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April 11, 2019

The Honorable Jeff Merkley
United States Senate
Washington, DC 20510

The Honorable Cory Gardner
United States Senate
Washington, DC 20510

Dear Senators Merkley and Gardner:

On behalf of America's credit unions, I am writing in support of the Secure and Fair Enforcement (SAFE) Banking Act of 2019, which would permit credit unions in states where marijuana is legal to safely serve their members' related needs. The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

Credit unions exist to serve the financial services needs of their members, but the disparate treatment of production, distribution, sale and use of cannabis under federal law and some state laws has discouraged them from providing services to businesses throughout the supply chain in states where cannabis is legal. In recent years, as various states have legalized cannabis for medicinal and recreational use, participants in the market have sought out credit unions to provide safe and affordable financial services. Medicinal cannabis is presently legal in thirty-four states, Puerto Rico, Guam and U.S. Virgin Islands; recreational cannabis is legal in ten states and the District of Columbia, and decriminalized in twenty-two states.

We take no position on the morality or wisdom of legalizing or decriminalizing medicinal or recreational cannabis at either the state or federal level. However, credit unions operating in states where it is legal have members and member businesses involved in the cannabis market who need access to traditional depository and lending services, the absence of which creates a significant public safety issue. A 2015 analysis by the Wharton School of Business Public Policy Initiative found that, in the absence of being banked, one in every two cannabis dispensaries were robbed or burglarized—with the average thief walking away with anywhere from \$20,000 to \$50,000 in a single theft.

Additionally, even financial institutions that choose not to bank the cannabis industry still risk unknowingly serving those businesses in states where cannabis is legal. Indirect connections are often difficult to identify and avoid because like any other industry, they work with vendors and suppliers. These are Main Street businesses like the printing company that makes a business card, the landlord that rents office space, and even the utility company that provides water or electricity. Under the existing status quo, a credit union that does business with any one of these indirectly affiliated entities could unknowingly risk violating federal law.

The SAFE Banking Act of 2019 would offer narrowly targeted federal protections for credit unions and other financial institutions accepting deposits, extending credit, or providing payment services to an individual or business engaged in cannabis related commerce in states where such activity is legal with a safe harbor, so long as they are compliant with all other applicable laws and

regulations. Furthermore, the SAFE Banking Act provides safe harbor to credit unions and their employees who are not aware if their members or customers are involved in this business.

Many credit unions operate in states where their voters or legislatures have made cannabis legal in one form or another. Therefore, CUNA believes that financial institutions should be permitted to lawfully serve businesses that engage in activities that are authorized under their state laws, even when such activity may be inconsistent with federal law. For that reason, CUNA supports the SAFE Banking Act. We look forward to working with you to advance this legislation into law.

On behalf of America's credit unions, thank you for your leadership on this important issue.

Sincerely,



Jim Nussle
President & CEO