

Ms. Harris has served on numerous boards and committees, including Durham County's Strategic Plan Goal Champion (Health and Well-being for All); Mayor's Initiative to Reduce Poverty One Neighborhood at a Time; Durham Community Health Network; Project Access of Durham County Board of Directors (Vice-Chair); Co-Principal Investigator and Steering Committee member of the Durham Diabetes Coalition; United Way of the Greater Triangle Women's Leadership Council and Health Impact Committee; Durham YMCAs; and the Lincoln Community Health Center Board of Directors (Secretary).

In 2012, spearheaded by Ms. Harris's efforts, the Durham County Board of Health, supported by the County Commissioners and City officials, adopted a rule to regulate smoking in prescribed public areas. In a city once dependent on tobacco for its existence, much of its public space is now smoke free including parks, bus stops, sidewalks, public indoor areas such as restrooms, and public areas of retail establishments.

In 2014, the Durham health community, under Ms. Harris' leadership, won the prestigious RWJF Culture of Health award. This award "recognizes communities that have come together around a commitment to health, opportunity, and equity through collaboration and inclusion; especially with historically marginalized populations and those facing the greatest barriers to good health." Because of Gayle Harris' leadership and support, the Durham County Department of Public Health has led racial equity work within Durham County Government by hosting racial equity training and presentations for thousands of government employees, nonprofit agencies, businesses, and community members.

Gayle Bridges Harris has played a critical role in advancing the culture of health in Durham, North Carolina. She is a health leader from whom others learn. In her honor, we remember that: "A community's vitality is built upon the health of the residents and the capacity of the community to foster and enhance the well-being of every citizen."

I ask my colleagues to join me today in recognizing Ms. Gayle Harris on this auspicious occasion.

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## PERSONAL EXPLANATION

**HON. A. DONALD McEACHIN**

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, September 27, 2019*

Mr. McEACHIN. Madam Speaker, I was unavoidably detained on September 17, 2019 during roll call no. 531, On Motion to Instruct Conferees, S. 1790, National Defense Authorization Act for Fiscal Year 2020. Had I been present, I would have voted "nay." I was also unavoidably detained during roll call no. 532, On Closing Portions of the Conference, S. 1790, National Defense Authorization Act of the Fiscal Year 2020. Had I been present, I would have voted "yea."

## SECURE AND FAIR ENFORCEMENT BANKING ACT OF 2019

SPEECH OF

**HON. ED PERLMUTTER**

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 25, 2019*

Mr. PERLMUTTER. Madam Speaker, I include in the RECORD the following letters of endorsement for H.R. 1595, the SAFE Banking Act.

### LAW ENFORCEMENT ACTION PARTNERSHIP.

To: Chairwoman Maxine Waters and Members of the Subcommittee on Consumer Protection and Financial Institutions  
From: Major Neill Franklin, Ret., on behalf of the Law Enforcement Action Partnership (LEAP)

Re: Challenges and Solutions: Access to Banking Services for Cannabis-Related Businesses

Hearing: Wednesday, February 13, 2019, 2:00 p.m.

Position: Support

Distinguished members of the Committee, thank you very much for the opportunity to present the views of the Law Enforcement Action Partnership (LEAP) in support of this legislation.

LEAP's mission is to unite and mobilize the voice of law enforcement in support of drug policy and criminal justice reforms that will make communities safer by focusing law enforcement resources on the greatest threats to public safety, promoting alternatives to arrest and incarceration, addressing the root causes of crime, and working toward healing police-community relations.

"LEAP envisions a world in which criminal justice and drug policies keep our communities safer." This is a quote directly from our website and that quote is exactly what this hearing is about. It is about enacting policy that will dramatically enhance public safety in our communities.

This hearing is not, nor should it be, a hearing about whether we should legalize, regulate, and control marijuana for adult use. It should be clear to everyone here that Americans have already decided this issue. In October, Gallup said 66% of American residents supported legalizing marijuana. More than half of states already allow marijuana for medical and/or adult-use purposes. A vast majority of Americans live in a state where marijuana can be purchased legally. This is not a niche business market; it's a significant part of our economy.

