



Northern California

High Intensity Drug Trafficking Area Drug Market Analysis

June 2007

U.S. Department of Justice

Preface

This assessment provides a strategic overview of the illicit drug situation in the Northern California High Intensity Drug Trafficking Area (HIDTA), highlighting significant trends and law enforcement concerns relating to the trafficking and abuse of illicit drugs. The report was prepared through detailed analysis of recent law enforcement

reporting, information obtained through interviews with law enforcement and public health officials, and available statistical data. The report is designed to provide policymakers, resource planners, and law enforcement officials with a focused discussion of key drug issues and developments facing the Northern California HIDTA.



Figure 1. Northern California High Intensity Drug Trafficking Area.

This assessment is an outgrowth of a partnership between the NDIC and HIDTA Program for preparation of annual assessments depicting drug trafficking trends and developments in HIDTA Program areas. The report has been vetted with the HIDTA, is limited in scope to HIDTA jurisdictional boundaries, and draws upon a wide variety of sources within those boundaries.

Strategic Drug Threat Developments

- The trafficking and abuse of ice methamphetamine¹ are the most significant drug threats to the Northern California HIDTA region. Mexican drug trafficking organizations (DTOs) are the primary transporters and distributors of the drug. To increase their customer base, Mexican DTOs began a new technique for marketing methamphetamine that is directed toward younger users by adding flavoring and coloring to the drug. This form of methamphetamine first emerged in Contra Costa County in 2007. Methamphetamine trafficking and abuse also are a significant influence in violent crimes and property crimes perpetrated in the HIDTA region.
- Mexican DTOs are cultivating cannabis at an increasing number of outdoor grow sites located in remote locations, on public lands, and in rural areas within the Northern California HIDTA region. As a result, the HIDTA region has emerged as one of the most significant areas for outdoor cannabis cultivation in the United States.
- Some Mexican DTOs are beginning to employ indoor cultivation techniques at outdoor grow sites to achieve a higher-quality plant with greater THC (delta-9-tetrahydrocannabinol) levels.
- Indoor cannabis cultivation and marijuana distribution and abuse have increased significantly in the Northern California HIDTA region. According to HIDTA officials, this increase is due to several factors, including rising availability and demand for high-potency marijuana, California Proposition 215 (which legalized the medicinal use of marijuana), and the opening of cannabis clubs, which are established to supply marijuana for medicinal use but are also used by traffickers to purchase significant quantities of marijuana for illegal distribution.
- Asian DTOs and criminal groups are operating larger indoor cannabis cultivation sites than those previously maintained in the HIDTA

region; this situation has resulted in an increase in the availability of high-potency marijuana in the area.

- The increase of cannabis cultivation at outdoor and indoor locations has caused a host of problems with which law enforcement and public health officials must contend, including violent confrontations with outdoor growers, home invasion robberies where the criminals are looking for caches of marijuana or proceeds from indoor grow operations, health-related problems suffered by unwitting citizens and law enforcement officers from exposure to contaminants and other hazards at outdoor and indoor grow sites, and extensive costs associated with the remediation of the environmental damage to public lands caused by outdoor cannabis cultivation.

Drug Trafficking Organizations, Criminal Groups, and Gangs

Drug trafficking organizations are complex organizations with highly defined command-and-control structures that produce, transport, and/or distribute large quantities of one or more illicit drugs.

Criminal groups operating in the United States are numerous and range from small to moderately sized, loosely knit groups that distribute one or more drugs at the retail and midlevels.

Gangs are defined by the National Alliance of Gang Investigators' Associations as groups or associations of three or more persons with a common identifying sign, symbol, or name, the members of which individually or collectively engage in criminal activity that creates an atmosphere of fear and intimidation.

HIDTA Overview

The Northern California HIDTA region consists of the following 10 counties in the San Francisco Bay area—Alameda, Contra Costa, Lake, Marin, Monterey, San Francisco, San Mateo, Santa Clara, Santa Cruz, and Sonoma. The region

1. For the purposes of this report, ice methamphetamine refers to methamphetamine that has been crystallized from powder methamphetamine.

encompasses major metropolitan areas, including Oakland, San Francisco, and San Jose, as well as expansive, sparsely populated rural areas. Proximity to illicit drug source areas and an adaptable abuser population have rendered the HIDTA region a national-level transportation hub and significant abuse area for illicit drugs supplied by Mexican and, to a lesser extent, Asian DTOs. Both of these types of DTOs transport a wide variety of illicit drugs, including cocaine, heroin, marijuana, and methamphetamine, from the HIDTA region to drug markets throughout the United States, such as markets in the Pacific Northwest, the Midwest, and Hawaii.

A multifaceted transportation infrastructure links the HIDTA region directly to Mexico and Canada—major illicit drug production and source areas—as well as to methamphetamine production areas in central and southern California and marijuana production areas in central and northern California. This infrastructure also links the HIDTA region to major drug markets throughout the nation. Interstate 80, a major east-west corridor, connects San Francisco to New York, New York, and a host of cities in between. U.S. Highway 101, a north-south corridor, provides direct access to the region from Mexico and Canada. International airports and maritime ports further facilitate illicit drug smuggling into and through the area, particularly from Asia and Europe. The San Francisco International Airport is the fourteenth-busiest in the United States and the twenty-third-busiest airport in the world in the number of passengers. The Port of Oakland is the fourth-busiest container port in the United States and the ninth-busiest waterborne freight gateway for international merchandise trade by value of shipments.

