

What the Cannabis Industry Can Expect from The Alcohol & Tobacco Tax & Trade Bureau

There are several bills pending in Congress which would legalize and regulate cannabis, and all of them have one common denominator: The Alcohol and Tobacco Tax and Trade Bureau (TTB) will develop and enforce cannabis regulation when prohibition ends. Even if we debate which bill has the best shot of passing, every business will have to work with & comply with TTB policies and regulations.

Verde Compliance Partners is a national consulting firm focused on guiding clients through federal cannabis permitting, taxation, and regulatory compliance. Our firm prepares and navigates cannabis growers and processors through the regulatory, legal, and administrative requirements necessary to comply with current and future federal regulations. Based on our knowledge of, and experience working with TTB, we've laid out some thoughts and strategies to prepare your business to deal with federal cannabis regulation.

Pre-Planning

"Our first recommendation is to hire an expert," said Harry Bernstein, executive director of Verde Compliance Partners. "Your business doesn't need the liability of having to navigate this yourselves. Just like you wouldn't point to a person on your staff and say 'hey, learn tax law, you're our new tax accountant.' You don't want to point to someone on your team and make them your new federal compliance expert. The repercussions are too steep if you don't get it right the first time."

Federal Cannabis License Application

Applying for a federal cannabis license will be very different from the processes administered by the states. It is complex, requiring multiple forms and supporting documents to be submitted. For example, corporations are required to complete a personnel questionnaire for every officer, director, trustee, and owner of at least 10% of the shares. These must be submitted for each physical location. The requirements for LLCs and partnerships are similar. This will be quite the undertaking for a vertically integrated multi-state operator.

Being Ready - No Time for Error

Once a federal bill passes, it could be as short as 180 days before they begin accepting applications for a federal cannabis license. Additionally, an immense number of businesses will be simultaneously applying for federal licenses, which could bog down an already strained system. Although the bills make provisions to allow state legal cannabis businesses to operate while their application is pending, any minor oversight will quickly put your company into the "no" pile, requiring you to go to the "back of the line" and submit another application.

TTB Investigations and Violations

The TTB will have the authority to investigate all plant touching businesses. If violations are found the TTB can impose significant penalties, including fines, license suspension or revocation. In extreme cases, they could even refer the matter to a federal court for possible criminal penalties. As TTB's website indicates, no company or individual is large enough to be excluded from TTB oversight. A review of the records shows even major companies, like Anheuser-Busch faced large fines, and license suspensions.

With decades of experience in high level positions in the U.S. Tax and Trade Bureau (TTB), and its predecessor, the Bureau of Alcohol, Tobacco, and Firearms (ATF), Verde is uniquely qualified to prepare cannabis industry stakeholders for the implementation of federal regulation. Don't hesitate to contact us, so we can help you prepare your business to succeed under coming federal cannabis regulation.

About Verde Compliance Partners

Verde Compliance Partners is a national consulting firm focused on guiding clients through federal cannabis permitting, taxation, and regulatory compliance. Our firm prepares and navigates cannabis businesses through the regulatory, legal, and administrative requirements necessary to comply with current and future federal regulations. With decades of experience in high level positions at the U.S. Treasury Department Alcohol & Tobacco Tax and Trade Bureau (TTB), and its predecessor, the Bureau of Alcohol, Tobacco, and Firearms (ATF), the Verde team is uniquely qualified to prepare cannabis industry stakeholders for the implementation of federal regulation.

Jim McCoy - Director of Operations

Jim spent 32 years with the Bureau of Alcohol, Tobacco, and Firearms (ATF) and Alcohol and Tobacco Tax & Trade Bureau (TTB) where he served in various positions. For the past ten years he has assisted numerous alcohol and tobacco industry members with federal permit, product, tax, and operational compliance issues. He is sought after by cannabis processors, CBD processors, and alcohol and tobacco producers for guidance with regulatory matters.

LOY A. HAYNES (Tony), Federal Compliance Manager

Tony chaired the ATF Task Force to centralize the licensing and taxation functions of the ATF/TTB, U.S. Treasury, in Cincinnati, OH. He retired from government service in 2000, overseeing this function as the Director of the National Revenue Center. At the operational level, he held many high level regional and field positions to include Chief of Field Operations, in New York City, responsible for compliance, audit, and trade practices for the Northeast Region and the Caribbean.

Harry Bernstein - Executive Director

As general counsel of a beer and wine wholesale distributor for nearly two decades, Harry handled all legal matters including, contracts, franchise agreements, labor negotiations, as well as state and federal licensing and compliance. For the past 21 years, as an attorney, he has assisted individuals with health care matters and special needs planning, including representing clients at federal administrative hearings at the Social Security Administration.