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Board of Governors of the Federal Reserve System  
Office of the Comptroller of the Currency  
Office of Thrift Supervision  
National Credit Union Administration

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July 30, 2010

The Honorable Zoe Lofgren  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Lofgren:

We are writing in response to concerns raised in the May 20, 2010, letter to Secretary Geithner regarding the difficulties certain medical dispensaries may be experiencing in obtaining banking services at some banks and credit unions. You requested that Secretary Geithner's office issue formal written guidance to financial institutions stating that Treasury Department priorities do not include targeting or pursuing institutions whose account holders are ostensibly operating in compliance with state medical marijuana laws. As you are aware, Assistant Secretary for Financial Institutions Michael S. Barr forwarded your letter to the attention of the principals of the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, the Office of Thrift Supervision, and National Credit Union Administration (collectively, the "Federal Supervisory Agencies") for further review and response.

As regulators our responsibility is to ensure the safety and soundness of the U.S. banking system and of the depository institutions operating within it that we supervise. We also recognize the importance of ensuring public access to financial services within an environment that promotes trust and confidence.

For the depository institutions that we supervise, there are a variety of risks associated with the financial products and services offered and the customers or members for whom accounts are established, including reputation risk, credit risk and compliance risk. We expect a supervised depository institution to thoroughly assess and understand those risks and determine whether the acceptance of each customer or member account is in accordance with the standards and guidelines established by that institution's board of directors. Once those risks are identified and evaluated, we expect institutions to appropriately manage them in full compliance with all applicable laws and regulations. Such effective risk management generally includes the implementation of internal controls consistent with a current risk assessment, compliance with all reporting and recordkeeping requirements, and independent testing of controls.

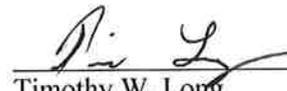
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The decision to open, close or refuse a particular account or relationship should be made by a depository institution without involvement by its supervisor. An institution must make its own assessment of whether or not to accept an account based on its business objectives, an evaluation of the risks associated with offering particular products or services to customers or members, as well as its capacity to effectively manage those risks.

Thank you for sharing your interest in this matter. Please let us know if we can provide any additional information.

Sincerely,

  
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Jack P. Jennings  
Senior Associate Director  
Division of Banking Supervision and Regulation  
Board of Governors of the Federal Reserve System

  
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Timothy W. Long  
Senior Deputy Comptroller  
Bank Supervision Policy  
and Chief National Bank Examiner

  
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Thomas A. Barnes, Deputy Director  
Examinations, Supervision, and Consumer Protection  
Office of Thrift Supervision

  
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Melinda A. Love  
Director, Office of Examination and Insurance  
National Credit Union Administration

cc: Michael S. Barr  
Assistant Secretary for Financial Institutions  
Department of the Treasury