Drug Threat Overview

Ice methamphetamine is readily available in the area; however, according to the Drug Enforcement Administration (DEA), average purity has declined

over the last several years from over 80 percent to generally between 30 and 50 percent. However, the purity of methamphetamine taken in recent seizures in 2007 in the San Francisco Bay area was above 80 percent; it is too soon to determine whether this is an emerging trend. Purity levels have most likely dropped because local production in California has declined as a result of legislation regulating the purchase of precursor chemicals. As a result, much of the methamphetamine available in the area is smuggled from the Mexican state of Michoacán rather than from traditional production areas in central and southern California. Mexican methamphetamine is generally of lower purity than methamphetamine historically produced in California, yet it is higher in purity than that traditionally available in much of the country.

In an attempt to increase their methamphetamine customer base, Mexican DTOs have started to add flavoring and coloring to the drug. The flavoring is used to mask the bitter taste of chemicals, and the bright colors give the drug the appearance of candy. This marketing ploy, clearly designed for younger users, first emerged in Contra Costa County in the beginning of 2007. The methamphetamine, bright pink in color with strawberry or cherry flavoring, has also been encountered in other areas of California and Nevada during the same time frame. Common street names are “Strawberry Quick,” “Pop Rocks,” and “Go Fast.” A clear version with chocolate or cola flavoring has also been reported. Users typically inhale the drug or rub it on their gums.

Marijuana availability is widespread, and its abuse is rampant in the Northern California HIDTA region. This situation is a combined result of rising overall demand, increased availability of high-potency marijuana, and exploitation of California Proposition 215² by illegal cannabis cultivators and drug traffickers. Numerous federal, state, and local law enforcement agencies and task forces report an

2. California Proposition 215 allows patients and primary caregivers to possess marijuana or cultivate cannabis for medical treatment that is recommended by a physician, exempting them from criminal laws that otherwise prohibit possession or cultivation of marijuana under state law. Legal protections are also provided to physicians who recommend the use of marijuana for medical treatment. Under this proposition, no prescription is needed to obtain the drug for medicinal use. A doctor makes a recommendation either in writing or verbally.

increase in the number of illegal outdoor and indoor cannabis grow sites that they encounter. This has led to an increase in violent confrontations between law enforcement and cultivators, who aggressively protect their grow sites. California's Campaign Against Marijuana Planting (CAMP), a statewide marijuana eradication and enforcement task force, seized nearly 1.7 million cannabis plants in 2006. Thirty percent of the plants seized were located in the Northern California HIDTA region.³

Powder cocaine and crack cocaine are widely available and frequently abused in the region. Throughout 2006, law enforcement officials reported increased seizures of larger quantities of powder cocaine than those seized in recent years. Law enforcement officials and treatment providers report that middle- and upper-income Caucasian adults and high school students are increasingly abusing powder cocaine. Some of these abusers had previously used methamphetamine and switched to powder cocaine because of the recognized dangers of using methamphetamine, declining methamphetamine purity levels, and the belief that cocaine is safer to use because it is made from a plant. Law enforcement officials in most large urban areas within the HIDTA region report very high levels of crack cocaine abuse; crack cocaine generally is the most abused illicit drug in these areas.

Heroin is another significant drug threat within the Northern California HIDTA region. Mexican black tar heroin is the most readily available and abused form of the drug in the region. Mexican DTOs transport wholesale quantities of black tar heroin and, to a lesser extent, brown powder heroin from Michoacán through the Southwest Region for distribution within the HIDTA. HIDTA officials also report an increase in multipound seizures of black tar heroin in the street-level investigations. Although there is a large Asian community within the region, there have been no Southeast Asian or Southwest Asian heroin seizures, according to HIDTA officials.

The abuse of other dangerous drugs (ODDs) such as MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy) and diverted pharmaceuticals is at high levels in the Northern California HIDTA region. MDMA is primarily distributed in nightclubs by Asian criminal groups; some distributors and abusers also distribute the drug from their residences. Pharmaceutical abuse across all age groups remains high in the region. Benzodiazepines, hydrocodone, oxycodone, and synthetic opiates are the most frequently abused pharmaceutical drugs.

Drug Trafficking Organizations

Mexican DTOs based in the Northern California HIDTA region dominate illicit drug transportation and wholesale distribution in the area as well as distribution from the area to drug markets throughout the country. They also cultivate very large quantities of cannabis in the region and control methamphetamine and marijuana production operations in the Central Valley of California. These organizations, based largely on familial ties, typically consist of members residing in California, Mexico, and other cities throughout the United States. Leaders within these families are based in cities in the Northern California HIDTA region such as Redwood City, East Palo Alto, and San Jose as well as in southern California. Mexican DTOs typically smuggle drugs from Mexico through U.S. ports of entry (POEs) in Calexico, San Ysidro, and Otay Mesa, California, and transport them to the Northern California HIDTA region.

Asian DTOs and criminal groups, particularly Vietnamese groups, are major illicit drug traffickers in the Northern California HIDTA region. The drug trafficking threat that they pose to the area is increasing but is lower than that posed by Mexican DTOs. Asian drug traffickers transport primarily high-potency marijuana, commonly known as BC Bud, from British Columbia, Canada, and MDMA from Canada for distribution in the Northern

3. Campaign Against Marijuana Planting (CAMP) is a multiagency law enforcement task force that is managed by the California Department of Justice, Bureau of Narcotics Enforcement, and is composed of numerous local, state, and federal agencies.

