



WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS

**PROVIDING BANKING SERVICES TO CANNABIS
RELATED BUSINESSES UNDER I-502**

Disclaimer: The Department of Financial Institutions does not provide individual financial institutions with legal advice. Financial institutions are encouraged to consult their legal counsel for advice based upon their specific facts, current guidance, and the law.

1. What is DFI's position on banking of and lending to cannabis businesses?
 - I-502 is Washington State law.
 - The Governor implements State law.
 - The State Attorney General defends State law.
 - The DFI Director is a member of the Governor's cabinet.
 - Public safety is a priority of the Governor and the Attorney General.
 - It is a public safety priority to have basic banking services available to Liquor and Cannabis Board-licensed cannabis producers, processors, and retailers to prevent large amounts of cash from being subject to armed robbery or money laundering.

2. What relevant factors should the Board of Directors or Trustees and institution management should consider prior to providing banking services to licensed cannabis businesses?

- What type of staffing capability and expertise you have in the areas of anti-money laundering (AML) and Bank Secrecy Act (BSA) knowledge, and how to follow the FinCEN Guidance within the framework of that capability and expertise.
- Practicalities of cash management, such as your facility's capacity and security issues associated with handling greater amounts of cash than with other merchants.
- Policies and procedures should be updated to ensure compliance with FinCEN guidance prior to onboarding of new customers.

The Conference of State Bank Supervisors maintains and updates a [CSBS Cannabis Job Aid](#) which can serve as a reference for how examiners will be assessing compliance with the FinCEN guidance.

3. To what extent does the Liquor and Cannabis Board's compliance Program follow the eight enforcement priorities of the Cole Memorandum and FinCEN guidance?

- The Liquor Control Board Rules were specifically written and adopted to abide by the eight enforcement priorities in the Cole Memorandum – that is, to be a set of enforceable rules that would prevent the kind of activities which the federal government may consider enforcement priorities.
- The Liquor and Cannabis Board's traceability software and strict licensing requirements, application, monitoring and examination procedures have been designed to address all of the eight priorities and most or all of the "red flags" set forth in the FinCEN Guidance.

4. To what extent can financial institutions use the oversight and monitoring of the Liquor and Cannabis Board Program in their own compliance with the FinCEN Guidance?
 - The Liquor and Cannabis Board has information that is publically available on the licensee and should be used to monitor cannabis businesses for compliance with state law.
 - Familiarize yourselves with the FinCEN Guidance and determine when you must consider “red flags” that are not necessarily known to the Liquor and Cannabis Board (and to the extent they are capable of being ascertained by the institution).

5. What other resources are available to state-chartered banks and credit unions wishing to provide banking services to cannabis businesses?
 - Please feel free to reach out to the division of banks or division of credit unions to discuss the institutions intent to provide services to cannabis businesses. DFI has been working closely with several banks and credit unions for many years who have successfully provided banking services directly to the industry and industry employees.
 - WA DFI is in close and frequent contact with counterparts at the Liquor and Cannabis Board. DFI can connect financial institutions directly to these counterparts if they have any questions related to enforcement priorities or the role of their agency.