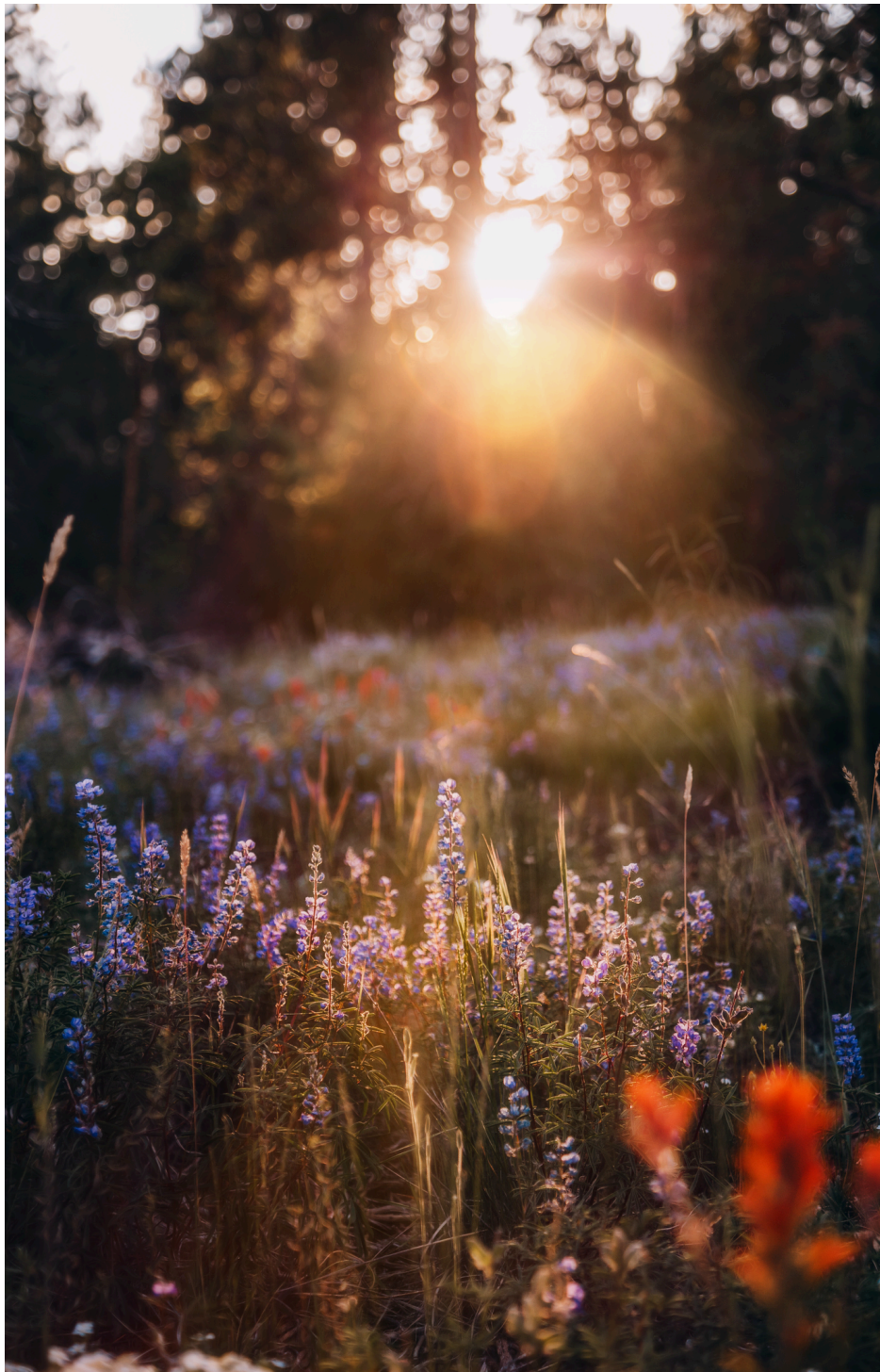


BANKING BUD

September 2024



THIS MONTH'S HOT TOPICS

CHEVRON DECISION & CANNABIS BANKING

The potential affects that overturning Chevron could have on Cannabis Banking

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NEW GENERATION OF BSA/AML TECHNOLOGY

Financial institutions are under increasing pressure to maintain regulatory compliance

