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High Crimes: Robber Gangs Terrorize Colorado Pot Shops

One thief, posing as a delivery man, pulled a can of bear mace on employees and ransacked their marijuana shop, fleeing in a defensive cloud of “ultra-pepper” spray. Another opened the wall of a dispensary with an ax and attacked the store’s safe with a circular saw. Still another stuck to the basics. He kicked in the front door and pointed his gun at the counterman. An accomplice kicked in the back door and filled a duffel bag with more than \$10,000 worth of high-quality cannabis.

For weeks now, the Mile High state has allowed the sale of recreational pot to adults, and so far the Rockies still stand. But crimes like the ones above, all of which occurred in Colorado in the last six months, have produced an acid-drip of anxiety in the industry, highlighting the dangers faced by those hoping to drag America’s most popular illegal drug into the light. Because marijuana remains banned by Congress, banks and security firms deny services to most dispensaries. That leaves them cash-based and vulnerable, a magnet for criminals who like the idea of unguarded counting rooms and shelves lined with lucrative horticulture.



Customers wait in line at the Dank Colorado Dispensary to purchase recreational marijuana in Denver. Ed Kashi / VII for NBC News

“Everyone in the industry is having nightmares,” says Michael Elliott, executive director of the Marijuana Industry Group, a powerful young lobby in Colorado. “You hit a 7-Eleven, you’ll get 20 bucks. You hit a dispensary, you’ll get \$300,000 on a good day,” adds Mitch Morrissey, District Attorney for Denver. “It’s only a matter of time before someone gets shot.”

Since 2010, the new pot barons have been required to install alarms and surveillance cameras, and most secure all cash and retail pot in a floor-bolted safe overnight. That helps limit losses, but the thieves keep coming. They throw bricks through windows, and tunnel under floors. One team tore away the locks on a grow house with a set of chains and a Subaru Outback. Another crashed an Audi through a warehouse door.

At first, most of the heists were softened by a kind of likable idiocy. Owners joked about the hapless fellow who zip-lined through an opening in a greenhouse roof, then lacked the oomph to climb his way out. Or the thief who kicked into an apartment above a pot shop, only to be chased off by the apartment’s surprised owner, a member of the Denver Nuggets. Or the team that crowbarred into a dispensary in 2012, leaving with a broken scale and \$8 from a “karma jar” on the counter.

More recently, however, the crimes have sent a forked bolt of fear through the industry. Last summer, for example, a trio of gunmen “demanded Weed” from the workers at a dispensary called 420 Wellness, according to documents provided by the district attorney’s office. As two of the gunmen filled “several trash bags” with award-winning marijuana, the third leapt over the counter and took a female employee by the elbow, leading her around the shop as a human insurance policy. Police caught up with that squad soon after they fled the scene, charging the ringleader with aggravated robbery and kidnapping.

But over the next six weeks, a different team of burglars hit at least eight dispensaries, and a third team is still on the loose after a stick-up at New Age Wellness in nearby Boulder County. Moments after closing time, two men dressed in baby-blue ski-masks burst in, pointed guns, and cleaned out the little mountain depot. “It’s an epidemic,” says one of the employees, who declined to give his name for safety reasons. “Everything is a lot tighter now. It isn’t so homey anymore.”

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To judge by the data, it’s not so homey anywhere in the region’s marijuana market, where attempted theft has gone from a concern to a near-certainty. In 2009, the Denver Police Department estimated that about 17 percent of marijuana retail shops had been robbed or burglarized in the last year. That was good news: a bit less than liquor stores (20 percent) and banks (34 percent), and on par with pharmacies.

Today, however, a darker picture has emerged. There are about 325 marijuana companies in Denver, based on an analysis of licensing data done for NBC News by Marijuana Business Daily, a leading trade publication. (Most companies hold numerous licenses.) At the same time, there have been about 317 burglaries and seven robberies reported by these companies in the last two years, according to police data. That's an annual robbery and burglary rate of about 50 percent, more than double what it was in 2009.



Workers tend the grow houses at the Medicine Man marijuana dispensary and grow house. It is one of the largest in Denver. Ed Kashi / VII for NBC News

While a Denver Police spokesperson disputed these figures, the department doesn't have its own. What is available suggests a troubling parallel development: as the industry has grown, its access to banking and security has declined, and crime has soared. What spurred the sudden loss of services remains a mystery, although many dispensary owners blame it on pressure from the Drug Enforcement Administration, which has called Colorado's experiment "reckless and irresponsible."

"It's like they're trying to precipitate some sort of disaster," says Norton Arbelaez, the founder of River Rock, one the Denver's larger dispensaries. "It's like they think: 'If we can precipitate some sort of public safety issue, maybe we can stop it.'"

The Obama administration says that it's working on new regulations that will allow banks to hold accounts for legal marijuana businesses. But Jack Finlaw, the chief legal counsel to Colorado's governor doesn't think that will be enough. As long as marijuana remains illegal under the Controlled Substances Act, he says, banks, security firms and indeed most traditional businesses will be wary of aiding what amounts to a state-sanctioned federal crime. "Congress really needs to act," he says. "I don't see a quick fix."

Meanwhile, the collateral damage continues to mount. Some dispensaries may be hit five times and others none at all, but on average every marijuana-related business in Denver can now expect a taste of the crowbar or the gun at least once every two years.

