



Houston

High Intensity Drug Trafficking Area Drug Market Analysis

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U.S. Department of Justice

Preface

This assessment provides a strategic overview of the illicit drug situation in the Houston High Intensity Drug Trafficking Area (HIDTA), highlighting significant trends and law enforcement concerns related 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 Houston HIDTA.

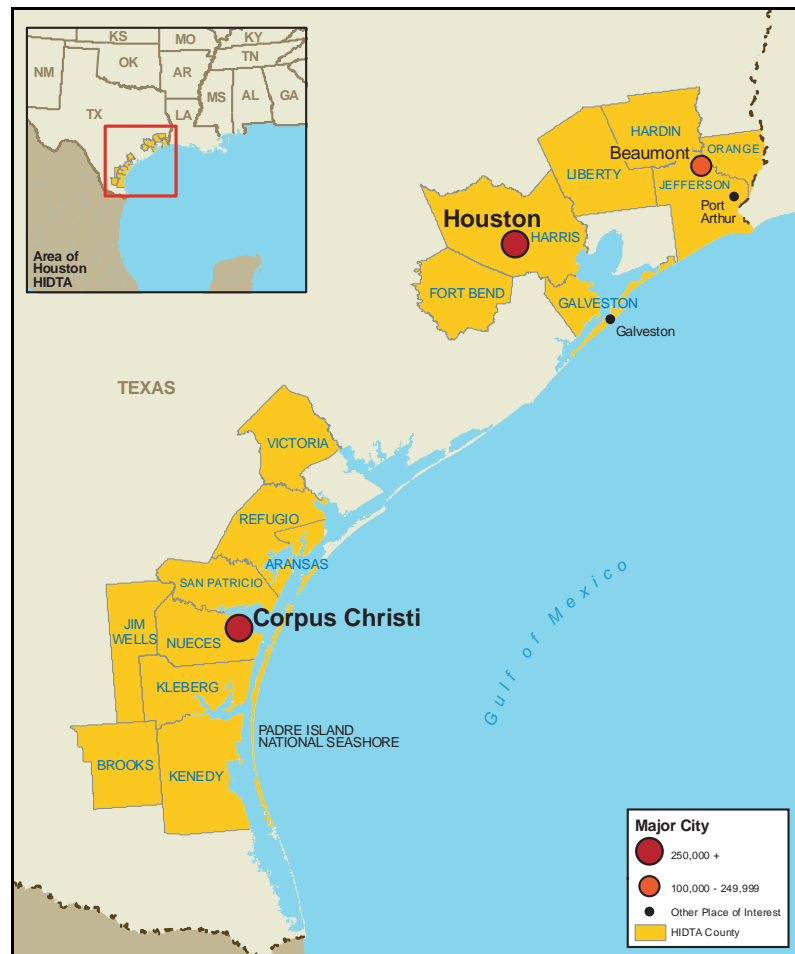


Figure 1. Houston High Intensity Drug Trafficking Area.

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

- Houston is one of the most significant cocaine and marijuana distribution centers in the United States. Large quantities of cocaine and marijuana are distributed from Houston to numerous market areas, including Atlanta, Georgia; Chicago, Illinois; Miami, Florida; and New Orleans, Louisiana.
- Houston has emerged as a principal transshipment center for Mexico-produced ice methamphetamine supplied by Mexican drug trafficking organizations (DTOs) to major drug markets in the southeastern and central United States. Transshipment through Houston will increase as demand for high-purity ice methamphetamine continues to rise in these markets as well as throughout the United States.
- Houston has become a significant source for pharmaceutical drugs distributed to markets outside the HIDTA region. The drugs, which primarily include hydrocodone and codeine, are diverted in Houston and distributed to markets in the southeastern United States, including Georgia, Louisiana, and Mississippi.
- As a result of Hurricane Katrina, associations between Houston and New Orleans drug traffickers are increasing. Many evacuees have returned home to New Orleans and are using the relationships that they built with Houston-based drug traffickers to obtain significant quantities of illicit drugs for distribution in Louisiana.
- Methamphetamine production has considerably decreased over the past 3 years in the Houston HIDTA region. This decrease is attributed to several factors, including precursor chemical control legislation enacted in Texas, the influx of ice methamphetamine from Mexico, and successful law enforcement programs.

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 Houston HIDTA region, which encompasses 16 counties along the Gulf of Mexico in southeastern Texas, is a key distribution and transshipment area for illicit drugs supplied to drug markets in the Midwest, Northeast, and Southeast and a consolidation point for the smuggling of drug proceeds into Mexico. The proximity of the Houston HIDTA region to the U.S.–Mexico border and the Gulf of Mexico makes the area susceptible to drug trafficking as well as other national security and law enforcement threats such as alien smuggling, weapons trafficking, and terrorist entry into the United States. Houston, located in Harris County, is the principal drug market area in the HIDTA region; however, other smaller, outlying drug markets exist in the area, including Corpus Christi and Beaumont/Port Arthur.

Mexican DTOs exploit the geography and economy of the Houston HIDTA region to smuggle illicit drugs from Mexico and to launder their illicit proceeds. The HIDTA region's geographic makeup varies from sparsely populated ranchland in the south to major metropolitan areas in the north—including Houston, the fourth-largest city in the United States. A large segment of the HIDTA region is located along undeveloped areas of the

Gulf Coast, which are susceptible to maritime drug smuggling from Mexico. Well-developed economic and financial infrastructures in metropolitan areas of the HIDTA region, particularly in Houston, provide DTOs with the means to launder drug proceeds through traditional financial institutions and money services businesses (MSBs).

