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## Legal Marijuana Dispenser Owners' Lived Experiences About Accessing Banking Services

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*Walden University*

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# Walden University

College of Management and Technology

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Jonathan T. James

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Abstract

Legal Marijuana Dispenser Owners' Lived Experiences

About Accessing Banking Services

by

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MBA, University of North Carolina at Greensboro, 1999

BS, North Carolina Agricultural and Technical State University, 1995

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

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## Abstract

Marijuana reform has created a question of the potential market size of the legal marijuana industry on a local, state, or national level. The problem is that having no banking services has forced legal marijuana dispensaries to be cash-only businesses and created an increased risk of theft. The lack of normal banking services has also affected the ability to manage money earned from operations. This hermeneutic phenomenological study was grounded by the conceptual framework of the motivations of humans and humans' need to feel safe. The participants of this study were owners and operators in the legal marijuana industry of Colorado. Data were collected through eight interviews, though the COVID-19 pandemic of 2020 made data collection more challenging because of the added pressure on potential participants. The data analysis plan for this study consisted of transcribing and reviewing the data, coding themes and supporting themes, and synthesizing and reporting findings from the data collected. The study's findings included the participants' concerns about safety in their cash-only operations, their methods for conducting business, and the banking options available to them. Common themes that emerged from the interviews were cash, banking, safety, business size, and Marijuana Enforcement Tracking Reporting and Compliance. The study's findings contribute to social change on organization and industry-level by providing accounts of how owners and operators navigate the banking dilemma of the legal marijuana industry.

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## Chapter 1: Introduction to the Study

Business owners in the legal marijuana industry of Colorado are at the forefront of an emerging new industry in the United States. The potential national legalized marijuana industry could create revenues ranging up to 35 billion dollars (Eastman, 2016). But there are conflicting bodies of government that govern marijuana firms. Marijuana is legal in Colorado and many other states but is illegal on the federal level, and the banking industry is primarily governed on the federal level. Thus, legalized marijuana businesses struggle to manage their day-to-day operations without banking services. The legitimacy of the industry is put into question by the nature of storing cash in vaults and warehouses with large numbers of security personnel needed (McKendry, 2016). In this study, the primary operators in the industry were interviewed to learn how they have dealt with and adapted to this situation, which can inform current and future owners on how to address lack of access to banking services. Further, solutions may be developed to help to move the industry forward and break down a barrier to entry and execution. Chapter 1 consists of the problem statement, the purpose of study, the significance of the study, conceptual framework, and nature of the study, research questions, limitations, and delimitations.

### **Background of the Study**

Marijuana reform has created the question of the potential market size of the legal marijuana industry on a local, state, or national level. The potential consumer base for an authorized legal marijuana product is represented by a broad cross-section of the population. Annual sales of legal marijuana in 2015 approached the \$3 billion mark (Rowland, 2015). Initial estimates of a national market could be larger than the organic

food industry, which was valued at \$28.4 billion in 2012 (Rowland, 2015). Forty-two percent of Americans have reported using marijuana, and the growth potential and demand for legal marijuana could be driven by legalization in more states (MacCoun & Reuter, 2001).

Despite the potential of the marijuana industry, federal money laundering laws apply to certain common financial transactions with legal marijuana businesses. For example, merely receiving a payment of more than \$10,000 from a known marijuana business may be a federal crime punishable by up to 10 years in prison (Kamin & Moffat, 2016). Additionally, a vendor who supplies packaging material or agricultural equipment to a legal marijuana business, knowing that those goods will be used to help the business operate, may be committing a 20-year felony by accepting payment for those goods. An accountant who receives payment for maintaining the legal marijuana business's financial records could also be violating the law (Kamin & Moffat, 2016).

Due to these federal regulations, business owners in Colorado have adapted their businesses to an all-cash operation because of the current problem of accessing financial services. The sale of marijuana for recreational use was legalized in Colorado in 2014 (Tighe, 2016). But businesses operating in the industry have not had access to banking services. The perceptions of cash-only businesses are that they are unsafe and at higher risk for theft. From the state's perspective, a cash-only industry increases concerns about public safety and regulatory oversight. The business owners have operated without access to banking accounts, loans, and credit, resorting to elaborate schemes to protect their money, such as hiring private security and using private vaults (Tighe, 2016).

The problem of no banking services is not only a macro-level industry problem but also a personal problem. The safety risks involved in operating a cash-based business are examined on an individual basis. Most of the literature on this topic discusses the problem of no banking services and the federal laws that are impeding the process. But the problem-solving methods of those operating in the industry have not been discussed in length. A gap in the literature exists because there are no formal studies looking at how owners are coping with the daily problem of no banking services. Lived experiences of forerunners in new industries may teach others useful practices that can be applied to future situations. The rationale behind this investigation of legal marijuana business owners not having banking services was that when individuals in business are faced with problems beyond their control, they learn to adapt.

### **Problem Statement**

New revenue streams have been a motivation for state governments such as Colorado, Oregon, and Nevada to legalize marijuana. Investors and venture capitalists have realized that there is potential in getting into the growing legal marijuana industry (see Eastman, 2016). The general problem this study addressed is that conflicting bodies of government govern marijuana firms. Marijuana is legal in Colorado but is illegal on the federal level, which controls the banking system. The legitimacy of the industry is put into question by the nature of storing cash in vaults, employing armored car services, and hiring security personnel (McKendry, 2016). The specific problem is that marijuana firms are forced to be cash-based businesses, which creates an increased risk of theft and difficulty in managing money. Thus, the emerging legal marijuana industry is hampered

by the lack of banking services that hurts the industry's legitimacy and creates increased security risks for its operators.

### **Purpose of the Study**

The purpose of this hermeneutic phenomenology study was to explore the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access to banking services. I collected information from current business owners in the legal marijuana industry to determine how the increased risk of theft and the difficulty of proper money management has affected their business (Shu-ayquaye, 2016), which provided insight into how the industry can move to legitimacy with the current federal banking requisitions and help future business owners.

### **Research Questions**

What are the lived experiences of legal marijuana business owners in Colorado who have not had access to banking to operate their businesses and conduct routine business transactions? This central question guided the research to learn about the lived experiences of marijuana business owners in Colorado and how they navigated in their current business. The use of this research question focused the research on the phenomenon of running a business without banking services

### **Conceptual Framework**

This study's conceptual framework was grounded in the motivations of humans and humans need to feel safe. The concept of safety expressed in Maslow's (1943) theory of human motivation suggests how humans usually feel safe in a healthy, functional, and stable society, so safety is not a powerful motivator in a peaceful society. However, the legal marijuana industry in Colorado without access to banking services



creates an environment that is not safe. Thus, the work of Maslow provided a conceptual framework to investigate the motivations of the entrepreneurs of legal marijuana businesses. Maslow's hierarchy of needs is also a good model for explaining the motivations of small businesses (Adams, Harris, & Martin, 2015). The motivation of the legal marijuana entrepreneurs was understood by looking at Maslow's hierarchy of needs (Huitt, 2017). Maslow's second-order hierarchy of need, safety, and security was an important concept in exploring these business owners' lived experiences.

Maslow (1943) related individuals' motivations to their basic needs; as their needs are satisfied, they move up the needs pyramid to satisfy more needs. The hierarchy starts with physiological needs and moves to safety and security, social activity (or love and belonging), to esteem (or ego), and finally to self-actualization (Longest, Rakich, & Darr, 2000). The conceptual framework or viewpoint was that the legal marijuana business owners were motivated by the needs that Maslow described. The need for safety within their situation of not having a bank account was a strong motivation for individuals to seek acceptable solutions. The knowledge of these individuals was the center of the investigation of possible solutions to the problem (Klump & Wörsdörfer, 2011). The participants in the study told their lived experiences that helped to provide possible solutions to the problem of no banking services for operators of legal cannabis operations.

### **Nature of the Study**

This study was a phenomenological qualitative research study to understand the lived experiences of business owners in the legal marijuana industry. The foundation of this qualitative study is rooted in phenomenological inquiry, which suggests that

scientific research can be used to study human phenomena (Crotty, 1996). The data were collected through the use of interviews of business owners in the legal marijuana industry of Colorado. Individuals have lived experiences that they draw on when adapting to situations and analyzing their options because they realize that their solutions affect their reality (Wertz, 2005). The participants' lived experiences allowed them to analyze their options because they realize that their solutions will affect the overall outcomes of their businesses (Wertz, 2005). I focused on the in-depth exploration of a small number of research participants (van Manen, 2001). The sample size was consistent with the number of participants in many other phenomenological studies and was a large enough sample to create saturation (van Manen, 2001). The research design helped gave insight into the daily lives of business owners.

### **Definitions**

Some terms in my study that are used several times and would benefit from further clarification are industry, business owners, and cash-only.

*Business owners:* Refers to the owners of legalized marijuana business owners in Colorado. Operators of the legal marijuana business, such as managers and decision-makers, were used in an interchangeable nature along with the term business owners.

*Cash-only:* Defined as businesses that accept cash only and did not have access to traditional banking services. State-licensed marijuana businesses were forced to operate as cash-only businesses. They were unable to establish bank accounts and unable to accept credit or debit cards as forms of payment. The marijuana business had to pay their employees and third parties, such as landlords and tax authorities, with cash or money orders purchased through nonbank outlets (Hill, 2015).

*Industry:* Refers to the legalized marijuana industry in Colorado, where this study took place. The Colorado Department of Revenue tracked each medical and recreational industrial cultivation location within Colorado's state. The list of medical marijuana cultivation facilities dates to lease dates starting in 2010, and the list of recently legalized recreational marijuana cultivation facilities dates back to lease dates starting in January 2014 (Zhang, Saules, Wagner, & Throupe, 2017).

### **Assumptions**

The underlying assumptions of this study were that the participants would be truthful in speaking about their experiences. The participants were business owners or operators of cash-only operations selling legalized marijuana in Colorado. The experiences that they described were directly linked to cash-only operations. Another assumption was that the participants would not have any specific background information in common. An additional assumption was that as an interviewer, I would not have influenced the participants' responses on the interview questions.

### **Scope and Delimitations**

Delimitations are characteristics or traits of the study limiting the scope and defining the boundaries of the study (Simon, 2011). Delimitations narrow the study scope and include the study's location, population, and sample size. This study took place throughout Colorado where there is a high concentration of businesses related to the legal marijuana industry. The intended sample size was eight to 10 businesses or until saturation was reached, which was also part of this study's scope.

### **Limitations**

A study's limitations are the potential weaknesses beyond the researcher's control (Leedy & Ormrod, 2013). The backgrounds and bias of the potential participants in this study were limitations to the complete development of the lived experience. The geographical limitation of Colorado was also an aspect to consider. The overall study benefited from randomness in the selection process. However, the past experiences of the participants outside of the legal marijuana businesses was also a possible limitation.

### **Significance of the Study**

The goal in this hermeneutic phenomenological study was to explain the lived experiences of business owners in Colorado's legal marijuana business in dealing with the current banking issues. The legal marijuana industry has created many successful entrepreneurs who have seen a growth in revenue. This study illustrates how current participants are dealing with no banking services, which has affected the marijuana and alcohol industry because governments have tried to reduce the burden of disease and injury associated with alcohol use through barriers created by regulations (Wettenhall, 2011). The alcohol industry faced scrutiny as it transitioned from an illegal industry to legal industry, and the same problems have been faced by legalized marijuana. The banking industry has treated legal marijuana as an illegitimate group of businesses (Higgs, 1984). The marijuana industry has faced the inability to acquire legal and banking services (Kamin & Moffat, 2016; Reinhart, 2016). The primary cause was that under federal law, marijuana is illegal and subject to a myriad of federal laws even if the business was operated in a state where marijuana is legal for medical use, recreational

use, or both. The participants' lived experiences could help others find ways to cope with the lack of access to banking services.

### **Significance to Practice**

The significance of this study to practice involves how future business owners addressed the issue of no banking services. Future business owners can benefit from the best practices of the business owners in this phenomenological study. The lessons learned in this study can help new entrants to identify the risks and rewards of operating the restricted business environment of no banking services. The banking issue is currently a problem that will exist in the current marketplace for years until several factors are changed. Many regulatory risks are associated with the legal marijuana industry (McKendry, 2016). The banking industry is aware of these regulatory risks and has chosen to stay out of the legal marijuana industry.

### **Significance to Social Change**

The outcome of this study may affect social change by helping inform current and future business owners about how navigating in an industry without access to banking services carry risks. I examined the different reasons why legal marijuana was treated as an illegal industry without access to banking services and learned how entrepreneurs in the legal marijuana industry are managing their business as cash-only operations. The lived experiences of the participants can help others to find ways to cope with the lack of access to banking services.

### **Summary and Transition**

The problem of no banking services may be one of the most challenging obstacles to Colorado business owners in the legal marijuana industry. Marijuana firms have been

forced to be cash-based businesses, which has created an increased risk of theft and difficulty in efficiently managing money earned from operations. The potential of the industry has been limited without access to banking and financial services. In Chapter 2, the literature review provides a comprehensive background to the conceptual framework of this study. The literature review explains the problem of no banking services and how this problem can affect social change in the legal marijuana industry.

## Chapter 2: Literature Review

New revenue streams have been a powerful motivation for state governments such as Colorado, Oregon, and Nevada to legalize marijuana. However, though marijuana is legal in Colorado, it is illegal on the federal level, which controls the banking system. The legitimacy of the industry has been questioned by the nature of storing cash in vaults and warehouses with lots of security personnel needed (McKendry, 2016). Thus, marijuana firms are forced to be cash-based businesses, which creates an increased risk of theft and hurts the industry's legitimacy. The purpose of this qualitative phenomenology study was to explore the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft and difficulty in managing money because they have no access to banking services.

Current literature has outlined the effects that no banking services have had on the owners of legal marijuana enterprises. For legal marijuana business owners to become legitimate, they must have access to bank accounts and financial services. The goal of any business is also to grow its financial assets. But the industry's potential is limited without access to banking and financial services.

The literature review is organized into sections centered on the key concepts of the study. The key concepts that were developed and investigated to the point of saturation were: legalized marijuana businesses as cash-only businesses, the banking problem in the legalized marijuana industry, the role of safety as a motivator for change and innovation, and the historical context of safety. The literature review establishes the current literature and shows the literature gap that made my research relevant. The

perspectives of lived experiences are influential segments of information to the current literature and analysis of the problem.

