

Representative Perlmutter:

The Colorado Bankers Association is proud to again endorse the **SAFE Banking Act** to allow state-legal cannabis businesses access to banking services. We have supported this in previous years. CBA represents over 95% of the banking industry in Colorado and we support the bill to get cash off the streets and make our communities safer.

Banking operations are greatly complicated by the conflict of state and federal law on cannabis. That creates substantial problems for handling cannabis deposits which range from cash handling and security to major compliance issues with FinCEN requirements for Suspicious Activity Reports required by the Bank Secrecy Act/Anti Money Laundering laws. For local banks that usually results in a bank not knowingly handling cannabis related accounts. For regional and nationwide banks that almost always results in not banking cannabis accounts. Lending issues are more complicated.

Due to widespread legalization of some form of recreational or medical marijuana, including CBD oil, today 97.7 % of the population in the U.S. lives in cannabis friendly jurisdictions. We very much believe it is up to each state and its voters to decide how to proceed with marijuana laws, but there is a clear need to align federal and state laws addressing the related banking problems.

The state/federal conflict of laws creates restrictions on banks for accepting cannabis related deposits. This poses a serious public safety risk and is our primary reason for advocating the SAFE Banking Act. Additionally, financial institutions that provide banking services to state-legal marijuana businesses are currently subject to criminal prosecution for "aiding and abetting" a federal crime and money laundering allegations due to the Controlled Substances Act. Banking services such as accepting credit card payments, depositing revenues, and writing checks to pay employees, vendors and taxes are needed by licensed and regulated cannabis businesses that are now cut off from such banking services.

The SAFE Banking Act creates the ability to access the banking system and make our communities safer. The bill removes violations of money laundering laws for any proceeds derived from state-legal marijuana businesses. The result is to get cash off the streets and into the financial system which is built to identify and block or report fraud and illicit activity. This bill also contains needed protections for hemp and hemp-derived CBD related businesses, which still struggle in accessing financial services despite the legalization of hemp in the 2018 Farm Bill.

The Colorado Bankers Association is pleased to support this needed change in federal law. Please contact us with any questions.

Don

Don A. Childears | Chief Executive Officer

Colorado Bankers Association

140 East 19th Avenue, Suite 400 | Denver, CO 80203-1033

V: 303.825.1575, F:303.825.1585 | don@coloradobankers.org

www.coloradobankers.org | www.financialinfo.org | www.smallbizlending.org