If Congress respects the rights of the states and the will of the people, as protected in the Tenth Amendment, then we don't need to debate the legalization of marijuana or medical marijuana here today. We need to decide how best to protect those states, given the choices they've democratically enacted. However, I know some opponents will try to cloud the banking issue with attacks on legalization, so I will quickly address some of these concerns.

Let's talk about what's happened in Colorado, the first state to legalize marijuana for adult use. A federal study by the National Survey on Drug Use and Health showed that teen marijuana use decreased after legalization. The American Public Health Association determined that "motor vehicle crash fatality rates . . . were not statistically different from those in similar states without recreational marijuana legalization." Furthermore, legalization has resulted in a significant decrease in traffic stops, leading to fewer negative interactions between police and drivers, potentially limiting dangerous

clashes and tensions with people of color. And because police didn't have to waste their time on these stops and could concentrate on real crime, researchers studying Uniform Crime Reports data (another federal publication) concluded legalization had resulted in greater police clearance rates. So don't listen to Chicken Little. The sky over Colorado did not fall.

Licensed marijuana businesses are legitimate contributors to our economy. It follows that regulated banking, vendor relations, payroll, and tax payments should be permitted as part of that legitimacy—a condition that will further serve to dismantle the illicit market's influence in this growing industry and help local economies.

Current conditions, which require all-cash transactions in every aspect of the business encourage tax fraud, add expensive monitoring and bookkeeping expenses, and—most importantly—leave legitimate businesses vulnerable to theft, robbery, and the violence that accompany those crimes. The SAFE Banking Act presents us with an opportunity to greatly assist in stabilizing the industry and enhancing public safety.

As more legitimate businesses are established, opportunities for cash robberies will increase as more grow-facilities and dispensaries come on line. Securing cash on-site, transporting cash to secure locations, and managing cash payroll are necessities for these businesses. And criminal entities are quite adept at conducting high-level reconnaissance of businesses and their security protocols when they know those businesses will have tens of thousands—or even hundreds of thousands—of dollars on hand.

Although extremely important for business owners and the people they employ, my greatest fear is not the loss of profits due to theft. It is the potential for serious assaults and death to the people attempting to protect that cash, or who are merely responsible for it. I fear dispensary employees being at great risk. I fear for the safety of those transporting the cash, and I fear for the well-being of employees on payday. Two weeks of pay for one employee can easily exceed a few thousand dollars. That one employee trying to get home safely from work is an attractive "score" for any criminal, and a very easy target for those who know what to look for. Beyond any concern for protecting profit, we have a duty to protect the lives of community members working to earn a living.

In 2012, Melinda Haag, the U.S. Attorney for Northern California, said, "Marijuana dispensaries are full of cash, they are at risk of being robbed, and many of them are." One example of what can happen: In October 2012, three people kidnapped the owner of a lucrative dispensary in Orange County. According to court documents, the assailants zip-tied the victim, tortured him, and drove him to a patch of desert where they believed he had buried large sums of money. When the kidnappers couldn't find it, they burned him with a blowtorch, cut off his penis, and doused him with bleach before dumping him along the side of a road.

Four of my policing years were spent investigating crimes within Maryland's Division of Corrections. I've interviewed hundreds of incarcerated civilians convicted of serious crimes, many of whom were proud to boast of their criminal activities and strategies. Their strategic thought process is minimal. The easier the target the better. The bigger the "score" the better. Casing the next target is about finding the softest target, and the current conditions in this industry have created many soft targets.

We, the police, teach target hardening when we conduct security assessments for business owners. Our advice to them is not to

have large amounts of cash on hand, to make use of credit and debit card services, avoid routine trips to the bank, and to make use of armored car services. This valuable “crime prevention 101” advice is literally useless to marijuana business owners, making them very attractive soft targets.

