



**CALIFORNIA
CANNABIS
INDUSTRY
ASSOCIATION**

FOR IMMEDIATE RELEASE

Wednesday, Feb. 13, 2019

Contact: CCIA Communication and Outreach Director Josh Drayton

josh@cacannabisindustry.org

**CCIA PREPARES TESTIMONY FOR HISTORIC HOUSE HEARING ON CANNABIS
BANKING**

Sacramento, CA—The California Cannabis Industry Association (“CCIA”), which is the leading cannabis trade association in the state of California, has strengthened its advocacy in Washington by submitting testimony to the House Financial Services Committee hearing “Challenges and Solutions: Access to Banking Services for Cannabis-Related Businesses,” scheduled for February 13. As home to the country’s oldest medical cannabis market, established in 1996 by the Compassionate Care Act, and home to the country’s largest legal adult use market, the expert testimony of CCIA Executive Director, Lindsay Robinson, addresses the safety, social, and economic risks and realities experienced with an all cash industry. CCIA’s federal advocacy is in support of the Secure and Fair Enforcement (SAFE) Banking Act, providing the cannabis industry access to banking and to capital markets that they desperately need.

The country’s legal cannabis market has grown to 33 states plus the District of Columbia with legalized medical cannabis and over ten states with legalized adult use cannabis, reaching over \$10.4 billion in sales in 2018. Most of this revenue being cash as cannabis businesses do not have access to banks due to Federal illegality.

CCIA Executive Director, Lindsay Robinson, says that “legalization of cannabis is not a partisan issue. We have seen the legalization of cannabis across the political spectrum, and public support is at an all-time high.”

But what does that mean? Robinson says that “Due to the federal government’s continued classification of cannabis as a Schedule I drug under the Controlled Substances Act, the multi-billion dollar U.S. cannabis industry is denied access to banking and capital markets, which are basic necessities for any legitimate industry.”

Robinson’s testimony goes on to explain that “The ability to use U.S. financial institutions for banking is essential to ensure the safety of the cannabis industry and cannabis consumers. Without access to banking, companies are forced to maintain large amounts of cash on hand, pay employees and vendors in cash, and use cash to pay taxes. All of this creates an untenable situation where the safety of consumers, employees, and companies is at risk.”

The lack of access to capital markets by the cannabis industry adds a barrier to social equity applicants attempting to access funding to enter the legal market. Robinson explains that “The lack of access to capital markets, however, means that federal cannabis prohibition continues to



place women and minorities at a disadvantage. Although some states have sought to address the issue of diversity in the cannabis space, the costs associated with starting a cannabis company are prohibitively high for those without easy access to capital. Banks' inability to lend to cannabis entrepreneurs perpetuates the exclusion of women and minorities from the cannabis industry and concentrates opportunities in the hands of a predominantly white, male segment of society who traditionally has more access to capital."

The many challenges and unintended consequences that are experienced by the legal cannabis industry's lack of access to banking and capital have been challenging in California, which is why CCIA's Executive Director is taking her advocacy to the Federal government to find solutions. "For these reasons, CCIA supports the Secure and Fair Enforcement (SAFE) Banking Act. This bill will provide our membership with the access to banking and capital markets that they desperately need. It will increase the safety of the industry by eliminating the need to operate on a cash basis and will help to ensure that women and minorities have access to the capital needed to enter the cannabis industry."