

August 6, 2020

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi:

For the safety of our employees and our communities, we the undersigned implore you to ensure the SAFE Banking Act remains part of COVID relief. As you know, the SAFE Banking passed out of the House on two occasions. The first was standalone bill H.R. 1595 and the second as part of the Heroes Act (H.R. 6800), however this bill is yet to be passed by the Senate and signed into law. Upon reviewing the Senate response to Heroes, we were disappointed to see SAFE Banking not included, but want to make sure that this important piece of legislation is part of a final negotiated package. We need SAFE Banking to ensure that BIPOC (Black, Indigenous, People of Color) owned businesses, especially those owned by women, have equitable access to funding. Most notably, BIPOC owners who have been most adversely impacted by the pandemic compared to their white counterparts. Below are just some reasons among many that stress the importance of this relief.

- Los Angeles's social equity program, one of the few in the state, was designed to promote equitable ownership in the cannabis industry, but this program has had considerable challenges due to an imbalance of wealth. Although it was intended that Social Equity applicants have the opportunity to be first to market, a group of said applicants were forced to file a lawsuit to achieve fairness in a flawed process, which has now been settled. This is just the first step in an attempt to achieve equity. The majority of Social Equity applicants have not been able to afford the delayed process, nor the start-up costs associated with launching a cannabis business.
- BIPOC operators lack access to the capital [that is essential](#) to start cannabis businesses, so establishing loan programs would help with this burden. However, even if the SBA were to set up a loan program, this could not be effectuated without access to banks.
- Unfortunately, in the states that have equity programs written into their cannabis statutes, BIPOC owners fall prey to predatory business arrangements in which larger cannabis companies will be effectively running the businesses through a management services agreement while the BIPOC owner becomes a figurehead.
- Women and BIPOC face significant barriers to accessing investment dollars. [Every year women of color get less than 1% of total venture capital funding](#). Further, data from 2019 indicates that only 200 Latinx and Black individuals nationwide were able to raise over \$1 million in venture capital. This number is for all industries, not just cannabis.

- The bill is unquestionably part of a holistic approach to ending the War on Drugs, and its devastating effects on communities of color. The longer that BIPOC entrepreneurs have to wait to enter this industry, the greater disadvantage they are at because of larger companies' ability to build their brands and customer loyalty.
- SAFE Banking reduces cash motivated crimes. Cannabis businesses and employees are routinely targeted, robbed and sometimes attacked because of the large amounts of cash that they are forced to deal with.
- Lastly, SAFE Banking as included in the Heroes Act (H.R 6800) calls for two diversity studies for the cannabis industry. While these studies will largely tell us what we currently know (that non-white representation in the industry is disproportionately low), this will create an important baseline for future conversations around legalization and ensuring the industry is equitable.

We know that the fight for social justice and cannabis reform are deeply intertwined and that cannabis justice is racial justice. We cannot hope to repair our communities through reinvestment without the appropriate tools, including SAFE Banking. The events of recent months have shown us that this bill is more important than ever. We urge its swift passage to help our economy and our communities.

Sincerely,

Lindsay Robinson
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