### **Literature Search Strategy**

The most frequently searched databases for this research topic included the Walden Library databases such as Academic Source Complete, Business Source Complete, Political Science Complete, PsychInfo, EbscoHost, and Google Scholar. Although I searched outside library databases, literature searches were limited to scholarly, peer-reviewed research journal articles. The search for key terms like *legal marijuana*, *banking*, and *cash-based operations* started the literature investigation. The search strategy was to search all the key terms in the major academic databases such as Business Source Complete, ABI/Inform, Political Science Complete, and Academic Source Complete. The key terms in the literature review also included *no banking services*, *crime*, *banking legislation*, *Maslow*, *safety*, and *cash*. The key terms were used to find the current literature related to legalized marijuana. The current literature showed that the industry's cash-based operations were focused on current laws and practices. Real-world scenarios that could only come from the people on the front lines of the problem was not present in the literature. A gap in the current literature and related studies was identified by this lack of perspective from the current business owners.

The study's primary concepts were no banking services leading to an unstable business environment that presents an increased risk of robberies and elaborate security systems. The legislative environment presented a legal frontier that was complex and daunting to the legal marijuana industry. The literature presented many avenues to explore in the investigative process providing detailed accounts of the lived experiences



of owners of legalized marijuana enterprises in Colorado. The literature review supplied the necessary background to support the investigative inquiry of this hermeneutic phenomenological study.

Lived experience studies related to the methodology of this study were surveyed. Phenomenology, as a methodology in the qualitative tradition, is used to gain knowledge and understanding by accessing individuals' lived experiences (Byrne, 2001) and describing them using rich and authentic language (Moustakas, 1994). Phenomenologists strive to capture and articulate the fundamental nature of experience through contextually relevant and extensive interviews (Kvale & Brinkman, 2009). A central focus of phenomenological research is the shared knowledge and meaning of a group of people who have all experienced a phenomenon (Moustakas, 1994). The evaluation of studies with related methodology helped to establish a useful framework. For example, Lemon and Palenchar (2018) conducted a lived experience study about public relationships and the rules of engagement, providing an example of the type of influence that a phenomenological study can have on owners and employees' perspectives in the legalized marijuana industry.

### **Conceptual Framework**

The conceptual framework was developed through the lens of Maslow's (1943) interpretation of how humans are motivated to maintain a safe environment that they are accustomed. The concept map in Figure 1 illustrates the key concepts of this study and their relationship. The concept of no banking services has caused legal marijuana businesses in Colorado to be cash-only operations. These cash-only businesses have created an unsafe environment of vaults and armored car services. Maslow explained

that safety is not an effective motivator when people are satisfied with safety needs. But the landscape of the legal marijuana industry of Colorado presents the challenges of no merchant services, no credit cards, and no debit cards. Cash-only operations involve security personnel, armored trucks, and hidden vaults. Legal marijuana business owners in Colorado have not had this standard version of safety that Maslow described. Many dispensaries owners are not able to obtain and maintain bank accounts, which may make them suitable targets for burglary and robbery (Pagliery, 2013).

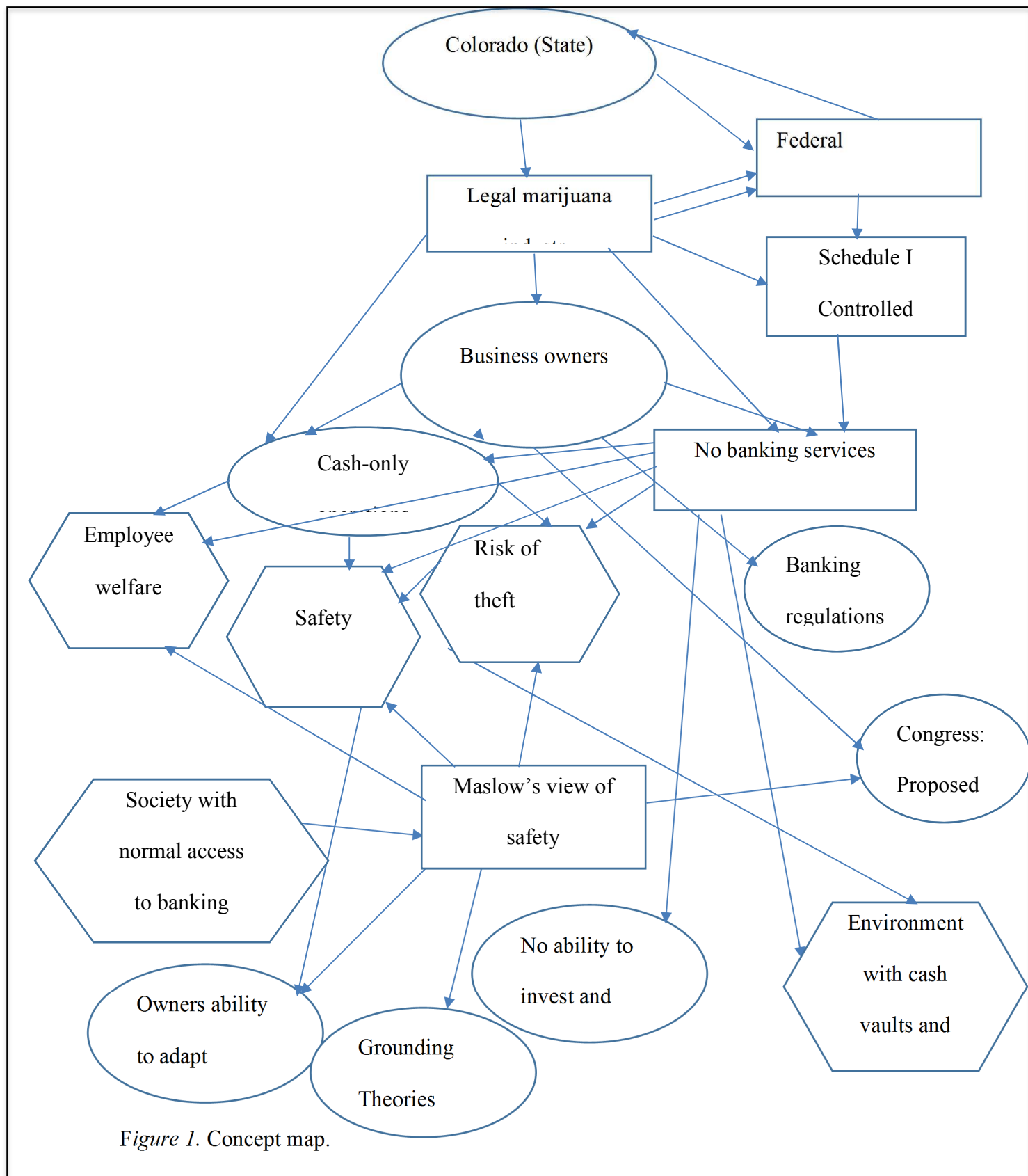


Figure 1. Concept map.

The concepts behind this study of legal marijuana business owners in Colorado not having banking services are multifaceted. The conceptual framework was developed through the links between cash-only operations, current business practices, and the need for a safe environment. Additionally, the legal marijuana business owners were motivated by the needs that Maslow (1943) described. In the organizational setting, these needs include safe working conditions (Md & Nurullah, 2014), which can affect behavior (Cropanzano & Mitchell, 2005). The need for safety within their situation of not having a bank account was a strong motivation to seek acceptable solutions for safety and security. The businesses face a unique problem in terms of safety, security, and asset allocation due to handling large amounts of cash. Cash-only businesses are a prime target for criminals who know that employees have large amounts of money inside the business (Barba, 2014; Hill, 2015). In some cases, security guards were implemented to offset the risk of robbery, which relates to a second-level hierarchy of need that Maslow described: security. Thus, the work of Maslow supported the conceptual framework to investigate the motivations of the entrepreneurs of legal marijuana businesses. Maslow's hierarchy of needs was a good model for explaining the motivations of these small businesses (Adams et al, 2015).

### **Grounding Theories**

**Maslow's hierarchy of needs.** Abraham Maslow (1943) created the idea of personal motivations as it relates to needs. His hierarchy focused on the order in which individuals satisfy basic needs and moves to the next need. The conceptual framework of this study was based on the need of safety as a motivating factor for owners of legalized marijuana businesses in Colorado to create solutions to their cash-only banking status.

Safety and financial well-being are in close relationship with the legal marijuana industry. Employees of marijuana firms in Colorado are involved with large amounts of cash and know that they are in a risky business. The emotional impact of their feeling of safety or lack of safety is a significant factor in the problem of no banking services. Safety is also expensive when factoring in security. Maslow defined safety as a stable, ordered and predictable environment (Kožnjak, 2017), but the legal marijuana industry in Colorado is not a stable environment. Maslow stated that safety becomes an active motivator for change and adaptation when conditions are unstable.

**Maslow and motivation.** Maslow (1943) discussed motivation and how it related to his hierarchy of needs, as needs motivate people. He classified these needs into two groups: deficiency needs and growth needs. The application of Maslow's theories to understand the motivations of business owners in the legal marijuana industry was essential to the study. The obstacle of no banking services creates several deficiency needs like safety needs and belonging needs. Maslow proposed that when a person lacks deficiency needs like safety, the motivation to get those needs is strong. Not having banking services or a normal level of safety activates the motivation to find a solution to this problem. The threat of robbery is also a key motivator for entrepreneurs looking for a solution to the banking dilemma, though there has been limited research examining the link between medical marijuana dispensaries and crime (Freisthler, Kepple, Sims, & Martin, 2013). If the needs Maslow described like safety are not satisfied, individuals may have decreased psychological health (Lester, Hvezda, Sullivan, and Plourde, 1983).

**Appraisal theory.** Magda Arnold and Richard Lazarus expanded the landscape of emotional needs as it relates to safety. The feeling of safety is an emotional response that

can be looked at in several ways. The appraisal theory relates to the concept of safety and the emotional response that employees feel when their safety is threatened. The appraisal theory stated that emotions result from people's interpretations and explanations of their circumstances. The process model of the appraisal theory explains safety needs beyond the way Maslow defined it. Emotional processes depend on the predictability of the stressful events (Zheng et al., 2016). The way that people react when their safety is affected can be explained by using the appraisal theory. Individuals in the legal marijuana industry are motivated to find adapted measures of coping with the problem of no banking services because it will provide a safer environment to work in. The idea that safety and emotional well-being is a motivating factor for these individuals to continue to refine their current circumstances and work to find solutions to this banking problem. As discussed in this literature review, safety, and the emotional response to working in a safe environment is a basic need of all individuals. Arnold (1960) researched and worked on the core assumption that humans are "doers" (Gasper & Bramesfeld, 2006), in that they are inherently motivated to act upon the environment. This theory supports the conceptual framework that business owners in the legal marijuana industry will adapt to their environment of no banking services. Maslow (1970) stated his second-level hierarchical need as safety and security, which is a hierarchical need that needs to be met before an individual would seek to fulfill other needs. The banking problem needs to be dealt with before the owners in the legal marijuana industry can progress to achieving other goals.

Appraisal theory is the theory in psychology that emotions are extracted from our evaluations of events that cause specific reactions in different people. The appraisal

theory can add more depth to the conceptual framework of this study. The need for a safe and secure work environment was a motivating factor for marijuana business owners who have no banking services. The appraisal theory focuses on the emotions that individuals feel in stressful situations, which can be used in a complementary way to understand Maslow's theories about safety. Appraisal Theory was developed to explain personal emotions (Lazarus, 1991), and it fits right into the conceptual framework of this study. People are continuously evaluating or appraising the relevance of their environment for their well-being; these appraisals helped to account for different emotions (Arnold, 1960). Lazarus (1991) proposed the distinction between primary appraisal, assessing an event's implications for one's well-being and secondary appraisal, assessing one's ability to cope with the situation.

The appraisal theory highlights Magna Arnold (1960) contributions to research in motivations and emotions. Her theory rests on the core assumption that humans are "doers" (Gasper & Bramesfeld, 2006), in that they are inherently motivated to act upon the environment. The theory supported the conceptual framework that business owners in the legal marijuana industry adapted to their environment of no banking services. The process of doing (Arnold, 1960) arises through a series of behaviors that Arnold termed the *perception to action sequence*. In this sequence, people perceive, appraise, emote, want, think, and then act. Specifically, when individuals perceive an object or situation, they appraise it. These appraisals result in emotional reactions that create wants that promote action. These wants, however, are not haphazardly followed. People think and reflect on them and determine which wants should be pursued. These selected wants,

called motives, lead to action. Action ultimately forms the foundations of personality and identity (Gasper & Bramesfeld, 2006).

The motivations of individuals who operate in the legal marijuana business in Colorado with no banking services have to appraise their current environment and learn to cope with the challenges of storing cash and hiring security to safeguard that cash. They learned to live with the stresses of no banking services as they mitigated the problem. The theories of Maslow (1970) and Arnold (1960) and Larazus (1991) provided a conceptual framework for understanding the motivations of individuals in this industry.

### **Literature Review Related to Key Concepts**

The concepts of a hermeneutic phenomenological study are central to the investigation of literature and the central themes' presentation. The overarching concepts of this study were legal marijuana operations, no banking services, employee safety, employee motivation, and related legislation to the problem of no banking services. These concepts were central to this lived experience study. Each concept played a role in the development of the literature review and methods of this hermeneutic phenomenological study.

### **Legal Marijuana Operations**

Legal marijuana dispensaries based in Colorado are operations that sell marijuana for recreational purposes. The industry is growing rapidly, with new businesses becoming licensed and opening new operations. New revenue streams have been a motivation for state governments such as Colorado, Oregon, and Nevada to legalize marijuana. The sale of marijuana for recreational use was legalized in Colorado in 2014 (Tighe, 2016). In 2015, the legal marijuana market reached \$5.7 billion in combined



sales, and approximately 30% of that can be contributed to Colorado's legal marijuana market (Zhang et al., 2017). However, business owners in Colorado have had to adapt their business to an all-cash operation because of the current problem accessing financial services. Businesses operating in the industry have not had access to banking services. From the state's perspective, a cash-only industry has increased concerns about public safety and regulatory oversight. The business owners operated without access to banking accounts, loans, and credit, resorting to elaborate schemes to protect their money by hiring private security and using private vaults (Tighe, 2016).

