

Hebert, Michelle

From: asher p <asherputterman@googlemail.com>
Sent: Tuesday, May 6, 2025 8:11 AM
To: Hickman, Craig; Duson, Jill; Timberlake, Jeff; Supica, Laura; Boyer, David; Chapman, Quentin; Faircloth, Sean; Fredericks, Ann; Frost, Sharon; Graham, Anne; Hymes, Benjamin; Malon, Marc; Terry, Parnell; Cmte VLA
Subject: follow up on bank account loss from increased regulatory demands

This message originates from outside the Maine Legislature.

I will preface this by saying, although I did not agree with the 50\$/month fee plus 1% on all cash deposits for our account, we have our other farm business account at this bank also and regularly deposit cash from our farmers markets and no extra fee is added for the time it takes them to count the cash from that business. That is the claim, its to offset the labor of dealing with cash, as if thats not what a bank is there to do in the first place. But this bank was nice to work with and particularly the person I'm emailing with did a great job advocating for cannabis account holders. When the bank began to ask for electronic spreadsheets for everything he stood up for us and said if OCP was ok with handwritten documentation then I should be able to submit that to the bank also. Which saved us from one more layer of time consuming data entry, especially as neither of us are very tech savvy and already have to keep exhaustive handwritten records as required by OCP. Below is our correspondence to date.

-First email from MSCU 5/1

Good Morning,

There was an email sent out by the Credit Union earlier notifying you that the board and management team have decided to exit the cannabis program. I'm sorry about this and feel bad about it as I have tried to build a good relationship with you over the past couple of years and you have been a good member. I believe what it came down to in the end was that due to increased pressure from regulators they decided instead of making the program harder and harder for you to comply with it made more sense just to not serve the sector anymore as a whole. You were already providing more than we ask from any other business type so to ask for more on your part, it just seemed unfair and ultimately very hard to satisfy our regulators.

I could not talk to you about this before they made their formal communication. Now that they have, I can share with you that this is not anything against you personally, and I apologize for this. It was an honor to serve you over the past few years, and I hope that in the near future the laws will change and make things easier on your industry.

As an example of what type of increase in the regulatory burden I'm talking about, I have to send the following request that needs to be fulfilled between now and the time you close your account by the end of August. For each month starting at the end of May, we will need to gather this additional information:

As we conduct our monitoring and due diligence efforts on your account, we will need to validate all deposits compared to total monthly sales. If you do not place all deposits from your sales into your account with our credit union, we may ask for additional documentation as outlined in the example below.

For Example, if you had \$20,000 in sales for a month and you deposit \$18,000 with our Credit Union, we will require documentation to validate where the remaining \$2,000 went. This could be in the form of a Bank statement from another financial institution you may have put the funds on deposit, an itemized receipt of a purchase you made in cash with those funds for any products/services, or a signed vault log that attests to the funds being in a vault at your place of business.

We appreciate your assistance in getting this documentation to us promptly. Please provide the requested due diligence documents within 30 days of the month's end. If we do not receive them within this time, we may need to place further restrictions on your account or, in some cases, close your accounts with the Credit Union.

I thank you for working with me to keep our program in compliance. I wish we had more say in making the cannabis banking rules, but unfortunately that just is not the case.

Please give me a call if you would like to talk about any of this.

Thank you

-My response on May 3rd.

Hey Federico,

I'm sorry to hear all that, looks like we just got a certified letter about all this in the mail today. Its been a pleasure working with you.

I do have one question as far as documenting the cash that we don't deposit because of fees. We don't usually spend everything we make every month and there's no other bank account we can deposit it in, therefore we're often left with cash under the mattress

scenario. Not sure how to document that in a way that would have a papertrail, unless I just write a personal receipt or something, when we have cash saved at home.

Also, can you elaborate anymore on specifically what regulators are requesting of you, I'm working with legislators to push on the banking in cannabis issue and I love to learn more about whats happening from the bank perspective. Which regulators are requesting this additional information?