The Houston HIDTA region has a dynamic transportation infrastructure that offers DTOs extensive land, sea, and air modes of transportation. Overland transportation through an intricate network of interstates, highways, advanced secondary routes, and railroads provides DTOs with numerous means by which to smuggle illicit drugs into and through the area. Moreover, Houston is a major hub for the trucking industry; tractor-trailers are commonly used by DTOs to smuggle large drug shipments from Mexico through the HIDTA region to markets throughout the United States. The Houston HIDTA region's transportation system also is supported by four major railroads in Houston, Beaumont/Port Arthur, and Corpus Christi, which provide access to Mexico. Drug smuggling by sea and air conveyances poses a moderate threat to the Houston HIDTA region, which contains or immediately borders 10 seaports. The sheer volume of maritime traffic and foreign cargo that passes through these ports offers another avenue for drug smuggling. The Port of Houston has long been the nation's leading port for foreign tonnage and is the sixth-largest seaport in the world. The Padre Island National Seashore (PINS), an undeveloped natural barrier island that extends south from Corpus Christi to the Mansfield Channel, poses an additional maritime smuggling threat to the area. Commercial aircraft are also used by traffickers to smuggle drugs and U.S. currency through the three major international airports in the Houston HIDTA region; however, increased security at these facilities since September 11, 2001, has decreased drug trafficking by aircraft.

Drug Threat Overview

The Houston HIDTA region is a primary distribution and transshipment area in the United States for drugs smuggled from Mexico to U.S. drug markets.

Table 1. Houston HIDTA Drug Seizures by Drug, 2004–2006

Drug	Year		
	2004	2005	2006
Powder Cocaine (kg)	3,861	1,974	2,327
Crack Cocaine (kg)	0	0	1
Heroin (kg)	26	29	34
Marijuana (kg)	49,904	38,901	86,824
Methamphetamine (kg)	675	180	74
MDMA (du)	58,003	13,112	316,925

Source: Houston High Intensity Drug Trafficking Area.

The large-scale transportation and distribution of illicit drugs and laundering of drug proceeds are the most significant illicit drug issues facing the Houston HIDTA region, requiring a large commitment of law enforcement resources from member agencies in the HIDTA region as shown by the amount of drugs seized in the HIDTA region. (See Table 1.) Wholesale quantities of illicit drugs, particularly cocaine and marijuana, are transported from Mexico through South Texas to the HIDTA region, primarily to Houston and Corpus Christi, where they are distributed to major markets throughout the United States, including Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Denver, Colorado; Detroit, Michigan; Los Angeles, California; New York, New York; Philadelphia, Pennsylvania; and St. Louis, Missouri. Wholesale quantities of ice methamphetamine are transported to the region and distributed to markets in the southeastern and central United States. Heroin and MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy) are also distributed to markets outside the HIDTA region, but to a much lesser extent. Additionally, some wholesale quantities of drugs remain in the HIDTA region for local distribution.

Illicit drug production in the Houston HIDTA region generally entails crack conversion, limited cannabis cultivation, and decreasing methamphetamine production. The number of seized methamphetamine laboratories decreased 81 percent from 2004 to 2006 in the Houston HIDTA region, a development that can be largely attributed to an influx of

Table 2. Methamphetamine Laboratories Seized in the Houston HIDTA Region, by County 2004–2006

HIDTA County	Seized Methamphetamine Laboratories		
	Year		
	2004	2005	2006
Fort Bend	2	0	0
Galveston	1	1	0
Hardin	0	0	1
Harris	18	7	2
Jefferson	0	2	0
Liberty	4	0	0
Nueces	0	0	1
San Patricio	1	0	0
Victoria	1	1	1
Total	27	11	5

Source: El Paso Intelligence Center National Clandestine Laboratory Seizure System, run date 05/04/07.

ice methamphetamine from Mexico, recently enacted precursor chemical control legislation, and successful law enforcement programs. (See Table 2.)

The distribution and abuse of illicit drugs in the Houston HIDTA region place substantial societal and financial burdens on communities and local, state, and federal agencies. Crack cocaine is the drug of choice for many drug abusers in urban areas of the HIDTA region and has had a major impact on the level of violent and property crime occurring in many communities. Ice methamphetamine is increasingly being distributed and abused in many areas of the HIDTA region, increasing methamphetamine-related treatment admissions and crime in these areas. Heroin abuse is a substantial problem in some HIDTA communities because of its highly addictive nature. MDMA, other dangerous drugs (ODDs), and pharmaceuticals, including codeine cough syrup and hydrocodone, are distributed and abused in the HIDTA region as well, particularly among the region's youth.

Drug Trafficking Organizations

Mexican DTOs pose the most significant organizational drug trafficking threat to the Houston HIDTA region. Mexican DTOs have established bases of operation in the HIDTA region, particularly in Houston and Corpus Christi, from which they distribute large quantities of drugs to major market areas throughout the United States. Proximity to the U.S.–Mexico border and access to major drug market areas throughout the United States provide Mexican DTOs based in Mexico and in the HIDTA region with an ideal location in which to operate. Mexican DTOs have established sophisticated trafficking networks that rely upon organization compartmentalization, alliances among DTOs, comprehensive security networks, and advanced communication techniques to conceal their drug trafficking activities from law enforcement. Contributing to the magnitude of this threat is the ease with which Mexican DTOs adapt to law enforcement efforts to detect and dismantle their operations.

