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To create protections for financial institutions that provide financial services to cannabis-related legitimate businesses and service providers for such businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 2021

Mr. PERLMUTTER (for himself, Ms. VELÁZQUEZ, Mr. STIVERS, Mr. DAVIDSON, Mr. BLUMENAUER, Ms. LEE of California, Mr. JOYCE of Ohio, Mr. CORREA, Mrs. CAROLYN B. MALONEY of New York, Mr. MEUSER, Mr. CASTEN, Ms. BONAMICI, Mrs. LAWRENCE, Mr. LAWSON of Florida, Mr. PANETTA, Ms. MATSUI, Mr. ESPAILLAT, Mr. GAETZ, Mr. CRIST, Mrs. WATSON COLEMAN, Mr. FOSTER, Mr. VARGAS, Ms. CLARKE of New York, Ms. HOULAHAN, Mr. KILMER, Ms. STEVENS, Ms. NORTON, Mr. HASTINGS, Ms. SLOTKIN, Ms. TITUS, Mr. WELCH, Mr. SHERMAN, Ms. BROWNLEY, Mr. CARBAJAL, Mr. HUFFMAN, Mr. NEGUSE, Ms. STRICKLAND, Ms. WILD, Mr. GARCÍA of Illinois, Mr. DEFazio, Mr. EVANS, Ms. MOORE of Wisconsin, Ms. CLARK of Massachusetts, Mr. GRIJALVA, Mr. MEEKS, Ms. DEAN, Mr. TONKO, Mr. YOUNG, Ms. SCHAKOWSKY, Mr. GALLEGRO, Ms. BLUNT ROCHESTER, Ms. TLAIB, Mr. PETERS, Mrs. TRAHAN, Mrs. DINGELL, Miss RICE of New York, Mr. RESCIENTHALER, Mr. DAVID SCOTT of Georgia, Mr. THOMPSON of California, Ms. DEGETTE, Ms. SCANLON, Mr. HIGGINS of New York, Ms. SPEIER, Mrs. AXNE, Mr. VICENTE GONZALEZ of Texas, Ms. MACE, Ms. MCCOLLUM, Mr. LOWENTHAL, Mr. MCGOVERN, Ms. PRESSLEY, Mr. GARAMENDI, Mr. LIEU, Mrs. LURIA, Mr. HIMES, Mr. CROW, Mr. LEVIN of Michigan, Ms. WILLIAMS of Georgia, Mr. RODNEY DAVIS of Illinois, Mr. AUCHINCLOSS, Mr. BARR, Mrs. HAYES, Mr. GIBBS, Mr. MCCLINTOCK, Mr. DESAULNIER, Mr. COURTNEY, Ms. KUSTER, Mr. MORELLE, Mr. PASCRELL, Mr. JONES, Ms. WEXTON, Mr. BEYER, Mr. KRISHNAMOORTHY, Mr. CICILLINE, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. DELBENE, Mr. RASKIN, Mr. QUIGLEY, Mr. CASE, Mr. KILDEE, Mr. BERA, Miss GONZÁLEZ-COLÓN, Mrs. KIRKPATRICK, Mr. CLEAVER, Ms. LOIS FRANKEL of Florida, Mr. STANTON, Mr. SWALWELL, Mr. JEFFRIES, and Mr. YARMUTH) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To create protections for financial institutions that provide financial services to cannabis-related legitimate businesses and service providers for such businesses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; PURPOSE.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Secure And Fair Enforcement Banking Act of 2021” or
 6 the “SAFE Banking Act of 2021”.

7 (b) TABLE OF CONTENTS.—The table of contents for
 8 this Act is as follows:

- Sec. 1. Short title; table of contents; purpose.
- Sec. 2. Safe harbor for depository institutions.
- Sec. 3. Protections for ancillary businesses.
- Sec. 4. Protections under Federal law.
- Sec. 5. Rules of construction.
- Sec. 6. Requirements for filing suspicious activity reports.
- Sec. 7. Guidance and examination procedures.
- Sec. 8. Annual diversity and inclusion report.
- Sec. 9. GAO study on diversity and inclusion.
- Sec. 10. GAO study on effectiveness of certain reports on finding certain persons.
- Sec. 11. Application of this Act with respect to hemp-related legitimate businesses and hemp-related service providers.
- Sec. 12. Banking services for hemp-related legitimate businesses and hemp-related service providers.
- Sec. 13. Requirements for deposit account termination requests and orders.
- Sec. 14. Definitions.

