



# Unlock Industry Expertise and Generate Operational Efficiency with RADD





# The Benefits of Outsourcing Cannabis Compliance Inspections

# Who is RADD?

## We are an Advisory as a Service Firm

RADD is one of the leading internal audit and compliance firms for the Cannabis industry. We perform “Due Diligence” audits for financial institutions and operators. The due diligence process gives financial institutions and cannabis operators a bird’s eye view of their business.

Operators use RADD to ensure they meet compliance standards for the state and city they operate in. We perform on-site and remote audits of Agriculture, Processing, Laboratories, Safe services, Transportation, Dispensaries, and all areas of Cannabis.

# What are the challenges faced by the financial institutions?



Time



Resources



Subject Matter  
Expertise



# Time, Resources, and Subject Matter Expertise

## Resource Strain on Banks

Many banks lack the internal capacity to handle frequent and in-depth inspections for cannabis compliance.

- Human capital strain

## Regulatory Burden

The increased complexity of regulatory requirements in the cannabis industry leads to time-consuming and costly compliance processes.

## Risk of Internal Bias

Internal teams may have blind spots or limitations, leading to potential compliance gaps.



# Background on Cannabis Compliance in Banking

## Challenges Faced by Banks

Limited internal compliance teams, resource constraints, and the risk of penalties for non-compliance.

- Staffing Limitations
- Time-Consuming Audits
- Navigating Dual Compliance
- Potential Penalties for Non-Compliance
- Reputational Risk



# Background on Cannabis Compliance in Banking

## Regulatory Complexity

Overview of federal and state-level and federal cannabis laws and how they impact banks.

### Federal

- Enhanced Due Diligence
- Filing Suspicious Activity Reports (SARs)

### State

- Licensing Requirements and Renewals
- Seed to Sale Tracking
- Vertical Integration
- Inventory Tracking
- Strict Packaging and Labeling Requirements
- Security Measures
- Tax Compliance



# Background on Cannabis Compliance in Banking

## Compliance Requirements for Banks

Institutions serving cannabis-related businesses (CRBs) must meet a series of complex regulatory obligations, including:

- Update BSA/AML Risk Assessments
- Develop Policies and Procedures
- Enhance Employee Training
- Conduct Audits on CRBs





# RADD's Solution: Virtual Cannabis Compliance Inspections



## How the Virtual Inspections Work

- Remote documentation review
- Real-time video inspection
- Audit data analysis.
- Customized solutions



# RADD's Solution: Virtual Cannabis Compliance Inspections



## **Expertise and External Perspective**

Highlighting the importance of having an experienced third-party conduct inspections for objectivity and regulatory expertise.

## **Timesaving and Cost-Efficiency**

Virtual inspections reduce the need for on-site visits, save time, and lower bank costs.

## **Technology and Tools Used**

This section provides an overview of the digital tools used by RADD to conduct inspections remotely and ensure thoroughness.



# Case Study Example

- The Client: A mid-sized bank working with cannabis-related businesses.
- The Problem: The internal compliance team was overwhelmed by the volume and complexity of cannabis compliance inspections. Over 100 locations across three states had to be audited in four months.
- The client contracted RADD to complete the audits on their behalf.



# Our Project Blueprint

## Due Diligence

Understand the depth of the audit requirements.

- Is this audit only to confirm that policy and procedures exist?
- OR
- Do we need to confirm and review all the written documentation?

## Select the audit flow

- How many audits do we need to complete each week?
- What is the deadline for the entire project?

## Reporting

We use our proprietary reporting template to ensure that the information in our report is the information required by your scope document.



# Our Project Blueprint

## Auditor assigned and project kick-off

### Audit Flow

- Our team schedules the audit appointment
- Our auditor completes the virtual audit
- Our auditor completes their audit report and uploads the report and supporting photo & video footage to a secure portal for the client review.



# Results and the Value Add

- ✓ 130 audits completed in 4 months
- ✓ This saved our client 260 hours of audit time

The internal question is, how much would these 260 hours cost in payroll costs?

- ✓ We identified opportunities for cannabis operators' improvements to enhance compliance



# On-Site and Hybrid Audits

When do on-site audits make sense?

- ✓ When the bank has deeper concerns about a specific operator



# Benefits of Outsourcing to RADD

## Cost Savings

Lower costs than maintaining an expanded in-house compliance team.

## Expertise

RADD's deep knowledge of cannabis regulations ensures thorough compliance oversight.

## Efficiency

Streamlined, virtual processes help banks stay compliant with less disruption to daily operations.

## Risk Mitigation

Third-party inspections reduce non-compliance risk and offer an unbiased perspective.

## Scalability

Virtual inspections allow RADD to handle growing inspection needs as the bank expands its cannabis-related business portfolio.



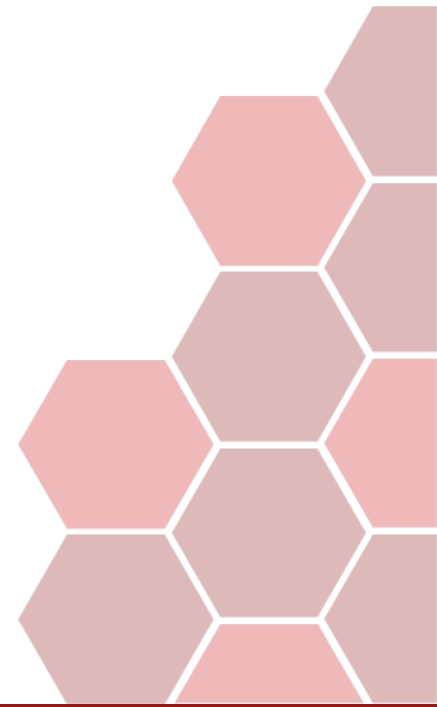


# Want to Learn More?

**Contact Brian at:**

949-872-7720

brian@raddllc.com





**RADD** LLC

RISK ADVISORY, DIRECTION & DELIVERY

Advisory as a Service®

# THANK YOU