Operation Imperial Emperor

In February 2007 DEA officials announced the culmination of Operation Imperial Emperor, a multijurisdictional investigation that targeted an international Mexican drug trafficking and money laundering organization that had ties to the San Francisco Bay area in addition to other areas of California, Arizona, Illinois, and New York. This organization maintained distribution cells in Northern California that transported drugs from Mexico across the U.S.–Mexico border to San Francisco for further distribution in the city and to cities throughout the United States.

Overall, this investigation resulted in the arrest of more than 400 individuals nationwide, including the top leaders of the organization and the seizure of approximately \$45.2 million in U.S. currency, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of powder methamphetamine, 227 pounds of ice methamphetamine, and 11 pounds of heroin. The investigation has also resulted in the forfeiture of \$6.1 million in property and assets as well as approximately 100 weapons and 94 vehicles.



United States Border Patrol

Figure 2. Traffickers constructed this sandbag bridge to transport drugs via vehicles across the U.S.–Mexico border.



Drug Enforcement Administration

Figure 3. Almost \$3.5 million of the more than \$45 million in cash seized as part of Operation Imperial Emperor.

Source: Drug Enforcement Administration San Francisco press release, February 28, 2007.

Six Charged in Bay Area MDMA Smuggling Ring

In August 2006 DEA and U.S. Immigration and Customs Enforcement (ICE) officials announced the indictment of six individuals involved in an Asian MDMA smuggling ring based in San Francisco. The investigation began in 2001 when Belgian Federal Police alerted U.S. Customs officials that a piano, in which more than 40 kilograms of MDMA were concealed, had been shipped from Germany to the San Francisco International Airport. During the course of the investigation, law enforcement officers determined that MDMA shipments were secreted in shipments of automobile transmissions, European pianos, and leather sofas. This Asian organization generated more than \$3 million in drug proceeds and used some of the money to purchase expensive homes in Oakland, Hillsborough, and Burlingame, California.

Source: Drug Enforcement Administration San Francisco press release, August 10, 2006.

Sureños and Norteños Street Gangs

Sureños and Norteños are affiliations of Hispanic street gangs that initially formed in the California Department of Corrections by members who wanted to ally themselves with incarcerated street gang members from other areas. Hispanic street gangs in southern California (Bakersfield and points south) were known as Sureños street gangs, while those from central and northern California (north of Bakersfield) were known as Norteños street gangs. Hispanic street gangs operating in the Northern California HIDTA region are typically affiliated with Sureños and Norteños gang associations. The two groups are adversaries both inside and outside the prison system.

California HIDTA region. They are also the primary MDMA distributors in many areas throughout the region. Asian groups also cultivate cannabis indoors in the HIDTA region and produce marijuana for local distribution. Cannabis cultivation by Asian DTOs in the HIDTA region is increasing, particularly at indoor locations. Asian DTOs typically restrict involvement in their drug trafficking operations to individuals of similar ethnicity and familial affiliation. Many Asian DTOs and criminal groups distribute illicit drugs in the area; however, Vietnamese groups are predominant.

Street gangs, prison gangs, and outlaw motorcycle gangs (OMGs) pose a major challenge to law enforcement agencies within the Northern California HIDTA region as they are extremely violent in establishing or maintaining control of their drug trafficking activities. Hispanic street gangs, primarily affiliates of Sureños and Norteños gangs, are involved in midlevel and retail-level distribution of methamphetamine, marijuana, cocaine, and heroin. African American street gang members, primarily affiliates of Bloods and Crips, distribute crack cocaine and marijuana at the retail level in the HIDTA region. Prison gangs, such as Border Brothers and Kumi Nation, are involved in methamphetamine, crack cocaine, and marijuana midlevel and retail-level distribution. Members of OMGs, most notably Hells Angels Motorcycle Club (HAMC), distribute midlevel and retail-level quantities of powder cocaine, methamphetamine, and marijuana. African American street gangs, prison gangs, and OMGs are supplied by Mexican distribution cells.

Production

Cannabis cultivation and marijuana production operations are extensive and increasing in magnitude throughout the Northern California HIDTA region. As a result, the area is becoming one of the most significant cannabis cultivation areas in the nation. More than 3.8 million cannabis plants were

eradicated in California in 2006 from outdoor and indoor grow sites.⁴ This is a 27 percent increase from the 3,021,240 plants seized in 2005. According to Domestic Cannabis Eradication/Suppression Program (DCE/SP) data, the number of plants seized at both outdoor and indoor grow sites in the HIDTA region has significantly increased over the past 4 years. (See Table 1 on page 7.) The number of outdoor plants seized increased from 49,174 in 2003 to 717,740 in 2006. The number of indoor plants seized increased from 3,364 in 2003 to 64,142 in 2006. Illegal cannabis cultivation generates millions of dollars in criminal revenue. As such, in 2006 the Northern California HIDTA surpassed all prior years in asset seizures from illegal grows.

