



March 12, 2021

UPDATED INDUSTRY-WIDE BULLETIN 21-05

**RE: Alert: Escalating Incidents - Reports of Fraud
Social Media and the use of Secure Applications**

****Please take the time to read this bulletin in its entirety as additional information regarding recent fraudulent attempts are included.****

In October and November 2020 and January 2021, the Marijuana Enforcement Division (MED) forwarded Informational Bulletins to alert Regulated Marijuana Business Owners and Employees of numerous reports of fraud. The MED is providing additional situational awareness, highlighting the need for all licensees to continue being vigilant to all fraudulent attempts.

As reported in the previous bulletins, several suspects have attempted to scam or defraud Marijuana Businesses state-wide. Licensed businesses have reported receiving calls or texts from suspects:

- reporting a pending inspection;
- requesting employees take photos of fire extinguishers, emergency alarms, exits, safes, and marijuana products;
- impersonating an owner, manager, or their attorney instructing employees to deliver cash from the business to a location off-premises;
- 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;
- 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; and
- impersonating a marijuana industry supplier requesting to inspect the premises.

Recent fraudulent attempts include calls or texts from suspects:

- impersonating an employee from another Licensed Marijuana Business requesting information regarding manifests and packages;
- impersonating local fire department personnel requesting information regarding fire extinguishers and in one case attempted to obtain payment for a fictitious fire extinguisher order;
- impersonating an employee from Xcel Energy seeking immediate payment for a past-due account; and
- impersonating an owner requesting cash to be deposited into an account at a local ATM machine for a family emergency.

Continues on Next Page

Social Media and Secure Applications:

In most calls or texts, the suspect requested an employee's personal cell phone number, and once received, disclosed pertinent information about the business and employees. Often, the suspect provided owner and employee names and photographs retrieved from social media accounts in an attempt to gain employees' trust to further the fraudulent activity.

Suspects have requested that employees download secure applications such as WhatsApp Messenger and Signal to facilitate communication. Both applications have end-to-end encrypted instant messaging where only the sender and the recipient can read their own messages ensuring further anonymity.

In certain instances, suspects successfully deceived employees into delivering cash or providing prepaid purchase card numbers, defrauding businesses of thousands of dollars.

To remain vigilant to ongoing fraudulent activity, verify the call or text's validity with a manager or owner before taking any action.

Aside from requesting a business card and/or law enforcement credentials, you can verify a MED Investigator's status as a state employee by using the Colorado Department of Personnel and Administration's [state employee search tool](#).

Licensees may also verify a MED Investigator's status by contacting an Agent-in-Charge, using the [contact information provided on the MED's website](#).

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), [MED Rules](#) are available on the [MED Rules](#) webpage.

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