### **No Banking Services**

Access to banking remains one of the biggest challenges many cannabis businesses face (McCarthy & Newton, 2016). Legal marijuana businesses have been unable to obtain bank accounts to perform deposits and other merchant transactions such as accept credit card payments. The lack of banking services has created a situation where normal day-to-day operations of a business are altered considerably. Many dispensaries owners have not been able to obtain and maintain bank accounts, making them targets for burglary and robbery (Pagliery, 2013). The potential for robberies has created an environment where employee safety is an issue that business owners had to consider. The concept of safety was discussed using the theories of Maslow (1943) to connect it with the motivations of individuals.

### **Safety**

Safety was an important concept related to the legalized marijuana industry because the lack of banking services has increased the number of measures to safeguard the cash from operations. The amount of cash collected daily has forced legal marijuana

businesses to employ security and armored car services at a higher frequency than other types of businesses because of no banking services. Safety for staff has also been a concern due to the risk of robbery. The risk of theft or embezzlement is also a possibility that has to be accounted for.

**Safety as a motivator.** The emotional response of safety makes it an active motivator for the individual. The steps and behaviors that make safety a motivator for change are areas where the concepts can be supported by the theories of Maslow (1943). Maslow explained that safety is not an active motivator when individuals are satisfied in terms of safety needs. But the landscape of the legal marijuana industry of Colorado has presented the challenges of no merchant services, no credit cards, and no debit cards. Cash-only operations involve security personnel, armored trucks, and hidden vaults. Thus, legal marijuana business owners in Colorado do not have a reasonable level of safety. Safety has become a motivator to find solutions to this banking problem for a number of reasons: employee safety, asset safety, and the liabilities that come from certain business risks. Insurance premiums are also higher for businesses with security risks and a higher profile for robberies.

### **Banking Problem Overview**

Banks are subject to numerous federal laws that put the legality of working with state-legalized marijuana-related businesses into a risky and sometimes impossible situation. The Money Laundering Control Act, the Prohibition of unlicensed money transmitting businesses statute, and the Bank Secrecy Act are all laws that financial institutions must consider (Hill, 2015).

The belief is that if states continue to legalize recreational marijuana and the number of marijuana-related businesses increases, the reality is that the banking industry may reconsider their stance on providing services if the benefits begin to outweigh and significantly offset the potential costs. This situation had not improved, and no new legislation had made it better for legal marijuana dispensaries due to the high number of regulations that banks must adhere to. The failure to comply could have resulted in a criminal offense. Financial institutions are currently not willing to risk their established positions in federally legal industries to obtain a comparatively small portion of the federally illegal recreational (Taylor, Bunker, Johnson, & Rodriguez, 2016)

As the different laws between the state and federal governments continue, financial institutions remained cautious of providing marijuana-related businesses due to the possibility of being penalized by the federal government under several federal regulations. The federal government has issued some guidance in regards to financial institutions providing services to legal marijuana businesses.

### **Current Government Policy and Social Ideologies**

The present state of marijuana laws and marijuana policy as it relates to legalized marijuana and banking is still one of conflicting laws. Federal regulation would help to provide a safer and more reliable supply of medical marijuana products (MacCoun & Reuter, 2001). Federal courts are increasingly hearing challenges to marijuana's Schedule I status but have been unwilling to deem Congress's scheduling determination irrational or unconstitutional (MacCoun & Reuter, 2001). Although the problems produced from the federal and state disparities have been articulated by journalists and

legal scholars, few scientific studies have examined the difficulties in managing a dispensary (Ward, Thompson, Iannacchione, & Evans, 2019).

The study conducted by Ward et al. (2019) took information directly from owners and managers of marijuana dispensaries in Colorado. The study conducted by Ward et al. (2019) has a very similar subject matter to this qualitative study with a broader scope. The study used a survey method that asked owners and managers 76 questions related to different aspects of the marijuana industry. The study was conducted before the 2016 presidential election and included the potential impact of that election in the research questions. The broad scope of the study highlighted the number of ongoing issues at play in the legalized marijuana industry. The authors of this study understood that no banking services was a paramount barrier to operating a marijuana business (Ward et al., 2019). The study conducted by Ward et al. (2019) provided the different measures that had taken place before the 2016 election regarding banking in the legalized marijuana industry.

Many dispensaries owners are not able to obtain and maintain bank accounts, which may make them suitable targets for burglary and robbery (Pagliery, 2013). As a result, dispensaries typically use paid security, comprehensive security systems, and armored trucks to acquire proceeds from a dispensary on a daily occurrence (Pagliery, 2013). This problem was accentuated by an attempted robbery of a dispensary turned fatal (Migoya, 2016), just as a House Rules Committee bill that prohibited financial regulators from penalizing banks that offered services to dispensaries was blocked.

The study conducted by Ward et al. (2019) did an excellent job emphasizing the difficulty of not having banking services because the dispensary owners and managers noted the problems they had operating a cash-only business. The businesses in Colorado

had to figure out how to manage payroll and the paying of taxes while operating as a cash-only business. Some respondents were able to find banks that would work with them; others have noted frustration about not being able to secure a bank.

Even those who were able to find a bank had problems relating to high banking fees (US\$1,000 per month in one case). Their closest bank branch being hours away, or banks constantly shutting down their business or employees' bank accounts once they learn of their involvement in the marijuana industry. No banking services put a further burden on the dispensary owners and managers, as they have to handle their employee's payroll and taxes using only cash (Ward et al., 2019).

Other studies had documented that marijuana-related businesses in states where marijuana was legal were also having difficulty obtaining banking services (Hill, 2015). Lack of banking services is one of the primary barriers to the growth of the state-legal marijuana industry. Marijuana businesses must conduct transactions in cash and spend large amounts of money and time on cash management. In Colorado, marijuana businesses face a nightmare with cash management, which has involved vaults, cameras, security personnel, and finding suppliers that accept cash payments (Hill, 2015).

### **Numerous Laws that Make Banking to Marijuana Businesses Too Risky**

The Money Laundering Control Act made individuals and entities subject to criminal liability for money laundering. There were several ways to commit an offense of money laundering. Two ways were especially relevant to financial institutions considering marijuana banking. The first was that if a bank knowingly conducted a financial transaction involving proceeds of a specified unlawful activity and the second was if the bank knowingly engaged in a monetary transaction in criminally derived

property of a value greater than \$10,000. Under the Bank Secrecy Act and the USA Patriot Act, financial institutions had to maintain programs designed to prevent money laundering. Therefore, financial institutions were diligent at identifying their customers and the business that they conducted (Hill, 2015).

The federal Controlled Substances Act prohibits manufacturing, distributing, or dispensing marijuana. The current laws are compounded by the wariness of banks to allow the legalized marijuana industry to have accounts because of federal anti-money laundering statutes. Federal law expected financial institutions to do more than merely avoid assisting those who manufacture, distribute, or dispense marijuana. Financial institutions must discover and report illegal activities to federal officials and prevent wrongdoers from accessing the banking system (Hill, 2015).

### **Dual Banking System**

The United States' banking system is a dual banking system because it is composed of parallel state and federal banking systems that co-exist. The federal banking system is composed of national banks, also known as federal banks, which derive their power from federal law. The Office of the Comptroller of the Currency charters and oversees national banks, while the National Credit Union Administration (NCUA) charters and oversees federal credit unions. In contrast, state banking systems are composed of state banks, which derive their power from state law, and are chartered and overseen by state agencies. The dual banking system is not mutually exclusive system (Cohen, 2015). Banks can choose a federal charter issued by the Office of the Comptroller of the Currency or a state charter from a state banking regulator. Credit unions can generally choose a federal charter from the NCUA or a state charter from a

state credit union regulator (Hill, 2015). This section explores the dual banking system through the lens of state legalization of marijuana. This section showed that when considering the marijuana question, federal control was pervasive and confusing. Federal and state financial institutions complied with lawfully enacted federal criminal laws. Federal deposit insurance, federal holding company regulation, and federally administered payment systems, federal financial regulators had significant oversight of state-chartered banks and credit unions. This federal oversight left little room for marijuana banking (Hill, 2015). Federal marijuana criminalization laws were the supreme laws of the land despite state decriminalization laws. The Controlled Substances Act and federal anti-money laundering statutes stated that financial institutions that either conduct or knowing to facilitate transactions with marijuana businesses violated federal law, regardless of conflicting state law (Cohen, 2015).

Federal deposit insurance was another way that the federal government played a significant role in the banking landscape. All national and state banks must acquire federal deposit (FDIC) insurance. All federal credit unions must acquire insurance from the NCUA, and most states required federal insurance for state-chartered credit unions. However, a few states did allow their credit unions to purchase private share insurance. Financial institutions that acquired federal insurance either through the FDIC or NCUA must comply with federal law (Cohen, 2015). Financial institutions had little incentive to comply with the FDIC's regulatory obstacles to provide services to marijuana businesses (Hill, 2015).

### **State-Chartered Credit Unions**

In 2014, the state of Colorado granted a state banking charter to the Fourth Corner Credit Union (Fourth Corner), which was a financial institution that offered services to marijuana businesses (Hill, 2015). The Federal Reserve, however, rejected Fourth Corner's request to obtain a master account number that would have allowed it to make electronic funds transfers like any other bank or credit union. The Federal Reserve rejected Fourth Corner's request because the NCUA found that the Fourth Corner was ineligible for deposit insurance. According to the NCUA, Fourth Corner failed to prove how it would mitigate the risk associated with serving a single industry that does not have an established track record of success and remains illegal at the federal level (Hill, 2015).

As a result of the Federal Reserve ruling, Fourth Corner sued the Federal Reserve demanding equal access to the financial system and sued the NCUA for due process violations (Hill, 2015). The Fourth Corner case was an excellent example of the tense relationship between state-chartered credit unions in states where marijuana has been legalized who service marijuana-related customers, and the federal banking system. These state-chartered credit unions could not obtain access to the Fed due to the reluctance of federal insurers to grant deposit insurance (Hill, 2015). Instead of federal insurance, state-chartered credit unions could try to obtain private insurance. State-chartered credit unions that secured private insurance were not restricted from obtaining master accounts with the Fed (Hill, 2015). In the United States, there are only nine states with privately insured credit unions, and there are only about 150 privately insured state-chartered credit unions. Due to the unknown risk exposure and adverse federal law, the private insurers were not all willing to insure state-chartered credit unions with the



marijuana business. Insurers were discouraged from insuring financial institutions that have marijuana business customers because actuaries and underwriters have not had enough experience in this industry to gauge risk (Hill, 2015).

### **Current Ongoing Legislation**

The current legislation in Congress is looking to ease federal banking restrictions that have forced so many marijuana businesses into cash-based operations. The House Financial Services Committee has voted to advance the Secure and Fair Enforcement Banking Act or the SAFE Act, which could help the financial services sector provide banking services to marijuana-related businesses in the U.S. (Crabb, 2019). The road is long and winding for marijuana-related businesses as they try to find stable and reliable financial services. The federal laws have been a roadblock to any sustainable solutions.

Although marijuana is currently legal in 12 states in the United States for recreational use and 33 states for medical use, federally, it remains a controlled substance as designated by the Controlled Substances Act. If passed by Congress and the Senate, the Secure and Fair Enforcement Banking Act, or the SAFE Act, would offer a level of protection for national financial institutions looking to make investments into legal marijuana businesses (Crabb, 2019). The potential for a healthy operating climate for legal marijuana businesses in Colorado would have a significant impact on profits, safety, and security.

Other legislation is also coming before the United States House and Senate. A bill to enable businesses to skirt the federal ban on marijuana in states where it is legal has been reintroduced in the House and Senate and is building support in the banking industry (Haggerty, 2019). The new bill, known as the Strengthening the Tenth

Amendment through Entrusting States Act, is sponsored by Sens. Cory Gardner, R-Colo., and Elizabeth Warren, D-Mass. A companion bill was introduced by Reps. Earl Blumenauer, D-Ore., and David Joyce, R-Ohio, in the House (Haggerty, 2019). Their legislation would permanently exempt businesses from the federal prohibition on marijuana in states that have legalized it. In a provision aimed specifically at financial services, the bill would assert that compliant transactions are not trafficking and do not result in the proceeds of an unlawful transaction. The bill comes after the House Financial Services Committee passed the other more banking-specific bill known as the Secure and Fair Enforcement Banking Act. Nearly a dozen Republicans on the committee supported the SAFE Banking Act, joining all of the committee's Democrats. The bill was primarily supported by the banking industry as well. The banking industry sees a need to change, and the Colorado Banking Association supports the new legislation. The Colorado Banking Association has repeatedly supported bipartisan federal legislation championed by Colorado Rep. Ed Perlmutter, Sen. Cory Gardner, and others, which would create a carve-out from federal law for banks operating where marijuana is legal at the state level (Childears, 2018).

Banks are looking for new guidelines and laws that give them more flexibility. Moreover, the legal marijuana industry in Colorado and other states where marijuana is legal are looking for solutions to their banking problem. The banks need the reassurance of this safe harbor law to clear the air from the inadequate guidance from the Financial Crimes Enforcement Network, which itself was based on Obama-era Justice Department guidance. The opposition to the SAFE Banking Act is that there is still a conflict

between the federal ban on marijuana and the laws in states that have legalized it for recreational or medical purposes.

### **Federalism**

Federal law is the supreme law in the United States that makes all aspects of marijuana legislation very difficult at the state level. The federal laws have created many disadvantages to legal marijuana businesses not only in terms of banking but also in terms of tax laws and access to legal counsel. Because nearly all the marijuana business actions remain violations of federal law, any assistance that a lawyer gives to a business that she knows to violate federal law could be construed as an ethical violation (Chemerinsky, Forman, Hopper, & Kamin, 2015). So long as marijuana remains illegal at the federal level, marijuana businesses will have difficulty operating as full legal citizens. One of the biggest obstacles facing marijuana businesses was finding attorneys willing to provide them with legal services and banks to accept their revenue. The Model Rules of Professional Responsibility and the ethics rules of nearly every state prohibited an attorney from knowingly facilitating a client's criminal conduct.