I’m not one for fear mongering—what I testify to here today is rooted in experience and research. Any police officer who has worked the street, or investigated enough robberies, will testify to the same regarding any business forced to handle large amounts of cash.

Members of the committee, it is up to you and other members of Congress to act upon this legislation, establishing access to banking for legitimate marijuana businesses. The safety of thousands of employees, business owners, security personnel, police officers, and community members is in your hands.

On behalf of myself and the Law Enforcement Action Partnership, I ask that you act swiftly on the SAFE Banking Act because we know it will enhance public safety within our communities. Thank you for your time.

Sincerely,

MAJOR NEILL FRANKLIN, RET.,  
*Executive Director.*

ELECTRONIC TRANSACTIONS  
ASSOCIATION,  
*Washington, DC, March 26, 2019.*

Hon. MAXINE WATERS,  
*Chairwoman, Committee on Financial Services,  
House of Representatives, Washington, DC.*  
Hon. PATRICK MCHENRY,  
*Ranking Member, Committee on Financial Services,  
House of Representatives, Washington,  
DC.*

DEAR CHAIRWOMAN WATERS AND RANKING MEMBER MCHENRY: On behalf of the members of the Electronic Transactions Association (ETA), I am writing in support of H.R. 1595, the bipartisan Secure and Fair Enforcement Banking Act of 2019 (SAFE Banking Act), which would allow states that have legalized medical or recreational use of marijuana to bring that commerce into the banking system.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services; its membership spans the breadth of the payments industry to include independent sales organizations, payments networks, financial institutions, transaction processors, mobile payments products and services, payments technologies, equipment suppliers, and online small business lenders.

Thirty-three states and several U.S. territories have legalized marijuana for medical use and ten states have done so for recreational use. Financial institutions providing services to state-licensed cannabis businesses could find themselves subject to criminal and civil liability under the Controlled Substances Act and federal banking statutes because the use and possession of marijuana is illegal under federal law.

The conflict between state and federal laws forces businesses to operate on a cash-only basis and has created significant legal and compliance concerns for financial institutions that wish to provide banking services to marijuana related businesses in states where it is currently legal. The SAFE Banking Act would allow legitimate marijuana businesses to access the safety and security of the banking ecosystem in states that have legalized marijuana. Having access to the banking system makes it easier for businesses to track revenues for taxation purposes, decreases a public safety threat as cash intensive businesses are often targets for criminal activity, and allows proper tracking of finances for BSA/AML compliance.

With the clarifications to Section 4 in the amendment in the nature of a substitute, the SAFE Banking Act would extend the same protections to payment processors as banks and credit unions by prohibiting federal banking regulators from taking adverse actions against financial institutions. This updated language allows the entire scope of these legitimate businesses to access the entire banking ecosystem—including any entity performing a financial service in association with a depository institute.

ETA takes no position on the legalization or decriminalizing marijuana at the state or federal level for medicinal or recreational uses. However, ETA does support legislation that would resolve the conflict between state and federal laws to allow financial institutions to serve marijuana related businesses in states where these businesses are legal under state law.

We appreciate your leadership on this important issue. If you have any questions, please feel free to contact me directly.

Sincerely,

SCOTT TALBOTT,  
*Senior Vice President of Government Affairs.*

THIRD PARTY PAYMENT  
PROCESSORS ASSOCIATION (TPPPA),  
*Washington, DC, September 24, 2019.*  
Re H.R. 1595, Secure and Fair Enforcement  
Banking Act of 2019.

Hon. MAXINE WATERS,  
*Chairwoman, House Financial Services Committee,  
House of Representatives, Washington, DC.*  
Hon. PATRICK MCHENRY,  
*Ranking Member, House Financial Services Committee,  
House of Representatives, Washington, DC.*

Hon. ED PERLMUTTER,  
*House Financial Services Committee, House of Representatives, Washington, DC.*

The Third Party Payment Processors Association (TPPPA) is writing in support of H.R. 1595, the Secure and Fair Enforcement Banking Act of 2019 (SAFE Banking Act). The TPPPA agrees that action by the federal government is the only durable solution to the challenges posed by conflicting state and federal laws related to cannabis and are eager for a roadmap to compliance related to cannabis-related businesses for banks and payment processors.