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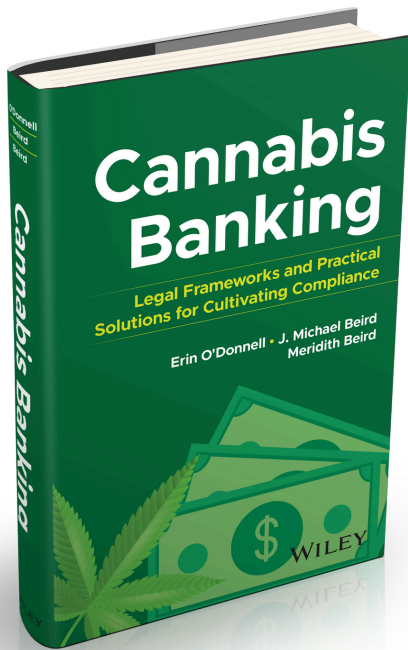
ELECTION TIME

With the election quickly approaching, we take a look at cannabis ballot initiatives around the country

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BOOK ANNOUNCEMENT

Cannabis Banking: Legal Frameworks and Practical Solutions for Cultivating Compliance



The Founding Partners of the ACB, Association for Cannabis Banking are pleased and honored to announce the publication of the banking industry's first definitive reference textbook on Cannabis Banking!



The Definitive Cannabis Banking Desk Reference and Textbook!

Due out March 5, 2025 from Wiley Publishers



The recent ruling by the Supreme Court to overturn the standing Chevron doctrine in the case of *Loper Bright Enterprises v. Raimondo* has stirred up discussions across the sphere. This decision, which eliminates the practice of courts automatically deferring to agencies interpretations of unclear statutes, holds substantial implications for the cannabis sector especially concerning banking and financial services.

Unpacking Chevron Doctrine and Ramifications

Previously under Chevron courts were generally obliged to uphold an agency's interpretation of a law unless it was considered "arbitrary, capricious or manifestly contrary" to the statute. This doctrine had effects on the cannabis industry since federal entities like the Drug Enforcement Administration (DEA) and Financial Crimes Enforcement Network (FinCEN) often adopted stances on cannabis-related operations even in states where it was legalized.

Potential Effects on Cannabis Banking

• **Heightened Scrutiny of FinCEN**

Guidelines; With the demise of the Chevron doctrine, FinCEN's guidance on banking, such as the 2014 Cole Memo, may face increased scrutiny. Now the courts will have the ability to assess FinCEN's interpretations independently which could potentially result in challenges and modifications to how financial institutions engage with cannabis businesses.

• **Challenges to Federal Banking**

Restrictions; Financial institutions have traditionally been cautious about offering services to cannabis businesses due to conflicts between state and federal laws. Overturning of Chevron could empower banks and credit unions to challenge restrictions that hinder their ability to cater to the cannabis industry.

• **Potential for Increased Access to Banking;**

Should courts be left to adopt an interpretation of federal laws on cannabis banking, it could open doors for greater access to financial services for cannabis businesses. Such increased access could boost their efficiency, lessen dependence on cash, and enhance their credibility.

• **Impact on SAFE Banking Act;** The Secure and Fair Enforcement (SAFE) Banking Act, which has been passed by the House times but faced roadblocks in the Senate, aims to offer legal protections for financial institutions serving cannabis businesses. The overturning of Chevron could impact discussions around the SAFE Banking Act as courts may now be more open to considering challenges against banking restrictions, without new legislation being passed.

Continued on Next Page



CHEVRON (Continued)

Potential Implications on the Cannabis Industry as a Whole

• **Challenges with DEA Scheduling;** The categorization of cannabis by the DEA as a Schedule I controlled substance has posed barriers to research, progress and availability. Overturning Chevron could trigger disputes against the DEA's scheduling ruling, possibly paving the way for reevaluation and more research prospects.

*"Courts are no longer bound to follow DEA interpretations and can more readily consider arguments opposing the DEA's stance. This development is critical for the cannabis industry, as it opens the door for courts to reinterpret federal drug laws and potentially challenge the DEA's restrictive interpretations of the 2018 Farm Bill"**

• **Enhanced State Autonomy;** With federal agencies receiving deference, states could have freedom to establish their own rules and regulations regarding cannabis. This might result in disparities between state and federal laws introducing challenges and opportunities for the industry.

