

The New York Times

Legal Marijuana Businesses Should Have Access to Banks, Holder Says

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Attorney General Eric H. Holder Jr., in Charlottesville, Va., pledged new banking guidelines for marijuana businesses. Ryan M. Kelly/The Daily Progress, via Associated Press

Attorney General Eric H. Holder Jr. said Thursday that lawful marijuana businesses should have access to the American banking system and that the

government would soon offer rules to help them gain it. The rules are not expected to give banks a green light to accept deposits and provide other services, but would tell prosecutors not to prioritize cases involving legal marijuana businesses that use banks.

“You don’t want just huge amounts of cash in these places. They want to be able to use the banking system,” Mr. Holder said at the Miller Center at the University of Virginia. “There’s a public safety component to this. Huge amounts of cash, substantial amounts of cash just kind of lying around with no place for it to be appropriately deposited, is something that would worry me, just from a law enforcement perspective.”

For marijuana growers and retailers in the 20 states that have legalized the drug for recreational or medical use, money and banking are perhaps the most vexing challenges of doing business. Piles of cash accumulate in back rooms and safes, making the businesses, their employees and their customers a target for robberies. Businesses often have no access to business loans or regular lines of credit. Many say they struggle to even keep a checking account open to pay their employees or electricity bills.

“It’s a security risk not just for the industry but all these other folks,” said Michael Elliott, the executive director of the Medical Marijuana Industry Group, who added that he was encouraged by Mr. Holder’s comments.

Most banks remain leery of accepting deposits from a marijuana dispensary, for fear that they could lose their charter, attract unwanted attention from regulators or even risk prosecution for money laundering. And it was unclear on Thursday what exactly the new federal guidelines would say, and whether they would apply to states that allow medical marijuana, or just to Colorado and Washington, where the drug is legal in small amounts for anyone 21 or older.

For the banking industry, the details of the guidelines will be crucial for deciding whether banks feel comfortable taking deposits, giving loans or issuing credit cards to legal marijuana businesses. Without specific guidelines, many banks might continue to refuse transactions with legal marijuana businesses.

Richard Riese, senior vice president for regulatory compliance at the American Bankers Association, said this month that banks would want to

know, for instance, that they were not “aiding and abetting” a criminal enterprise if they provided such services.

“Banks will need a lot of detail from regulators to get the satisfaction and comfort they are looking for,” he said.

For months, elected officials and law enforcement agencies in states that have legalized marijuana have urged federal officials to offer guidelines that would clarify the government’s stance on banking and marijuana businesses.

While marijuana is illegal in most states and is prohibited under federal law, the Obama administration said last summer that it would allow Colorado and Washington State to move ahead with legalizing the drug for recreational use.

In a recent interview with *The New Yorker*, President Obama said that despite his misgivings about marijuana and the push for broader legalization of the drug, it was important that Colorado’s and Washington’s experiments go forward.

“It’s important for society not to have a situation in which a large portion of people have at one time or another broken the law and only a select few get punished,” he said.

Andy Williams, who runs Medicine Man, a dispensary in an industrial park in Denver, said dependable access to bank accounts and credit could revolutionize his business.

Like many other retailers, Mr. Williams is sometimes drowning in cash. He said he has hired an armored-car service to move his money, and tries to pay his bills in cash as much as possible to reduce the amount he has on hand. He continually jumps from one bank to another when financial institutions decide his account is not worth the risk. To try to keep the banks from catching on, he said, he even sprays his cash with Febreze to disguise the scent of marijuana.

“We’re always scared, if we have a bank account, about keeping it,” he said. “We go to great lengths to lower our profile.”