

BILL TOWNSEND

Our New Voice in Congress

P O L I C Y O V E R V I E W

STATE LEGALIZED INDUSTRIES

A commitment to work toward innovative solutions at the Federal level to improve access to banking and product safety for Nevada's cannabis industry is a big part of serving in the U.S. House of Representatives.

Bill Townsend's "12 Big Ideas for Nevada" include comprehensive plans for improving education, school safety, jobs, women's rights, homelessness, taxes, guns and violence, making Social Security fully funded and solvent, solving the high costs of health insurance and prescription drugs, supporting our Armed Forces and their families, fixing immigration, and creating new industries which all contribute to a better future for Nevada's residents.

Additional programs such as **NEEDS**, which will create startup incubators across our state; **ASSET** for our military personnel's education and training; and **STAR**, to fund school safety and education; are all important and work in synergy to propel our state forward and improve the lives of all Nevadans.

There is more to be done. Nevada is one of the leading states in regulations and safety of medical and recreational cannabis. In order to bring the last remaining part of this industry out of the shadows, we must address access to banking services for our cannabis and related industries.

Access to Banking for State Legalized Industries

"Congress has determined that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels" – the Cole Memo.

This memo, written by James M. Cole, former Deputy Attorney General of the U.S. Department of Justice, outlines the DOJ's stance on many topics such as preventing distribu-

tion to minors, preventing revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels, preventing violence, growing on public lands, and possession on federal property. It also states that outside these enforcement priorities, the Federal government has traditionally relied on states and local law enforcement agencies to address cannabis activity through enforcement of their own narcotics laws.

Nevada and other states have enacted laws that authorize cannabis production, distribution, and possession by establishing regulatory schemes. The Federal government's guidance is that it expects the states to implement strong and effective regulatory and enforcement systems, which Nevada and others have done. Thus, a tightly regulated market helps to keep criminal enterprises at bay. Plants are tracked from seedling to final product to distribution and sale.

With over half the country's states enacting legal cannabis laws in one form or another, there are more cannabis businesses than ever in an industry that is expected to grow exponentially. But the cash component is not effectively tracked, largely because the vast majority of cannabis businesses cannot open and operate bank accounts, and are thus relegated to dealing in cash...lots of cash.

Despite the prevalence of these state laws, **most legally operating business owners cannot obtain legal banking services** because of arcane and outdated banking laws enacted at the Federal level. This leads to large amounts of cash stored at dispensaries, offices, warehouses, and even homes, making this industry ripe for criminal activities. It also means

the net receipts of legal cannabis sales have the potential to be moved around in cash transactions, making them ripe for money laundering.

The best means to prevent this is through making banking accessible to cannabis businesses.

When you open a business account at a bank, you need to prove that your business is legal, that you are insured and licensed, and that you are compliant with state laws. Financial institutions are legally obliged to report your account if any illegal activity is suspected, and any investigations that may ensue will cost the business owner time and money. There is also a risk that your business may be interrupted. But with the cannabis ecosystem in Nevada under state regulation, these are all provable.

Continual compliance is possible within the current system and banks should not be held potentially liable for actions its customers take, especially when acted upon under state laws.

Under Federal regulations, banks are not permitted to handle money from cannabis businesses. Because the Federal government classifies cannabis as a “*Schedule 1*” drug, on par with heroin, banks that handle cannabis money could be charged with money laundering. Meanwhile, companies are shipping large amounts of cash to state capitals in order to pay the required taxes, often subjecting those transporting cash (for instance, driving from Las Vegas to Carson City) to possible theft or worse.

This doesn't only affect those growing and selling cannabis. Advertising agencies, law firms, printers, packaging, testing equipment, fertilizers, distribution, and other companies who work in the cannabis industry also find it difficult, if not impossible, to legally deposit the money they earn into a corporate bank account.

Cannabis is projected to become a \$7-\$8 billion business this year with expected tax revenues of approximately \$1 billion. Handling large amounts of cash is a burden on any business—just ask any casino operator. Besides the risk of theft, companies face confiscation by local police departments, and banks face risks because they are required to prove that firms are not selling to minors, funding crime groups, and not using the pretext of selling marijuana to push illegal drugs. As long as banking remains outside the use of the cannabis industry a huge underground economy of cash and digital currency transactions will occur. It behooves us to legalize the banking of cannabis receipts, as well as any other industry that is legal under state laws, to ensure these industries operate within the confines of the law.

As your voice in Congress, I will introduce straightforward legislation that states:

“banks, savings and loans, and other financial institutions may provide banking services to any industry that is legal under the state laws in which the bank operates, regardless of the type of business or its products.”

This simple act will instantly change the availability of banking services for cannabis (and other state legalized businesses) even while marijuana is classified as a “*Schedule 1*” drug. It would bring the last remaining piece of the cannabis industry out of the shadows.

In addition, I will work to **reschedule cannabis**, beginning with medical cannabis, from its “*Schedule 1*” classification, providing nationwide relief for patients seeking to use this plant. Along with the declassification, I will push efforts for the Federal government to **adopt nationwide Nevada's best-in-class testing protocols**, along with the ability for Nevada-based laboratories to expand into other states. As part of these initiatives we will **adopt regulations overseeing truth-in-labeling and truth-in-advertising laws to protect consumers and to weed out non-compliant producers**. Through these actions, we can provide safe and effective products for millions of Americans who seek relief from cannabis.

I will back legislation to **provide legal pathways to ship cannabis products across state lines; for patients to transport medical cannabis via rail and air without fear of confiscation or arrest; and for companies to engage in e-commerce across state and country lines, opening global markets**.

These are first steps which will help support Nevada's burgeoning cannabis industry and lay the framework for future growth in the industry.



Bill Townsend is a candidate for United States House of Representatives in Nevada's 4th Congressional District.

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To learn more about Bill Townsend's policies and our

“12 Big Ideas for Nevada, please visit

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