A large part of the current legislation was about making federal laws acceptable to the legal marijuana industry. The idea of cooperative federalism has arisen to move past the federal stronghold on legal marijuana. Cooperative federalism was an effort to make federal laws work for states that have legalized marijuana in a way that frees them up to operate typical businesses. With the growing majority of Americans in favor of legalizing marijuana, the tension between state and federal law will not resolve itself. If the Controlled Substances Act removed marijuana as a Schedule I drug, the federal government could have cooperative laws that would allow states with legal marijuana to

flourish. The idea of modifying the Controlled Substances Act to allow cooperative agreements between the states and the federal government would allow the federal government to guide state policy without commandeering the state legislatures while giving states the freedom to develop the best approach for regulating marijuana (Chemerinsky et al., 2015). Variations among the state laws and regulations would allow for experimentation just short of full legalization.

While some states would maintain their current marijuana prohibitions, others would likely test out different regulatory schemes permitting more or less marijuana activity. The relative successes and failures of the various marijuana legalization models would help inform other states—and possibly the federal government—about the best practices for legalizing marijuana for adults while maintaining public safety. Cooperative Federalism is a strategy or ideal that works around to progress in the legalized marijuana industry. Furthermore, one of the first results of that progress was access to banking and financial services. Cooperative federalism has been described as a partnership between the States and the Federal Government, animated by a shared objective. Cooperative federalism allows federal and state laws to solve problems jointly rather than conflict with each other. Specific federal statutes permit cooperative agreements between the federal government and the states to solve issues of mutual concern (Chemerinsky et al., 2015).

### **Background of Laws and Positions Affecting Legislation**

Federal law is the supreme law of the United States, and the Supremacy Clause of the Constitution makes that provision clear in terms of federal law. The provision means that if a state passes a law that prevents or obstructs the effective execution of legitimate

federal law, the state law must be invalidated (Blumenfeld, 2017). The legal name for such invalidation is called preemption, and it comes in a variety of forms. There are two primary types of preemption: explicit and implicit. Explicit preemption is straightforward and occurs when a statute passed by Congress clearly states that all laws passed on the same subject by any state legislature are prohibited. So long as the act of Congress is within its constitutional powers, Congress may, at its complete discretion, block states from exercising jurisdiction over the concurrent subject matter. In a discussion delineating legalization and decriminalization, leading federalism scholar Professor Robert Mikos underscores the point that states can legalize conduct by repealing existing sanctions or by failing to enact sanctioning legislation in the first instance and that in either case, the legal status of state law is the same (Mikos, 2009).

Applying preemption principles becomes trickier when we consider that even if an act of Congress does not include a provision stating a categorical preemptive intent, the federal law may nevertheless still preempt state law. This form of preemption is called implicit preemption, and it arises under two circumstances. The first is field preemption; a term applied when Congress has so thoroughly legislated over a subject area that the attendant federal regulation simply occupies that entire field, thereby leaving states with no residual authority to regulate that subject themselves (Blumenfeld, 2017).

The second form of implicit preemption is conflict preemption. For state marijuana legalization purposes, conflict preemption provides the most critical framework of analysis. The previously discussed forms of preemption simply do not apply to state marijuana laws. There is no federal law, including the Controlled Substance Act, that explicitly and wholesale preempts state regulation on this subject. The federal

government has never so pervasively legislated in the field of drug activity as to preclude concurrent state regulation. This latter thread is underscored when considering the predominant role states have traditionally played in drug enforcement throughout American history. The applicability of conflict preemption standards to marijuana is furthermore reinforced by a provision in the Controlled Substance Act itself, stating federal intentions to preempt state laws. Colorado has concluded that its current marijuana laws reduce the marijuana activity prohibited by the Controlled Substances Act, and thus further federal objectives (Blumenfeld, 2017).

Reformers have enjoyed little success pressing their case in the U.S. Supreme Court, which has made clear that Congress possesses broad authority to regulate marijuana and that the Justice Department may enforce those regulations even in states legalizing marijuana (Kamin, 2015). One change that made its way into law in a quiet way was the law that was buried in the massive year-end budget resolution that passed Congress in late 2014. In paragraph 538, a prohibition on the use of government funds to impede state medical marijuana laws. It primarily stated that none of the funds made available in this act to the Department of Justice might be used to prevent such States from implementing their State laws that authorize the use, distribution, possession, or cultivation of medical marijuana (Kamin, 2015). When President Obama signed this spending bill on December 16, 2014, press reports trumpeted this provision as the end of the federal war on medical marijuana in the states (Halper, 2014).

### **Crime Related to the Legal Marijuana Industry**

Several studies discuss how legal marijuana has the potential to create more criminal activity in areas where dispensaries are located. The studies point out that

Colorado saw an influx of marijuana-related tourism, adding to the number of customers who are not familiar with local neighborhood conditions (Blevins, 2015). Jean (2008) observed that pockets of crime were often located in and adjacent to places that support cash transactions (e.g., liquor stores, check-cashing outlets), whose patrons may be distracted.

Therefore, they may be suitable targets as they may carry more cash than the average customer and may not focus on their surroundings, making them easier targets for those wishing to perpetrate crime (Glensor & Peak, 2004). Routine activities theory is a theory of criminology, which is stated in this section for clarification only. Routine activities theory is a theory of criminology that for a crime to occur, three elements must be present: (1) a person motivated to commit the offense, (2) a vulnerable victim who is available, and (3) insufficient protection to prevent the crime. In line with the routine activity theory, more dispensaries become targets for motivated offenders. The increased physical availability of marijuana through dispensaries (in states allowing medical use) and in retail outlets (in states allowing recreational use) has been a concern of police officials who worry about higher crime in these areas due to the increased traffic in and around the dispensaries (California Police Chief's Association Task Force on Marijuana Dispensaries, 2009). In other research studies, it is stated that as marijuana use remains illegal at the federal level, outlets that sell marijuana have few banking options; thus many marijuana outlets continue to rely primarily on cash sales (California Police Chief's Association Task Force on Marijuana Dispensaries, 2009). Because most transactions in medical marijuana centers involve cash, they become attractive targets for a violent crime such as robbery (Wright & Decker, 2011).

## **Phenomenology**

Husserl (1975) looked at the intentional relationship of participants with their lived experience in which the researcher can look for the participants' descriptive experience. The participants' intentional relationship with their situation in the case of marijuana business owners and their lack of access to banking services. Kirillova (2018) took a view in his paper on the user experience of hotel smartphone apps as an example of descriptive phenomenology. According to Kirillova (2018), the phenomenologist neither focuses on the subject (a user) nor the object (a hotel app), but looks at the relationship between the two as it appears in the subjects' consciousness. The research question under the descriptive phenomenology would be, "What is it like to use a hotel app as a guest?" Husserl (1975) explains his approach as a reduction that allowed a researcher to arrive at a structure of essential meanings that explains the phenomenon of interest (Dahlberg, 2006).

Husserl (1975) viewed phenomenological methodology as a science that does not explain or control the world however offers the opportunity to gain credible insights into the world as it is experienced by humans to understand one's lived experience. Descriptive phenomenology is only one type of phenomenology. Even a seemingly ordinary experience may become research-worthy when looks at it phenomenologically. Although many types of phenomenology exist, e.g. Sartre's existential phenomenology, Merleau-Ponty's phenomenology of embodiment, Ricoeur's critical phenomenology, and de Beauvoir's phenomenology of gender Kirillova (2018). Kirillova (2018) focuses on the two most prominent orientations: Husserl's descriptive phenomenology and Heidegger's hermeneutic, or interpretive, phenomenology. Hermeneutic phenomenology



is focused on the subjective experience of individuals and groups. It is an attempt to unveil the world as experienced by the subject through their lifeworld stories (Kafle, 2013).

Two types of reductions included in Husserl's phenomenological inquiry (Husserl, 1975) are phenomenological and transcendental reduction. This reduction is also known as epoché or bracketing. Bracketing refers to the separation of the researchers' preconceived notions and biases on the phenomenon of interest. Therefore, the researcher can describe the phenomenon as it appeared in the participant's lifeworld. As the researcher disconnects from what Husserl calls the natural attitude or an unreflective view of the world, we assume that what we see simply is. Instead, the researcher adopts a phenomenological attitude. This attitude helps a phenomenologist see a phenomenon in its pure form and free from assumptions (Dahlberg, 2006). The second reduction is an eidetic reduction or the search for essences. This fundamental principle of descriptive phenomenology implies comparing related but different phenomena to see what remains as the invariant or essential aspect of the phenomenon. The essence of phenomena as present in one's lifeworld and the phenomenologist must acquire multiple rich descriptions to allow for a nuanced examination of many aspects of one phenomenon. Eidetic reduction focuses on isolating the empirical world and its quest for eidetic essences. Husserl's descriptive phenomenology can be described as relatively (post)positivist in nature (Pernecky & Jamal, 2010).

**Hermeneutic phenomenological research.** Heidegger (1996) explained that what is essential to our understanding comes from our rational grasp for control and certainty. As the phenomenological researcher gathers data from participants, the

researcher highlights and interprets the meaning in the participant's language and accounts (Heidegger, 1996). In phenomenological research, the researcher is a guide pointing towards a good understanding of the research approach and important understandings of the particular phenomenon of interest. The challenge of phenomenology is to describe what is given to us in an immediate experience without being hindered by pre-conceptions and theoretical notions (van Manen, 2001). Phenomenological research distinguishes between appearance and essence. Phenomenological research makes a distinction between the things within our experience and what grounds the things within our experience (van Manen, 2001).

Hermeneutic avoids method for method's sake and does not have a step by step method or analytic requirements. The only guidelines are the recommendation for a dynamic interplay among six research activities: commitment to an abiding concern, oriented stance toward the question, investigating the experience as it is lived, describing the phenomenon through writing and rewriting, and considering parts and whole (Kafle, 2013). Hermeneutic phenomenology is concerned with the life world or human experience as it is lived. The focus is toward illuminating details and seemingly trivial aspects within the experience that may be taken for granted in our lives, to create meaning and achieve a sense of understanding (Wilson & Hutchinson, 1991).

Hermeneutic phenomenology is attentive to the philosophies underpinning, both hermeneutics and phenomenology (van Manen, 2001). Hermeneutic phenomenology is a research methodology aimed at producing rich textual descriptions of selected phenomena and the lives of individuals that are able to connect with the experience of all of us collectively (Smith, 1997). The deeper understanding of the meaning of that

experience is sought during the investigative processes of hermeneutic phenomenology (Smith, 1997). A deeper understanding occurs through an increasingly deeper and layered reflection by using rich descriptive language (Kafle, 2013). Hermeneutic phenomenological research is grounded in subjective knowledge. As a philosophy of knowledge applied in hermeneutic phenomenology, the epistemology is grounded in the belief that knowledge making is possible through subjective experience and insights (Kafle, 2013).

### **Summary and Conclusions**

This literature review has focused on establishing and justifying the concepts and theories that are relative to this study. The major concepts centered on how business owners in Colorado's legal marijuana industry had limited access to banking services and are affected by the concepts of safety and security. The conceptual framework was developed using the theories of Abraham Maslow (1970), Magna Arnold (1960), Larazus (1991), and Husserl (1975). This phenomenological study established the importance of safety as a motivation for the adaptive behavior and lived experiences of business owners in the legalized marijuana industry. The difficulty of no banking services or limited banking services on the industry is noteworthy and provides the foundation for an insightful and relevant study into the lived experiences of the entrepreneurs of the cannabis industry.

The theories of Maslow (1970) illustrated the need for safety by individuals. I felt that this was the most influential concept that drove entrepreneurs to impact their situation of no banking services. The other theories help build a solid framework and help establish a good methodology for conducting this research study. The gap in the

literature exists because the owner and operator's point of view in the legal marijuana industry has not been detailed in a lived experience study. The problem of no banking services was discussed in literature from the standpoint of what is happening on the state and federal level, but few studies discussed the day to day impact at the grassroots level.

### Chapter 3: Research Method

The purpose of this qualitative hermeneutic phenomenological study was to explore the lived experiences of business owners of legal marijuana enterprises in Colorado. These business owners are dealing with an increased risk of theft and difficulty in managing the money earned from operations because they have no access to banking services. The entrepreneurs' lived experiences helped to uncover potential solutions to how the industry could move to legitimacy with the current federal banking requisitions. The lessons from these entrepreneurs who have to operate a cash-only business in the emerging legal marijuana industry can also help bring insight to future business owners. The simple process of cashing out a customer during an everyday purchase is complicated without a bank account and access to merchant services.

This section consists of the research design and the rationale behind it. This section also includes the role of the researcher, which will go in-depth into how the study was conducted. The next section explains the methodology, the sample size, and the sampling strategy. The later sections are followed by a discussion of data collection instruments and the data analysis plan. The last main section in this chapter will discuss the trustworthiness of the data and ethical considerations in the data collection.

#### **Research Design**

The research design in this study involved a hermeneutic phenomenological approach. This approach was focused on the experiences of each entrepreneur in the legalized marijuana business of Colorado to answer the research question: What are the lived experiences of legal marijuana business owners in Colorado who do not have access to banking services to operate their businesses and conduct standard business

transactions? Their experiences with no banking services were analyzed. The phenomenological approach had many benefits. The qualitative research approach opened the way for a unique investigation of existing issues in topics that affected people and their lives. Specifically, phenomenological analysts seek to understand and capture the meaning of an experience or event (Starks & Trinidad, 2007). Thus, the research tradition for this study was hermeneutic phenomenological existentialism. Heuristics is a form of phenomenological inquiry that brings personal experience to the forefront of the research (Patton, 2002).

The unit of analysis in qualitative research are experiences, not individuals or groups; the interest is about the experience itself and not about how it fits in the population (Polkinghorne, 2005). The central concept of this study was that entrepreneurs in the legalized marijuana industry of Colorado experience higher risks than their counterparts in other industries because they did not have access to banking services. They could not enjoy one of the primary benefits that business owners that had access to banking could. They could have the safety and security of their primary assets, including their cash and their people. The infancy of the legal marijuana industry has created many challenges that the current participants had to learn to live with and adapt too. The lived experiences of business owners created valuable information that could affect social change and help shape future policies. In-depth interviews of the participants provided important themes. These themes were analyzed and summarized to help explain the participants' lived experiences and to understand the phenomena.

