR with respect to any suspicious transaction that it believes is relevant to the possible violation of any law or regulation but whose reporting is not required by FinCEN regulations.

SAR should be limited to the following information: (i) identifying information of the subject and related parties; (ii) addresses of the subject and related parties; (iii) the fact that the filing institution is filing the SAR solely because the subject is engaged in a marijuana-related business; and (iv) the fact that no additional suspicious activity has been identified. Financial institutions should use the term “MARIJUANA LIMITED” in the narrative section.

A financial institution should follow FinCEN’s existing guidance on the timing of filing continuing activity reports for the same activity initially reported on a “Marijuana Limited” SAR.⁶ The continuing activity report may contain the same limited content as the initial SAR, plus details about the amount of deposits, withdrawals, and transfers in the account since the last SAR. However, if, in the course of conducting customer due diligence (including ongoing monitoring for red flags), the financial institution detects changes in activity that potentially implicate one of the Cole Memo priorities or violate state law, the financial institution should file a “Marijuana Priority” SAR.

“Marijuana Priority” SAR Filings

A financial institution filing a SAR on a marijuana-related business that it reasonably believes, based on its customer due diligence, implicates one of the Cole Memo priorities or violates state law should file a “Marijuana Priority” SAR. The content of this SAR should include comprehensive detail in accordance with existing regulations and guidance. Details particularly relevant to law enforcement in this context include: (i) identifying information of the subject and related parties; (ii) addresses of the subject and related parties; (iii) details regarding the enforcement priorities the financial institution believes have been implicated; and (iv) dates, amounts, and other relevant details of financial transactions involved in the suspicious activity. Financial institutions should use the term “MARIJUANA PRIORITY” in the narrative section to help law enforcement distinguish these SARs.⁷

“Marijuana Termination” SAR Filings

If a financial institution deems it necessary to terminate a relationship with a marijuana-related business in order to maintain an effective anti-money laundering compliance program, it should

⁶ Frequently Asked Questions Regarding the FinCEN Suspicious Activity Report (Question #16), *available at*: http://fincen.gov/whatsnew/html/sar_faqs.html (providing guidance on the filing timeframe for submitting a continuing activity report).

⁷ FinCEN recognizes that a financial institution filing a SAR on a marijuana-related business may not always be well-positioned to determine whether the business implicates one of the Cole Memo priorities or violates state law, and thus which terms would be most appropriate to include (i.e., “Marijuana Limited” or “Marijuana Priority”). For example, a financial institution could be providing services to another domestic financial institution that, in turn, provides financial services to a marijuana-related business. Similarly, a financial institution could be providing services to a non-financial customer that provides goods or services to a marijuana-related business (e.g., a commercial landlord that leases property to a marijuana-related business). In such circumstances where services are being provided indirectly, the financial institution may file SARs based on existing regulations and guidance without distinguishing between “Marijuana Limited” and “Marijuana Priority.” Whether the financial institution decides to provide indirect services to a marijuana-related business is a risk-based decision that depends on a number of factors specific to that institution and the relevant circumstances. In making this decision, the institution should consider the Cole Memo priorities, to the extent applicable.

file a SAR and note in the narrative the basis for the termination. Financial institutions should use the term “MARIJUANA TERMINATION” in the narrative section. To the extent the financial institution becomes aware that the marijuana-related business seeks to move to a second financial institution, FinCEN urges the first institution to use Section 314(b) voluntary information sharing (if it qualifies) to alert the second financial institution of potential illegal activity. See *Section 314(b) Fact Sheet* for more information.⁸

Red Flags to Distinguish Priority SARs

The following red flags indicate that a marijuana-related business may be engaged in activity that implicates one of the Cole Memo priorities or violates state law. These red flags indicate only possible signs of such activity, and also do not constitute an exhaustive list. It is thus important to view any red flag(s) in the context of other indicators and facts, such as the financial institution’s knowledge about the underlying parties obtained through its customer due diligence. Further, the presence of any of these red flags in a given transaction or business arrangement may indicate a need for additional due diligence, which could include seeking information from other involved financial institutions under Section 314(b). These red flags are based primarily upon schemes and typologies described in SARs or identified by our law enforcement and regulatory partners, and may be updated in future guidance.

