HIGH SECURITY: Approaches for Securing Medical Marijuana Facilities in Illinois

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Agenda

• A Growth Industry
• A Highly Regulated Environment
• A Detailed Application Process
• Cultivation Center Security Plan
• Dispensary Security Plan
• Comprehensive Use of Security Technology
• Questions and Discussion
Growth Industry in Dollars

U.S. Marijuana Sales Estimates 2013 - 2018
in Billions of U.S. Dollars

- Medical
- Recreational

2013: $1.4-$1.6 Total
2014: $2.2-$2.6 Total
2015: $3.1-$3.7 Total
2016: $4.3-$4.9 Total
2017: $5.5-$6.0 Total
2018: $7.4-$8.2 Total

$3.8-$4.2

Source: Marijuana Business Factbook 2014 © 2014 CannaBusiness Media, a division of Anne Holland Ventures, Inc. All rights reserved.
Growth Industry In States

Medical marijuana in U.S.

Twenty-three states and the District of Columbia allow use of marijuana for medical purposes. In 11 other states, lawmakers have OK’d low THC, high cannabidiol (or CBD) products for certain medical reasons.

Source: National Conference of State Legislatures
Changing Legal Environment

Recreational Use

- **Currently Legal** - CO, WA, OR, AK, DC
- **Pending Legalization Legislation** (2106) - AZ, CN, FL, GA, HI, IL, KY, MD, MA, MI, MO, NH, NJ, NY, PA, RI, VT, WV, WI
- **Decriminalized** 22 States & DC
- **Numerous Federal Congressional Initiatives** (2016)
Governance by multiple Illinois state agencies
  - Agriculture
  - Financial and Professional Regulation
  - Revenue
  - Public Health

Lengthy detailed regulatory provisions addressing security
  - Cultivation Centers
  - Dispensaries

Regulatory scheme covers security for all aspects of operations at both types of facility.
Detailed Application Processes

Short Timeframe

- Regulatory Scheme Finalized
  August 8, 2014
- Application Opened
  September 2, 2014
- Application Closed
  September 22, 2014

Differing Regulatory Authorities

- Cultivation Centers
- Dispensaries

Extensive Requirements for Detailed Security Planning

- Operational Plans
- Technology Plans
Illinois Pilot Program by the Numbers

- 18 of 22 authorized Cultivation Centers currently licensed.
- 29 Dispensaries currently licensed (the first 8 Dispensaries opened NOV 2015).
- 4800 Patients licensed to receive medical marijuana (industry estimates were that this number would be 30000 by 2016 and 70,000 by 2016).
- In the second year of a five year pilot.
Illinois Pilot Program by the Numbers

“’Some of these cultivators are dumping $6 (million) to $8 (million) to $10 million dollars in their facilities,’ [Dan] Friedman [Industry Analyst] said. Whether there's ‘3,600, 36,000, or 100,000 (patients), they're not going to get their money back in two years.’

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Of 23 states with medical marijuana programs, Illinois has one of the most-restrictive, requiring patients to undergo fingerprint-based background checks, limiting qualifying health conditions, mandating testing for pesticides, and banning home-grown pot.

Complex Security Plan Requirements

Measure 1:

“The applicant must demonstrate its ability to prevent the theft or diversion of medical cannabis and how the plan will assist with Illinois State Police, Department and local law enforcement.”

— Illinois Department of Agriculture Measures Cultivation Center Security
Complex Security Plan Requirements

Measure 2:

“The applicant must demonstrate that its plan for record-keeping, tracking and monitoring inventory, quality control and security and other policies and procedures will discourage unlawful activity. It also describes the applicant's plan to coordinate with and dispose of unused or surplus medical cannabis with ISP and the Department.”

– Illinois Department of Agriculture Measures Cultivation Center Security
Complex Security Plan Requirements

Measure 3:

“The applicant must demonstrate that its security plan includes and sets forth an enclosed, locked facility that will be used to secure or store medical cannabis, its security measures, including when the location is closed for business, and the steps taken to ensure that medical cannabis is not visible to the public.”

– Illinois Department of Agriculture Measures Cultivation Center Security
Complex Security Plan Requirements

Measure 4:

“The applicant must describe its transportation plan regarding procedures for safely and securely delivering medical cannabis to registered dispensaries.”

– Illinois Department of Agriculture Measures Cultivation Center Security
Cultivation Center Security Plan

The Security Plan aligns security programs, capabilities and resources with regulatory requirements and business initiatives.

- Facility Security
- Security Surveillance System
- Product Security
- Shipping and Transportation Security
Dispensary Security Plans

Protect Patients and Employees

Provide a safe, secure and welcoming environment for patients of catastrophic illnesses that are seeking relief while eliminating any opportunity for theft and diversion of medical cannabis on the part of any personnel – from employees and patients to vendors and other third parties.
Dispensary Security Plans

Prevent Theft and Diversion

Implement measures to immediately detect any attempts at theft and diversion including a physical security program and transportation product delivery acceptance program that will demonstrate safety procedures for Dispensary employees, patients, caregivers and safe delivery and storage of cannabis and currency. It will evidence compliance with all outlined security requirements set forth by the State of Illinois.
Dispensary Security Plans

Engage the Community and Local Law Enforcement

Work closely with local police to ensure the Dispensary is a community partner that assists in anti-diversion and substance abuse education and programs.
Mandated Security Technology

Access Control

CCTV Surveillance

Panic and Intrusion Alarms

Video and Alarm Management
Mandated Security Technology

- **Perimeter Security** - CCTV and Intrusion Detection
- **Interior Security** - Access Control, CCTV and Bulletproof Glass
- **Protective Measures** - Panic Alarms, Security Officers and Vault or Safes
- **Product Monitoring** - Cannabis Inventory Software and Point-of-Sale Software
- **Third-Party Monitoring of CCTV** – Illinois State Police
Questions & Discussion

For More Questions Please Contact

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