

FRAUD & COMPLIANCE
OR HOW I LEARNED TO LOVE LIFE
IN THE POST COVID WORLD

Jonathan Turner, CFE

Remember when this was the struggle?

5 SHOCKING FACTS

ABOUT LEGAL MARIJUANA IN THE UNITED STATES



The Legal Marijuana Industry is Worth **\$1.53 BILLION**

With the legal marijuana industry worth such a staggering amount, it is easy to see why keeping it legal is important to many individuals and businesses alike.

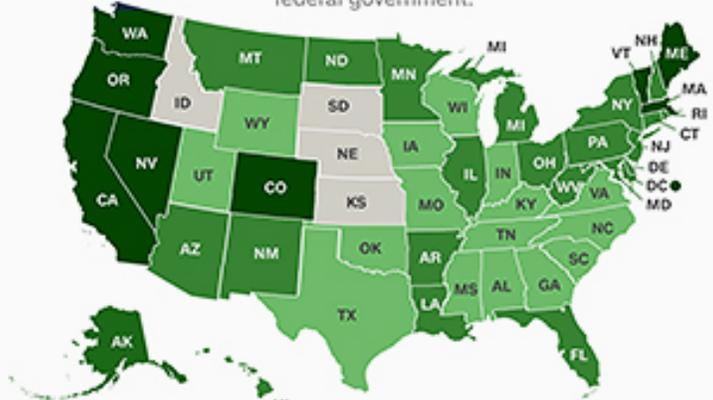
COLORADO
Collects Annual Taxes of **\$98 MILLION**
because of legal MARIJUANA SALES



In states like Colorado, where marijuana use has been legalized, the potential for profits from collected taxes is astronomical. Similar numbers have been reported from other states, like Washington.

United States of Marijuana

The state of the union is strong for marijuana, a \$9 billion industry. Recreational weed is legal in nine states and Washington, D.C. Medical marijuana is legal in 30 states, but it's still prohibited by the federal government.



Medical	Recreational*	CBD	None
30	9	16	4

*RECREATIONAL STATES ARE ALSO INCLUDED IN THE 30 MEDICAL STATES FIGURE, \$9 BILLION INDUSTRY BASED ON BDS ANALYTICS DATA.

CHN/MONEY

Changes since we last spoke ...



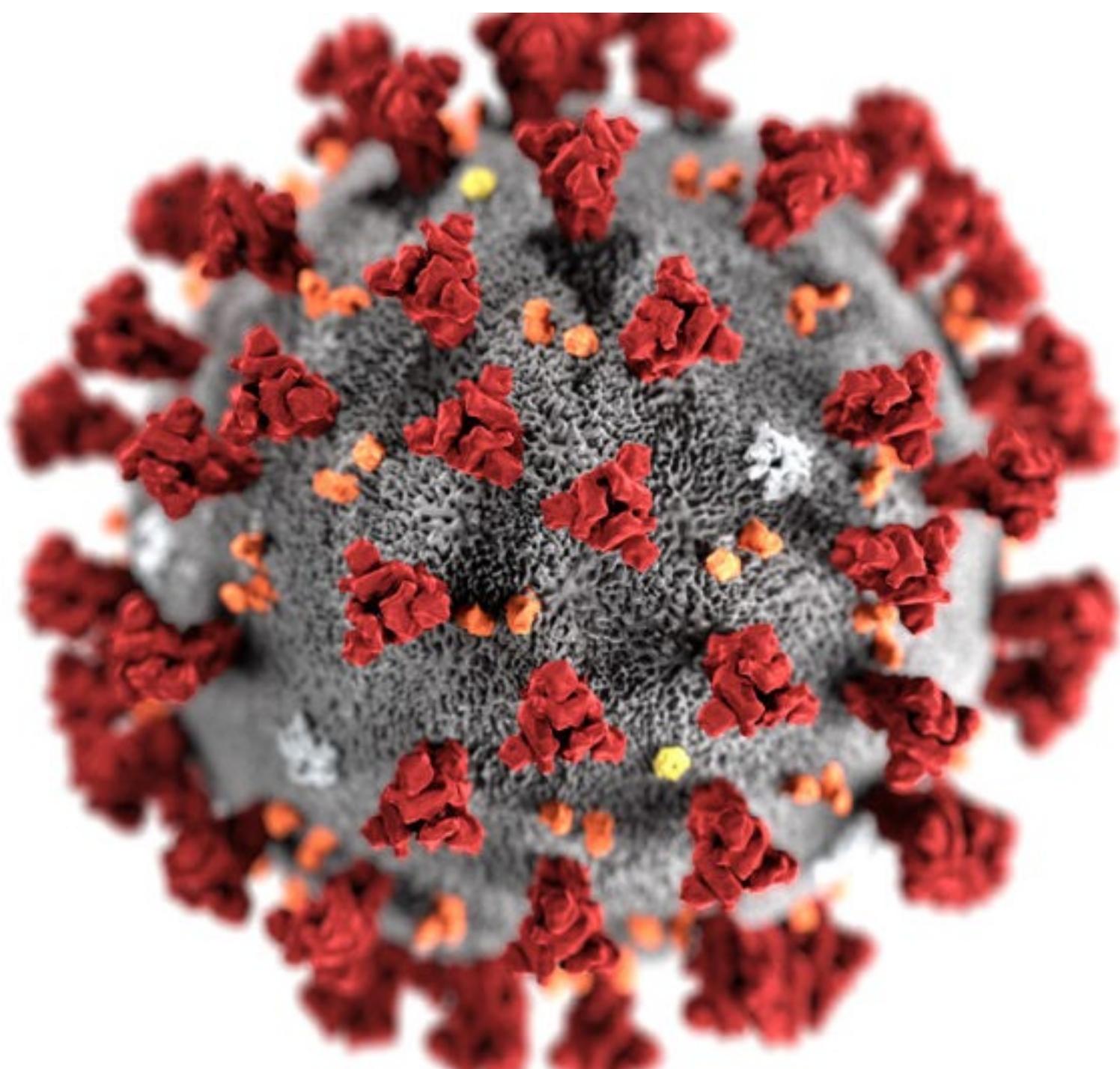
BANKING AND FINANCE HAVE NEVER
CHANGED FASTER
WORK AT HOME
DOCUMENTATION
FLUID BUSINESS RISK



