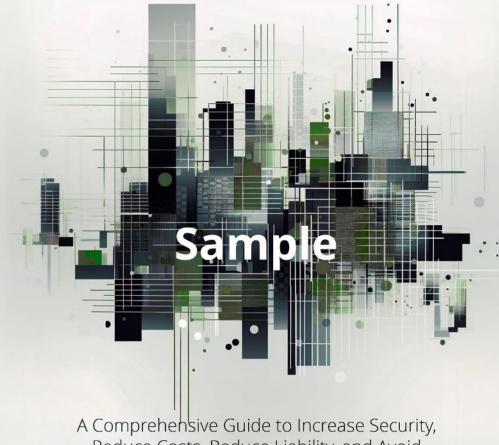# SECURING CANNABIS

Sample

A Comprehensive Guide to Increase Security, Reduce Costs, Reduce Liability, and Avoid Multiple Landmines

For Operators, Investors, Directors and Regulators

First Edition

Introduction

The legal cannabis market offers substantial financial, professional, community and personal opportunities. Cannabis security is one critical factor for business success that is often overlooked, however.

I founded CC Security Solutions with the mission and vision dedicated to disrupting, re-defining and significantly improving cannabis security for all licensed cannabis operators, including social equity operators and applicants.

This Guide is a byproduct of that mission and vision. It is time to give back to the cannabis community - **and back it up.**

Security is a major concern in today's constantly changing cannabis industry. It is essential to implement robust and cost-effective security measures that safeguard assets, protect employees and customers, and mitigate liability, among other objectives. Most legal cannabis businesses must confront a wide variety of costly and very real challenges, pain points, vulnerabilities, risks, and other security realities on a regular - and even a daily basis. Plenty of real world examples and case

studies are provided. We refer to this state of being as the cannabis security "Status Quo".

We have learned an enormous amount since our founding, providing security services and solutions to the cannabis industry. This Guide is based upon a whole bunch of real world actual experiences confronted by Licensed Cannabis Operators (LCOs) and other industry professionals. We have worked with businesses of various sizes and license types, in various stages of development, across the State of California and in other legal markets. We have also worked and interacted with a number of municipal and state regulators in different jurisdictions. We want to share what we have learned and help you avoid the seemingly never ending landmines that exist when operating within the cannabis security Status Quo.

We strongly believe "Securing Cannabis" provides an essential guide for LCO's, investors, board members, regulators and other industry professionals regarding security. It equips readers with tangible knowledge, industry insights and practical solutions to enhance security, reduce costs, and navigate the complex landscape of cannabis security - and avoid multiple landmines.

By understanding the unique challenges and vulnerabilities of the industry, LCOs and others can develop comprehensive security strategies and solutions tailored to their specific needs. Whether addressing regulatory compliance, leveraging advanced security technologies, or implementing security solutions, this Guide offers a roadmap to safeguarding assets, protecting employees, and ensuring long-term success.

This Guide contains a comprehensive description of the security landscape, insights into alternative security approaches, and a focus on innovative security solutions, including drones and unmanned aircraft systems. By increasing awareness around a wide variety of security challenges and pain points, and implementing the relevant knowledge and strategies presented in this Guide, readers can enhance their security posture, reduce risks, save money, and contribute to their individual growth and success - and that of the legal cannabis industry.

This Guide has three primary objectives related to licensed cannabis businesses:

1. Strengthen security
2. Reduce total security costs
3. Avoid multiple security "landmines"

Except for a few of the introductory Chapters, each Chapter concludes with a table presenting specific cannabis security calls to action, recommendations, ideas and/or discussion points. Those are intended to achieve one or more of objectives regarding that particular Chapter. They are all based upon real world experiences.

Cannabis operators and other industry stakeholders are stretched extraordinarily thin on a daily basis. We know how busy you are and appreciate all you are doing to achieve your business objectives - and what you are doing for the broader industry and cannabis community. This Guide is designed to not only achieve the objectives above, but we want to help make you more efficient. By reducing your pain points, challenges, and time spent on cannabis security matters, you can focus more on - and be more effective with - your day jobs.

<u>We of course believe and strongly recommend reading the entire Guide. At a minimum, however, if you don't have the time, we recommend you read the Chapter Summary on a particular subject of interest or importance to you - and then go straight to the recommendations, calls to action, ideas, and discussion points presented in a table at the end of</u>

the Chapter. You can then look back through the Chapter for additional context and examples as needed.

