



# Maine Credit Union League

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Neither for Nor Against LD 1529

## ***An Act to Reform the State's Adult Use Cannabis Seed-to-sale Tracking System to Allow for Canopy Tagging***

Committee on Veterans and Legal Affairs

*April 19, 2023*

Senator Hickman, Representative Supica, and Distinguished Members of the Joint Committee on Veterans and Legal Affairs,

My name is Krista Simonis and I am the Director of Governmental Affairs at the Maine Credit Union League. The Maine Credit Union League is the trade association for Maine's 50 credit unions and over 725,000 members statewide. We respectfully submit the following testimony neither for nor against LD 1529.

Since 2014, a small number of our credit unions have been providing financial services to members of the cannabis industry. Doing so comes with corresponding risks and required regulations. Credit unions must comply with the guidance set forth by the Federal Financial Crimes Enforcement Network (FinCEN) and are subject to regular examinations to by the National Credit Union Administration (NCUA) to ensure that they are following that guidance. Part of these requirements are that cannabis companies engage in tracking to prevent money laundering and ensure funds and product are not being diverted for illegal activity.

The 2014 FinCEN guidance<sup>1</sup> on providing financial services to cannabis related businesses cites seven requirements for financial institutions serving these businesses, these requirements include:

- (i) verifying with the appropriate state authorities whether the business is duly licensed and registered;
- (ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
- (iii) requesting from state licensing and enforcement authorities available information about the business and related parties;
- (iv) developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus recreational customers);

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<sup>1</sup> BSA Expectations Regarding Marijuana-Related Businesses | FinCEN <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses>

- (v) ongoing monitoring of publicly available sources for adverse information about the business and related parties;
- (vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
- (vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

Requirement (iv) requires businesses to keep track of the normal and expected activity. According to federal regulators, this includes the tracking and tagging of plants. By allowing the use of canopy tagging, our concern is that LD 1529 would once again loosen the requirements for cannabis companies to maintain compliance with state law. Any proposed change that would widen the gap between what is accepted by federal guidance and what is required at the state increases the challenge in providing cannabis banking in Maine. Currently cannabis businesses need to decipher the differing regulations between what is required by the state and what is required to access banking services. As much as possible, we would urge the committee to create parity between these regulatory requirements. Doing so will increase access and availability to banking service for cannabis businesses.

Credit unions exist to serve their communities. We want to make sure that the cannabis industry in Maine has a safe way to bank their cash and receive financial services. Large amounts of cash can pose dangers to businesses and community members alike. Tracking is a key component in offering financial services to both Adult-Use and Medical Cannabis. We would caution this committee to be judicious in any change in the tagging and tracking requirements.

The League would like to thank the committee for the opportunity to share our viewpoints. We are ready to assist the committee further if called upon.