

# **ITEM #74<sub>(2)</sub>**

**(Articles RE: Wells Fargo & BB&T Banks)**

## **ADDITIONAL MATERIAL**

**Regular Meeting**

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**FINANCE AND ADMINISTRATIVE  
SERVICES DEPARTMENT**

## The New York Times

# ***A Candidate Backed Medical Marijuana. Wells Fargo Closed Her Bank Account.***

By Emily Flitter

Aug. 20, 2018

Nikki Fried, a Democrat running for agriculture commissioner in Florida, has made no secret of her support for medical marijuana.

Further expansion of the state's program is the highest priority on her campaign website. Before entering the race, she ran a lobbying firm, Igniting Florida, and described herself as "one of most visible faces and key activists in Florida's burgeoning medical cannabis industry."

Even so, employees at Wells Fargo, where her campaign held an account, had questions about her platform.

The bank, which says it has a policy against serving marijuana-related businesses, had noticed that Ms. Fried was "advocating for expanded patient access to medical marijuana." It asked the campaign in July whether it would be receiving money from "lobbyists from the medical marijuana industry in any capacity."

The campaign replied that, yes, Ms. Fried would be receiving donations from lobbyists as well as "executives, employees and corporations in the medical marijuana industry."

Last week, the campaign said it had received written notice that Wells Fargo was closing its account.

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On Monday, Ms. Fried urged her supporters to consider pulling their money from the

bank.

“This is absolutely unprecedented,” she said in a telephone interview. “I’ve been in this campaign since the beginning of June. Everybody in Florida knows that I’m one of the main proponents of the expansion of medical marijuana.”

Wells Fargo isn’t the first bank to close a customer’s account over money that could be related to the sale of marijuana, which is legal in some form in states including Florida but still prohibited by federal law.

That conflict has had banks large and small walking a line for more than a decade, since the first states began changing their cannabis laws. Marijuana growers have struggled to open and maintain bank accounts, and dispensaries have relied on cash to do business instead of credit cards. Businesses like construction companies and electricians that provide services to the growers and distributors have also had problems.

The biggest banks are traditionally the most cautious. But Wells Fargo’s scrutiny of Ms. Fried’s political beliefs set its decision apart.

“If a bank is going to start drawing a line based on a candidate’s particular advocacy, where does a bank draw that line?” asked Christian Bax, who until Aug. 10 was Florida’s medical marijuana director. “Is it going to extend to every candidate in Florida who advocates for medical marijuana?”

A Wells Fargo spokeswoman declined to discuss Ms. Fried’s case specifically, but said the bank has a policy of avoiding the marijuana industry.

“It is Wells Fargo’s policy not to knowingly bank or provide services to marijuana businesses or for activities related to those businesses, based on federal laws under which the sale and use of marijuana is illegal even if state laws differ,” the spokeswoman, Bridget Braxton, said in a statement. “We continually review our banking relationships to ensure we adhere to strict regulatory and risk guidelines.”

Erik Gordon, assistant professor at University of Michigan's Ross School of Business, said that while it was highly unlikely that Ms. Fried could successfully claim Wells Fargo had impeded her right to free speech, the bank's move seemed to him "like semi-paranoid overkill."

"They're seeing the word 'marijuana' — they're seeing a word that could indicate danger — and are assuming that the danger exists without thinking carefully about what's going on," he said.

Banks have gotten mixed signals about marijuana from the federal government. In 2013, the Justice Department announced that it would not commit resources to prosecuting legitimate marijuana businesses and would instead focus on things like breaking up drug-trafficking rings and preventing the sale of marijuana to children. But the Trump administration rescinded that guidance in January, saying prosecutors should use their discretion to prosecute marijuana-related cases just as they would for any other category of offenses.

Banks generally take their cue from the Treasury Department's Financial Crimes Enforcement Network, which, in 2014, offered a checklist of things to watch for when providing banking services to legal marijuana businesses, with an eye toward ensuring that banks don't end up accidentally providing services to criminals.

Wells Fargo's regulator, the Office of the Comptroller of the Currency, said it did not encourage or discourage banks from providing services to specific industries.

"We expect banks to assess the risks posed by individual customers on a case-by-case basis and to implement appropriate controls to manage their relationships," said Bryan Hubbard, a spokesman for the agency.

Florida began in 2015 to put together a framework for giving patients, including people with chronic pain and post-traumatic stress disorder, access to medical marijuana. More than a dozen businesses are licensed to provide medical marijuana in the state, and around 120,000 people have cards that give them access to the drug.

But some advocates, including Ms. Fried, say the state isn't moving fast enough to expand access, and four Democratic candidates for governor have advocated decriminalization or legalization of recreational marijuana in some form.

Democrats and Republicans alike are getting the support of the marijuana industry. For example, one Florida marijuana grower, Surterra Holdings, gave \$25,000 to the Florida Republican Senatorial Campaign this year. Surterra also donated to four current Republican state representatives.

Bank lobbyists say it's up to Congress to offer guidance.

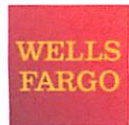
"This is symptomatic of the confusion created by conflicts between state and federal law on marijuana-related issues, and banks have no clear rules of the road," said Jeff Sigmund, a spokesman for the American Bankers Association.

