



CBAI Responds to Senate Banking Committee Chairman's Concerns About Cannabis Banking Legislation

On January 14, 2020, the Community Bankers Association of Illinois (CBAI) responded to the Senate Banking Committee regarding Chairman Mike D. Crapo's (R-ID) request for feedback about his concerns regarding cannabis banking legislation and also regarding "Operation Choke Point."

While CBAI takes no position on legalizing cannabis, we have consistently supported the passage of the Secure and Fair Enforcement Banking Act of 2019 (SAFE Banking Act) in the United State House of Representatives and the United States Senate. This legislation provides a legal safe harbor for those financial institutions serving cannabis related legal businesses (CRLBs) or services in states where it is legal. CBAI supports this legislation because it addresses public safety, law enforcement and tax concerns that are present now as a result of the conflict between federal and state laws regarding cannabis.

CBAI recognizes the legitimate public health questions raised by Senator Crapo but respectfully submitted that his concerns have no specific bearing on addressing the public safety, law enforcement and tax concerns directly related to providing financial services to CRLBs or services and recommended that these topics be addressed separately from the Safe Banking Act. CBAI also addressed the issues of money laundering and legacy cash with CRLBs or services and suggested a greater role for FinCEN (versus community banks) in collecting beneficial ownership information that would aid in the identification of criminal activity in the cannabis industry. In addition, CBAI reiterated its strong stance against "Operation Choke Point" which is the inappropriate Obama-era regulatory practice which is intended to "choke off" disfavored merchant categories access to the payments system and banking services. Currently, CRLBs or services easily fit into the category of disfavored merchants because of the conflict between state and federal cannabis laws.

[Read CBAI's Comment Letter »](#)