



June 7, 2021

UPDATED INDUSTRY-WIDE BULLETIN 21-08

RE: Alert: Intensifying Incidents - Reports of Fraud

In January 2021, November 2020, and October 2020, the Marijuana Enforcement Division (MED) forwarded all Licensed Marijuana Business Owners an Informational Bulletin alerting of incidents of reports of fraud.

Since these bulletins were published, incidents of fraud continue to escalate. Overall, 48 accounts of fraud have been reported to MED. Approximately 20 percent, or one in five, have resulted in successfully defrauding businesses.

Numerous licensed businesses have reported that several individuals are attempting to scam or defraud Marijuana Businesses state-wide. Licensed businesses have reported receiving calls or texts from individuals using the following tactics:

- requesting employees download a private encrypted (untraceable) application to communicate through such as Signal or the employee's personal cell phone;
- reporting a pending inspection;
- requesting employees take photos of fire extinguishers, emergency alarms, exits, safes, cash and marijuana products;
- impersonating an owner, manager, or their attorney instructing employees to deliver cash from the business to a location off-premises (frequently a hospital parking lot) or to make a cash deposit into a Bitcoin ATM;
- impersonating law enforcement officers investigating counterfeit currency deposited at the business with further instruction to acquire prepaid purchase cards and disclose the card numbers over the phone or to deliver \$20 denomination bills to inspect for "authenticity";
- impersonating law enforcement officers investigating counterfeit currency resulting in the business's frozen bank accounts with further requests to deliver currency to an off-premises location for inspection;
- impersonating a marijuana industry supplier requesting to inspect the premises.

Often scammers attempt to build trusting relationships with their victims through frequent communication. In each call or text, the suspect disclosed business owners or managers' names and photographs and relayed pertinent information about the business to gain employees' trust. In 20 percent of the cases, suspects successfully deceived employees into delivering cash or providing prepaid purchase card numbers, defrauding businesses of tens of thousands of dollars.

All licensed employees must be vigilant to prevent these fraudulent attempts from becoming successful. Educating employees and preparing additional security measures is paramount. Business owners should create a protocol for the legitimate transfer of funds. Additional security measures may include creating a code word to authenticate valid requests for cash transactions from owners or managers.

All suspicious activities should be reported to local law enforcement for investigation.

After reporting to law enforcement, all Regulated Marijuana Businesses and Licensees are obligated to report to the MED any discovered plan or other criminal activity identified in Rule 3-205 (B)(3) and Rule 3-920(B). Reporting can be done on the MED website through the [MED Reporting Form](#).

For incidents specific to fraud attempts and prior to making any further communication with the caller, immediately contact MED Agent in Charge John Cohen at john.cohen@state.co.us or 720-361-7068.

Some fraudulent attempts included the impersonation of an MED Investigator. Aside from requesting a business card and/or law enforcement credentials, verifying an MED Investigator's status as a state employee can be done by using the following search tool created by the Colorado Department of Personnel and Administration:

<https://apps.colorado.gov/apps/oit/directory/start.jsf>

Another method of verifying an MED Investigator can be done by contacting an MED Agent in Charge listed here:

<https://www.colorado.gov/pacific/enforcement/med-contact-us>

Sincerely,
MED