Mexican DTOs—especially the Gulf Cartel and The Alliance—operating in the Laredo and Rio Grande Valley smuggling corridors, which lead into the Houston HIDTA region—are engaged in a violent struggle for control of these areas. Violence has escalated along the border, particularly in Nuevo Laredo, where the Alliance is vying for control of key smuggling corridors that have been dominated by the Gulf Cartel. The Gulf Cartel exerts considerable influence over Mexican transportation routes through Matamoros, Reynosa, Camargo, Miguel Alemán, and Nuevo Laredo. The Gulf Cartel also is the most dominant DTO operating along the PINS and has nearly exclusive control of smuggling vessels heading north past Matamoros en route to the United States. The cartel uses Los Zetas, a paramilitary/criminal organization composed of deserters from the Mexican army's elite Special Air Mobile Forces, for enforcement. The Alliance, also known as The Federation and The Golden Triangle, was formed in 2003 to counter the Gulf Cartel and is composed of leaders of several Mexican DTOs that use Los Negros (also known as Los Lobos), a paramilitary/criminal group, for enforcement.

Other organizations operating in the Houston HIDTA region include African American, Caucasian, Colombian, Dominican, Jamaican, and Asian DTOs and criminal groups. The presence of Colombian DTOs has decreased in the region in recent years; they increasingly sell illicit drugs, particularly cocaine, directly to Mexican DTOs, who smuggle and distribute the drugs. Asian DTOs and criminal groups, particularly Chinese and Vietnamese groups, are the principal MDMA traffickers in the HIDTA region; they transport MDMA from Canada, primarily through Los Angeles, to Houston for distribution. Additionally, Asian DTOs have been linked to indoor cannabis cultivation in the region.

Prison gangs, street gangs, and outlaw motorcycle gangs (OMGs) distribute illicit drugs at the wholesale and retail levels in the Houston HIDTA region. The majority of gangs in the region use drug trafficking as their main source of income. Although most gangs distribute drugs at the retail level, some have developed relationships with Mexican DTOs that allow them to obtain wholesale quantities of drugs directly from Mexico. These gangs are most prevalent in metropolitan areas, including Houston, Corpus Christi, and Beaumont, where violence associated with their drug- and gang-related activities is a considerable threat to public and law enforcement safety. (See Table 3.)

Table 3. Primary Gangs in the Houston HIDTA Region Involved in Violent Criminal Acts, Drug Trafficking, and Recruitment Activities*

City/County	Activity		
	Violence	Drug Trafficking	Recruitment
Baytown	Texas Syndicate	Texas Syndicate	Aryan Brotherhood of Texas
	Aryan Brotherhood of Texas	Mexican Mafia Aryan Brotherhood of Texas	Houstone Tango Blast
Beaumont/Port Arthur	Port Arthur Asian Gangs	Port Arthur Asian Gangs	Aryan Brotherhood of Texas
	Aryan Brotherhood of Texas	Aryan Brotherhood of Texas	Crips
	African American Gangs	African American Gangs	Puro Michoacán Kings
Brazoria County**	Vatos Locos Crips	Vatos Locos Crips	5-2 Hoover Crips
	East Side Locos	5-2 Hoover Crips	Crips
	5-2 Hoover Crips	59 Bounty Hunter Bloods Asian Boyz	East Side Locos
Bryan/College Station	Latin Kings	Crips	Crips
	Sur 13	59 Piru Bloods	Sur 13
Corpus Christi	Texas Syndicate	Ace of Spades	Ace of Spades
	Mexican Mafia	Mexican Mafia	Texas Syndicate Raza Unida
Fort Bend County	59 Bounty Hunters	Unknown	59 Bounty Hunters
Houston	New Orleans Gangs	59 Bounty Hunter Bloods	Houstone Tango Blast
	59 Bounty Hunter Bloods	Hermanos Pistoleros Latinos	Southwest Cholos
	52 Hoover Crips	Mexican Mafia	59 Bounty Hunter Bloods
Montgomery County**	Latin Kings	Latin Kings	Latin Kings
	Varrío Northside	Aryan Brotherhood of Texas	Bandidos
	New Orleans Gangs	Bandidos	

Source: Houston High Intensity Drug Trafficking Area Gang Threat Assessment 2006.

* The table only includes the primary gangs operating in the described area and is not an all-encompassing list of gangs operating in the Houston HIDTA.

** These counties are not part of the Houston HIDTA; however, their proximity to the HIDTA region impacts gang activity in the region.

Drug Markets

The Houston metropolitan area is the major drug market in the HIDTA region; however, there are several significant outlying markets, including Beaumont/Port Arthur and Corpus Christi.

Houston Drug Market

Houston is a major drug distribution center that supplies a vast number of market areas in the United States, including Atlanta, Chicago, Detroit, New York, and Philadelphia, with illicit drugs, primarily cocaine and marijuana. Houston's well-developed highway system, established financial infrastructure, racial and ethnic diversity, and large volume of international trade contribute to the region's role as a major transshipment point for illicit drugs destined for U.S. drug markets and for drug proceeds destined for Mexico. The significant number of drug-related investigations throughout the United States that are linked to the city, including those in Atlanta, Chicago, Miami, Newark, New Orleans, New York, and St. Louis, further demonstrates Houston's role as a key national drug distribution and money laundering center.

Production

Drug production in Houston is limited because of the ready availability of drugs from Mexico; however, powder cocaine is converted to crack, cannabis is cultivated, and methamphetamine is produced to varying degrees. Significant amounts of powder cocaine are converted into crack cocaine within the city for local and regional consumption. Crack cocaine is often converted in places such as crack houses, hotel rooms, and garages.

