US CANNABIS ROUNDTABLE , DAVID MANGONE

Proposal and Comment Information

Title: Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations, OP-1880

Comment ID: FR-2026-0030-01-C24

Submitter Information

Organization Name: US Cannabis Roundtable

Organization Type: Organization

Name: David Mangone

Submitted Date: 11/13/2026

Attached please find the comments of the US Cannabis Roundtable pertaining to Section IV C.7.

Comments of US Cannabis Roundtable on the Federal Reserve Board's Request for Comment on the Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations

November 15, 2026

Benjamin W. McDonough
Secretary of the Board
Board of Governors of the Federal Reserve
20th Street and Constitution Avenue NW
Washington, DC 20551

RE: Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations, Docket No. OP-1880

via the Board's comment portal at federalreserve.gov/apps/proposals

Dear Secretary McDonough:

The U.S. Cannabis Roundtable ("USCR") is submitting these comments in response to the Board's request for comment on the Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations (the "Guide").[1] USCR is a national trade association representing state-regulated and licensed cannabis operators across the cannabis supply chain. Our members are cultivators, processors, dispensaries, and ancillary service providers that operate in 40 states under some of the most comprehensive regulatory structures of any industry in the country. Our membership includes businesses recently authorized by the Drug Enforcement Administration to dispense medical cannabis as a Schedule III Controlled substance.

USCR supports the Board's goal of giving traditional community banking organizations ("TCBOs") a practical, tailored resource, and we appreciate the Board's stated intent to avoid creating de facto supervisory standards. Our comments focus on a single sentence in Section IV.C.7, which provides that where "a TCBO's clients present higher risk (e.g., marijuana-related businesses), tools with more advanced capabilities may be appropriate."[2] USCR does not ask the Board to treat licensed cannabis businesses as if they present no distinct risks. We acknowledge that they do, though these risks are not insurmountable, and a market of purpose-built compliance tools have developed to manage those risks. USCR asks instead that the Board revise this sentence so that its reference to marijuana-related businesses ("MRBs") gives TCBOs a workable path to serving these customers, rather than a potential signal to avoid them.

[1] Board of Governors of the Federal Reserve System, *Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations*, Docket No. OP-1880, 91 Fed. Reg. 58438 (Sept. 15, 2026) [hereinafter Proposed Guide], available here.
[2] *Id.* § IV.C.7 (BSA/AML and Financial Crime Platform Providers).

As set out below, licensed cannabis businesses have a distinct risk profile: they are currently cash-intensive and much of their activity remains federally prohibited. That risk profile is also well documented and measurable. State licensing, ownership vetting, and seed-to-sale tracking give banks data they cannot obtain for most commercial customers, and compliance platforms built to verify and reconcile that data already allows community institutions to serve these businesses at scale. The federal government itself has now accepted a state license as sufficient evidence of lawful authorization for DEA registration for medical cannabis retailers, manufacturers, cultivators and other businesses.[3] Naming licensed cannabis businesses as a higher-risk example without describing how that risk can be managed would raise costs for the very community institutions best positioned to serve.

I. As Drafted, the MRB Example in the Proposed Guidance Conflicts with the Guide's Own Risk-Based Framework

The Guide states that there is "no one-size-fits-all approach to effective risk management" and that its examples are illustrative rather than enforceable.[4] The companion interagency proposal likewise cautions banking organizations against process-driven strategies that treat all third-party relationships as inherently higher-risk.[5] The MRB addition cuts against both principles. It is the only customer industry the Guide identifies by name, and it appears in a document intended to help TCBOs select and oversee vendors, not make judgement calls on who should be a customer.

In practice, examiners and compliance officers could read a named example in Board guidance as an expectation, even if the document is labeled as a non-binding guideline. A TCBO weighing whether to open accounts for a licensed dispensary or cultivator could reasonably read the sentence as a warning, with no indication of what "more advanced capabilities" means, what those tools cost, or whether using them would satisfy examiners.

