



Los Angeles

High Intensity Drug Trafficking Area

Drug Market Analysis 2009



NATIONAL DRUG INTELLIGENCE CENTER
U.S. DEPARTMENT OF JUSTICE





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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 coordinated with the HIDTA, is limited in scope to HIDTA jurisdictional boundaries, and draws upon a wide variety of sources within those boundaries.



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Preface

This assessment provides a strategic overview of the illicit drug situation in the Los Angeles 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 Los Angeles HIDTA.

Figure 1. Los Angeles High Intensity Drug Trafficking Area



Strategic Drug Threat Developments

- Mexican drug trafficking organizations (DTOs) based in the Los Angeles HIDTA region control most of the drug operations in the region and use the Los Angeles HIDTA region as a transshipment center for the movement of illicit drugs to other drug markets throughout the United States.
- Methamphetamine, marijuana, powder cocaine, and heroin seizures in the Los Angeles HIDTA region increased in 2008, resulting in wholesale price increases for methamphetamine, high-potency marijuana, and powder cocaine. Despite the increases in heroin seizures and expanding trafficking operations through the HIDTA region to heroin markets in the Great Lakes and eastern states, prices remain stable, thereby indicating that heroin production in Mexico increased.
- Methamphetamine production in the Los Angeles HIDTA region increased in 2008, demonstrated by an increase in the number of large-scale production laboratories seized in the region and supported by law enforcement reports of the rising availability of precursor chemicals obtained through organized “smurfing”¹ operations in the Los Angeles HIDTA region and in neighboring states.
- Outdoor cannabis cultivation, principally by Mexican groups, in the Los Angeles HIDTA region increased in 2008. Growers cultivate the largest number of cannabis plants outdoors—usually on federal public lands in the San Bernardino, Cleveland, and Angeles National forests.

1. Smurfing is a method used by some methamphetamine traffickers to acquire large quantities of precursor chemicals. Methamphetamine producers purchase the chemicals in quantities at or below legal thresholds from multiple retail locations. Methamphetamine producers often enlist the assistance of several friends or associates in smurfing operations to increase the speed of the operation and the quantity of chemicals acquired.

HIDTA Overview

The Los Angeles HIDTA region—composed of Los Angeles, Orange, Riverside, and San Bernardino Counties—is one of the most populous regions in the country, with almost 17 million residents² in more than 32,000 square miles of territory. It is a principal production, transportation, and distribution center for illicit drugs available in the HIDTA region and in many other U.S. drug markets supplied by traffickers in the Los Angeles area, including Atlanta, Georgia; Chicago, Illinois; Cleveland, Ohio; Denver, Colorado; Las Vegas, Nevada; Memphis, Tennessee; Miami, Florida; New York, New York; Omaha, Nebraska; Phoenix, Arizona; Salt Lake City, Utah; Seattle and Yakima, Washington; St. Louis, Missouri; Tulsa, Oklahoma; and Washington, D.C.

Drug traffickers often exploit the region’s unique geographic composition for illicit drug production—typically methamphetamine production, cannabis cultivation, crack conversion, and PCP (phencyclidine) production. The Inland Empire, which encompasses both San Bernardino and Riverside counties, is made up of thriving metropolitan areas as well as sparsely populated rural area. (See Figure 1 on page 1.) San Bernardino is the largest county by area in the United States,³ and Riverside ranks fourth, which makes detection of methamphetamine laboratories and cannabis fields difficult. Traffickers can maintain robust cannabis crops because of ideal climate conditions in the HIDTA region. In addition, Asian (particularly Vietnamese) DTOs and criminal groups and a number of other traffickers cultivate significant and increasing quantities of high-potency cannabis indoors, particularly in upscale suburban neighborhoods, where most residents have little interaction with their neighbors. Most of the region’s crack

2. U.S. Census estimates indicate that approximately 46 percent of all California residents reside in the Los Angeles High Intensity Drug Trafficking Area (HIDTA) region.

3. San Bernardino County is larger in area than each of the nine smallest states in the country.

and PCP production occurs in inner-city neighborhoods; however, PCP is also produced in the high desert areas of San Bernardino County.

