

Personal Stories Submitted to Senator Jeff Merkley
Senate Committee on Banking, Housing, and Urban Affairs
Challenges for Cannabis and Banking: Outside Perspectives
Tuesday, July 23, 2019

My name is Todd Theiss. I am the Owner/President of Redbarn Garden Supply LLC, Redbarn Pharms LLC and Redbarn Gardens LLC. I am also Owner/Partner of a property development company, real estate company and a loan brokerage company.

The first business we opened was Redbarn Garden Supply in Myrtle Creek. This business has nothing to do with cannabis. After that business was open more than a year, we opened a dispensary located in Myrtle Creek and one located in Roseburg. We are also in the process of opening one in Myrtle Point. We have a grow site in Myrtle Creek and will be starting our processing site in Myrtle Creek. Our main office is in Myrtle Creek. We plan to keep expanding our businesses.

When we started business as Redbarn Garden Supply we opened a business checking account and savings account at Wells Fargo. Transactions for this account were income from daily sales, which had nothing to do with the cannabis business, and expenses pertaining to the store. We didn't have any issues until we opened the dispensary, which did not have a bank account at Wells Fargo. Wells Fargo informed us that they would be closing our accounts. When we questioned why we were told they weren't required to give us an explanation. However, we were able to determine that is was because they believed cannabis money was being funneled through the account. It wasn't.

We opened a business checking account with Banner Bank in February 2019 and by June 2019 we received a letter stating they had elected to close the account with in 1 week. Again, they stated they didn't have to give an explanation, but we assumed it was for the same reason. It has taken more than a month to get this account replaced and we fear that it will be closed too.

It took us almost 1 year to find a financial institution that would open accounts for the cannabis industry. We were able to open accounts for 1 dispensary and the grow site business. The downside is that the branches are 2 hours away, so we are traveling the I-5 corridor between Myrtle Creek and Salem with thousands of dollars in order to make deposits, get change, etc. We feel strongly this is unsafe. In addition to the inconvenience the fees that are charged monthly are extremely high, but we are paying them because we need the bank accounts. Because of the added amount of cash in the businesses we have had to increase security and install additional safes. We don't want to have the cash in our businesses, but we can't get bank accounts.

As I mentioned I have a real estate company and a loan company. These businesses had a total of three bank accounts with U.S. Bank for 40+ years. My father who has a business and has NOTHING to do with any type of cannabis business has an account at U.S. Bank. Last year we received a letter from U.S. Bank stating that all 4 accounts were being closed and no reason as given. After asking some hypothetical questions we discovered that the accounts were being closed because they thought maybe cannabis money was going into the accounts. They stuck with that explanation even after they admitted that an internal audit showed to evidence of cannabis money going in or out of those accounts. PLEASE know that we never did anything with those accounts that wasn't from real estate or loan business. I had to open the real estate and loan accounts with Umpqua Bank. We are stressed every day that we will be getting a letter closing those accounts. Trying to find another bank that would be convenient, and accommodating will be next to impossible. As for my father's account I had to sign a form stating that I would never deposit money into that account, and he had to remove me as a backup signer. This letter from U.S. Bank is what started the domino effect for all other accounts.

The other thing that has happened is that several of our employees have had their personal bank accounts closed. Their credit card accounts closed. Partners of the LLC's have had their bank accounts closed, credit card accounts closed. Even more unbelievable spouses of employees have had bank accounts closed. We have employees that are afraid that they will have mortgages or loans cancelled because they are tied to their own banks or other banks.

We desperately need an open and accepting banking industry.

Respectfully,

R. Todd Theiss , Owner/President, Redbarn Cannabis, Myrtle Creek, OR

Stephani Nicole, California

Following up with you directly about a bank issue my company, JadeHouse Extractions, had. We had an account with a branch of a bank called Pacific Banking Corp and had an awful experience, almost went to the point of litigation. Most of the time we couldn't wire money out on time and when we tried making deposits wouldn't deposit them into our account on time and essentially made every move we tried to make extremely difficult and would take over a week at times. It got to the point where they would not let us make any wires out at all (mind you we had no debit/credit card or other way to move money in or out of our account). They didn't officially freeze the account but they made it so it was not possible for us to access the money in the account. It got to the point where we essentially felt like we were a hostage to the bank. Took several weeks until we were able to finally wire our money out of that account and close it. We've been struggling/scared to try and find another solution since.

Sheryl Mizicko- Ideal Harvest- Denver, CO

I provide ancillary equipment and services - consulting, equipment and technology and do not even touch the plant. Have been kicked out of 2 banks in 2 years. Have been told that I am a bigger risk than growers because I didn't go through a background check to do business and am not consistently monitored by the state -and I'm risky because I get paid with money from drug dealers/an illegal enterprise (again I'm like any other company in any other industry and I only sell to licensed growers, extractors and manufacturers. I am now with a credit union and it's going great, but I worry constantly.

[Yvette Williams](#) I have had 8 bank accounts. We have been in business for 10 years.
Colorado

[Amanda Maye](#) Trinidad, CO

We had a Wells Fargo account, and started a hemp business, HEMP, under the 2014 Federal Farm Bill, went through the Colorado Dept. Of Ag. Wells Fargo said they would no longer service us and closed our account. Ended up with a bank based out of Trinidad CO, although they eventually closed our account too. It was one of many factors that made industrial hemp not a cash crop as it was purported to be.

Heather Schafer California

In 2017 Wells Fargo shut our law firm bank account down because we were offering educational seminars to the cannabis industry. Over the last 4 months we have been to 5 financial institutions in the county we are helping to get set up with Commercial Cannabis activity, and 4 of the 5 said no because they won't touch any business that services the industry and the 5th told us that they would not be able to handle the amount of cash required for even 10 cannabis clients.

Jessica Tonani, Washington

We only do research on cannabis. No sales or “trafficking” and we were shut down by Chase. We now bank with a great local credit union, but are charged a monthly audit fee even though we have zero sales.

Bridget Goldsmith McKee Colorado

CC processing is my big issue. That's how they are literally choking out the small farmer. I have a tale to tell. Hoping for big progress next week. What's going on in banking is criminal.

Courtney Bailey Humboldt, California

We were recently shut down by Wells Fargo after they crosschecked licenses issued by the CDFA. Myself and others in Mendo received the risk assessment letter dated the same day. I can share the letter with you. Bank of America shut my business credit card down a week later.

There is a Credit Union in Southern Humboldt that is affordable and willing to work with plant touching businesses. Other credit unions and companies are charging \$12k-\$36k a year for audit fees plus transactions fees.

[Sara Walker](#) California

Just got shut down by Chase today and we are bookkeeping and accounting.