"I think everyone has been robbed at least once," says Jonathan Salfeld, the owner of Local Product of Colorado, which has been broken into twice, despite being located a block from Denver Police headquarters. "It leaves you feeling less than safe," adds Elan Nelson, the director of business development at Medicine Man, one of the largest dispensaries in Denver. She says her last dispensary was broken into four or five times, and employees began to watch the door, wondering when the thieves would decide to try work hours.



Broken windows and doors are evidence of a recent burglary at the Timberline Herbal Clinic, owned by Yevette Williams. Ed Kashi / VII for NBC News

Yvette Williams of Timberline Herbal Clinic is facing that same feeling, after suffering three break-ins in four years. The most recent heist was last month, amid a rash of seven burglaries in Denver in the first 11 days of legalization. The thieves came at night, taking \$1,000 in edible pot and leaving \$6,000 in damages. “We just don’t know what to do,” she says. “We’re at a loss.”

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For the moment, Coloradans can still cling to a pebble of solace: no one has ever been killed in a state-licensed marijuana dispensary. Expect that to change, says Denver District Attorney Mitch Morrissey. Last summer he told the city council that there have been a dozen homicides “directly” related to mom-and-pop residential marijuana grows, which have been legal in the state since 2000.

The editorial page director of the Denver Post accused him of “blowing smoke,” but Morrissey is now going further, predicting a spike in “strong-arm, bank-style, mask-and-gun robberies,” as the old violence of the residential market spills into the new world of legalized marijuana from seed to sale. “You know, they say this is going to bring in tax revenue for our schools. Well, I don’t deal with that. I deal with dead bodies.”

The worst violence has been in California, where in 2010 a gunman forced workers down on the ground, robbed their medical marijuana dispensary, and returned moments later to shoot both in the back of the head. But the fate that’s really spreading terror in Colorado fell just shy of murder.

It began when three men broke into the home of a dispensary owner in Newport Beach, Calif., according to police reports that surfaced last fall. They zip-tied the man, dragged him into a van, burned him with a blow-torch, doused him in bleach, severed his penis, and then drove away with it—all in a bid to learn where he was hiding his cash. Now Elliott, the industry lobbyist, appends press releases with an unusual note: “To understand the importance of fixing banking, please read this story: 'Marijuana clinic owner penis cut off.'”

The industry is certainly taking the crime threat seriously. Dispensaries are sinking cash into bulletproof glass, Mission Impossible-style fingerprint scanners, and guards—lots of guards. A marijuana militia of sorts is building across the state, a force big enough to safeguard six-figure cash transports, seven-figure inventories and assets, and thousands of justifiably paranoid employees.

As with the criminals, some of the guards are less than intimidating. The owner’s elderly (and doze-prone) uncle is the designated watchman inside one Denver dispensary. At another dispensary a guard considers his biceps “the only guns I need.” But at least two major security firms—one purely marijuana-focused, the other an all-purpose global heavyweight—have ridden in to rescue Denver in the last year.

The first was Blue Line Protection Group, launched in August by Ted Daniels, a retired police officer and U.S. Army veteran who served in Afghanistan. He cuts a rather secure figure himself, with muscle that jumps from shoulder to ear, and shades wrapped around a bald pate. He has hired more than 40 guards, most with special ops experience.

“If you’re going to fight the best,” as he likes to say, “you better have the best.”

Steps from the counter where the peace buds are sold, a warning sign is emblazoned with the words, “DEADLY FORCE.”

His firm has landed about 30 contracts so far and is adding about one a day, according to Daniels, who charges between \$5,000 and \$15,000 a month. Most of the contracts come right after a break-in or a robbery, he says, and none have been hit again with his team on the scene. “I think criminals are afraid,” he says. “I don’t think they want to deal with my guys.”



The New Age Wellness marijuana dispensary was attacked by masked gunmen recently, where Alan Pedersen, 23, was assaulted and \$6,000 worth of merchandise was stolen. Now a Blue Line Protection Group officer stands guard in Longmont, Colo. Ed Kashi / VII for NBC News

At Medicine Man, where Daniels has provided security since January 1st, there are now six cash registers and an armed guard for each one, plus another at the door. At the end of the day, after spraying the cash with Febreze to mask the scent, employees stuff it into tamper-resistant clear plastic bags, which Blue Line escorts downtown and into the company's vault.

If they face a robbery, they may call 911, but they're authorized to return fire. Every day now at New Age Wellness, in Boulder County, steps from the counter where the peace buds are sold, a warning sign is emblazoned with the words, "DEADLY FORCE." In front of the sign is a Blue Line guard, Glock on his hip.

"One of my guys, I think, can probably easily hold off five to 10 guys by himself," says Daniels, who appreciates the irony of blending what is essentially police work with the protection of a product that he used to bust people for using. For most of his guys, however, the product doesn't matter.

Daniels allows them to partake of the plant they're guarding, as long as they quit it at least 10 hours before reporting to duty, but they're in it for the conflict.

"We thrive on going out," says Keith Wood, a former Army Ranger who deployed to both Iraq and Afghanistan, before coming home to become Blue Line's operations manager. "I'm not going to run away," he said in an interview. "I could die today on the job. We don't know. But that's another reason to bring veterans in. That's how we're trained to think."

The competition comes from former Denver city councilman Ed Thomas, a 23-year veteran of the Denver Police Department. He recently partnered with CSC-USA, a California-based company that touts security gigs during two World Cups, four presidential inaugurations, and 30 Super Bowls. He's got two contracts so far and expects that number to grow.

"There are some really bad guys out there," he says. "It's just a matter of time until ... well, I don't even want to go there."
