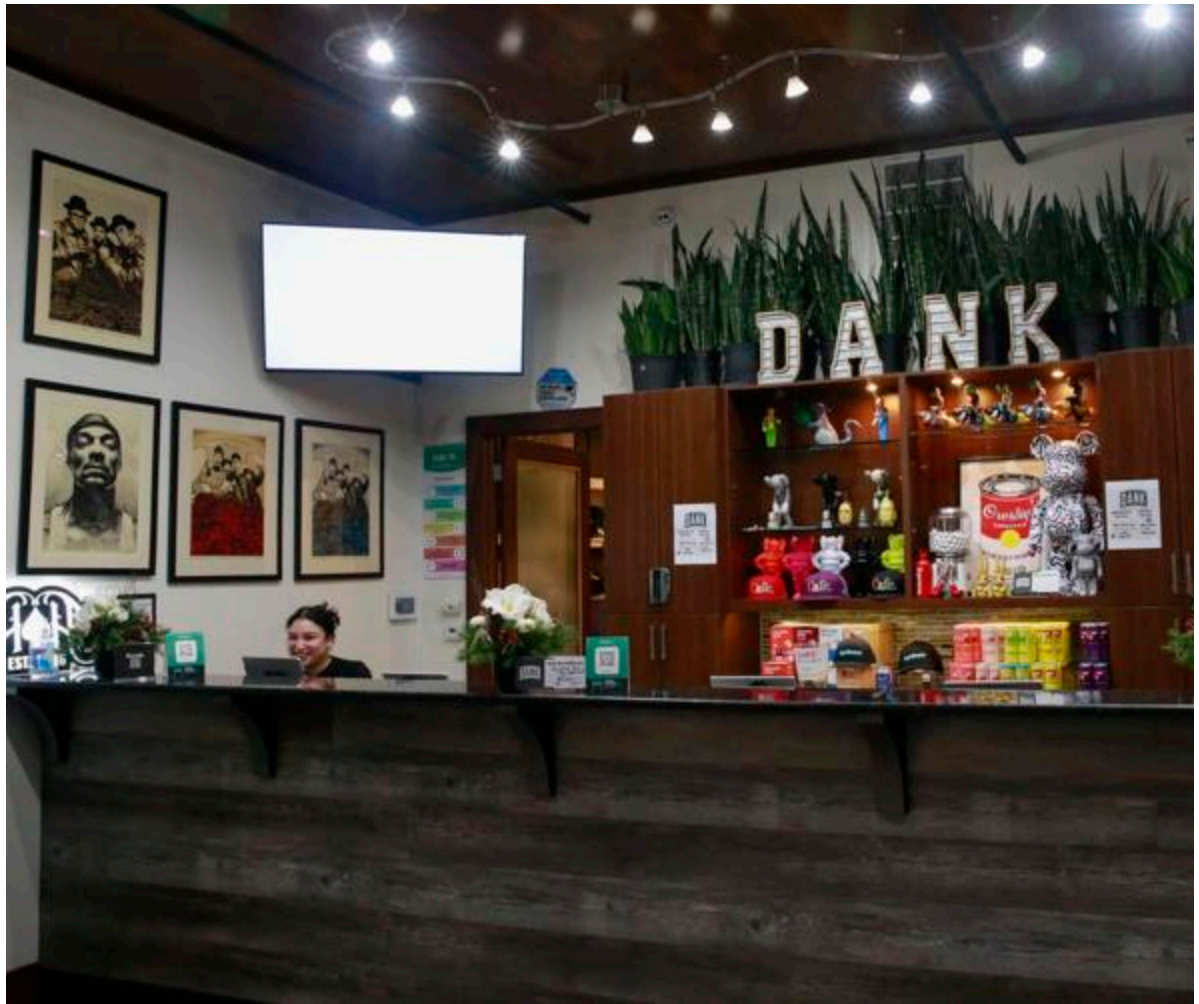


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## Evans Bank extends its services to cannabis businesses

**Matt Glynn**

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Point of sales Destiny Pacheco prepares to serve customers at the cannabis dispensary Dank on Wednesday, Decem  
Joseph Cooke/Buffalo News

Matt Glynn

**E**vans Bank has begun providing financial services to cannabis companies – an opportunity many of those businesses have clamored for.

