

Legal Pot Hasn't Stopped Black Market

News

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DENVER (AP) -- A 25-year-old is shot dead trying to sell marijuana the old-fashioned, illegal way.



Two men from Texas set up a warehouse to grow more than they would ever need. And three people buying pot in a grocery store parking lot are robbed at gunpoint.

While no one expected the state's first-in-the-nation recreational sales would eliminate the need for dangerous underground sales overnight, the violence has raised concerns among police, prosecutors and pot advocates that a black market for marijuana is alive and well in Colorado.

"It has done nothing more than enhance the opportunity for the black market," said Lt. Mark Comte of the Colorado Springs police vice and narcotics unit. "If you can get it tax-free on the corner, you're going to get it on the corner."

It's difficult to measure whether there has been an increase in pot-related crimes beyond anecdotal reports because no one at either the federal or state levels is keeping track of the numbers of killings, robberies and other crimes linked directly to marijuana.

Pot advocates say the state is in a transition period, and while pot-related crimes will continue, they will begin to decline as more stores open and prices of legal marijuana decline.

"It's just a transition period," activist Brian Vicente said. "Marijuana was illegal for the last 80 years in our state, and there are some remnants of that still around. Certainly, much like alcohol, over time these underground dealers will fade away."

Sales are due to begin in June in Washington, where authorities will be watching for similar cases.

"There's going to be a black market here," said Cmdr. Pat Slack of the Snohomish Regional Drug/Gang Task Force, which covers an area outside Seattle. "There will be drug rip-offs and drug debts that haven't been paid. All of that is going to stay."

Under Colorado's voter-approved law, it is legal to possess up to an ounce of marijuana. Authorities are concerned that means illegal dealers and buyers believe they can avoid prosecution. These dealers and their customers also tend to be targets, if robbers know they are flush with cash.

Arapahoe County, outside Denver, has seen "a growing number of drug rips and outright burglaries and robberies of people who have large amounts of marijuana or cash on them," said District Attorney George Brauchler.

His district has seen at least three homicides linked to pot in recent months and a rising number of robberies and home invasions.

Among them was a February case in which a 17-year-old boy said he accidentally shot and killed his girlfriend while robbing a man who had come to purchase weed.

Elsewhere, prosecutors say, Nathaniel Tallman, 25, was killed during a January drug deal when he

was robbed and shot, and his body dumped in Wyoming.

The next month, a dealer mugged three people who were trying to buy marijuana from him in a Denver grocery store parking lot.

Such deals are the exception, said Vicente. The "average customer" prefers to buy in a well-lit, regulated store, he said, citing the roughly \$2 million Colorado made in marijuana taxes in January alone.

Whether dangerous or not, it can still be cheaper to buy pot from a drug dealer.

Voters who approved recreational sales in Colorado also agreed to a 12.9 percent state sales tax and a 15 percent excise tax on it. Local jurisdictions can also add their own taxes. Medical marijuana is taxed, too, but at a much lower rate -- a 2.9 percent sales tax.

Those taxes mean an ounce of pot can go for \$400 or more at a state-sanctioned store, depending on quality and potency. An ounce on the street can run between \$200 and \$280, depending on how much a dealer wants to profit, Comte said.

Underground dealers also are not burdened by complex regulations and licenses.

"Those barriers to entry already create the potential for the black market, and then you add these taxes on top of it, and it makes it impossible to get rid of," said Denver attorney Robert Corry, who helped write the pot legalization measure but opposed the taxes.

Corry, who has long represented marijuana dealers facing criminal charges, said his clientele has hardly diminished.

Comte's unit recently searched a warehouse where two men from Texas were growing "so much more than they could ever need," he said. Detectives charged them with possession of pot with intent to distribute.

If some Colorado drug dealers have lost business to legal retailers, some also have made up for it by transporting weed to other states.

A Lakewood man was arrested in March after postal inspectors intercepted a package he was mailing containing a pound of pot. Drug task force officers who later searched his home found scores of gallon-sized bags of marijuana and 76 plants.

Marijuana cases can be hard to prosecute and are not cost-effective, so police often prefer to focus attention on drugs like heroin and methamphetamine, Comte said.

One result, he said, is the feeling among illegal dealers that because retail sales are legal, authorities are looking the other way.

Mark Kleiman, a public policy professor at the University of California, Los Angeles, who is helping Washington set up its legal marijuana industry, said the black market's survival has less to do with taxes than with a shortage of legal stores.

Colorado has more than 160 state-licensed stores, but they remain concentrated in the Denver area. Many towns don't have any.

"When there are more stores and more products in the stores and prices settle down, then we'll see," Kleiman said. "I would be very surprised if the illicit market can compete at all."