Outdoor cannabis cultivation is increasing significantly in the HIDTA region. Large outdoor cannabis grow sites are generally cultivated in counties that encompass extensive remote locations, public lands, and rural areas such as Lake, Sonoma, and Santa Clara Counties. These counties rank among the top 10 counties in the state for cannabis cultivation. Mexican DTOs control most large outdoor cannabis grow sites in the region. They typically employ illegal aliens to tend crop sites, provide protection from intruders (including law enforcement), and harvest the cannabis as payment for their entry into the United States. Recent law enforcement reporting indicates that some Mexican groups are also cultivating cannabis plants that have higher THC levels by applying growing methods that are typically used for indoor operations. These DTOs use select seeds from Mexico, prepare the seedlings in greenhouses, plant the seedlings outdoors before late April, separate male from female plants prior to pollination, and use high-nitrogen fertilizer. Cloned starter plants, sophisticated irrigation systems, and pesticides are also used.⁵

The environmental damage caused by outdoor cannabis cultivation, particularly on public lands,

4. Data were received from the Drug Enforcement Administration (DEA) Domestic Cannabis Eradication/Suppression Program (DCE/SP); U.S. Department of the Interior; and U.S. Department of Agriculture Forest Service. DCE/SP statistics include state eradication efforts by CAMP.

5. Cloned starter plants enable cannabis cultivators to select higher-quality plants and avoid male-female pollination, thereby raising potential THC (delta-9-tetrahydrocannabinol) content.

Table 1. Number of Cannabis Plants Seized and Percentage of Change in Northern California HIDTA, 2003–2006

| County | Outdoor Plants | | | | | Indoor Plants | | | | |
|----------------------|----------------|----------------|----------------|----------------|-------------------------------------|---------------|--------------|---------------|---------------|-------------------------------------|
| | 2003 | 2004 | 2005 | 2006 | Percent of Change from 2003 to 2006 | 2003 | 2004 | 2005 | 2006 | Percent of Change from 2003 to 2006 |
| Alameda | 0 | 0 | 0 | 0 | NA | 0 | 0 | 0 | 29,428 | NA |
| Contra Costa | 0 | 0 | 0 | 0 | NA | 0 | 0 | 0 | 0 | NA |
| Lake | 8,233 | 81,991 | 136,781 | 346,336 | 4,017 | 0 | 1,502 | 7,581 | 79 | NA |
| Marin | 0 | 0 | 0 | 22,740 | NA | 0 | 0 | 0 | 0 | NA |
| Monterey | 6,100 | 11,077 | 23,498 | 49,893 | 718 | 26 | 521 | 157 | 1,451 | 5,481 |
| San Francisco | 0 | 0 | 0 | 0 | NA | 0 | 0 | 0 | 12,745 | NA |
| San Mateo | 1,641 | 3,196 | 167 | 5,850 | 256 | 1,572 | 941 | 479 | 9,278 | 490 |
| Santa Clara | 5,162 | 6,026 | 82,106 | 125,690 | 2,335 | 0 | 0 | 0 | 383 | NA |
| Santa Cruz | 7,836 | 1,627 | 11,449 | 42,836 | 447 | 469 | 525 | 3,521 | 1,038 | 121 |
| Sonoma | 20,202 | 19,884 | 107,631 | 124,395 | 516 | 1,297 | 2,195 | 11,049 | 9,740 | 651 |
| Total | 49,174 | 123,801 | 361,632 | 717,740 | 1,360 | 3,364 | 5,684 | 22,787 | 64,142 | 1,807 |

Source: Domestic Cannabis Eradication/Suppression Program.

NA—not applicable

is a serious concern for law enforcement and other public agencies. Grow-site operators often contaminate and alter watersheds, divert natural water courses, clear native vegetation, and poach protected wildlife; they discard garbage, nonbiodegradable materials, and human waste as well as create wildfire hazards. According to the National Forest System and CAMP, law enforcement officers are encountering increasing numbers of dumpsites of highly toxic insecticides, chemical repellants, and other poisons. These toxic chemicals enter and contaminate ground water, pollute watersheds, kill fish and other wildlife, and eventually enter residential water supplies. The National Park Service estimates that for every acre of forest planted with cannabis, 10 acres are damaged. The cost to repair and restore an outdoor cultivation site is approximately \$11,000 per acre.

Indoor cannabis cultivators typically establish grow sites in multiple residences, often using hydroponics technology, sophisticated lighting, and

irrigation systems. Indoor growers prefer the controlled environment because they can avoid intensified outdoor eradication efforts while, at the same time, achieving higher profits through a year-round cultivation season by turning out a new crop of higher-potency marijuana every 90 days. More sophisticated operations bypass electric meters to eliminate high energy-use readings, large electric bills, and possible law enforcement scrutiny. Caucasian criminal groups and independent dealers are the primary producers of indoor, high-grade marijuana within the HIDTA region. However, Asian DTOs and criminal groups that had previously operated smaller indoor grow sites are now involved with large-scale cannabis cultivation operations that typically produce high-grade marijuana. For example, law enforcement officers arrested members of a San Francisco-based Asian DTO in August 2006 and seized more than 10,000 cannabis plants from 14 locations in Elk Grove, California. The grow site at each residence was configured in the same manner with artificial

lighting and irrigation systems operated by timers. Additionally, the electricity to each residence was rewired to bypass the electric meter, a situation that created a fire hazard.

