

April 30, 2019

Hon. Nancy Pelosi
Speaker of the House
H-204, The Capitol
Washington, DC 20515

Hon. Kevin McCarthy
Minority Leader
H-329, The Capitol
Washington, DC 20515

Hon. Mitch McConnell
Majority Leader
317 Russell Bldg.
Washington, DC 20510

Hon. Charles E. Schumer
Minority Leader
322 Hart Bldg.
Washington, DC 20510

Hon. Steny Hoyer
Majority Leader
1705 Longworth Office Building
Washington, DC 20515

Hon. Steve Scalise
Minority Whip
H-307, The Capitol
Washington, DC 20515

Hon. John Thune
Majority Whip
511 Dirksen Bldg.
Washington, DC 20510

Hon. Richard J. Durbin
Minority Whip
711 Hart Bldg.
Washington, DC 20510

Hon. Maxine Waters
Chair
House Committee on Financial
Services
2129 Rayburn Office Building
Washington, DC 20515

Hon. Patrick McHenry
Ranking Member
House Committee on Financial
Services
2129 Rayburn Office Building
Washington, DC 20515

Dear Congressional Leaders:

As a bipartisan group of state treasurers, we urge Congress to advance legislation allowing states with legalized medical or recreational cannabis to bring these activities into the safety and scrutiny of the national banking system. On April 30, 2018, 13 state treasurers submitted a letter to Congressional leadership on this topic. Today, we underscore that message and reaffirm that state and federal governments have a shared interest in promoting public safety, upholding the rule of law, and bringing grey market activities out of the shadows and into a transparent, regulated banking system.

Thirty-four U.S. states, three U.S. territories, and the District of Columbia have legalized the medical use of cannabis. Of those, ten states and the District of Columbia have legalized recreational use by adults over 21 years of age. Despite legalization at the state-level, financial institutions face enormous barriers and legal risks, including criminal and civil liability under the Controlled Substances Act, to providing banking services to state-licensed cannabis businesses. As a result, a limited number of banks and credit unions will provide these services, leaving the remaining businesses unbanked.

Businesses operating in cash pose a significant public safety risk. Absent access to banking services, cannabis-related businesses are unable to write checks, make and receive electronic payments, utilize a payroll provider, or accept credit and debit cards. Processing, storing, and moving large amounts of cash puts business owners, their employees, and their customers at risk of violent crime. The cash-only environment means state and local government agencies must collect tax and fee payments in person and in cash, incurring added expenses and employee safety risks.

Providing financial services to cannabis businesses allows law enforcement, and specifically the Financial Crimes Enforcement Network (FinCEN), the transparency needed to distinguish legal business transactions from illegal activity. FinCEN's guidance specifies how financial institutions should manage relationships with cannabis businesses, including the implementation of anti-money laundering rules in the Bank Secrecy Act and PATRIOT Act. Financial institutions banking the industry follow FinCEN in good faith and lack a guarantee from the federal government of continued, consistent application of the guidance. We urge FinCEN to preserve this guidance while legislation is advanced to mitigate industry concerns.

To address these issues, we are requesting legislation that would provide a safe harbor for depository institutions that provide a financial product or service to a covered business in a state that has implemented laws and regulations that ensure accountability in the cannabis industry. The Secure and Fair Enforcement (SAFE) Banking Act (H.R. 1595) or similar legislation would remove the legal uncertainty for banks and credit unions, reducing their risk and moving billions of dollars into the banking system. We were pleased to see the Subcommittee on Consumer Protection and Financial Institutions hold a hearing on cannabis and financial services on February 13, and will continue to track the progress of this issue during the 116th Congress.

Offering financial services to cannabis-related businesses is not a tacit endorsement of descheduling or rescheduling cannabis from the Controlled Substances Act. Without banking services, cannabis businesses are less able to obey the law, pay taxes, and follow state regulations of the industry. The public safety risks posed by these businesses are easily mitigated through access to banking service providers and keeping the cash off the streets. Nearly every U.S. state has a stake in this issue. We look forward to working with you as legislation progresses to address this urgent public policy concern.

Sincerely,



Tobias Read
Oregon State Treasurer



Duane Davidson
Washington State Treasurer



Henry Beck
Maine State Treasurer



Roderick Becker
Hawaii State Treasurer



Zach Conine
Nevada State Treasurer



David Damschen
Utah State Treasurer



Tim Eichenberg
New Mexico State Treasurer



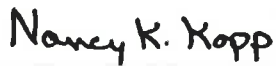
Rachael Eubanks
Michigan State Treasurer



Michael Frerichs
Illinois State Treasurer



Deborah Goldberg
Massachusetts State Treasurer



Nancy Kopp
Maryland State Treasurer



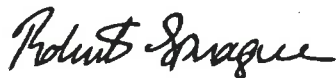
Seth Magaziner
Rhode Island State Treasurer



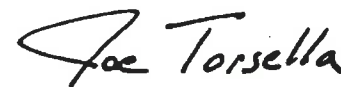
Elizabeth Muoio
New Jersey State Treasurer



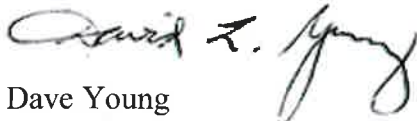
John Perdue
West Virginia State Treasurer



Robert Sprague
Ohio State Treasurer



Joe Torsella
Pennsylvania State Treasurer



Dave Young
Colorado State Treasurer