



# 2<sup>nd</sup> Annual Medical Cannabis Conference

Friday, September 27th  
Medical University of South Carolina,  
Charleston, SC



## The Supreme Court of South Carolina

COMMISSION ON CONTINUING LEGAL EDUCATION AND SPECIALIZATION

September 9, 2019

### MUSCIP

MUSC Institute of Psychiatry

<u>COURSE #</u>	<u>DATE</u>	<u>COURSE NAME</u>	<u>CREDITS</u>	<u>ETHICS</u>	<u>SA/MH</u>	<u>TRIAL AD</u>	<u>SPECIALTY CREDIT</u>
197794	12/6/19	36th Annual Judges and Attorney Substance Abuse and Ethics Seminar Charleston, SC	6.25	0.00	2.00	0.00	

Your application(s) for accreditation has been approved.

In extending accreditation for CLE activities, the Commission reserves the right to have a representative attend all programs without charge to the Commission and/or its representatives and requires adherence to its accreditation standards found on page two of the Application for Accreditation.

Click this link to review the [Application for Accreditation](#).

Within 30 days of the CLE, attendance is required to be furnished to the Commission with a list of the South Carolina attendees, with South Carolina Bar numbers and attendance totals indicated for each attendee. When submitting a list of attendees, or other correspondence, please refer to the course number(s) indicated above.

All programming is approved on a calendar year basis and expires annually on December 31 of the year in which the program was presented. Programming must be resubmitted (via a comprehensive application packet) in subsequent years to retain accreditation approval. Please note that an application for online, on-demand, teleconference, and in-house programming must be received and approved by the Commission prior to the presentation of the program.

Sincerely,

DeAnne Bullock  
Accreditation Coordinator

## MUSC Institute of Psychiatry

<u>COURSE #</u>	<u>DATE</u>	<u>COURSE NAME</u>
197794	12/6/19	36th Annual Judges and Attorney Substance Abuse and Ethics Seminar Charleston, SC

<u>CREDITS</u>	<u>ETHICS</u>	<u>SA/MH</u>	<u>TRIAL AD</u>
6.25	0.00	2.00	0.00

The  
New York  
Times



## Guns, Drugs and Money

Axel Gerdau and John Woo



## Guns, Drugs and Money The First Bank of Bud

<https://www.nytimes.com/video/business/100000003491301/in-colorado-marijuana-pot-industrys-banking-problem.html>.

## Los Angeles Times

DEC 28, 2015

# Colorado's pot industry is a cash business. A small credit union wants to change that.



Calling itself the "littlest David" battling the "biggest Goliath," a fledgling Colorado credit union took the Federal Reserve to court Monday in a case that may determine whether the cannabis industry will bank openly or continue to operate almost entirely in cash.



# Founders and Board of Directors



Chris Nevitt

**Chairman of the Board.** Mr. Nevitt is a member of the Denver, Colorado City Council, representing District 7. He was elected to the council in 2007. From 2010-2012, Nevitt served as Council President. He serves as Chair of the Business Development Committee of the City Council, as well as the Finance & Services and Neighborhoods and Planning Committees. Mr. Nevitt is currently running for State Auditor.



Josh Hanfling

**Secretary.** Mr. Hanfling is a co-founder of Seward Hanfling, a Denver-based consulting firm which specializes in business development and government relations. He has been active in the Colorado political, business and non-profit communities for twenty years. Prior to co-founding Seward Hanfling in 2012, Josh served as the founding CEO of the Mohamed S. Farsi Foundation, an international foundation focused on health, education and culture. In 2012 he set up the UK operations for Silver Bullet Water Treatment, a Colorado based commercial water treatment company that received the 2012 Best Venture award from the National Renewable Energy Laboratory (NREL). He has received numerous accolades and awards for his work serving the Denver community on a broad variety of issues.



Kristi Kelly

**Board Member.** Founder of the Good Meds Network, Denver, CO. Since 2010, Ms. Kelly has developed and supervised three medical cannabis centers, multiple cultivation facilities and a business which manufactures infused cannabis products. She has participated in policy development at local and state levels on cannabis-related issues such as advertising regulation, legal driving limits, rules and regulation, the self-regulatory model, and banking. She has been a member of Governor Hickenlooper's taxation rulemaking committee, (Denver) Mayor Hancock's Marijuana Awareness Committee, and has represented issues of cannabis policy at the local, state and federal level.

# Founders and Board of Directors



Paige Figi

**Board Member.** Ms. Figi is leading an ongoing scientific and legal battle to make a particular type of medicinal cannabis oil widely available to children suffering from Dravet Syndrome, a severe form of epilepsy which induces traumatic seizures in its victims, who include Ms. Figi's daughter Charlotte. Ms. Figi personally helped to develop the oil into a medicinal product, now known as "Charlotte's Web," which has reduced Charlotte's seizures from hundreds each week, to on average, fewer than one. As a result, she has become a nationally-known advocate for medical cannabis, and Charlotte's experience was featured in a report and documentary news program issued by Dr. Sanjay Gupta of CNN in 2013, in which Dr. Gupta firmly renounced his prior scepticism regarding the medicinal use of cannabis.



Fernando J. Kim,  
M.D., FACS

**Board Member.** Dr. Kim is the Chief of Urology and the Director of Minimally Invasive Urological Oncology at the Denver Health Medical Center, as well as Associate Professor of Surgery at the University of Colorado Denver School of Medicine. He serves as a board member of the Men's Health Clinic of Denver Health Medical Center, as well as the Chairman of the Task Force Against Prostate Cancer. He has been published extensively and is also a member of a number of leading U.S. and international medical societies. He is an organizer of the 1<sup>st</sup> International Network of Cannabis Research and Science, Denver Summit, to be held in the fall of 2015. Dr. Kim is a learned advocate for research into the medicinal uses of cannabis.

# Founders and Board of Directors



Bob Crawford

**Board Member.** Mr. Crawford is the spokesperson for the National Brain Tumor Society, a writer, musician and a founding member of The Avett Brothers, an American musical group based in North Carolina. He is the father of an epileptic daughter with brain cancer, which has been controlled through the application of medicinal cannabis oil. Mr. Crawford is an articulate and compelling advocate for research into the medicinal properties of cannabis.