The Third Party Payment Processors Association (TPPPA) is a national not-for-profit industry association whose members include payment processors and banks. The TPPPA has created industry best practices in payment processing through our Compliance Management System (CMS), which relies heavily on the guidance of federal regulators. The CMS serves as guidance to our members in creating documented, risk-based compliance management programs for payment processing.

The SAFE Banking Act would allow the opportunity for our members to provide banking and payment processing services to cannabis-related businesses in states that have legalized medical or recreational use of cannabis. The SAFE Banking Act would harmonize the conflict between state and federal laws related to financial services, thereby reducing the reluctance of banks and payment processors, like our members, to provide critical financial services to these businesses. The SAFE Banking Act will have the benefit of removing cash, resulting in improved public safety and providing greater financial transparency, reducing the risk of money laundering.

Payment processors are a key component in reducing cash transactions and keeping money in the financial system. Payment processors include not only companies that

facilitate the collection of payments, but also includes payroll processors. Payment processing in the form of either the collection of payments or processing of payroll and/or vendor payments removes the handling of cash. In the absence of payment processing, companies are required to hold large amounts of cash. Customers and employees of merchants without payment processing capability, like cannabis-related industries, are also required to carry and transact with cash. Consider the employee that must hand-deliver cash from their payroll to their bank, if they are even afforded a bank account due to being related to a cannabis business. This creates a great public safety issue not only for businesses, but also for consumers.

Payment processors are unable to provide payment services without a bank to sponsor these payments into the various payments networks, (e.g. check, ACH, debit/credit cards). Payment processors act as service providers to both the banks and the merchants. (This is not necessarily obvious, and the TPPPA was glad to see specific reference made to payment processors.) Without the safeguards afforded by the SAFE Banking Act, particularly related to FDIC insurance and regulatory enforcement, there are very few banks that are able to reconcile the risks with the opportunities to provide services to this ever-growing sector. Without banks, there are no payment processors.

We are encouraged by Representative Perlmutter’s willingness to consider the addition of related topics. There are two other cannabis-related business matters of importance to the TPPPA members addressed below.

#### *Operation Choke Point*

The TPPPA believes that cannabis-related businesses are subject to moral bias. While the SAFE Banking Act does prohibit financial regulators from using their regulatory enforcement authority solely based upon the fact that the company or service provider is a cannabis-related business, it does not preclude these same agencies from using their authority based upon reputation risk. As such, we strongly urge the inclusion of language, or merging of H.R. 189—Financial Institution Customer Protection Act, which has received overwhelming bipartisan support.

#### *Hemp/CBD-Related Businesses*

Other guidance that is notably absent, yet still a critical piece to being able to fully address compliance requirements for providing financial services and payment processing to cannabis-related businesses is USDA guidance on hemp. With the passing of the 2018 Farm Bill, the opportunity for providing services to the Hemp/CBD industry is immediately appealing to many of our members. Many banks and payment processors that may be reluctant to banking marijuana at this time, are open and eager to provide financial services to hemp-related businesses but cannot do so with a reasonable level of certainty without the USDA guidance on the regulatory requirements for hemp. Absent this guidance, hemp, in particular CBD, cannot be readily differentiated from marijuana. While the SAFE Banking Act would provide some protection in this regard, it does not provide those banks and payment processors that are open to CBD, but prohibit marijuana, the ability to know that they are not inadvertently engaging in marijuana. The TPPPA urges the escalation of USDA guidance on the requirements of hemp.

TPPPA members are eager for the clarity afforded by federal regulatory guidance related to banking cannabis. We are encouraged to see that the SAFE Banking Act provides for the timely creation of regulatory

guidance by both FinCEN and the FFIEC and look forward to USDA guidance on hemp. This will allow the TPPPA to include this guidance in our best practices. We are grateful for the opportunity to share our support and opinions with The Committee.

