



Arkansas State Bank Department

Candace A. Franks
Commissioner

Asa Hutchinson
Governor

DATE: July 18, 2017
TO: Chief Executive Officer of the Institution Addressed
FROM: Candace Franks, Bank Commissioner
SUBJECT: Relationships with Marijuana –Related Businesses

As you may recall, I issued a Memorandum to all Arkansas state chartered banks on November 29, 2016 regarding the recently passed Arkansas Medical Marijuana Amendment of 2016. Although we do not have any specifically new information on this issue, I feel it is important to stay in contact with our banks regarding the impending implementation of this law and how it may impact financial institutions in Arkansas.

The Bank Department has heard from many Arkansas banks and other related parties regarding potential relationships between banks and marijuana-related businesses. I know that many questions remain and will continue to develop in the weeks and months ahead. On May 11, 2017, I joined with representatives of the Federal Reserve Banks of St. Louis and Kansas City and the Colorado Bank Commissioner Chris Myklebust to conduct a webinar titled, “*Banking Marijuana-Related Businesses: A View from Arkansas and Colorado.*” Below you will find a link to the presentation materials from that webinar.

<https://bsr.stlouisfed.org/conversations/includes/resources/Conversations-Banking%20Marijuana-Related%20Businesses-Final.pdf>

The Arkansas Medical Marijuana Amendment required the creation of an independent commission to oversee the licensing and regulation of cultivation facilities and dispensaries. Additional information regarding the Medical Marijuana Amendment can be found at:

<http://www.dfa.arkansas.gov/Pages/MedicalMarijuanaAmendment.aspx>
<http://www.healthy.arkansas.gov/Pages/MedMarijuana.aspx>

As of today, according to the website of the Arkansas Department of Finance and Administration, the Arkansas Medical Marijuana Commission is accepting applications for cultivation licenses and dispensary licenses. Use of marijuana under circumstances outside the limits of the amendment is still illegal in Arkansas.

The Conference of State Bank Supervisors (CSBS) is specifically engaged with this topic since many states have some type of marijuana activities permissible under individual state law. The Arkansas State Bank Department will continue to work with CSBS on this subject and will provide information to our banks as it becomes available. Currently, CSBS is working in hopes to develop two separate work products regarding the regulatory process and supervising banks that choose to bank marijuana related businesses:

Marijuana Data Tool – Will incorporate a state-level legislative tracker that details pending state legislation regarding marijuana legalization, taxation and regulation. It is populated using LexisNexis StateNet data. In addition to the legislative tracker, the Data Tool will have interactive maps.

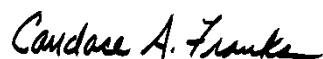
Examiner Job Aid – The Examiner Job Aid will incorporate a series of questions that state banking examiners may use to facilitate conversation with industry regarding the banking of marijuana related businesses (MRBs). This is not a mandatory job aid but examiners can use as appropriate.

The release of any CSBS work products will be subject to CSBS Board approval and timeframes and implementation, if applicable, are yet to be determined.

As you and your bank's management team and Board of Directors continue discussions and determinations on what, if any, involvement your bank will conduct with a marijuana-related business, I want to encourage you to engage in thorough analysis, develop sound, documented plans and strategies and consult with external sources as much as possible.

If the State Bank Department can assist you, please do not hesitate to contact us.

Sincerely,



Candace A. Franks
Bank Commissioner