To Whom it May Concern:

As a CFO and Accountant working in the cannabis space the last five years, as well as providing Cannabis accounting education to over 300 member Accounting firms in over 40 states, myself, my clients, and my students and their clients (numbering in the 100's, if not 1000s) have had major issues finding banking and getting accounts shut down. This is a huge national problem and it makes no sense to have a state legal industry that is required to pay tax dollars federally and locally that has no access to banking.

The result of this high cash system is likely fraud, theft, and lower tax payments to the IRS and state. We speak all over the US on many topics around accounting and tax, but none is more urgent than the banking and merchant services issues these companies face.

Please fix this immediately!

Andrew

Andrew Hunzicker, CPA
CEO/Managing Partner
DOPE CFO/CFO Bend
www.dopecfo.com
Bend, OR

I have had a bank account with us bank for about 20 years here in Vernonia. We opened our little dispensary in September 2015. The people at us bank have always been super nice and understood the banking situation that we were dealing with. This year though when I paid our federal tax, it was a good sum but I just wanted it taken care of. Well I guess that was a red flag to us bank corporation and they closed my account. For paying our taxes. It was been difficult to maintain a business without a bank account. Now I have a personnel account with a credit union, but not a business account.

Pretty bad when you get treated like this just for paying your taxes.

Sincerely,

Wendy Brisbin
Owner
Vernonia's natural choice
Vernonia, OR

To whom it may concern,

My wife and I quit our jobs, cashed out our 401ks and refinanced our home in order to open up our dispensary almost 5 years ago. We have no big investors or partners with funding. Since then, we have been recognized as one of the best and most compliant dispensaries in Oregon by receiving numerous awards and honors. Both My wife, Jaime and I have over an 800 credit score, but can't get approved for a mortgage. We are forced to pay higher than market rent, high insurance premiums, and a dramatically higher tax rate. Due to the fact that we are in the cannabis industry, everyone feels they can charge a premium for things that every other business takes for granted. We are expected to be grateful for the ability to even have these regular services. Banking is no different for us. Very few banks will even allow us to use them, and the ones who do require invasive reporting, and excessive fees. Our daily business suffers, since we aren't allowed to have credit card machines, forcing us to deal in cash. This creates a safety risk for my business, and employees. Our industry continues to expand into other states, Canada has legalized nationally, and the momentum won't stop. Correcting banking regulations regarding a completely legal, state licensed business that has shown that we just want to be treated like every other legal business in this country. Please help by backing bank reform for our industry.

Thank you

Shea Conley
MindRite
Oregon

The cannabis industry has many challenges ranging from strict regulation, excessive taxation, to outright discrimination. All these require a significant amount of energy and creativity to address. None so much as access to financial services. As co-founder and CFO of Sun Breeze Inc, a vertically integrated company holding OLCC licenses of various types, I have put more effort in simply acquiring and maintaining a simple bank account than most business would on a whole department. In truth it has been a full-time position managing the large stream of cash inherent in a business that banks are unwilling to work with. Over the course of our five-year adventure we have been denied every application for banking, open and lost multiple accounts set up for parent, sister, and ancillary companies. The situation has forced us to transport significant amounts of cash over great distances simply to reimburse the State of Oregon the sales taxes we have collected on its behalf. Once I arrive in Salem to make such a payment, I receive insult to injury as I watch the state employee take its revenue from the cannabis industry and put it straight into a bank deposit bag. How is it that the state has access to the federal banking system for its share of the proceeds in the industry? The rest of us are forced to buy money orders to pay standard business expenses and bills and in doing so we must hope the vendor doesn't decide to deny access to that service as well.

In addition to being unable to access banking services, merchant accounts, or other financial products, our company has specifically had prepaid accounts closed, merchants refuse to sell us money orders, had our ability to purchase gift cards denied and generally treated as criminals by the financial community at large. It has only been recently that MAPS credit union based in Salem, Oregon has relieved some the pressure by offering limited access to financial services. This has help significantly, however still requires the transportation of large amounts of cash over a large distance as MAPs only has branches in the Salem area.

The only issue that compares in significance to banking for the cannabis industry at large is that on the subject of taxation and effect of IRS code 280e. Opening the doors to offering standard financial products to cannabis industry businesses will not only reduce the significant risk associated with conducting business, allowing the industry to mature naturally , but it will also provide the means for cannabis businesses to pay the federal income tax, which can only be done through a financial institution such as a bank.

Change to banking restrictions for the cannabis industry is long overdue as those of us in the industry have proven we can operate responsible businesses, contribute to local jobs, generate taxes, and provide safe access to consumers interested in legally grown cannabis. We ask congress to help state legal cannabis businesses like ours bank like all other Americans.

Jon Cunningham, CFO

Sun Breeze Inc

A Family of Companies Working to Ensure Safe Access to Quality Healing Herbs.

www.sunbreezeinc.com

Salem, OR

Hello:

We have had three banks cancel our bank accounts after they found out we were in the cannabis industry. Banner Bank, Peoples Bank and Northwest Community credit union. We recently were in the process of making application with Bank of the West but were told that we couldn't have account since we had hemp and thc on the property. As a result, we operate in cash, driving our utility payments to the different locations as well as paying the IRS, SAIF and Department of Revenue with money grams.

We also opened three bank accounts at Maps Credit Union in Salem at a cost of \$500 per month per account. It took months to finally get the accounts in place. It has been a totally frustrating experience. It would be wonderful for all of us in the marijuana business to be able to enjoy banking like so many of our associates who are not involved in cannabis. Any help you may have would be greatly appreciated.

Deborah Gadberry
Salem, OR

I opened our medical dispensary in 2014. Before we had our license I went out and opened five bank accounts. I currently have one left. The only reason that I have that remaining account is because I only use it for IRS payroll tax payments and some very small on line or incidental purchases at local stores. I am lucky to be able to have this account for the IRS tax payments because there is a \$500 penalty if you do not pay electronically. They waived it for me once when I paid with a money order. But if you continue to pay via money order or check the fee applies.

How do I do business? We pay for all of our inventory purchases with cash. That means that all of that money is on hand in our safe. It also means that many vendors are driving around the state with thousands of dollars on them at any given time. In order to make sure that I am keeping track of my purchases and balancing the amount of cash I have on hand, I write up an invoice for every purchase that I make from cannabis vendors and I ask them to count the money in front of me and then sign off on the invoice. I then keep a paper ledger as well as a computer file for my accountant. I count the cash I keep in reserve daily to make sure that things are in order. All the cash moving around takes quite a while to manage. I have a few friends who are accountants and they can't believe what I need to do to keep the books in order. I also pay my employees in cash in much the same way. I write up an invoice that they sign after they count their pay and they return it to me.

