

Massive marijuana bust dismantles illegal trafficking ring in Denver metro area

By Tom McGhee
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A Denver grand jury has indicted 62 people accused in a marijuana trafficking organization that reaped millions of dollars by illegally growing pot and then selling it out of state over a period of four years.

Group members also allegedly engaged in financial crimes, luring former Denver Broncos tight end Joel Dreessen and other investors by telling them their operation was legal.

It was the largest marijuana bust in Colorado since recreational marijuana was legalized in 2014, and it reflected an increased law enforcement focus on gray market marijuana growers who export their product beyond state lines.

A series of large-scale busts have targeted gangs growing without state sanction and selling the product in states where marijuana remains illegal.

The most recent took place when Michael Stonehouse, a Castle Rock resident, and 15 others were arrested in March, accused of illegally growing, packaging and distributing millions of dollars' worth of marijuana across state lines.

Andrew Freedman, a cannabis regulation consultant for states and cities, said he is hopeful that state legislation passed this year will make it more difficult for criminals to grow quantities of weed bound for the gray market while pretending to have a legal interest in the business.

One of the bills would make it illegal to grow more than 12 plants in a residential neighborhood, even if the grower has approval given to some medical marijuana patients, or caretakers, to grow 99 or more.

To grow more than 12 plants, the patients must now register with their local municipality to grow the excess in an agricultural or commercial space, Freedman said.

Colorado's marijuana industry is threatened by association with black market sales in the mind of the public, Freedman said.

"I do think the experiment is under the microscope," he said. "Anything negative that happens will be a national story. This was a weakness in our system, and I'm hopeful the legislation shores up that weakness, but it is something the story will be judged on."

Wednesday's indictment was triggered by a tip to Denver police in 2014.

The subsequent investigation involving local, state and federal law enforcement led to the execution of nearly 150 search warrants over 11 months in homes and warehouses throughout the metro area.

So far, 43 people are in custody; the rest are at large.

“We stand here today to send a message. ... We will not tolerate the illegal marijuana market in Colorado,” said David Schiller, an assistant special agent with the Drug Enforcement Administration.

The indictment, filed June 9, resulted in the seizure of nearly 2,500 illegally cultivated marijuana plants and 4,000 pounds of marijuana.

“This case is a prime example that the black market for marijuana has not gone away since recreational marijuana was legalized in our state,” said Cynthia Coffman, Colorado attorney general, who announced the bust Wednesday.

The ring was mostly made up of Coloradans, some of whom went to high school together and played poker together. The conditions of their acquaintance led to the operation being dubbed “Toker Poker.”

Toker Poker also is the name of a “all purpose” pot smoker’s tool, which includes a stainless steel tamper.

A dozen businesses operated by the ring, including a marijuana grow supply store and purported property management companies, are also named in the indictment.

Members did not get licensing needed to grow and sell legally in Colorado, and then they sold the marijuana in states where pot is illegal, including Texas, Kansas, Nebraska and Ohio, the indictment said.

Group members also allegedly engaged in financial crimes, luring investors, including former Colorado State University football teammates Dreessen and Erik Pears.

A statement by Dreessen’s attorney said he “was an innocent lender to a business he was told was both lawful and properly licensed. Joel has been repaid all funds he provided and is glad to have this matter behind him.”

A number of those indicted are related to one another.

Norrahong Phannudet, the wife of co-conspirator Jin Tien Wu, allegedly used her family’s restaurant to launder money, the indictment said.

Phannudet duped employees of her family’s restaurant into exchanging cash reaped from marijuana sales for money orders, disguising “the nature, location, source, ownership or control

of the proceeds of her husband's criminal offenses while avoiding transaction reporting requirements under federal law," according to the indictment.

Other members of the Phannudet family were also allegedly involved.

Aaron Baca, owner of Put On Developments, used the business to help Wu and others to engage in mortgage fraud and money laundering, the indictment said.

"His participation in the enterprise and his production of forged documents allowed co-conspirators to purchase homes through mortgage fraud," the indictment said.

Law enforcement agencies across the metro area participated in the investigation, along with the North Metro and West Metro drug task forces, Colorado Department of Revenue, DEA and the district attorneys' offices from Denver, Jefferson County and the 18th Judicial District.