The ready availability of Mexican marijuana renders most domestic cultivation of cannabis unnecessary; however, outdoor and indoor grow operations have been seized by law enforcement

officials in and around Houston. The mild climate in the Houston area as well as the rural areas surrounding the city makes the area conducive to outdoor cannabis cultivation; however, outdoor grow sites are rarely found. Indoor grow sites are not generally considered a major drug enforcement problem; however, in March 2006, a sophisticated indoor cannabis grow operated by two individuals of Vietnamese descent was found in a residential home in Montrose, a neighborhood near downtown Houston, that contained approximately 1,000 cannabis plants worth an estimated \$4 million as well as hydroponic equipment, a watering system, fertilizer, and insecticide. Every room in the home was used for cultivation, indicating that the primary purpose of the residence was cannabis cultivation. Cultivation of high-potency marijuana can be very lucrative to producers because the drug is increasingly popular throughout the United States and can be sold at higher profits in most drug markets.

Methamphetamine production has considerably decreased over the past 3 years in Harris County. According to the El Paso Intelligence Center (EPIC) National Clandestine Laboratory Seizure System (NCLSS), the number of methamphetamine laboratories seized by law enforcement in Harris County decreased by 89 percent from 2004 to 2006. (See Table 2 on page 4.) Since the enactment of precursor chemical control legislation in August 2005, methamphetamine production has decreased significantly; however, methamphetamine producers still attempt to circumvent this new law by using fraudulent identification to obtain pseudoephedrine through retailers, turning to new sources of supply for the precursor, or using alternative production methods.¹ Additionally, the wide availability of Mexican ice methamphetamine in the HIDTA region makes production an unnecessary risk when the drug can easily be obtained from distributors in the area.

1. In August 2005, Texas passed precursor control legislation that required pharmacies that engage in over-the-counter (OTC) sales of tablet forms of products containing ephedrine, pseudoephedrine, or norpseudoephedrine to keep those products behind the pharmacy counter or in a locked case within 30 feet and in a direct line of sight from a pharmacy counter staffed by an employee of the pharmacy. The state law does not apply to liquid, liquid capsule, or liquid gel capsule forms of the products. Additionally, before completing the OTC sale of a product containing the above-mentioned precursors, a pharmacy must ask for photo identification and signature from the buyer and record the name of the person making the purchase, the date of purchase, and the item and number of grams purchased. Individuals may not purchase more than two packages or 6 grams of ephedrine, pseudoephedrine, norpseudoephedrine, or a combination of those substances at a time.



Figure 2. Houston HIDTA transportation infrastructure.

Transportation

Houston is a primary transshipment point used by Mexican DTOs to smuggle enormous amounts of drugs from Mexico, primarily cocaine and marijuana, through the Rio Grande Valley and from other areas of the Texas–Mexico border. Mexican DTOs use various transportation methods to smuggle drugs to Houston; however, overland transportation, primarily using private and commercial vehicles on interstates and highways, is predominant. (See Figure 2.) DTOs typically use U.S. Highway 59 to transport illicit drugs from the Southwest Border to Houston. US 59 extends directly from the Laredo port of entry (POE) to Houston and also connects with US 281 and US

77, which provide routes of travel from the McAllen and Brownsville areas. Drug shipments also are transported into Houston on Interstate 10, which provides access into the city from El Paso through San Antonio. Additionally, the proposed Trans-Texas Corridor, or I-69, which will eventually expand from Mexico to Canada traversing the Houston area, will quite likely be used by Mexican DTOs, upon its completion, to smuggle drug shipments.

Mexican DTOs also use couriers on buses and trains to transport illicit drugs to Houston. There are at least two Mexican-owned bus companies that operate daily routes from Mexico through Houston

to destinations in Florida, Georgia, North Carolina, South Carolina, and Virginia. Couriers on these buses transport cocaine, marijuana, and methamphetamine for distribution in these states; they also transport drug proceeds back to Mexico. Additionally, several rail systems exist in the Houston area, including the Texas Mexican Railway, which is very likely used by Mexican DTOs to transport drugs from Mexico to Houston as well as from Houston to market destinations outside the HIDTA region.²

Various DTOs exploit air conveyances in Houston to transport illicit drugs to the HIDTA region; however, drug transportation through airports in Houston has decreased as a result of increased security at commercial air facilities since September 11, 2001. Law enforcement agencies occasionally seize drugs and currency from passengers on domestic and international flights and from freight arriving at the George Bush Intercontinental Airport and Hobby Airport. The large number of passenger and cargo activities at these airports provides camouflage to traffickers who smuggle illicit drugs through these airports. Over 51 million passengers and 367,000 metric tons of air cargo passed through these airports in 2006. Additionally, the first scheduled Asian cargo flight to Houston occurred in September 2006; this flight, which will fly round trip from Taipei, China, to Houston once a week, could potentially be used by traffickers to smuggle illicit drugs from Asia.

Maritime smuggling through the Port of Houston poses a viable threat to the HIDTA region that could increase in the long term. The Port of Houston facilities, through which more than 200 million tons of cargo moved in 2006, is ranked first in the United States in foreign waterborne tonnage, second in the United States in total tonnage, and tenth in the world in total tonnage. The Port of Houston opened the Bayport Container Terminal in February 2006, which is expected to triple the port's

container handling capacity when fully developed, allowing it to handle 2.3 million TEUs (twenty-foot-equivalent lengths). By 2008 the Port of Houston will also open a cruise ship terminal with the capacity to accommodate as many as 1.7 million passengers. The increase in the number of containers processed through the port facilities and the addition of a large cruise ship terminal could enable DTOs to more easily smuggle illicit drug shipments using maritime methods.