Indoor grow sites often pose considerable safety and health concerns for law enforcement officers, first responders, and unwitting citizens. Buildings used for indoor grow sites are 40 times more likely to catch fire than a building not used as a grow site because of the highly flammable chemicals, fertilizers, high-intensity lighting, electrical equipment, and reconfigured electrical systems often present in such structures. For instance, in December 2006 a \$1 million house used as an indoor grow site in Contra Costa County caught fire and was completely destroyed. High levels of carbon dioxide⁶ and carbon monoxide may also be present at indoor grow sites as a result of damaged exhaust systems. Additionally, grow sites are often booby-trapped to ward off thieves and law enforcement officers. Moreover, as a result of the prolonged high humidity at indoor grow sites, the buildings that contain them can be completely ruined from the growth of toxic molds.

Cannabis cultivators sometimes use Proposition 215 as a pretext for conducting illegal indoor grow operations on a commercial basis manufacturing high-grade marijuana for further distribution through cannabis clubs. For instance, in October 2006 federal authorities arrested 15 individuals in the San Francisco area for operating illegal indoor cannabis grow operation under the guise of producing medicinal marijuana. Authorities seized nearly 13,000 cannabis plants, computers, a luxury convertible, and a total of \$125,000. Law enforcement officials report that marijuana-laced edibles are even commercially manufactured. In December 2006 federal authorities arrested the owner and manager of a local medical marijuana patient cooperative in Hayward, California, for operating an illegal indoor cannabis grow operation. Authorities seized two inert



Figure 4. Samples of marijuana-laced popcorn seized by federal authorities.

Operation Emerald Web

In February 2007 law enforcement authorities arrested eight Santa Rosa residents who were the focus of an Organized Crime Drug Enforcement Task Force (OCDETF) investigation entitled Operation Emerald Web. These individuals were involved in methamphetamine and marijuana production and distribution in the North Bay area. During the course of this investigation, law enforcement authorities seized more than \$600,000, 35 pounds of methamphetamine, 4 pounds of pseudoephedrine, 3 pounds of cocaine, more than 5,000 pounds of processed marijuana, nearly 20,000 live cannabis plants; and 50 firearms, including 5 assault rifles. DEA estimated the street value of the seized drugs to be over \$5 million.

Source: Federal Bureau of Investigation San Francisco press release dated February 15, 2007.

grenades in addition to hundreds of cannabis plants, food items including cookies, brownies, and popcorn, and several high-value, luxury automobiles and motorcycles. (See Figure 4.)

Methamphetamine production in the Northern California HIDTA region is decreasing, largely as a result of successful law enforcement operations and regulatory efforts to control precursor chemicals. According to the National Clandestine Laboratory Seizure System (NCLSS), 26 methamphetamine laboratories were seized in the HIDTA region in

6. Indoor cannabis growers commonly use carbon dioxide generators to produce carbon dioxide to “feed” the plants and increase the grow rates. This poses a health risk to law enforcement personnel responding to the site or neighboring residences in an urban environment, since the oxygen levels are greatly reduced.

2006, a decrease from 36 laboratories seized in 2005, and 57 laboratories in 2004.

Most methamphetamine laboratories in the Northern California HIDTA region are small scale and intended to produce limited quantities for personal use or limited distribution—on average 4 to 7 grams per production cycle or “cook.” Law enforcement authorities report that a few major laboratories and superlabs still operate within the HIDTA region. Some Mexican DTOs and criminal groups based in the Northern California HIDTA region also operate large-scale methamphetamine

laboratories in the Central Valley HIDTA region, which is adjacent to the Northern California HIDTA. The methamphetamine produced at these laboratories is intended for distribution in California as well as throughout the United States.

Transportation

The Northern California HIDTA region’s proximity to illicit drug source areas and a multifaceted transportation infrastructure enable traffickers to transport significant quantities of illicit drugs into the area. (See Figure 5.) The highway infrastructure



Figure 5. Northern California HIDTA transportation infrastructure.

provides direct access along several major routes to drug sources located in other areas of California, Mexico, and Canada. This infrastructure provides traffickers with the means to modify transportation routes or adapt to changes in source areas with limited interruption in supply. For instance, traffickers were able to obtain methamphetamine from sources in Mexico using I-5 and US 101 when methamphetamine production decreased in California.

Traffickers also transport a variety of illicit drugs into the HIDTA region through package delivery services and the mail system, predominantly from foreign sources. One of only 13 Customs International Mail Branches in the country (and one of three in the western United States) is located in Oakland. The high volume of packages transiting the area, particularly from Asia, make interdiction efforts at these facilities extremely challenging for U.S. Customs officials. The use of the Internet to purchase illicit drugs, particularly from foreign suppliers in Europe or Mexico, also has increased transportation by package delivery services and the mail system. The Internet has enabled independent dealers, who historically traveled to Mexico to obtain pharmaceuticals, steroids, or ketamine, to purchase these drugs online. The large number of online suppliers makes tracking illicit purchases through the Internet difficult. In addition, illicit drugs purchased online are commonly paid through Internet pay accounts, which require only limited personal information, further hindering law enforcement efforts.

