

Washington Update



SENATORS, FinCEN DISCUSS FINANCIAL LEGALITY OF STATE'S MARIJUANA LAWS

As debate continues around the ability of financial institutions to handle marijuana tax money for states and businesses, Sens. Chuck Grassley (R-IA) and Dianne Feinstein (D-CA) have begun a dialogue with the Treasury Department's Financial Crimes Enforcement Network (FinCEN) regarding the guidance it offered those financial institutions. The senators wrote in their letter to FinCEN Director Jennifer Calvery that the guidance that FinCEN recently issued regarding the proceeds of illegal marijuana trafficking "severely undermines the mission of the agency," which is to safeguard the nation's financial system from illicit use and to combat money laundering. The letter can be found at www.grassley.senate.gov/sites/default/files/judiciary/upload/Marijuana%2C%2004-01-14%2C%20letter%20to%20FinCEN%2C%20money%20laundering%2C%20guidance%20to%20banks.pdf.

FinCEN's answer to the senators questions can be found at www.grassley.senate.gov/sites/default/files/judiciary/upload/Marijuana%2C%2005-08-14%2C%20FinCEN%20Response%20to%20Senator%20Grassley%20on%20Banks%2C%20Marijuana%20legalization_0.pdf.

In response to FinCEN's letter, Grassley issued the following statement:

"Unless federal law is changed, selling marijuana, laundering marijuana proceeds, and aiding and abetting those activities all remain illegal...there are risks in doing business with the marijuana industry which should give the financial services industry little confidence that it will be protected should an institution be federally prosecuted for getting involved in illegal activities."

For a map detailing the various states marijuana laws, visit www.governing.com/gov-data/state-marijuana-laws-map-medical-recreational.html.

THE WEEK AHEAD: FSOC, MLR, FRAUD IN PUBLIC HOUSING, AND TRANSIT INFRASTRUCTURE

With the House and Senate both returning to action this week, the hearing schedule will pick up considerably:

- On Tuesday, the House Financial Services Committee will hold a hearing entitled "Examining the Dangers of the Financial Stability Oversight Council (FSOC's) Designation Process and its Impact on the U.S. Financial System." Members of Congress and the Securities and Exchange Commission have recently complained about the lack of transparency and policy over-reach at the FSOC, and this hearing will feature H.R. 4387, the FSOC Transparency and Accountability Act, which will subject the FSOC to both the Government in the Sunshine Act and the Federal Advisory Committee Act.
<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=379857>
- The Senate Committee on Commerce, Science and Transportation will hold a hearing this Wednesday entitled "Delivering Better Health Care Value to



Consumers: The First Three Years of the Medical Loss Ratio.” The hearing will examine the impact the minimum medical loss ratio (or MLR) requirements in health care reform have had on making sure that health insurers are accountable to consumers and provide appropriate value for premium dollars. Under these provisions, health insurers must provide consumers rebates if the plans do not spend sufficient premium dollars on actual medical care as opposed to non-medical administrative expenses, including profits.

www.commerce.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=09ac8b40-fb94-4134-8f2e-5f7af218f2a0

- As many state auditors have examined housing agencies in their own states, on Thursday the House Oversight and Government Reform Subcommittee on Government Operations will do the same at the federal level by “Evaluating Public Housing in the U.S.: Reigning in Waste, Fraud, Abuse and Mismanagement at Public Housing Authorities:”

<http://oversight.house.gov/hearing/evaluating-public-housing-u-s-reigning-waste-fraud-abuse-mismanagement-public-housing-authorities/>

- The debate on state financing of infrastructure projects closes out the week as representatives from the Massachusetts Bay Transportation Authority, the Southeastern Pennsylvania Transportation Authority, and the Federal Transit Administration convene in the Senate Banking, Housing, and Urban Affairs Subcommittee on Housing, Transportation, and Community Development meet on Thursday to discuss “Bringing Our Transit Infrastructure to a State of Good Repair:”

www.banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=70076f75-470b-4569-846e-808c82b473bb

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