CUSTOMERS HAVE EVOLVED IN NEED AND
RISK JUST AS RAPIDLY
SMALL LANDLORDS – EVICTION BANS
EMPLOYERS – WHERE DO PEOPLE WORK
ALL CUSTOMERS – CASH FLOW REALITIES



TIME MOVES FASTER TOO
CUSTOMERS NEED FOR SPEED
PPP FUNDING AND EVALUATION WINDOWS
CONVENTIONAL PRODUCTS IN AN
UNCONVENTIONAL WORLD



The World Turned Upside Down

In less than a week all companies, people, employers, institutions, governments and regulatory structures moved from a business structure from the 1960s to one from the Jetsons ...



Impact on People

Work From Home

Essential v Non-essential

Unemployment Benefits

Eviction Moratorium

Increased Need



Impact on Businesses

Disparities of Impact

Shift to Virtual

Customer Changes

Business Interruption

Supply Chain

Eviction Moratorium



Impact on Banking and Finance

Speed of Change

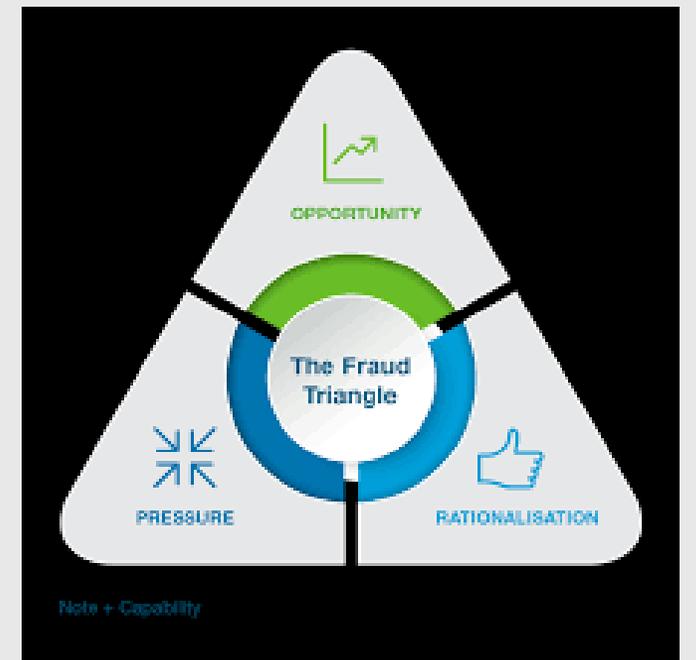
Customer Activities

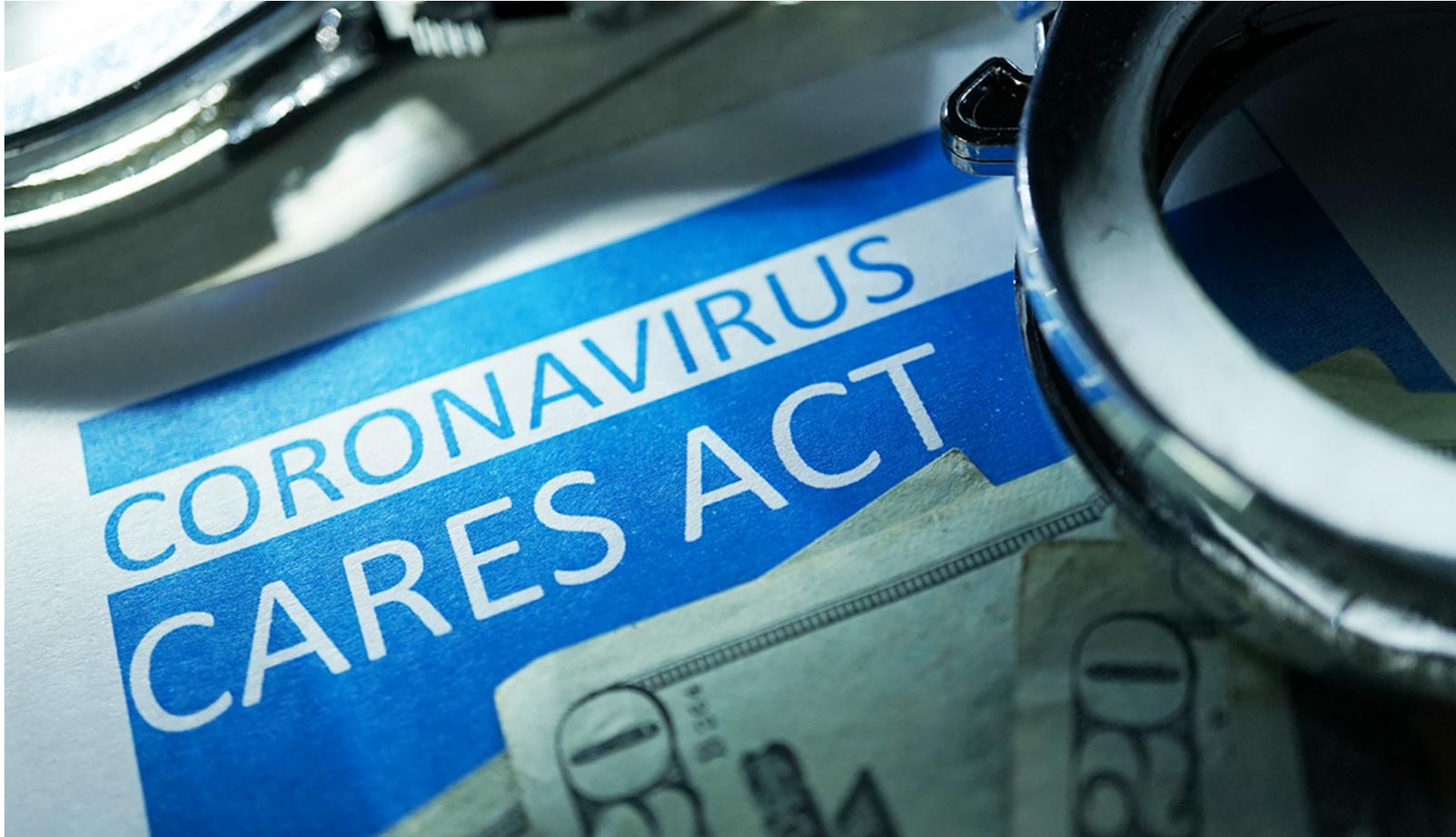
Disruption of Processes

Rapid Deployment of
Programs



Opportunities for Fraud





Government Response

Mask Mandates

Unemployment Bonuses

Stimulus Payments

PPP Creation

Eviction Moratorium

Stimulus Program



PPP Program



Eviction Moratorium

For every complex
problem there is a
solution that is
simple, obvious,
and wrong ...

-H.L. Mencken



Industry Adaptation



- Virtual on Steroids
- Creation and Deployment of New Programs
- Revamped Risk Discussions
- Expectations Turned Upside Down
- Masked Customers ONLY



The Good News (yes there is good news)

We have learned how to
be agile.

Locked expectations can
be changed.

Regulator process
changes.

Strong technology
adoption.

A photograph of six light-colored wooden blocks arranged in a row on a white surface. Each block has a single black letter on its top face, spelling out the words 'NEW' and 'NORMAL' stacked vertically. The blocks are slightly offset to the right, creating a sense of depth. A soft shadow is cast to the left of the blocks.

NEW
NORMAL

Where we go from here

FinTech is now the testing ground instead of the competition.

Fraud will require much more agile defenses to combat.

“The way we have always done it” is done ...

Applying the lessons (what comes next)



- “Nobody expects the Spanish Inquisition”
- Success requires embracing uncertainty and change.
- Speed can enable fraud UNLESS we adapt controls to the risk.
- Compliance Should:
 - Focus on outcomes
 - Create risk identification processes.
 - Drive activities to illuminate outliers
 - Respond to issues in real time
 - Become enablers of success



Questions and Discussion

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