



strength in members.

May 9, 2023

The Honorable Charles E. Schumer
Majority Leader
322 Hart Senate Office Building
Washington, D.C. 20510

Senator Schumer:

Now that New York has joined other states and the District of Columbia in permitting recreational adult-use of marijuana, it is critical that Congress address the issue of the legality of marijuana banking under federal law once and for all. **The New York Credit Union Association supports the recent reintroduction and swift passage of the SAFE Banking Act of 2023.**

Like any other business, marijuana-related businesses need access to the financial system. As locally owned, community-based financial institutions, credit unions are ideal financial partners for this fledgling, multi-billion-dollar industry. But there is far too much legal and regulatory ambiguity surrounding the marijuana industry, and these issues can only be addressed at the federal level. While the Association takes no position on whether or not individual credit unions should or should not provide banking services to marijuana-related businesses, it strongly believes that it is in everyone's best interest that money related to this multi-billion-dollar industry be secured in responsible financial institutions.

A majority of states now allow some form of marijuana use – either medical or recreational. In fact, only three states do not allow some form of marijuana or cannabis use. Yet, as you know, marijuana at the federal level remains an illegal Schedule 1 substance under the Controlled Substances Act. This means that if a financial institution chooses to provide banking services to a marijuana-related business, even in states where marijuana has been legalized, they could potentially be prosecuted for violating anti-money laundering and other federal laws.

It is past time for Congress to solve this conundrum. No matter how well-intentioned or sound, this issue cannot be fixed through an Executive Order, administration policy, regulation or a patchwork of state-level laws. Instead, Congress must pass a law explicitly permitting credit unions and other financial institutions to serve the cannabis industry.

Experience has taught us that reliance on administrative actions is not an adequate basis for developing a sustainable banking model in this area. In 2013, credit unions welcomed the [Cole Memorandum](#), which established guide rails with which they could provide banking services in states where it is legal to do so without fear of federal prosecution. Many institutions invested substantial funds in developing rigorous safe and effective due diligence standards only to see the Cole Memorandum [revoked in 2018](#) by a new Attorney General. While administrative actions in

this area would be a welcomed first step, financial institutions need the certainty that only federal law can provide.

For these reasons, the New York Credit Union Association **strongly supports The SAFE Banking Act (S.1323)** and similar federal legislation that would permit credit unions and other institutions to serve the needs of the marijuana sector without fear of prosecution. Under the bill, credit unions and banks would be legally authorized to provide banking services in states that have chosen to legalize cannabis while at the same time not infringing on the prerogative of those states which have not yet chosen to take similar action. Additionally, please see the attached statement from the Association on behalf of all New York state credit unions that will be shared with members of the New York State Assembly Standing Committee on Banks at a hearing on cannabis banking this Thursday, May 11, 2023.

We respectfully thank you for your continued leadership and support on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Mellin".

William J. Mellin
President/CEO
New York Credit Union Association