9 (c) PURPOSE.—The purpose of this Act is to increase
 10 public safety by ensuring access to financial services to
 11 cannabis-related legitimate businesses and service pro-

1 viders and reducing the amount of cash at such busi-
2 nesses.

3 **SEC. 2. SAFE HARBOR FOR DEPOSITORY INSTITUTIONS.**

4 (a) IN GENERAL.—A Federal banking regulator may
5 not—

6 (1) terminate or limit the deposit insur-
7 ance or share insurance of a depository institu-
8 tion under the Federal Deposit Insurance Act
9 (12 U.S.C. 1811 et seq.), the Federal Credit
10 Union Act (12 U.S.C. 1751 et seq.), or take
11 any other adverse action against a depository
12 institution under section 8 of the Federal De-
13 posit Insurance Act (12 U.S.C. 1818) solely be-
14 cause the depository institution provides or has
15 provided financial services to a cannabis-related
16 legitimate business or service provider;

17 (2) prohibit, penalize, or otherwise discour-
18 age a depository institution from providing fi-
19 nancial services to a cannabis-related legitimate
20 business or service provider or to a State, polit-
21 ical subdivision of a State, or Indian Tribe that
22 exercises jurisdiction over cannabis-related le-
23 gitimate businesses;

24 (3) recommend, incentivize, or encourage a
25 depository institution not to offer financial serv-

1 ices to an account holder, or to downgrade or
2 cancel the financial services offered to an ac-
3 count holder solely because—

4 (A) the account holder is a cannabis-
5 related legitimate business or service pro-
6 vider, or is an employee, owner, or oper-
7 ator of a cannabis-related legitimate busi-
8 ness or service provider;

9 (B) the account holder later becomes
10 an employee, owner, or operator of a can-
11 nabis-related legitimate business or service
12 provider; or

13 (C) the depository institution was not
14 aware that the account holder is an em-
15 ployee, owner, or operator of a cannabis-re-
16 lated legitimate business or service pro-
17 vider;

18 (4) take any adverse or corrective super-
19 visory action on a loan made to—

20 (A) a cannabis-related legitimate busi-
21 ness or service provider, solely because the
22 business is a cannabis-related legitimate
23 business or service provider;

24 (B) an employee, owner, or operator
25 of a cannabis-related legitimate business or

1 service provider, solely because the em-
2 ployee, owner, or operator is employed by,
3 owns, or operates a cannabis-related legiti-
4 mate business or service provider, as appli-
5 cable; or

6 (C) an owner or operator of real es-
7 tate or equipment that is leased to a can-
8 nabis-related legitimate business or service
9 provider, solely because the owner or oper-
10 ator of the real estate or equipment leased
11 the equipment or real estate to a cannabis-
12 related legitimate business or service pro-
13 vider, as applicable; or

14 (5) prohibit or penalize a depository insti-
15 tution (or entity performing a financial service
16 for or in association with a depository institu-
17 tion) for, or otherwise discourage a depository
18 institution (or entity performing a financial
19 service for or in association with a depository
20 institution) from, engaging in a financial service
21 for a cannabis-related legitimate business or
22 service provider.

23 (b) SAFE HARBOR APPLICABLE TO DE NOVO INSTI-
24 TUTIONS.—Subsection (a) shall apply to an institution ap-

1 plying for a depository institution charter to the same ex-
2 tent as such subsection applies to a depository institution.

3 **SEC. 3. PROTECTIONS FOR ANCILLARY BUSINESSES.**

4 For the purposes of sections 1956 and 1957 of title
5 18, United States Code, and all other provisions of Fed-
6 eral law, the proceeds from a transaction involving activi-
7 ties of a cannabis-related legitimate business or service
8 provider shall not be considered proceeds from an unlawful
9 activity solely because—

10 (1) the transaction involves proceeds from a
11 cannabis-related legitimate business or service pro-
12 vider; or

13 (2) the transaction involves proceeds from—

14 (A) cannabis-related activities described in
15 section 14(4)(B) conducted by a cannabis-re-
16 lated legitimate business; or

17 (B) activities described in section
18 14(13)(A) conducted by a service provider.