### **Role of the Researcher**

I designed a hermeneutic phenomenological study to collect data that support the purpose of study. I aimed to explore the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access to banking services. My role as the researcher was to interview each participant, recording and transcribing them. I looked at the study through the lens of a qualitative researcher trying to learn from the owners of the legal marijuana industry who have no banking services. The focus was on the way things appear through the lived experiences of the participants. The phenomenological researcher aims to provide a rich textured description of lived experience, which can be interpreted using the hermeneutic cycle (Kafle, 2013). Hermeneutics is the interpretation of text or language by a researcher and can be used as a methodology to explore a deeper meaning of experiences (Webb & Pollard, 2006). Further, taking the steps of meeting individually with each participant and verifying each of their responses by member checking reduces potential bias and possibly improved the study's quality and validity (Mayer, 2015). Not having experience in the industry also helped to promote an unbiased study.

### **Population and Sampling**

The study population was business owners and operators, such as managers, in the legal marijuana industry of Colorado without access to banking services or access to limited banking services during their operating history. The sampling strategy was to select business owners and operators in the Colorado market at random who met the criteria of operating a legal cash-based operation in the sale of legal marijuana. The data were collected via telephone interviews of eight to 10 business owners and/or operators

in Colorado's legal marijuana industry. The sampling strategy focused on the in-depth exploration of the experiences of a small number of research participants (van Manen, 2001). The sample size of eight to 10 participants was consistent with the number of participants in many other phenomenological studies. It was a large enough sample to create saturation and to explore the diverse landscape of the industry (van Manen, 2001).

Each participant was recognized and identified based on the profile of their business through ColoradoPotGuide.com. Once the business owner was selected, they were verified to have the necessary profile in terms of the relative size of the operation and the fact that they did not have a bank account or had limited access to banking. I contacted each business owner directly through e-mail from my Walden University student e-mail account. Each email contained a description of my research study and the informed consent form approved by the Walden University IRB. The informed consent form detailed every aspect of the study to available all potential participants to make an informed decision about participating. If an e-mail was not available for the business through the marijuana directory website or its own website, I would phone the business and ask for a good e-mail address for the owner or principal manager. I only solicited the businesses by phone if I did not get enough participants to agree to participate in my study within 2 weeks of soliciting participants by e-mail. Once the participants consented to participate in this study by replying to my e-mail with the words, "I Consent," I scheduled an interview time with them via e-mail and confirmed their phone number. I assured them that they had time to complete the interview in a private setting where they would not be disturbed.



The interview questions focused on how the owners are adjusting and dealing with operating as a cash-only business. The unique challenges of being a cash-only business were explored and documented. New and creative solutions were explored through telephone interviews with the operators.

### **Participant Selection Logic**

The participants of this study were business owners or managers in the legal marijuana industry of Colorado. Participants for a qualitative study are selected because they provided substantial contributions to filling out the structure and character of the experience under investigation (Polkinghorne, 2005). The participants in this study have experience with managing a dispensary in the legalized marijuana industry in Colorado without access to bank accounts or limited access to bank accounts. Some businesses may have a deposit account at a bank but do not have merchant services and cannot accept credit or debit cards. E-mails were sent to prospective businesses explaining the research study and inviting them to participate. The businesses were identified as cash-only operations where the owners have experiences coping with their current situation.

### **Instrumentation**

The instrumentation of this study was centered on collecting data through telephone interviews with business owners in the legal marijuana industry of Colorado. Following the guidelines of Walsh and Betz (2001), the tools that were used were statistically valid and reliable interview questions for the group of participants. Data collection activities in qualitative studies are based on observation and interviews (Miles & Huberman, 1994). This type of data is not usually immediately available for analysis but requires some processing (de Weerd-Nederhof, 2001). Thus, interviews were

recorded to transcribe all the content of the interviews and to explore common themes during data analysis. The focus on words and themes that could be related to the conceptual framework were important to capture and analyze.

### **Data Analysis Plan**

The data analysis plan consisted of applying the hermeneutic cycle that consists of reading, reflective writing, and interpretation in a rigorous fashion (Laverty, 2003). The primary mode of data collection was interviews that were recorded and transcribed. The interviews were then coded for the major themes from each participant. The first level of coding involved looking for distinct concepts and themes in the data. The concepts and themes were noted by the frequency of use in the description of the lived experiences and their significance to answering the research questions. The overarching concepts from the interviews were noted for their frequency in the transcripts. These were the first level concepts and represent the master heading of themes to be analyzed.

The next step was to analyze the data again and find more subtle ideas that did not occur as often as the master headings. These thoughts and ideas were the second level of coding and represent the subheadings. After I comprised the master headings and subheadings, I reviewed the data to see if any unique ideas or practices stood out as possible follow-up questions to reinforce the member checking process. The themes were reflected upon and written into the text. The written text from the themes were interpreted for deeper meaning and reflections.

The key to finding meaningful information in the data was to allow the participants to speak freely. A hermeneutic phenomenology is an interdisciplinary approach that a distinct set of principles that are essentially targeted to uncovering a

better understanding of the phenomenon (Kafle, 2013). The goal was to use the participants' experiences to access useful practices and vivid experiences in dealing with no banking services. The foundation of this qualitative study was rooted in phenomenological inquiry. The belief that experimental scientific research could not be used to study all human phenomena and the human experience is another avenue of research (Crotty, 1996). The participants' lived experiences can allow them to analyze their options because they realize that their solutions would affect the overall outcomes of their businesses (Wertz, 2005).

The hermeneutic cycle takes the first and second level coding and allows for reflective writing to further the analysis into the interpretative phrase. Hirsch (1967) concluded that the discipline of hermeneutics was not founded on the logic of construction but rather on the logic of validation. The interpretation phase of the hermeneutic cycle is the step that separates it from other qualitative data analysis processes. The researcher can pull all the elements of the data collection stage together to add value to the study. Before the data collection was concluded, the member checking process helped to validate the interpretations of the researcher and helped prevent subjective bias.

In order to follow-up with the member checking process, I retained the personal phone number and personal email address of all participants. This information was kept separate from the interview data. I assigned each interview with a letter and number code to help with confidentiality. The information that connects the participant to the interview was kept in separate encrypted file in a password-protected computer. This information

was used to complete the follow-up and member checking process. This information is available to my committee to validate my participants as well.

The member checking process will include the transcribed interview and notes about my interpretations of the information. I asked the participants to validate that their lived experiences were represented accurately. Once I have completed my initial data analysis, I sent out the transcripts and interpretations to the participants for their feedback. The step was optional for the participants and I stated that in the informed consent form and during the interview. The participants that wanted to participate in the member checking process agreed to it at the end of the interview.

### **Quality**

Hermeneutic phenomenology has unique quality concerns in terms of the appropriate methodology. One of the contemporaries of hermeneutic phenomenology, van Manen (2001), considers orientation, strength, richness and depth as the major quality concerns. Orientation is the involvement of the researcher in the world of the research participants and their stories. The orientation in this study will be the legalized marijuana industry of Colorado. Strength refers to the text's convincing capacity to represent the core intention of the understanding of the inherent meanings expressed by the research participants through their stories. Richness is intended to serve the aesthetic quality of the text that narrates the meanings as perceived by the participants (van Manen, 2001). Depth is research text's ability to penetrate down and express the best of the intentions of the participants (Kafle, 2013).

Langdridge (2007) proposes other major components that determine quality in a hermeneutic phenomenological study. These components include analytical rigor,

persuasive account, and participant feedback. Analytical rigor refers to the researcher's attitude to pay attention to every case that either confirms or disconfirms the theme. The researcher has to consider all the collected data during the hermeneutic analysis.

Persuasive accounts refer to the quality of convincing the reader and its appeal to think about the reader's personal experience in light of what they have read. Participant feedback is another area that a hermeneutic phenomenological research study needs to incorporate because it best represents what is intended by the participants (Kafle, 2013).

### **Trustworthiness**

Common issues of trustworthiness in data collection are that the results are as independent as possible. The role of the researcher is to work to prevent bias during the data collection process. A common concern in qualitative studies is the subjectivity of the evaluator (Patton, 2002). Good research design can prevent subjectivity from invading a research study. The researcher has to be aware of the advantages and disadvantages of the research design. Van Manen (2001) stated that formulating a thematic understanding in hermeneutic phenomenological research needs to be a free act of interpreting meaning. The interview questions helped to ensure trustworthiness in the study. Participant selection was another way to establish trustworthiness. The profile of a cannabis business owner or operator was met for each participant.

In hermeneutic phenomenological research, the ability to follow the decision trail relating to theoretical, methodological, and analytic choices is an important indicator of trustworthiness (Koch, 1994). Hermeneutic phenomenology relies on the self-awareness of the researcher to record their influences. Some information about the researcher must

be included (Whitehead, 2014). The methodological and analytical choices were clearly outlined throughout the data collection and data analysis process.

### **Credibility**

Credibility was established by having participants verified for the targeted features related to the study. The participant pool and size also established credibility. The sample size of 8 participants accomplished saturation in terms of the possible data collected from the sample. Purposive sampling considered the sample subjects' characteristics because they are directly related to the research questions. The interview questions focused on how the owners were adjusting and dealing with operating as a cash-only business. The instrumentation in this study was consistent across participants to improve internal validity. The research design provided internal validity by creating a consistent participant selection pool and designing interview questions that helped bring out the lived experiences of entrepreneurs Colorado's legal marijuana industry. The management of the research interviews, in terms of questions and interviewer style, also influenced the data collected. Participants were encouraged to describe their everyday experiences and elaborate on all possible themes and descriptions (Whitehead, 2014).

Hermeneutic phenomenology recognizes the influence of the researcher on the way the study is conducted (Whitehead, 2014). The researcher's ability to describe and interpret their experience is an integral part of the research process in a hermeneutic phenomenological study (Guba & Lincoln, 1989). The researcher must be aware of the potential effects of their personal and social characteristics on data collection (Goffman, 1959). Hermeneutic phenomenology relies on the self-awareness of the researcher to record their influences. Some researchers keep a journal to help them be aware of any

influences they have developed before interpreting the data (Whitehead, 2014). The researcher's self-awareness can be raised by keeping a journal in which the content and process of interactions are noted (Koch, 1994). The journal acts as a record of events, observations, and material for reflection (Whitehead, 2014).

### **Transferability**

Transferability refers to the degree to which qualitative research results can be generalized or transferred to other contexts or settings. From a qualitative perspective, transferability is primarily the responsibility of the one doing the generalizing. This research study had transferability in terms of the research design being detailed and supported by sound methodology. Future researchers can generalize the methods in this study and use them in future studies. A detailed research design provided support for this hermeneutic phenomenological research study to foster good transferability.

Transferability is a process performed by readers of research. Readers note the specifics of the research situation and compare them to the specifics of an environment or situation with which they are familiar. Suppose there are enough similarities between the two situations. In that case, readers may be able to infer that the results of the research would be the same or similar in their own situation. The reader needs to know as much about the original research situation to determine whether it is similar to the research that they are conducting. Researchers must supply a highly detailed description of their research situation and methods.

### **Dependability**

Dependability can be compared to reliability in quantitative studies. In other words, dependability is an evaluation of the quality of the integrated data collection

processes, data analysis, and theory generation. To ensure the dependability of this study, the data collection methods, data analysis, and theories were designed with a high level of integrity and based on institutional standards. The methods in this study created a dependable research study.

### **Confirmability**

Confirmability is the last criterion of trustworthiness that a qualitative researcher must establish. This criterion has to do with the confidence that the research study's findings are based on the participants' narratives and words rather than potential researcher biases. The confirmability criterion of trustworthiness may be the easiest to establish by explaining the decisions that are being made in the research process. These details helped provide valuable insight for readers to understand how the themes emerged from the data. The researcher established confirmability by detailing the common themes in this study in great detail.

### **Ethical Procedures**

Some of the ethical procedures in this study include participant selection and the informed consent of the participants. Appendix C has the informed consent form that each participant who agreed to be in the study read and returned via email with the statement "I consent." Informed consent was a requirement for the Institutional Review Board (IRB) and the disclosure of the Interview Questions (Appendix A). Researchers face ethical challenges in all stages of the study, from research design to reporting. These include anonymity, confidentiality, informed consent, and researchers' potential impact on the participants (Sanjari, Bahramnezhad, Fomani, Shoghi, & Cheraghi, 2014). The identity of the participants was kept confidential to encourage free and open dialogue.



Hermeneutic phenomenological research studies can create some additional ethical issues with how the data is interpreted. The researcher is interpreting the data and rewriting the themes to further the analysis. Participant feedback is another area that a hermeneutic phenomenological research study needs to incorporate because it best represents what is intended by the participants (Kafle, 2013). Confidentiality may be an important factor when sharing dialogue and transcripts with participants.

### **Summary**

The research design was critical to executing a sound and logical study. This hermeneutic phenomenological research study provided valuable insights into the lived experiences of business owners in the legal marijuana industry of Colorado. The participant selection was critical to gathering the appropriate data to support the purpose of study. The research design and rationale helped to conduct a study to answer the research question and gather reliable data. Chapter 4 will explore all areas of instrumentation and data collection procedures as well as the strategy for data analysis.

## Chapter 4: Results

This hermeneutic phenomenology study was focused on exploring the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access to banking services. I collected information from current business owners in the legal marijuana industry to determine how the increased risk of theft and the difficulty of proper money management has affected their business (Shu-ayquaye, 2016). This study consisted of one central research question: What are the lived experiences of legal marijuana business owners in Colorado who do not have access to banking services to operate their businesses and conduct normal business transactions? The study illustrates how the participants are dealing with the problem of no banking services or limited access to merchant services, which can contribute to positive social change by further highlighting a need for change on a personal and business level of banking. Employees of cannabis businesses are also affected by the banking problem as their employers. Chapter 4 will consist of a review of the research methods, data collection, data analysis, evidence of trustworthiness, study results, and conclude with a summary.

