



Testimony in support of HB 4094
Submitted by: Kevin Cole, Chief Financial Officer, Maps Credit Union
House Business and Labor Committee
February 3, 2016

Dear Chair Holvey and members of the committee:

My name is Kevin Cole. I am the Chief Financial Officer of Maps Credit Union, a Salem based Oregon chartered credit union serving approximately 52,000 Oregonians. Our active membership includes several Oregon Health Authority licensed medical cannabis dispensaries.

Although we currently serve the cannabis dispensaries under the guidelines established in the Cole memorandum, we do so under constant threat of legal challenges. We support HB 4094 as a first step towards normalizing credit union services for licensed cannabis dispensaries.

The bill provides protection from lawsuits against financial institutions that provide banking services to licensed cannabis businesses. Although most lawsuits designed to stop service to the cannabis industry in other states have been initiated under Federal RICO statutes, this state protection is important to help solidify the ability of financial institutions to serve not only cannabis businesses, but other businesses who serve the cannabis industry.

The second provision of the bill is extremely important to our ability to serve the cannabis industry within the requirements of the Cole memorandum. This provision authorizes and requires the OLCC and OHA to make information available about licensees to financial institutions who request such information. The ability to obtain licensee information from the OHA is not addressed by current law. Under the due diligence requirements of the Cole memorandum, financial institutions are required to obtain license status, inspection reports, and rule violations. Under the current law we must rely on the licensees to provide this information. Under HB 4094 financial institutions will be able to request and receive information directly from the regulating agency. This will enhance the due diligence process and lower the burden on the licensee.

This provision is similar to existing law in Washington. In Washington the process is very transparent. Licensees in Washington are required to report sales volume and violations of rules are readily available to financial institutions who are required to track these items. This reporting and disclosure requirement enhances the process Maps is required to follow to reconcile gross receipts to funds deposited into an account with Maps. I encourage the legislature to specify its intent that sales figures and rules violations be available to financial institutions with a relationship with a licensee, as opposed to being made available to any financial institution that requests it. It would also be helpful if seed to sale inventory tracking information was made available to financial institutions, to further help insure compliance with the Cole memo priorities. One additional technical clarification was suggested by our General Counsel – to specify that the term licensee includes not only natural persons but also any entities created to hold a license if a non-natural person can be a licensee.



On behalf of Maps I would like to thank the legislature for addressing this issue. Although Maps has never taken a position on the merits of cannabis legalization, we feel very strongly that Maps should serve all of the Oregonians who want to legally conduct their business with a credit union. We have invested heavily to create and support a cannabis dispensary program with a strong foundation of compliance. I view this not as a cannabis story but a credit union story – a situation where an underserved market developed and Maps stepped in to meet the needs of that community, so those businesses have a safe place to manage their funds and can have the financial services businesses need to grow and prosper.

I will be happy to address any questions from the committee at this time.