19 **SEC. 4. PROTECTIONS UNDER FEDERAL LAW.**

20 (a) IN GENERAL.—With respect to providing a finan-
21 cial service to a cannabis-related legitimate business
22 (where such cannabis-related legitimate business operates
23 within a State, political subdivision of a State, or Indian
24 country that allows the cultivation, production, manufac-
25 ture, sale, transportation, display, dispensing, distribution,

1 or purchase of cannabis pursuant to a law or regulation
2 of such State, political subdivision, or Indian Tribe that
3 has jurisdiction over the Indian country, as applicable) or
4 a service provider (wherever located), a depository institu-
5 tion, entity performing a financial service for or in associa-
6 tion with a depository institution, or insurer that provides
7 a financial service to a cannabis-related legitimate busi-
8 ness or service provider, and the officers, directors, and
9 employees of that depository institution, entity, or insurer
10 may not be held liable pursuant to any Federal law or
11 regulation—

12 (1) solely for providing such a financial service;

13 or

14 (2) for further investing any income derived
15 from such a financial service.

16 (b) PROTECTIONS FOR FEDERAL RESERVE BANKS
17 AND FEDERAL HOME LOAN BANKS.—With respect to
18 providing a service to a depository institution that pro-
19 vides a financial service to a cannabis-related legitimate
20 business (where such cannabis-related legitimate business
21 operates within a State, political subdivision of a State,
22 or Indian country that allows the cultivation, production,
23 manufacture, sale, transportation, display, dispensing, dis-
24 tribution, or purchase of cannabis pursuant to a law or
25 regulation of such State, political subdivision, or Indian

1 Tribe that has jurisdiction over the Indian country, as ap-
2 plicable) or service provider (wherever located), a Federal
3 reserve bank or Federal Home Loan Bank, and the offi-
4 cers, directors, and employees of the Federal reserve bank
5 or Federal Home Loan Bank, may not be held liable pur-
6 suant to any Federal law or regulation—

7 (1) solely for providing such a service; or

8 (2) for further investing any income derived
9 from such a service.

10 (c) PROTECTIONS FOR INSURERS.—With respect to
11 engaging in the business of insurance within a State, polit-
12 ical subdivision of a State, or Indian country that allows
13 the cultivation, production, manufacture, sale, transpor-
14 tation, display, dispensing, distribution, or purchase of
15 cannabis pursuant to a law or regulation of such State,
16 political subdivision, or Indian Tribe that has jurisdiction
17 over the Indian country, as applicable, an insurer that en-
18 gages in the business of insurance with a cannabis-related
19 legitimate business or service provider or who otherwise
20 engages with a person in a transaction permissible under
21 State law related to cannabis, and the officers, directors,
22 and employees of that insurer may not be held liable pur-
23 suant to any Federal law or regulation—

24 (1) solely for engaging in the business of insur-
25 ance; or

1 (2) for further investing any income derived
2 from the business of insurance.

3 (d) FORFEITURE.—

4 (1) DEPOSITORY INSTITUTIONS.—A depository
5 institution that has a legal interest in the collateral
6 for a loan or another financial service provided to an
7 owner, employee, or operator of a cannabis-related
8 legitimate business or service provider, or to an
9 owner or operator of real estate or equipment that
10 is leased or sold to a cannabis-related legitimate
11 business or service provider, shall not be subject to
12 criminal, civil, or administrative forfeiture of that
13 legal interest pursuant to any Federal law for pro-
14 viding such loan or other financial service.

15 (2) FEDERAL RESERVE BANKS AND FEDERAL
16 HOME LOAN BANKS.—A Federal reserve bank or
17 Federal Home Loan Bank that has a legal interest
18 in the collateral for a loan or another financial serv-
19 ice provided to a depository institution that provides
20 a financial service to a cannabis-related legitimate
21 business or service provider, or to an owner or oper-
22 ator of real estate or equipment that is leased or
23 sold to a cannabis-related legitimate business or
24 service provider, shall not be subject to criminal,
25 civil, or administrative forfeiture of that legal inter-

1 est pursuant to any Federal law for providing such
2 loan or other financial service.

3 **SEC. 5. RULES OF CONSTRUCTION.**

4 (a) NO REQUIREMENT TO PROVIDE FINANCIAL
5 SERVICES.—Nothing in this Act shall require a depository
6 institution, entity performing a financial service for or in
7 association with a depository institution, or insurer to pro-
8 vide financial services to a cannabis-related legitimate
9 business, service provider, or any other business.

10 (b) GENERAL EXAMINATION, SUPERVISORY, AND
11 ENFORCEMENT AUTHORITY.—Nothing in this Act may be
12 construed in any way as limiting or otherwise restricting
13 the general examination, supervisory, and enforcement au-
14 thority of the Federal banking regulators, provided that
15 the basis for any supervisory or enforcement action is not
16 the provision of financial services to a cannabis-related le-
17 gitimate business or service provider.