### **Research Setting**

All interviews were done by telephone at a designated time when the participants had privacy and could speak freely. I contacted legal marijuana companies throughout the state and in all different regions of the state of Colorado. Colorado was the first state to legalize recreational marijuana in the United States. The unique quality of the research setting that was different from any research collected in a different period was the restrictions and obstacles of the COVID-19 pandemic. Data collection was more difficult

because business owners were operating in an environment that caused new limits in terms of available time to contribute to this study. Potential participants also cited the COVID-19 pandemic as an obstacle to adhere to the different restrictions and protocols for their dispensaries.

All participants read and agree to the informed consent form presented to them. The interviews ranged from approximately 8 minutes to 22 minutes. The participants were informed prior to the interview that an audio recorder would be used solely to transcribe and analyze the interview. All interviews were conducted in a quiet location so that the dialogue could be heard clearly. However, the time constraints of some participants forced them to interview during business hours, and in one case, the interview had to be split into two separate sessions. However, the participant with the shorter interview described their lived experience with no banking services in rich textural detail. I informed the participants that once the recording started, I would not mention their name or the name of their business for confidentiality.

### **Demographics**

A total of eight participants were interviewed for this study. The target number of participants was between eight and 10 participants, but saturation was satisfied with the eighth participant because the information was similar to every participant in the study. Of the eight participants, three participants were woman, and five participants were men. Four of the participants were dispensary owners, and the other four were managers in the dispensary. All the participants operated legal marijuana dispensaries in Colorado. The experience of the participants in the industry spanned multiple years of working directly in the industry. All the participants were active in the day-to-day operation of the

business. Only one of the eight participants had access to use credit cards in their business if they chose to do so.

The participant selection criteria had a broad personal scope with a narrow business focus. The participants only needed to be owners or operators, such as managers and assistant managers, to participate in this phenomenological research study. The criterion of being a cash-only operation with limited to no banking services was part of the selection criteria. The participants who had banks accounts discussed their experiences before they were able to obtain an account. Some of the participants had a deposit account but no access to merchant services so they were especially a cash-only operation and could not accept debit or credit cards. The business owners could draw on experiences from when they were a cash-only business if they had recently gotten a bank account.

### **Data Collection**

I used the Colorado Pot Guide website to search for legal marijuana dispensaries in Colorado. Purposive sampling was used to select business owners and operators in the Colorado market at random who operated a legal cash-based operation in the sale of legal marijuana. Once the business owner was selected, they were verified to have the necessary profile in terms of the relative size of the operation and the fact that they did not have a bank account or had limited access to banking. I contacted each business owner directly through e-mail with a description of my research study and the informed consent form that was approved by the Walden University IRB. If an e-mail was not available for the business, I called the business and asked for the e-mail address of the owner or principal manager. I only solicited the businesses by phone if I did not get

enough participants to agree to participate in my study within 2 weeks of soliciting participants by email.

Once the participants consented to participate in this study but replying to the invitation e-mail with the words, "I Consent," I scheduled an interview time with them and confirmed their contact information. The interviews were conducted by phone and recorded with an audio recorder. After the interviews, the audio recording of the interview was transferred to Express Scribe Transcription Software. I used the software to replay the interview and personally transcribe every word of the interview for data analysis and member checking. The interview questions were open-ended to encourage the participants to speak freely about their banking situation and operational procedures.

Data were collected over a 6-month period and during the COVID-19 pandemic, which hurt the participant selection process. The restrictions in Colorado were similar to those across the country, with people being asked to shelter-in-place. The government-mandated restrictions and safety protocols created more work for the cannabis industry, which was already tight on staffing. Marijuana dispensaries were deemed essential businesses, so they were allowed to stay open even though some moved to curbside deliveries as opposed to customers coming inside.

The eight participants shared their experiences and frustrations about operating in the legal marijuana industry as cash-only businesses. I used the interview questions approved by Walden's University IRB. All data collections steps were consistent with the steps outlined for the IRB. The interviews ranged in length from 8 minutes to 22 minutes. The participants spoke freely without any concerns or reservations about the interview questions. The shorter interviews still touched on a number of points from the

first half of the interview questions. The participants were fully aware of the scope of the study from reading the informed consent form. The biggest challenge in data collection was completing the interview. On a few occasions, the participants had to reschedule the interview because something happened during the workday or because of the challenges of being a sole proprietor took up the scheduled interview time. Further, the larger dispensaries that had 10 to 25 locations all over Colorado were the most difficult to navigate in terms of getting to the right person to talk to if the store manager was not comfortable participating. The invitation e-mail would bounce to multiple people in the organization. I achieved more success in reaching smaller dispensaries that were not part of a chain of dispensaries. The principal owners in the smaller organizations were easier to contact when it was necessary to follow-up to find interested participants.

### **Data Analysis**

The data analysis plan for this study consisted of four parts: (a) transcribing and review of data, (b) data analysis, (c) synthesizing and reporting of the findings, and (d) interpretation of the findings. I applied the hermeneutic cycle that consists of reading, reflective writing, and interpretation in a rigorous fashion (Laverty, 2003). Interviews were recorded and transcribed then coded for the major themes from each participant. The first level of coding involved distinct concepts and themes in the data. The concepts and themes were noted by the frequency of use in the description of the lived experiences and their significance to answering the research questions. The overarching concepts from the interviews were noted for their frequency in the transcripts. These were the first level concepts and represented the master heading of themes to be analyzed.

The next step was to analyze the data again and find subtle ideas that did not occur as often as the major themes, which was the second level of coding and represents the supporting codes. After I comprised the major themes and supporting codes (see Table 1), I reviewed the data to see if any unique ideas or practices stood out as possible follow-up questions to reinforce the member checking process. The themes were reflected on and written into the text, which was interpreted for deeper meaning and reflections.

Table 1

*Themes and Supporting Codes*

Themes	Cash	Safety	Banking	Business Size	METRC
Supporting Codes	counting	Location	High fees	Number of employees	Product inventory
	paying	Robbery	Hard to find	Banking fees affect profits	Not a good cash system
	accounting envelopes	Armed guards Security	Extra steps Private broker accounts compliance		
	Multiple countings				

The researcher's ability to describe and interpret their experience is an integral part of the research process in a hermeneutic phenomenological study (Guba & Lincoln, 1989). The hermeneutic cycle takes the first and second level coding and allows for reflective writing to further the analysis into the interpretative phrase. The discipline of hermeneutics was not founded on the logic of construction but rather on the logic of validation (Hirsch, 1967). The interpretation phase of the hermeneutic cycle is the step that separates it from other qualitative data analysis processes. The researcher can pull all the elements of the data collection stage together to add value to the study. Before the

data collection was concluded, the member checking process helped to validate the interpretations of the researcher and helped prevent subjective bias.

### **Themes**

The major themes that emerged from the data analysis were cash, banking, safety, business size, and Marijuana Enforcement Tracking Reporting & Compliance (METRC). METRC is the software that Colorado uses to track marijuana from seed to sale. Cash was a common theme due to the nature of the study and the nature of the business operations. Banking was also a master heading because the discussion of banking was a central theme whether the participant had a bank account. Safety was a concern on some level for every participant. The business size was also a common theme in the interviews because different dispensaries operated differently based on their size and location.

The major themes or first-level codes each had a group of supporting codes or second-level codes that could be grouped into categories. Each of the second-level codes helped describe the meaning and significance of the prominent themes from the interviews. The theme of cash was described by the second-level codes of counting, multiple counting, paying, accounting, and envelopes. These supporting codes captured activities of managing the cash. Participants described using envelopes to keep up with each day's transactions. They emphasized how in a cash-only operation that the money was counted multiple times as a check and balance to ensure that the accounting was accurate and that there was nothing missing. Participants also discussed the heavy use of the ATM in their business (see Table 2).



Table 2

*Theme 1: Cash*

Theme 1	Textural Description
Cash was the common mode of payment for any goods and services for customers, owners, and vendors	<ul style="list-style-type: none"> <li data-bbox="678 407 1432 621">• Textural Description: Basically, here that means having a lot of cash around all the time, and just selling to customers we only take cash. We are also making all our purchases from vendors with cash. We kind of have our own system here that we have developed over the years. It typically involves envelopes, we have the deposits from the previous day prepared to be sent back to the owner once per week (P2).</li> <li data-bbox="678 627 1432 747">• Textural Description: Because we are a smaller business we don't necessary need to count it multiple times a day, we are not as pressed and busiest as some of these bigger dispensaries or the ones in the city. It is pretty much like a daily accounting (P3).</li> <li data-bbox="678 753 1432 865">• Textural Description: Yes, so we do at my current position, we double count, we have my closing manager in the evening will closed out and check all the cash of course but my opening manager does that as well (P6).</li> </ul>

The textural descriptions from Theme 1 showed how cash dominated the day-to-day operations of the legal marijuana dispensaries that I interviewed. The businesses had different ways of managing how they accounted for and reconciled the cash that they take in. Each business had a procedure that worked for them, but the objective was the same. The businesses were trying to make sure all the cash was accounted for.

The first-level code of banking was explained with the supporting codes of high fees, hard to find, extra steps, broker accounts, and employee accounts. The banking problem described by many participants reached the employee level and the business level. Participant 6 described the scenario in which an employee in the industry forgot to take their badge off when going into the bank and their account had been closed. This scenario is just one illustration of some of the concerns the participants felt about banking. Seven of eight participants also spoke about the high fees for trying to obtain an account and having their business account canceled by the bank. Banks are documented

as having tried banking with marijuana businesses, so when their lawyers advise them to the potential risks, banks cancel their accounts with those marijuana businesses. Even companies that obtained accounts were not treated like typical businesses. Fees were over \$1,000 a month, and in some cases, they were \$2,000 per month. They may also have a deposit account but no access to merchant services to accept credit cards. Some dispensaries used a broker to obtain a deposit account. One participant was able to find a loan and trust bank that would accept marijuana accounts. However, these accounts only offered limited banking access because the businesses could not accept credit cards or debit cards (see Table 2).

Table 3

*Theme 2: Banking*

Theme 2	Textural Description
Banking was described by participants as hard to find and maintain for businesses and employees	<ul style="list-style-type: none"> <li data-bbox="634 485 1435 814">• Textural Description: The biggest fear that I have is that I worry that my employee's bank accounts will get closed, and that usually only happens when people need their bank account the most, so whether they are vying for an auto loan. Or when you are taking out any line of credit, and they ask you where you work and you have to divulge that. I have had employees that have had their bank accounts just canceled. Alternatively, here in Colorado, all employees are required to wear an identifier badge showing that they work in the industry. I have had employees walk into a bank, forgetting to take off their badge, and the bank manager has closed their account during that visit (P6).</li> <li data-bbox="634 821 1435 1003">• Textural Description: This one is a loan and trust bank. We were kicked out of a credit union prior. So what we got kicked out of was a credit union, and we are in a bank it is owned by private entities here in Colorado, and are one of the very few banks that allow weed accounts. They [Other dispensaries] drive hundreds of miles just to get to the same bank we use (P8).</li> <li data-bbox="634 1010 1435 1255">• Textural Description: Oh, everything feels like a run around it feels like instead just being able to go through the normal steps, just ok I would normally be able to use this card in this situation or do this banking in this situation there is always 8 more steps, we can't just do a deposit at the bank we have physically go in and have to go into a separate back room in order to get our account done. They will not do it in the front room like any normal deposit for some reason, so everything includes extra steps every step of the way (P8).</li> <li data-bbox="634 1262 1435 1507">• Textural Description: And prior to that there would be no banking whatsoever and the vast majority of banks will still turn their nose to you. This even goes further than just a business standpoint, It affects our employees as well, there has been, I know of several cases including myself where banks will turn away personal accounts if they will deny you access to an account with them and I have seen they will terminate your account if they find out that your money is coming from a dispensary. So it's been very challenging (P4).</li> <li data-bbox="634 1514 1435 1646">• Textural Description: Yeah, I think I think for me in particular that I run into issues with banking is the fees that they charge, you know that they charge outrageous fees a month that for a small mom and pop business like myself, I cannot afford those fees it would eat up all my profits (P3).</li> </ul>

Participant 8 discussed how other dispensaries in different cities would drive hundreds of miles to bank with this particular bank in the city that they were located. Participant 8 discussed their challenges with having a bank account. The extra steps to comply with the bank were very detailed and forced the business to take extra steps to stay in compliance. Participant 8 also discussed the extra steps of depositing with the bank. The hurdles that a marijuana business went through compared with a normal business was evident throughout the interviews.

The theme of safety produced supporting codes of location, robbery, armed guards, and security. All the participants were concerned about their safety because they were a cash-based business even if they had limited access to banking. They dealt in large amounts of cash, and they knew that customers were well aware of it. The participants cited location as potential factors in the safety of the operation and the need for armed guards. Armed guards were seen as a useful deterrent to robberies in dispensaries where there were used. Participants felt that rural areas were safer than the Denver-Metro area in terms of the frequency of robbery and the need for security guards.

Table 4

*Theme 3: Safety*

Theme 3	Textural Description
Safety	<ul style="list-style-type: none"> <li>• Textural Description: For that reason, yes, like just having all the cash here and all the high dollar expensive products in the building, that is a little bit of a concern and that has been a concern for different people that have worked here through the years and I have been concerned about it at times (P2).</li> <li>• Textural Description: Yes I would say like employees, you know operating a cash-only business I worry about the you know I see it in the news all the time like armed robbery that they would know that (P3).</li> <li>• Textural Description: When you have, in some cases, 100,000 dollars just sitting in a safe with nowhere to take it. It becomes an issue with theft (P4).</li> <li>• Textural Description: I think the biggest thing that I didn't mention is I had some sleepless nights, I had 10,000, 15,000 dollars in the safe saving up for licensing and things like that. I am always worried about somebody coming in here and getting robbed (P5)</li> <li>• Textural Description: I was the store manager, in the greater Denver area and my particular location was robbed no less than five times (P6).</li> </ul>

Safety was a primary focus in the literature review and the participants explained how it was an ongoing concern in their businesses for many reasons. Marijuana dispensaries were common targets of robbery because of the amounts of cash that they were forced to keep on hand because of their banking situation. The data collection provided textural descriptions of the role that safety played in the minds of the participants. All participants discussed the lucrative nature of their businesses.

