

Investment by Guernsey vehicles into cannabis and other drug-related assets

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The Policy & Resources Committee of the States of Guernsey (the **Committee**) has clarified in a statement published on 10 June 2020 that the proceeds derived from the cultivation and production of cannabis for recreational purposes in countries where such activities are lawful will not fall foul of Guernsey's anti-money laundering legislation.

The Committee has stated that Guernsey's anti-money laundering legislation will not apply to the proceeds of the lawful cultivation and production of cannabis for recreational purposes in any country where such cultivation and production is lawful. Guernsey's anti-money laundering legislation will still apply in respect of any such drug-related activities which are otherwise unlawful in those countries.

We would note that the position stated by the Committee is not been conclusively determined by the Royal Court in Guernsey, however the statement is helpful in setting out the Committee's view on how Guernsey's anti-money laundering regime is intended to operate. These are helpful clarifications for investors wishing to efficiently structure their investments into an increasing number of jurisdictions which now permit the cultivation of cannabis and the production of cannabinoid-based products.

The position regarding the cultivation of cannabis for recreational purposes in Guernsey itself remains unchanged and, unless such cultivation is licensed by the Committee for Health & Social Care, such activity remains unlawful under the Misuse of Drugs (Bailiwick of Guernsey) Law, 1974. Therefore, any profits generated by unlicensed activity in Guernsey would constitute the proceeds of crime under Guernsey's anti-money laundering legislation.

Please see a copy of the full statement issued by the Committee [here](#)

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