

Ojai pot raid detailed in court records

Amanda Covarrubias and Marjorie Hernandez, Ventura 10:18 a.m. PT March 1, 2017



(Photo: AP FILE PHOTO)

Ventura County Sheriff's Detective Scott Reeder stopped the silver Lincoln in the parking lot near downtown Ojai.

He was soon joined by Oxnard Police Officer James Langford, a member of the sheriff's narcotics task force, who approached the man inside, Jeffrey Kroll, the president and co-founder of a medical marijuana cooperative.

Langford told Kroll he had a warrant to search Kroll's home, business and vehicles.

According to a declaration by Langford, detectives found 11 pounds of dried marijuana inside a locked safe at Kroll's residence just outside of Ojai. They also found a loaded handgun, two rifles, a shotgun and \$1 million in cash, along with bank statements and checks.

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- [**2 shuttered dispensaries among 12 seeking Ojai permits \(/story/news/local/communities/ojai/2017/02/23/2-shuttered-dispensaries-among-12-seeking-ojai-permits/98305054/\)**](#)
- [**Permit to grow marijuana indoors in Fillmore to cost \\$176 \(/story/news/local/communities/fillmore/2017/02/15/permit-grow-marijuana-indoors-fillmore-cost-176/97949254/\)**](#)
- [**Age 25 to buy pot? Ventura County health chief hopes so \(/story/news/local/2017/02/02/pot-age-limit-get-higher-health-chief-hopes-so/97162988/\)**](#)

A "hidden room" in a building next door contained a growing room with lights, timers, irrigation, fans and supplies; it was allegedly being used at the time to dry harvested marijuana plants, investigators said.

The traffic stop and search during a 2015 investigation into the Shangri La Care Cooperative resulted in Kroll's [arrest in April 2016 \(http://archive.vcstar.com/news/local/ojai/president-of-ojai-medical-marijuana-cooperative-arrested-307b2a82-ba09-544e-e053-0100007ffd5b-375796101.html\)](#) on more than four dozen felony charges, including marijuana cultivation and sales, tax evasion and money laundering.

Prosecutors also allege Kroll was involved in organized crime and criminal profiteering because he was using funds derived from illegal activities.

Kroll's attorneys say the allegations are unfounded.

The case involves one of the most well-known medical marijuana collectives in Ventura County and preceded two other marijuana search-and-seizures by the sheriff's office in 2016: July 29 at an [illegal grow \(http://archive.vcstar.com/news/local/fillmore/sheriffs-confiscate-about-8000-marijuana-plants-from-operation-near-fillmore-38c83d7c-861b-3615-e053-388717211.html\)](#) operation in Fillmore and Nov. 3 at the Sespe Creek Collective based in Oxnard.

The chief executive officer of Sespe, Chelsea Sutula, was [arrested in November \(/story/news/2016/11/04/head-medical-marijuana-collective-arrested/93308950/\)](#) and pleaded not guilty to two felony counts of perjury and one of maintaining a place to sell marijuana and two misdemeanor counts of possessing and transporting the drug.

No arrests have been made in the Fillmore operation, but investigators have questioned several people.

The Oxnard and Fillmore raids and Kroll's arrest occurred less than seven months before voters in November approved a landmark measure legalizing recreational marijuana in California.

Cmdr. Bill Ayub, who oversees the sheriff's narcotics division, said recently that the timing was coincidental and the law enforcement operations had been planned well before it was known the marijuana proposition would appear on the statewide ballot.

It took months to plan and implement each effort, he said, noting the Shangri La investigation began more than a year before the election.

"A lot of it has to do with the complexities of an investigation," he said. "We don't want to make any missteps. We don't want to jail anybody who doesn't belong in jail."

He and other command staff discussed whether their actions would be perceived as trying to influence the election but in the end decided to move forward.

"That was a concern of ours...the perception that the sheriff was trying to influence voters' opinions, but our ultimate decision was made on the basis of law enforcement," he said.

Ayub said there was another reason, as well.

"In both the Sespe and Shangri La investigations, the criminal charges we were investigating are still crimes even after passage of Prop. 64 and that helped influence our decision to act," he said.

California law allows collective members to grow and share a certain amount of medical marijuana among themselves but not outside the group. They are allowed to charge only enough to cover the cost of growing the cannabis and cannot make a profit. They also may deliver medical marijuana to members.

