



May 8, 2019

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Washington, DC 20515

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Washington, DC 20510

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Majority Whip  
H-329, The Capitol.  
Washington, DC 20510

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

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Washington, DC 20515

Hon. Richard J. Durbin  
Minority Whip  
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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:

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.

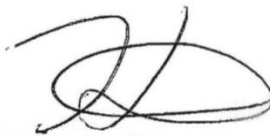
Respectfully,



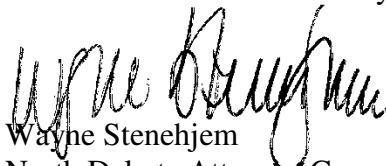
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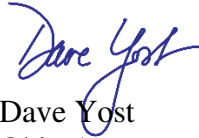
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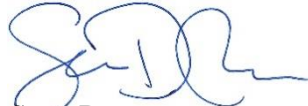
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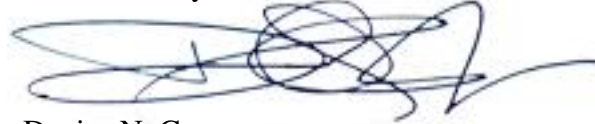
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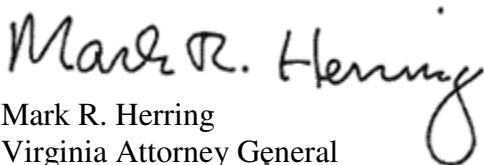
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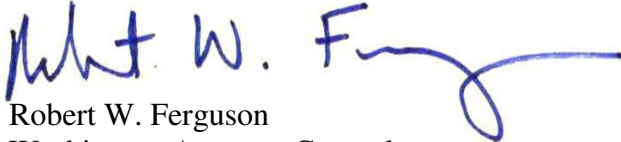
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