- A customer appears to be using a state-licensed marijuana-related business as a front or pretext to launder money derived from other criminal activity (i.e., not related to marijuana) or derived from marijuana-related activity not permitted under state law. Relevant indicia could include:
 - The business receives substantially more revenue than may reasonably be expected given the relevant limitations imposed by the state in which it operates.
 - The business receives substantially more revenue than its local competitors or than might be expected given the population demographics.
 - The business is depositing more cash than is commensurate with the amount of marijuana-related revenue it is reporting for federal and state tax purposes.
 - The business is unable to demonstrate that its revenue is derived exclusively from the sale of marijuana in compliance with state law, as opposed to revenue derived from (i) the sale of other illicit drugs, (ii) the sale of marijuana not in compliance with state law, or (iii) other illegal activity.
 - The business makes cash deposits or withdrawals over a short period of time that are excessive relative to local competitors or the expected activity of the business.

⁸ Information Sharing Between Financial Institutions: Section 314(b) Fact Sheet, *available at*: http://fincen.gov/statutes_regs/patriot/pdf/314bfactsheet.pdf.

- Deposits apparently structured to avoid Currency Transaction Report (“CTR”) requirements.
 - Rapid movement of funds, such as cash deposits followed by immediate cash withdrawals.
 - Deposits by third parties with no apparent connection to the accountholder.
 - Excessive commingling of funds with the personal account of the business’s owner(s) or manager(s), or with accounts of seemingly unrelated businesses.
 - Individuals conducting transactions for the business appear to be acting on behalf of other, undisclosed parties of interest.
 - Financial statements provided by the business to the financial institution are inconsistent with actual account activity.
 - A surge in activity by third parties offering goods or services to marijuana-related businesses, such as equipment suppliers or shipping servicers.
- The business is unable to produce satisfactory documentation or evidence to demonstrate that it is duly licensed and operating consistently with state law.
 - The business is unable to demonstrate the legitimate source of significant outside investments.
 - A customer seeks to conceal or disguise involvement in marijuana-related business activity. For example, the customer may be using a business with a non-descript name (e.g., a “consulting,” “holding,” or “management” company) that purports to engage in commercial activity unrelated to marijuana, but is depositing cash that smells like marijuana.
 - Review of publicly available sources and databases about the business, its owner(s), manager(s), or other related parties, reveal negative information, such as a criminal record, involvement in the illegal purchase or sale of drugs, violence, or other potential connections to illicit activity.
 - The business, its owner(s), manager(s), or other related parties are, or have been, subject to an enforcement action by the state or local authorities responsible for administering or enforcing marijuana-related laws or regulations.
 - A marijuana-related business engages in international or interstate activity, including by receiving cash deposits from locations outside the state in which the business operates, making or receiving frequent or large interstate transfers, or otherwise transacting with persons or entities located in different states or countries.

- The owner(s) or manager(s) of a marijuana-related business reside outside the state in which the business is located.
- A marijuana-related business is located on federal property or the marijuana sold by the business was grown on federal property.
- A marijuana-related business's proximity to a school is not compliant with state law.
- A marijuana-related business purporting to be a "non-profit" is engaged in commercial activity inconsistent with that classification, or is making excessive payments to its manager(s) or employee(s).

Currency Transaction Reports and Form 8300's

Financial institutions and other persons subject to FinCEN's regulations must report currency transactions in connection with marijuana-related businesses the same as they would in any other context, consistent with existing regulations and with the same thresholds that apply. For example, banks and money services businesses would need to file CTRs on the receipt or withdrawal by any person of more than \$10,000 in cash per day. Similarly, any person or entity engaged in a non-financial trade or business would need to report transactions in which they receive more than \$10,000 in cash and other monetary instruments for the purchase of goods or services on FinCEN Form 8300 (Report of Cash Payments Over \$10,000 Received in a Trade or Business). A business engaged in marijuana-related activity may not be treated as a non-listed business under 31 C.F.R. § 1020.315(e)(8), and therefore, is not eligible for consideration for an exemption with respect to a bank's CTR obligations under 31 C.F.R. § 1020.315(b)(6).