18 (c) BUSINESS OF INSURANCE.—Nothing in this Act
19 shall interfere with the regulation of the business of insur-
20 ance in accordance with the Act of March 9, 1945 (59
21 Stat. 33, chapter 20; 15 U.S.C. 1011 et seq.) (commonly
22 known as the “McCarran-Ferguson Act”) and the Dodd-
23 Frank Wall Street Reform and Consumer Protection Act
24 (12 U.S.C. 5301 et seq.).

1 **SEC. 6. REQUIREMENTS FOR FILING SUSPICIOUS ACTIVITY**
2 **REPORTS.**

3 Section 5318(g) of title 31, United States Code, is
4 amended by adding at the end the following:

5 “(5) REQUIREMENTS FOR CANNABIS-RELATED
6 LEGITIMATE BUSINESSES.—

7 “(A) IN GENERAL.—With respect to a fi-
8 nancial institution or any director, officer, em-
9 ployee, or agent of a financial institution that
10 reports a suspicious transaction pursuant to
11 this subsection, if the reason for the report re-
12 lates to a cannabis-related legitimate business
13 or service provider, the report shall comply with
14 appropriate guidance issued by the Financial
15 Crimes Enforcement Network. Not later than
16 the end of the 180-day period beginning on the
17 date of enactment of this paragraph, the Sec-
18 retary shall update the February 14, 2014,
19 guidance titled ‘BSA Expectations Regarding
20 Marijuana-Related Businesses’ (FIN–2014–
21 G001) to ensure that the guidance is consistent
22 with the purpose and intent of the SAFE
23 Banking Act of 2021 and does not significantly
24 inhibit the provision of financial services to a
25 cannabis-related legitimate business or service
26 provider in a State, political subdivision of a

1 State, or Indian country that has allowed the
2 cultivation, production, manufacture, transpor-
3 tation, display, dispensing, distribution, sale, or
4 purchase of cannabis pursuant to law or regula-
5 tion of such State, political subdivision, or In-
6 dian Tribe that has jurisdiction over the Indian
7 country.

8 “(B) DEFINITIONS.—For purposes of this
9 paragraph:

10 “(i) CANNABIS.—The term ‘cannabis’
11 has the meaning given the term ‘mari-
12 huana’ in section 102 of the Controlled
13 Substances Act (21 U.S.C. 802).

14 “(ii) CANNABIS-RELATED LEGITIMATE
15 BUSINESS.—The term ‘cannabis-related le-
16 gitimate business’ has the meaning given
17 that term in section 14 of the SAFE
18 Banking Act of 2021.

19 “(iii) INDIAN COUNTRY.—The term
20 ‘Indian country’ has the meaning given
21 that term in section 1151 of title 18.

22 “(iv) INDIAN TRIBE.—The term ‘In-
23 dian Tribe’ has the meaning given that
24 term in section 102 of the Federally Rec-

1 ognized Indian Tribe List Act of 1994 (25
2 U.S.C. 479a).

3 “(v) FINANCIAL SERVICE.—The term
4 ‘financial service’ has the meaning given
5 that term in section 14 of the SAFE
6 Banking Act of 2021.

7 “(vi) SERVICE PROVIDER.—The term
8 ‘service provider’ has the meaning given
9 that term in section 14 of the SAFE
10 Banking Act of 2021.

11 “(vii) STATE.—The term ‘State’
12 means each of the several States, the Dis-
13 trict of Columbia, the Commonwealth of
14 Puerto Rico, and any territory or posses-
15 sion of the United States.”.

16 **SEC. 7. GUIDANCE AND EXAMINATION PROCEDURES.**

17 Not later than 180 days after the date of enactment
18 of this Act, the Financial Institutions Examination Coun-
19 cil shall develop uniform guidance and examination proce-
20 dures for depository institutions that provide financial
21 services to cannabis-related legitimate businesses and
22 service providers.

23 **SEC. 8. ANNUAL DIVERSITY AND INCLUSION REPORT.**

24 The Federal banking regulators shall issue an annual
25 report to Congress containing—

1 (1) information and data on the availability of
2 access to financial services for minority-owned and
3 women-owned cannabis-related legitimate businesses;
4 and

5 (2) any regulatory or legislative recommenda-
6 tions for expanding access to financial services for
7 minority-owned and women-owned cannabis-related
8 legitimate businesses.