Distribution

Houston is a distribution center used by numerous traffickers to supply illicit drugs to major market areas throughout the United States as well as to supply dealers within the HIDTA region. Cocaine, marijuana and, to a lesser extent, heroin, methamphetamine, and MDMA are transshipped from Houston to major market areas such as Atlanta, Chicago, Dallas, Denver, Detroit, Kansas City, Los Angeles, New York, Philadelphia, and St. Louis. Once drug shipments arrive in Houston, they are often stored at local stash sites pending further distribution to drug markets. Drug trafficking operations are extremely vulnerable at these stash sites; seizures of illicit drugs from locations where large quantities are stored typically result in a much greater loss for DTOs.

Houston is one of the most significant cocaine distribution centers in the United States. According to Texas Department of Public Safety (DPS) seizure data, the amount of cocaine seized in Harris County increased from approximately 14 kilograms in 2005 to 291 kilograms in 2006.³ (See [Table 4 on page 9.](#)) Furthermore, the number of seizure incidents increased from 11 in 2005 to 40 in 2006. Cocaine seizure data show that large quantities of cocaine are distributed from Houston to numerous cocaine market areas, including Atlanta, Chicago, Columbus, Ohio; Jackson, Mississippi; and New Orleans.

2. The Texas Mexican Railway is a 157-mile rail line between Laredo and Corpus Christi, Texas. This railway also provides service to Houston and Beaumont, Texas, through trackage rights—an arrangement between railroad companies that permits one company to operate over certain sections of track owned by another railroad company.

3. These data are limited to Texas Department of Public Safety (DPS) seizure data and are not inclusive of all seizures in the HIDTA. Only 2 years of data are available for comparison purposes.

Table 4. Texas Department of Public Safety Drug Seizures, by Drug, in Harris County, 2005–2006*

Drug	2005			2006		
	Seizure Amount	Number of Seizures	Destination States	Seizure Amount	Number of Seizures	Destination States
Cocaine	14 kg	11	Louisiana, Mississippi, and Texas	291 kg	40	Alabama, Florida, Georgia, Illinois, Louisiana, Mississippi, Ohio, Texas, and Virginia
Heroin	5 kg	3	Texas	2 kg	3	Louisiana and Texas
Marijuana	887 kg	38	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Texas	1,906 kg	75	Alabama, Florida, Louisiana, Mississippi, North Carolina, Ohio, South Carolina, and Texas
Methamphetamine	1 kg	2	Texas	1 kg	6	Texas and Louisiana
MDMA	0.1 kg 77 du	3	Texas	0.1 kg 492 du	6	Texas and Louisiana

Source: Texas Department of Public Safety.

*These data are limited to Texas Department of Public Safety seizure data and are not inclusive of all seizures in the HIDTA region. Only 2 years of data are available for comparison purposes. (Collection date 04/10/07)

Houston is one of the principal transshipment areas in the United States for marijuana, and the amount seized has increased over the past year. According to Texas DPS seizure data, the amount of marijuana seized in Harris County more than doubled from 2005 (887 kg) to 2006 (1,906 kg). (See Table 4.) These marijuana shipments were destined for markets such as Charleston, South Carolina; Jackson, Mississippi; Huntsville, Alabama; Miami, Orlando, and Tampa, Florida; and New Orleans. Furthermore, over the past year several large seizures of marijuana have occurred in the area, confirming Houston's role as a principal transshipment area. In March 2007 law enforcement seized over 9,000 kilograms of marijuana from two school buses and two rental vans on a property located in southeast Houston. In December 2006 the Harris County Sheriff's Office seized 502 bales of marijuana that weighed nearly 7,000 kilograms and had a street value of approximately \$25 to \$40 million. Additionally, in November 2006 the Houston Police Department seized approximately 10,000 kilograms of marijuana during a similar incident.

Houston has emerged as a significant transshipment area for ice methamphetamine transported from Mexico and distributed to market areas in the eastern and central United States. Houston is located in a prime area for methamphetamine transshipment; it is close to Mexican sources of supply and to major methamphetamine market areas in the southeastern and central United States.

Houston has also become a significant source for pharmaceutical drugs distributed to markets outside the Houston HIDTA region. The drugs, which primarily include hydrocodone and codeine, are diverted by distributors and abusers through doctor-shopping, theft, unscrupulous physicians and pharmacists, and purchasing of drugs on the Internet. Moreover, the number of pain clinics has increased in the Houston area, and these clinics are a source for diverted prescription narcotics such as hydrocodone. The Houston area has long been the epicenter of codeine cough syrup diversion nationwide and is commonly referred to by abusers as the "City of Syrup" and "City of Lean" because codeine cough syrup abuse by teenagers and young

adults is widespread throughout the metropolitan area. A recent federal investigation uncovered a conspiracy among a Houston physician and three pharmacists who illegally distributed hydrocodone and promethazine with codeine (cough syrup) between 1999 and 2005. The physician allegedly charged individuals \$500 for an initial office visit and \$300 for each subsequent visit to issue the prescriptions. The physician also directed the individuals to particular pharmacies, where the prescriptions were filled by unscrupulous pharmacists. Once pharmaceutical drugs are diverted, they are distributed within the region and to markets outside Houston, including Mississippi, Georgia, and Louisiana.

As a result of Hurricane Katrina, associations between Houston and New Orleans drug traffickers are reportedly increasing. Approximately 150,000 Katrina evacuees relocated to the Houston area as a result of the hurricane. Some of these evacuees were drug traffickers from high-crime areas of New Orleans and, upon relocating to Houston, formed relationships with drug dealers and gang members. Many of these traffickers have returned home to New Orleans, and the relationships that they built with these Houston-based drug dealers and gang members have given them the ability to obtain significant quantities of illicit drugs directly from connections in Houston. For example, in May 2006 law enforcement officers seized approximately 50 kilograms of cocaine, 3,500 MDMA tablets, and 5 pounds of high-potency marijuana in Slidell, Louisiana, destined for St. Tammany Parish, Louisiana, both suburbs of New Orleans. This was the largest cocaine seizure destined for local distribution in the history of St. Tammany Parish. The seizure resulted in the arrest of six individuals in Louisiana—three of which were Hurricane Katrina evacuees—and three individuals from Houston. After further investigation, law enforcement identified the traffickers' source of supply in Houston, where they executed search warrants for stash houses and seized wholesale quantities of cocaine, MDMA, and marijuana.

