

## INDUSTRY-WIDE BULLETIN

### RE: Alert: Intensifying Incidents - Reports of Fraud

In January 2021, the Cannabis Control Division (CCD) of the New Mexico Regulation and Licensing Department has been notified of an attempted fraud of licensed cannabis establishments by individuals claiming to represent the CCD.

The licensed cannabis establishments have reported similar situations where individuals had attempted to scam or defraud the cannabis establishment via calls or texts to the establishment, or to employees of the establishment. Similar attempts at scams or to defraud cannabis establishments have been reported numerous times in other states with a legalized cannabis industry, 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 (such as 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.

As the CCD has learned from cannabis regulators in other states, 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 immediately reported to local law enforcement for investigation.

After reporting to law enforcement, all New Mexico regulated cannabis establishments are directed to report to the CCD any discovered plan to defraud the establishment or other criminal activity concerning the cannabis industry.

For incidents specific to fraud attempts and prior to making any further communication with the caller, immediately contact CCD William Fresquez, at [William.Fresquez1@state.nm.us](mailto:William.Fresquez1@state.nm.us) or via cell at 505-490-1641.

The recent attempted fraud of the New Mexico licensed cannabis establishment included the caller's impersonation of a CCD compliance employee or investigator. Aside from requesting a business card and/or law enforcement credentials, verifying a CCD employee's status as a New Mexico state employee can be done by calling the CCD at: 505-476-4995

Sincerely,

Cannabis Control Division