

April 4, 2019

The Honorable Cory Gardner
United States Senate
Washington, DC 20515

The Honorable Elizabeth Warren
United States Senate
Washington, DC 20515

Dear Senators Gardner and Warren:

On behalf of the members of the Electronic Transactions Association (ETA), I am writing in support of the bipartisan *Strengthening the Tenth Amendment Through Entrusting States Act* (STATES Act), which would eliminate the conflict between state and federal law and recognize the state's right to control legalized cannabis within its borders. Permitting financial institutions seeking to help cannabis related businesses conduct financial transactions not be subject to prosecution for drug trafficking or related financial crimes.

ETA takes no position on the legalization or decriminalizing marijuana at the state or federal level for medicinal or recreational uses. We do support the STATES Act and other federal legislation that would resolve the conflict between state and federal laws to allow the banking and electronic payments ecosystem to serve cannabis related businesses in states where these businesses are legal under state law.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services; its membership spans the breadth of the payments industry to include independent sales organizations, payments networks, financial institutions, transaction processors, mobile payments products and services, payments technologies, equipment suppliers, and online small business lenders.

Thirty-three states and several U.S. territories have legalized marijuana for medical use and ten states have done so for recreational use. Currently, financial institutions as well as the broader ecosystem including the networks and payment processors, that provide services to state-licensed cannabis businesses could find themselves subject to criminal and civil liability under the Controlled Substances Act and federal banking statutes because the use and possession of marijuana is illegal under federal law.

The conflict between state and federal laws forces businesses to operate on a cash-only basis and has created significant legal and compliance concerns for financial institutions that wish to provide banking services, including electronic payments, to marijuana related businesses in states where it is currently legal. The STATES Act would allow legitimate marijuana businesses to access the safety and security of the broader banking ecosystem in states that have legalized marijuana. Having access to the broader financial ecosystem makes it easier for businesses to track revenues for taxation purposes, decreases a public safety threat as cash intensive businesses are often targets for criminal activity, and allows proper tracking of finances for BSA/AML compliance.

We appreciate your leadership on this important issue. If you have any questions, please feel free to contact me directly at stalbott@electran.org.

Sincerely,



Scott Talbott
Senior Vice President of Government Affairs
Electronic Transactions Association