Significant quantities of cocaine, heroin, marijuana, methamphetamine, and MDMA are distributed in the Houston area at the wholesale level. Mexican DTOs, criminal groups, and prison gangs are the primary wholesale distributors in Houston; they dominate the wholesale distribution of cocaine, Mexican black tar and brown powder heroin, marijuana, and methamphetamine. Colombian and Dominican DTOs and criminal groups also distribute wholesale quantities of cocaine, but to a lesser extent. Colombian and Dominican DTOs and criminal groups dominate the wholesale distribution of South American heroin. Asian DTOs and criminal groups distribute MDMA and marijuana.

Street and prison gangs, Mexican criminal groups, and local independent dealers distribute illicit drugs at the retail level. Street gangs, prison gangs, and local independent dealers are the primary retail-level distributors of powder and crack cocaine, Mexican black tar and brown powder heroin, South American heroin, and marijuana; however, Mexican criminal groups also distribute marijuana at the retail level.

Drug-Related Crime

High levels of violent and property crime in Houston are often associated with the distribution and abuse of illicit drugs, particularly crack cocaine and methamphetamine. Crack cocaine is the drug most associated with violent and property crime. Gangs and other crack distributors commonly commit assaults, carjackings, drive-by shootings, home invasions, robberies, and firearms violations to protect and expand their drug operations. In addition, crack cocaine abusers often commit property crimes such as burglary to support their addictions. Methamphetamine abuse is often associated with violent and property crime in Houston; these crimes may escalate as methamphetamine abuse increases.

Violent crime increased in Houston from 2005 to 2006. According to the Federal Bureau of Investigation Uniform Crime Report, violent crime increased from 23,987 in 2005 to 24,250 in 2006. (See Table 5 on page 11.) According to law

enforcement officials, much of the increase in crime in Houston has been caused by the displacement of street gangs and drug traffickers from New Orleans after Hurricane Katrina. The New Orleans gangs are extremely violent and intimidate many of the established Houston gangs. As such, gang-related crime, particularly gang-related murders, has increased significantly. Additionally, New Orleans gangs have expressed intent to take over large portions of the Houston drug market, which could lead to further violence.

Table 5. Violent Crime in Houston, 2005–2006*

Crime	Year	
	2005	2006
Murder	334	377
Forcible Rape	872	854
Robbery	11,128	11,371
Aggravated Assault	11,653	11,648
Violent Crime Totals	23,987	24,250

Source: Federal Bureau of Investigation Uniform Crime Report.

*Data for 2006 are preliminary.

Abuse

Illicit drug abuse in Houston occurs at high levels because of a relatively large abuser population and a constant supply of illicit drugs transported into the city from areas in proximity to the U.S.–Mexico border. According to Texas Department of State Health Services (DSHS) data, drug-related treatment admissions have increased 38 percent from 2002 through 2005, the latest data available. Some of this increase can be attributed to Hurricanes Katrina and Rita evacuees who entered treatment programs during the last 4 months of 2005. Amphetamine/methamphetamine, powder and crack cocaine, and marijuana-related treatment admissions have all increased since 2002. Amphetamine/methamphet-

amine admissions more than doubled from 2002 (77) to 2005 (165). Crack cocaine-related treatment admissions increased slightly from 2002 (1,889) to 2005 (1,897); however, powder cocaine-related treatment admissions more than doubled from 357 to 799 during the same period.⁴ Marijuana-related treatment admissions increased 70 percent from 2002 (1,331) to 2005 (2,274).

Drug-related deaths increased from 2003 to 2005. According to the Harris County Medical Examiner's Office, overall drug intoxication deaths increased from 2003 (153) to 2005 (309), the latest data available. Drug intoxication deaths where cocaine was found as a single drug increased by 59 percent from 2003 (69) to 2005 (110).⁵ Additionally, drug intoxication deaths where heroin was found as a single drug more than doubled from 2002 (5) to 2005 (11).

Illicit Finance

Houston is one of the most significant money laundering areas in the United States. Houston's proximity to Mexico as well as its role as a global financial center renders it particularly vulnerable to drug money laundering. Bulk transportation of illicit proceeds is the most common money laundering method used by drug traffickers in Houston. Bulk cash is often consolidated by traffickers at stash houses in Houston and subsequently transported through South Texas ports of entry (POEs) to Mexico for eventual repatriation. Traffickers also engage in other money laundering activities within the HIDTA region, including commingling illicit proceeds with legitimate business funds generated at cash-intensive businesses, using money services businesses (MSBs) and informal value transfer systems (IVTSs), purchasing tangible assets, and gambling. Traffickers commonly use several methods of money laundering concurrently in an attempt to mask illicit proceeds.

4. Treatment mentions throughout this report include adult and youth admissions.

5. Drug intoxication deaths for cocaine and marijuana are totals of all accidents, suicides, and homicides in which cocaine or heroin was found as a single drug. An accident occurs when there is little or no evidence that the injury or poisoning occurred with intent to harm or cause death and includes accidental drug overdoses. A suicide results from an injury or poisoning as a result of an intentional, self-inflicted act committed to do self-harm or cause death to oneself. A homicide occurs when death results from an injury or poisoning or from a volitional act committed by another person to cause fear, harm, or death.

