



May 8, 2019

PRESIDENT
Jeff Landry
Louisiana Attorney General

PRESIDENT-ELECT
Tim Fox
Montana Attorney General

VICE PRESIDENT
Karl A. Racine
*District of Columbia
Attorney General*

IMMEDIATE PAST PRESIDENT
Derek Schmidt
Kansas Attorney General

EXECUTIVE DIRECTOR
Chris Toth

Hon. Nancy Pelosi
Speaker of the House
H-232, The Capitol
Washington, DC 20515

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

Hon. Steny Hoyer
Majority Leader
H-107, The Capitol
Washington, DC 20515

Hon. James E. Clyburn
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

Hon. Kevin McCarthy
Minority Leader
H-204, The Capitol
Washington, DC 20515

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

Hon. Steve Scalise
Minority Whip
1705 Longworth Office Bldg.
Washington, DC 20515

Hon. Richard J. Durbin
Minority Whip
711 Hart Bldg.
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

1850 M Street, NW
Twelfth Floor
Washington, DC 20036
Phone: (202) 326-6000
<http://www.naag.org/>

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.

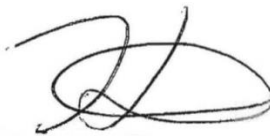
Respectfully,



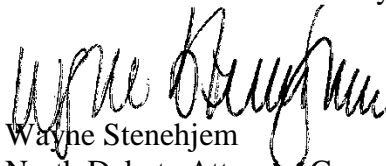
Phil Weiser
Colorado Attorney General



Aaron D. Ford
Nevada Attorney General



Karl A. Racine
District of Columbia Attorney General



Wayne Stenehjem
North Dakota Attorney General

Kevin G. Clarkson
Alaska Attorney General

Mark Brnovich
Arizona Attorney General

Leslie Rutledge
Arkansas Attorney General

Xavier Becerra
California Attorney General

William Tong
Connecticut Attorney General

Kathleen Jennings
Delaware Attorney General

Leevin Taitano Camacho
Guam Attorney General

Clare E. Connors
Hawaii Attorney General

Kwame Raoul
Illinois Attorney General

Tom Miller
Iowa Attorney General

Andy Beshear
Kentucky Attorney General

Aaron M. Frey
Maine Attorney General

Brian Frosh
Maryland Attorney General

Maura Healey
Massachusetts Attorney General

Dana Nessel
Michigan Attorney General

Keith Ellison
Minnesota Attorney General

Jim Hood
Mississippi Attorney General

Gurbir S. Grewal
New Jersey Attorney General



Hector Balderas
New Mexico Attorney General



Letitia James
New York Attorney General



Edward Manibusan
Northern Mariana Islands Attorney General



Dave Yost
Ohio Attorney General



Mike Hunter
Oklahoma Attorney General



Ellen F. Rosenblum
Oregon Attorney General



Josh Shapiro
Pennsylvania Attorney General



Wanda Vázquez Garced
Puerto Rico Attorney General



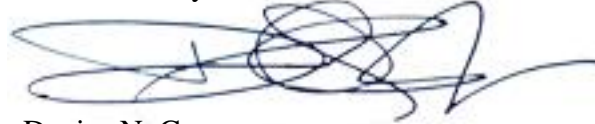
Peter Neronha
Rhode Island Attorney General



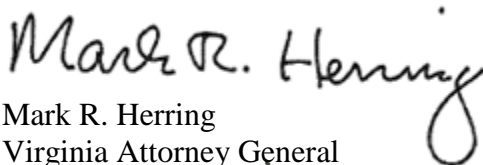
Sean Reyes
Utah Attorney General



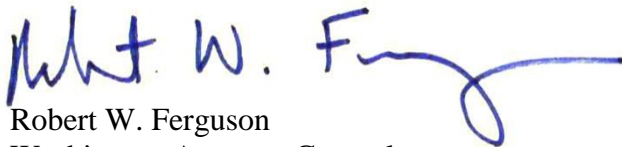
T.J. Donovan
Vermont Attorney General



Denise N. George
U.S. Virgin Islands Attorney General



Mark R. Herring
Virginia Attorney General



Robert W. Ferguson
Washington Attorney General



Patrick Morrissey
West Virginia Attorney General



Joshua L. Kaul
Wisconsin Attorney General