Other bills are paid with a money order. I am lucky to have a Walmart in town for some of the monthly bills that I pay with a money order. But I need to spread the purchases around so that the store doesn't get suspicious. Walmart has the most liberal policy as far as the amount of money orders you can purchase at a time. I can't exceed 1,000 or there are questions that I can't answer truthfully. I travel to Springfield, Eugene and Salem (when I drive up with my monthly Marijuana Tax Payment to the Department of Revenue) and spread out my purchases there.

My town is 90 minutes from Salem and I make that drive monthly to make my tax payments which range between \$6000 and \$10,000. I am a small store, so I don't have much compared to larger shops. To make it a more manageable size, I make sure to pull all the \$100 and \$50 bills I can when I separate my tax money at the close of the week.

I don't use a credit card or debit service because I need the one account that I still have. There are plenty of companies that would love to help me out with processing transactions but when I ask if they can get me an account they can only say 'No' or offer to try and get me an off shore account that would be expensive and very cumbersome to use. The merchant services that are willing to try and work with us charge much more as far as transaction fees go. I have seen anywhere between 3%-6% and sometimes with an additional fee.

There is a credit union in Salem that will work with cannabis business in their county OR if you are a member of ORCA (Oregon Retailers of Cannabis Association). The fee is \$500 per month and a VERY large packet of documents that must be filled out to gain the account.

We do have an ATM account in our store that is not affiliated with our business. The ATM account enables me to let customers pull out cash for purchases.

Please let me know if you have any questions. Thanks so much for bringing this to the forefront and pushing for much needed change!!!

Colleen Valley, General Manager, Apothecaria
Cottage Grove, OR

To Whom It May Concern:

I have been asked by ORCA (Oregon Retailers of Cannabis Association) to write a letter about my personal experiences with banking and the cannabis industry.

I moved to Oregon from North Carolina in the middle of 2017. When my father passed away in 2008 he had left me several inherited retirement accounts (Inherited IRAs) which I had administered by Ameriprise. I had discussed the move with my advisor in NC along with my intention to work in the cannabis industry in OR. Indeed, I received my Oregon Cannabis Worker's Permit while still in NC to ensure the fastest acquisition of a job upon arrival, and I even showed this to her.

When I arrived in Oregon, I arranged for a new Ameriprise advisor in Eugene. After meeting with him, he told me that he had heard that Ameriprise was actively comparing a list of social security numbers of registered cannabis workers with the social security numbers of their clients. If they found a match, they would preemptively liquidate all accounts and send the client a check. It turns out they were probably comparing the list of businesses registered for a license and he was mistaken, but when he told me that it scared the shit out of me and almost made me physically sick.

First, it can be well documented that the contributions to this particular IRA had come entirely from Duke University where my father worked. It's impossible to make contributions to an Inherited IRA. The only option is to make withdrawals so the notion that the money came from a cannabis source is illogical. Secondly, liquidating any retirement account would incur massive fees and taxes, and to do so preemptively without client approval is probably criminal – or it should be.

Having overcome the nausea, I contacted Oregon Community Credit Union and they said they'd be happy to take my money as long as it wasn't a business account in the cannabis industry. They didn't care about employee income. I promptly moved all my assets to OCCU and have been with them ever since.

Regardless of if the Ameriprise individual was mistaken, this is an indication of the paranoia and ludicrous lengths the financial institutions are willing to go through because the federal government is unwilling to listen to the majority of the citizens in this country. Banking reform is only the first step in fixing the quagmire our elected "representatives" have gotten us into. Nothing less than treating cannabis with the same restrictions as tobacco and alcohol will appease me.

Thank You,
Chris Smith-Naill
Deadwood, OR

Hello,

I operated Oregon Cannabis Law Group (“OCLG”) until 12/31/2018 when we merged with Green Light Law Group. OCLG’s bank accounts (both my operating and lawyer trust accounts) were abruptly shut down with no notice, crippling my ability to do business, and leaving me momentarily out of control of my clients’ funds. As an attorney, this was extremely worrying, and I had to contact the Oregon State Bar immediately because of the issue with my trust account. Luckily, I had a good relationship with one of the branch managers, who was able to pull some strings to get me cashier’s checks for all my account balances, and who unofficially confirmed that the shutdown was because of my dealings with legal cannabis clients. At my next bank, although they never shut me down, they called me in for numerous meetings where various transactions were scrutinized, and asked me invasive questions about the number of cannabis clients I represented.

I hope this is helpful, thank you for your efforts to improve the terrible banking situation in our industry.

Best,

Andrew C. DeWeese | Attorney
Green Light Law Group, PC
Portland, OR

7/19/2019

Dear Senator Merkley,

I am writing in support of SAFE Banking Act (S.1200). As CEO of Tokyo Starfish, an Oregon Cannabis Business that has 5 active OLCC licenses and employs over 55 hard working great Oregonians, we believe that a legal state business should have the right to have banking options available to us.

The banking restrictions on our business is the major outlier that prohibits us from operating like a normal legal business entity. We are required to operate within rules and regulations set up for businesses by the state of Oregon and the Federal Government, which include proper financial tracking and payments for taxes, employees, registrations, licensing etc. Yet without the ability to have a bank account, we are extremely hamstrung with fulfilling these obligations. Instead we are forced to find other solutions that cause more time, energy, money and risk for ourselves as well as other business operators and state employees.

We have been able to initially open bank accounts to attempt and operate above board, to only have them shut down. When these bank accounts get shut down, they also close any personal accounts associated with the business owners causing tons of work to facilitate new accounts and operations. Yes, there are a few credit unions that are allowing accounts for the cannabis industry, but with extreme oversight and exuberant costs. These accounts, for three licenses, would cost our business over \$20,000 per year.

Finally, we are the most regulated industry every in these initial stages of our business. I simply ask, what is easier to audit and keep track of, a bank account or cash stockpiled somewhere? With over \$266 million in tax revenue generated by the cannabis industry for the State of Oregon please help us have banking so we can easily continue to pay our taxes and operate our legal businesses.

Thank you,

Kale Gray

I understand that Senator Merkley is seeking comments from the state-legal cannabis industry regarding their struggles with banking. I am general counsel to a company with multiple licenses at the retail, wholesale and producer levels. We currently have no banking whatsoever, and are running about \$5 million + in cash revenue. The lack of banking makes the receipt, counting and payment of bills and payroll an incredibly time-consuming process, and creates significant risks and other challenges.

For example, in order to pay our monthly sales taxes, we have to physically take piles of cash to the Oregon Department of Revenue building. That process can take several hours to count both at our facility and at ODR. The transportation of that much cash (upwards of \$80,000 per month) creates safety risks for the personnel making the payment.

Furthermore, there are several payments that can only be made online via a credit or debit card in order to remain in compliance under state law – in particular Metrc tags, which are state-mandated. The only way we can pay for these state-mandated supplies is to have an employee pay for it out of their own personal bank account.