Houston is a key staging area for illicit bulk cash smuggling operations. Recent government analyses estimate that between \$8.3 billion and \$24.9 billion is smuggled out of the country by Mexican and Colombian DTOs across the U.S.–Mexico border, primarily in bulk through South Texas POEs, including Brownsville, Laredo, Rio Grande City, and Roma. It is quite likely that a large percentage transits the Houston metropolitan area en route to South Texas and Mexico.

Traffickers in the region exploit traditional financial institutions and MSBs in Houston to transfer illicit funds to international locations, including Mexico and South American countries. Traffickers in the region also use IVTSs, including *hawala* and the Black Market Peso Exchange (BMPE) to transport illicit proceeds out of the United States to other countries. Owing to the secretive nature of IVTSs and BMPE, the amount of drug proceeds laundered through these systems is unknown, and the close-knit relationships within these networks impede law enforcement efforts to disrupt or infiltrate IVTS operations. Colombian DTOs are the primary traffickers that use the BMPE, while Asian DTOs are the primary organizations that use *hawala*.

Outlying Markets⁶

Beaumont/Port Arthur

The Beaumont/Port Arthur area is located approximately 80 miles east of Houston and is a transit area for drugs transported to markets in the east as well as illicit proceeds transported west to Houston and the Southwest Border. Interstate 10 passes through the area, directly linking it to drug markets throughout the southeastern United States, including markets in Florida, Georgia, Louisiana, and Mississippi. Significant drug and currency seizures are made by law enforcement authorities along the portion of I-10 that passes through the area. For example, during the third quarter of fiscal year (FY) 2006, law enforcement seized \$515,000 that was transiting the area from Florida to Mexico.

Methamphetamine trafficking has increased in Beaumont/Port Arthur. Most of the methamphetamine available in the area is ice methamphetamine that is transported to the area from Mexico by Mexican traffickers. Ice methamphetamine is also transported by Mexican traffickers from California through Dallas and Houston to the Beaumont/Port Arthur area. Additionally, methamphetamine is produced in Beaumont/Port Arthur; however, production is decreasing. The influx of methamphetamine into the area also has contributed to a rise in drug-related crime, including assault and robbery.

Gang activity in Beaumont/Port Arthur has increased and will very likely continue to intensify in the near future. Some of the increase in violence is attributed to hurricane evacuees moving to the area, particularly violence among rival African American gangs. Furthermore, violence between Asian gangs has increased in Port Arthur and has spread to Beaumont. In addition, white supremacist gangs are increasingly involved in violent internal struggles that have led to retaliatory murders in the area.

Corpus Christi

Corpus Christi is a key transshipment area for illicit drugs in the Houston HIDTA region. Although not comparable in scale to Houston in terms of illicit drug activities, Corpus Christi mirrors many of the same smuggling activities on a lesser scale. Corpus Christi is a transshipment area for drugs, particularly cocaine and marijuana, smuggled from Mexico by Mexican DTOs overland along highways or using maritime methods through the PINS. The city is the first metropolitan area north of the U.S. Border Patrol checkpoints in the Rio Grande Valley, making it an ideal location for DTOs to stash drugs prior to distribution. Stash houses are numerous in and around Corpus Christi and are most often used to store cocaine and marijuana prior to transshipment to major markets in the central and eastern United States.

6. Information regarding drug-related activities in outlying markets often is not as readily available as information in larger metropolitan areas. This section includes information concerning a particular market that could be gleaned from available law enforcement reporting and interviews.

Ice methamphetamine has supplanted powder methamphetamine as the most popular form of the drug available and abused in Corpus Christi. Most of the ice methamphetamine available in the city is smuggled into the area from Mexico by Mexican DTOs; however, local distributors also obtain ice methamphetamine from sources in California. Prison gangs control the wholesale and retail distribution of ice methamphetamine in Corpus Christi.

Prison gangs operating in Corpus Christi, including Texas Syndicate and Mexican Mafia, have become more organized and structured and have established direct connections to Mexican DTOs along the U.S.–Mexico border, giving them easy access to wholesale quantities of drugs. Texas Syndicate has the most advanced drug trafficking network in the Corpus Christi area. Members of this gang have access to multiple types of drugs and also smuggle drugs directly from Mexico into the area. Mexican Mafia is involved in drug and alien smuggling; members pick up drugs and aliens in the Rio Grande Valley and smuggle them to the area.

Southern Houston HIDTA Region

The southern portion of the Houston HIDTA region, south of Corpus Christi, is the main entry point for drugs smuggled into the area; most enter through the Brownsville, Hidalgo, and Progreso POEs. (See Figure 3 on page 14.) This sparsely populated area is close to the U.S.–Mexico border and contains mainly ranch properties, making it appealing to Mexican DTOs for their smuggling operations. The area is primarily a transit area for drug shipments from Mexico; illicit distribution in the area is limited because of the area's sparse population. US 77, which extends from the Brownsville POE, and US 281, which extends from the Progreso and Hidalgo POEs, serve as major corridors for drugs smuggled north into the area from South Texas. The successful movement of drug shipments through these POEs and, later, through the two Border Patrol checkpoints—one in Kingsville/Sarita in Kleberg County on US 77 and one in Falfurrias in Brooks County on US 281—is a critical phase of drug transportation from the U.S.–Mexico border.

Drug shipments increase significantly in value after successfully passing through the POEs and again after passing through the checkpoints. For example, 1 pound of marijuana purchased in Mexico for \$40 to \$50 typically increases in value to \$200 per pound when smuggled across the border and further increases to \$250 to \$400 per pound north of the checkpoints.

