

Banks shy away from Oregon's legal marijuana businesses

SALEM (AP) — Banks in Oregon are reluctant to deal with the state's new legal marijuana businesses because they fear a federal backlash.

Securing something as simple as a checking account can be nearly impossible for cannabis business owners, *The Statesman Journal* newspaper reported.

There are some exceptions, including Maps Credit Union, but even this financial institution takes precautions when it comes to marijuana business. The credit union doesn't advertise the accounts, for example, and businesses with accounts are asked to sign a non-disclosure agreement.

Other banks are wary of assurances from federal agencies that if they serve cannabis businesses they won't face money-laundering charges.

According to marijuana business owners, some banks have told them that serving their businesses could lead to the banks' losing their FDIC insurance. However, a 2014 directive from the Financial Crimes Enforcement Network, a division of the U.S. Treasury, provides some clarity on the issue.

Banks can serve those businesses, as long as they follow

strict anti-money-laundering procedures.

Nevertheless, pot business owners across Oregon have opened accounts only to have them quietly closed when the bank discovered the nature of their enterprise. Most are stuck conducting transactions in cash, including vendor payments and payroll.

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“By compelling Oregon business owners to operate on a cash-only basis, current federal laws are making marijuana businesses sitting ducks for violent crimes and perpetuating negative stereotypes. It is ridiculous to make any business owner carry duffel bags

of cash just to pay their taxes,” Sen. Ron Wyden said in July after he, Sen. Jeff Merkley and two senators from Colorado introduced reform legislation to Congress.

Cannabis business owners face other challenges. They often have trouble renting space because landlords fear banks could pull their mortgage for paying loans with money connected to pot.

Shane Saunders, vice president of operations for Maps, says they made their decision to be involved in marijuana business in support of community safety.

“The thought of some guy walking out of his business at night and going to an environ-

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ment where there might be lots of people, with \$25,000 in cash in his backpack to buy money orders just doesn't sit right,” he said. “We took the

comments by Senator Wyden to heart.”

Don Morse, director of the Oregon Cannabis Business Council and owner of the Human Collective marijuana dispensary, said he's had five credit cards discontinued because of his business. He can't remember the number of times his checking accounts have been shut down.

Norris Monson, CEO of several Oregon-based marijuana businesses, said he's had accounts closed for cashing checks from vendors with names including cannabis-related terms.

Morse said banks haven't disclosed why they closed his accounts.

“It's always like, ‘You know why we're shutting you down,’” he said.

Bank of America and Wells Fargo are some of the banks he said have closed accounts of OCBC members.

Bank of America did not return phone calls, but submitted a statement: “At Bank of America, as a federally regulated financial institution, we abide by federal law and do not bank marijuana-related businesses.”

Wells Fargo also submitted a statement: “The sale of

marijuana is still illegal at the federal level and as a result, we do not bank marijuana businesses.” When asked if pot-related accounts would be closed, Wells Fargo spokeswoman Lara Underhill said if bank policy isn't being followed, they “act accordingly.”

With the much-needed service Maps is offering, why is the credit union so secretive?

“It's such a weird place to be,” Saunders said. “Normally you'd love word-of-mouth. This is one area where we're not necessarily interested in banking every dispensary in Oregon.”

There are 334 dispensaries registered in Oregon. Maps handles accounts for fewer than 50 of them.

The credit union has a list of requirements a marijuana-related business must meet to maintain an account that keeps regulators happy — from financial checks to a requirement that they don't deposit money smelling like marijuana in the credit union.

Several credit unions in Washington have also found ways to cope with these high-risk accounts, including Numerica Credit Union in the Spokane Valley and Seattle-based Salal Credit Union.

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