Relatedly, I am aware of several attorneys/law firms who have performed legal work for state-legal cannabis companies who have had their bank accounts frozen and closed by their banks. One of them was the law firm I was working for last year. There was no notice and it took several weeks to get the funds taken out of the frozen account, and was incredibly disruptive to the firm's clients and employees.

Please let me know if you have any further questions or need clarification of any points. My contact information is below.

Kevin J. Jacoby
Attorney at Law
Salem, OR

My husband, Tony, and I created Shah Saffron CBD, a startup in Grand Rapids, Michigan.

We tried to obtain a business checking account with the credit union where we personally bank but were denied. We managed to open a checking account with another credit union and were shut down a few days later once they figured out "what" we were. I researched "CBD-friendly banks" and found Chase and Bank of America allegedly were open to our industry. I called to confirm before going down to Chase and even the banker at the branch confirmed we could open a business account but again, we were shut down about a week later. I've befriended a helpful woman at Bank of America who checked their policies and is challenging upward to make sure that we can open an account. We are now engaged in the application process of a compliance-based electronic payment hub that will hopefully approve us so that we can continue the process of securing a few merchant services accounts. We are held up with two companies due to not having a business checking account.

Securing a merchant services account has been even more difficult.

If you need any additional information, please call on me to help! Our purpose is to help people live better lives and be comfortable in their bodies, minds and hearts.

Sincerely yours,

Ape

--

April Moayyer
CEO/Owner
www.ShahCBD.com
Grand Rapids, MI

Hello,

My name is Ramsey Hamide. I am a co-owner of Main Street Marijuana. We are the largest dispensary in Washington state the past 5 years, with over 100m in sales.

I have seen many problems the last 5 years not having proper access to banking. The first and most dangerous situation was when we first opened in 2014 and didn't have state Credit Unions to service our stores. We would pay all our employees in cash, and have hundreds of thousands of dollars in cash in the store at any given time. There were times where we had to make monthly excise cash payments to the Washington State Liquor and Cannabis Board all in cash. These payments were over \$500,000 in cash. It was extremely dangerous to be storing, and transporting that much money in cardboard boxes at around the same time every month. We were always fearful of being robbed, or murdered.

Outside of the operation of our business, my family and I have faced real world repercussions. The best example would be a couple years ago when JP Morgan Chase decided to shut down the accounts of my then 88 year old grandmother who is in assisted living. Because my mother has been a beneficiary on my accounts since I was a teenager, and she is also the beneficiary on my elderly grandmothers account, that link was enough for them to shut down both of their personal accounts. My mother and grandmother have never bought, or been involved with the marijuana industry. Imagine shutting down the accounts of an 88 year old woman with Alzheimer's, because her grandson is involved with state legal and licensed marijuana businesses.

In addition I have personally had my accounts shut down from JP Morgan Chase, E-Trade, Scottrade, last month Wells Fargo, and RBC is pending. I pay \$2,000,000 a year in taxes to the IRS without being able to deduct any of the expenses of a normal business, such as the 115 employees we have. Our stores pay almost \$1,000,000 PER MONTH to the state of Washington in excise and sales taxes. Yet I cant even have a debit card from Wells Fargo.

Our 3 stores generate almost \$1,500,000 a month to the IRS/State in taxes between all stores/owners. Everything we do is open and transparent, tracked down to the individual unit to maintain traceability. Why am I treated like a criminal for having my money in a bank account, or trying to buy stocks? Why are my elderly, sick, grandmothers accounts shut down at a time in her life when she doesn't even recognize her family? Nationwide there are hundreds of thousands of family's that own or are employed in the marijuana industry. We are the ones bringing marijuana out from the shadows. Making sure its tested and safe. Paying the taxes, keeping the revenue from criminal organizations, and out of the hands of children. Please let us operate like normal business owners/employees and make sure someone elses elderly relative isnt the next to suffer from no fault of their own.

Ramsey Hamide
206-552-0020
rhamide@gmail.com
Washington

Hello, I have a nurse consulting business named Smith Cannabis LLC located in Portsmouth Virginia. I do not deal in cannabis products of any kind. I merely provide education about cannabis therapeutics to healthcare providers, patients and anyone who desires. I attempted to open an account at BayPort Credit Union last summer. However, the credit union turned me down based on my business name. Unfortunately, all my expenses must be put through my personal accounts. I have been able to use my business expenses as a tax deduction. It is wrong to deny individuals access to banking based on a word "cannabis". Here is my website <https://smithcannabisllc.com/>

Sincerely,
Llewellyn

Llewellyn Dawn Smith, MSN RN
Smith Cannabis, LLC
Treasurer, American Cannabis Nurses Association
Endoscopy Nurse, Sentara Obici Hospital
Staff Nurse, Ambulatory Surgery Sentara BelleHarbour
Nursing Instructor, Sentara College of Health Sciences

Our law firm used to be named Cannabis Counsel® P.L.C.

Most of our work is assisting clients seeking licensing by the State of Michigan.

Citizen's Bank closed our account.

We moved the account to Chase, and they closed it a few months later.

We changed our name to Rivertown Law Firm, P.L.C., and used an account at Chase which we opened in the new name.

Cannabis Counsel® is now an assumed name owned by Rivertown Law.

It was a big hassle for us.

Matthew Abel

Matthew Abel

matthew@cannabiscounsel.com

Cannabis Counsel®

Lawyers Who Roll The Right Way®

Registered Trademarks of Rivertown Law Firm P.L.C.

d/b/a Cannabis Counsel®

Executive Director, Michigan NORML

Detroit, Michigan

The Cannabis Cultural Association is a non-profit education and advocacy organization based in New York. While we do not engage in any aspect of cannabis commerce, we have a history of being denied access to regular banking services simply due to the topic of our advocacy.

Despite having been granted 501(c)(3) status in 2017, nearly every major banking institution denied us basic services. For months, our efforts were hampered due to the inability to function even though we are a legally compliant non-profit corporation.

After a prolonged search, we were able to identify a local bank that was willing to take us on as a client, but we are not able to access rewards programs or ease of use tools that the major banks provide.

The Cannabis Cultural Association looks forward to the day we will no longer be discriminated against by major institutions so we can benefit from the various programs they make available to every other aspect of our society.

Nelson Guerrero
Co-Founder and Executive Director
Cannabis Cultural Association
New York

I'm offering this letter to assist Senator Merkley to support [SAFE Banking Act \(S.1200\)](#) at the hearing this week. I've copied my attached letter below for your convenience to view it.