Distribution

Distribution From the HIDTA Region

Mexican DTOs dominate illicit drug distribution from the Northern California HIDTA region; however, other groups, gangs, and independent dealers have increased the amount of drugs that they distribute from the area. Mexican DTOs and criminal groups use the area as a base of operations for illicit drug distribution to markets in the Pacific Northwest, the Midwest, Hawaii, Canada, and areas along the East Coast. These groups store, consolidate, and repackage wholesale quantities of

cocaine, heroin, marijuana, and methamphetamine from Mexico for distribution to these markets.

Street gangs, prison gangs, and OMGs operating in the HIDTA region distribute illicit drugs to their counterparts in cities located throughout the country to capitalize on the higher profits that can be made in those cities. Various traffickers in the area, including Caucasian criminal groups and independent dealers and Asian DTOs, distribute marijuana produced in northern California and, to a lesser extent, BC Bud to other areas of the country in order to meet the demand for high-potency marijuana. ODDs such as MDMA and GHB (gamma-hydroxybutyrate), diverted pharmaceuticals, and other illicit drugs such as opium and khat that are abused within certain ethnic communities are distributed from the area largely because of the significant quantities of these drugs that are transported from foreign sources into the Customs International Mail Branch located in Oakland.

Distribution Within the HIDTA Region

Mexican DTOs and criminal groups dominate wholesale distribution in the Northern California HIDTA region, supplying wholesale quantities primarily to other criminal groups and gangs—street gangs, prison gangs, and OMGs. These groups then supply midlevel quantities to retail distributors—primarily smaller street gangs and independent dealers. In midsize and large metropolitan areas, street and prison gangs dominate retail distribution, while in small towns and rural areas, independent dealers are the primary retail distributors.

Marijuana distribution patterns have changed in the Northern California HIDTA region as a result of California Proposition 215. Based on National Drug Intelligence Center (NDIC) interviews with federal, state, and local law enforcement, it appears as though some cannabis clubs established under Proposition 215 are being used by traffickers to acquire marijuana for further distribution. A significant portion of high-grade marijuana available in the area is distributed through these cannabis clubs. Illegal marijuana distributors in the area commonly hold medical marijuana cards, which they use to

Maker of Marijuana Candy Products Pleads Guilty and Agrees to 70-Month Prison Term

In September 2006 the U.S. Attorney for the Northern District of California announced that a primary suspect and four coconspirators pleaded guilty to manufacturing and distributing cannabis plants and marijuana products that mimicked well-known candy and soft drink brands. The primary subject operated several marijuana cultivation facilities in Emeryville and Oakland. The edible products, sold under the brand name "Beyond Bomb," were designed and packaged to resemble parodies of actual candy, food, and soft drink products. Some of the product labels seized by investigators are "Stoney Ranchers," "Munchy Way," "Rasta Reece's," "Buddafingers," "Pot Tarts," "Double Puff Oeo," "Tri-Chrome Crunch," "Keef Kat," "Twixed," "Budtella," "Puff-A-Mint Pattie," "Puffsi," "Bong's Root Beer," and "Toka-Cola." Law enforcement officers seized four sophisticated indoor cannabis grows, thousands of cannabis plants, a large amount of U.S. currency, two semiautomatic weapons, one revolver, and hundreds of marijuana-laced candy items and soft drinks. These manufacturers have also been successfully sued for copyright infringement.



Figure 6. Samples of marijuana-laced products manufactured and distributed in the Northern California HIDTA.

justify producing or purchasing the drug. Many illegal distributors use cannabis clubs as their primary sources of supply, while some illegal distributors who produce marijuana purchase the drug from cannabis clubs when they deplete their own supplies. Marijuana abusers also purchase the drug at cannabis clubs for personal use. The emergence of cannabis clubs and the resulting public complaints have generated community action to regulate the proliferation of such clubs. In San Francisco, a moratorium has been instituted on the opening of additional cannabis clubs.

Additionally, marijuana is being mixed into other products such as candy bars, soda, and other food items. (See Figure 6.) Law enforcement officials in the HIDTA region report that marijuana-laced products are being commercially manufactured and packaged with labels that resemble legitimate products. This creates an additional danger, especially for young people who may consume the marijuana-laced item believing that the product is harmless because it looks legitimate. Treatment providers also indicate

that the high THC content of this type of marijuana is especially dangerous for adolescents to consume.

Drug distribution over the Internet has expanded in the Northern California HIDTA region. Traffickers and abusers often post messages on web sites containing classified advertisements to sell or purchase illicit drugs. Distributors sell marijuana, methamphetamine, MDMA, and diverted pharmaceuticals through the Internet because of the anonymity it provides and the minimal risk of law enforcement detection. Traffickers initiate contact with customers over the Internet and either ship illicit drugs by package delivery services or arrange to have the drugs delivered to a designated location, with payment made through an Internet pay account or in cash upon delivery.

Drug-Related Crime

Much of the violent crime and property crime in the Northern California HIDTA region is attributed to illicit drug trafficking and abuse. Rivalries

among trafficking groups, particularly street gangs, over control of drug market territory generate significant levels of violent crime such as assault, homicide, and robbery in metropolitan areas. Methamphetamine trafficking and abuse also significantly impact crime in the area. Law enforcement officials report that as much as 90 percent of burglary, domestic violence, and assault incidents have a nexus to methamphetamine distribution and abuse. In addition, abusers of illicit drugs commit high levels of property crime, including identity theft, to acquire money with which to purchase illicit drugs. Home invasion robberies of indoor cannabis operations are also increasing within the HIDTA region.

