



**JOHN CHIANG**  
TREASURER  
STATE OF CALIFORNIA

December 1, 2016

Dear Prospective Member of the Cannabis Banking Working Group,

As you know, on November 8, 2016, the voters of California passed Proposition 64. California now joins Colorado, Oregon, Washington, Massachusetts, Nevada, Alaska, Maine, and the District of Columbia in legalizing recreational use of cannabis.

Previous experience with legalization has shown that the conflict between federal classification of cannabis as a Schedule 1 drug under the Controlled Substances Act and legalization at the state level has created significant problems. Of primary concern to my office are the limits federal rules place on the cannabis industry's ability to effectively participate in the state and nation's banking system. This conflict between federal and state rules creates a number of problems for the states that have legalized cannabis use, including difficulties collecting tax revenue, increased risk of serious crime, and the inability of a newly legal industry under state law to effectively engage in banking and commerce.

In California, we have one year before the commercialization of legal cannabis use takes effect. I believe it is critical that interested parties discuss these issues and agree on solutions that will prevent the issues from becoming very real problems in hundreds of California communities. Therefore, I have put together a group including representatives of law enforcement, banking regulators, the banking industry, taxing authorities, local government, and the cannabis industry. The working group's mission will be to develop practical and timely solutions to the above challenges.

I invite you to participate in this important discussion. The first meeting of this group will be on December 19, 2016, at 10:30 a.m., at the Treasurer's Office. Please RSVP by December 12, 2016 to Mark Paxson at [mpaxson@treasurer.ca.gov](mailto:mpaxson@treasurer.ca.gov) or 916-651-6846.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Chiang". The signature is stylized with large, sweeping loops.

JOHN CHIANG  
California State Treasurer