The main reason I need a bank account, is to PAY MY TAXES (federal income taxes at a rate higher than any other industry in the country, thanks to 280E, instituted in the 80s to deal with big time drug dealers deducting the cost of their criminal activities). Neither the federal government nor the the State of Oregon want me to pay my income taxes, employee withholding taxes, or unemployment insurance premiums, with cash, and I cannot blame them. The Oregon Liquor Control Commission, the authority overseeing the recreational marijuana program, makes paying the 20% state marijuana tax procedurally easy, but driving once a month \$40,000 of cash an hour north to the state capital, and walking into the Department of Revenue building with it to the elevator bank is often nerve racking, since an ambitious, intelligent thief might very well know that marijuana retailers often pay their taxes by this method.

Other obvious reasons why it is highly convenient to have a bank account to conduct business include: paying employees by check (safer), paying all manner of bills with credit cards (so that tracking expenses in the bookkeeping process is well documented), being able to receive basic merchant services payments for credit/debit card transactions (like any normal business).

I have lost countless bank accounts and some credit cards because of the federal illegality of our business. This has negatively affected my personal banking and credit situation, since the incentive is for me to be less than completely candid with my personal bankers, lest I lose the ability to even hold a personal bank account, much less a normal business account. We are licensed businesses, more highly regulated than most others, from the scrutiny paid to our personal backgrounds to the comprehensive security surveillance systems that we must provide and maintain to surveil ourselves for the state regulatory authorities. Without access to regular banking services, we are compelled to conduct an unhealthy and unseemly amount of business in cash, which makes us look the tax evading criminals that we and the state do NOT want us to be. All to pay taxes at the highest rate in the land!

Lawrence Siskind,
Eugene OR

I have a 502 business in Washington state and have not been able to get a bank account since 2013.

I am a medical patient and not having a bank account leads to all sorts of problems.

Things people take for granted like paying their rent online is something I cannot do simply because I'm not allowed to have a bank account?

I must have Cannabis to control my epilepsy and should not be denied access to the same banking everyone else has access to.

Cecilia Silvertson
Washington

Please accept this letter as a demonstration of our support of the Safe Banking Act (S.1200) and our agreement that critical reform for the cannabis industry is long overdue and badly needed. Cannabis Nation, with 90 employees, is one of the top five largest cannabis employers in the State of Oregon. As a company that prides itself on compliance, we have had to face and overcome a myriad of challenges that exist only in this industry and are exponentially worsened by the lack of access to safe banking.

We have had many bank accounts, and all have been shut down – Wells Fargo, Chase, Key, Bank of the West, and just last month – Umpqua. This of course, has a ripple effect and results in many of our other services being shut down including payroll.

We have had numerous payroll services, and all (except the current one) have been shut down – ADP, QuickBooks and Am check. This resulted in some employees receiving 4 W-2s in 2017 and the following comment from our CPA “What a profound mess!”.

Challenges with Banking:

1. Payroll - Paying employees has always been one of the biggest challenges we face. With no access to banking, we were forced to pay employees cash and track all taxes and deductions and pay those with cash or money orders.
2. Recordkeeping - Vendors were and many still are using cash and were often reluctant to give receipts for purchases because the transaction was federally illegal. In the early days of the cannabis industry, many were advised by accounting professionals not to create a paper trail the government could use against them.
3. Sales Tax was paid in cash. Each month, one of the owners would drive tens of thousands of dollars of cash to the Department of Revenue in Salem.
4. The banking option we were finally able to access came at a very high price - \$1,000.00 per account per month. We have five locations subject to that fee. In addition, there are excessive and somewhat repetitive reporting requirements.
5. Benefits – We cannot provide the benefits our employees desire. Just last week our 401K program was discontinued by the bank that processes the payments citing our industry code.
6. Professional services – Accessing top professionals to assist with basic needs of the business – accounting, legal, human resources – is difficult and we are stuck with whoever will do it. They do not want to process a check from a cannabis company because they fear their account may be shut down.
7. One of our owners had his personal accounts shut down by Chase even though he had been a member at that bank since he was a teen.
8. One of our employees had his personal bank account shut down after one of our business accounts was shut down.

Thank you for allowing Cannabis Nation to share our experiences and we hope it, along with the experiences of others, helps propel the act to law.

Laurie Dart, Finance Manager

Cannabis Nation
Oregon

I'd like to thank you for all of your hard work to help end the archaic and illogical laws resulting from cannabis prohibition. My business partner and I are starting up a cannabis processing facility in Hillsboro, Oregon and have encountered many obstacles that other business start-ups do not have to suffer.

One key problem is banking. As you are aware, federal law prohibits all FDIC-insured banks to permit any cannabis-related industry from opening an account. If a commercial bank suspects that a business has violated these laws, they close the account and the business must find another alternative, which often means stashing cash in businesses and homes. This is a risk that no other tax-paying business has to deal with and opens the business and individuals to the risk of burglary or worse. Additionally, this means that a property that has a loan through a commercial bank can not rent space to cannabis companies, which distorts the rental market resulting in increased prices and scarce availability. Again, no other tax-paying businesses are forced to operate under these distorted market conditions.

To fill this void, some state credit unions have begun allowing cannabis accounts; however, because they are restricted from using the deposits in their normal fashion - to lend money, etc., and the rigorous regulatory and compliance requirements, they are forced to charge their cannabis customers exorbitant monthly fees. For example, MAPS Credit Union charges \$400/month for a cannabis account. For a start-up company with a limited budget like ours, this means not having a bank account and dealing with large sums of cash on site. This is an unfair business practice and needs to be remedied. The SAFE Banking Act (S.1200) would help fix these costly banking restrictions the cannabis industry is forced to endure. Please ask the Senate Banking Committee to vote "Yes" on S.1200 and thank you again for your support.

Respectfully,

Ken Swain

CBO

Plank Road Laboratories

Hillsboro, OR

I own a retail Cannabis store in Sequim, WA. I do have a business bank checking account, but I have to drive over an hour each way to get to the closest branch. My monthly bank checking charges are about 1,500.00. I have had many personal bank accounts closed even though I never deposited a penny of the Cannabis Store's money in them. I have also had numerous credit cards closed since I opened the store a little over three years ago. My store is not allowed to accept credit cards for purchases by VISA, M/C, Discover and AMEX. I am forced to be an all cash business with all the assorted problems that brings. Since I live in a very rural area there is only one road to the bank. I am unable to use different routes for safety concerns. I want to be able to operate like a normal business with all the banking functions a normal business requires. I want to be able to be able to make my deposits at a local bank in my town. I have 16 employees and my business is still growing. My business helps the economy grow yet I am penalized for being a Cannabis business. This is not fair.

While this is not a banking issue I am being taxed to death by the IRS because of rule 280E. I just want to operate as a normal business.

