California nonprofit pot clubs flush with cash

By Joe Mozingo, Los Angeles Times

In the first raid, Orange County sheriff's detectives hit a Dana Point marijuana storefront, the San Clemente home of its director and a "stash house" he allegedly maintained nearby.

In the two homes, they found cash stuffed everywhere: in buckets in the garage and attic, in an Igloo cooler in a bedroom, under a mattress, on an ironing board, in a dresser. According to a search warrant affidavit filed in November, they recovered more than $700,000.

At the shop, investigators found spreadsheets showing sales over 10 months totaled $3.17 million, according to the affidavit, with $2.47 million "cash on hand." Paperwork indicated that a silent partner, a convicted drug dealer named John M. Walker, controlled the shop and six others in Orange and Los Angeles counties.

A subsequent raid of one of Walker's properties recovered a Beretta handgun, a shotgun, a Chinese AK-47 with a bayonet and grocery bags filled with four dozen rubber-banded bundles of cash; one of the bags contained a note with calculations totaling $99,324.

The discoveries and many others like them across California are starkly at odds with the image presented by medical marijuana providers, who label themselves as "compassionate caregivers" and say they work on slim margins, give away cannabis to the poor and comply with the law.

Many medical marijuana dispensaries have been making huge sums of money even as they claim to be nonprofit, according to court and law enforcement records, industry insiders, police and federal agents. The Times found a cash-infused retail world unlike the one pitched to voters who passed the Compassionate Use Act for "seriously ill Californians" in 1996.

Few would suggest that everyone in the industry is making huge profits; many dispensaries do struggle to stay afloat. Nor do the court cases capture the relief truly ill patients ascribe to high-quality marijuana they might have difficulty getting if these shops did not exist.

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