I appreciate you always advocating for us,
Asher

-Their response to my questions on May 5th

Hi Asher,

Thanks for your understanding, though understanding is not really the right word since it's not like a lot of this makes any sense. I do feel like I'm letting you guys down. There are two primary regulators, the state of Maine Bureau of financial institutions and NCUA (national credit union admin). The NCUA is the federal regulator and the state (BFI) is the state regulator. As you know cannabis is still illegal at the federal level. The state pretty much goes by what the feds tell them so it's mostly driven by the federal regulators. The main issue is the rules they go by (Mostly the Cole memo) was written in 2014 and it is very vague. Different regulators (the people who come in to do audits) sometimes have different interpretations so it's hard to establish what the rules you need to follow actually are and they seem to always have new expectations.

Keep in mind this is my opinion on this and not any way an official statement representing Maine State CU.

For the documentation requirement, at the end of the month when I do your transaction analysis I'll compare your sales records you send me to your actual deposits. I'll email you what the difference is between the two, I'll send you a template via email you can plug your info into and then send it back to me and I think that will work. I'll have an option on there that says "holding the funds myself" or something of that nature. If I end up having to modify the process I will keep you in the loop.

Thanks for your patience,

Hopefully this offers some insight into what we're dealing with and helps you all to find a legislative path forward. This was the first bank that began to even serve Knox county as an option. I hope we can find another, some of our accounts only wish to pay with a check and if we don't have an account where we can deposit these checks we will lose those accounts. We also are in constant fear of losing our non cannabis bank accounts, our other business works primarily with brick and mortar florists and they all pay us with checks, also we are concerned to lose our farm liability insurance which would prevent us from participating in any farmers markets with our cut flowers.

Thank you for your help in finding a solution for us all.

Sincerely,
Asher Putterman

theflowerfarmme.com
onthemountainfarm.com

Hebert, Michelle

From: asher p <asherputterman@googlemail.com>
Sent: Tuesday, May 6, 2025 8:43 AM
To: Hickman, Craig; Duson, Jill; Timberlake, Jeff; Supica, Laura; Boyer, David; Chapman, Quentin; Faircloth, Sean; Fredericks, Ann; Frost, Sharon; Graham, Anne; Hymes, Benjamin; Malon, Marc; Terry, Parnell; Cmte VLA
Subject: examples of caregiver app questions and their legal vagueness
Attachments: Screen Shot 2024-02-12 at 11.57.02 AM.png

This message originates from outside the Maine Legislature.

Here's a snapshot from an application with questions that are required to be answered in the affirmative before the application can be processed. A couple vague questions make me wonder how they could possibly be interpreted. There is a constant sense of walking on thin ice with OCP, there's so many complex and often vague rules we have to follow, adding statements like this to the application does not help clarify anything. And no legal clarity is ever offered by OCP, we're instead told to speak with a lawyer, which is an expensive thing to do when OCP makes new and additional changes constantly.

Question F says "I may only operate or have medical cannabis at the address listed in this application." That seems to be aimed at stopping farmers markets type events which was not a legal right of OCPs, but also in statute a caregiver can vend cannabis from anywhere, so long as its done with a trip ticket and proper documentation and its not in a drug free zone or near a school etc, all laws that are in statute already. This seems to say differently and I'm required to sign this legal document in the affirmative before I can complete my application, so there's no option for questioning or clarifying this statement.

Also question H says "I will not sell, furnish, or give cannabis to a person who is not allowed to possess cannabis for medical purposes" Since the first mention of cannabis does not say medical cannabis, this seems to reach past adult use personal law and now says even though its a protected right for any adult over 21 to gift to any other adult over 21 up to 2.5oz of any personally produced or acquired cannabis outside of the medical program. That due to signing this, is that now illegal for me to do? just because I'm also a caregiver? Its vague and unclear legal language. This statement is not ok'd by the legislature but added into the application every year. Maybe it's unintentional but the legal language should be more clear in my opinion. A statement for H would make more sense if it said, "I will not furnish, or give "medical" cannabis to a person who is not allowed to possess cannabis for medical purposes" that one word changes the vagueness and brings this back into a statement that OCP can actually legally make and something that is in the law.

Thank you for your time in looking into this.