Increasing gang membership and expanding drug distribution by gangs have resulted in increased violence in the Northern California HIDTA region, particularly in the East Bay and cities in Santa Cruz and Monterey Counties. Moreover, much of the violence against law enforcement officers in the HIDTA region is gang-related. Street gangs and OMGs in the area are attempting to increase their membership to gain greater influence and control, including control over retail drug distribution. Additionally, HIDTA law enforcement officials report an increase in violence among the younger generation of street gang members who are trying to establish a reputation for themselves. Younger gang members also are more likely to show aggression toward law enforcement officers. In January 2007 eight members of a violent San Francisco-based street gang known as Down Below Gang pleaded guilty to racketeering conspiracy charges and conspiracy to distribute controlled substances. The defendants admitted to committing various acts of violence—three murders in 2004, attempted murder, conspiracy to commit murder, armed robbery, carjacking, and drug trafficking. Four defendants admitted to possessing a total of six handguns and an assault rifle in connection with drug distribution.

Aggression and acts of violence committed by cannabis cultivators who protect outdoor grows in remote areas or on public lands are increasing law enforcement and public safety concerns. According to Northern California HIDTA officials, an increasing number of armed individuals are protecting cannabis crops because of their high value, the competition with other outdoor growers, and previous successful eradication efforts by law enforcement. Additionally, many crop tenders are illegal aliens who must tend a grow site through a successful harvest to pay the Mexican traffickers who sponsored their entry into the country. Some sites are also protected by life-threatening booby traps. Cannabis cultivation operations are a threat to the safety of law enforcement officers as well as to unwitting visitors, hunters, and hikers. For instance, in August 2005 an armed guard of a 22,000-plant outdoor grow in Santa Clara County engaged in a shootout with law enforcement officers. A California Fish and Game warden was shot in the legs before the guard was killed. Moreover, because the cannabis harvest season and the beginning of deer season take place at the same time, numerous incidents have been reported about hunters who inadvertently discovered grow sites and had altercations with armed guards.

Abuse

Illicit drug abuse in the Northern California HIDTA region, particularly the abuse of ice methamphetamine, is at high levels. Ice methamphetamine is readily available and typically of high quality. Moreover, the ice methamphetamine market in the region is strong and long established. High-potency marijuana, cocaine, crack, black tar heroin, ODDs, and diverted pharmaceuticals also are commonly distributed and abused within the HIDTA region.

An April 2007 University of California at Los Angeles study of the California Substance Abuse and Crime Prevention Act (SACPA), Proposition 36,⁷ reported that the highest population of defendants who went through treatment programs in

7. Proposition 36 provides for drug treatment in lieu of incarceration under California law for nonviolent defendants arrested for possession of a controlled substance.

California were methamphetamine abusers. In the fourth year of the study (2004–2005), more than half of the SACPA participants who entered treatment reported methamphetamine as their primary drug of abuse, followed by powder cocaine/crack, marijuana, alcohol, and heroin.⁸ Moreover, data from the Substance Abuse and Mental Health Services Administration (SAMHSA) Treatment Episode Data Set (TEDS) reveal that methamphetamines/amphetamines were identified more often than any other drug, including alcohol, as the primary substance of abuse for admissions to publicly funded treatment facilities in California during the period of 2002 through 2005 (the latest year for which data are available).

Flavored and colored methamphetamine is another serious concern for law enforcement officials and treatment providers because it is marketed toward younger users. Young people who have been taught that methamphetamine is dangerous may perceive this new flavored or colored version to be some other drug or candy. According to treatment providers, younger users can experience acute adverse reactions, including panic, pounding in the chest, uncontrollable shaking, and sweating because of the high purity levels. Some abusers can become suicidally depressed when withdrawing from the drug.

Abuse of diverted pharmaceuticals is an increasing problem within the region, especially for teenagers and young adults. According to treatment providers, the most sought-after and abused pharmaceuticals are benzodiazepines, hydrocodone, oxycodone, and synthetic opiates such as fentanyl.⁹ Moreover, during the last year opiate abusers began to abuse fentanyl patches, chewing on them or breaking them open to extract the drug. Distributors and abusers commonly divert pharmaceutical drugs through doctor-shopping, drug thefts, prescription forgery, and Internet purchases. The ease with which drug traffickers and addicts

obtain pharmaceuticals from the Internet is a significant concern for law enforcement officials and public health treatment providers.

Illicit Finance

A wide variety of money laundering techniques are used by traffickers in the Northern California HIDTA region in an attempt to mask their drug proceeds. Bulk transportation of illicit proceeds is the primary laundering method used by Mexican traffickers, who typically smuggle money to Mexico via private and commercial vehicles traveling south through San Diego. Asian traffickers also employ bulk transport to launder drug proceeds. They smuggle bulk currency to Canada via private and commercial vehicles or to Asian countries via aircraft, maritime conveyances, and package delivery services. Mexican and Asian traffickers also launder drug proceeds through money transmittal businesses located in their own ethnic communities. They also own businesses such as import/export operations that function as money remitters either legitimately or illegitimately.