John R. Bitzer

**Board Member.** Mr. Bitzer has had a career for over 30 years as a leader in the Denver commercial real estate industry. He has served as President of GVA Worldwide, an international real estate network, and is a past President of CORFAC International and the Colorado Chapter for the Society of Industrial and Office Realtors. Bitzer is currently the Managing Principal at Lee & Associates



Heather Jackson

**Board Member.** Ms. Jackson is Executive Director of Realm of Caring, a non-profit organization which promotes the use of concentrated medicinal cannabis oil (including “Charlotte’s Web”) to provide a better quality of life for residents of Colorado affected by cancer, MS, HIV/AIDS, Epilepsy, Parkinson’s, and other debilitating conditions.

# Government Support for TFCCU Project

MICHAEL F. BENNET  
 UNITED STATES SENATOR  
 COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY  
 FINANCE  
 HEALTH, EDUCATION, LABOR, AND PENSIONS  
 WASHINGTON, DC 20510-0800  
 March 6, 2015

The Honorable Janet Yellen  
 Chair  
 Board of Governors of the Federal Reserve System  
 Twentieth and Constitution Avenue, NW  
 Washington, DC 20551

Dear Chair Yellen and President George:

I write to request that the Federal Reserve give appropriate consideration to Fourth Corner Credit Union's ("Fourth Corner") application for a master account. If necessary, I also ask that the Federal Reserve work directly with Fourth Corner as it processes

As you know, in 2012, Amendment 64 legalized the sale of marijuana under certain circumstances. Prior to 2012, the state of Colorado marijuana for medicinal purposes. Since legalization, most retailers lack access to basic banking services, which has required the business in cash. This has raised significant public safety concerns for the customers of these businesses. The cash-only nature of these businesses makes it more difficult for the state to audit these entities and to conduct

I understand the need for the Federal Reserve to ascertain the proper steps and the steps needed to mitigate such risk. I also appreciate that you must undertake before issuing a master account. Now needs additional information or has suggestions for Fourth Corner hope that it will work directly with the credit union to the extent terms and conditions to open a master account.

As you know, the lack of banking services for these businesses public safety and oversight challenges for the state of Colorado. I ask that the Federal Reserve engage directly with Fourth Corner as it processes the credit union's application for a master account.

If you need any additional information, please do not hesitate to

Thank you in advance for your consideration.

Sincerely,  
  
 Michael F. Bennett  
 United States Senator

PRINTED ON RECYCLED PAPER

WASHINGTON, DC  
 20510-0800  
 (202) 655-7000  
 (202) 655-7000  
 (202) 655-7000  
 (202) 655-7000

United States Senate  
 WASHINGTON, DC 20510-0800

March 6, 2015

Ms. Esther George  
 President  
 Federal Reserve Bank of Kansas City  
 1 Memorial Drive  
 Kansas City, MO 64118

## STATE OF COLORADO

OFFICE OF THE GOVERNOR  
 134 State Capitol Building  
 Denver, Colorado 80203  
 (303) 866-2471  
 (303) 866-2003 fax



John W. Hickenlooper  
 Governor

October 15<sup>th</sup>, 2014

Ms. Gail W. Laster  
 Director  
 National Credit Union Administration  
 Office of Consumer Protection  
 115 Duke Street  
 Alexandria, VA  
 22314-3428

Re: The Fourth Corner Credit Union

Dear Ms. Laster:

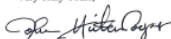
I am writing in support of the Fourth Corner Credit Union's NCUA Application of a State Chartered Credit Union for Insurance of Accounts. We worked with the Fourth Corner Credit Union in helping them obtain their charter from the Colorado Division of Regulatory Agencies, Division of Financial Services. Our regulators have already approved their application and they have a talented board consisting of well-respected government, non-profit and business leaders.

Our administration has worked with federal banking regulators, FinCEN, Department of Treasury and Department of Justice, and are convinced that the approval of this application would not only meet your safety and soundness concerns, but will provide more transparency and security for both government and the private sector. We understand that marijuana continues to be illegal under federal law, but through the various pronouncements it is clear that a tightly regulated industry will continue to be allowed to move forward.

Furthermore, FinCEN has clearly articulated their hope that independent federal agencies, like NCUA, will help facilitate access to financial services so long as the activity is transparent and appropriate AML safeguards are in place. I am more than happy to discuss this at your convenience.

Thank you in advance for your consideration.

Very Truly Yours,



John W. Hickenlooper  
 Governor



Gov. John Hickenlooper: "If you want to guarantee that a fledgling industry becomes corrupt and, you know, becomes populated with gang activity make it all cash, right. That's as old as Al Capone, right. Cash creates corruption."

Colorado Governor John Hickenlooper says a partial solution might be a new state-chartered cannabis credit union. He's urging the federal government to approve it. Still, despite the problems, Governor Hickenlooper says he's encouraged by the rollout of this green experiment Colorado voters wanted.

