

The Honorable Jack Reed
Chairman
Senate Armed Services
728 Hart Senate Office Building
Washington, DC 20510

The Honorable James Inhofe
Ranking Member
Senate Armed Services
205 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Majority Leader
United States Senate
Room S-221, The Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Room S-230, The Capitol
Washington, DC 20510

The Honorable Sherrod Brown
Chairman
Banking, Housing, & Urban Affairs
503 Hart Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Banking, Housing, & Urban Affairs
455 Dirksen Senate Office Building
Washington, DC 20510

November 30, 2021

Dear Senators Reed, Inhofe, Schumer, McConnell, Brown and Toomey:

We are a diverse, multi-sector coalition of organizations that are impacted by the growing US cannabis industry. We write to ask you to include the Secure and Fair Enforcement Banking Act, (“SAFE Banking”) in the forthcoming National Defense Authorization Act (“NDAA”). As you know, this provision was included by the House of Representatives in the version of NDAA they passed in September by a vote of 316-113. SAFE Banking was approved as an amendment by voice vote to the House bill and its inclusion in NDAA marks the fifth time the bill has moved out of the House.

Our organizations have banded together because the status quo is untenable for workers, communities, ancillary businesses and law-abiding financial institutions. Despite 36 states and several territories permitting cannabis use, a growing number of Americans and legal businesses continue to face civil and even criminal liability if they service state-licensed cannabis businesses and ancillary companies. Enactment would also provide legitimate business with access to necessary insurance products and protections that are afforded to other businesses. For employees, customers and neighbors of cannabis-related businesses (“CRB”) the prohibition on banking services means a cash intensive environment that is a target for violent crime.

SAFE Banking is germane to NDAA because it bolsters national security by keeping bad actors out of the cannabis industry and the financial system, while also supporting the thousands of veterans who rely on the cannabis industry for medical treatment, employment, or entrepreneurial opportunities. Not only do veterans face the same challenges and dangers as

other Americans while interacting with CRBs, but they also risk denial of their hard-earned GI Bill benefits due to application of federal anti-money laundering statutes. Enactment of the SAFE Banking Act would address these critical issues.

By providing traditional financial services for state-licensed cannabis businesses – through the safe harbor created by SAFE Banking – you are increasing transparency and accountability for an industry that generated more than \$17 Billion in 2020. Financial institutions adhere to stringent anti-money laundering reporting requirements and monitor accounts for suspicious activity. By bringing CRBs into the regulated financial system, you would be giving regulators and law enforcement the tools they need to identify and prosecute bad actors.

Time is of the essence. Each day we go without SAFE Banking workers in cannabis related businesses (CRB), many of whom are veterans, are put in danger due to cash intensive transactions. Without access to a federally insured bank, employers often must find alternative arrangements to pay their workers, including paying them with cash. Without paystubs, workers cannot apply for loans and have no assurances that their payroll taxes are properly deducted. As CRBs cannot accept checks, credit cards, or debit cards in their establishments, it means that workers, vendors, and tax collectors must change the way they do business.

To help resolve these challenges, we urge you to include SAFE Banking in the NDAA. A safe harbor would not only enable law enforcement and states to effectively monitor and regulate cannabis transactions and businesses, but it would bring billions of dollars of tax revenue out of duffel bags and safes and into the regulated banking sector. It would also help financial institutions to identify which businesses are legitimate and which pose a threat to domestic or national security. We understand that creating a true federal regulatory framework for cannabis is a multi-step process. However, we strongly believe that the SAFE Banking Act is a critical first step to ensure that legal cannabis marketplaces are safe, legal, and transparent.

Thank you for your thoughtful, bipartisan leadership and we look forward to working with you in ensuring that these critical protections become law.

Sincerely,

American Bankers Association
Council of Insurance Agents &
Brokers
Credit Union National Association
National Association of Mutual
Insurance Companies
National Bankers Association
United Food and Commercial
Workers Union

Wholesale & Specialty Insurance Association
Electronic Transaction Association
National Association of Professional Insurance
Agents
American Land and Title Association
Independent Insurance Agents and Brokers of
America
Reinsurance Association of America
National Association of REALTORS®
Institute of Real Estate Management