To be clear, this Guide is not intended and simply cannot always provide you with "the answer". Each licensed cannabis business is unique with different facts, circumstances and budget to name a few. The intention is to help define and identify specific problems, challenges and pain points so you are better armed with the right tools when you are ready to fix them. If one example, call to action, idea, recommendation, etc. of this Guide causes you to pause and reevaluate how you improve or view security versus today's Status Quo - then "Mission Accomplished".

I sincerely hope you benefit from this Guide.

Chris Eggers,
Author

Chapter 1: Terminology

The purpose of this Chapter is to reference basic definitions of common terms further defined and described in this Guide. You are also likely to hear several of these terms, or similar terms, as you build out your Security Program.

Common Terms

Access Control or Access Control Systems - physical and/or virtual barriers to protect assets, prevent unauthorized access, enforce security policies, and maintain confidentiality. While there are multiple types of access control and access control systems, access control for cannabis industry security is generally granted by "knowing something" (e.g., numeric code on a keypad),"having something" (e.g., a keycard) or "being something" (e.g. "eyeball" scan). See *Chapter 2: What is Cannabis Security* and *Chapter 5: Comprehensive Security System Design.*

Cannabis Security Status Quo or Status Quo - Legal cannabis businesses must confront a wide variety of costly and very real challenges, pain points, vulnerabilities, risks, and other security realities on a regular - and even a daily basis. The negative   impacts   and   consequences   these

challenges, pain points etc. have on Security Programs result in: (1) added expense/increased cost; (2) inefficiency; (3) disconnected security services, systems, etc.; (4) noncompliances; (5) increased liability, (6) increased risk of and actual security breaches, and; (7) the far too common multi-vendor "blame game". We refer to the combination of security realities, their negative impacts and consequences as the "Cannabis Security Status Quo". See *Introduction*, *Chapter 4: The Cannabis Security Status Quo*, *Chapter 21: Moving Forward - Owners, Investors and Directors*, *Chapter 20: Moving Forward - LCOs*, and *About CC Security Solutions*.

Compliance - the processes of establishing, maintaining and documenting how Security Measures are implemented in conformance with Licensing & Regulatory Requirements, insurance policy documents, and leases (if applicable) to cannabis facilities. See *Chapter 6: Licensing & Regulatory Requirements* and *Chapter 7: Compliance*.

Drones for First Responders or DFR - refers to law enforcement's increased exploration and implementation of drones, drone systems and drone services to support different use cases and objectives. See *Chapter 9: Law Enforcement*, *Chapter*

11: Drones as a Security Solution, and *Chapter 22: Moving Forward - Regulators*.

Electronic Security System Design or ESSD - a schematic document, also known as a "security overlay," that encompasses the planning and integration of various electronic components and systems to create a design of electronic security systems. ESSDs typically include surveillance cameras, access control systems, and intrusion detection systems to protect a facility. See *Chapter 5: Comprehensive Security System Design*.

Liability - generally refers to the legal responsibility and accountability of a business for its actions or omissions. In the context of this Guide, there are different types of liability applicable to a cannabis business's actions and omissions related to its Security Program, Written Security Plan, ESSD, exterior and interior fortifications, and security operations. Examples of different types of corporate liability related to cannabis security matters include, but are not limited to: premises liability, negligent security liability, and negligence. See *Chapter 16: Corporate and Other Liability*.

Licensed Cannabis Operator or LCO or Operator - a permitted or licensed business to operate legally,

performing cannabis activities in a licensed jurisdiction. LCO's include cultivators, retail dispensaries, non-store front retail (delivery) distributors, manufacturers, microbusinesses and others.

Licensing & Regulatory Requirements or Regulations - rules and requirements promulgated by State and city/local governmental agencies regulating the licensing, cultivation, distribution, manufacturing and other commercial cannabis activities. See *Chapter 6: Licensing & Regulatory Requirements*.

Managed Security Services - a single point of contact, serving in the capacity as a "general contractor" or "one-throat-to-choke", responsible for the installation, and/or ongoing management of one or more security systems and/or security operations on an ongoing basis. See *Chapter 20: Moving Forward - LCOs*.

Proactive Video Monitoring - a security solution that utilizes advanced video surveillance technology, analytics, artificial intelligence ("AI") and real-time monitoring to protect properties, assets, and individuals. Proactive video monitoring involves the active monitoring of live video feeds by trained security professionals in a remote

command center, enabling immediate response and intervention in the case of breaches or suspicious activities. See *Chapter 10: Proactive Video Monitoring*.

