

**FOR IMMEDIATE RELEASE:**

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January 16, 2018

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## **Attorney General Balderas Calls on Congress for Banking Legislation for Legalized Use of Marijuana**

*Albuquerque, NM* - Attorney General Hector Balderas joined a coalition of 19 attorneys general urging Congress to advance legislation allowing states with legalized medical or recreational marijuana (cannabis) to bring that commerce into the banking system. Banks and other depository institutions are currently hindered by federal law from providing financial services to marijuana businesses, even in states where those businesses are regulated.

“New Mexican businesses that supply medical marijuana to treat veterans with PTSD and cancer patients must have a lawful banking system that allows them to conduct business safely and securely,” said Attorney General Balderas. “A regulatory system that forces businesses to operate in the shadows increases the risk of criminal activity and is contrary to the rule of law.”

The letter, sent to congressional leaders, requests legislation that would provide a legal “safe harbor” for depository institutions that provide a financial product or service to a covered business in a state that regulates its marijuana industry.

“Twenty-nine states and several U.S. territories have legalized the medical use of marijuana. Among those, eight states and the District of Columbia also allow recreational use by adults over 21 years of age. However, because federal government classifies marijuana as an illegal substance, banks providing services to state-licensed cannabis businesses could find themselves subject to criminal and civil liability under the Controlled Substances Act and certain federal banking statutes,” the letter states.

The attorneys general also note a recent decision by the U.S. Department of Justice to rescind guidance outlining how financial institutions could provide services to state-licensed marijuana

businesses consistent with federal law. That rescission, the attorneys general argue, has made even more urgent the need for congressional action to get the cash generated by this industry into a regulated banking sector.

The requested legislation would not only protect public safety by bringing gray-market financial activities into the banking sector and thus subject to law enforcement monitoring, but would also result in billions of dollars infused into the banking industry.

Joining Attorney General Balderas in today's letter are attorneys general from Alaska, California, Colorado, Connecticut, District of Columbia, Guam, Hawaii, Illinois, Iowa, Maine, Maryland, Massachusetts, New York, North Dakota, Oregon, Pennsylvania, Vermont, and Washington.

Please see attached for a copy of today's letter.

# # #

January 16, 2018

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

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

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

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

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

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

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

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

Hon. Mike Crapo  
Chair  
Senate Committee on Banking,  
Housing & Urban Affairs  
534 Dirksen Senate Building  
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 attorneys general who recognize that the states and federal government share a strong interest in protecting public safety and bringing grey market activities into the regulated banking sector. To address these goals, we urge Congress to advance legislation that would allow states that have legalized medical or recreational use of marijuana to bring that commerce into the banking system.

Twenty-nine states and several U.S. territories have legalized the medical use of marijuana. Among those, eight states and the District of Columbia, also allow recreational use by adults over 21 years of age. However, because the federal government classifies marijuana as an illegal substance, banks providing services to state-licensed cannabis businesses could find themselves subject to criminal and civil liability under the Controlled Substances Act and certain federal banking statutes. This risk has significantly inhibited the willingness of financial institutions to provide services to these businesses.

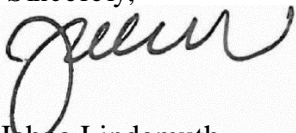
Despite the contradictions between federal and state law, the marijuana industry continues to grow rapidly. Industry analysts report that sales grew by 30% to \$6.7 billion in 2016 and expect those totals to exceed \$20 billion by 2021. Yet those revenues often exist outside of the regulated banking space. Businesses are forced to operate on a cash basis. The grey market makes it more difficult to track revenues for taxation purposes, contributes to a public safety threat as cash intensive businesses are often targets for criminal activity, and prevents proper tracking of large swaths of finances across the nation.

To address these challenges, 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 marijuana industry such as the SAFE Banking Act (S. 1152 and H.R. 2215) or similar legislation. This would bring billions of dollars into the banking sector, and give law enforcement the ability to monitor these transactions. Moreover, compliance with tax requirements would be simpler and easier to enforce with a better-defined tracking of funds. This would, in turn, result in higher tax revenue.

Prior Department of Justice guidance outlined how financial institutions could provide services to state-licensed marijuana businesses consistent with their obligations under federal law and created some space for the banking industry to work with those businesses, though challenges remained in many areas. The recent rescission of that guidance has made the need for Congressional action to get the cash generated by this industry into a regulated banking sector even more urgent.

Our banking system must be flexible enough to address the needs of businesses in the various states, with state 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 you move forward in this process and lending our voice and expertise as you develop legislation.

Sincerely,



Jabna Lindemuth  
Alaska Attorney General



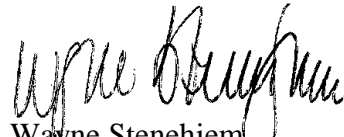
Doug Chin  
Hawaii Attorney General



Xavier Becerra  
California Attorney General



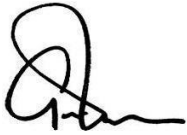
Karl A. Racine  
District of Columbia Attorney General



Wayne Stenehjem  
North Dakota Attorney General



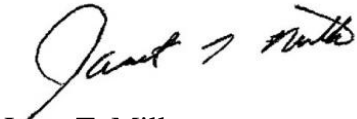
Cynthia Coffman  
Colorado Attorney General



George Jepsen  
Connecticut Attorney General



Lisa Madigan  
Illinois Attorney General



Janet T. Mills  
Maine Attorney General



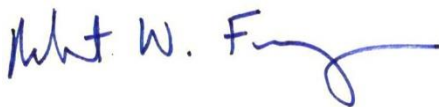
Maura Healey  
Massachusetts Attorney General



Eric T. Schneiderman  
New York Attorney General



Josh Shapiro  
Pennsylvania Attorney General



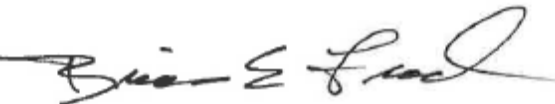
Robert W. Ferguson  
Washington Attorney General



Elizabeth Barrett-Anderson  
Guam Attorney General



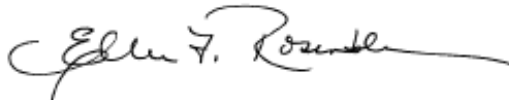
Tom Miller  
Iowa Attorney General



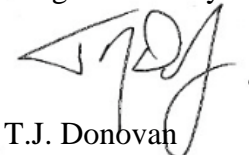
Brian Frosh  
Maryland Attorney General



Hector Balderas  
New Mexico Attorney General



Ellen F. Rosenblum  
Oregon Attorney General



T.J. Donovan  
Vermont Attorney General