

September 20, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Steve Scalise
Minority Whip
U.S. House of Representatives
Washington, D.C. 20515

The Honorable James Clyburn
Majority Whip
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi, Majority Leader Hoyer, Majority Whip Clyburn, Minority Leader McCarthy, and Minority Whip Scalise:

On behalf of the members of the Electronic Transactions Association (ETA), I am writing in support of H.R. 1595, the bipartisan *Secure and Fair Enforcement Banking Act of 2019* (SAFE Banking Act), which is anticipated to be brought before the House of Representatives in the upcoming week.

The SAFE Banking Act, introduced by Representatives Ed Perlmutter (D-CO), Steve Stivers (R-OH), Denny Heck (D-WA), and Warren Davidson (R-OH) and supported by more than 200 cosponsors, would allow states that have legalized medical or recreational use of cannabis to bring that commerce into the banking system. Creating a safe harbor from federal sanctions for financial institutions that serve cannabis-related businesses in states and other jurisdictions where cannabis is legal is sound policy – evident of the 45-15 bipartisan vote passing the SAFE Banking Act out of the House Financial Services Committee on March 26.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services; its membership spans the breadth of the payments industry to include independent sales organizations, payments networks, financial institutions, transaction processors, mobile payments products and services, payments technologies, equipment suppliers, and online small business lenders.

Thirty-three states and several U.S. territories have legalized cannabis for medical use and ten states have done so for recreational use. Financial institutions providing services to state-licensed cannabis businesses could find themselves subject to criminal and civil liability under the Controlled Substances Act and federal banking statutes because the use and possession of cannabis is illegal under federal law.

The SAFE Banking Act specifies that proceeds from a legitimate cannabis business would not be considered unlawful under federal money laundering statutes or any other federal law, which is necessary to allow the electronic payments ecosystem to service cannabis businesses as well as any ancillary businesses that derive some portion of their income from cannabis businesses. This bill also delivers explicit, consistent direction from federal regulators that will provide clarity for financial institutions and help them evaluate the risks and expectations.

The conflict between state and federal laws forces businesses to operate on a cash-only basis and has created significant legal and compliance concerns for financial institutions that wish to provide banking services to cannabis related businesses in states where it is currently legal. The SAFE Banking Act would allow legitimate cannabis businesses to access the safety and security of the banking ecosystem in states that have legalized cannabis. Having access to the banking system makes it easier for businesses to track revenues for taxation purposes, decreases a public safety threat as cash intensive businesses are often targets for criminal activity, and allows proper tracking of finances for BSA/AML compliance.

ETA takes no position on the legalization or decriminalizing cannabis at the state or federal level for medicinal or recreational uses. However, ETA does support legislation that would resolve the conflict between state and federal laws to allow financial institutions to serve cannabis related businesses in states where these businesses are legal under state law.

We appreciate your leadership on this important issue. If you have any questions, please feel free to contact me directly at stalbott@electran.org.

Sincerely,



Scott Talbott
Senior Vice President of Government Affairs
Electronic Transactions Association

cc: Members of the U.S. House of Representatives