-- Gov. Hickenlooper on 60 Minutes



# The Fourth Corner Credit Union - Overview

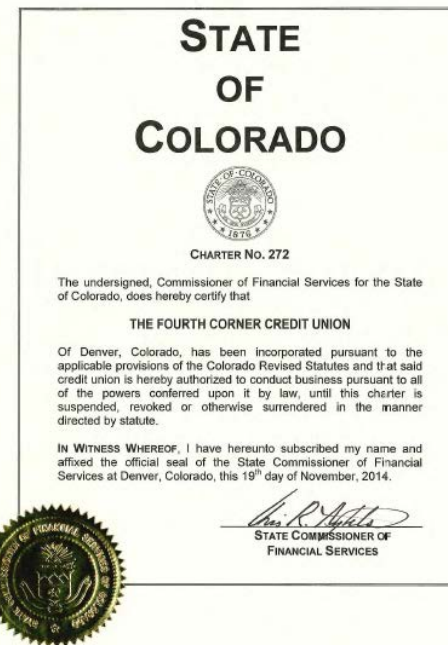
- The Fourth Corner Credit Union was established as a Colorado State-chartered, not-for-profit credit union on November 19, 2014. This is the first credit union charter granted in over 10 years in the state.
- Collectively, the team has over 500 years of experience in the areas of banking, compliance, law, accounting, government, technology, and the cannabis industry.
- The credit union is a compliance-based financial institution that takes compliance “out from behind the desk and into the field.” This includes a 140-point state-specific Field Compliance Assessment to vet Marijuana-Related Businesses.
- In order to properly bank this highly-regulated industry, the credit union has developed a 170-page AML Risk Management and Compliance Manual.
- The credit union has a pending application with the Federal Reserve Bank of Kansas City and has been told a decision on the application will be issued in May 2015.
- The credit union has a pending application with the NCUA for deposit insurance, but is also pursuing private deposit insurance. If private insurance is granted, the Colorado Division of Financial Services (“DFS”), under Chris R. Myklebust, will be the credit union’s sole regulator.



Colorado DFS Commissioner Chris R. Myklebust awards first state CU charter in over a decade to TFCCU. (Pictured from left to right, Mark A. Mason and Commissioner Chris R. Myklebust)

# The Fourth Corner Credit Union

*"Growing a more perfect union"*





By Missy Rafter  
January 8, 2015

## Meet the Family Behind the Legal Weed Industry's First Credit Union

With the help of his father, mother and little sister, Alex Mason is leading the charge to get cannabis businesses and charities much-needed access to banking



When Alex Mason, a gregarious 25-year-old South Carolina native, moved to Colorado in 2012 to pursue advanced wilderness EMT certification and a passion for mountain climbing, he never imagined that he would end up founding the world's first financial institution dedicated to the legal cannabis industry.

That institution, the Fourth Corner Credit Union, received a green light from state banking regulators in November, and is set to open in downtown Denver by mid-January. "I always saw myself as an outdoorsman who would one day climb the highest mountain," Mason says. "Maybe that mountain was trying to figure out how to help the legal cannabis industry get banking services."

But Mason couldn't scale that peak alone. So he recruited his family – father Mark, mother Rhoda and sister Delaney – to assist with his budding idea.

"Alex called one Sunday in February and I could sense in his voice he was really passionate about this issue," recalls Mark Mason, a South Carolina attorney. "He wasn't venting. He had an idea to solve this problem. He said, 'Dad, the legal cannabis industry needs to start its own credit union.' Everyone said it could not be done, but no one had actually tried."

The problem that needed solving was a big one: Although the U.S. Department of Treasury released banking guidelines for state-licensed marijuana businesses last year, most banks and credit unions still steer clear to avoid bureaucratic red tape and risk of hefty fines, since weed is illegal on the federal level. As a result, ganja entrepreneurs can have a hard time finding both legitimate funding and a secure place to stash what money they have and make.

"The serious public safety concerns of a cash-heaving marijuana industry gave rise to an urgent need for a banking solution," says former Denver City Attorney Doug Friednash, who assisted in drafting the city's regulations governing cannabis and helped credit union organizers navigate complex legal issues. He says that the founding of the Fourth Corner Credit Union "is a major public safety victory. It will also provide safe, regulated services to marijuana businesses allowing this laboratory of democracy to thrive."

For Alex, his motivation to found the credit union came from a more personal and emotional place. "I didn't think it was fair that my friends in Colorado's legal cannabis industry were deprived of the one tool they really needed to succeed – access to banking," he says. "They are legal. They pay taxes. They provide good jobs. They used the system to change the law, but now the law was punishing them for no reason. When I also learned that some charities helping sick children with epilepsy, people with cancer and Parkinson's disease could not get bank accounts, I really knew someone needed to solve this problem."

Mark A. Mason, Esq. MASON LAW FIRM, PA, 465 W. Coleman Boulevard, Suite 302  
Mount Pleasant, SC 29464 E-mail: [mark@masonlawfirm.com](mailto:mark@masonlawfirm.com) T: (843) 884-1444 F: (843) 884-3595

Alex started doing research and he discovered that almost any group that shares a common bond can form a credit union, according to state banking laws, but it's a rigorous process. "As I read about the common bond requirement for credit unions, I thought to myself that no industry has a stronger common bond than the legalized cannabis industry," he recalls. "They have had to stick together, first to emerge, then to survive and now to grow."



Next, he called his dad, and within a month, the father-son duo established an office at the Daniels & Fisher clock tower in Denver. "I slept there on the floor on a blow-up mattress for months and stayed in the clock tower building, working so long that Alex started calling me Rapunzel," Mark Mason recalls, laughing.

As helpful as he was to the process, Mark says that it was Alex's cannabis connections that enabled Fourth Corner's team to complete the due diligence required to receive the credit union charter. "Without Alex telling his friends it was OK to talk to us, our questions would not have been candidly answered," the elder Mason explains. "I look too much like 'the Man,' an FBI agent or something, and so did the other experts on the team. This couldn't have happened without the legal cannabis industry being open and honest with us."

While Alex and his father dealt with the legal issues surrounding the credit union, his mother, Rhoda, dove in to manage the inquiries received from many people wanting to work on the historic project. "If someone reaches out to you, they deserve a response," Rhoda says.

He said that what the team was doing to finally legitimize the cannabis industry by providing access to banking was like "taking down the Berlin Wall." Rhoda used her own historical metaphor to inspire the family: "When things got rough, I told the team that the Wright Brothers did not fly on the first attempt," she recalls, "and they needed to hang in there and keep working to get this landmark project off the ground."