Sincerely,

MARSHA JONES,  
*President.*

THE REAL ESTATE ROUNDTABLE,  
*Washington, DC, March 25, 2019.*

Hon. MAXINE WATERS,  
*Chairwoman, Committee on Financial Services,  
House of Representatives.*

Hon. JERROLD NADLER,  
*Chair, Committee on the Judiciary,  
House of Representatives.*

Hon. PATRICK MCHENRY,  
*Ranking Member, Committee on Financial Services,  
House of Representatives.*

Hon. DOUG COLLINS,  
*Ranking Member, Committee on the Judiciary,  
House of Representatives.*

DEAR CHAIRWOMAN WATERS, CHAIRMAN NADLER, AND RANKING MEMBERS MCHENRY AND COLLINS: We represent members involved in almost every aspect of residential and commercial real estate development, design, construction, ownership, management, finance, and brokerage. Our members provide the homes, apartments, health care facilities, offices, industrial sites, shopping centers, and hotels where the American people live, work, play, and heal.

We support the broadly bipartisan H.R. 1595, the Secure and Fair Enforcement ("SAFE") Banking Act. The bill has been referred to your committees and is scheduled for markup tomorrow by the Financial Services Committee. The measure will bring state-licensed cannabis-related businesses ("CRBs") into the federal banking system. If enacted, federally regulated banks would no longer face the threat of sanction simply by providing financial services to a legitimate CRB.

Furthermore, H.R. 1595 clarifies that banks could not take adverse action on a loan to a real estate owner solely because that owner leases property to a legitimate CRB. The measure also protects sellers and lessors of real estate and other CRB "service providers" by clarifying that proceeds from legitimate marijuana-related transactions do not derive from unlawful activity, and thus do not provide a predicate for federal criminal money laundering.

There is a deepening rift between federal and state laws regarding cannabis policy. According to the National Conference of State Legislatures, all but four (4) states have enacted some form of public marijuana access to this point. At the federal level, however, the Controlled Substances Act classifies marijuana as a "schedule 1" drug rendering its use, possession, and sale illegal. This federal-state conflict leaves banks and real estate providers trapped between their mission to serve the needs of lawful businesses in their local communities, and the threat of federal enforcement action. The SAFE Banking Act provides much-needed clarity for the banking, real estate, and business sectors to function within the contours of state laws that have legalized marijuana.

Without a bank account, dispensaries and other legal CRBs must operate on a cash basis. Risks of crime thus increase and tax revenues to pay for infrastructure and other government services are potentially lost. H.R. 1595 can significantly address these problems by providing protections for banks, real estate firms and their employees from punishment simply because they aim to serve businesses within the 46 states that have legalized marijuana to varying degrees.

Passage of the SAFE Banking Act is a strong first step to clarify a full range of

proper business conduct in the rapidly evolving context of cannabis policy. We recommend that Congress further pass the bipartisan Strengthening the Tenth Amendment through Entrusting States Act ("STATES Act," H.R. 6043 last Congress). The STATES Act more holistically addresses financial issues caused by the federal marijuana prohibition. It provides that state-compliant transactions are not "trafficking" and do not result in unlawful proceeds. Brokerage, investment, transportation, advertising and other commercial transactions intrinsic and ancillary to real estate services could function more productively with STATES Act safeguards.

We commend Representatives Perlmutter (D-CO), Heck (D-WA), Stivers (R-OH), and Davidson (R-OH) for originally introducing the SAFE Banking Act, and the dozens of members who have joined as co-sponsors. The Real Estate Roundtable urges H.R. 1595's swift enactment. For more information, please contact Duane J. Desiderio, Senior Vice President and Counsel.