9 **SEC. 9. GAO STUDY ON DIVERSITY AND INCLUSION.**

10 (a) STUDY.—The Comptroller General of the United
11 States shall carry out a study on the barriers to market-
12 place entry, including in the licensing process, and the ac-
13 cess to financial services for potential and existing minor-
14 ity-owned and women-owned cannabis-related legitimate
15 businesses.

16 (b) REPORT.—The Comptroller General shall issue a
17 report to the Congress—

18 (1) containing all findings and determinations
19 made in carrying out the study required under sub-
20 section (a); and

21 (2) containing any regulatory or legislative rec-
22 ommendations for removing barriers to marketplace
23 entry, including in the licensing process, and ex-
24 panding access to financial services for potential and

1 existing minority-owned and women-owned cannabis-
2 related legitimate businesses.

3 **SEC. 10. GAO STUDY ON EFFECTIVENESS OF CERTAIN RE-**
4 **PORTS ON FINDING CERTAIN PERSONS.**

5 Not later than 2 years after the date of the enact-
6 ment of this Act, the Comptroller General of the United
7 States shall carry out a study on the effectiveness of re-
8 ports on suspicious transactions filed pursuant to section
9 5318(g) of title 31, United States Code, at finding individ-
10 uals or organizations suspected or known to be engaged
11 with transnational criminal organizations and whether any
12 such engagement exists in a State, political subdivision,
13 or Indian Tribe that has jurisdiction over Indian country
14 that allows the cultivation, production, manufacture, sale,
15 transportation, display, dispensing, distribution, or pur-
16 chase of cannabis. The study shall examine reports on sus-
17 picious transactions as follows:

18 (1) During the period of 2014 until the date of
19 the enactment of this Act, reports relating to mari-
20 juana-related businesses.

21 (2) During the 1-year period after date of the
22 enactment of this Act, reports relating to cannabis-
23 related legitimate businesses.

1 **SEC. 11. APPLICATION OF THIS ACT WITH RESPECT TO**
2 **HEMP-RELATED LEGITIMATE BUSINESSES**
3 **AND HEMP-RELATED SERVICE PROVIDERS.**

4 (a) **IN GENERAL.**—The provisions of this Act (other
5 than sections 6 and 10) shall apply with respect to hemp-
6 related legitimate businesses and hemp-related service pro-
7 viders in the same manner as such provisions apply with
8 respect to cannabis-related legitimate businesses and serv-
9 ice providers.

10 (b) **DEFINITIONS.**—In this section:

11 (1) **CBD.**—The term “CBD” means
12 cannabidiol.

13 (2) **HEMP.**—The term “hemp” has the meaning
14 given that term under section 297A of the Agricul-
15 tural Marketing Act of 1946 (7 U.S.C. 1639o).

16 (3) **HEMP-RELATED LEGITIMATE BUSINESS.**—
17 The term “hemp-related legitimate business” means
18 a manufacturer, producer, or any person or company
19 that—

20 (A) engages in any activity described in
21 subparagraph (B) in conformity with the Agri-
22 cultural Improvement Act of 2018 (Public Law
23 115–334) and the regulations issued to imple-
24 ment such Act by the Department of Agri-
25 culture, where applicable, and the law of a

1 State or political subdivision thereof or Indian
2 Tribe; and

3 (B) participates in any business or orga-
4 nized activity that involves handling hemp,
5 hemp-derived CBD products, and other hemp-
6 derived cannabinoid products, including culti-
7 vating, producing, extracting, manufacturing,
8 selling, transporting, displaying, dispensing, dis-
9 tributing, or purchasing hemp, hemp-derived
10 CBD products, and other hemp-derived
11 cannabinoid products.

12 (4) HEMP-RELATED SERVICE PROVIDER.—The
13 term “hemp-related service provider”—

14 (A) means a business, organization, or
15 other person that—

16 (i) sells goods or services to a hemp-
17 related legitimate business; or

18 (ii) provides any business services, in-
19 cluding the sale or lease of real or any
20 other property, legal or other licensed serv-
21 ices, or any other ancillary service, relating
22 to hemp, hemp-derived CBD products, or
23 other hemp-derived cannabinoid products;
24 and

1 (B) does not include a business, organiza-
2 tion, or other person that participates in any
3 business or organized activity that involves han-
4 dling hemp, hemp-derived CBD products, or
5 other hemp-derived cannabinoid products, in-
6 cluding cultivating, producing, manufacturing,
7 selling, transporting, displaying, dispensing, dis-
8 tributing, or purchasing hemp, hemp-derived
9 CBD products, and other hemp-derived
10 cannabinoid products.

