

Testimony Submitted by David Borden
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to the
Banking, Housing, and Urban Affairs Committee
U.S. Senate
May 17, 2023

regarding

"Examining Cannabis Banking Challenges of Small Businesses and Workers"
May 11, 2023

(Submitted to the Congressional Record by Senator Daines.)

I am the founder and executive director of the NGO StoptheDrugWar.org, and author of our December 2022 report, "[Dangerous Delays: What Washington \(Re\)Teaches Us About Cash and Cannabis Store Robberies.](#)"

Dangerous Delays is the first published study on the characteristics of cannabis store robberies. It was motivated by recurring reports of assaults on workers that follow a pattern: Robbers force workers to the back of the store, demanding they open the safe to obtain secured cash. Workers don't always know the combination, and robbers don't always believe them.

Dangerous Delays was also motivated by Congress's increased attention on the SAFE Banking Act in recent years, and by disagreements among legislators and advocates which delayed SAFE in the Senate in late 2021. Those debates, while focused principally on social equity concerns, also saw arguments made that had the effect of casting doubt on the role of cash in driving robberies of cannabis stores, or of the significance of cannabis store robberies as a whole.

While SAFE was stalling in the Senate, Washington State's cannabis community was in the grip of an unprecedented surge in armed robberies of cannabis stores. This occurrence, which began in November 2021 and lasted 4 ½ months, saw nearly 100 reported robberies affect roughly 80 cannabis stores, and ended with three people dead.

PTSD is believed to occur in 25% or more cases of criminal victimization.¹ This suggests that even those robberies which did not involve physical assaults on workers, are likely to have created numerous victims suffering lasting psychological effects. Criminal victimization within a community also generates fear and anxiety on the part of the rest of the community – these robberies affected the lives of workers and owners of other cannabis stores as well. Between the

¹ March 2010 National Victim Assistance Academy Participant Text. Summarizing Resnick, H.S., D.G. Kilpatrick, B.S. Dansky, B.E. Saunders, and C.L. Best. 1993. "Prevalence of Civilian Trauma and PTSD in a Representative National Sample of Women." *Journal of Clinical and Consulting Psychology* 61(6). "Research suggests 25.8% of crime victims suffer PTSD during their lives (compared with 9.4% of victims of other traumas), and that lifetime prevalence could go as high as 45.2% for those who believed they could have been killed or seriously injured."

directly targeted personnel, their friends and loved ones, and their at-risk colleagues, the impacted population numbers in the thousands.

Uncle's Ike's, a Seattle-based cannabis store chain, since 2017 has compiled robbery reports, and some burglary reports, in the "[Uncle Ike's i502 Robbery Tracker](#)." This unique resource is what enabled us to carry out the research done for this report.

Our analysis confirms that cash dominated as the target for cannabis store robberies in Washington. Product also played an important role, but almost always in combination with cash; whereas cash on its own was targeted as much as 40% of the time, based on the incidents for which we could determine what was targeted. We identified just one product-only robbery during the Washington surge. Most burglaries, by contrast, appeared to only target product.

In light of the pattern of assaults on workers described above, we classified robberies according to whether robbers targeted the back of the store, or limited their attention solely to the front. We also classified robberies according to four observed types of aggression that occur during armed robberies, which go beyond the minimum level of aggression inherent in robbery.

Using statistical correlation measures, we found for the time period of the surge that robberies targeting the back of the store involved elevated aggression more often, and exhibited a larger average number of different aggression types, compared with robberies limited to the front of the store. Examination of individual incidents found that in the great majority of cases, back of the store robberies only target the safe.

We also found, however, that weapons fire during cannabis store robberies is complex. The two worst shootings during the Washington surge were driven in part by the robbers' pursuit of cash, but also by physical altercations having ensued between robbers and the workers who were shot.

While researching this issue, we noticed that cannabis store robberies occur far more frequently in some places than in others. Broadly speaking, reports of them come out of western states far more often than eastern states.

Based on our conversations with business owners, we believe the explanation is that stores in the east are better able to financially afford effective security measures. In the west, there are many more stores per capita than in the newer cannabis states in the east, meaning more competition, which has brought down prices and profit margins, and has done so for many more years; and meaning each store draws a smaller market share and has a smaller cash flow for that reason.

Reducing costs for the industry as a whole – which SAFE is likely to be helpful for – can free up cash flow for small businesses to spend more on security and other needs. The most effective means for improving the financial health of small cannabis businesses would be to eliminate the 280E tax for cannabis.

Some of the misconceptions we've seen in this issue were on display in the Senate Banking Committee hearing last week, or in the written versions of witness testimony. For example, Kevin Sabet of Smart Approaches to Marijuana declared, "eliminating cash will never stop

marijuana dispensaries from being targeted for robbery: in the majority of cases, the burglars are there to steal marijuana, not cash."

Robbery and burglary are different crimes, and burglaries of cannabis stores don't provide information about what happens during robberies of cannabis stores. As our findings demonstrate, cannabis product was indeed the preferred target during burglaries in Washington, but cash played the more important role in armed robberies. Additionally, three data points are not sufficient to justify broad characterizations of any social phenomenon, even if selected through a randomized process.

I was also surprised by Sabet's suggestion that SAFE would lead to fentanyl traffickers making use of cannabis businesses' bank accounts for money laundering. I have never seen any indication of a nexus linking the illicit fentanyl trade and the state-licensed cannabis trade, nor have I seen the claim made before. This seems like a conjured concept.

It seems safe to presume that people involved in money laundering are not likely to prefer bank accounts associated with highly scrutinized sectors like the state-licensed cannabis industry. There are entire state agencies devoted specifically to monitoring cannabusinesses. Some of them might inquire where the apparent surplus funds came from. Money launderers would prefer bank accounts that are less likely to attract scrutiny.

Lastly, we are able to support much of what was recommended by another witness, our colleague Cat Packer of Drug Policy Alliance and Cannabis Regulators of Color. We support some of it very enthusiastically, especially measures to reduce barriers faced by people who have had justice system involvement.

Respectfully, however, we urge Congress not to adopt the revised statement of purpose suggested by Ms. Packer, at least as written. The proposal as written omits direct mention of worker safety. Congress should acknowledge the suffering of cannabis workers and the role an abnormal banking situation has played in contributing to it, especially at this time in which it's been seen just how serious this type of victimization can get. Doing so would also honor the intentions of congressional cannabis reform leaders who centered worker safety by introducing the SAFE Banking Act. If Congress adds a statement of purpose to the current version of the Act, the statement appearing in the SAFE Act of 2021 would be a better model to use for all or part of it.

Cannabis store robberies are a problem that varies in seriousness over time and place, but which is capable of erupting with force. Given the demonstrated humanitarian toll that is possible if an event as occurred in Washington were to recur, it is a moral imperative for Congress to enact legislation this year that progresses our country toward a safer environment for cannabis retail. We strongly urge Congress to enact a version of the SAFE Act this year – a broad one if possible, but a narrow one if needed.

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