Regulators - Government personnel or organizations at the state, city, local or other municipal level responsible for overseeing and managing the cannabis industry, i.e., creating and enforcing Regulations that govern the production, distribution, sale, and use of cannabis products. See *Chapter 6: Licensing & Regulatory Requirements*.

Risk Management - generally refers to a process of identifying, assessing, and mitigating potential risks or uncertainties that may affect achieving the objectives or success of a project, business, etc. There are various types of risk management, including: Traditional, Operational, Compliance, Information Security, Financial, and Project. See *Chapter 19: Risk Management*.

Security - term used throughout this Guide to mean and expressly include the safeguarding - and safety - of LCO employees, customers, visitors, facilities, products, operations, and other assets.

Security Assessment - a systematic evaluation of a physical facility to identify potential vulnerabilities, threats, and risks to the security of a facility,

organization, or system. It typically involves an examination of physical infrastructure, operational procedures, technological systems, and personnel practices to determine areas of weakness and opportunities for improvement. See *Chapter 16: Corporate and Other Liability* and *Chapter 8: Real Estate Due Diligence*.

Security Manager or Designated Security Representative (or similar) - The employee(s) or third party contractor, usually required to be specified in the LCO's cannabis license application and Written Security Plan, responsible for implementing Security Measures. See *Chapter 6: Licensing and Regulatory Requirements*.

Security Measures - a term used in Regulations, insurance policies, and periodically in cannabis facility leases to refer generally to the Written Security Plan, Electronic Security System Design, exterior and interior fortifications, security systems, procedures, and/or security operations required by an LCO to be compliant. See *Chapter 6: Licensing and Regulatory Requirements* and *Chapter 17: Insurance*.

Security Program - the combination of LCO, and third party vendor and service provider, security systems (e.g. alarm, video monitoring), services, exterior and interior fortifications, standard

operating procedures, equipment, software, security personnel (if applicable), regulatory requirements, insurance policies, and other factors operating to address and meet the LCO's security strategies and objectives at the LCO facility. Security strategies and objectives must be designed to mitigate risks, protect assets, as well as ensure the safety and well-being of various individuals - and the overall security of the environment. See *Chapter 2: What is Cannabis Security?*

Security Review - generally a more comprehensive form of Security Assessment, the scope of the review, risk assessment, details related to findings, specific recommendations, cost impacts, and other factors are typically documented in an engagement letter. An assurance letter or letter of comfort may also accompany the review report. See *Chapter 16: Corporate and Other Liability* and *Chapter 8: Real Estate Due Diligence.*

Security Solutions - a single point of contact, serving in the capacity as a "general contractor" or "single point of contact", responsible for meeting specific security objectives(s) and supporting defined use cases. This includes managing a combination of products, services, software, vendors, service providers - and related contract,

liability, and other matters. See *Chapter 20: Moving Forward - LCOs.*

Security Solutions Provider - a third party company with dedicated offerings of Security Solutions and Managed Security Services. See *Chapter 20: Moving Forward - LCOs.*

Surveillance System Audit - An independent assessment of installed surveillance equipment, systems, networking infrastructure, and related mobile applications (i.e., cameras, access control and intrusion) to evaluate functionality. See *Chapter 8: Real Estate Due Diligence* and *Chapter 10: Proactive Video Monitoring.*

Service Level Addendum or SLA - a contractual commitment to provide service availability or uptime for services, and includes service incident response times, service credits and exceptions, reporting requirements, and other provisions. See *Chapter 10: Proactive Video Monitoring.*

UAS or Unmanned Aircraft System - a comprehensive term that encompasses all the components and elements required for the operation of an unmanned aircraft, commonly known as a drone. A UAS typically consists of three main components: (1) Unmanned Aircraft (UA) or Drone: This is the flying component of the system

and refers to the aircraft that operates without a human pilot onboard; (2) Ground Control Station (GCS): The GCS is the control center from which the drone is operated; (3) Data Link: The data link is the communication link that connects the unmanned aircraft to the ground control station. It enables real-time transmission of data, such as video feeds, telemetry, and other sensor information. See *Chapter 11: Drones as a Security Solutions*.

Written Security Plan or WSP - a required document during the cannabis license application phase, a WSP outlines and summarizes security measures and protocols to be implemented to safeguard cannabis-related personnel and customers, facilities, operations, and assets - and be compliant with state and city/local regulations. See *Chapter 5: Comprehensive Security System Design*.**Chapter 1: Terminology**

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