11 **SEC. 12. BANKING SERVICES FOR HEMP-RELATED LEGITI-**
12 **MATE BUSINESSES AND HEMP-RELATED**
13 **SERVICE PROVIDERS.**

14 (a) FINDINGS.—The Congress finds that—

15 (1) the Agriculture Improvement Act of 2018
16 (Public Law 115–334) legalized hemp by removing
17 it from the definition of “marihuana” under the
18 Controlled Substances Act;

19 (2) despite the legalization of hemp, some hemp
20 businesses (including producers, manufacturers, and
21 retailers) continue to have difficulty gaining access
22 to banking products and services; and

23 (3) businesses involved in the sale of hemp-de-
24 rived CBD products are particularly affected, due to
25 confusion about the legal status of such products.

1 (b) FEDERAL BANKING REGULATORS' HEMP BANK-
2 ING GUIDANCE.—Not later than the end of the 90-day pe-
3 riod beginning on the date of enactment of this Act, the
4 Federal banking regulators shall update their existing
5 guidance, as applicable, regarding the provision of finan-
6 cial services to hemp-related legitimate businesses and
7 hemp-related service providers to address—

8 (1) compliance with financial institutions' exist-
9 ing obligations under Federal laws and imple-
10 menting regulations determined relevant by the Fed-
11 eral banking regulators, including subchapter II of
12 chapter 53 of title 31, United States Code, and its
13 implementing regulation in conformity with this Act
14 and the Department of Agriculture's rules regulating
15 domestic hemp production (7 C.F.R. 990); and

16 (2) best practices for financial institutions to
17 follow when providing financial services, including
18 processing payments, to hemp-related legitimate
19 businesses and hemp-related service providers.

20 (c) DEFINITIONS.—In this section:

21 (1) FINANCIAL INSTITUTION.—The term “fi-
22 nancial institution”—

23 (A) has the meaning given that term under
24 section 5312(a) of title 31, United States Code;
25 and

1 (B) includes a bank holding company, as
2 defined under section 2(a) of the Bank Holding
3 Company Act of 1956 (12 U.S.C. 1841(a)).

4 (2) HEMP TERMS.—The terms “CBD”,
5 “hemp”, “hemp-related legitimate business”, and
6 “hemp-related service provider” have the meaning
7 given those terms, respectively, under section 11.

8 **SEC. 13. REQUIREMENTS FOR DEPOSIT ACCOUNT TERMI-**
9 **NATION REQUESTS AND ORDERS.**

10 (a) TERMINATION REQUESTS OR ORDERS MUST BE
11 VALID.—

12 (1) IN GENERAL.—An appropriate Federal
13 banking agency may not formally or informally re-
14 quest or order a depository institution to terminate
15 a specific customer account or group of customer ac-
16 counts or to otherwise restrict or discourage a de-
17 pository institution from entering into or maintain-
18 ing a banking relationship with a specific customer
19 or group of customers unless—

20 (A) the agency has a valid reason for such
21 request or order; and

22 (B) such reason is not based solely on rep-
23 utation risk.

24 (2) TREATMENT OF NATIONAL SECURITY
25 THREATS.—If an appropriate Federal banking agen-

1 cy believes a specific customer or group of customers
2 is, or is acting as a conduit for, an entity which—

3 (A) poses a threat to national security;

4 (B) is involved in terrorist financing;

5 (C) is an agency of the Government of
6 Iran, North Korea, Syria, or any country listed
7 from time to time on the State Sponsors of
8 Terrorism list;

9 (D) is located in, or is subject to the juris-
10 diction of, any country specified in subpara-
11 graph (C); or

12 (E) does business with any entity described
13 in subparagraph (C) or (D), unless the appro-
14 priate Federal banking agency determines that
15 the customer or group of customers has used
16 due diligence to avoid doing business with any
17 entity described in subparagraph (C) or (D),

18 such belief shall satisfy the requirement under para-
19 graph (1).

20 (b) NOTICE REQUIREMENT.—

21 (1) IN GENERAL.—If an appropriate Federal
22 banking agency formally or informally requests or
23 orders a depository institution to terminate a spe-
24 cific customer account or a group of customer ac-
25 counts, the agency shall—

1 (A) provide such request or order to the
2 institution in writing; and

3 (B) accompany such request or order with
4 a written justification for why such termination
5 is needed, including any specific laws or regula-
6 tions the agency believes are being violated by
7 the customer or group of customers, if any.