II. A State License Is a Meaningful Risk Mitigant

a. State-Licensed Operators Are Among the Most Closely Regulated Businesses in the Country

A state cannabis license is not a formality. To obtain and keep one, operators typically must pass owner and employee background checks, disclose beneficial ownership and sources of capital, report every plant and product through state seed-to-sale tracking systems, test products in accredited laboratories, maintain video surveillance and security plans, and submit to routine inspections and audits. State track-and-trace systems produce a record of inventory and sales that is far more granular than what a TCBO can obtain for most commercial customers. A licensee's

[3] Att'y Gen. Order No. 6754-2026, 91 Fed. Reg. 22714 (Apr. 28, 2026); *see* Simpson Thacher & Bartlett LLP, Acting Attorney General Re-Classifies Certain Marijuana Products (Apr. 27, 2026).
[4] Proposed Guide, *supra* note 1, § IV.A.
[5] OCC, Board, FDIC & NCUA, *Proposed Third-Party Risk Management Guidance*, Docket No. OP-1881, 91 Fed. Reg. 58536 (Sept. 15, 2026); *see* OCC Bulletin 2026-46 (Sept. 11, 2026).

revenue can be reconciled against state-reported sales data, which makes unexplained cash activity easier, not harder, to detect.

b. State Disclosure Rules Already Answer Core Know-Your-Customer Questions

For licensed cannabis businesses, the information a bank needs about who owns, controls, and finances a customer has already been collected and vetted by a state regulator, typically well below the federal 25 percent beneficial ownership threshold.[6] Florida, whose medical marijuana dispensaries were among the first to receive federal registration from the Drug Enforcement Administration ("DEA"), defines an "owner" as anyone who owns or controls 5 percent or more of a licensee, including through beneficial or voting rights, requires every owner, officer, board member, and manager to be fingerprinted and pass a level 2 background screening, and requires at least 60 days' notice to the state before any change of ownership.[7] Ohio requires each applicant to submit its full ownership list and capitalization table, identify every person holding a 10 percent or greater ownership interest, list every person with a direct or indirect financial interest in or control over the business, and disclose any merger, option-to-purchase, management, consulting, or similar agreement bearing on its ownership or control.[8] Colorado requires each controlling beneficial owner to hold an individual owner license subject to fingerprinting, background investigation, and financial disclosure, requires disclosure of certain indirect financial interest holders, and requires state approval before a controlling ownership interest is transferred.[9] Paired with track-and-trace data, these records give a TCBO a verified due diligence foundation on which its monitoring tools, whether manual or automated, can build.

c. The Federal Government Now Builds Federal Registration on the State Medical License

Effective April 28, 2026, Attorney General Order No. 6754-2026 placed marijuana covered by a state medical marijuana license in Schedule III of the Controlled Substances Act and directed the Drug Enforcement Administration to establish an expedited registration pathway for state licensees.[10] Under that pathway, an applicant may submit its state license as conclusive evidence that it is authorized under state law to engage in the activity for which DEA registration is sought.

DEA has now begun putting that framework into practice. On October 30, 2026, the Department of Justice announced that DEA had issued federal registrations to more than 900 state-licensed medical marijuana dispensaries in Alabama, Florida, Mississippi, South Dakota, Texas, Virginia, and West Virginia. Each dispensary had to complete DEA's pre-registration investigation before receiving its registration and is now subject to federal security, recordkeeping, and inventory-

---

[6] *See* 31 C.F.R. § 1010.230(d).
[7] Fla. Stat. § 381.986(1), (8), (9) (2025).
[8] Ohio Admin. Code 1301:18-3-04(A) (2026).
[9] 1 Colo. Code Regs. § 212-3, Rules 1-115, 2-230, 2-235, 2-245 (2026).
[10] Att'y Gen. Order No. 6754-2026, *supra* note 3; *see also* Foley Hoag LLP, Cannabis Rescheduling: DOJ, Treasury, and DEA Updates (Apr. 27, 2026).

control requirements, and DEA is continuing to review applications from manufacturers and distributors.[11]

In guidance issued the same day, DEA extended those controls across the medical supply chain. Businesses that submitted a complete registration application within the initial 60-day window ("Timely Applicants") may continue operating while their applications are pending, but only in transactions with other Timely Applicants and DEA registrants. By November 29, 2026, every Timely Applicant is expected to verify each supplier and customer by obtaining its DEA certificate of registration or DEA submission confirmation, which can be checked against DEA's Diversion Control website, confirming that its state license is active, and keeping records of that diligence. Transacting with an unqualified counterparty may result in denial of a pending application or revocation of a registration. Because a federal registration cannot exceed the scope of the holder's state medical license and is automatically suspended if that license is suspended, revoked, or expires, the state license remains the anchor of a business's federal status.[12]

DEA has been clear that a state license alone does not confer federal registration. But the system DEA has built runs through the state license at every step, and it now requires medical cannabis operators to perform and document the same verification of federal registration and active state licensure that a TCBO would perform on them. A TCBO serving a DEA registrant or Timely Applicant can confirm that customer's federal status using the same DEA records its trading partners rely on, and its state license through the state regulator's public database, much as it would for a pharmacy or any other DEA registrant. A Board guide on vendor selection should treat these verifiable state and federal credentials as the foundation of a TCBO's monitoring program for these businesses, rather than presume that industry membership alone determines which tools are needed.

d. Recognize License Verification as the Primary Mitigant

The Guide already recognizes "certifications of good standing from relevant entities" as a useful diligence tool when a TCBO evaluates a third party's compliance record.[13] USCR recommends that the Board apply the same logic here. Verifying that a customer holds an active state license and monitoring that license through publicly available state regulator databases, should be recognized as an appropriate risk-mitigation step for cannabis customers, and tools that perform that verification continuously should be recognized as an effective way to do so at scale.

