

# EAST OREGONIAN

## Banks still wary of 'cannabusiness' money

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There will be a lot to sort out, should marijuana become legal for recreational use in Oregon.

Though Washington and Colorado allow people to buy marijuana at their own pleasure, and 18 other states permit it as medicine, banks and credit unions are still reluctant to open accounts with businesses whose income is cropped from a marijuana plant.

Marijuana is still illegal to the federal government, and the Department of Treasury's stringent protocol for doing business with marijuana-based companies has made financial institutions reluctant.

In February, the Department of Treasury laid out a series of guidelines via its Financial Crimes Enforcement Network arm. The eight guidelines raise concerns about the potential of marijuana businesses to distribute to minors, launder money or fund terrorist groups. It requires banks to fill out "suspicious activity reports" if it opens an account to such a company and use due diligence to identify any of 11 "red flags."

In its summer newsletter, the Oregon Bankers Association said "the confusion created by the conflict between state and federal laws is compounded by inconsistency and uncertainty demonstrated at the federal level."

"We're still not comfortable with it as long as it's illegal on a federal level," said Keith Burghardt, chief administrative officer of Community Bank, which has 11 locations in Oregon and three in Washington. "The second thing is the requirements put out to regulate marijuana-based businesses are very rigorous. ... If you don't do it correctly, the bank may be held responsible."

Financial institutions have to keep a discerning eye out for whether a specific dispensary might make more revenue "than may be reasonably expected," or "deposits by third parties with no apparent connection to the account holder." Through August, 105 banks and credit unions across the country have opened more than 500 accounts for marijuana-based businesses, but have terminated nearly 480 for violating the guidelines.

"They would want us to be able to certify that the business is (following) the law," said Burghardt. "For example, in Washington, is the product from suppliers who are licensed? Are they selling it to minors when they're not supposed to be? That's not our area of expertise."

Still, some dispensers have found safe havens in a financial institution. Numerica, a credit union in Washington, has

Still, some dispensaries have found safe havens in a financial institution. Numenica, a credit union in Washington, has opened its vaults to marijuana businesses, although exclusively to growers and harvesters. Michael Parker, the owner of the medical dispensary Columbia Basin Compassion Center near Hermiston, conducts his business through Old West Federal Credit Union.

“A lot of people have this confused,” said Parker, who was rejected by another credit union before Old West took him in. “We’re not running millions, even hundreds of thousands of dollars through here. It’s just a very small business they were happy to accept at the bank. We’ve always had a good relationship with them.”


Parker said he hasn’t banked with Old West since the moratorium was imposed in May. Old West could not be reached for comment at the time of publication.

The National Cannabis Industry Association said they hoped the FinCEN’s guidelines would have opened business more than it has, however.

“It hasn’t quite worked out that way,” said Taylor West, deputy director for the NCAI. “There are some banks using this process, but it’s been a very slow rate of progress because it still leaves a lot of questions for the legal responsibilities of the bank.”

The inability to use a bank or credit union’s vaults has turned many marijuana-based businesses to mattress stuffing, cash-only enterprises, and in turn paying more for on-deck security to protect their money.

“It’s one of the biggest reasons why this issue needs to be fixed,” said West. “It’s not fair to send a dispensary owner with shopping bags full of cash to pay their bills and exposing themselves to the risk of robbery.”

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