• **Changes in Regulatory Environment;** The overturning of Chevron could have implications on federal bodies overseeing cannabis, including the FDA and IRS. This could prompt shifts in strategies and enforcement measures.

The reversal of the Chevron doctrine signifies an advancement for the cannabis sector concerning banking and financial services. It may lead to heightened scrutiny of agency directives, increased disputes against current limitations, and potentially improved access to banking services, for cannabis enterprises.

It's worth mentioning that the effects of this decision will gradually become apparent over time. The legal realm is intricate. We can anticipate legal disputes in the years ahead. Nonetheless the reversal of Chevron marks progress towards a more transparent setting for the cannabis sector.

*"Supreme Court Decision Overturns Chevron: Impact on Cannabis Industry"
<https://norrismclaughlin.com/lg/in-the-news/supreme-court-decision-overturns-chevron-impact-on-cannabis-industry/>



FI Memberships

Annual Membership for banks and credit unions that already bank cannabis or are looking for answers. Membership provides access to ALL employees!

Membership includes:

- Webinars and Certifications
- Industry Advisory Council (Fis ONLY)
- Ask the Expert
- "High 5" Briefings
- And MUCH more!

\$5,000 for 12 full months

New Generation of BSA/AML Compliance Technology for Financial Institutions

In an era of rapid digital transformation and escalating financial crime, community financial institutions are under increasing pressure to maintain regulatory compliance while driving growth and serving their communities effectively. RiskScout, a leading financial regulation technology company, has recently launched a comprehensive BSA/AML solution aimed at empowering these institutions to thrive in this challenging environment.

The new solution tackles the pain points associated with traditional BSA/AML compliance, including outdated technology, unnecessary complexity, and costly renewals from legacy providers. RiskScout's innovative suite of tools is designed to streamline compliance tasks, reduce costs, and even unlock new revenue streams for community banks and credit unions. Solutions like this one from RiskScout, as well as other similar technology providers in recent years, focus on financial institutions that seek ways to ensure activities associated with high-risk accounts, like cannabis-related businesses, remain compliant and consistent with federal, state, and local laws and regulations.

Justin Fischer, Co-Founder and CEO of RiskScout, highlights the pressing need for such a solution, stating, "While financial crime is growing faster than ever, financial institutions have had to deal with outdated technology, unnecessary complexity, and expensive renewals from legacy providers."

He further emphasizes RiskScout's commitment to understanding market needs, stating, "RiskScout has taken direct market feedback and developed innovative tools that fit financial institutions of all sizes so they can focus on serving their communities."

Key Features That Set This New Generation of Compliance Technology Apart:

- **Tailored Transaction Monitoring:** Community institutions can customize their rules-based system and adjust alert thresholds to align with their unique customer/member risk profile, minimizing false positives and optimizing efficiency.
- **User-Friendly System:** Designed by BSA professionals for BSA professionals, the platform is intuitive and easy to understand, reducing the learning curve and accelerating adoption.
- **Rapid Efficiency Gains:** Institutions can achieve efficiencies within days of contract signing, eliminating the long waiting periods often associated with implementing new systems.

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Individual Memberships

Annual Membership for individual professionals from banks, CUs, consulting firms, and vendors seeking their own self-paced educational programs into Cannabis Banking.

Membership includes:

- Webinars
- Certifications
- Ask the Expert
- "High 5" Briefings
- And MUCH more!

\$995 for 12 full months

BSA/AML Compliance (Continued)

- **Real-Time Communication and Collection:** The platform facilitates secure communication and document collection with customers/members, streamlining case investigations and enhancing evidence documentation.
- **Market Expansion:** The solution enables community institutions to confidently expand into new and underserved markets, knowing their risk management practices are robust.
- **Integrated KYC/KYB:** RiskScout eliminates the need for additional data services by incorporating automated ongoing monitoring and onboarding assistance for sanctions, watchlists, adverse media, business structure, and licensing checks.

Fischer states, "We understand the challenges that banks and credit unions face as financial crimes continue to increase and regulatory burden intensifies. Our goal is to provide a comprehensive, adaptable solution that not only meets BSA requirements but enhances overall operational efficiency and profitability while staying affordable for every institution."

New BSA/AML solutions, like this one from RiskScout, promises to transform the way community banks and credit unions approach compliance.

