

September 24, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

The American Bankers Association (ABA) is pleased to express our support for **H.R. 1595, the Secure and Fair Enforcement Banking Act (SAFE Banking Act) of 2019**, which is scheduled for consideration before the House of Representatives in the coming days.

Currently, 33 states covering 68 percent of the nation's population have legalized cannabis for medical or adult-use and at least seven additional states are expected to consider ballot initiatives in the next two years. Despite that, current federal law prevents financial institutions from banking cannabis businesses, as well as the ancillary businesses that provide them with goods and services. As a result, a majority of states are struggling to address the significant challenges to public safety, as well as regulatory compliance and tax compliance that go hand-in-hand with cash-reliant businesses. Although we do not take a position on the legalization of marijuana, our members are committed to serving the financial needs of their communities – including those that have voted to legalize cannabis.

H.R. 1595, sponsored by Representatives Ed Perlmutter (D-CO), Denny Heck (D-WA), Steve Stivers (R-OH) and Warren Davidson (R-OH), along with over 200 members of the House, takes an important step toward enabling financial services for cannabis-related businesses.

The bill specifies that proceeds from a legitimate cannabis business would not be considered unlawful under federal money laundering statutes or any other federal law, which is necessary to allow financial services to cannabis businesses and any ancillary businesses that derive some portion of their income from cannabis businesses. The bill would also direct the Financial Crimes Enforcement Network (FinCEN) and the federal banking regulators, through the Federal Financial Institutions Examination Council, to issue guidance and exam procedures for banks doing business with cannabis related legitimate businesses. We believe such explicit, consistent direction from federal financial regulators will provide needed clarity for banks and help them to better evaluate the risks and supervisory expectations for cannabis-related customers.

As the legal state-cannabis industry continues to grow, the indirect connections to cannabis revenues – from real estate owners, security firms, utilities, law firms and employees of cannabis businesses, as well as investors – will also continue to expand. Without greater clarity, that entire portion of economic activity in legal cannabis states– estimated by some to be in the tens of billions of dollars – will continue to be marginalized from the banking system.

Providing a mechanism for the cannabis industry to access the banking system would help those communities reduce cash-motivated crimes, increase the efficiency of tax collections, and improve the financial transparency of the cannabis industry. It would also subject cannabis businesses to increased oversight of their financial activities since bank accounts are monitored in accordance

with existing anti-money laundering and Bank Secrecy Act requirements which help law enforcement identify suspicious transactions – an opportunity that is not available in an all-cash environment.

The SAFE Banking Act, as amended, is an important measure that helps clarify many issues for the banking industry, regulators, businesses and consumers. It also provides immediate relief for urgent public safety and cannabis industry oversight challenges, which will help keep our communities safe and should not be delayed while Congress works to build consensus on broader questions of national drug policy. **ABA urges members of the House to support H.R. 1595.**

Sincerely,

A handwritten signature in black ink that reads "BOB NICHOLSON". The letters are bold and slightly slanted, with a stylized flourish at the end of the last name.

cc: Members of the U.S. House of Representatives