



# Cannabis 101

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**David Waite** is a Partner at Cox Castle & Nicholson LLP a Century City based firm that specializes in real estate, finance and construction law. David has over twenty-five years of land use and environmental law experience, including an expertise in zoning, entitlements, CEQA, and development agreements. He has represented a variety of developers, lenders and institutional investors on the environmental and land use aspects of workouts, debt restructurings and foreclosures. David is a member of The Counselors of Real Estate ("CRE"). He is also a Fellow of the American College of Real Estate Lawyers ("ACREL"). He has been selected by the Los Angeles Daily Journal as one of the "Top 50 Development Attorneys" in California. David is actively involved in numerous Real Estate Industry associations. He is the Governance Chair and immediate past Chair of the Urban Land Institute's Los Angeles District Council ("ULI-LA"). He is Chairman Emeritus of the Southern California Real Estate Alliance, board member of the Los Angeles Headquarters Association, and a member of the Westside Urban Forum. He previously served on the Advisory Board of the California Infill Builders Federation. David has a B.A. Degree from New York University and a J.D. from Georgetown University Law Center.

# MEDICINAL AND ADULT USE CANNABIS REGULATION SAFETY ACT ("MAUCRSA")

- A single regulatory system for commercial cannabis activity in California
- Requires all persons engaged in commercial cannabis activity to be licensed
- Allows local jurisdictions to control what activities are permitted in their jurisdiction
- Places the protection of the public as the highest priority

# CALIFORNIA LICENSE TYPES

- Dispensary/Retail - License for the retail sale of cannabis and cannabis products, including delivery service
- Manufacturing - Two types: volatile solvents and non-manufactured volatile solvents
- Cultivation - Type of license varies based on size, indoor/outdoor, lighting, etc.
- Testing - Lab tests on cannabis products before reaching the patient and/or consumer
- Distribution – Storage, distribution, tax, labeling, transport
- Microbusiness/Event - Small business with a grow under 10k. Up to four (4) day event selling/using cannabis

# Administrative Structure of MAUCRSA

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- Lead Agency
- Distributors
- Retailers
- Microbusinesses
- Testing Laboratories
- Temporary Cannabis Events



- Cultivators
- Track and Trace System



- Manufacturers

# FEDERAL LAW

- Cannabis is a Schedule 1 drug under the Federal Controlled Substances Act ("CSA").
- The CSA prohibits the cultivation, processing, distribution and sale of cannabis (21 USC Section 841 (b)).
- As a Schedule I substance (21 USC Section 812), cannabis is deemed to have high potential for abuse and currently no accepted medical use (21 USC Section 812 (b) (1))

# JEFF SESSIONS/DOJ

- "In deciding which marijuana activities to prosecute under these laws with the department's finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions...These principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community."

# BANKING – CALIFORNIA

- John Chiang, CA State Treasurer, created the Cannabis Banking Working Group
- Comprised of law enforcement, regulators, banks, taxing authorities, local governments and cannabis industry members
- Six meetings since December 2016



# BANKING – FEDERAL

- Financial Crimes Enforcement Network (FinCen), U.S. Department of Treasury, released guidelines in 2014 for financial institutions that want to work with cannabis companies
- FinCen Guidance provides specific directions to ensure the financial institution follows anti-money laundering rules contained in the Bank Secrecy Act and USA PATRIOT Act
- Know your customer (comply with state laws & Cole Memo), monitoring and reporting requirements including "suspicious activity reports"

***Number of Depository Institutions Actively Banking Marijuana Businesses in the United States  
(Reported in SARs)***

