



January 14, 2020

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
Washington, D.C. 20510

Dear Ranking Member Brown,

On behalf of Ohio's 385 financial institutions, collectively represented by the Ohio Credit Union League (OCUL) and the Ohio Bankers League (OBL), thank you for giving us the opportunity on June 18, 2019 to engage with you on establishing bright-line cannabis-related banking guidance. As you are aware, H.R. 1595 (SAFE Banking Act) recently cleared the U.S. House by a 321-103 bi-partisan vote while S. 1200 (Secure and Fair Enforcement Banking Act of 2019) remains before the Senate Banking Committee. While cannabis-related policy continues federal debate, we write to encourage you and Chairman Crapo to craft a legislative solution that provides necessary regulatory relief for Ohio's financial institutions and cannabis-related business owners and associates.

In January 2019, cannabis became legally available to purchase for medicinal use in Ohio. Upon the full 2019 calendar year, state regulators announced medical marijuana dispensaries sold 7,008 pounds of product, with sales totaling nearly \$58.3 million. It is no exaggeration to say that such an expansive movement of hard currency has created a public safety concern for Ohio communities.¹ Additionally, as the list of cannabis-related industries and service providers continues to grow, the needs to protect workers' rights is also rapidly expanding. In fact, there is a new retail sector emerging where cannabis-industry workers will require the job security and wages and benefits that often come with a union-negotiated labor contract.

To preserve the dignity of work for thousands of employees and ensure workers' rights, the United Food and Commercial Workers International Union (UFCW) recently organized several sectors of the cannabis-related industry to help hardworking Americans secure careers with competitive pay, health benefits, and adequate retirement.² Based on murky federal guidance, many financial institutions may now label UFCW, and the workers it serves, as a cannabis-related business, potentially complicating the ability for those unionized workers to continue receiving financial services from their credit union or bank, specifically if the institution is unable to comply with the current ambiguous cannabis regulatory scheme.

Both Ohio's burgeoning cannabis sales and emerging activity with UFCW are two examples that illustrate the increasing need for financial institutions to have clear and specific guidance, so they can offer cannabis-related businesses, their service providers, and countless workers full access to financial services. Currently, many Ohio credit unions and banks are unable to serve a cannabis-related business or those indirectly associated with the industry due to the conflict between state and federal law. While some state and local entities are encouraging Ohio financial institutions to bank cannabis businesses,

¹ <https://www.medicalmarijuana.ohio.gov/programupdate>

² <http://www.ufcw.org/cannabis-workers/>

federal law expressly bans credit unions and banks from doing so. Passing federal legislation legalizing banking services through bright-line guidance and safe harbor provisions would be an important first step toward allowing cannabis-related businesses to legally access financial services and the electronic banking system. More importantly, congressional action to legalize banking services would bring cannabis-related businesses into the modern-day financial system for critical auditing purposes to ensure national security and anti-money laundering priorities are preserved.

OCUL and OBL appreciate your careful consideration for crafting legislation that would ensure both public safety and robust government oversight of the cannabis industry through the banking system. We believe it is crucial that any cannabis-related policies provide the Financial Crimes Enforcement Network (FinCEN) and the prudential federal banking regulators the authority to publish guidance and outline necessary changes to the Bank Secrecy Act. OCUL and OBL members are accustomed to following guidance from their regulators but need additional clarity to help navigate safely serving the industry while focusing on preventing bad actors from illegally laundering funds. Without further action or clarity from Congress, there is currently little preventing bad actors from operating in Ohio.

We appreciate that none of this exists in a vacuum; there are significant issues surrounding cannabis Congress will debate over the coming years. While these issues are important and deserve consideration on their own merits, we continue to urge the Committee's consideration of a narrowly tailored bill as a pathway to ensure all the outstanding issues surrounding cannabis can be debated with a safer and more responsible cannabis industry. For further reference, we have included a copy of our joint letter to Chairman Crapo addressing additional points of consideration regarding outstanding concerns related to cannabis banking policy.

Thank you for your leadership on preserving public safety and alleviating regulatory ambiguity through intentional cannabis-related legislation. In the nearly 86 years the Ohio Credit Union League has served credit unions and the 130 years the Ohio Bankers League has been representing the Ohio banking industry, we rarely see complete legislation and cannabis-related issues are no exception. However, we believe this is an important first step to ensure that legal cannabis is brought into the banking system to allow for federal regulatory oversight and prudent examination of the industry, ensuring proper tax collection and remittance while prioritizing public safety and fair access to financial services.

Sincerely,



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