The business size was a common theme in terms of cash handling and how the owners viewed their operation. Participants felt that smaller dispensaries were at a disadvantage in terms of paying high bank fees for accounts. They also felt that there were fewer hands involved in managing cash handling inside the business, which was an advantage in tracking any mistakes. The business's location and size were also factors in terms of security needs and the way the operators viewed security. Participant 2 summed

up the overall sentiment of the small town dispensary by saying the following: “We are also in the middle of nowhere and it is a small town and we’re not really concerned about that [being robbed] here specifically, I know that city shops have much more of a challenge with that.”

METRC was also a common theme because it was a consistent element for every dispensary, and I wanted to know if it helped them track the cash transactions. The majority of participants discussed METRC as an inventory control and dismissed it as a useful tool to track cash. The tracking software’s primary purpose was to ensure that marijuana was kept in the supply chain and did not find its way to the black market. With the software, Colorado tracked cannabis from seed to sale and tracked it along the whole supply chain to retail outlets.

### **Evidence of Trustworthiness**

#### **Credibility**

Credibility in qualitative research refers to the researcher’s ability to accurately capture the participant’s viewpoint of the topic or phenomenon being study (Bloomberg & Volpe, 2008) Common issues of trustworthiness in data collection are that the results are as independent as possible. The role of the researcher is to work to prevent bias during the data collection process. A common concern in qualitative studies is the subjectivity of the evaluator (Patton, 2002). Good research design can prevent subjectivity from invading a research study. The researcher has to be aware of the advantages and disadvantages of the research design. van Manen (2001) stated that formulating a thematic understanding in hermeneutic phenomenological research needs to be a free act of interpreting meaning.

In hermeneutic phenomenological research, the ability to follow the decision trail relating to theoretical, methodological, and analytic choices is an important indicator of trustworthiness (Koch, 1994). Hermeneutic phenomenology relies on the self-awareness of the researcher to record their influences. Some information about the researcher must be included (Whitehead, 2014). The methodological and analytical choices were clearly outlined throughout the data collection and data analysis process.

Credibility was established by having participants verified for the targeted features related to the study. The participant pool and size also established credibility. The sample size of eight participants accomplished saturation in terms of the possible data collected from the sample. Purposive sampling considered the sample subjects' characteristics because they are directly related to the research questions. The interview questions focused on how the owners were adjusting and dealing with operating as a cash-only business. The instrumentation in this study was consistent across participants to improve internal validity. The research design provided internal validity by creating a consistent participant selection pool and designing interview questions that helped bring out the lived experiences of entrepreneurs in Colorado's legal marijuana industry. The management of the research interviews, in terms of questions and interviewer style, also influenced the data collected. Participants were encouraged to describe their everyday experiences and elaborate on all possible themes and descriptions (Whitehead, 2014). The researcher's ability to describe and interpret their experience is an integral part of the research process in a hermeneutic phenomenological study (Guba & Lincoln, 1989). The researcher must be aware of the potential effects of their personal and social

characteristics on data collection (Goffman, 1959). Member checking and transcript notes were used to ensure creditability in the data collection process.

### **Transferability**

Transferability refers to the degree to which qualitative research results can be generalized or transferred to other contexts or settings (Ravitch & Carl, 2016). From a qualitative perspective, transferability is primarily the responsibility of the one doing the generalizing. This research study focused on transferability in terms of the research design being detailed and supported by sound methodology. Future researchers can use the details of the research design to conduct similar phenomenological studies in the future. A detailed research design provided support for this hermeneutic phenomenological research study to be transferred to other settings and populations. For external generalization, the concept of “transferability” implies that one needs to provide enough information about meanings, contexts, and processes operating in one’s study setting or population that a reader can adequately judge the likelihood that one’s findings would apply to a different specific setting, group, or population (Maxwell, 2020).

The resources used to select participants could be transferred to another study. The website that I used to search for possible participants is a public site with public contact information. The method of data collection was phone interviews after informed consent. Other researchers can note the specifics of the research situation and compare them to the specifics of an environment or situation with which they are interested in studying. Every detail of this study was documented to promote transferability.



**Dependability**

Dependability in qualitative research refers to the research process and making sure it was logical, traceable, and thoroughly documented (Patton, 2002). In other words, dependability is an evaluation of the quality of the integrated data collection processes, data analysis, and theory generation. To ensure the dependability of this study, the data collection methods, data analysis, and theories were designed with a high level of integrity and based on institutional standards. The methods in this study created a dependable research study.

This research study followed the same steps of data collection with each participant. I emailed each participant's business using the email address from their listing in the Colorado Pot Guide.com. I called the business when no email address was available, or did not receive a response. A better email address to contact the business's principals was usually obtained from contacting the business directly. I emailed the invitation letter with the informed consent attached. The participants that agreed to participate replied to my invitation email with the words "I consent." The interview was scheduled for a time where the participant would have privacy and time to talk comfortably. The interview process was consistent across participants using the interview questions (Appendix A). The interviews were recorded and transcribed. After data analysis, each participant that agreed to the member checking step was provided a transcript with summary notes.

**Confirmability**

Confirmability was the last criterion of trustworthiness that a qualitative researcher must establish. Confirmability in qualitative research refers to establishing that

the study's findings are derived from the data and clearly showing how conclusions were reached (Bloomberg & Volpe, 2008). This criterion has to do with the confidence that the research study's findings are based on the participants' narratives and words rather than potential researcher biases. The confirmability criterion of trustworthiness may be the easiest to establish by explaining the decisions that are being made in the research process. These details helped provide valuable insight for readers to understand how the themes emerged from the data. The researcher established confirmability by detailing the common themes in this study in great detail.

The first level coding and the second level coding of this study highlighted the interview transcripts' primary narratives. Themes are straight-forward and confirm the theory behind the research question and the interview questions. The saturation in the data also confirms that there were enough participants for this study to be meaningful. The coding highlighted the common themes and additional ideas that were not in the mainstream of the transcript language but still added to the overall description of entrepreneurs' lived experiences with limited access to banking.

### **Study Results**

The central research question for this study: What are the lived experiences of legal marijuana business owners in Colorado that do not have access to banking services to operate their businesses and conduct routine business transactions? This research question was answered in detail by the participants of the study with rich descriptive language. This section will summarize the study's findings in relation to the major themes, the interview questions, and the researcher's interpretations of the data.

### **Lived Experiences of Having Limited Access to Banking**

Participants discussed the struggles and challenges of operating their businesses without proper access to banking. The participants described having large quantities of cash on hand, which was a safety concern. The participants described the inconvenience of making purchases with cash and the inconvenience of tracking the purchases and daily receipts of the cash collected. Participants used words like “complicated,” “challenging,” and “difficult” when discussing their issues with banking. The most common issue besides the business not having a bank account was the problem with their employees being able to maintain an account. Participant 4 stated, “I know of several cases including myself where banks will turn away personal accounts or deny you access to an account with them and I have seen they will terminate your account if they find out that your money is coming from a dispensary.”

Participants expressed the sentiment of how they are supposed to be a legal entity but that they are not treated like one. Some banks will do business with dispensaries; however, they are often several hours away. Businesses will have a large amount of cash on hand, sometimes waiting for someone to transport that money to the bank, which is two hours away. In some cases, amounts of money ranging from \$10,000 to \$100,000 will be laying around in a vault on the premises of the business. All locations have an ATM on site for customers and the business refills the ATM with the cash that they collect, helping to manage some of that cash on hand. Participant 2 stated that “our owner privately owns the ATM so we actually refill it from cash here every day” and other participants confirmed that they have similar processes for replenishing their own ATMs.

The mere fact of being a cash-only business was a concern for all the participants in terms of safety. The participants had either worked for a dispensary that had been robbed or had heard of a business that had a robbery occur. Participants with limited banking access still operated as cash-only businesses because they did not have merchants' services and could not accept credit or debit cards. The participants stated that it was easy for cash to be miscounted and for human errors to occur. Multiple accounting steps was used to ensure accurate counts. These accounting steps included multiple counting and the use of envelopes to separate and detail deposits.

### **Security Concerns**

All participants cited safety and security concerns as a daily challenge to having no banking services or limited banking services. The daily problem of what to do with the vast amounts of cash collected at the operation was a common theme among participants. Participant 3 stated, "you see it all the time in the news about the armed robbery" and my employees are aware of that. The concern over employee safety was cited as one of the top factors in the legal marijuana industry's banking dilemma.

Another popular theme was that employees and owners of dispensaries had a hard time getting bank accounts for themselves. Participant 5 was quoted as describing the challenges he faced as a sole proprietor. "The simple things like paying private rent, and like you know, bills like that are complicated because I have the fortune and misfortune of living in a small town and everybody knows me and what I do. So I have not been able to have a personal bank account that makes it hard to pay rent." Participant 6 stated, "I worry that my employee's bank account will get closed."

Most managers and owners that were interviewed did not worry a great deal about employee theft or embezzlement. The procedures of cash handling and counting the drawer after each shift and multiple times during the day have minimized cash handling issues. The use of cameras in legal marijuana dispensaries was reported as a deterrent to negative behavior by employees and customers. Participant 6 explains, “One of the stipulations of a cannabis business in Colorado is that we have to have everything on camera. I have not seen anybody stealing money because everything they do, every moment, is on camera.”

The stealing of a cannabis product is a more likely scenario. Owners and operators of legal marijuana businesses feel employees are more tempted to steal product than money. The likeliness of employee theft is low due to the small number of employees in the business and cameras. Participant 3 stated that “we only have our owners and one employee. Furthermore, we have cameras.” Participant 6 confirmed that “I worry about folks being tempted to steal the product. I’ve seen that more often than I have seen people embezzling actual cash.

Participants discussed the use of security guards in larger operations and the Denver Metro area. They agreed that security guards are a deterrent from individuals trying to rob the business. Participant 7 describes his experience when armed guards were used and not used.

I have been a guard with a chain of dispensaries before, and when I was in that process I did not have any issues no one ever came to me, and I did not have any issues with that business, but a couple of weeks after I left that business that business got robbed because that business did not have guards anymore. I moved

to another business after I moved to another business this business also got robbed at some point because they did not have guards.

An example was dispensaries that employed multiple guards do to their location and business volume. Participant 6 described the following scenario:

When I was working in Denver metro, we had 24/7 armed guards on-site, when during hours of operation, a gentleman is right out front line checking IDs monitoring the storefront just to make sure there is no funny business and then we did have a gentlemen that watched over the facility all evening. From a security office and would make regular rows But in the mountain regions where crime, in general, is much lower. I have not seen that, I have only seen that at a particular facility outside of Colorado Springs that I interviewed at. They had a team of 5 armed guards that were constantly patrolling the perimeter and this peculiar store just because of its location I would roughly estimate that they are doing daily somewhere between 40 and 50 thousand dollars so with that and with what we previously talked about all the rules with banking, it is just not realistic to have an armored car to come to grab last night [deposit] every night. So we are looking at a quarter of million dollars just sitting in a vault after a week, so I understood why they had such a physical presence.

Smaller dispensaries in rural locations generally did not employ security guards. The COVID-19 pandemic has hurt the availability of part-time security guards. Police officers often moonlight as security guards. During the Covid-19 pandemic, essential-service workers, drivers and delivery personnel, security guards, the military, and police have been working on the frontlines against this invisible enemy (Lapeña, 2020). As

participant 7 described, “I think the police officers, can do as much as they can, but they are trying to deal with coronavirus and everything else. If one of them gets it and brings back to the precinct, now we have no police officers in that precinct.”

### **High Banking Fees**

Participant 1 described marijuana banking, as best, when she stated, “bank accounts are expensive and hard to find.” All participants discussed that same sentiment in one way or the other. Most banks are not attempting to do business with legal cannabis companies because of the federal banking laws present. Marijuana businesses report banking fees between \$1,000 and \$2000 per month for an account. Typical businesses only pay a fraction of those fees for bank accounts that include merchant services. Marijuana companies may find a suitable account to deposit money. However, they are not able to accept credit cards because of the limited access that they have at their existing banks. The banking problem is a real challenge for operators in the industry. Only a few banks will do business with these marijuana firms in Colorado and charge high fees for the privilege of doing business with them. Participant 5 described the struggles with finding and keeping a bank account.

We have had different accounts we have gone through just trying to find the right one. We found a couple companies that will take business accounts for marijuana companies. We just have to pay a monthly fee, then they will take your money for 6 months and decide that they don’t want to do that anymore.

Other participants talked about the same issues as Participant 5. Some businesses opted out of even pursuing accounts because of the high banking fees. Participant 3 described a similar issue as Participant 5. “I think the thing for me in particular that I run

into banking issues are the fees that they charge. You know that they charge outrageous fees a month that for a small mom and pop business like myself. I cannot afford those fees; it would eat up all my profits. The common themes related to banking, and the high banking fees, are the difficulty in finding an account and employee accounts being closed.”

### **Business Size**

The business size was a common theme as dispensary owners compared themselves to other firms in their industry. Several large marijuana corporations in Colorado have between 10 and 20 locations scattered throughout the state. These companies have economies of scale and are not as affected by the high banking fees. However, the dispensaries’ location was also an inconvenience because only one bank in one location was accepting cash deposit accounts. Participants 3 and 5 referred to size when discussing banking costs. Participants indirectly referred to size and location when discussing security concerns. Five of the 8 participants discussed business size as a disadvantage or consideration when it came to banking. The use of security guards was also related to business size and location. Rural locations used security guards less than the Denver-Metro area locations.

### **Alternative Approaches to Banking limitations**

Alternative ideas emerged in data collection that serves to mitigate the banking problem for the legal marijuana industry. The use of the Cashless ATM at some cannabis dispensaries was a unique alternative to a traditional ATM and allowed customers to use a debit card to purchase marijuana. Participant 6 and Participant 8 had used cashless ATMs in their operation. Participant 6 described how the Cashless ATM works.