8 (2) JUSTIFICATION REQUIREMENT.—A jus-
9 tification described under paragraph (1)(B) may not
10 be based solely on the reputation risk to the deposi-
11 tory institution.

12 (c) CUSTOMER NOTICE.—

13 (1) NOTICE REQUIRED.—Except as provided
14 under paragraph (2) or as otherwise prohibited from
15 being disclosed by law, if an appropriate Federal
16 banking agency orders a depository institution to
17 terminate a specific customer account or a group of
18 customer accounts, the depository institution shall
19 inform the specific customer or group of customers
20 of the justification for the customer's account termi-
21 nation described under subsection (b).

22 (2) NOTICE PROHIBITED.—

23 (A) NOTICE PROHIBITED IN CASES OF NA-
24 TIONAL SECURITY.—If an appropriate Federal
25 banking agency requests or orders a depository

1 institution to terminate a specific customer ac-
2 count or a group of customer accounts based on
3 a belief that the customer or customers pose a
4 threat to national security, or are otherwise de-
5 scribed under subsection (a)(2), neither the de-
6 pository institution nor the appropriate Federal
7 banking agency may inform the customer or
8 customers of the justification for the customer's
9 account termination.

10 (B) NOTICE PROHIBITED IN OTHER
11 CASES.—If an appropriate Federal banking
12 agency determines that the notice required
13 under paragraph (1) may interfere with an au-
14 thorized criminal investigation, neither the de-
15 pository institution nor the appropriate Federal
16 banking agency may inform the specific cus-
17 tomer or group of customers of the justification
18 for the customer's account termination.

19 (d) REPORTING REQUIREMENT.—Each appropriate
20 Federal banking agency shall issue an annual report to
21 the Congress stating—

22 (1) the aggregate number of specific customer
23 accounts that the agency requested or ordered a de-
24 pository institution to terminate during the previous
25 year; and

1 (2) the legal authority on which the agency re-
2 lied in making such requests and orders and the fre-
3 quency on which the agency relied on each such au-
4 thority.

5 (e) DEFINITIONS.—For purposes of this section:

6 (1) APPROPRIATE FEDERAL BANKING AGEN-
7 CY.—The term “appropriate Federal banking agen-
8 cy” means—

9 (A) the appropriate Federal banking agen-
10 cy, as defined under section 3 of the Federal
11 Deposit Insurance Act (12 U.S.C. 1813); and

12 (B) the National Credit Union Administra-
13 tion, in the case of an insured credit union.

14 (2) DEPOSITORY INSTITUTION.—The term “de-
15 pository institution” means—

16 (A) a depository institution, as defined
17 under section 3 of the Federal Deposit Insur-
18 ance Act (12 U.S.C. 1813); and

19 (B) an insured credit union.

20 **SEC. 14. DEFINITIONS.**

21 In this Act:

22 (1) BUSINESS OF INSURANCE.—The term
23 “business of insurance” has the meaning given such
24 term in section 1002 of the Dodd-Frank Wall Street

1 Reform and Consumer Protection Act (12 U.S.C.
2 5481).

3 (2) CANNABIS.—The term “cannabis” has the
4 meaning given the term “marihuana” in section 102
5 of the Controlled Substances Act (21 U.S.C. 802).

6 (3) CANNABIS PRODUCT.—The term “cannabis
7 product” means any article which contains cannabis,
8 including an article which is a concentrate, an edi-
9 ble, a tincture, a cannabis-infused product, or a top-
10 ical.

11 (4) CANNABIS-RELATED LEGITIMATE BUSI-
12 NESS.—The term “cannabis-related legitimate busi-
13 ness” means a manufacturer, producer, or any per-
14 son or company that—

15 (A) engages in any activity described in
16 subparagraph (B) pursuant to a law established
17 by a State or a political subdivision of a State,
18 as determined by such State or political subdivi-
19 sion; and

20 (B) participates in any business or orga-
21 nized activity that involves handling cannabis or
22 cannabis products, including cultivating, pro-
23 ducing, manufacturing, selling, transporting,
24 displaying, dispensing, distributing, or pur-
25 chasing cannabis or cannabis products.

1 (5) DEPOSITORY INSTITUTION.—The term “de-
2 pository institution” means—

3 (A) a depository institution as defined in
4 section 3(c) of the Federal Deposit Insurance
5 Act (12 U.S.C. 1813(c));

6 (B) a Federal credit union as defined in
7 section 101 of the Federal Credit Union Act
8 (12 U.S.C. 1752); or

9 (C) a State credit union as defined in sec-
10 tion 101 of the Federal Credit Union Act (12
11 U.S.C. 1752).