But in closing a campaign account, Wells stands alone. Representatives for Bank of America, Citigroup and JPMorgan Chase said their banks did not have policies that would prevent them from offering services to a candidate like Ms. Fried.

Neither, it seems, does BB&T, which now maintains Ms. Fried's campaign account.

Follow Emily Flitter on Twitter: @FlitterOnFraud

A version of this article appears in print on Aug. 21, 2018, on Page B4 of the New York edition with the headline: Wells Fargo Shut Account Of Marijuana Candidate



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News Release

August 22, 2018

## Wells Fargo Confirms Adherence to Federal Laws Regarding Marijuana-Related Activities

**SAN FRANCISCO – August 22, 2018** – In recent days, there have been assertions that Wells Fargo (NYSE: WFC) elected to close an account in Florida because of our presumed political viewpoint regarding medical marijuana. That assertion is completely false. The company has no political position on the matter.

As a national bank that is federally regulated, Wells Fargo must comply with federal law on the topic of marijuana, even in instances where state laws may differ. Since federal law prohibits the sale and use of marijuana, national banks like Wells Fargo may not knowingly bank or provide services to marijuana businesses or for related activities.

While we recognize that resolving the differences between federal and state laws on this matter has become an industry problem, we make these decisions based on the requirements of federal law and not because of any political view on the topic.

### About Wells Fargo

Wells Fargo & Company (NYSE: WFC) is a diversified, community-based financial services company with \$1.9 trillion in assets. Wells Fargo's vision is to satisfy our customers' financial needs and help them succeed financially. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, investment and mortgage products and services, as well as consumer and commercial finance, through 8,050 locations, 13,000 ATMs, the internet ([wellsfargo.com](http://wellsfargo.com)) and mobile banking, and has offices in 38 countries and territories to support customers who conduct business in the global economy. With approximately 265,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 26 on Fortune's 2018 rankings of America's largest corporations. News, insights and perspectives from Wells Fargo are also available at Wells Fargo Stories.

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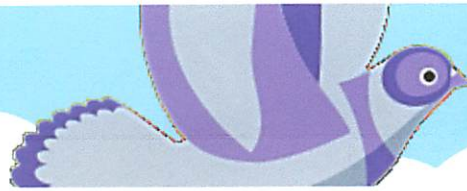
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STATE POLITICS

## Bank closes candidate's campaign account because of medical marijuana ties — again

BY SAMANTHA J. GROSS  
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September 06, 2018 04:59 PM

Nicole “Nikki” Fried’s official campaign account has been terminated for the second time in three weeks, this time by banking giant BB&T.

Fried, a Fort Lauderdale-based lawyer, is the Democratic candidate for agriculture commissioner. She is also one of the state's most prominent lobbyists for expanding access to medical marijuana. In 2016, Fried played a crucial role in the passing of HB 307, a bill relating to the use of medical marijuana for those with terminal illness.

On Aug. 29, BB&T called the Fried campaign to tell them that the campaign's bank account had to be closed within 30 days, campaign manager Alicia Stallworth said Thursday. On Aug. 31, the campaign received an email that said the campaign had to be closed on Sept. 5 — leaving just three business days.

Stallworth did not say to which bank the campaign has switched its account but said they plan to announce more details on Monday.

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BB&T declined to comment on the specifics of the account closure but said the bank strictly follows federal law, which prohibits the use, sale and possession of all forms of cannabis.

“While BB&T has no position on the issue of marijuana or the ongoing discussion regarding its legalization, we must continue to abide by all applicable laws and regulations as a federally-regulated financial institution,” spokesman David White wrote in a statement.

The pressure for banks in the state to shun medical marijuana business is high because Florida hosts more international customers and sees more potential instances of money laundering than the average state.



On Aug. 19, Wells Fargo closed Fried's campaign account in a similar manner, citing its policy "not to knowingly bank or provide services to marijuana businesses or for activities related to those businesses, based on federal laws under which the sale and use of marijuana is illegal even if state laws differ," the bank said in a statement.

The bank gave Fried's campaign notice on Aug. 3 that they had 30 days to shut down the account. The campaign moved the account's \$137,000 to the new account with BB&T.

#### READ MORE



Wells Fargo closes campaign account because of candidate's medical-marijuana ties

Fried's campaign also closed its political committee's account with Wells Fargo in anticipation of another closure and sent a fundraising email asking voters to close their Wells Fargo accounts.

"They don't deserve your business," the email read.

Fried, 40, told the Herald/Times then that she feels like she was "specifically targeted" by the bank.

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Broward attorney Nikki Fried wins Democratic nomination for Agriculture commissioner

Federal data released in June shows that by the end of last March, 411 banks and credit unions across the country were "actively" banking with marijuana businesses.

If elected in November, Fried will serve in the Cabinet and therefore appoint the director of the Office of Financial Regulation, which oversees the state's banking industry.



After a robust, energizing primary election with record breaking Democratic turnout, Democrats came together to celebrate their 2018 general election nominees

By José A. Iglesias 

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