* * * * *

FinCEN's enforcement priorities in connection with this guidance will focus on matters of systemic or significant failures, and not isolated lapses in technical compliance. Financial institutions with questions about this guidance are encouraged to contact FinCEN's Resource Center at (800) 767-2825, where industry questions can be addressed and monitored for the purpose of providing any necessary additional guidance.

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The Banking Industry and Cannabis

Courtney Jensen
VP, State Government Affairs
California Credit Union League

Federal Banking Regulators



Each depositor insured to at least \$250,000
Backed by the full faith and credit of the United States Government
FDIC
Federal Deposit Insurance Corporation www.fdic.gov

Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government
NCUA
National Credit Union Administration, a U.S. Government Agency

COLE Memo- U.S. Dept of Justice

- Prosecution under money laundering statutes, unlicensed money transmitter statute, and Bank Secrecy Act (BSA)
- Suspicious Activity Reports
- No explicit protection

Cole Memo Priorities - Preventing:

- Distribution of marijuana to minors
- Revenue to criminal enterprises
- Marijuana over state lines
- Drug Trafficking
- Violence, firearms
- Drugged driving and other public health consequences
- Growing of marijuana on public lands
- Possession or use on federal property

FinCEN- BSA Compliance

The Financial Crimes Enforcement Network issued guidance to clarify BSA expectations for serving marijuana-related businesses (MRBs):

- 1) Due diligence in account opening for MRBs
- 2) Suspicious activity report (SAR) filing requirements for MRBs
- 3) Continuing due diligence requirements in serving MRBs

What do Credit Unions Need?

1. Federal Legislation
2. Clear, Transparent Licensing
3. Information Shared with Financial Institutions

Cannabis - County Regulatory Challenges

Josh Huntsinger, Placer County Agricultural Commissioner/Sealer of
Weights and Measures - Chair, California Agricultural Commissioner and
Sealers Association Cannabis Work Group

Josh Huntsinger, Placer County Agricultural Commissioner

Who is the Agricultural Commissioner/Sealer of Weights and Measures?

- ▶ Pesticide Regulation
- ▶ Pest Prevention
- ▶ Agricultural Regulation
- ▶ Weights and Measures
- ▶ CACASA.org



Josh Huntsinger, Placer County Agricultural Commissioner

Who Should be Lead Agency/Department?

- ▶ Agricultural Commissioner
- ▶ Planning
- ▶ Sheriff
- ▶ Public Health or Environmental Health
- ▶ Code Enforcement
- ▶ Dedicated Cannabis Agency

Josh Huntsinger, Placer County Agricultural Commissioner

Zero to 100 MPH! - How to Implement Regulations for an Unregulated Industry?

- ▶ Existing cannabis businesses are generally unaccustomed to, and unprepared for operating in a heavily-regulated environment
- ▶ Phased-in, conditional permitting vs. all at once
- ▶ CEQA, pesticide regulation, water quality, water supply, Track and Trace, land use permits, air quality standards, CUPA, Fire permits, building permits, etc.

Josh Huntsinger, Placer County Agricultural Commissioner

Ordinance Development - Does the tail wag the dog?

- ▶ Standards that accommodate an existing industry - small parcels and residential zoning

Vs.

- ▶ Standards based on sound policy decisions - require the industry to conform to a set of standards developed through a county process

Josh Huntsinger, Placer County Agricultural Commissioner

Ordinance Development Pitfalls - Reinventing the Wheel

- ▶ Too much focus on cultivation - lack of understanding of the complete "seed to sale" system created by state law
- ▶ Lack of knowledge of current state laws and regulations - significant investment in staff time required to stay current and conversant
- ▶ Development of ordinance language without sufficient knowledge of state laws and regulations

Josh Huntsinger, Placer County Agricultural Commissioner

Future Challenges

- ▶ The Moving Target - constant changes to state law
- ▶ The Black Market - estimates of 80% of cannabis grown in California is currently sold out of state
- ▶ Funding - is it possible to build a cost neutral regulatory program that is effective and affordable for the cannabis industry?
- ▶ City vs. county responsibilities and Board policy

Josh Huntsinger, Placer County Agricultural Commissioner

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California Counties Working Successfully with the Cannabis Industry



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Who?

