



February 14, 2019

The Honorable Ed Perlmutter
Member, U.S. House of Representatives
1226 Longworth House Office Building
Washington, DC 20515

RE: Secure and Fair Enforcement Banking Act of 2019 - SUPPORT

Dear Representative Perlmutter:

On behalf of the Rural County Representatives of California (RCRC), I write to express our support for your “Secure and Fair Enforcement Banking Act of 2019,” (Safe Banking Act) which would liberalize our federal banking laws to allow cannabis-related businesses access to financial services. RCRC is an association of California’s rural counties, and the RCRC Board of Directors is comprised of elected supervisors from our thirty-six member counties.

California has enacted laws allowing for both medical-use and adult-use of cannabis. In light of the actions of California and other states, it has become apparent there is a need to align federal and state laws when it comes to accessing the banking system. Unfortunately, there is a significant barrier to financial institutions who provide banking services to state- and locally-licensed cannabis businesses as they are subject to criminal prosecution for “aiding and abetting” a federal crime as well as money laundering.

Because current law restricts cannabis businesses from accessing banking services, businesses must operate in an “all cash” scheme, which poses a serious public safety risk. In addition to the Controlled Substances Act, there are a variety of federal banking laws (i.e. the Bank Secrecy Act) which impact the ability of banks to accept monies derived from activities involving cannabis. In February 2014, the Obama Administration issued guidance to financial institutions and the cannabis industry on how the Department of Justice would enforce banking laws related to cannabis. Despite these guidance memos, most financial institutions refuse to bank cannabis activities and suggest that Congress enact statutes to liberalize the banking laws.

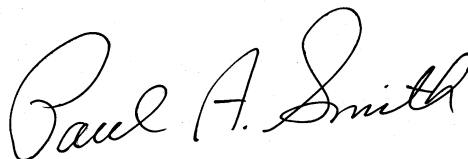
1215 K Street, Suite 1650, Sacramento, CA 95814 | www.rcrcnet.org | 916.447.4806 | Fax: 916.448.3154

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Access to banking remains one of the most significant hurdles facing the cannabis industry and state and local regulatory authorities. In essence, all cannabis-related financial activities are conducted in cash which translates into counties receiving property tax payments in cash, as well as any local regulatory fees and taxes. The current all-cash business also makes it extremely difficult to audit cannabis operators, as well as ensure compliance with various rules and regulations. Most importantly, the all-cash status presents enormous security challenges to all parties involved in the cannabis industry.

For these reasons, we are pleased to support your SAFE Banking Act. If you should have any questions, please contact me at (916) 447-4806 or psmith@rcrcnet.org.

Sincerely,

A handwritten signature in black ink that reads "Paul A. Smith". The signature is written in a cursive, flowing style.

PAUL A. SMITH
Vice President Governmental Affairs

cc: Members of the House Financial Services Committee
The Honorable Doug La Malfa, Member of the U.S. House of Representatives
The Honorable Jared Huffman, Member of the U.S. House of Representatives
The Honorable John Garamendi, Member of the U.S. House of Representatives
The Honorable Tom McClintock, Member of the U.S. House of Representatives
The Honorable Mike Thompson, Member of the U.S. House of Representatives
The Honorable Doris Matsui, Member of the U.S. House of Representatives
The Honorable Paul Cook, Member of the U.S. House of Representatives
The Honorable Jim Costa, Member of the U.S. House of Representatives
The Honorable Jimmy Panetta, Member of the U.S. House of Representatives
The Honorable TJ Cox, Member of the U.S. House of Representatives
The Honorable Devin G. Nunes, Member of the U.S. House of Representatives
The Honorable Kevin McCarthy, Member of the U.S. House of Representatives
The Honorable Juan C. Vargas, Member of the U.S. House of Representatives