Thank you,
David Halpern
Nature's Gifts
Sequim, WA

My name is Melissa Johnson and I have worked in the cannabis industry since before legalization. Working in retail sales without a traditional banking system has a very unique set of challenges. I don't know any other small business retailer that has to make special trips to personal banks all over town to buy small bills to make change for customers. Since I have no way to make change regularly, my office has essentially become a coin and small bill storage space.

Changing banking rules will increase the safety and security of cannabis workers. For example, I have had to drive over \$100,000 dollars in cash from Bend to Salem just to pay sales taxes.

I was also denied a car loan in 2016 due to my source of income being from a cannabis industry job.

I dream of the day when I can take my daily sales to a bank and buy coin and small bills, just like I did when I worked for Starbucks. I am hopeful for the future of legal cannabis banking in Oregon.

Sincerely,
Melissa Johnson
Bend, OR



SUBSTANCE

Dear Senator Merkley:

Thank you for your commitment to increasing accessibility to financial services for legal cannabis-related businesses and your leadership on the SAFE Banking Act.

I am founder and CEO of Green Bits, a point-of-sale, inventory and compliance management platform that helps more than 1,000 legal cannabis retailers in 13 states build, run, and grow their businesses. Based in Silicon Valley, the company also has an office of 50 employees serving 300 retail customers in your home state of Oregon. Green Bits is a sector leader with more than \$2.8 billion in sales processed annually through our platform -- or approximately 1 out of every 4 dollars of legally sold cannabis in the U.S.

Projected to surpass \$30 billion in revenue by 2023 according to the 2019 Marijuana Factbook, the U.S. cannabis industry presents an extraordinary opportunity for American entrepreneurship, job creation, health and wellness, innovation, and social equity. However, a towering challenge impacting all legal businesses in the industry is that they have limited to non-existent access to basic financial services and must operate as cash-only enterprises. It is important to note that many of these constraints are not limited to licensed cannabis operators. Rather they also extend to an entire universe of ancillary non-plant touching technology and services businesses like ours.

As a commerce and compliance technology company, we know that a cash-only environment makes the sector less efficient, less transparent, and less safe. It also impedes innovation and entrepreneurship in the sector, much of which has the potential to assist state and local agencies administer and enforce regulations; further enable operators to consistently comply with state and local laws; and, ironically, provide the necessary data and information to enable robust compliance programs for financial institutions that might serve the industry.

While the small number of large enterprises in the cannabis industry can navigate the financial services constraints given their privileged access to capital, the lack of access to mainstream financial services has a disproportionate impact and burden on the vast majority of aspiring entrepreneurs and small businesses in the industry.

Financial institutions that are subject to federal oversight must be allowed to provide banking, lending and payment processing to this industry, which now has a direct or indirect impact on more than 225 million Americans living in states that have enacted some form of cannabis reform and regulation. The SAFE Banking Act creates the framework financial institutions require to serve the industry without fear of federal law enforcement. Green Bits strongly supports this legislation, and we appreciate your leadership on the bill.

Sincerely,

Ben Curren
Founder and CEO – Greenbits
San Jose, California

Dear Senator Merkley,

Thank you for your support of the cannabis industry and your attention to its imminent need for banking solutions.

From a colleague of mine, who is an ORCA member, I received the invitation to submit a testimonial to your office regarding the banking challenges facing licensed cannabis businesses in the state of Oregon. While I do not reside in Oregon, and I am not representing a particular licensed cannabis entity with this submission, Oregon is one of our fastest growing markets.

The testimonies you are collecting will reflect that the cannabis industry desperately needs secure and compliant banking options. Unfortunately, the potential for money laundering and bank fraud have made cannabis banking nearly impossible.

Our proprietary software solves that problem. It provides a payment platform through a closed-loop eWallet, and our banking partners provide the financial engine to the technology that utilizes a private decentralized blockchain ledger. Our system was designed to mirror traditional card processing so as not to require a change in consumer behavior. This has been the impetus of our ability to scale, while the transparency and immutability of the transactions ledger lowers the risk for participating banks and provides an avenue for secure tax payments.

Despite the success of our platform, very few know it exists. However, with the proper legislative support (and we do have ongoing initiatives in several states), we can continue to strengthen our offering by attracting more top level banking partners.

With that said, my team and I would appreciate an opportunity to further discuss the compliance features and operational functionality of our platform, and present how the private sector has created an innovative solution that is helping to immediately solve the industry's banking woes without having to wait for sweeping regulatory changes at the Federal level.

If you or your fellow members of the U.S. Senate are interested to learn more, please do not hesitate to contact me.

Sincerely,

Jason P. LeBlanc
Chief Compliance Officer
MTracTech Corp
Las Vegas, NV

I hope all is well for you. My name is Gabe Parton Lee, and I am the General Counsel and Director of Compliance for Northwest Confections, LLC (d/b/a WYLD), a cannabis-infused edibles manufacturer with facilities in Oregon, California, Nevada, Colorado, and Michigan.

I'm writing to follow up on a request from Jake Oken-Berg from Senator Merkley's office, reaching out to cannabis business representatives to share personal stories on the effects that the lack of traditional banking can have on businesses. For reference, we use two credit unions with our accounts that have taken great efforts to service our needs, even in multiple states. However, these credit unions have limited services and high fees.

Repeatedly Shut out of Traditional Banks

We have opened accounts with a few larger banks, and our specific bankers and their supervisors knew that we were cannabis businesses. We were careful to ensure that no obviously-cannabis-related transactions were made using their debit cards, and did not bring any cash into the bank. We were identified as a cannabis business only by a disgruntled ex-employee, and our accounts were shut down with one week notice. This required a significant effort on the end of our team to transfer to new accounts, switch over all automatic payments, and change service providers, merely because some of the underwriting team for the bank discovered that we were cannabis.

Steep Financing

We are at a phase where, due to our expansion, we seek to finance business-related expenses such as vehicles, equipment, and even small loans. Because we are unable to work through traditional banking channels, we are shouldered with interest rates that are approximately triple the prime interest rate. We have learned to accept these types of rates as "the cannabis tax"--the cost of doing business in the cannabis sector. This type of financing is not limited to marijuana, either, as our sister company that creates hemp products is shouldered with similar inability to access traditional financing. We were shut out from our car dealership's financing program, and all of our owners are forced to have numerous vehicles financed under their own personal names, resulting in repeated hits to their credit, merely to perform traditional business activities--purchasing work vehicles! This system is untenable, and prevents small business owners from expanding, as expansion requires a greater network of transportation, the ability to scale up, and access to capital. The steep interest rates are prohibitive to business interests, and particularly prohibitive to people of color, who simply do not have the same access to private equity.

