



July 15, 2015

The Honorable Jeff Merkley
United States Senate
Washington, D.C. 20510

The Honorable Ed Perlmutter
U.S. House of Representatives
Washington, D.C. 20515

Re: NASCUS Support for the Marijuana Businesses Access to Banking Act of 2015

Dear Senator Merkley and Representative Perlmutter:

On behalf of the National Association of State Credit Union Supervisors (NASCUS), the professional association of the 46 state credit union regulatory agencies that charter and supervise the nation's state-chartered credit unions, I am writing in support of your efforts to secure financial services for legal state marijuana businesses through the Marijuana Businesses Access to Banking Act of 2015 (H.R. 2076/ S.1726). This legislation represents an important first step in curing the ambiguity around serving these businesses and their affiliates.

Right now, twenty-three states and the District of Columbia have legalized marijuana use in some form. The state regulated cannabis industry is already valued at over \$2.5 billion, and 17 states are expected to have some type of legalization initiative on the ballot in 2016. Nevertheless, the production, sale, or possession of marijuana remains illegal under Federal law. As a result, state regulators and the financial institutions that they supervise are in limbo: caught between the uncertainty of federal enforcement action and the state mandate to serve the financial needs of the local community.

Resolving this conflict of law will make the communities where this activity has been legalized and the financial institutions serving those communities safer. It will allow businesses operating in accordance with state law to serve customers, pay taxes, and minimize the risk of attracting violent crime. It will bring non-law abiding businesses under the direct and thorough scrutiny of state and federal supervisory authorities. Finally, it will enable financial institutions to pursue business and development plans with a clear understanding of regulatory expectations.

According to FinCEN, over 100 financial institutions are already serving a marijuana business, and as this industry continues to grow, more financial institutions may be willing to assume the risks associated with serving this industry. However, the fact remains that these institutions are operating in an ambiguous regulatory and legal environment. Current guidance from the Department of Justice and FinCEN, while helpful, leaves financial institutions exposed to the risk of significant criminal, civil, and administrative action. If left unresolved, the uncertain status of marijuana businesses under Federal law could translate to real losses for community financial institutions, not to mention the ongoing threat of violent robberies in local communities where legal marijuana businesses are forced to operate with dangerously large amounts of cash.

Financial institutions should be able to serve these legal businesses, provided they have a robust Bank Secrecy Act and anti-money laundering (AML) program and the appropriate internal controls to manage the activity in a safe and sound manner. The Marijuana Businesses Access to Banking Act would help resolve the fundamental questions of liability under Federal law, and would allow state and federal regulators to focus on setting clear regulatory expectations around these accounts.

On behalf of the nation's state credit union supervisors and the state-chartered credit unions they regulate, we appreciate all of your hard work on this legislation. You have demonstrated leadership on an important issue that needs resolution. If NASCUS can be of any assistance, please don't hesitate to reach out to me directly, or to our Regulatory and Public Policy Counsel, Sabrina Bergen, at (703) 528-0669.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lucy Ito".

Lucy Ito
President & CEO