Let us use a scenario where the total was 62 dollars since it is a cashless ATM. It only works in increments of 5 dollars, so I would charge the card for 65 dollars with a 3 dollar fee, so a total of 68. However, because they round it up, from 62 to 65, the customer get 3 dollars cashback. So the best way to think about it is if the business had an ATM that dispensed both money and weed. So the customer swipes their card for 65 dollars and they get 62 dollars' worth of weed and 3 dollars cash. And when the customer looks at their bank statement that is exactly what it looks like. It looks like the customer withdraw 65 dollars from an ATM. The other one, I guess I did not mention this. Every one of those systems that we used, is not at all tied to the location. So every cashless ATM often rings up in a parking lot across the street from where you used it at. That just offers an additional level of security for the customer god forbid anything comes back around on their side.

The cashless ATM was currently the best way for a dispensary that could not offer credit cards or debit cards to have a process that reduced the amount of cash they have in the business. The transaction is an ATM transaction that gets reconciled at the dispensary's bank like an ATM withdrawal. The cashless ATM is part of a new technology group that helps create some banking solutions for businesses that do not have other options (Bondarenko & Isaeva, 2016). The cashless ATM is not considered a solution for using debit and credit cards. Participant 8 explains the impact of the cashless ATM, "I say it is a step, but definitely not a solution."

### **Not Treated like a Normal Business**

The banking problem was one example of how legal marijuana businesses were not treated like a typical businesses. Another example of legal marijuana businesses being treated unlike a regular business was that they cannot deduct all their business expenses. Kahn and Bromberg (2020) stated that the use of marijuana is essentially prohibited under federal law, and marijuana businesses are denied all credits and deductions, including ordinary business expenses, from gross income. Participant 8 confirmed this fact by saying, “we as an actual retail dispensary are not able to do any kind write off for any of our normal business expenses so we could have up to a 100,000 dollars of [business expenses] that we cannot write-off at the end of the year.”

### **Summary**

The data clearly showed that the lived experiences of business owners and operators in the legal marijuana industry of Colorado was a difficult one when it came to banking. The examples of individuals operating with limited or no banking services was clearly illustrated in this study. The purpose of this qualitative hermeneutic phenomenological study was to explore the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access or limited access to banking services. Data was collected from eight participants to understand better the phenomenon being studied. The responses from the participants were grouped into several master headings, including cash, banking, and safety. The major themes of security concerns, high banking fees, and alternative approaches were discussed in the study results. Chapter 4 discussed the research setting, demographics, data collection, data analysis, evidence of trustworthiness, and study results. Chapter 5

will include the interpretation of the findings, limitations of the study, recommendations, implications, and a conclusion of the study.

## Chapter 5: Discussion, Conclusions, and Recommendations

This hermeneutic phenomenology study was focused on the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access to banking services. I collected information from current business owners in the legal marijuana industry to determine how the increased risk of theft and the difficulty of proper money management has affected their business (Shu-ayquaye, 2016). The data were collected through interviews of business owners in the legal marijuana industry of Colorado. The study's validity was justified by the data collection methods and the independent nature of the data. Each business owner offered unique information, though there were patterns in the dialogue that helped to understand the overall impact of no banking services. The key findings of this study were the safety concerns in this dominant cash industry and the problematic nature of obtaining and maintaining a bank account. The entrepreneurs' lived experiences may help uncover potential solutions to current federal banking requisitions, which can help current business owners.

### **Interpretation of Findings**

The findings confirm the potential motivators for owners and operators in the legal marijuana industry of Colorado. Maslow's hierarchy of needs is a good model for explaining the motivations of small businesses (Adams et al., 2015). Maslow's (1943) theory was used to frame the concept of safety as an active motivator. The concern for safety was evident from the owners and operators in the legal marijuana industry of Colorado, which relates to the version of safety that Maslow described for fortunate humans. Legal marijuana business owners in Colorado did not have this normal version

of safety and that was described in detail by the study's participants. The participants and their employees found that dealing in cash was a liability and a worrisome undertaking. They were aware that their customers knew that they had large amounts of cash on the premises, which created a concern about being robbed. However, operators were not concerned about employee theft of cash because of the systems that they had in place. These systems included multiple counting and daily reconciling of all the cash that was taken on that day. The fact that some dispensaries were smaller with less employees also helped handle the money, and mistakes were kept to a minimum.

The banking problem was found to be not only a business issue but also an employee issue. Employees in the industry are potential targets to get their accounts closed if banks discover that they work in the industry. Bank accounts for legal marijuana businesses are also hard to find and expensive to maintain. Some participants chose to remain without a bank account after a few failed accounts at banking. All participants complained of the high banking fees, whether they held an account or not. The frustration with banking did not end once a dispensary found a bank; they were still unable to have merchant services and accept debit and credit cards, so they had to operate as a cash-only business and house large amounts of cash from operations. Businesses have incorporated the technology of cashless ATMs to mitigate the issue of not being able to accept debit cards. Further, cannabis businesses that maintained a bank account were still frustrated by the extra steps in the banking process. One participant was fortunate to have a bank account in the town where they worked, but many other dispensary owners have to drive hundreds of miles to get to their bank. The inability to write-off business expenses like noncannabis businesses can be another frustration.

Some other dispensaries have used an accessory company in conjunction with their cannabis business to get some of the benefits of regular businesses like a pen or pipe company, which could create an issue with taxing and accounting.

The marijuana business size was another major consideration for some businesses because the high banking fees did not allow the business to be profitable. Some of the participants chose to remain without a bank account because the high banking fees did not allow them to be profitable. The bank accounts were also unreliable because they had a history of suddenly closing if the bank felt that there would be penalties from the federal government. Some business owners would like to see the fees scaled down for smaller operations to allow them an opportunity to have a bank account and maintain profitability. There is a distinct disadvantage to marijuana businesses because of high banking fees and the inability to write-off expenses. These factors, accompanied by high tax rates, compromise the profitability of the legal marijuana industry in Colorado.

The findings in this study confirmed the information from the literature review. For instance, safety is a significant concern and influence for the legal marijuana industry in Colorado. Maslow's (1943) theory also supported my study from the angle of human motivation and the need for humans to feel safe and secure. The literature presented many avenues to explore in the investigative process on the lived experiences of owners of legalized marijuana enterprises in Colorado. These lived experiences provided ideas for how entrepreneurs deal with no banking services. The findings of the study illustrate how owners and operators in the cannabis industry of Colorado are navigating the problem of limited to no banking services. The lived experiences show the steps that

owners and operators take daily to work around not having access to credit and debit cards.

### **Limitations of the Study**

The limitations of this study are consistent with those outlined in Chapter 1. Limitations of this study included the sample size of eight participants. The backgrounds and bias of the participants in this study were also limitations to the complete development of the lived experience. The data were consistent across all participants, but some different ideas emerged from participants that could be used to conduct future studies. The technology of the cashless ATM is one idea that emerged that could be explored in future studies.

Another limitation of the study was the geographical scope. Colorado was chosen as the location of the study because Colorado was the first state to legalize recreational marijuana. The location of the study limits the transferability of the study. The study is also limited by the general size of the dispensaries. Most of the participants were not part of a chain of dispensaries. The participants worked in smaller operations. The dispensaries that had 10 to 20 locations did not have a significance number of participants in this study.

Further, the results cannot be generalized to larger dispensaries in the areas of cash handling procedures and safety. Only two participants described working at a dispensary that had an armed guard on the premises during business hours. The limitations about safety and security descriptions may have been different in scenarios that included security guards on the premises. Security guards were reported to be an excellent deterrent to robberies among participants of the study.

## Recommendations

The purpose of this hermeneutic phenomenological study was to explore the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access to banking services. This research study's scope was to learn from actual owners and operators in the legal marijuana industry of Colorado. The 8 participants in this study painted a vivid picture of their present-day situation. The recommendations for future research are in the area of technological processes that could aid the industry. Twenty-five percent of the participants introduced the idea of a cashless ATM.

The cashless ATM is a way for the dispensaries to collect less cash in a process where they are selling marijuana in a transaction that paying for the product and not generating more cash in the business. Future research could explore the liability of having such a transaction. Future research could look at the advantages and disadvantages of this process. There is currently little literature to explain the process in detail. It is an ATM transaction that is used exclusively to purchase marijuana products. The cashless ATM — which simulates a debit card payment by letting consumers initiate a cash withdrawal, then directs those funds to the merchant — is meant to make it easier for legal dispensaries and other high-risk stores to accept card payments (Wynn, 2017).

Participants described the process of the cashless ATM as a “workaround.” The retail teller machines (RTMs) are among the more commonly pitched compromises for high-risk merchants who cannot accept debit and credit cards because banks will not partner with them (Wynn, 2017). RTMs do not dispense cash, but instead, print a unique voucher which is then exchanged for cash inside the same store. The retailer is



immediately compensated by the RTM, which executes a bank-to-bank transaction. Cashless RTMs remit the dispensed amount into the retailer's bank account ("KAL Launches 'Cashless' ATM," 2012). Participants describe the process as a step towards more legitimate banking processes, but it is not a solution.

Another area of future research is the area of tax deductions for legal marijuana companies. The industry is affected by marijuana being listed as a Schedule I drug under the Controlled Substance Act. The ability to take deductions like a normal business affects the profitability of legal marijuana companies along with the adverse banking conditions. Future research could measure the potential impact of tax laws against marijuana dispensaries. Several areas of the economic model of a business are significantly different for cannabis companies versus non-cannabis companies. Future research could explore solutions for positive social change for the legal marijuana industry.

Another area of future research outside the scope of the business management field would be the blueprint of future legislation. Future legislation and how it is developed is rooted in the discipline of Political Science. Future legislation is critical to this industry. Senators and governors from states that have legalized marijuana for retail sale have worked to bring about change in the present laws. There are some current bills that affect the legal marijuana industry. Although marijuana is currently legal in 12 states in the United States for recreational use and 33 states for medical use, federally, it remains a controlled substance as designated by the Controlled Substances Act. If passed by Congress and the Senate, the Secure and Fair Enforcement Banking Act, or the SAFE Act would offer a level of protection for national financial institutions looking to make

investments into legal marijuana businesses (Crabb, 2019). The SAFE Banking Act, championed by Colorado Democratic Rep. Ed Perlmutter and Republican Sen. Cory Gardner, passed the House in September of 2019 by a vote of 321-103 (Ricciardi, 2020).

The concerns and frustrations of the participants of this hermeneutic phenomenological study pointed towards areas of future research. These areas of future research were in technology (cashless ATM), taxation, and legislation. Many different factors can help the legal marijuana industry to become more legitimate and profitable. The obstacles to this industry are numerous, based on the current laws and business landscape. Future research can help people outside the industry understand how each of these area will impact positive social change for the owners and operators of this industry.

## **Implications**

### **Positive Social Change**

The purpose of this hermeneutic phenomenological study was to explore the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access to banking services. The findings of this study contribute to social change on an individual, organizational, and industry level. This study's findings contribute to positive social change on an individual level by detailing the experiences of individuals in the cannabis industry of Colorado. The participants in this study created a detailed account of their daily lives dealing with safety and no banking services. The participants' feelings and experiences give others in the industry a dialogue that can promote positive social change. The benefit of first-hand accounts from

participants can help other owners and operators in the cannabis industry to relate to their current situation.

This study's findings contribute to positive social change on the organizational level by informing legal marijuana dispensaries of the different lived experiences from the same industry. The results of this study illustrated how dispensaries dealt with cash handling and concerns over safety and security. The study's recommendations can help current and future businesses owners to the challenges of the legal marijuana industry. The lived experiences of owners and operators can impact positive social change for the industry by chronicling the struggles from having no banking services or limited banking services. This study's findings support the concerns that were presented in Chapter 2 about safety among cash-only operations.

The whole industry can benefit from reforms in federal laws that promote safety in the legal marijuana industry. The findings can impact positive social change on the industry-level by providing the lived experience of its participants. The findings of this study illustrate the struggle between the federal and state governments. The lived experience of all 8 participants discussed the concern of safety because they were a cash-only operation. Operations, even the dispensaries with bank accounts, still have large amounts of cash on the premises and fear for being robbed because of that cash. The findings of this study provide evidence of a need for positive social change in this business landscape.

### **Applications for Legal Marijuana Dispensaries in Colorado and Beyond**

The applications for other legal marijuana companies in Colorado and other states where retail marijuana is legal are two-fold. Information about the participants' lived

experiences helps current and future owners and operators understand the depths of the problem. The second application is that the participants' lived experiences can provide options to existing businesses or future businesses about the cash-only nature of marijuana dispensaries. The struggles, concerns, and relative ideas are all presented in the study results in this dissertation. The narratives about different approaches around this problem are detailed in this study. From possible bank solutions to cashless ATMs, the current landscape is explored and explained in a meaningful narrative of actual experiences.

So long as marijuana remains illegal at the federal level, marijuana businesses will have difficulty operating as full legal citizens. The application to legal marijuana dispensaries is the knowledge of the existing conditions and the options that others have chosen. Some businesses may be more risk-averse to the current landscape, so knowing the possible options is essential. A dispensary can explore a solution to their situation of no banking services at a considerable cost and a big learning curve. The participants of this study provided good detailed information to help business owners navigate the legal marijuana industry in Colorado and beyond.

### **Conclusions**

The purpose of this hermeneutic phenomenological study was to explore the lived experiences of business owners of legal marijuana enterprises dealing with an increased risk of theft because they have no access to banking services. The emerging legal marijuana industry is hampered by the lack of banking services that hurt the industry's legitimacy and creates increased security risks for its operators. A gap in the literature existed because there are no formal studies looking at how owners were coping with the

daily problem of no banking services. This study accomplished the goal of describing how owners and operators feel about safety in the legal marijuana industry. The participants provided passionate accounts of the daily challenges of no banking services or limited banking services. The information presented in this phenomenological study has started the dialogue for future studies about the limited banking in the marijuana industry. The options available to the current dispensaries are clearly illustrated by the participants in terms of cash handling, available banking options, and present technology like cashless ATMs.

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## Appendix A: Interview Questions

1. Please describe your experiences in operating your business without having access to banking services?
2. Please describe the challenges that you face daily because your do not have a bank account or merchant services?
3. Have you created any special processes or procedures to deal with not having a bank account and operating as a cash based business?
4. Do you ever fear for employee safety or being robbed because you are a cash-only operation?
5. Have you heard of business practices that you have not tried yet, but seem to help mitigate the problem of no banking services?
6. How do you protect against mishandling of cash within the business?
7. Do you have procedures to prevent or discourage employee embezzlement?