



# Maine Credit Union League

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Maine Senate  
3 State House Station  
Augusta, ME 04333

Maine House of Representatives  
2 State House Station  
Augusta, 04333

President Jackson, Speaker Fecteau, Senator Timberlake, Representative Dillingham:

As you know, the Maine Credit Union League proudly represents all of Maine's 52 credit unions, representing around 725,000 members in Maine. The League is writing to inform you of expected upcoming changes to marijuana-related business (MRB) accounts held at Maine's credit unions. Recently, those Maine credit unions offering MRB accounts were informed by their financial regulators, that more is expected from them in the way of compliance requirements. While these standards are consistent with requirements being imposed on credit unions in other states, it represents an unforeseen challenge to both Maine credit unions and MRBs alike. Unlike other states, Maine has opted for a unique regulatory environment for MRBs, and we fear these new requirements could result in some MRBs choosing to be left unbanked.

The challenges and limited access to financial services for MRBs are well known and have existed since states started legalizing marijuana, which in Maine, began twenty-two years ago in 1999 with medical marijuana. Even though 36 states now have some form of marijuana legalization, marijuana remains a Schedule One controlled substance at the federal level. Because of this, access to financial services is limited for MRBs due to the regulatory requirements placed on financial institutions. These requirements are governed by the federal Bank Secrecy Act (BSA) which empowers federal agencies to oversee depository institutions; large or small, federally chartered or state chartered, for the purposes of preventing money laundering and the funding of criminal and terrorist endeavors. BSA enforcement is overseen by the Financial Crimes Enforcement Network (FinCEN). FinCEN then empowers other federal agencies, like National Credit Union Administration (NCUA), the Federal Depository Insurance Corporation (FDIC) and the Federal Reserve to enforce their BSA standards and regulations.

A small number of Maine credit unions have been offering MRB accounts to their members since 2014. These institutions offered accounts to MRBs in the spirit of service to these businesses and to their communities with the hope of reducing crime related to cash-only businesses. However, offering MRB accounts means increased scrutiny and regulatory expectations of the financial institution. That being said, prior to 2021, those Maine credit unions offering MRB accounts have all reported strong reviews from both state and federal banking regulators on their MRB programs.

In 2021, through a regularly scheduled routine examinations, banking regulators informed these credit unions that more oversight was now needed to maintain MRB accounts. Failure to meet

the expectations of the regulators could bring significant impacts to the credit union. The League continues to actively research and conduct advocacy efforts around this important matter, including outreach on a national basis to learn what is happening in other states.

To keep up with these increased requirements credit unions will need to purchase additional compliance systems, hire more staff, and contract added third-party resources. Each of these represents considerable new investments of time, resources, and money that credit unions must now make in order to serve MRBs. This will likely result in significantly increased fees in order to offset these costs. Another area of financial regulatory focus is ensuring that what is charged to MRBs fully funds the services provided to them. Credit unions cannot operate their MRB program at a loss to the rest of their members.

It is the League's belief that some of the information that MRBs will be asked to provide will seem excessive to some MRBs. Furthermore, Maine's medical marijuana laws offer more confidentiality than many other states. Given the fact that many MRB's put a high premium on confidentiality, it is likely that many will be reluctant to share the information now required by their credit union. However, failure to comply could result in the credit union having to close that MRB account, forcing that MRB to go back to operating as a cash-only business. This is not an outcome the League or any of Maine's credit unions want.

The news of greater reporting, due diligence and account reconciliation requirements, which will result in increased fees will be disappointing news to many MRBs, particularly so, given that nothing publicly has changed to explain why this is happening now. The laws, regulations, and guidance from both the Department of Justice and FinCEN have not changed in years, so why the change now?

The League can only speculate on the answer. However, we surmise that as the marijuana industry expanded nationally and revenues increased significantly, federal regulatory agencies determined, that a more robust interpretation of the FinCEN guidance is warranted. This stricter interpretation also represents a move towards a standardization of MRB compliance for financial institutions across the country. However, given Maine's MRB landscape, a "one size fits all" approach may lead to more Maine MRBs operating without a financial partner, a consequence that ill serves the industry and the general public.

The League has been working with state and federal regulators on this issue and will continue to do so. We believe that both Maine credit unions and the MRB members they support will need time and patience for these more robust regulatory requirements to be implemented. To assist MRBs, elected officials, and other interested members of the public, the League has launched a page on our website with information on the current status of MRB banking in Maine. The website is <https://mainecul.org/mrb/mrb-banking-in-maine/>

Additionally, the League continues to monitor and support the SAFE Banking Act under consideration in Congress. We are pleased that Maine's congressional delegation supports this important legislation. Passage will be critical to provide more access to financial services for Maine's MRBs. However, it is important to note that even if the SAFE Banking Act becomes law, it will not resolve the issues outlined in this letter.

While it is unlikely the League will take a position on many marijuana bills before the legislature, we would be remiss if we did not offer a word of caution moving forward. Our research has shown that Maine's medical marijuana program is less monitored and regulated than nearly

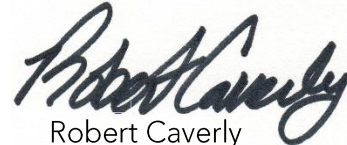
every other state. Furthering the distance between the regulatory environment seen in other states or even from Maine's adult use market could continue to exacerbate the current climate.

The League strongly believes that legal Maine businesses should have access to the whole suite of financial service options: depository accounts, business loans, and other products. We will continue to advocate for these opportunities for Maine MRBs, because it makes our communities safer, and it is the right thing to do. The League offers its assistance to work with any legislator, department, bureau, or interested stakeholder in navigating a path forward to bring greater financial services access to Maine's MRB community.

Warmest Regards,



Todd Mason  
President/CEO



Robert Caverly  
Vice President  
Governmental Affairs

Cc:

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Sen. Angus King, US Senate  
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