Personal Struggles

One of our most productive salespeople had a bad day. A drunk driver ran a red light and T-boned our salesperson, totaling his vehicle (thankfully, nobody was injured). Our salesperson's insurance provider totaled his vehicle, so he needed a new vehicle. He tried to get a vehicle loan from his bank (a large, nationally-chartered bank), and instead of providing services, they closed out his accounts. He had to switch his accounts to a local credit union.

Similarly, one of our managers was attempting to purchase a home, and numerous mortgage brokers refused to continue working with him after discovering he was involved in the cannabis industry.

Regardless of the situation, nationally-chartered banks' fear of becoming involved in the cannabis industry perpetrates the stigma associated with cannabis, raises the barrier of entry to insurmountable levels, increases the price of doing business significantly, and increases the risk of doing business, as cash remains the primary driver of the business. Access to traditional credit card processing and banking would reduce the risk factor of carrying cash in each facility (some businesses are still paying their taxes with duffel bags full of cash--this is **absurd**). All of these negative effects can be lumped into the "cannabis tax" of doing business. The compliance reporting for each credit union requires that we certify we remain in good standing within each state we operate, and prove our revenues through sales reports. However, if this is the price to pay to do business, we will continue to do it.

The SAFE Banking Act would bring competitive banking rates into the cannabis industry, allow for traditional financing and bank loans, and would destigmatize the industry's status. The cannabis industry is an economic driver in the U.S., and should be supported, not reviled. The industry is a great employer (in just over three years, we've gathered a 200-person strong full-time workforce, paying \$15/hr, with fully sponsored health, vision, and dental insurance benefits), and having the banks involved would allow us access to provide additional benefits to our employees. The banks want to be involved in our business, and the SAFE Banking Act would be sufficient insurance for the banks that they would be able to provide services to the many cannabis businesses in the U.S.

Thank you for taking public input on this vitally important issue to the cannabis industry. We cannot thank Senator Merkley enough for his continued support and advocacy on behalf of the cannabis industry.

Please do not hesitate to contact me with any questions.

Gabe Parton Lee

Director of Compliance | General Counsel
Northwest Confections

Where do I begin?

I officially launched HighSpeed in July of 2015. It was a very pivotal moment for me, transitioning from a black market experience to an above ground start-up which at the time was more so [Grey](#) than anything. Nonetheless, we were active, progressive and building traction.

The goal was to provide a seamless experience for customers trying to obtain cannabis safely as well as rebranding the negative stigma behind the plant. Part of ensuring that safety requires the money to move with ease. Having a cash based business creates a lot of room for vulnerability from an internal standpoint as well as an external one and is *not* the way of the future. Our goal was to stray away from that.

Presented below in “**bold**” are some of the negative responses characterizing the problems we encountered:

(1) **Amazon Pay Account**

“*Hello,*

We have closed your Amazon Pay account, canceled any pending transactions, and placed a temporary hold on any funds in your account. Any new accounts you open will be closed. We took these actions because your website <https://tryhighspeed.com> be in violation of our Acceptable Use policy. This policy prohibits the use of our payment service for any transactions involving drugs, including illegal drugs, drug paraphernalia, online or mail order pharmacies, importation of pharmaceuticals from foreign countries, and prescription devices. To learn more about this policy, click the "User Agreement/Policies" link at the bottom of the Amazon Pay site and then click "Acceptable Use Policy" (<https://payments.amazon.com/>). We encourage you to take appropriate steps to resolve any pending orders. Note that any amounts paid as a result of A-to-z Guarantee claims and chargebacks may be deducted from your account. After 180 days, the hold will be removed and any remaining funds will be available for withdrawal. If you have questions about your funds, please write to amazon-payments-investigate@amazon.com. If you would like to appeal this decision, please click the Appeal button next to this email on the Notifications page in the Performance section of your Seller Central account (<https://sellercentral.amazon.com/gp/customer-experience/perf-notifications.html>).”

We have received similar responses and stories across the board from all the major players in the processing space: **Paypal, Stripe, Square/Cash, Venmo**, you name it.

Each time this happened we were left in very uncomfortable situations given the fact every time the funds are held up we were talking about amounts of no less than \$10k - all the way up to \$35,000. In total we have lost up to \$200k when you add the 3rd party “highrisk” processors that don’t even give you the promise of receiving your funds at a later date. These funds being held up for up to 6 months throws you into a crazy predicament given the fact the it doesn’t reflect a lack of customers, instead it reflects a lag in cash flow - which affects employees, vendors, and fixed expenses that businesses incur every month - not to mention taxes and state fees. *How can one sustain a large team without access to your own capital? It’s already hard enough to accept the fact that securing a line of credit or obtaining a business loan is literally impossible under the premise of anything remotely cannabis-related.* This leads to my next point:

To make matters worse, there is absolutely NO certainty when it comes to keeping a bank account open. When I started HighSpeed - which has always been registered as a technology company first, Bank Of America was my institution of choice. I actually was able to open the account with no issue in the very beginning. It wasn't until things started taking off in April of 2016 that the problems began to arise. One by one, account after account would eventually get shut down at a moment's notice with no time to prepare for a change. Even when we would register under Capital Juice, our sister company, that made everything legal under the state legislature in every place we were operating. By the time January 2018 came around we had been **dismissed** from Wells Fargo, Capital One, Chase Bank, CitiBank, PNC. By sheer luck we were able to find a stable relationship with TD Bank, however, they advised us to refrain from applying for a loan or any special services because it would "only expose the true nature of our business resulting in an immediate account closure."

This is no way to exist when running a business, talkless of surviving given these circumstances. To survive, a business needs to have enough cash in reserve or funding to withstand these inevitable hardships. Sheer gusto will only land a business owner in prison. As is evident from the story above in the responses and situations we have narrated, continuing to do business that is related to any cannabis product presents a huge predicament especially when it comes to the issue of banking and funding the business operation, accessing loans and staffing the business.

Thanks for listening,
David Umeh
Founder and CEO
High Speed Juice Capital
Washington, DC

Dear Senator Merkley,

As you are a long-time advocate for the cannabis industry, we know that you are already familiar with the difficulty legal businesses like ours experience with banking discrimination. I am honored that you participated in my video interview with Rep. Earl Blumenauer and Tyson Haworth, owner of sofresh farms and my employer, Oregon's Finest, shortly after I was hired. It was great that it was so widely distributed by *Time*, *HuffPost*, *OregonLive*, and *Raw Story* so that the world could see the absurdity of doing business in cash.

Currently, cannabis is legal for medical use in 33 states and the District of Columbia and for recreational use in 11 states and the District of Columbia, yet our federal government has not yet decriminalized the use and possession of a plant that's been known to have medicinal uses for over 10,000 years.