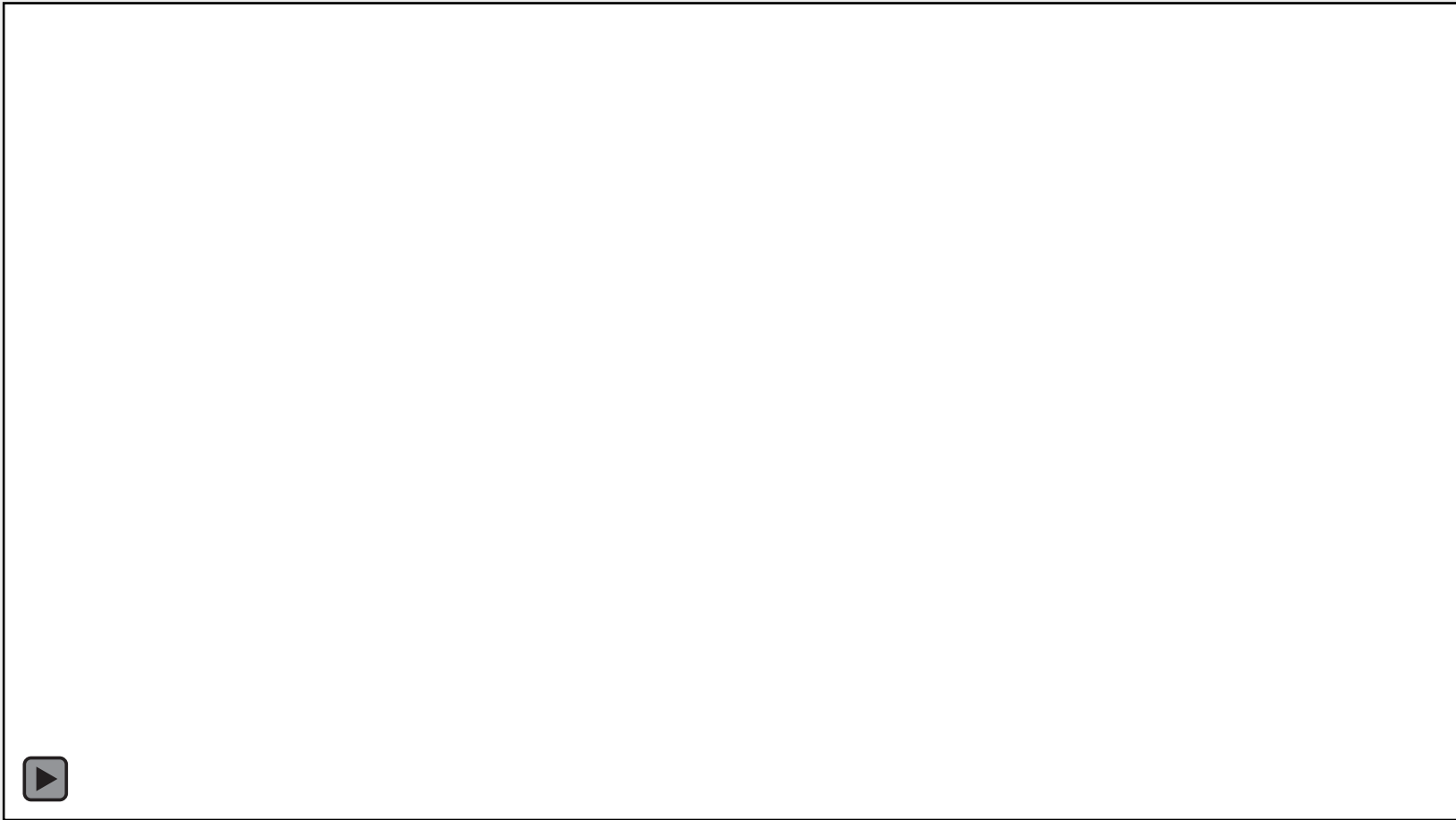
Alex's sister, Delaney, did her part to help the project take flight by meeting with Colorado Governor John Hickenlooper to lobby for the credit union. "I wanted to help because I had learned in a college class about Paige Figi, a mother who used hemp oil to stop her daughter Charlotte's seizures and then worked tirelessly to change the law in 14 states so other children could have the same chance," says Delaney, a criminal justice major at Western Carolina University and aspiring lawyer who lives in Asheville, North Carolina.

Figi, who has gained international recognition for her efforts to promote CBD oil, became a member of the credit union's board of directors. Denver City Council member Chris Nevitt is also a founding board member, and other cannabis industry advocates, business owners and community leaders have been instrumental in creating the credit union as well, according to Alex. They assembled a team of lawyers and bank regulation experts, including Martin Kenney, an anti-money laundering expert who recently received a lifetime achievement award for fighting financial fraud around the globe.

"The Fourth Corner Credit Union holds the promise of getting an estimated \$650 million in proceeds of annual cannabis sales per year in Colorado off of the streets and into a safe and well-regulated environment," Kenney says. "The centerpiece to the Fourth Corner Credit Union will be a highly intelligent, cutting-edge anti-money laundering compliance unit."

Yet, despite all the people championing it, the credit union still has hurdles ahead of it. Fourth Corner has applied for federal deposit insurance, but the application review could take up to two years, according to organizers. Fortunately for them, state-chartered credit unions can open while federal deposit insurance is pending, according to a little-known Colorado banking law. In the interim, deposits will be protected against theft by a federally approved surety bond, organizers say. If the federal insurance is ultimately denied, the credit union can ask the Colorado Division of Financial Services to allow it to operate under private deposit insurance, according to state law.

Mark A. Mason, Esq. MASON LAW FIRM, PA, 465 W. Coleman Boulevard, Suite 302  
Mount Pleasant, SC 29464 E-mail: [mark@masonlawfirm.com](mailto:mark@masonlawfirm.com) T: (843) 884-1444 F: (843) 884-3595





# Guidance - U.S. Department of Justice



U.S. Department of Justice  
Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

February 14, 2014

## MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole  
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Related Financial Crimes

On August 29, 2013, the Department issued guidance (August 29 guidance) to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). The August 29 guidance reiterated the Department's commitment to enforcing the CSA consistent with Congress' determination that marijuana is a dangerous drug that serves as a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. In furtherance of that commitment, the August 29 guidance instructed Department attorneys and law enforcement to focus on the following eight priorities in enforcing the CSA against marijuana-related conduct:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

Under the August 29 guidance, whether marijuana-related conduct implicates one or more of these enforcement priorities should be the primary question in considering prosecution



THE UNITED STATES  
DEPARTMENT of JUSTICE



## 8 Federal Priorities

1. Preventing distribution to minors.
2. Preventing revenue from going to criminals.
3. Preventing the diversion of cannabis out of state.
4. Preventing other illegal activity or hard drugs.
5. Preventing violence and firearms use.
6. Preventing drugged driving and other adverse health consequences.
7. Preventing growing on public lands.
8. Preventing possession or use on federal property.

