

Banking & Finances

Fiona Ma - Board of Equalization

Randy Perry, Aaron Read & Associates



Problems

- Federal Schedule I Drug
- Banks are federally insured
- ALL cash industry
- FinCEN regs too onerous

Cannabis Banking Working Group (CBWG)

State Treasurer John Chiang

- State Officials
- Local Officials
- Cannabis Industry
- Banking Industry
- Six public meetings throughout state

CBWG Finding

- All-cash business makes all persons at every level targets violent crimes
- State and local governments that take tax and fee payments in cash from industry incur added expenses, demands of staff time and risks to employee safety
- Access to banking services is an essential part of taking the industry out of the illegal market and establishing it as a transparent, regulated, tax-paying part of the economy

CBWG Findings & State Treasurer Recommendations

1. Cash handling for collection of taxes and fees
 - Treasurer's Recommendations:
 - State contact with armored courier service to collect all tax and licensing payments
 - Deliver to a Federal Reserve Bank or banks doing cannabis business

2. Expanding industry access to banking under current law

- Treasurer's Recommendation:
 - State and local government create an online portal for data sharing from locals and all 11 state agencies with financial compliance needs in mind

3. A state-backed financial institution

- Treas. Rec:
 - Feasibility study on creation of a Public Cannabis Financial Institution, “bankers bank,” or corporate credit union.

4. Full access to banking services: A Federal Solution

- Treas. Rec:
 - A multistate consortium with representatives of cannabis-legal states, local governments, cannabis and banking industries
 - Educate, Outreach
 - Central database
 - Congressional and Executive Branch Advocacy

Cole Memo: Two Views

“The Cole Memorandum and FinCEN guidance constitute a roadmap for how banks can permissibly service the cannabis industry.”

-John Vardaman, Executive Vice President and General Counsel, Hypur, Inc., and former Justice Department official

“The Cole Memorandum cannot be considered a safe harbor.”

-Julie Robinson, River City Bank

NOW WHAT??

Ban or Allow: The Consequences of a Sensible Decision

Terry McHale and Randy Perry