"Pioneers" - Experienced Medical Cannabis Operators

"Entrepreneurs" - Capital, Investment

Continuum of
Industry experience
vs.
Traditional business acumen

Symbiotic relationship

What?

"Collective" = Legacy System, Non Profit

Entity Types

Consumer Cooperative Unincorporated Association Mutual Benefit Corp
Public Benefit Corp Stock Corp or LLC with Nonprofit Operations

One type of operator = a "collective" - closed loop or circuit of membership

"Commercial Cannabis Activity" = New State System, For Profit

Entities will be converted, changed, re-formed:

Typically stock corporation or LLC Nonprofit still allowed

NEW: 5 separate and distinct categories of state licensed activity

Cultivation Manufacturing Retail Distribution/Transportation Testing

When?

Now: Local Ordinances & State Regulations

January 2018: State licensing opens

July 2018: Commercial cannabis application deadline for continued operations

Early 2019: Legacy collectives end

Where?

YOUR COUNTY

Board of Supervisors must act in order to implement regulation in your county

No state license that violates local ordinance

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How?

Pass regulating ordinances

New ordinance - use sister counties as examples

Amend zoning ordinance; add commercial cannabis as approved use

Educate Residents

Be proactive to diffuse NIMBY concerns

Reach out to experts



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Summit Program 32

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County of Alameda Medical Cannabis Ordinances

CSAC Counties Cannabis Summit
July 19, 2017

Heather Littlejohn
Deputy County Counsel

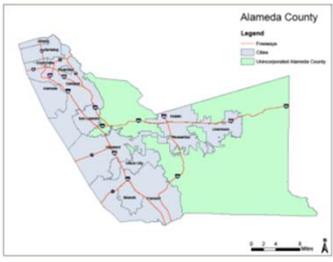
Ordinance Revision Overview

Current Ordinance

- Dispensary Ord. (2005)
- Cap of 3
- 3 Urban areas
- Permits by Sheriff
- No edibles
- No deliveries

Updates

- MMRSA to current
- Public involvement
- More permissive
- Dispensary
- Cultivation
- Zoning

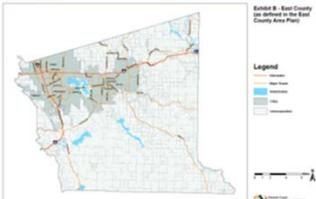


Dispensary Ordinance Ch. 6.108



Cap = 5
3 in West County - areas
2 in East County - spacing

- 2-Step Permit
- Sheriff to CDA, Planning
- Lottery to RFP
- 20 lbs to unlimited
- Deliveries
- Edibles, clones
- Sensitive receptors



Cultivation Ordinance Ch. 6.106

- Pilot Program
- Cap = 6
- 2-Step Permit Process
- Vertical Integration or RFP Selection
- Indoor or Mixed Light
- Agriculture District Only (mostly East County)
- CDA Director's Performance Standards
 - 22,000 sq. ft. max
 - Operations guidelines

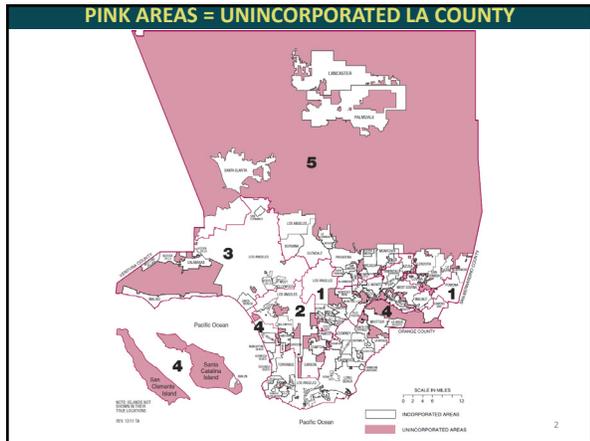
Zoning Ordinance Title 17

Existing Conditional Use Permit Process

- Site-specific issues
- Neighborhood impacts
- Public Hearing
- Conditions of Approval
- Enforcement and revocation process

+ Cultivation-specific standards (security, odor, waste, lighting, etc.)





