

California Senate Passes Revolutionary Bill to Bypass Federal Reserve, Create Cannabis Banking Industry



By [Matt Agorist](#) | [The Free Thought Project](#)

Sacramento, CA – In states with legal marijuana, dispensaries and retailers are forced to operate in legal gray areas because the federal government still wants to lock people in cages for possessing this plant. One particularly troublesome aspect of this prohibition is that legal marijuana business cannot accept credit cards and are blocked from using traditional banks. Thanks to a new bill in California, however, all that could be about to change.

In January, Sen. Bob Hertzberg, (D-Van Nuys), along with a bipartisan coalition of nine cosponsors, introduced Senate Bill 930 ([SB930](#)) which would create a self-contained banking

industry solely for the cannabis industry inside the state of California.

Last week, the California Senate passed the bill. If the bill makes it through final approval, the implications are revolutionary and would aid in further nullifying the federal prohibition of cannabis.

Passage of SB930 would bypass the federal banking system entirely and pave the way for competition in the industry outside of federal control. The current system makes it against the law for banks to accept money from what the federal government considers "illegal activity" even though the state has legalized it. The federal government can and likely would prosecute banks who service the cannabis industry under the Bank Secrecy Act, the USA Patriot Act, and the Racketeer Influenced and Corrupt Organizations (RICO) Act.

As the Tenth Amendment Center [reports](#), under the proposed law, the state would license "cannabis limited charter banks and credit unions." Cannabis businesses would be able to deposit funds in these institutions and write checks on their accounts for limited purposes, including paying state or local fees and taxes, rent on property associated with a cannabis business, paying vendors, or buying state or local bonds or warrants. These checks could only be deposited or cashed at the issuing cannabis limited charter bank or credit union, or another cannabis limited charter bank or credit union that agrees to accept the check, keeping them outside of the federal checking system known as the automatic clearing house (ACH).

These cannabis banks would not be allowed to interact with regular banks or credit unions. Instead, they would form their own banking networks and would also be allowed to provide accounts to people and other entities outside of the cannabis industry.

"The status quo for our growing legal cannabis industry is

unsustainable,” Hertzberg said in a press release. “It’s not only impractical from an accounting perspective, but it also presents a tremendous public safety problem. This bill takes a limited approach to provide all parties with a safe and reliable way to move forward on this urgent issue.”

Showing the overwhelming support for such measures, the bill passed the senate and received only 6 nays. SB930 will now move to the Assembly for further consideration.

As the Free Thought Project previously reported, cryptocurrencies are also stepping up to free the cannabis industry from federal banking control.

As TFTP [reported](#) last month, since blockchain technology is still developing, the point of sale options for retail locations have been slim, but a new platform called Alt Thirty-Six is hoping to change that.

Alt Thirty-Six has since announced a partnership with the cannabis software company WebJoint, which they say will allow for more widespread cryptocurrency adoption in cannabis retail locations throughout the United States, not just California.

“Our goal at Alt Thirty-Six—to bring secure digital payment solutions to the cannabis industry—perfectly aligns with WebJoint’s innovative, cannabis-specific software technology. We’re thrilled to have the opportunity to partner with [WebJoint], providing more cannabis businesses with access to our platform and changing the way the industry as a whole handles payments,” Alt Thirty-Six CEO Ken Ramirez said in a [statement](#).

The service will not be using Bitcoin since the legacy blockchain of the pioneer crypto has been riddled with scaling problems that have resulted in high fees and slow transactions. Instead, these services will utilize Dash, a top cryptocurrency that works much better for point of sale payment systems due to its high speed and low cost.

What the bill in California and the Dash projects illustrate is the ability of ingenuity and innovation to create new systems to foster change. Instead of merely trying to tear down the old systems, thinkers and innovators build new ones which show the obsolescence of the old.

Article Source: [The Free Thought Project](#)