



ATTORNEY GENERAL
LESLIE RUTLEDGE

ARKANSASAG.GOV

June 3, 2019

Sen. Jason Rapert
Chair, Insurance and Commerce Committee
One Capitol Mall
Little Rock, AR 72201

Re: SAFE Banking Act

Dear Senator Rapert:

Thank you for inviting me to appear before the Insurance and Commerce Committee to discuss the SAFE Banking Act and its relation to the Medical Marijuana industry in Arkansas. I also appreciate your willingness to allow a written response, as I am unable to attend in person. As you may be aware, my office also represents the Medical Marijuana Commission. While I was against the amendment that gave us Medical Marijuana and campaigned against it, the people have spoken. It was their will to legalize medical marijuana and we all have a duty to make sure that the peoples' desire for medical marijuana is implemented in a way that prevents black market interference and illegal sales.

After much deliberation and consultation with industry leaders, I decided to join thirty-eight of my colleagues and sign-on to an Attorneys General letter of support that was submitted to the leaders of Congress on May 8, 2019. While not all of us have to agree with the passage of Amendment 98, it is our duty to develop commonsense approaches to prevent crime, fraud, and protect the citizens of the great State of Arkansas from the potential dangers resulting in the legalization of medical marijuana.

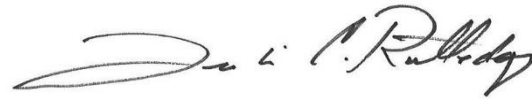
The letter submitted to Congressional leadership was a bi-partisan letter with broad support from thirty-eight states and territories Attorneys General. Federal law currently prevents financial institutions from providing services to state-licensed cannabis business and even to other companies which sell services and products to the state licensed cannabis industry. This is an entire industry operating on a cash basis outside the regulatory banking system. To place this in perspective, the industry experts have estimated \$8.3 billion in sales occurred in 2017 with a future estimated sales amount of \$25 billion nationwide.

The inability to utilize the banking system has forced the industry to move into the grey market. As a result, it is now harder for states to adequately and accurately track revenues for taxation and regulatory compliance, has increased the threat to public safety as cash intensive

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businesses are often increased targets for criminal activity, and prevents the proper tracking of billions of dollars across the nation. For these reasons, it was best for Arkansas to sign the letter supporting the passage of the SAFE Banking Act. Passage of this Act would provide a safe harbor to banks and other industries that provide services or products to the cannabis industry in states that have implemented laws and regulations that ensure accountability in the marijuana industry. In no way am I suggesting or supporting the idea that marijuana should be recreational in Arkansas. Instead, we must address known concerns and problems in this industry as we move forward with the implementation of Amendment 98.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie Rutledge". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Leslie Rutledge
Attorney General