# Guidance - The U.S. Department of Treasury



**FinCEN's stance mirrored the DOJ's:** "Our overarching goal in issuing this guidance was to promote financial transparency, ensuring law enforcement receives the reporting from financial institutions that it needs to police this activity and making it less likely that the financial operations move underground and become more difficult to track." — Jennifer Shasky Calvery, *Former Director Financial Crimes Enforcement Network*, Mid- Atlantic AML Conference, Washington D.C. August 12, 2014

Pic by: [https://www.nafcu.org/uploadedImages/wwwnafcuorg/Content/News/2014\\_News/September/caucus%20shasky.jpg](https://www.nafcu.org/uploadedImages/wwwnafcuorg/Content/News/2014_News/September/caucus%20shasky.jpg)

# Guidance - U.S. Department of Treasury

## FinCEN's BSA Guidance mirrored the DOJ's 8 Federal Priorities:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.



## Department of the Treasury Financial Crimes Enforcement Network

### Guidance

FIN-2014-G001

Issued: February 14, 2014

Subject: BSA Expectations Regarding Marijuana-Related Businesses

The Financial Crimes Enforcement Network ("FinCEN") is issuing guidance to clarify Bank Secrecy Act ("BSA") expectations for financial institutions seeking to provide services to marijuana-related businesses. FinCEN is issuing this guidance in light of recent state initiatives to legalize certain marijuana-related activity and related guidance by the U.S. Department of Justice ("DOJ") concerning marijuana-related enforcement priorities. This FinCEN guidance clarifies how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations, and aligns the information provided by financial institutions in BSA reports with federal and state law enforcement priorities. This FinCEN guidance should enhance the availability of financial services for, and the financial transparency of, marijuana-related businesses.

# Guidance - Red Flags from FinCEN (for Banking Priority SARs)

**The following red flags indicate that a marijuana-related business may be engaged in activity that implicates one of the Cole Memo priorities or violates state law (excerpt below).**

1. A customer appears to be using a state-licensed marijuana-related business as a front or pretext to launder money derived from other criminal activity (i.e., not related to marijuana) or derived from marijuana-related activity not permitted under state law.

Relevant indicia could include:

- The business receives substantially more revenue than may reasonably be expected given the relevant limitations imposed by the state in which it operates.
- The business receives substantially more revenue than its local competitors or than might be expected given the population demographics.
- The business is depositing more cash than is commensurate with the amount of marijuana-related revenue it is reporting for federal and state tax purposes.
- The business is unable to demonstrate that its revenue is derived exclusively from the sale of marijuana in compliance with state law, as opposed to revenue derived from (i) the sale of other illicit drugs, (ii) the sale of marijuana not in compliance with state law, or (iii) other illegal activity.
- The business makes cash deposits or withdrawals over a short period of time that are excessive relative to local competitors or the expected activity of the business.



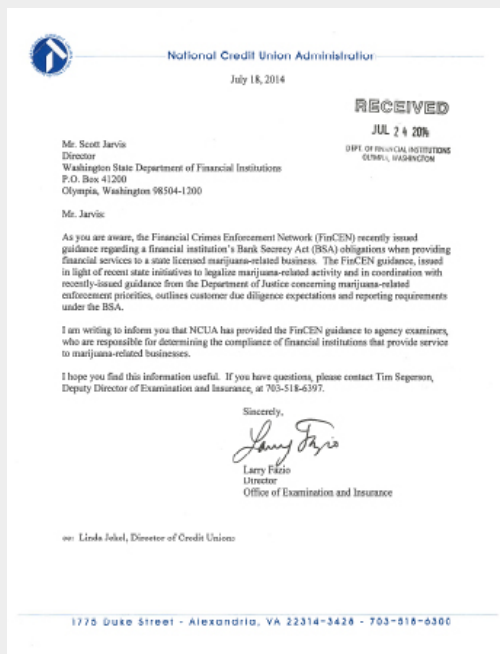


# Guidance - Federal Regulators

"As the Agencies have stated previously, generally the decision to open, close, or decline a particular account or relationship is made by a bank or credit union, without involvement by its supervisor. This decision may be based on the bank or credit union's particular business objectives, its evaluation of the risks associated with offering particular products or services, and its capacity and systems to effectively manage those risks." – *Thomas Curry, Comptroller, Office of the Comptroller of the Currency; Martin Greenberg, Chairman FDIC; Janet Yellen, Chair Board of Governors of the Federal Reserve System; Deborah Matz, Former Chairman, NCUA*

"I am writing to inform you that NCUA has provided the FinCEN guidance to agency examiners, who are responsible for determining the compliance of financial institutions that provide service to marijuana-related businesses." -- *Larry Fazio, NCUA Director, Office of Examination and Insurance*

NCUA's Supervisory Letters on Cannabis Banking, July 18, 2014 and August 13, 2014



## Board of Governors of the Federal Reserve System Federal Deposit Insurance Corporation National Credit Union Administration Office of the Comptroller of the Currency

August 13, 2014

The Honorable Jay Inslee  
Governor of Washington  
Olympia, Washington 98504

Dear Governor Inslee:

This letter is in response to your letter of May 23, 2014, regarding your request to provide guidance to examiners, banks, and credit unions following the issuance of guidance on February 14, 2014, by the Financial Crimes Enforcement Network (FinCEN) in consultation with the United States Department of Justice (DOJ), entitled "BSA Expectations Regarding Marijuana-Related Businesses" (FinCEN Guidance). DOJ also recently issued guidance to federal prosecutors concerning the enforcement of federal criminal laws related to marijuana (Deputy Attorney General James Cole's Memorandum for all United States Attorneys dated February 14, 2014). The FinCEN Guidance outlines the customer due diligence expectations and reporting requirements under the Bank Secrecy Act (BSA), identifies what banks and credit unions should do to fulfill their BSA obligations when providing services to marijuana-related businesses permitted under state law, and addresses the recent DOJ guidance.

