

Crapo Statement at Hearing on Cannabis Banking

July 23, 2019

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled, “Challenges for Cannabis and Banking: Outside Perspectives.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today, the Committee will hear from witnesses about the challenges that state-sanctioned businesses in the cannabis-industry have when attempting to access mainstream financial services.

“Under the Controlled Substances Act, marijuana, or cannabis, is currently considered a Schedule 1 drug.

“Being categorized as a Schedule 1 drug means that the possession, distribution, or sale of marijuana and other marijuana-derived products is illegal under federal law, and any proceeds from cannabis-related activities remain subject to U.S. anti-money laundering laws, such as the Money Laundering Control Act.

“In the last several years, many states have used ballot initiatives or referendums that have legalized marijuana in some form, whether for recreational or medical use.

“Currently, there are 11 states plus the District of Columbia, where it is legal to buy and consume recreational marijuana (and medical), as well as the 22 states plus D.C. that have approved medical marijuana – totaling 33 states in all that have some form of legal marijuana.

“Senators Gardner and Merkley have introduced bipartisan legislation that attempts to ease some of the difficulties resulting from marijuana’s illegal federal status and more lenient state laws.

“I have spoken many times with Senator Gardner on this bill and appreciate the hard work each Senator has done on this legislation. I look forward to hearing from each of you very soon.

“Our second panel of witnesses will highlight challenges institutions face in banking different parts of the marijuana industry, how marijuana-related businesses operate and the complications they have faced in accessing financial services, and how the SAFE Banking Act would work.

“We will also hear concerns over advocates pushing to legalize marijuana, the effects of the SAFE Banking Act in light of marijuana continuing to be illegal under federal law, and health harms and addictions that marijuana can lead to.

“I look forward to learning more about the SAFE Banking Act and understanding how the safe harbor would work, what the compliance challenges regarding interstate commerce could be, and the challenges presented when banking legacy cash, specifically ensuring that the legacy cash complies with the FinCEN guidance.

“Having a conversation about whether banks should be able to provide banking services to entities engaged in federally illegal behavior brings up the issue and concern that there has been a push to choke-off legal industries from the banking sector.

“I have said this many times and I will say it again, Operation Choke Point was deeply concerning because law-abiding businesses were targeted strictly for operating in an industry that some in the government disfavored. Under fear of retribution, many banks have stopped providing financial services to members of these lawful industries for no reason other than political pressure, which takes the guise of regulatory and enforcement scrutiny.

“Operation Choke Point was inappropriate and Congress needs to pass legislation to prevent future Operation Choke Point Initiatives.”

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