

# PROCLAMATION



City and County of Denver

## Proclamation No. CP14-0001

### Urging Swift Federal Action to Provide Guidance for Banking and Other Financial Institutions to Serve Legal Marijuana Businesses

**WHEREAS**, following successive constitutional amendments enacted by the voters of Colorado to legalize both medical and recreational marijuana, the City & County of Denver has been a national leader in the proactive and responsible regulation of the production and sale of legal marijuana; and

**WHEREAS**, Denver is now home to hundreds of new marijuana business that have leased millions of square feet of retail and industrial space, invested hundreds of millions of dollars in new facilities and equipment, provided employment to thousands of Denver citizens, and generated millions of dollars in new tax revenue; and

**WHEREAS**, on August, 29, 2013, the US Department of Justice issued the “Cole Memo” to help resolve the contradictions for drug enforcement posed by the legalization of marijuana in Colorado versus its continuing illegal status under federal law, by providing guidance to state and local governments on how they can regulate legal marijuana in a way that is consistent with federal drug enforcement priorities; and

**WHEREAS**, while the “Cole Memo” provides much-needed clarity and guidance for state and local governments to regulate the production, sale, and consumption of legal marijuana, no comparable federal document has been issued to provide clarity or guidance for private financial institutions on how they can work with these same legal marijuana businesses; and

**WHEREAS**, this lack of federal guidance to financial institutions has forced Colorado’s legal marijuana industry to function without the ordinary banking and financial services available to any other business, and has placed this rapidly growing sector of roughly half a billion dollars in value on a cash-only footing; and

**WHEREAS**, the cash-only footing of Colorado’s legal marijuana industry makes it more difficult for our state and local governments to comply with the “Cole Memo”, and for legal marijuana businesses to duly comply, not only with state and local marijuana regulations, but also with ordinary tax, accounting, employment, and other business regulations; and

**WHEREAS**, forcing Colorado’s legal marijuana industry to operate on a cash-only footing creates heightened risks of crime – risks that marijuana businesses themselves will become targets of crime, risks that criminal elements will seek to become involved in the marijuana

industry, and thereby risks that governments will be defrauded, employees will be victimized, and customers and nearby neighborhoods will be put in danger; and

**WHEREAS**, Colorado Governor John Hickenlooper, Colorado's Congressional delegation, and Denver Mayor Michael Hancock have all repeatedly expressed their concern and dismay over the cash-only footing on which Colorado's legal marijuana industry has been forced to take as a consequence of federal inaction, and have all repeatedly lobbied federal financial regulatory agencies to provide clear guidance to those private banking institutions seeking to serve legal marijuana businesses in Colorado; and

**WHEREAS**, Colorado Congressman Ed Perlmutter and Washington State Congressman Denny Heck have introduced legislation – the *Marijuana Business Access to Banking Act of 2013* (H.R. 2652) – which would prohibit federal regulators from penalizing financial institutions for providing banking services to legal marijuana and marijuana-related businesses, it is unlikely that this bill will become law during the current session of Congress, thereby leaving the problem unsolved until 2015, at the earliest;

**NOW, THEREFORE, BE IT PROCLAIMED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER THAT:**

**Section 1.** Access by legal marijuana businesses to banking and other ordinary financial services is critical for the safe, responsible, and effective regulation of a legal marijuana industry in Colorado.

**Section 2.** That the Denver City Council calls upon the federal government to issue, with no further delay, the financial equivalent of the US Justice Department's "Cole Memo" to provide clarity and guidance for federally-regulated financial institutions to serve Colorado's legal marijuana businesses.

**Section 3.** That Denver seeks not to be the lone voice of local government on this issue and hopes to be joined by other Colorado counties and municipalities that are grappling with the same challenges of regulating a legal marijuana industry, and that a copy of this Proclamation be transmitted to the Colorado Municipal League and to Colorado Counties Inc. to be distributed to our sister jurisdictions for their own consideration.

**Section 4.** That a copy of this Proclamation also be transmitted to Governor John Hickenlooper, the members of Colorado's Congressional delegation, Denver Mayor Michael Hancock, US Treasury Secretary Jack Lew, and US Attorney General Eric Holder.

PASSED BY THE COUNCIL January 6, 2014

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PRESIDENT