The federal financial institution regulatory agencies (the Agencies) have the responsibility and statutory obligation to ensure the safety and soundness of the U.S. banking system and the banks and credit unions we supervise. We also recognize the importance of ensuring public access to financial services within an environment that promotes trust and confidence. To accomplish these goals, we conduct regular examinations of banks and credit unions for compliance with applicable laws, regulations, and regulatory guidance and communicate our findings to senior management.

To this end, the Agencies incorporate guidance issued by FinCEN concerning the BSA into our supervisory process, and are currently reviewing the recent FinCEN guidance, as well as the DOJ guidance, for inclusion in the Federal Financial Institutions Examination Council BSA/Anti-Money Laundering Examination Manual. The DOJ is primarily responsible for the interpretation and enforcement of federal criminal laws related to marijuana. However, further clarity from Congress on the legal treatment of state-licensed marijuana-related businesses under federal law would provide greater legal certainty for both marijuana-related businesses and banks and credit unions.

As the Agencies have stated previously, generally the decision to open, close, or decline a particular account or relationship is made by a bank or credit union, without involvement by its supervisor. This decision may be based on the bank or credit union's particular business

objectives, its evaluation of the risks associated with offering particular products or services, and its capacity and systems to effectively manage those risks.

Thank you for sharing your concerns about this important matter, and we hope you find this information helpful.

Sincerely,

*Thomas J. Curry*  
Thomas J. Curry  
Comptroller  
Office of the Comptroller of the Currency

*Martin J. Greenberg*  
Martin J. Greenberg  
Chairman  
Federal Deposit Insurance Corporation

*Janet L. Yellen*  
Janet L. Yellen  
Chair  
Board of Governors of the  
Federal Reserve System

*Deborah Matz*  
Deborah Matz  
Chairman  
National Credit Union Administration

January 5, 2016

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO  
Judge R. Brooke Jackson

Civil Action No 15-cv-01633-RBJ

THE FOURTH CORNER CREDIT UNION, a Colorado state-chartered credit union,

Plaintiff,

v.

FEDERAL RESERVE BANK OF KANSAS CITY,

Defendant.

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ORDER

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The Fourth Corner Credit Union seeks a mandatory injunction directing the Federal Reserve Bank of Kansas City to grant it a "master account." The bank in turn asks the Court to dismiss the case. The dispute arises from the current clash of state and federal law concerning the legality of marijuana. For the reasons discussed in this Order, this Court is unable to grant plaintiff the relief it seeks.

**BACKGROUND**

In 2012 the people of the State of Colorado voted to amend the state's constitution to legalize recreational use of marijuana. Declaring it to be in the "interest of the efficient use of law enforcement resources, enhancing revenue for public purposes, and individual freedom," the Colorado Constitution authorizes personal use of marijuana by persons 21 years of age or older. Art. XVIII, § 16(1). The amendment also authorizes the operation of marijuana-related facilities.

861 F.3d 1052  
United States Court of Appeals,  
Tenth Circuit.

THE FOURTH CORNER CREDIT  
UNION, a Colorado state-chartered  
credit union, Plaintiff-Appellant,  
v.  
FEDERAL RESERVE BANK OF  
KANSAS CITY, Defendant-Appellee.  
Board of Governors of the Federal  
Reserve System, Amicus Curiae.

No. 16-1016  
|  
Filed June 27, 2017

#### Synopsis

**Background:** State-chartered credit union formed to serve marijuana-related businesses brought action against the Federal Reserve Bank of Kansas City, seeking a mandatory injunction directing the Bank to grant credit union a "master account." The United States District Court for the District of Colorado, No. 1:15-CV-01633-RBJ, R. Brooke Jackson, J., 154 F.Supp.3d 1185, entered summary judgment for Bank. Credit union appealed.

**[Holding:]** The Court of Appeals held that action would be remanded with instructions to dismiss without prejudice inasmuch as it was appropriate to allow credit union to proceed with its claims.

Vacated and remanded.

West Headnotes (1)

#### [1] Federal Courts

##### ◄ Directing judgment of dismissal

Action brought by state-chartered credit union, formed to serve marijuana-related businesses, which sought a mandatory injunction directing the Federal Reserve Bank of Kansas City to grant it a "master account,"

would be remanded with instructions to dismiss without prejudice inasmuch as it was appropriate to allow credit union to proceed with its claims, either because action was not prudentially ripe, such that dismissal without prejudice was warranted, or because credit union indicated in its amended complaint that it would follow and obey judicial determination that servicing marijuana-related businesses would violate federal drug laws.

Cases that cite this headnote

Appeal from the United States District Court for the District of Colorado, (D.C. No. 1:15-CV-01633-RBJ)

#### Attorneys and Law Firms

Mark A. Mason, The Mason Law Firm, P.A., Mount Pleasant, South Carolina (Gabrielle Z. Lee, The Mason Law Firm, P.A. Mount Pleasant, South Carolina, with him on the briefs), for Plaintiff-Appellant.

Scott S. Barker, Wheeler Trigg O'Donnell LLP, Denver, Colorado (N. Reid Neureiter and Benjamin I. Kapnik, Wheeler Trigg O'Donnell LLP, Denver, Colorado, with him on the brief), for Defendant-Appellee.

Scott G. Alvarez, General Counsel; Richard M. Ashton, Deputy General Counsel; Katherine H. Wheatley, Associate General Counsel; Yvonne F. Mizusawa, Senior Counsel, Board of Governors of the Federal Reserve System, Washington, D.C., filed an amicus brief for Amici Curiae, the Board of Governors of the Federal Reserve System.

Before MATHESON, BACHARACH, and MORITZ, Circuit Judges.

