

Congress Should Pass Marijuana Banking As Legalization Support Builds, Black Small Business Owners Say

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By

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Some key lawmakers and legalization advocates argue that passing cannabis banking reform before justice-focused federal legalization is going to exclusively benefit large companies—but a group of small marijuana business owners aren't buying it, and they're making the case that the incremental policy change could actually help support social equity efforts.

The U.S. Cannabis Council (USCC) hosted several black marijuana entrepreneurs at an event titled “UNSAFE Banking & Cannabis: The Real-Life Impact on Public Safety and Social Equity” on Thursday. Participants responded to concerns expressed by Sen. Cory Booker (D-NJ) and others who've resisted advancing legislation that simply protects banks that work with state-legal marijuana businesses while broader justice-focused legalization is still pending.

Steven Hawkins, CEO of USCC, said that while stakeholders are cognizant of the concerns Booker and others have raised, the current lack of banking access for cannabis business is “creating a redlining effect” that's allowing the largest multi-state operators in the industry to overcome financial hurdles while shutting out smaller companies, particularly those run by people from communities most impacted by cannabis criminalization.

“We are still forced with the harsh reality that we are denied access to basic financial services,” he said. “That has posed a significant threats to public safety—as businesses around the country have faced threats because of having to deal, specifically, with cash.”

“It also has posed a great barrier to entry for minority entrepreneurs, who are faced with the inability to access basic financial services and the opportunity to grow their businesses that would come through basic bank loans,” Hawkins, who also serves as executive director of the Marijuana Policy Project, added. “As a result of not having financial services available, we are creating a redlining effect, where larger companies—because they have the capacity to access, more generally, financial services at a higher cost but able to get some capital—are able to flourish.”

There's been some tension within the advocacy world about what reform Congress should pursue first.

On the one hand, there's a [bipartisan bill that's passed in the House five times now](#) in some form that would simply prevent financial institutions from being penalized by federal regulators that work with state-legal cannabis businesses. Advocates believe it has the votes to pass in the Senate, if only leaders would allow it to advance. On the other hand, there are comprehensive legalization bills—like one that recently [cleared the House Judiciary Committee](#) and a separate proposal from Booker, Senate Majority Leader Chuck Schumer (D-NY) and Finance Committee Chairman Ron Wyden (D-OR)—that don't necessarily have the same level of bipartisan support.

Rep. Ed Perlmutter (D-CO), sponsor of the Secure and Fair Enforcement (SAFE) Banking Act, and other lawmakers have been arguing that Congress should enact the more modest reform as soon as possible as broader legalization builds support. The congressman has made the case that doing so is a public safety imperative, as marijuana companies are currently targets of crime since they're being forced to operate on a largely cash-only basis.

Perlmutter, who was originally set to speak at the USCC event before congressional scheduling conflicts got in the way, separately told Marijuana Moment on Thursday that “cannabis-related businesses—big and small—and their employees continue to be forced to operate as high-volume cash businesses that are being targeted by violent criminals and putting communities and people at risk.”

“Bottom line: The SAFE Banking Act is the best opportunity to enact some type of federal cannabis reform this term. By including the SAFE Banking Act in the final NDAA, we can safeguard our financial system, reduce the public safety risk in our communities, and help support Veteran and minority-owned businesses now,” he said, referring to the fact that his legislation most recently cleared the House as an amendment to the National Defense Authorization Act (NDAA).

“Enacting SAFE Banking is just the tip of the iceberg and it will help break the logjam and pave the way for broader, comprehensive cannabis reform and create a safer and more equitable industry,” Perlmutter said.

There are plenty of examples of congressional lawmakers who share that perspective, but others—particularly on the Senate side—have insisted on passing legalization first in order to ensure that social equity is prioritized.

For example, Schumer said last month that he and colleagues working to advance a federal marijuana legalization bill have an “agreement” that the body [will not take up cannabis banking legislation](#) until more comprehensive reform advances.

However, he said that he's open to exploring an alternative way of advancing banking reform if lawmakers are able to incorporate social equity provisions of legalization—such as expungements for prior cannabis convictions—into the NDAA legislation that the chamber will be taking up soon.

The senator has previously expressed reluctance to advancing marijuana banking reform first—including in [an interview with Marijuana Moment in April](#)—but these more recent comments about an “agreement” to block the financial services reform put the situation in starkest terms yet.

For his part, Booker has said that [he “will lay myself down” to block any other senators](#) who seek to pass marijuana banking legislation before the body approves comprehensive cannabis reform.

Marijuana business owners do understand the argument the senator is making, but they’ve challenged the idea that passing SAFE Banking would only help large-scale stakeholders.

At Thursday’s event, a California-based cannabis business operator named Alphonso Blunt Jr. addressed Booker’s concerns and said he runs “a small business, and I need banking... If have to pay a bill and it’s \$15,000, I have to go get 15 \$1,000 money orders from potentially three different post offices—maybe four because you’re only going to get so many money orders at a time.”

Alphonso 'Tucky' Blunt ([@BluntTucky](#)), CEO of [@bluntsandmoore](#), spoke about the public safety risks of forcing cannabis businesses to rely on cash. pic.twitter.com/5n3gOdzUbr

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Another participant, Leo Bridgewater Sr., who serves as director of Veteran’s Outreach for Minorities for Medical Marijuana, said he gets where “Senator Booker is coming from as far as [black people] actually built this industry on our backs in our lifetime.”

“And so you’re going to lock us up, turn around, make a buck off of this and then lock me out? No. I get that part,” he said. “But then there’s the other side, as far as being the entrepreneur and activist.”

Precious Osagie Erese, COO of Roll Up Life said that “no one is saying that Senator Booker’s reservations aren’t important.”

“As someone who goes nail-to-tooth when we talk about how do we include more black and brown people in this space,” she said, “I always say we just need to start. We just need to start, and we are behind.”

Precious Osage-Erese, COO of [@RollUpLife](#), shared insight into how access to banking would help social equity business owners. pic.twitter.com/0VEp43WBGU

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USCC, which hosted Thursday’s event with the small business owners, also counts among its membership several of the largest multi-state operators in the industry.

Rodney Hood, a board member of the National Credit Union Administration, [wrote in a Marijuana Moment op-ed this month](#) that legalization is an inevitability—and it makes the most sense for government agencies to get ahead of the policy change to resolve banking complications.

Meanwhile, an official with the Internal Revenue Service said this month that [the agency would like to “get paid,”](#) and it’d help if the marijuana industry had access to banks like companies in other legal markets.

Federal data shows that [many financial institutions remain hesitant](#) to take on cannabis companies as clients, however, which is likely due to the fact that the plant is a strictly controlled substance under federal law.