Traffickers, particularly Asian criminal groups, also launder money through informal value transfer systems (IVTSs) such as *hawalas*, *hundi*, and *fei ch'ien*. Illicit money transfers made through these underground systems are easily concealed in the high volume of legal transfers made within the systems. The amount of illicit drug proceeds laundered through IVTSs is largely unknown because each ethnic community maintains its own IVTS that is exclusively used by members of that ethnic group; these underground systems are not easily penetrated by law enforcement. Traffickers also are using the Internet more often to launder money via electronic pay and/or transfer accounts. The anonymity afforded by Internet transactions enables traffickers to launder drug proceeds with minimal risk of law enforcement detection. Traffickers launder money through prepaid debit cards, which have a credit line equal to the amount deposited and are

8. A total of 48,473 offenders were referred for treatment during the fourth year of the California Substance Abuse and Crime Prevention Act (SACPA). Of this total, 36,285 (74.9%) entered treatment.

9. Fentanyl is a Schedule II synthetic opiate used primarily to treat pain and as a general or regional postsurgical anesthetic. It is approximately 80 times more potent than morphine. Common brand names include Actiq (lollipop/lozenge) and Duragesic (transdermal patch).

used to make purchases or obtain cash. These cards can be obtained with cash and minimal identification, thus providing anonymity to the user.

Outlook

The Northern California HIDTA's role as a regional- and national-level distribution center for illicit drugs will continue as a result of the region's highly developed transportation infrastructure and proximity to sources of supply. Mexican DTOs will continue to dominate the wholesale transportation and distribution of ice methamphetamine, cocaine, marijuana, and heroin in the region.

Methamphetamine trafficking and abuse will continue to influence the escalation of violent crime and property crime perpetrated in the HIDTA region. To further exacerbate this problem, a new, younger group of methamphetamine abusers may emerge in the HIDTA region in the near term, drawn to methamphetamine by flavored and colored forms of the drug. Consequently, methamphetamine-related admissions to publicly funded treatment centers will also very likely increase.

As long as outdoor and indoor cannabis cultivation remains a highly lucrative money making enterprise, the Northern California HIDTA will continue to experience an increase in major trafficking organizations operating in the area and will continue to experience the residual effects of the associated violent crime and property crime, increased public health and officer safety issues, and rising treatment rates. Mexican DTOs will continue their efforts to produce high-potency marijuana from cannabis cultivated outdoors. In doing so, they will most likely increase the number and size of grow sites within the HIDTA region. They will also quite likely protect their grow sites through an increased presence of armed guards.

Asian DTOs will increase their activities in large-scale indoor cannabis cultivation operations within the HIDTA region in order to capitalize on increasing profit margins associated with higher-potency marijuana. These operations will quite likely mirror indoor cultivation operations established by Asian DTOs in other parts of the country and in Canada.

Sources

Local, State, and Regional

Alameda County Narcotics Task Force
Alameda County Sheriff's Office
Alameda Police Department
Berkeley Police Department
California Department of Justice
 Bureau of Narcotics Enforcement
 Campaign Against Marijuana Planting
Contra Costa County Narcotic Enforcement Team
Contra Costa County Sheriff's Office
Hayward Police Department
Marin County Major Crimes Task Force
Monterey County Adult Probation Department
Monterey County Sheriff's Office
Oakland Police Department
San Francisco County Sheriff's Office
San Francisco Mayor's Office
San Francisco Police Department
San Jose Police Department
San Mateo County Narcotics Task Force
San Mateo Police Department
San Pablo Police Department
San Rafael Police Department
Santa Clara County Specialized Enforcement Team
Santa Cruz County Narcotic Enforcement Team
Santa Cruz County Sheriff's Office
Santa Cruz Police Department
Sausalito Police Department
Sonoma County Narcotics Task Force
South Bay Metropolitan Task Force
Southern Alameda County Gang Violence Suppression Task Force
Southern Alameda County Narcotic Enforcement Team
State of California
 Department of Justice
 Department of Public Health
 Department of Substances Control
Watsonville Police Department

Federal

Executive Office of the President
 Office of National Drug Control Policy
 High Intensity Drug Trafficking Area
 Northern California

U.S. Department of Agriculture

Forest Service
National Forest System

U.S. Department of Commerce

U.S. Census Bureau

U.S. Department of Health and Human Services

Substance Abuse & Mental Health Services Administration
Office of Applied Studies
Drug Abuse Warning Network
Treatment Episode Data Set

U.S. Department of Homeland Security

U.S. Customs and Border Protection
U.S. Immigration and Customs Enforcement

U.S. Department of Justice

Criminal Division
Organized Crime Drug Enforcement Task Force
Drug Enforcement Administration
Diversion Program
Domestic Cannabis Eradication/Suppression Program
El Paso Intelligence Center
National Clandestine Laboratory Seizure System
San Francisco Division
Federal Bureau of Investigation
U.S. Attorney's Office
Northern District of California

U.S. Department of the Interior

National Park Service

U.S. Department of the Treasury

Financial Crimes Information Network
San Francisco High Intensity Money Laundering and Related Financial Crime Area

U.S. Postal Service

Other

New Leaf Treatment Center, Lafayette, California

University of California at Los Angeles



319 Washington Street 5th Floor, Johnstown, PA 15901-1622 • (814) 532-4601

NDIC publications are available on the following web sites:

INTERNET www.usdoj.gov/ndic ADNET <http://ndicos> RISS ndic.riss.net
LEO <https://cgate.leo.gov/http/leowcs.leopriv.gov/lesig/ndic/index.htm>