

Major Banking Hurdles Complicate USVI Cannabis Industry Rollout as Licensing Gets Underway This Month

As the OCR begins issuing cultivation and micro-cultivation licenses, lawmakers raise concerns over how the GVI will collect and bank cannabis-related revenues. With local banks unwilling to handle funds, officials are seeking alternative solutions

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When the Office of Cannabis Regulation appeared before the Committee on Economic Development on Monday, lawmakers were pleased to learn of the Office's advancements since its executive director last provided an [update to the Legislature](#) in September 2024. However, the jubilation was short-lived, as their attention quickly turned to the inherent challenge of how the government would bank money collected from cannabis business licenses.

The conversation was first broached by Senator Angel Bolques Jr. “Given the restrictions surrounding banking and insurance in the cannabis industry, how exactly is OCR assisting businesses to secure financial services or facilitate financial transactions?” he asked. Marijuana is still classified as a Schedule 1 controlled substance by the federal government — the Food and Drug Administration.

His question followed testimony from OCR’s director, Joanne Moorehead, that “by the end of March, we will be opening the applications for cultivation licenses and micro cultivation permits.” This decision signals “the rollout of cannabis business licenses.” These are the next class of permits to be issued, following the launch of OCR’s [licensing regime](#) for medical cannabis users, their caretakers, and sacramental users last year.

Pleased with OCR’s progress, Bolques reminded Ms. Moorehead that “we do have to recoup or get tax payments, and even for general operations.” It’s a question Ms. Moorehead called “complicated.”

“There is not really anything that the OCR can do to gain access to financial services, because the banks that are in the territory will not do any kind of cannabis banking,” she explained. While commercial banks are allowed to offer services to cannabis businesses, many choose not to, as the additional compliance and regulatory burdens can be onerous. OCR cannot turn to local credit unions either, as they all are “required to be federally regulated and insured,” preventing them from “doing any cannabis banking.”

“That’s one of the most important things that the Office needs to try to wrap its head around in order to be able for this industry to actually be successful,” advised Bolques. While facing a roadblock with financial institutions, Ms. Moorehead assured lawmakers that the Government of the Virgin Islands is “looking into how we can protect our interests and are able to collect the money.”

“I am working hard with the Office of the Governor. We’ve been talking to a lot of people... We’ve had some conversations with financial institutions. We’ve had conversations with some third-party vendors who provide services similar,” the executive director assured.

Efforts to utilize the Economic Development Bank were also met with an unfavorable response. “That is often the knee-jerk response that I get when I have an initial conversation with many folks in the banking and financial industry. So it takes a little bit of persuading on my part,” explained Ms. Moorehead. “I do have some information for them that I think might help persuade them to think of it a little bit differently.” OCR is waiting on the availability of Wayne Biggs, director of the Economic Development Authority, for a meeting on the subject.

Freshman senator Hubert Frederick evinced amazement that such a major hurdle had not been addressed much earlier in the process. “I’m surprised that this whole legislation was started this way without first identifying whether or not the proceeds from this business [are] even bankable,” he stated. “We knew initially [it] was not, but we still went ahead and we passed the legislation, and now we’re in this really awkward position.” Perhaps, he suggested, OCR should hope for “some miracle or some eureka moment where we could come up with a way to manage the proceeds.”

“Where would you bank the proceeds for the licenses, since you’re at that threshold now of starting to issue licenses?” Frederick asked Ms. Moorehead as well. She assured that, since the USVI does not currently have “any sanctioned or licensed cannabis businesses in the territory, we should be able to continue business as usual for the remainder of this year.” Revenues coming in,

she said, are not from cannabis businesses. “We will have a solution by the time that issue becomes relevant,” Ms. Moorehead promised.

Senator Alma Francis Heyliger, for her part, reminded the OCR director that there is no need to reinvent the wheel. “When we went to Colorado, they set up an entire section within the governor's office that dealt with how the money was funneled through the government and went into different agencies directly....We need to stop spinning wheels here.”

As things stand, said Ms. Moorehead, “all of the money generated by the OCR is to be deposited into the Cannabis Fund” already established within the Department of Finance.

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