

Anti-Money Laundering Alert

Lincoln Financial Group's Position Regarding Marijuana-Related Businesses

The Lincoln National Life Insurance Company, Lincoln Life & Annuity Company of New York, and other affiliates of Lincoln Financial Group (herein referred to as "Lincoln") continue to monitor recent state legislative activity regarding the legalization of marijuana use. There are currently 20 states and the District of Columbia that have legalized certain marijuana-related activity. Although the majority of these states restrict the sale of marijuana for medicinal purposes only, Colorado and Washington also permit the sale of marijuana for recreational purposes.

Despite these state laws, the Controlled Substances Act makes it illegal under federal law for someone to manufacture, sell and/or distribute marijuana. In August 2013, U.S. Department of Justice Deputy Attorney General James M. Cole issued a memorandum to all U.S. Attorneys reiterating Congress's determination that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal organizations.

In February 2014, the Financial Crimes Enforcement Network ("FinCEN") issued guidance to clarify the expectations under the Bank Secrecy Act for financial institutions which provide services to marijuana-related businesses. The FinCEN guidance requires financial institutions, including life insurance companies, to assess the risks associated with opening accounts or issuing policies to individuals or companies associated with the manufacturing, sale or distribution of marijuana. The guidance further requires financial institutions to file Suspicious Activity Reports ("SARs") for any customer involved in a marijuana-related business because federal law prohibits the distribution and sale of marijuana and, thus, views such activity as inherently involving funds derived from illegal activity.

Because the federal laws define marijuana as an illegal drug, and because of the risks inherent in marijuana-related businesses, Lincoln will not issue any policies or contracts or open accounts for an individual or business involved in the manufacturing, sale or distribution of marijuana. We ask for your partnership in identifying any customers who have submitted an application for a policy, contract or account to Lincoln who are involved in marijuana-related businesses (whether for medicinal or recreational purposes) so that we can prevent the issuance of a policy, contract or account. If, after a policy, contract or account is issued or opened, you discover that a customer is involved in marijuana-related businesses, please contact us via our Fraud Hotline at <https://www.lfg.com/LincolnPageServer?LFGPage=/lfg/lfgclient/cus/fraud/index.html>.

As the federal and state legislative environment regarding marijuana continues to evolve, Lincoln will monitor the potential impacts to our business and update you regarding our position accordingly.