Marijuana cooperatives have to file articles of incorporation with the state and follow code regulations.

Shangri La was operating as both. Kroll said the nonprofit was formed in 2009 but started its operation two and a half years later with proper permits. Shangri La had about 650 to 725 members before it closed in April, he said.

Prosecutors allege Kroll was selling marijuana to nonmembers and the proceeds diverted for his personal use. They claim Kroll was buying cannabis items from other collectives and reselling them to Shangri La members at inflated prices.

Langford said in court documents that he found invoices from those allegedly illegal transactions in Kroll's home.

"... the amount of money the cultivating and processed marijuana was valued at far exceeded the number of claimed members of the cooperative," Langford said in court documents. "In this investigation, official documents were found to be altered, no financial records were located and no membership agreements were located.

According to court documents, investigators believe \$18,151.94 found in Kroll's accounts were subject to forfeiture.

One of Kroll's attorneys, Zenia Gilg, called the charges against her client "outrageous."

"Mr. Kroll kept such detailed notes on his checks that not only tell there was a transaction but he could tell if it was a cash transaction and where that transaction was going," Gilg said in an interview after a preliminary hearing. "It was going to legitimate payment for vendors. It's money laundering if what he was doing was illegal, and our whole argument is it's not."

Kroll, 65, is scheduled to return to court April 7 to continue the [preliminary hearing](#) ([/story/news/courts/2016/12/15/ojai-marijuana-co-op-hearing-halted-continued-march/95497548/](#)), which began in December and lasted four days. Both sides will discuss trial briefs and deliver closing arguments.

Detectives also claimed Kroll laundered money from the cooperative and the Humane Society of Ventura County through his nonprofit animal rescue group, See Noah's Ark, and his business, JDK Enterprise.

Langford said funds appeared to be intermingled among Shangri La's bank accounts, Kroll's personal account and those of his nonprofit group.

Kroll, however, said his company, JDK, was incorporated in 2004, five years before See Noah's Ark was founded. Gilg said Kroll's See Noah's Ark and JDK has raised and donated about \$150,000 to the Humane Society of Ventura County since 2004.

Kroll's attorneys say he was targeted by law enforcement because he was selling medical marijuana.

Selling medical marijuana remains illegal in Ventura County, but cities are reviewing their bans now that recreational marijuana is legal in California. In November, Ojai became the first city in the county to approve licensing for delivery and pickup of medical marijuana.

Both Sespe Creek and Shangri La are among [nine organizations](#) ([/story/news/local/communities/ojai/2017/02/23/2-shuttered-dispensaries-among-12-seeking-ojai-permits/98305054/](#)) that have applied for permits under the new rules that allow a limited number of medical marijuana delivery services and appointment-only dispensaries in the city.

Cities in Ventura County are trying to determine how they'll regulate recreational pot once the state starts issuing marijuana business licenses next year. Currently, people can grow up to six plants in their homes for personal use under state law.

Sutula said in an interview three weeks after her arrest that she was blindsided by the raid and believes it was part of an effort to shut down medical marijuana operations before the new state law took effect.

"There's a big assumption by a lot of people that the medical side of this is a farce and that anybody that's in this right now is just in it to make money and they're using the medical as a front," she said.

She said dozens of heavily armed SWAT officers knocked on the door of Sespe Creek's Oxnard office at 9:30 a.m. Nov. 3 as she and half a dozen staffers were working. Before they were ordered outside, she opened the safes for the officers and gave them the password to access financial records.

"I was told my house is under the warrant and to surrender my house key or they would break my door down," she said in a timeline she wrote soon after the raid to document what happened.

She was arrested about four hours later and spent the night in jail.

Investigators seized about \$100,000 in inventory, multiple computers and \$6,500 in cash, she said, and her business and personal bank accounts and credit cards were frozen.

Although she didn't know how many active members Sespe Creek had at the time, she said the business was making about 50 deliveries a day, primarily in the west county. Investigators took patient records on nearly 5,000 people, she said.

She is scheduled to return to Ventura County Superior Court on April 3 and said recently she wants to get back into the medical marijuana business.

"We just want to be legitimate," Sutula said. "We don't want to have shades of gray anymore. We want a black-and-white business license and we want to feel welcome in the city. We don't want to have to hide and dance around."

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