COMMERCIAL CANNABIS BUSINESSES ARE CURRENTLY PROHIBITED IN LA COUNTY

- 2006: LA County adopts ordinance allowing medical cannabis dispensaries with a conditional use permit.
 - No medical cannabis dispensary was ever permitted.
- 2010-2017: LA County adopts series of ordinances/urgency ordinances prohibiting all medical and "adult-use" commercial cannabis activities. Currently, all commercial cannabis activity is prohibited in unincorporated areas.
- February 2017: LA County Board establishes the Office of Cannabis Management and directs the preparation of regulations to allow all medical and "adult-use" cannabis business types.

3

LA COUNTY'S CURRENT APPROACH TO COMMERCIAL CANNABIS REGULATION

Board of Supervisors Directs Departments to Prepare Regulations

- With respect to land use, Board motion directed:
 - No outdoor commercial cultivation
 - cultivation, distribution, and manufacturing in industrial and commercial manufacturing zones
 - All other associated medical and commercial cannabis related enterprises in heavy commercial zones (C-3) or higher
 - Special attention to community plan areas and sensitive uses, as well as avoiding overconcentration and unfair burdens to some communities
- Emphasis on public engagement.

4

LA COUNTY'S CURRENT APPROACH TO COMMERCIAL CANNABIS REGULATION

What we are asking the public...

- Before drafting regulations: 18 public listening sessions throughout LA County from July 13 to August 12. Seeking input on the following land use questions:
 - Should the County prohibit cannabis businesses from locating near certain places or "sensitive" land uses, such as schools? If so, why are you concerned about cannabis businesses locating near those places or land uses?
 - Do you think cannabis businesses should be located away from other cannabis businesses? If so, why are you concerned about cannabis businesses locating near each other?
 - Which type of cannabis business (retailer, cultivator, manufacturer, distributor, testing laboratory) most concerns you, if any?

5

LA COUNTY'S CURRENT APPROACH TO COMMERCIAL CANNABIS REGULATION

What have we noticed...

- A lot of people are afraid of dispensaries.
- Frequently proposed buffers: schools, day cares, parks, residences, places of worship, libraries, liquor stores, senior centers, senior housing, drug treatment facilities, group homes, affordable housing developments
- How far? 2,500 feet to one mile are common responses.

6

**LA COUNTY'S CURRENT APPROACH TO COMMERCIAL
CANNABIS REGULATION**

What have we learned...

- Big difference between a “yes” vote on Proposition 64 and being okay with commercial cannabis in neighborhoods.
- Fear and apprehension.
- Belief that a ban will make problems go away.
- Many concerns stem from perceptions about unlicensed cannabis businesses or belief that business owners are gang members or criminals.
- More education is needed.

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MORE INFORMATION

[Office of Cannabis Management](#)

cannabis.lacounty.gov

cannabis@lacounty.gov

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Mendocino County's Cannabis Programs

Panel Discussion on Cannabis - 2017 Counties Cannabis Summit

Carmel J. Angelo, CEO
County of Mendocino



Angelo, Counties Cannabis Summit, July 19, 2017 1

North Coast Counties Marijuana Policy Statement



There is a need for certain and uniform state regulation while at the same time allowing local governments the flexibility to address individual community needs. State regulation should set clear minimum guidelines and should expressly not preempt local government control. State law and policy should reflect the basic reality that economic effects, environmental impacts, and community sensitivity vary widely from rural to urban areas and from one area to another, and have a direct impact on local quality of life. It is imperative that counties retain local control to address impacts appropriately from rural to urban communities.