1. I have reviewed the rules and statute to allow me to execute my duties, rights and responsibilities as a caregiver under the laws and regulations governing the MMCP.*

Agree ☒

2. In the event that law enforcement, OCP staff, and/or their representatives question my status as a card holder, I must provide my registry identification card and current government-issued photo ID.*

Agree ☒

3. I will comply with inspections, as required, and refusal of entry could jeopardize my status as a caregiver.*

Agree ☒

4. I will comply with applicable regulations and requirements if I am producing edibles with medical cannabis or using pesticides in the cultivation of medical cannabis.*

Agree ☒

5. I understand that I may operate only operate and have medical cannabis at the addresses listed in this application.*

Select ☐

6. I will abide by packaging and labeling requirements as defined in MMCP rules and statute.*

Select ☐

7. I will not sell, furnish or give cannabis to a person who is not allowed to possess cannabis for medical purposes.*

Select ☐

8. I may operate one retail store to sell harvested cannabis to qualifying patients for the patients' medical use.*

Select ☐

9. I understand that it is my responsibility to know if Title 10, Chapter 501, Weights and Measures Law, applies to me, and if so, to have a certified scale.*

Select ☐

10. I may employ assistants to assist in performing the duties of the caregiver and they must be registered with the State of Maine in accordance with state law.*

Select ☐

11. I have provided my social security number or federal identification number for reporting to the Maine Revenue Service for tax purposes only.*

Select ☐

Hebert, Michelle

From: asher p <asherputterman@googlemail.com>
Sent: Tuesday, May 6, 2025 1:56 PM
To: Hickman, Craig; Duson, Jill; Timberlake, Jeff; Supica, Laura; Boyer, David; Chapman, Quentin; Faircloth, Sean; Fredericks, Ann; Frost, Sharon; Graham, Anne; Hymes, Benjamin; Malon, Marc; Terry, Parnell; Cmte VLA
Subject: Metrc diversion and current lawsuits as well as whistleblower recording
Attachments: metrc whistleblower lawsuit.m4a

This message originates from outside the Maine Legislature.

Members of the VLA Committee,

I'm using AI to help me track down and summarize some of the complexities of the situations you guys are responsible for legislating, that you might not be fully aware of. Happy to dig deeper on any of this if you have any questions.

There have been several notable incidents and legal actions involving Metrc and allegations of cannabis diversion:

- **California Lawsuit:** A lawsuit filed in California alleges that millions of pounds of legal marijuana were diverted to the underground market. The suit claims that Metrc notified state authorities of a loophole in the system but that the California Department of Tax and Fee Administration (CDTFA) was aware of the diversion and took no action. mjbizdaily.com
- **Whistleblower Allegations:** A whistleblower lawsuit alleges that employees at Jeeter, a cannabis company, were involved in counterfeiting products and moving Metrc-compliant products across state lines. The lawsuit claims that the FBI and California Department of Cannabis Control (DCC) ignored the multi-million dollar cannabis diversion. 420intel.com + 1greenmarketreport.com + 1

These incidents highlight concerns about the effectiveness of cannabis tracking systems and the potential for diversion.

A little about Glasshouse Farms, another large cannabis producer involved in some of the current legal battles involving Metrc and large scale diversion to the illicit market.

Glass House Farms, a leading cannabis producer in California, operates a substantial cultivation canopy. [Glass House Brands](https://GlassHouseBrands.com) + forbes.com + 8 Cannabis Business Times + 8

- **Greenhouse Footprint:** As of early 2024, Glass House Farms had over **500,000 square feet** of greenhouse space dedicated to cannabis cultivation. [Cannabis Business Times](https://CannabisBusinessTimes.com)
- **Expansion to 600,000 Pounds Annually:** With the addition of Greenhouse 5, the company increased its annual cultivation capacity to over **600,000 pounds of cannabis**

This expansion positions Glass House Farms among the largest cannabis cultivators in the United States, enhancing its ability to meet the growing demand in the California market

When **Glass House Brands** voluntarily **dropped its defamation lawsuit** against **Catalyst Cannabis Co.**, many observers speculated that it was done to **avoid the legal discovery process**, which could have required the company to produce internal records, communications, and sales data—potentially shedding light on whether or not diversion was happening.

Here's the situation in clearer terms:

- **Catalyst's Allegation:** Glass House was using "burner distros" to move product from California's legal market into illicit out-of-state markets like New York.
- **Glass House's Response:** Filed a defamation suit, calling the allegations false.
- **Glass House's Withdrawal:** They claimed it was to avoid wasting resources on a defendant (Catalyst) they alleged was financially unstable and using the case for harassment.

However, **withdrawing a lawsuit pre-discovery** often raises red flags, especially when serious allegations are on the table. Critics argue that continuing the lawsuit could have forced Glass House to **turn over records from METRC**, communications, and possibly data from retail audits—all of which might have revealed whether a licensed product was leaking into the gray or illicit market.