Sincerely,

JEFFREY D. DEBOER,  
*President and Chief Executive Officer.*

NATIONAL ASSOCIATION  
OF REALTORS,  
*Washington, DC, September 23, 2019.*  
HOUSE OF REPRESENTATIVES,  
*Washington, DC.*

DEAR REPRESENTATIVE: On behalf of the more than 1.3 million members of the National Association of REALTORS® (NAR) and its affiliate, the Institute of Real Estate Management (IREM), I urge you to pass H.R. 1595, the "Secure and Fair Enforcement (SAFE) Banking Act of 2019," when it is considered on the House floor this week. This bipartisan bill, introduced by Representatives Ed Perlmutter (D-CO) and Steve Stivers (R-OH), provides a clear framework for cannabis businesses to access financial services. As more states legalize cannabis use, the industry continues to rapidly grow, with more than \$10 billion in sales and \$1 billion in state tax revenue already recorded. However, barriers preventing these state-legal businesses from accessing federally-insured banks can impede their ability to grow while raising safety issues in their communities.

Thirty-three states have legalized cannabis for medical or recreational use, a number that is expected to rise over the coming years. Despite this, current federal law prevents banks from working with cannabis businesses or ancillary businesses that provide them with goods and services—including real estate professionals who have cannabis business owners as their clients. As a result, those states are struggling to address significant challenges to public safety and the regulatory compliance issues that arise with cash-only businesses.

The SAFE Banking Act takes an important step toward enabling financial services for legitimate cannabis-related businesses by specifying that their proceeds will not be considered unlawful under federal money laundering laws, thus allowing these businesses access to federally-insured banking institutions. Further, it directs the Financial Crimes Enforcement Network (FinCEN) and federal banking regulators to issue guidance and exam procedures for banks working with cannabis businesses. As the legal state-cannabis industry grows, the connections to other types of industries—including real estate—will grow as well. The SAFE Banking Act not only gives the industry equal footing with other businesses, enabling it to continue to expand and stimulate the economy, but also provides oversight and improves financial transparency.

State-legal cannabis businesses require real estate—farmland, warehouses, and

storefronts—creating multiple contacts to other industries and businesses, each of which is affected by current laws keeping their money out of the bank system. The SAFE Banking Act provides clarity for business owners, banks, and regulators in the cannabis industry while promoting safety and ensuring further growth within the U.S. economy.

REALTORS® thank you for your diligent work to help provide access and clarity to legitimate businesses in those states that have legalized cannabis, which in turn will boost economic growth in real estate and other industries around the country.

Sincerely,

JOHN SMABY,  
*2019 President.*

SAFE AND RESPONSIBLE  
BANKING ALLIANCE,  
*Washington, DC, March 15, 2019.*

Re Support for the SAFE Banking Act.

Hon. MAXINE WATERS,  
*Chair, Committee on Financial Services, U.S.  
Congress, Washington, DC.*

Hon. ED PERLMUTTER  
*Representative, U.S. Congress,  
Washington, DC.*

CHAIRWOMAN WATERS, CONGRESSMAN PERLMUTTER, AND FINANCIAL SERVICES COMMITTEE MEMBERS: I am writing on behalf of the Safe and Responsible Banking Alliance ("SARBA"), a coalition of financial institutions, associations, governments, and business groups advocating for a solution to federal cannabis banking prohibitions. SARBA supports the Secure and Fair Enforcement (SAFE) Banking Act of 2019, which would address many of the key problems associated with the cannabis industry's lack of access to financial institutions. We thank the Committee for holding a hearing on the legislation and urge swift action to bring the bill to the House floor.

States are rapidly updating and revising existing cannabis policy, and forty-seven states have laws acknowledging the medical benefits of medical cannabis. Of those, thirty-three have enacted legislation that allows for the production and sale of medical cannabis, including nine that allow the sale of cannabis for adult personal use. Dozens of states are considering expanding and implementing new cannabis policies during their current legislative sessions. Unfortunately, federal cannabis laws remain markedly disconnected from the reality of what is happening in the states. Cannabis is still considered an illegal substance under federal law, which means that cannabis-related businesses cannot utilize traditional banking services. The problems that arise from this lack of access are at once substantial and largely avoidable, if we follow the course charted by the SAFE Banking Act.

