

Testimony of

Ernest Martinez

Director At Large of the National Narcotic Officers' Associations' Coalition (NNOAC)

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My name is Ernest Martinez, and I serve as Director At Large of the National Narcotic Officers' Associations' Coalition (NNOAC). I have also been a Lieutenant in the Denver Police Department serving the citizens of Denver for over 33 years. I have served for 17 years as an undercover narcotics Detective and Detective-Sergeant, serving from Street-Level Enforcement Teams, (including the Denver-Aurora Crack Task Force), to the Elite Major Peddler Unit. I was the first task force supervisor with the Front Range Task Force of the Rocky Mountain HIDTA Enforcement Center, and was instrumental in its design and development. Prior to the Denver Police Department, I was a member of the Denver Sheriffs Department for 3 years as a Deputy Sheriff, with a total of 36 years wearing the badge for the City and County of Denver.

I am writing to submit testimony to the Committee on the SAFE Banking Act of 2019.

Section I (b) of the SAFE Banking Act states, “The purpose of the Act is to increase public safety by ensuring access to financial services to cannabis-related legitimate businesses and service providers and reducing the amount of cash at such businesses.”

Through my experience in Colorado law enforcement, I have found that the burglaries and robberies are not primarily due to the availability of large amounts of cash on hand but the amount of marijuana in the business. High-potency marijuana, and particularly concentrates, are extremely valuable for resale on the black market. Licensed marijuana businesses are required to notify the Colorado Marijuana Enforcement Division (MED) and local law enforcement any time there is a burglary or robbery. The majority of the reported cases are for loss of product. Surveillance cameras with DVR recorders cover all areas of the marijuana business and operate 24/7. Recordings are required to be kept for a minimum of 40 days. The SAFE Banking Act would not address the loss of product since any money is kept in a safe located in a locked and secure room and is often not accessed by burglars.

The justification for the SAFE Banking Act claims marijuana businesses do not have banking accessibility is misleading in my experience. Shannon Gray, marijuana communications specialist at the Colorado Department of Revenue stated in an article dated May 30, 2019, “We do hear from licensees that the majority of businesses have access to banking services.”¹ The article also noted that Safe Harbor Services, a wholly owned subsidiary of Partner Colorado Credit Union, has been helping credit unions and banks in about 10 states to create systems and procedures for managing cannabis accounts.

In addition, approving the SAFE Banking Act would open more opportunities for money laundering and black-market investors. As one possible example, a cartel would drop off backpacks of cash to a dispensary for deposit, possibly in excess of \$10,000 per transaction, which would be a huge advantage over current constraints. The dispensary would deposit the money in their bank account, and then bill a shell company for “security services,” “cleaning services,” or some other plausible service that would never be performed. Now the money has been returned to cartel control and can be transferred electronically.

If banking services are already being utilized in Colorado and several other states, and the threat of burglary and robbery is loss of product and not money, then there must be another reason marijuana businesses are pushing for the SAFE Banking Act. Indeed, this bill has a much wider purpose to allow out-of-state hedge funds to pump billions of dollars of investments into the marijuana industry. This is a very intentional step to the full federal legalization of marijuana and eventually other drugs. Denver has recently approved the “lowest level priority for enforcement” (for adult possession under an ounce) of Psilocybin (“Magic Mushrooms”). Oakland and other cities in California are following suit. Where does this stop? Where is the common sense?

As a long-time member of Colorado law enforcement, currently experiencing the drug induced psychosis of vulnerable populations in the Denver-metro area due to normalization of mind-altering substances, it is my opinion from all that I have seen, the number one priority should be that more research is accomplished regarding the effects of marijuana use, as well as

¹ <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/05/30/cannabis-banking-bill-may-falter-again-despite-state-support>

educating the public regarding the real issues with regards to the legalization of marijuana. The marijuana lobby does not want either.

Thank you.