

May 8, 2019

ATTORNEY GENERAL RAOUL URGES CONGRESS TO PASS LEGISLATION ALLOWING MARIJUANA-RELATED BUSINESSES TO ACCESS THE BANKING SYSTEM

Chicago — Attorney General Raoul, along with a bipartisan coalition of 37 states and territorial attorneys general, today urged Congress to pass the federal Secure and Fair Enforcement (SAFE) Banking Act ([H.R. 1595](#)) or similar measures that would give legal marijuana-related businesses access to the federal banking system.

“Inhibiting the ability of financial institutions to provide services to legal marijuana-related businesses and companies creates a public safety threat and often makes these businesses a target for criminal activity,” Raoul said. “I urge Congress to take action and pass the SAFE Banking Act.”

[In a letter](#) sent to Congressional leaders, Raoul and the coalition urge Congress to pass the SAFE Banking Act to permit marijuana-related businesses in states and territories with existing regulatory structures to access the federal banking system. This would bring billions of dollars into the banking sector, enabling law enforcement; federal, state and local tax agencies; and cannabis regulators in 33 states and several territories to more effectively monitor cannabis businesses and their transactions.

Under existing law, federal regulators prohibit financial institutions from providing services to marijuana businesses in states where medical or retail marijuana sales are legal. Forcing legal businesses to operate as cash-only operations poses serious safety threats, creating targets for violent and white-collar crime.

The SAFE Banking Act has widespread, bipartisan support with 172 cosponsors in the U.S. House. The House Financial Services Committee approved the bill in March and now it awaits a vote by the full House.

Joining Raoul in submitting the letter are the attorneys general of Alaska, Arizona, Arkansas, California, Connecticut, Colorado, Delaware, the District of Columbia, Guam, Hawaii, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nevada, New Jersey, New Mexico, New York, North Dakota, the Northern Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, the U.S. Virgin Islands, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.



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Hon. Richard J. Durbin
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Hon. Sherrod Brown
Ranking Member
Senate Committee on Banking,
Housing & Urban Affairs
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Dear Congressional Leaders:

We are a bipartisan group of state and territorial attorneys general who recognize that the states, territories and federal government share a strong interest in protecting public safety and bringing grey market financial activities into the regulated banking sector. To address these goals, we urge Congress to advance legislation that would allow states and territories that have legalized certain use of marijuana to bring that commerce into the banking system.

This issue is of broad relevance: for example, thirty-three states and several U.S. territories have legalized the medical use of marijuana. However, because the federal government classifies marijuana as an illegal substance, banks providing services to state-licensed cannabis businesses and even to other companies which sell services and products to those businesses could find themselves subject to criminal and civil liability under the federal Controlled Substances Act and certain federal banking statutes. This risk has significantly

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inhibited the ability of financial institutions to provide services to these businesses and companies.

Despite the contradictions between federal and state law, the marijuana industry continues to grow rapidly. Industry analysts estimate 2017 sales at \$8.3 billion and expect those totals to exceed \$25 billion by 2025. Yet those revenues are handled outside of the regulated banking system. Businesses are forced to operate on a cash basis. The resulting grey market makes it more difficult to track revenues for taxation and regulatory compliance purposes, contributes to a public safety threat as cash-intensive businesses are often targets for criminal activity, and prevents proper tracking of billions in finances across the nation. Importantly, this measure in no way constitutes an endorsement of any state or territory's specific approach to the legalization of marijuana-related transactions, and the Act is in no way an endorsement for the legalization of medical or retail marijuana in those jurisdictions that choose not to pursue such an approach. But regardless of how individual policymakers feel about states permitting the use of medical or recreational marijuana, the reality of the situation requires federal rules that permit a sensible banking regime for legal businesses.

To address these challenges, we request that Congress advance the SAFE Banking Act or similar 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 marijuana industry. An effective safe harbor would bring billions of dollars into the banking sector, enabling law enforcement; federal, state and local tax agencies; and cannabis regulators in 33 states and several territories to more effectively monitor cannabis businesses and their transactions. Compliance with tax laws and requirements would be simpler and easier to enforce with the regulated tracking of funds in the banking system, resulting in higher tax revenues.

Our banking system must be flexible enough to address the needs of businesses in the various states and territories, with state and territorial input, while protecting the interests of the federal government. This includes a banking system for marijuana-related businesses that is both responsive and effective in meeting the demands of our economy. We look forward to working with you as Congress moves forward in this process and to lending our voice and expertise as you develop legislation.

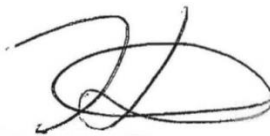
Respectfully,



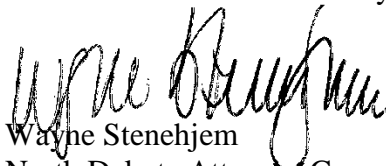
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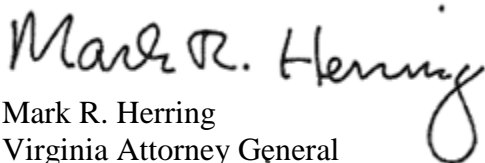
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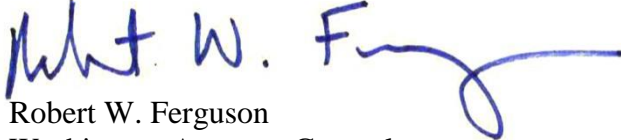
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