When cannabis industry businesses are denied access to financial institutions, they are forced to operate and purchase using cash alone. This poses obvious public safety dangers, including the potential for an increase in violent crimes. Communities will be safer if cannabis-related funds can be electronically-transferred and deposited in regulated financial institutions—yet our current laws make this nearly impossible. The SAFE Banking Act would change this by creating protections for financial institutions that work with the cannabis industry. The sooner we move forward with the SAFE Banking Act, the safer it will be for those working in and around the regulated cannabis industry.

The SAFE Banking Act will improve conditions not only for the public, but for financial institutions as well. Even in jurisdictions where cannabis is legal, financial institutions face the potential for risk because

funds involved in cannabis transactions could be considered illegally-gained by federal regulators and law enforcement. This discourages banks from working with the industry, providing loans to cannabis and ancillary businesses, and maintaining personal accounts for individuals who work for these businesses. Further, under current policy, banks are forced to make determinations about how to deal with existing and new customers who are ancillary to the cannabis industry, such as plumbers, electricians, and horticulturists.

While approximately 500 institutions are known to be working with the cannabis industry, most financial institutions are hesitant to become involved in the industry due to a lack of clarity surrounding cannabis laws. Federal law paints any dollar that flows through the cannabis industry as tainted, but such broad brush strokes provide little certainty to financial institutions. Financial institutions may feel compelled to cancel the account of someone who works in the cannabis industry. All depository institutions have to consider how to handle an individual's cash deposits that may have at some time been involved in a legitimate cannabis related transaction. Such dilemmas reveal the broad reach of the cannabis industry. Under current federal law, banks interacting with these customers are at risk. Financial institutions cannot help but be exposed to potential consequences, because the cannabis industry is intertwined with so many other legitimate businesses

that support the burgeoning marijuana industry.

The SAFE Banking Act is a critical first step to addressing the potential risk created by the inescapable comingling of cannabis-related funds with ancillary business and individual accounts. By clarifying federal cannabis regulations, including money laundering issues and Suspicious Activity Reports (SARs), the SAFE Banking Act would make it much safer for financial institutions to process cannabis-related transactions.

In addition, the SAFE Banking Act could increase access to capital among demographics that have been disproportionately disadvantaged by the federal prohibition of cannabis. This bill would allow financial institutions to provide small business loans for cannabis-related businesses, allowing those with the least access to capital—often minorities—to participate in the new legal cannabis industry. Congress has an opportunity and responsibility to help this process move forward.

Addressing the existing banking options could also improve patient access in the 33 states with medical marijuana programs. Currently patients and caregivers who rely on medical marijuana are forced to pay out of pocket because no state or private insurance company will cover the treatment. Compounding this significant financial strain is the fact that these are almost exclusively cash transactions, because credit or debit cards—including HSA/FSA cards and accounts—cannot be used in cannabis-related

transactions. Families are thus forced to choose between coming up with large sums of cash each month and forgoing other basic needs, or going without necessary medication. Many state legitimate medical cannabis businesses that are working with banks are forced to pay large monthly fees. For those not working with banks or credit unions there are significant costs related to necessary security measures. If medical cannabis businesses are better able to work with financial institutions, this could significantly reduce the cost of medication. By opening up financial services to the cannabis industry, the SAFE Banking Act could increase patient access to medical cannabis which is disproportionately high due in part due to a lack of banking access.

With two out of every three Americans living somewhere that allows the legal purchase of marijuana, it is long past time that the federal government enact policies to resolve the conflict between existing policy and state laws. Cannabis banking reform is an important issue facing members of the 116th Congress, and the SAFE Banking Act would be a significant step in the right direction.

SARBA is pleased to support the SAFE Banking Act, and would urge the House Financial Services Committee to move swiftly to consider this important legislation.

Sincerely,

BECKY DANSKY,  
*Executive Director.*