We are grateful for your support of the Secure and Fair Enforcement (SAFE) Banking Act. It is a near miracle that the Senate Banking Committee hearing is happening on July 23rd. I congratulate you on obtaining 237 co-sponsors and urge you to continue to be our most vocal advocate. The revolution has begun and the momentum you have right now is crucial in our fight for equity.

I went down to the Capitol for the Oregon Retailers of Cannabis' Lobby Days, and it was surprising how many senators had never spoken to someone in the cannabis industry. We found ourselves explaining the impact of the misguided War on Drugs and unfair banking restrictions and taxation to the very people who make the laws about cannabis.

As Dr. Rachel Knox, my colleague on the Portland Cannabis Policy Oversight Team, recently suggested, there really should be cannabis competency training for our public officials. No one seems to know about the 280E tax burden we have on our industry, which ironically allows us to deduct the cost of goods sold (aka cannabis) but not everyday costs of doing business like rent and payroll.

Oregon's Finest has had our bank accounts shut down and our debit processor go out of business due to banking regulations. We are fortunate to be able to currently bank with MAPS Credit Union. However, when we started banking at MAPS, it cost us \$40,000 annually in banking fees. We currently pay almost \$20,000 annually in banking fees to have this access and we feel that even though they reduced their fees, this is discriminatory – especially when any other retail business wouldn't have to pay any banking fees.

We recognize that there has to be a major shift at the federal level for cannabis to be either de- or re-scheduled. According to *Forbes* "US Patent Office Issuing Cannabis Patents to Growing Market" (7/24/17), there are currently over 500 active cannabis-related patents. In fact, the first cannabis patent was to the US Dept. of Health and Human Services (US 6,630,507). Cannabis has no place in the Controlled Substances Act when it now has known medical benefits. I can personally speak to the health benefits and I tell as many people as I can that every mammal has an endocannabinoid system – it provides our bodies homeostasis. That fact alone helps break the stigma in conversations.

Not every business will survive with the government's banking and tax burdens. We want small, local businesses to thrive and we hope we are a success story for Oregon. Most of the struggling retail dispensaries in Oregon have been bought up by Canadian money. There won't be many shops like ours left now that we've hit peak market saturation. I hope that with your

continued leadership the SAFE Banking Act will provide fair banking access for our industry and make this dream to do business legally and fairly a reality.

Thank you,

Stephanie Neil
Compliance & Sustainability Manager
Oregon's Finest

My Name is Stephen Sweeney, and I own Bobsled Farms, Extracts, and Wholesale (OLCC-licensed businesses here in the great state of Oregon! And clients of Tonkin Torp.) Just this last month, we partnered with a group out of Oakland, California to expand our Oregon-based company into a second state. And hopefully this is just the beginning. I also have an online CBD business, as well as an ODA-certified hemp processing lab here in Oregon. I believe we have several associates in common. My business partner is Jack Naito, I think you know his father Bob Naito. My best friend since birth is Max Brantley, I think you also know his father Marty Brantley. And last but certainly not least is my stepmother Cate Millar, I believe you two worked together back when legal cannabis was still just a pipe dream.

First of all, I want to thank you for your continued support for us cannabis business owners out here on the west coast, who are fighting to profit in this ever-evolving, emerging industry. I have been fortunate enough to cross paths with Congressman Earl Blumenauer, with whom I've discussed my banking struggles, and I sincerely appreciate you taking the time to hear my concerns as well. I extended an offer to the Congressman, the same one I will to you: if you ever want to come out and tour my farm, extraction lab, or wholesale distribution center to see what we do, you are always welcome!

Banking for me has been an absolute nightmare. Let me start by saying that I am permanently banned from both Wells Fargo and Chase banks, my business AND personal accounts (for all my companies, not just those involved in cannabis). I am not a criminal, and never dealt on the black market prior to state legalization. I have perfect credit, two other businesses outside of cannabis and CBD, and pay my state and federal taxes on time every year. Yet banks still treat me as though I am a criminal.

I run a management company which holds all my cannabis company assets, yet doesn't actually touch the plant. For a time, this allowed me to account for cash at my office and make deposits into my Chase bank account as a management payments, rather than depositing profits from the sale of cannabis. This worked until we reach a large enough volume of cash that they began to ask questions. It actually wasn't the cash that got us shut down, it was the check deposits. Cannabis dispensary companies predominately involve the words "green," "leaf" or just straight "cannabis" in their name, and these were obviously red flags. When Chase closed my account, they froze \$154,000 for weeks. This forced me to pay my companies' entire \$55,000 bi-weekly payroll out of my own pocket for two consecutive pay periods. There was also an issue in that they gave me that \$154,000 in the form of a cashier's check, and I didn't have a bank account to deposit that into. The really interesting part of all this is that despite closing all my bank accounts, Chase chose NOT to shut down my company credit cards (likely due to the \$65,500 monthly limit!) When I asked the banker at Chase who told me the accounts were closed if they were shutting off the credit cards as well, she laughed and responded, "No, the 3% transaction fee makes us WAY too much money on that one!"

At that point, I moved my business accounts to Wells Fargo while I waited for my applications with Salal and MAPS credit unions to clear. Salal turned me down because my business partner (an honorably discharged member of the U.S. Army and long-time OMMP cardholder, grower, extractor, and patient) did not have credit over 700 (though mine is perfect). MAPS Credit Union did grant us an account for \$400 per month, which has at least allowed us to bank again. However, the nearest location is nearly an hour drive from Portland, where my business is located. For the first few months our account was open, I was forced to make that drive once a week carrying around \$100,000 in cash, just me in my truck. Eventually I found the ONE armored car company that will service the cannabis industry, and they are questionable at best.

They don't even use armored vehicles (just a van about as sturdy as my truck), and have simply forgotten pick-ups that were scheduled weeks in advance. The fact that I have to entrust the bulk of my revenue with this service on a weekly basis keeps me up at night. But that is currently the only option afforded to me.

As I said at the start, my company has just recently joined the California cannabis market, which anyone can blatantly see needs regulated banking. The amount of money flying around without documentation is mind-boggling for an Oregon small business owner such as myself. I finally found my way to a credit union in the bay area down there willing to extend an account to me, and they are asking for **\$3,000** a month **per** account (with both checking **and** savings required!) As you can imagine, this is untenable at best.

In sum, this is just the tip of the iceberg when it comes to my problems banking in the cannabis industry. I have many more stories to tell! I greatly appreciate you taking the time to hear my concerns, and for tackling this issue that really is of critical importance. Too few Members are wise or brave enough to take this on at this time, and the problems are only growing as the industry continues to grow. I am happy to assist in any way moving forward, and if you have any questions please don't hesitate to ask. Thank you again for your time, have a great weekend.

Sincerely,

Stephen M. Sweeney
CEO
Bobsled Farms, Extracts & CBD
Oregon