



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

August 21, 2018

Secretary Steven Mnuchin
Department of the US Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: Medical Cannabis-Banking

Dear Secretary Mnuchin,

In 2014 the State of Illinois passed legislation, joining 28 other states, that permits the use of medical cannabis for the treatment of pre-approved medical conditions. While the State of Illinois has implemented strict regulations for the issuance and monitoring of licenses to cultivators and dispensaries along with individual medical cards, medical cannabis firms continue to face significant banking challenges relating to the deposit and remittance of these monies for payroll, lease payments, and other operational expenses. This also includes monies for licenses, fees and tax payments to state governments.

As such, we have a vested interested in finding a timely resolution to this matter. On February 14, 2014, the Department of the U.S. Treasury, Financial Crimes Enforcement Network (FINCEN) issued guidance to clarify Bank Secrecy Act (BSA) expectations for financial institutions seeking to provide services to marijuana-related businesses. This FINCEN guidance clarified 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 enhanced the availability of financial services for, and the financial transparency of, marijuana-related businesses. The FINCEN guidance also helped safeguard the financial system from illicit uses and combatted money laundering.

We understand FINCEN issued this guidance considering recent state initiatives to legalize certain marijuana-related activity and the related Coles Memos guidance by the U.S. Department of Justice (DOJ) concerning marijuana-related enforcement priorities. However, the rescission of the DOJ's Coles Memos has caused significant challenges in the disparate interpretation of the legality of these monies deposited by

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medical cannabis firms and state governments with state and nationally chartered financial institutions. The lack of support to the financial community, in providing essential banking services to the medical cannabis industry is creating a dangerous precedence, leading to an all cash business environment. While doing this, DOJ also created issues with the legal depositing of monies received in a manner to promote public safety and financial transparency within this industry.

As your office maintains the guidelines for FINCEN, States participating in a legitimate industry, we seek and expect the *continued* and *consistent* interpretation by financial law enforcement authorities on the receipt and remittance of such funds, whether cash, checks, or electronic payments, deposited by medical cannabis firms or by state governments in financial institutions. As the cannabis industry continues to expand for both recreation and medical purposes nationwide, support of financial institutions participating in this commerce will ensure continued medical treatment for millions of Americans, including military veterans and disabled persons.

We would like to schedule a meeting to discuss this critical topic. To facilitate a discussion in scheduling a time for a meeting, please contact Rodrigo Garcia, Deputy Treasurer and Chief Investment Officer, at rgarcia@illinoistreasurer.gov.

Sincerely,



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Joe Torsella
Pennsylvania State Treasurer



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