#### Opinion

\*1053 PER CURIAM

In this appeal, we vacate the district court's order and remand with instructions to dismiss the amended complaint without prejudice. This disposition is addressed in three opinions—one by each member of the panel. Judge Moritz would affirm the dismissal with prejudice. Judge Matheson would vacate and remand

June 27, 2017



## FEDERAL RESERVE BANK of KANSAS CITY

February 2, 2018

Ms. Deirdra O'Gorman  
Mr. Christopher E. Nevitt  
The Fourth Corner Credit Union  
2367 East Kentucky Ave.  
Denver, CO 80209

Dear Ms. O'Gorman and Mr. Nevitt:

This letter is intended to evidence the decision of the Federal Reserve Bank of Kansas City ("FRBKC") to conditionally grant The Fourth Corner Credit Union ("TFCCU") a master account with FRBKC upon fulfillment of stated conditions, and to summarize the conditions precedent before FRBKC will open an account at FRBKC for use by TFCCU. Since the *per curiam* opinion in *Fourth Corner Credit Union v. Federal Reserve Bank of Kansas City*, 861 F.3d 1052 (10<sup>th</sup> Cir. 2017), FRBKC has received binding assurances that TFCCU will not serve or service Marijuana-Related Businesses ("MRBs") unless and until it becomes lawful under federal law to provide banking or financial services to MRBs.

The issuance of a master account to TFCCU is subject to the following conditions precedent, and the master account shall be issued and made effective only on fulfillment of the following conditions. The approval of the account shall occur within five (5) business days after fulfillment of these conditions, with the account opening date aligning with the date TFCCU officially opens to the public:

- TFCCU shall satisfy all requirements imposed by the Colorado Division of Financial Services ("Colorado DFS") and Colorado law necessary to commence business operations, including obtaining share deposit insurance satisfactory to the Colorado DFS, which requirements shall be determined in the sole discretion of Colorado DFS.
- TFCCU shall provide FRBKC with a letter from the Colorado DFS stating that TFCCU has satisfied all requirements and is permitted to commence providing banking services to TFCCU's field of membership, as limited pursuant to the Settlement Agreement ("Agreement").

800.333.1010 • 816.881.2000  
1 MEMORIAL DRIVE • KANSAS CITY, MISSOURI 64198  
WWW.KANSASCITYFED.ORG

February 2, 2018



# THE WALL STREET JOURNAL.

February 5, 2018

## Fed Backs Marijuana-Focused Credit Union

Fourth Corner won't serve dispensaries, focusing on ancillary businesses such as accountants and landlords

WASHINGTON—A Federal Reserve Bank has given conditional approval to a Colorado credit union to serve marijuana-linked businesses, though to win the Fed's backing it agreed to step back from its original plan to serve state-licensed dispensaries.

# CUs Won't Be Sanctioned for Providing Marijuana Banking: NCUA Chairman Hood

Hood says, during an exclusive interview with CU Times, he wants to ensure that credit unions continue to follow the rules.



The NCUA Board (Source: NCUA)

Credit unions in states where marijuana is legal won't be sanctioned for [providing services to cannabis-related businesses](#) as long as they follow money laundering, Bank Secrecy Act, safety and soundness and other rules, NCUA Chairman Rodney Hood said Friday.

# Congress Votes To Block Feds From Enforcing Marijuana Laws In Legal States

The House of Representatives approved a far-reaching measure on Thursday to prevent the Department of Justice from interfering with state marijuana laws, including those allowing recreational use, cultivation and sales.

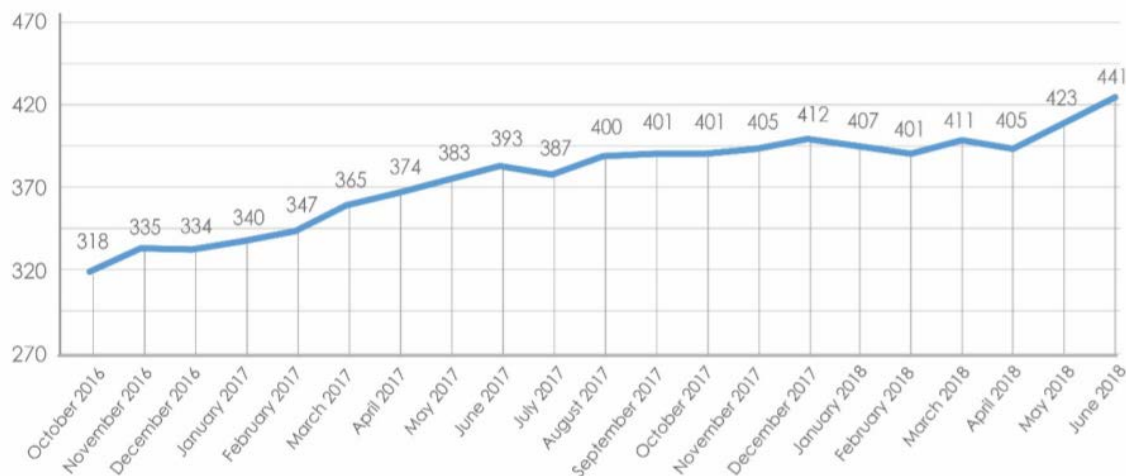


“This is the most significant vote on marijuana reform policy that the House of Representatives has ever taken,” said NORML Political Director Justin Strekal. “Today’s action by Congress highlights the growing power of the marijuana law reform movement and the increasing awareness by political leaders that the policy of prohibition and criminalization has failed.”



# MRB Banking Landscape - Considerations

*Number of Depository Institutions Actively Banking Marijuana Businesses in the United States  
(Reported in SARs)*



As of September 2019, no financial institution has been shut down for providing services to MRBs.





# American Bankers Association Predicts Marijuana Banking Bill Will Pass By Next Month



Published 2 days ago on September 9, 2019  
By Kyle Jaeger [Twitter](#)



The head of the American Bankers Association (ABA) is predicting that the House of Representatives will pass legislation allowing banks to service state-legal marijuana businesses as early as this month and no later than October.

# House Takes Historic Step to Validate Marijuana Industry Under Federal Law

Congress votes to give cannabis businesses access to the banking industry



In a landmark first step toward normalization of the **cannabis** industry, the House of Representatives voted overwhelmingly Wednesday to pass the SAFE Banking Act, a bill that would provide state-legal **marijuana** businesses with full access to banks and other financial services, as well as allow consumers to use credit- and debit cards when buying legal weed.