12 (6) FEDERAL BANKING REGULATOR.—The
13 term “Federal banking regulator” means each of the
14 Board of Governors of the Federal Reserve System,
15 the Bureau of Consumer Financial Protection, the
16 Federal Deposit Insurance Corporation, the Federal
17 Housing Finance Agency, the Financial Crimes En-
18 forcement Network, the Office of Foreign Asset
19 Control, the Office of the Comptroller of the Cur-
20 rency, the National Credit Union Administration,
21 the Department of the Treasury, or any Federal
22 agency or department that regulates banking or fi-
23 nancial services, as determined by the Secretary of
24 the Treasury.

1 (7) FINANCIAL SERVICE.—The term “financial
2 service”—

3 (A) means a financial product or service,
4 as defined in section 1002 of the Dodd-Frank
5 Wall Street Reform and Consumer Protection
6 Act (12 U.S.C. 5481), regardless if the cus-
7 tomer receiving the product or service is a con-
8 sumer or commercial entity;

9 (B) means a financial product or service,
10 or any combination of products and services,
11 permitted to be provided by—

12 (i) a national bank or a financial sub-
13 sidiary pursuant to the authority provided
14 under—

15 (I) the provision designated
16 “Seventh” of section 5136 of the Re-
17 vised Statutes of the United States
18 (12 U.S.C. 24); or

19 (II) section 5136A of the Revised
20 Statutes of the United States (12
21 U.S.C. 24a); and

22 (ii) a Federal credit union, pursuant
23 to the authority provided under the Fed-
24 eral Credit Union Act;

25 (C) includes the business of insurance;

1 (D) includes, whether performed directly or
2 indirectly, the authorizing, processing, clearing,
3 settling, billing, transferring for deposit, trans-
4 mitting, delivering, instructing to be delivered,
5 reconciling, collecting, or otherwise effectuating
6 or facilitating of payments or funds, where such
7 payments or funds are made or transferred by
8 any means, including by the use of credit cards,
9 debit cards, other payment cards, or other ac-
10 cess devices, accounts, original or substitute
11 checks, or electronic funds transfers;

12 (E) includes acting as a money transmit-
13 ting business which directly or indirectly makes
14 use of a depository institution in connection
15 with effectuating or facilitating a payment for
16 a cannabis-related legitimate business or service
17 provider in compliance with section 5330 of
18 title 31, United States Code, and any applicable
19 State law; and

20 (F) includes acting as an armored car
21 service for processing and depositing with a de-
22 pository institution or a Federal reserve bank
23 with respect to any monetary instruments (as
24 defined under section 1956(c)(5) of title 18,
25 United States Code.

1 (8) INDIAN COUNTRY.—The term “Indian coun-
2 try” has the meaning given that term in section
3 1151 of title 18.

4 (9) INDIAN TRIBE.—The term “Indian Tribe”
5 has the meaning given that term in section 102 of
6 the Federally Recognized Indian Tribe List Act of
7 1994 (25 U.S.C. 479a).

8 (10) INSURER.—The term “insurer” has the
9 meaning given that term under section 313(r) of
10 title 31, United States Code.

11 (11) MANUFACTURER.—The term “manufac-
12 turer” means a person who manufactures, com-
13 pounds, converts, processes, prepares, or packages
14 cannabis or cannabis products.

15 (12) PRODUCER.—The term “producer” means
16 a person who plants, cultivates, harvests, or in any
17 way facilitates the natural growth of cannabis.

18 (13) SERVICE PROVIDER.—The term “service
19 provider”—

20 (A) means a business, organization, or
21 other person that—

22 (i) sells goods or services to a can-
23 nabis-related legitimate business; or

24 (ii) provides any business services, in-
25 cluding the sale or lease of real or any

1 other property, legal or other licensed serv-
2 ices, or any other ancillary service, relating
3 to cannabis; and

4 (B) does not include a business, organiza-
5 tion, or other person that participates in any
6 business or organized activity that involves han-
7 dling cannabis or cannabis products, including
8 cultivating, producing, manufacturing, selling,
9 transporting, displaying, dispensing, distrib-
10 uting, or purchasing cannabis or cannabis prod-
11 ucts.

12 (14) STATE.—The term “State” means each of
13 the several States, the District of Columbia, the
14 Commonwealth of Puerto Rico, and any territory or
15 possession of the United States.

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