Mexican DTOs operating in the Houston HIDTA region are increasingly using cloned, or fake, vehicles to smuggle illicit drugs into and through the area. For example, in August 2006 Texas DPS seized over 3,000 pounds of marijuana and almost 500 pounds of cocaine from a tractor-trailer at the Falfurrias checkpoint that was cloned to look exactly like a tractor-trailer from a discount retailer. The vehicle displayed fake Oklahoma license plates, and the driver was dressed in the uniform of the discount retailer.

Padre Island National Seashore

Criminal activity in the PINS poses a potential national security threat to the United States arising from the area's use by Mexican DTOs as an entry point to smuggle drugs and illegal aliens, some of whom may be linked to terrorist organizations. The PINS is located on an undeveloped natural barrier island that extends south from Corpus Christi to the Mansfield Channel, a waterway that divides the PINS from South Padre Island. (See Figure 3 on page 14.) The PINS and South Padre Island consist of 95 miles of mostly uninhabited and undeveloped beaches that offer an attractive venue for maritime smuggling. Mexican DTOs increasingly use the area for smuggling operations to avoid enhanced overland border protection at the checkpoints in Kingsville/Sarita and Falfurrias. Park visitors have reported witnessing illicit deliveries from shark boats to land vehicles; such smuggling operations pose a danger to visitors if they are perceived as a threat by traffickers.



Figure 3. Padre Island National Seashore.

DTOs commonly smuggle cocaine, marijuana, and illegal aliens to the PINS by shark boats,⁷ or “lanchas.” DTOs hire fishermen in Mexico to use their boats to smuggle contraband into the PINS; some Mexican fishermen may be particularly susceptible to recruitment by traffickers, since the Mexican fishing industry has collapsed as a result of overfishing and loss of fishing grounds. Shark boats typically depart from Playa Baghdad and El Mezquial, Mexico, approximately 20 miles south of the U.S.–Mexico border on Mexico’s east coast. It is common for 10 to 20 shark boats loaded with

drugs or illegal aliens to leave Playa Baghdad Beach and flood an area along the PINS. Traffickers engage in most smuggling activity during the night to avoid detection. In addition, shark boats are difficult to detect by radar, making interception challenging. Once a shipment of drugs or illegal aliens reaches the PINS, a separate team picks up the contraband. The drugs are often transported to Corpus Christi, where they are stored in stash houses for later distribution.

7. Shark boats, also known as lanchas, are low-riding vessels capable of making voyages of up to 19 hours while carrying over 1,000 pounds of illegal drugs or 10 to 20 illegal aliens.

Marijuana and, to a lesser extent, cocaine are the drugs most often smuggled through the PINS. The size and number of marijuana seizures have increased significantly in the PINS during the past several years; shipments in excess of 1,000 pounds are now common. Seizures most likely have increased as a result of better intelligence and increased law enforcement attention in the area. Very little is known about cocaine trafficking through the PINS; most seizures of the drug are limited to those shipments that wash ashore.

The possibility of terrorist entry into the United States through the PINS poses a potential national security threat. Limited law enforcement presence and sparse population on the island make the PINS vulnerable to alien smuggling. Smugglers are criminals with no allegiances; they smuggle anyone or anything as long as they are paid a fee. Although analysis of data from several different agencies provides no evidence to support the entry of foreign terrorists into the United States through the PINS, debriefed smugglers have admitted to smuggling aliens whose nationality was unknown to them.

Outlook

Drug distribution from Houston will very likely increase as Mexican DTOs increase their influence in the eastern United States. The Houston HIDTA region is uniquely positioned along transportation routes that facilitate transportation of drug shipments from Mexico to eastern markets. Cocaine and marijuana will continue to be the primary drugs smuggled into the HIDTA region from Mexico; however, the transshipment of ice methamphetamine through the area will increase to meet the growing demand for the drug in markets throughout the United States.

The diversion and distribution of pharmaceutical drugs from the HIDTA region will increase, primarily because of an increase in the number of pain clinics operating in the Houston area; Internet pharmacies will also most likely contribute to the increased

availability of pharmaceuticals in the area. Additionally, pharmacy distribution networks from Houston to southeastern states have been established and will continue to facilitate distribution.

Houston will remain one of the predominant money laundering areas in the United States and will quite likely experience an increase in money laundering activities as Mexican DTOs operating in the HIDTA region increase their distribution of cocaine, marijuana, and ice methamphetamine to eastern markets. Bulk cash smuggling will remain the primary method used by Mexican DTOs to launder drug proceeds because of the HIDTA region's close proximity to the Southwest Border and the lack of inspection of outbound vehicles traveling to Mexico.⁸

The amount of drugs transported from the HIDTA region to Louisiana could increase if the drug distribution networks developed between traffickers in Houston and New Orleans remain in place. Law enforcement in the HIDTA region will most likely seize increasing amounts of illicit drugs destined for New Orleans.

The production of high-grade marijuana in the Houston HIDTA region may increase. The March 2006 seizure of a sophisticated indoor grow in the Houston area run by two Asian individuals is atypical for Houston. Asian DTOs are increasingly cultivating cannabis and producing high-potency marijuana in the United States. This seizure indicates that Asian DTOs may be using the Houston area for cultivating high-potency marijuana. Additionally, Asian DTOs have established marijuana and MDMA distribution networks in Houston that would help to facilitate distribution of the drug from the HIDTA region.

8. Law enforcement resources are concentrated on screening inbound rather than outbound passengers and cargo, primarily as a result of the heightened focus on terrorism.

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University of Texas at Austin
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West University Place Police Department

Regional

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Federal

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National Park Service
Padre Island National Seashore

U.S. Department of the Treasury
Financial Crimes Enforcement Network

Other

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