Several states have raised concerns regarding the implementation and operation of Metrc's cannabis track-and-trace system, highlighting issues related to ethical practices, transparency, and operational challenges.

1. Colorado

In 2018, Colorado awarded Metrc a "sole source" contract without a competitive bidding process. The state auditor questioned this decision, suggesting a lack of transparency and fairness in the procurement process. Additionally, there were concerns about the reliance on RFID technology, with some stakeholders advocating for alternative tracking methods. [CRB Monitor News](#)

2. Missouri

Missouri regulators faced criticism after a significant product recall involving over 60,000 cannabis SKUs. Despite Metrc records indicating that products passed testing, the recall raised questions about the accuracy and reliability of the data. Regulators emphasized that intentional falsification of records or non-compliance with testing protocols could lead to misleading results, underscoring the importance of stringent adherence to tracking and testing standards. [Greenway Magazine](#)

3. Oklahoma

Oklahoma implemented Metrc in 2021, but the rollout faced significant opposition from local cannabis operators. Complaints centered around the system's user-unfriendliness, steep learning curve, and the financial burden of additional fees, including \$0.45 per RFID tag and \$0.25 per package tag. Some operators argued that these costs were passed down to consumers, potentially impacting patient access to medical marijuana. [CRB Monitor News+3mjbizdaily.com+3greencountrymonitor.com+3](#)

4. Maine

Maine's Office of Cannabis Policy initially selected Metrc for its track-and-trace system but later rescinded the contract after BioTrack failed to meet key development deadlines. Subsequently, Maine re-engaged with Metrc, raising questions about the state's procurement process and the effectiveness of its tracking system. [CRB Monitor News+1maine.gov+1](#)

5. California

California's adoption of Metrc faced challenges, including delays and issues with system compatibility. Operators reported difficulties with data uploads and system outages, which impacted business operations. These challenges highlighted concerns about the scalability and reliability of Metrc's system in large markets. [mgmagazine.com+1Cannabis Business Times+1greencountrymonitor.com](#)

These instances reflect broader concerns about the ethical implications and operational effectiveness of Metrc's track-and-trace system across various states. Stakeholders have called for increased transparency, improved system functionality, and more equitable cost structures to ensure that the system serves the interests of both regulators and cannabis operators.

Comparison to Other Regulated Industries

Agriculture

- Farmers track crops primarily for yield and food safety using logs, barcodes, and, when required, USDA systems like GAP (Good Agricultural Practices).
- **No seed-to-sale tracking.** Instead, batch-level traceability suffices for most recalls or inspections.

Microbreweries & Distilleries

- Regulated by the TTB (Alcohol and Tobacco Tax and Trade Bureau) and local state agencies.
- Required to track **raw material inputs, fermentation, bottling, and sales**, but not at the granular, per-bottle RFID level.
- Most use **basic software or spreadsheets** and undergo periodic audits.

These industries maintain traceability and compliance without **24/7 surveillance**, and violations are addressed through inspections, audits, and stiff penalties—not constant tracking.

Many in the industry argue that:

- **Periodic audits, batch tracking, and point-of-sale data** could replace Metrc for most needs.
- **Small operators**, in particular, would benefit from a **compliance model that mirrors agriculture or alcohol**, with less micromanagement and more emphasis on **outcomes** (e.g., real investigations when diversion is suspected).

For Small Businesses:

- **Overhead:** Licensing + RFID tags (\$0.25–\$0.45 each) + compliance software = thousands per year.
- **Training:** Many need full-time staff just to manage Metrc input.
- **Tech Limitations:** Metrc is notoriously non-intuitive, with limited customer support and frequent outages.
- **Impact:** Many small farms, retailers, and processors say it's a barrier to entry and favors large operators who can absorb the cost.

I'd be happy to track down more information on any of these situations and ideas if anyone has any follow up questions or would like more data or citations. Attached to this email is an audio file of the whistleblower in one of the cases describing the technical aspect of how the system is used for diversion, something that could easily be figured out if the regulators and metrc were interested, as is stated.

Theres a lot to all of this and i'll do my best to not overwhelm you, hence the AI summaries. I appreciate all the time you are all putting in on finding a middle path forward for us all. Thank you for your service to our state.

Best,
Asher Putterman