III. The Guide Should Point Community Banks Toward a Workable Path

a. The Reference Burdens the Institutions Most Likely to Serve Cannabis Businesses

[11] U.S. Dep't of Justice, Press Release No. 26-1276, Justice Department Announces Issuance of Federal Registrations for Medical Marijuana Dispensaries (Oct. 30, 2026).
[12] Drug Enf't Admin., Diversion Control Div., Timely Applicant Information for Medical Marijuana Applicants (Oct. 30, 2026); *see also* Foley Hoag LLP, DEA Guidance Raises Hard Questions for Applicants in Dual Use States (2026).
[13] Proposed Guide, *supra* note 1, § IV.B.3.

Community banks and credit unions have carried much of the burden of serving state-licensed cannabis businesses, and these are the same institutions for which the cost of an advanced BSA/AML platform is most significant. Signaling that MRB customers call for more advanced tools, without explaining what those tools are, what they cost, or how they reduce risk, would read to many TCBOs as a reason to stay out of the market altogether. The likely result is fewer banking options, higher fees, and greater concentration of cannabis accounts in a small number of institutions.

b. Purpose-Built Compliance Platforms Already Provide That Path

Over the past decade, a market of third-party compliance providers has developed specifically to help financial institutions serve state-licensed cannabis businesses. These platforms connect to state licensing databases and seed-to-sale systems, verify license status on an ongoing basis, reconcile a customer's deposits against its state-reported sales. USCR asks the Board not to discourage these tools, but to describe them. A TCBO reading Section IV.C.7 should come away understanding that licensed cannabis customers can be served safely, that specialized platforms exist to do so, and how to evaluate those platforms under the Guide's existing vendor diligence framework, including their integration with state data sources, the accuracy of their license and sales reconciliation, their data security, and their cost relative to the TCBO's volume of cannabis customers.

Proposed Revision to Section IV.C.7:

USCR recommends that the Board revise the relevant sentence as follows:

"Where a TCBO's risk assessment identifies customers that present elevated risk (e.g., cash-intensive businesses, including state-licensed marijuana-related businesses), tools with more advanced capabilities may be appropriate. For marijuana-related businesses, such tools may include third-party platforms that validate DEA registration, timely DEA license application, verifying state license status against state-run license databases, and reconcile account activity against state seed-to-sale and sales reporting data. A customer's verified state license in good standing, together with ongoing monitoring of that license, is a relevant risk mitigant."

IV. SAFE Banking Act is Needed

Durable certainty ultimately requires legislation. The bipartisan Secure and Fair Enforcement (SAFE) Banking Act (H.R. 9471 / S. 4942) would protect depository institutions and their service providers that serve state-sanctioned cannabis businesses from federal penalties based solely on that relationship.[14] USCR urges Congress to pass it, and we welcome the Board's continued technical engagement with Congress as it does so.

When licensed operators cannot access banking services, they are forced to operate largely in cash. Cash-intensive operations create public safety risks for employees and communities, and

[14] SAFE Banking Act of 2026, H.R. 9471, 119th Cong. (2026); S. 4942, 119th Cong. (2026).

they reduce the transparency that banks and law enforcement rely on to detect illicit activity. Bringing licensed businesses into the banking system, with standard risk-based monitoring, advances the goals of the Bank Secrecy Act. Discouraging that access works against them.

V. Conclusion

USCR appreciates the Board's effort to provide TCBOs with a practical, tailored resource for managing third-party risk. We respectfully urge the Board to revise Section IV.C.7 so that its reference to marijuana-related businesses gives TCBOs a path to serving these customers, one that recognizes both the mitigating value of a state license and the purpose-built tools that make state license and sales data usable, rather than a signal to avoid them. We welcome the opportunity to discuss these comments further. Please contact David Mangone david.mangone@uscr.org with any questions.

Sincerely,

David Mangone, J.D., Senior Vice President of Policy & Government Affairs
U.S. Cannabis Roundtable