

Medical marijuana collective raided, CEO arrested

By [Tony Biasotti](#) / Tuesday, November 8th, 2016 / [Comments Off on Medical marijuana collective raided, CEO arrested](#)

Sespe Creek Collective, one of the tri-county region's biggest and most visible medical marijuana providers, was raided by Ventura County law enforcement agencies on Nov. 3 and its CEO was arrested on suspicion of multiple felonies.

Chelsea Sutula of Ventura, who runs Sespe Creek, spent the night in jail and is now free on bail. Her arraignment is scheduled for Nov. 18 in Ventura County Superior Court. She faces felony charges of possession of marijuana for sale, sale of marijuana, conspiracy and perjury.

The Ventura County Sheriff's Department claims Sutula has been running Sespe Creek in violation of California's medical marijuana regulations. The department has not been more specific than that and the search warrants in the case are sealed.

Sutula and some outside observers of her case say it appears the authorities are focusing on her finances as well as Sespe Creek's. That could be a sign that law enforcement suspects Sutula of taking illegal profits from the cooperative.

Jay Leiderman, a lawyer in Ventura who represents medical marijuana growers and sellers, said he's seen hundreds of busts in California of cooperatives that appeared to be operating within the law. The most common allegation is that they are not operating as true not-for-profit collectives, as the state requires.

"Nine times out of ten, the cops think people are making millions of dollars," Leiderman said. He does not represent Sutula or Sespe Creek. Sutula's attorney, James Devine, did not return a call seeking comment.

Ventura County Undersheriff Gary Pentis would not comment on whether Sutula is suspected of taking profits. He did say that there are other allegations against her that have nothing to do with profit taking.

Sespe Creek is a delivery service based in Oxnard and it serves Ventura and Santa Barbara counties. Sutula, 40, joined the collective in 2011 as a member and patient and started running it in 2013.

She has since become one of the chief public faces of the region's aboveground pot industry. Sutula is the industry chair for the Ventura County Cannabis Alliance and has testified at city council meetings throughout the county as local governments ponder their medical marijuana regulations and their potential responses to full legalization, should Proposition 64 pass on Nov. 8.

Sutula says Sespe Creek employs 20 people, pays its taxes and worker's compensation bills, and only sells to people with a valid doctor's recommendation for marijuana. It is owned by all of its member-patients and runs as a not-for-profit collective, she said, as state law mandates. She said the collective has served about 5,000 members over the years and did about 50 deliveries per day. First-time customers must sign a document stating they will adhere by the rules of the collective, Sutula said. For example, they cannot buy marijuana for other people or allow their marijuana to fall into the hands of children.

Pentis said the Sheriff's Department got a tip that Sespe Creek was violating state regulations. The department gathered evidence, went to court for a warrant, searched Sutula's home and office, and arrested her based on evidence discovered both before and

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She said she opened the door to find 30 or 40 officers from various law enforcement agencies surrounding the building. An officer told her they also had a warrant that would allow them to knock down the door of her home. He offered to open the door instead if she would give them her house key. She did and a group of officers left for her home in Ventura.

It took a few hours for deputies to search the office. Sutula said she and a few of her employees were held outside or in a back office. Sutula said she was at first told she was free to leave but the officers had taken her car key, house key and phone. She didn't know where to go or how to get there, so she stayed.

She was placed under arrest and taken to an Oxnard police station for booking. She sat in a holding cell for around four hours, then was taken to the county jail in Ventura in the evening and re-booked. She called a friend to arrange for bail, but didn't have a number to reach her lawyer after business hours.

She sat in a cell in Ventura for around 12 hours.

At around 4 a.m., she was given food for the first time: some orange slices, which, she said, were excellent. She was released at around 7:30 a.m.

'Too cute'

Sutula said the agencies in the raid took about \$7,500 in cash from the office. They also took computers, personnel and patient files, and Sespe Creek's entire inventory: marijuana and marijuana products with a wholesale value of around \$100,000.

Sutula said her personal and business bank accounts, totaling about \$30,000, were frozen, and her credit card was cancelled.

When she returned to her house in Ventura on Nov. 4, Sutula said she found holes dug in the back yard, presumably by law enforcement officers looking for buried cash.

"It's pretty clear if they're digging holes in her backyard, they think she made not just too much money but way too much money," Leiderman said.

Sutula said she pays herself a salary that's appropriate for a not-for-profit operation and takes no profits from Sespe Creek.

"People have a misconception about people in our industry who are compliant," she said. "We're not getting rich. We're paying taxes out the wazoo. It's the people in the black market who are making a ton of money."

Leiderman said the perjury and conspiracy charges are probably more worrisome for Sutula than the drug charges. Sutula says she has a holding company that allows her to use a bank and pay her employees with checks. Many medical marijuana businesses must operate entirely in cash because banks won't do business with them, due to the federal ban on marijuana.

Pentis said the perjury charge stems from an Oxnard city business license that contained false statements about the nature of the Sespe Creek business.

Leiderman, who advises other marijuana collectives on complying with state and local regulations, said that might have been a big mistake. Doing business all in cash because you're known as a marijuana business can be a pain, he said, but it's better than a perjury charge.

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ma rges altogether and went after the perjury, or charged her with money laundering.”

Proposition 64

The results of Tuesday’s election could be a real factor in the case. If Proposition 64 passes, and marijuana is legalized in California for recreational as well as medicinal purposes, the law would treat what are now felony possession and sale charges as misdemeanors. Sutula could still be prosecuted under pre-64 laws, but if she were convicted she could have the felonies reduced to misdemeanors.

Then there are the evolving regulations on medical marijuana. Last year, the state passed the Medical Marijuana Regulation and Safety Act, which creates, for the first time, a state and local licensing system for medical marijuana. Once it goes into effect, in 2018, licensed growers and retailers will no longer have to be structured as nonprofit cooperatives.

The new legal environment on the horizon has some people — Sutula among them — questioning the timing of the Sespe Creek bust, on the theory that local police see their last opportunity to bust marijuana businesses.

Leiderman said many law enforcement agencies in the state slowed down their prosecutions of questionably legal medical marijuana operations after the MMRSA passed.

“They know that on Jan. 1, 2018 all the laws are going to change, and then we’ll have some degree of certainty,” he said.

The Ventura County Sheriff’s Department “didn’t have to do this and they didn’t have to do this now,” Leiderman said. “She was providing a legitimate service that should be legal.”

Pentis objects to the notion that Sutula’s arrest was in any way motivated by Proposition 64 or the new state regulations. The fact that laws may change tomorrow does not change the Sheriff’s Department’s obligation to enforce them as they are today, he said.

“Whatever the personal feelings are of people in law enforcement, we are here to enforce the law,” Pentis said. “This is not about politics.”

The bust means Sespe Creek is shut down for now. Sutula said her 20 employees are out of work. With her bank accounts frozen, she’s living off of donations from friends and feeling lucky she had already paid her November rent.

The collective’s members must go elsewhere for their marijuana. Sutula said Sespe Creek specialized in strains of pot that are particularly useful as medicine. That means they’re low in the psychoactive compound THC and high in cannabidiol, or CBD, a non-psychoactive compound in marijuana that’s linked to relief of nausea, pain, anxiety and other ailments.

“We have a big patient base because we carry medicine you can’t find elsewhere,” Sutula said. “Anybody can get you high, but that’s not the market we serve. We serve cancer patients.”

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