Around the country, banks have been **reluctant to take on cannabis businesses as customers, wary** of running afoul of the federal government – even in a state such as New York, which has established a legalized cannabis industry.

Cannabis companies have long sought access to banking services, to safely manage their money and operate the same way other legal businesses do.

“Rarely have we come across a situation like this one where cannabis is a legal business in New York State, yet those involved in the industry have been unable to access traditional banking products and services,” said David J. Nasca, Evans’ president and CEO.

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Bank officials saw opportunity. “Evans could make a significant difference by assisting these entrepreneurs and providing high quality, compliant and safe banking services to their businesses,” Nasca said.

Amherst-based Evans explored the idea over the past year, meeting with owners of businesses, researching how it’s been done elsewhere and certifying staff members to work in the industry, said Audrey Meyers, Evans’ chief retail banking officer.



Audrey Meyers, chief retail banking officer at Evans Bank. (provided photo)

“The industry sort of feels like they’re still to forced to operate like they’re in the black market: duffel bags, brown bags, Nike shoeboxes full of cash,” Meyers said. “We want to take all of that away, help legitimize their business and offer them banking services.”

Evans is offering deposit services as well as cash management to cannabis companies, including cash delivery and pickup and online banking.

Without access to local banks, some cannabis companies say they have to drive long distances to find a place to deposit their cash, or rely on national companies lacking a local presence.



Cannabis businesses have struggled with access to banking services. (Derek Gee/News file photo)

Derek Gee/Buffalo News

“They just want to run a legitimate business that’s licensed by the state,” she said.

“They want to obey the (state Office of Cannabis Management) and they want to stay compliant.”

The Biden administration is **expected to propose reclassifying marijuana** as a less dangerous but still controlled drug. But the American Bankers Association’s president and CEO, Rob Nichols, said “any potential decision to reclassify cannabis has no bearing on the legal issues around banking it.

“Cannabis would still be largely illegal under federal law, and that is a line many banks in this country will not cross,” Nichols said.

The solution, Nichols said, would be passage of the federal SAFER Banking Act, which would allow banks to provide services to the cannabis industry in states where that industry is now legal.

Patrick Hines, an attorney and leader of the cannabis and hemp group at Hodgson Russ, said larger, federally chartered banks remain reluctant to do business with cannabis companies because of the drug's status in the eyes of the federal law.

Given that legal environment, he said, it's more likely that smaller banks and credit unions will be the ones that "are willing to take the risk and jump through the hurdles."

Cannabis companies also have faced obstacles to payment processing, Hines said.

"They're doing business in cash," he said. "That cash has to be deposited somewhere. That comes with huge security risks."

Even though the reclassification wouldn't fix the issue for financial services companies, "it's going to show a cultural shift away from really tight regulation of cannabis, and maybe give the impetus for legislative change," Hines said.

As Evans developed its plans for working with cannabis businesses, the bank has stayed in touch with its regulator, the U.S. Office of the Comptroller of the Currency, as well as the Federal Deposit Insurance Corp., Meyers said. "When we weren't sure of something, we went to them."

Evans is requiring cannabis businesses to be licensed by New York State and the Office of Cannabis Management in order to become Evans customers.

Evans believes that because it operates in only one state, with branches in the Buffalo and Rochester markets, its situation is less potentially complex than banks with a presence in multiple states.

Evans Bank could be at the beginning of a significant shift in how financial institutions view cannabis businesses," John D'Angelo, a cannabis marketing professional who owns Case Study Labs, wrote on LinkedIn.

“For entrepreneurs, it means an end to the days of ‘creative accounting’ and the high costs of operating under constant scrutiny,” he wrote. “More importantly, it signifies a move towards normalized relations with the financial world, where cannabis businesses are no longer outliers but legitimate enterprises.”

Matt Glynn

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By Matt Glynn  
Reporter

