

# NCUA INTERIM GUIDANCE ALERT REGARDING HEMP BUSINESSES

*Hemp & Medical Cannabis Alert*  
August 23, 2019

As the legal cannabis and hemp markets have continued to grow, one of the biggest issues facing businesses in this industry has been the inability to obtain traditional banking services. To date, banks have been hesitant to service hemp and cannabis customers due to the ongoing conflict between state and federal laws. In response to continuing requests for clarity on this issue, this week the National Credit Union Administration (“NCUA”) provided interim guidance that allows credit unions to provide banking services to hemp businesses, including lending. While the interim guidance is not law, it gives some clarity to institutions governed by the NCUA.

According to the interim guidance, credit unions choosing to serve the hemp industry should understand the complexities and risks that come along with hemp production. The specific considerations identified by the NCUA’s interim guidance include: appropriate due diligence for hemp-related accounts, such as compliance with the Bank Secrecy Act and Anti-Money Laundering programs; compliance with laws, regulations, and agreements for customers operating under the 2014 Farm Bill pilot program; and general compliance with applicable federal and state restrictions on hemp production.

It is the NCUA’s position that Suspicious Activity Reports are not required to be filed for hemp businesses operating lawfully, but credit unions must carefully monitor accounts to rule out any illicit or unusual activity for that account owner. Credit unions, therefore, need to be aware of what is and is not permitted under federal and state law as it relates to customers operating in this industry.

NCUA’s guidance will be updated when the U.S. Department of Agriculture finalizes its regulations and guidelines for the hemp industry.

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## Practices & Industries

Cannabis & Hemp