



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS ADVISORY

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Treasurer Chiang Convenes Cannabis Banking Working Group

SACRAMENTO – State Treasurer John Chiang announced today the creation of the Cannabis Banking Working Group to address a significant issue that could hamper the implementation of Proposition 64, a ballot measure approved by voters that legalizes the recreational use of cannabis.

Of primary concern is the standoff between the state and federal government. Washington D.C. still considers marijuana a Schedule I drug under the Controlled Substances Act. As a result, banks and other financial institutions generally refuse to provide services to cannabis-related business.

The working group, made up of representatives from law enforcement, regulators, banks, taxing authorities, local government and the cannabis industry, is charged with finding practical and timely ways to address the state-federal conflict.

The Treasurer also sent letters to President-elect Donald Trump and California's congressional delegation, asking for guidance and cooperation from the federal government.

Below is the full transcript of the letter Treasurer Chiang sent to prospective members of the Cannabis Banking Working Group:

Dear Prospective Member of the Cannabis Banking Working Group,

As you know, on November 8, 2016, the voters of California passed Proposition 64. California now joins Colorado, Oregon, Washington, Massachusetts, Nevada, Alaska, Maine, and the District of Columbia in legalizing recreational use of cannabis.

Previous experience with legalization has shown that the conflict between federal classification of cannabis as a Schedule 1 drug under the Controlled Substances Act and legalization at the state level has created significant problems. Of primary concern to my office are the limits

federal rules place on the cannabis industry's ability to effectively participate in the state and nation's banking system. This conflict between federal and state rules creates a number of problems for the states that have legalized cannabis use, including difficulties collecting tax revenue, increased risk of serious crime, and the inability of a newly legal industry under state law to effectively engage in banking and commerce.

In California, we have one year before the commercialization of legal cannabis use takes effect. I believe it is critical that interested parties discuss these issues and agree on solutions that will prevent the issues from becoming very real problems in hundreds of California communities. Therefore, I have put together a group including representatives of law enforcement, banking regulators, the banking industry, taxing authorities, local government, and the cannabis industry. The working group's mission will be to develop practical and timely solutions to the above challenges.

I invite you to participate in this important discussion. The first meeting of this group will be on December 19, 2016, at 10:30 a.m., at the Treasurer's Office.

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