By combining cutting-edge technology, user-friendly design, and a focus on affordability, banks and credit unions are empowered to navigate the complexities of financial crime prevention while driving growth and fulfilling their mission to serve their communities.

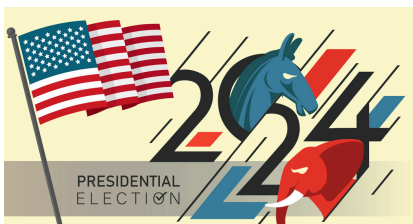
For more information on RiskScout and its innovative solutions, visit www.RiskScout.com or Ethan Kratt, ekraff@riskscout.com

Fun Facts

1. **Debit > Cash:** Dispensaries that accept debit cards rake in an average of \$4,627 more per month than cash-only retailers, a shift in consumer payment preferences.
2. **Gender Parity in Leadership:** After a slight dip in 2023, women in executive positions within the cannabis industry have rebounded in 2024, indicating a positive trend towards gender equality.
3. **Jobs Boom:** The cannabis industry is a major job creator! As of early 2024, it supported an estimated 440,445 full-time equivalent jobs, showcasing a 5.4% year-over-year increase.
4. **Price Drop:** The average retail cannabis price has seen a significant decrease of 32% since 2021, making cannabis more accessible to consumers.
5. **Green Wave Continues:** The number of states with legalized adult-use cannabis reached 24 in 2024, signifying a continued expansion of the legal market.

We are only a couple months away from another election cycle, and we are keeping a close eye on cannabis ballot measures. While ballot issues are still being submitted and finalized, here are a couple of measures that have been accepted for voters to weigh in on:

- North and South Dakota will both be voting on legalizing recreational cannabis use for adults. However, this is not the first rodeo for either state, each with two previously failed attempts to get recreational cannabis legalized. Will the third time be the charm?
- Florida voters will be asked if they support an amendment to the state constitution that would allow medical marijuana facilities to also sell adult-use cannabis. For constitution amendments, they will need 60% support in order to make this change.
- Texan cities of Bastrop, Dallas, and Lockhart, in addition to the city of Charleston, West Virginia, are introducing ballot initiatives to ban local law enforcement from making arrests for low-level marijuana-related crimes, most notably, simple possession charges.



Sources: Forbes.com, NORML.org

And, of course, the candidate who wins the White House could also have a significant impact on the trajectory of cannabis legalization. While former President Trump has remained fairly quiet on the subject, Vice President Harris has signaled her support for legalization through co-sponsorship of bills such as the SAFE Banking Act, the Marijuana Justice Act, and the MORE Act. She has also called for a rescheduling of marijuana so it no longer sits in the same category as drugs such as heroin.

The cannabis industry is constantly evolving in the US, and every election seems to produce surprise and intrigue. One thing is for certain, though: don't count anything out. In New Hampshire, the only state in New England not to currently allow recreational use, the governor recently expanded the medical marijuana program. Acceptance among the public continues to grow, and in turn, it puts more pressure on legislators to listen to their constituents and act on what the people want.

Regardless of where you may sit on these issues personally, we urge everyone to research ballot initiatives in your state and ensure you are well-informed when you walk into your polling station.

Need more content? We offer memberships that give you and your organization access to all of our webinars!

We also offer certifications to ensure you are kept up to date in this ever-changing industry.

Upcoming Events



If you are a woman in the Cannabis industry, or just interested in making friends, click here to read more about Cannachix at The ACB!

Account Opening for Cannabis Bankers

Friday, September 6, 2024

3:00 - 4:00 pm ET

\$295 with Recorded Playback

This webinar is crafted to provide banking professionals with the crucial know-how for servicing cannabis related businesses. For bankers and compliance officers seeking to expand their services responsibly in the cannabis market.



Assessing Risk in Cannabis Banking

Tuesday, September 10, 2024

3:00 - 4:00 pm ET

\$295 with Recorded Playback

Navigate the nuances of cannabis banking risk! Join us for a webinar to explore the intricate landscape of risk and reward in this rapidly evolving industry.



Introduction to Cannabis Banking

Friday, October 4, 2024

1:00 - 2:00 pm ET

Unlock the Potential of Cannabis Banking! As the cannabis industry blooms, there's a pressing need to understand the complexities of banking tailored to this unique sector. Dive deep into the burgeoning world of cannabis banking!