Policy Statement Principles

- I. Local Control
- II. Revenue & Taxation
- III. Environmental Protection
- IV. Economics

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Mendocino County Today: Successes

- March 2015: Six County Regional Policy Statement influenced legalization regulating local control, taxation, and environmental protection
- November 2016: Cannabis Business Tax approved by voters
- April 2017: Cultivation Ordinance passed
- May 4, 2017: Cannabis Cultivation Program and Cannabis Code Enforcement Program implemented
- June 12, 2017: Track and Trace kick-off
- June 19, 2017: First permit issued
- October 2017: Non-cultivation Ordinance projected adoption

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Mendocino County Today: Challenges



- Resource needs
- Political and public will
- Development of Board ordinances
- Implementation of Board ordinances
- Cannabis compliance and code enforcement
- Create opportunities for public input

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Mendocino County Today: Permitting and Land Use Challenges



- To over-regulate or not
- To adopt new regulations or use existing agriculture and land use regulations
- To support cannabis cultivators while protecting the general public
- To determine real conditions vs. site plans
- To deal with "what's on the ground" (structures, septic, wells, location activities)

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5

Lessons Learned



- Plan ahead.
- Last minute changes create problems with implementation.
- Use the best resources you have, even if it is non-county resources.
- Staff up. Worry about the money later.
- Determine the community's perspective regarding cannabis.
 - Is it still a crime?
 - Is it an acceptable industry?
 - Is it an economic driver?

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Lessons Learned



- It is not over once the Board of Supervisors adopts an ordinance. Operationalizing cannabis programs, an industry that has been illegal for decades, will take multiple tries to get it right.
- Daily monitoring of program and code enforcement is a must.
- Take a one-stop approach, 1-844-421-WEED
- Single source of communication within the organization, with the public and with the industry.

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7

Question and Answer



- Questions from the audience

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North Coast Counties Marijuana Policy Statement

Preamble

North Coast Counties have unique insight into the significant problems and opportunities posed by statewide regulation and potential legalization of adult recreational use of marijuana. Inconsistent State and Federal laws and existing ambiguities in State law have caused significant economic, environmental, and public safety impacts to North Coast Counties related to the cultivation and distribution of marijuana. We strongly encourage the adoption of comprehensive State marijuana policies that will protect local communities and governments and also respect local control.

There is a need for certain and uniform state regulation while at the same time allowing local governments the flexibility to address individual community needs. State regulation should set clear minimum guidelines and should expressly not preempt local government control. State law and policy should reflect the basic reality that economic effects, environmental impacts, and community sensitivity vary widely from rural to urban areas and from one area to another, and have a direct impact on local quality of life. It is imperative that counties retain local control to address impacts appropriately from rural to urban communities.

Policy Statements

I. Local Control

- State leadership is critical to provide a comprehensive regulatory framework which clearly delineates the roles of local and state government.
- Minimum statewide standards on a range of issues including licensing, safety, accounting, state taxation, cultivation standards, distribution and consumer standards should be developed with local input.
- A statewide regulatory program must explicitly preserve the right of local jurisdictions to regulate items of local concern including authority to: issue business licenses and impose local taxes to produce funding streams to fully cover local costs; to enact land use regulations; and to enact other restrictions applicable to the cultivation, distribution, and sale of marijuana based on a local governing body's determination of local needs.
- Existing local authority to regulate or prohibit the indoor or outdoor cultivation of marijuana and the establishment of dispensaries in certain areas must be explicitly preserved.
- The right of local jurisdictions to provide for the health, safety and welfare of their constituents must be respected within an overall state regulatory framework.

II. Revenue & Taxation

- Counties must have the ability to impose fees and fines to recover direct costs of local regulation and code enforcement with respect to all aspects of marijuana cultivation, sales and distribution.
- Counties must have the option to adopt local excise and sales taxes to recover enforcement, environmental and other costs, subject to uniform statewide tax cap limits.

- State and local marijuana related excise and sales tax limits must be set at a level that does not discourage transition to a regulated market.
- Counties must be granted flexibility to further incentivize the transition to a regulated market, for instance, by deferring full imposition of the adopted local tax structure.
- Marijuana, no matter its use (medical or recreational), must be subject to state and local taxation in the same manner and at the same level in order to provide regulatory certainty and avoid the difficulties inherent in establishing a dual system of administration.

