

Bank fraud for facilitating marijuana transactions

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A recent guilty conviction, after a jury trial, shows how complex and fraught the zigzag path to marijuana legalization is in the payments space. At a time when the federal government has signaled that criminal prosecutions in states that have legalized marijuana are a low to non-existent priority, this prosecution highlights that federal criminal authorities will not hesitate to prosecute bank fraud that involves transaction laundering or other attempts to disguise the source of payments or the true nature of a transaction. This case underscores the importance for banks to maintain reasonably designed AML compliance programs to protect themselves from becoming unwitting vehicles for illicit activity. These programs may not thwart all criminal activity but, at the very least, they can provide a defense to potential regulatory and criminal liability.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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