

MANAGING THE RISK OF THE EXPANDING AND EVOLVING U.S. MARIJUANA INDUSTRY

Market acceptance of the legalized use of marijuana continues to increase across the U.S.

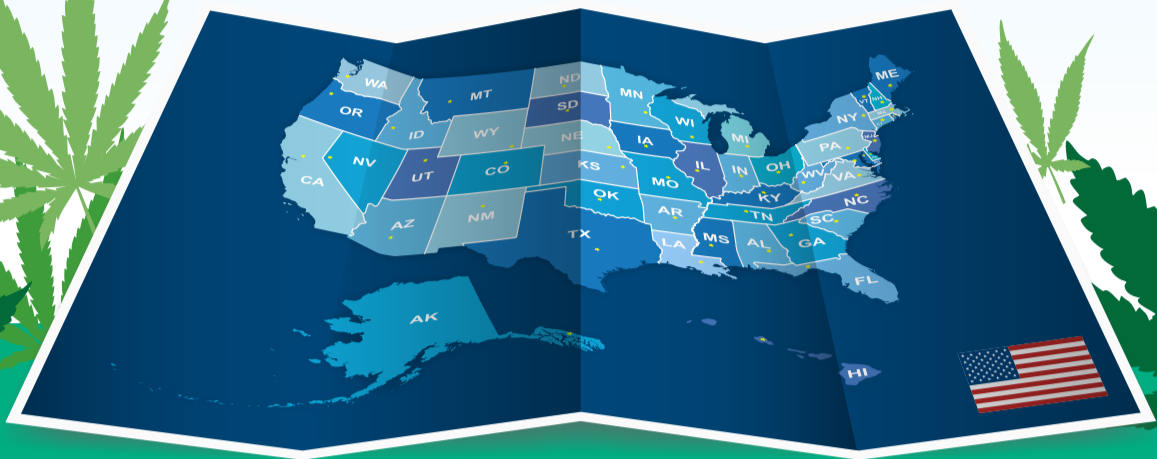
Changing consumer perspectives and the expansion of legalized marijuana markets across various states indicate growing acceptance

93% 93% of Americans **support the legalization of medical marijuana**¹

65% 65% of Americans **support the legalization of marijuana for adult use**³

95% 95% of Americans now **live in states with some level of a legal cannabis market**²

34 STATES 34 states, the District of Columbia and various U.S. territories **have legal framework that allows for either medical or recreational-use cannabis**⁴



The marijuana market represents sizeable revenue opportunities

\$26.3 billion: In states where cannabis is currently legal, medical and adult use sales are forecast to grow from \$12.9 billion in 2019 to \$26.3 billion in 2025⁵

\$253 billion: Federal legalization would create \$86 billion in U.S. tax revenue between 2019 and 2025 on \$253 billion in sales over that period⁶

The fluid legal environment around banking marijuana businesses creates obstacles to monetizing those opportunities



The possession, distribution, or sale of marijuana-derived products and any proceeds from cannabis-related activities **remain subject to U.S. anti-money laundering laws**



When banks **choose to service a legal marijuana business**, they must **comply with Enhanced Due Diligence (EDD) practices** in regards to maintaining high risk customers or accounts which can be costly, time-consuming and a heavily manual process



Lawmakers are currently considering the **Secure and Fair Enforcement (SAFE) Banking Act of 2019**, which would **give legitimate businesses acting in compliance with state cannabis laws access to the banking system**.⁷ The House of Representatives passed this act in September 2019 and it is now under consideration at the Senate level.⁸



Many financial institutions have maintained a strategy of **de-risking the marijuana industry**, at the same time, several fintech companies are serving the marijuana industry.



Access to relevant and specific intelligence around Marijuana Registered Businesses is critical, regardless of your risk approach

As the legal landscape around banking marijuana businesses continues to solidify, the current risk continuum extends from completely de-risking to carefully planning to capture marijuana banking revenues. No matter which risk approach you take, LexisNexis® Risk Solutions offers comprehensive coverage of the marijuana industry so you can truly assess the risk of Marijuana Registered Businesses.



Confidently onboard new customers and mitigate risk with our extensive tools and risk intelligence that includes:



Comprehensive and continuously updated screening lists of Marijuana Registered Businesses



Detailed intelligence around business validity and stability



Risk indicators that can help uncover Shell or Shelf companies



Proven Identity verification tools that support efficient Customer Identification Program workflows



Information on Secretary of State filings and public records aging



Comprehensive intelligence around business executives, beneficial owners and legal events connected to the marijuana registered business

Our solutions can be configured to your specific budget and risk tolerance levels to enable your business to effectively manage the inherent risk of the evolving U.S. marijuana industry and maintain the agility to quickly adapt to changing market and legal circumstances.

Contact us to learn more at **800-658-5638** or risk.lexisnexis.com/FCC



1. - 4. Westbrook, Elizabeth, "United States Recap: Senate Committee Holds Hearing on Cannabis Banking," Mondaq Business Briefing, September 3, 2019
5. and 6. "US cannabis market to reach \$26B by 2025, study says," North Bay Business Journal, January 29, 2019,
7. Murphy-Major, Carmella, "Banking cannabis companies will remain a challenge until federal law changes," Puget Sound Business Journal, July 29, 2019
8. Congress.gov, "H.R.1595 - Secure And Fair Enforcement Banking Act of 2019"