



The Honorable Sherrod Brown

Chairman

United States Senate Committee on Banking, Housing, and Urban Development

534 Dirksen Senate Office Building

Washington, DC 20510

The Honorable Tim Scott

Ranking Member

United States Senate Committee on Banking, Housing, and Urban Development

534 Dirksen Senate Office Building

Washington, DC 20510

May 10, 2023

Dear Chairman Brown and Ranking Member Scott,

We write as former Directors of the Office of National Drug Control Policy and former Administrators of the Drug Enforcement Administration to warn about the unintended consequences of the SAFE Banking Act to legalize the banking of federally illegal proceeds from the sale of marijuana.

Some Members of your Committee may be familiar with the Black Market Peso Exchange that has been in operation for several decades. This scheme has enabled international drug cartels to launder billions of U.S. dollars through international monetary exchanges and has ensnared many banks and mainstream U.S. companies.

The lesson that the Black Market Peso Exchange teaches us is that cartels will go to enormous

lengths and use sophisticated and complex methods to move cash into banks—since laundering money is the lifeblood of criminal organizations. It is therefore a virtual certainty that cartels will seek to exploit the SAFE Banking Act if it provides them with an easier and more cost-effective means to launder their money.

Because cash made from the sale of marijuana looks the same regardless of what it was used to pay for, it will be extremely difficult for banks to know whether large bundles of cash presented for deposit were made from the sale of marijuana rather than from the sale of heroin, fentanyl, or methamphetamine.

In short, the SAFE Banking Act could inadvertently allow cartels to bring duffel bags of cash into banks made from the sale of illicit drugs that are killing more than one hundred thousand Americans per year.

Consider the current landscape of offering banking services to cash-intensive marijuana businesses. Even if customers are offered the opportunity to pay in credit, many customers will choose to pay cash to avoid being tracked within state seed-to-sale tracking systems.

While banks know how much cash to expect from other cash-intensive businesses like dry cleaners or convenience stores, it will be very difficult to figure out when a marijuana dispensary is participating in a money laundering scheme. The scale of the marijuana industry is already such that there are huge opportunities for these dispensaries to be the destination for cartel cash.

We urge the Senate Banking Committee to reject the SAFE Banking Act and other legislation that would give these cartels more cover and more access to the U.S. financial system.

Sincerely,

Mr. R. Gil Kerlikowske

Former Director

May 7, 2009 to March 6, 2014

Office of National Drug Control Policy

Mr. John P. Walters

Former Director

December 7, 2001 to January 20, 2009

Office of National Drug Control Policy

General Barry R. McCaffrey, USA (Ret.) Former Director

February 29, 1996 to January 20, 2001

Office of National Drug Control Policy

Mr. Robert Martinez

Former Director

March 28, 1991 to January 20, 1993

Office of National Drug Control Policy

Mr. William J. Bennett

Former Director

March 13, 1989 to December 13, 1990

Office of National Drug Control Policy