III. **Environmental Protection**

- Environmental protection and remediation shall be paramount in any regulatory and/or funding framework.
- Best management practices must be developed and adopted.
- Current environmental enforcement should remain the responsibility of existing regulatory agencies.
- Adequate and flexible enforcement tools must be available to local jurisdictions, including the availability of incentives to encourage responsible environmental practices.
- Counties must receive adequate funding from the state to compensate for local environmental enforcement and remediation including legacy impacts.

IV. **Economics**

- Legalization of marijuana for adult recreational use will have economic implications for North Coast Counties. To mitigate negative effects, the state must allocate a portion of state revenue to assist counties.
- A statewide regulatory program must provide economic development assistance including job training to help North Coast counties of origin successfully rebuild their traditional resource based economies while transitioning to a fully regulated legalized marijuana industry.
- State leadership is also necessary to address larger education and research programs beyond the purview of individual counties. Much like tobacco, the state must allocate funds to implement research, education and prevention programs, particularly for youth, to mitigate marijuana abuse and dependence.
- To ensure that counties can differentiate their products in the marketplace a statewide chain of custody certification program is needed to allow local branding that highlights regional strains, sustainable environmental practices, responsible processing, and ethical business behavior. Chain of custody certification will increase value to local producers and encourage consumers to make responsible purchasing decisions.

Conclusion

North Coast Counties support a comprehensive state regulatory framework that explicitly preserves existing local control, while protecting the environment, local economies and quality of life. We welcome the opportunity to provide additional language and information that supports these policy concepts.



May 26, 2015

The Honorable Jerry Brown
State Capitol, Suite 1173a
Sacramento, CA 95814

RE: North Coast Counties Marijuana Policy Statement

Dear Governor Brown:

On March 5, 2015, Supervisors, Chief Administrative Officers, and other staff from each of the north coast counties (Del Norte, Humboldt, Lake, Mendocino, Sonoma and Trinity) met in Santa Rosa, California to discuss the potential economic, environmental and regulatory impacts of legalized adult use cannabis in the event of state-wide legalization as a result of an anticipated measure on the November 2016 ballot.

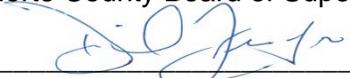
The goal of the summit was to develop a regional and unified position statement to help shape state legislation in order to influence cannabis policy and potential legalization with appropriate local control. The enclosed document titled, "North Coast Counties Marijuana Policy Statement," was the subsequent product of that summit. This Policy Statement has been adopted by the respective Board of Supervisors from each of the north coast counties.

North Coast Counties support a comprehensive state regulatory framework that explicitly preserves existing local control, while protecting the environment, local economies and quality of life. As legislation progresses addressing this highly sensitive and critical public policy, we strongly encourage the legislature to incorporate the principles expressed in this Policy Statement in current and future proposed legislation. We urge you to consider adopting this Marijuana Policy Statement to advocate for local control in the discussion, creation and implementation of a statewide marijuana policy. It is imperative that counties retain local control to address impacts appropriately from rural to urban communities. We welcome the opportunity to provide additional language and information that supports these policy concepts.

Thank you for your thoughtful consideration.

Sincerely,

Del Norte County Board of Supervisors



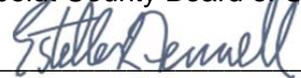
David Finigan, Chair

Mendocino County Board of Supervisors



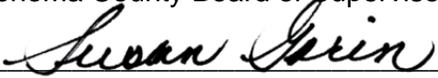
Carre Brown, Chair

Humboldt County Board of Supervisors



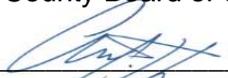
Estelle Fennell, Chair

Sonoma County Board of Supervisors



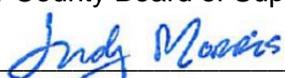
Susan Gorin, Chair

Lake County Board of Supervisors



Anthony Farrington, Chair

Trinity County Board of Supervisors



Judy Morris, Chair



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THANK YOU!