

April 30, 2018

Hon. Paul Ryan
Speaker of the House
H-232, The Capitol
Washington, DC 20515

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

Hon. Kevin McCarthy
Majority Leader
H-107, The Capitol
Washington, DC 20515

Hon. John Cornyn
Majority Whip
517 Hart Bldg.
Washington, DC 20510

Hon. Mike Crapo
Chair
Senate Committee on Banking,
Housing & Urban Affairs
534 Dirksen Senate Building
Washington, DC 20510

Hon. Nancy Pelosi
Minority Leader
H-204, The Capitol
Washington, DC 20515

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

Hon. Steny Hoyer
Minority Whip
1705 Longworth Office Building
Washington, DC 20515

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

Hon. Sherrod Brown
Ranking Member
Senate Committee on Banking,
Housing & Urban Affairs
534 Dirksen Senate Building
Washington, DC 20510

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. We underscore the message sent by 19 state attorneys general in a January 16, 2018 letter to your offices; namely, that the state and federal governments have a shared interest in promoting public safety, reaffirming the rule of law, and bringing grey market activities out of the shadows and into a transparent, regulated banking system.

Twenty-nine U.S. states and three U.S. territories have legalized the medical use of cannabis. Of those, nine 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 these businesses allows law enforcement, and specifically the Financial Crimes Enforcement Network (FinCEN), the transparency needed to distinguish legal cannabis businesses from illegal activity. FinCEN's guidance provides specific directions regarding how financial institutions should manage relationships with cannabis businesses, including the anti-money laundering rules in the Bank Secrecy Act and PATRIOT Act. The guidance remains in place, but does not guarantee the U.S. government will not take action against financial institutions following the guidance in good faith. 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 SAFE Banking Act (S. 1152 and H.R. 2215) 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.

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. We look forward to working with you as legislation is developed to address this urgent public policy issue.

Sincerely,



Tobias Read
Oregon State Treasurer



Duane Davidson
Washington State Treasurer



Jeff Barnette
Washington DC Treasurer



Treasurer John Chiang
California State Treasurer



Michael Freichs
Illinois State Treasurer



Deborah Goldberg
Massachusetts State Treasurer



Terry Hayes
Maine State Treasurer



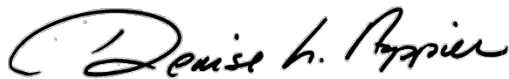
Laurel Johnston
Hawaii State Director of Finance



Pamela Leary
Alaska State Treasurer



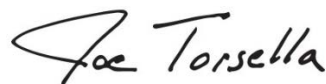
Seth Magaziner
Rhode Island Treasurer



Treasurer Denise Nappier
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John D. Perdue
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Joe Torsella
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