Beat: Business

U.S. to allow banks to conduct business with marijuana sellers

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USPA News - The U.S. Department of Justice (DOJ) and the U.S. Treasury Department issued a memorandum to prosecutors on Friday that will allow banks to legally provide financial services to state-licensed marijuana businesses, although banks remain hesitant despite the new protections. The memorandum, from the Justice Department and the Treasury`s Financial Crimes Enforcement Network (FinCEN), advises prosecutors that banks are allowed to do business with legal marijuana sellers without fear of prosecution and without fear of violating federal money laundering or terrorism financing laws, as long as the company does not violate federal law. "The Department shares the concerns of public officials and law enforcement about the public safety risks associated with businesses that handle significant amounts of cash," said Justice Department spokeswoman Allison Price.

"These guidelines, together with the Treasury Department?s guidance to financial institutions, are intended to increase the availability of financial services for marijuana businesses - that are licensed and regulated - while at the same time preserving and enhancing important law enforcement tools." The guidance specified that legal marijuana businesses are only eligible for financial assistance if they fall into eight specific criteria. Eligible business must not distribute to children, must not traffic by cartels, must not use violence or firearms in the cultivation and distribution of marijuana, and must not traffic to states where marijuana use is illegal, among various other criteria. Despite the new protections under the memorandum, some national banks remain uneasy about offering assistance to marijuana businesses. "[U.S. Attorney General Holder] cannot change the fact that marijuana remains illegal at the federal level and banks must follow all laws. You can`t change water into wine," said Don Childears, president and CEO of the Colorado Bankers Association, in an editorial for The Hill earlier this week. "Banks are responsible to regulators, most of which are independent and uncontrolled by the president?s executive branch. The idea of no prosecution is nice, but to banks regulators have the real power." Two new categories for banks to report transactions with marijuana businesses have been created under FinCEN`s legal guidance. Transactions that banks suspect are related to marijuana businesses may be reported to FinCEN as ?marijuana limited? and those that banks suspect to be illegal may be filed as "marijuana priority." Marijuana has been legalized for medicinal purposes in twenty states and the District of Columbia. The states of Colorado and Washington have legalized marijuana for both medicinal and recreational uses.

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