The 321-103 vote followed spirited debate on the House floor. “The states aren’t waiting for us,” said Rep. Earl Blumenaur (D-OR). “This is an \$11 billion industry and growing. And it’s growing because the people and the states are demanding it. We need to step up.”

116TH CONGRESS  
1ST SESSION

# Union Calendar No. 78

## H. R. 1595

[Report No. 116-104, Part I]

To create protections for depository institutions that provide financial services to cannabis-related legitimate businesses and service providers for such businesses, and for other purposes.

### IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2019

Mr. PERLMUTTER (for himself, Mr. HECK, Mr. STIVERS, Mr. DAVIDSON of Ohio, Mr. AGUILAR, Ms. BARRAGÁN, Mr. BEYER, Mr. BLUMENAUER, Ms. BONAMICI, Mr. BRENDAN F. BOYLE of Pennsylvania, Mr. BROWN of Maryland, Ms. BROWNLEY of California, Mr. CARBAJAL, Mr. CÁRDENAS, Mr. CARTWRIGHT, Ms. CASTOR of Florida, Mr. CUCILLINE, Mr. CISNEROS, Ms. CLARK of Massachusetts, Ms. CLARKE of New York, Mr. COHEN, Mr. COOPER, Mr. CORREA, Mr. COURTNEY, Mr. COX of California, Mr. CRIST, Mr. CHOW, Mrs. DAVIS of California, Mr. DeFAZIO, Ms. DeGETTE, Ms. DeLAURO, Ms. DELBENE, Mr. DeSAULNIER, Ms. ESHOO, Mr. ESPAILLAT, Mr. FOSTER, Mr. FUDGE, Ms. GABBARD, Mr. GALLEGO, Mr. GARCLA of Illinois, Mr. GOMEZ, Mr. GONZALEZ of Texas, Mr. HASTINGS, Ms. HILL of California, Mr. HOESFORD, Mr. HUFFMAN, Ms. JACKSON LEE, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Mr. KHANNA, Mr. KILMER, Mrs. KIRKPATRICK, Mr. KRISHNAMOORTHY, Mr. LAWSON of Florida, Ms. LEE of California, Mrs. LEE of Nevada, Mr. LEVIN of Michigan, Mr. LEVIN of California, Mr. TED LIEU of California, Mr. LUCIAN, Ms. MATSUI, Ms. MCCOLLUM, Mr. MCGOVERN, Mr. MEERKS, Mr. NEGUSE, Ms. NORTON, Mr. PANETTA, Mr. PAPPAS, Ms. PINGREE, Ms. PORTER, Mr. QUIGLEY, Mr. RASKIN, Mr. ROUSH, Mr. RYAN, Mr. ROUDA, Ms. SCHAKOWSKY, Mr. SCHRADER, Mr. SHERMAN, Mr. SHRES, Mr. SMITH of Washington, Mr. SOTO, Ms. SPEIER, Mr. SWALWELL of California, Ms. TITUS, Mrs. TORRES of California, Mr. VARGAS, Ms. VELÁZQUEZ, Mrs. WATSON COLEMAN, Mr. WELCH, Ms. WILD, Mr. YARBUTH, Mr. RODNEY DAVIS of Illinois, Mr. HUNTER, Mr. JOYCE of Ohio, Mr. NEWHOUSE, Mr. YOUNG, Mr. HIMES, Mr. LOEBACK, Ms. LOFGREN, Mr. LOWENTHAL, Mrs. CAROLYN B. MALONEY of New York, Mr. SEAN PATRICK MALONEY of New York, Mr.

## A BILL

To create protections for depository institutions that provide financial services to cannabis-related legitimate businesses and service providers for such businesses, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE; PURPOSE.

(a) *SHORT TITLE.*—This Act may be cited as the “Secure And Fair Enforcement Banking Act of 2019” or the “SAFE Banking Act of 2019”.

(b) *PURPOSE.*—The purpose of this Act is to increase public safety by ensuring access to financial services to cannabis-related legitimate businesses and service providers and reducing the amount of cash at such businesses.

### SEC. 2. SAFE HARBOR FOR DEPOSITORY INSTITUTIONS.

(a) *IN GENERAL.*—A Federal banking regulator may not—

(1) terminate or limit the deposit insurance or share insurance of a depository institution under the Federal Deposit Insurance Act ([12 U.S.C. 1811](#) et seq.), the Federal Credit Union Act ([12 U.S.C. 1751](#) et seq.), or take any other adverse action against a depository institution under section 8 of the Federal Deposit Insurance Act ([12 U.S.C. 1818](#)) solely because the depository institution provides or has provided financial services to a cannabis-related legitimate business or service provider;

(2) prohibit, penalize, or otherwise discourage a depository institution from providing financial services to a cannabis-related legitimate business or service provider or to a State, political subdivision of a State, or Indian Tribe that exercises jurisdiction over cannabis-related legitimate businesses;

(3) recommend, incentivize, or encourage a depository institution not to offer financial services to an account holder, or to downgrade or cancel the financial services offered to an account holder solely because—

(A) the account holder is a cannabis-related legitimate business or service provider, or is an employee, owner, or operator of a cannabis-related legitimate business or service provider;

(B) the account holder later becomes an employee, owner, or operator of a cannabis-related legitimate business or service provider;

# Perlmutter's **SAFE Banking Act** to protect banks that work with marijuana industry passes House

Sen. Gardner cosponsoring Senate version

**Posted:** 5:24 PM, Sep 25, 2019 **Updated:** 7:25 PM, Sep 25, 2019

The bill will prohibit federal banking regulators from penalizing financial institutions that do business with legal and licensed marijuana businesses in states where marijuana or CBD is legal. Proponents of the measure say it will allow businesses to more-safely store their money and keep better track of its payroll and taxes. Forty-seven states, the District of Columbia and four U.S. territories have now legalized recreational and/or medical marijuana or CBD.