Mexican DTOs and criminal groups, the principal transporters of illicit drugs, smuggle multihundred-kilogram quantities of marijuana, ice methamphetamine,⁴ cocaine, Mexican black tar and brown powder heroin, and MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy)⁵ from Mexico to southern California—often through ports of entry (POEs) located in the San Diego area—using private and commercial vehicles and couriers on foot. Once in southern California, these traffickers usually transport illicit drugs to the Los Angeles HIDTA region in private, rental, and commercial vehicles, using the region’s highly developed interstate highway system (Interstates 5, 10, 15, 40, and 215) and other roadways. During each phase of this process, traffickers rely on their close associations with friends and family members residing on both sides of the California–Mexico border—a border located just 90 miles south of Orange and Riverside counties—to ensure that the flow of illicit drugs from origin to destination is uninterrupted. (See Figure 1 on page 1.) As a result, the Los Angeles HIDTA region is one of the most significant gateways for illicit drugs available in the United States, because illicit drugs that are smuggled across the California–Mexico border for distribution in and outside the area typically pass through drug markets located in the Los Angeles HIDTA region. Most of the bulk cash and monetary instruments generated by drug traffickers and other criminals in the HIDTA region and a significant portion of the drug proceeds generated in many other U.S. locations are smuggled

overland from the area into Mexico for many of the same reasons that traffickers use the HIDTA region as a base for drug smuggling activities.

The Los Angeles HIDTA region also has one of the largest and most diverse economies in the world and is home to major industries, which have factories and regional headquarters located in the region. It also has highly desired entertainment and sporting events that attract wealthy residents as well as tens of millions of tourists each year. Additionally, drug traffickers’ money laundering capabilities are enhanced by the region’s highly developed banking and financial centers.

Drug Threat Overview

The production, distribution, and abuse of methamphetamine pose the principal illicit drug threats to the Los Angeles HIDTA region. However, the production, distribution, and abuse of cocaine, marijuana, and PCP as well as the distribution and abuse of Mexican black tar heroin (and, to a lesser extent, Mexican brown powder heroin) and MDMA also pose significant law enforcement challenges.

Forty-three of the 59 respondents to the National Drug Intelligence Center (NDIC) National Drug Threat Survey (NDTS) 2009⁶ located within the Los Angeles HIDTA region report that methamphetamine is their greatest drug threat; the remainder report that crack (5), marijuana (4), heroin (2), and MDMA (2) are the greatest drug threats to their jurisdictions. All of these respondents indicate that other drugs, including powder cocaine and PCP, are also problematic, albeit to varying degrees.

4. Ice methamphetamine is methamphetamine that has been crystallized from powder methamphetamine.

5. According to officials with the Drug Enforcement Administration (DEA) Southwestern Regional Laboratory, some drug seizures that are believed to be MDMA tablets actually contain only methamphetamine or methamphetamine/MDMA combinations. Most of these tablets originate in Canada.

6. National Drug Threat Survey (NDTS) data for 2009 cited in this report are as of February 12, 2009. NDTS data cited are raw, unweighted responses from federal, state, and local law enforcement agencies solicited through either the National Drug Intelligence Center (NDIC) or the Office of National Drug Control Policy (ONDCP) High Intensity Drug Trafficking Area (HIDTA) program. Data cited may include responses from agencies that are part of the NDTS 2009 national sample and/or agencies that are part of HIDTA solicitation lists.

Los Angeles HIDTA seizure data for 2008 reveal increases in methamphetamine, marijuana, powder cocaine, and heroin seizures in the region (see Table 1 on page 5). Increased methamphetamine seizures (up 343% from 2007 to 2008), together with increased prices for pound quantities, indicate that the availability of methamphetamine decreased in the region. Consequently, methamphetamine laboratory seizures increased in 2008 as local producers sought to supplement the low availability of methamphetamine in the region.

Marijuana seizures also increased (213%) within the region from 2007 to 2008. This increase is consistent with the continuing high seizure totals for Mexican marijuana at California POEs and the increasing number of cannabis cultivation operations seized by law enforcement throughout the region. The price for commercial-grade marijuana remained steady in the region, indicating that high seizure totals did not substantially affect marijuana availability. Wholesale prices for sinsemilla and high-potency marijuana increased from 2007 to 2008; this increase may be the result of successful law enforcement cannabis eradication efforts in the Los Angeles HIDTA region.

Increased powder cocaine seizures (up 166% from 2007 to 2008) together with increased wholesale prices (see Table 2 on page 5) indicate that the availability of powder cocaine has declined in the region. Lower cocaine availability is most likely the result of effective law enforcement efforts to stop cocaine shipments from reaching Mexico (and eventually the Los Angeles

HIDTA region) and increased seizures within the HIDTA region. For example, in October 2007, Mexican authorities seized 23 metric tons of cocaine in Colima, Mexico; in 2008, Colombian authorities made several large cocaine seizures—2 metric tons of cocaine were seized from a soda shipment container originating in Chile and destined for Quetzal, Guatemala, and another 10 metric tons were seized en route to Mexico.

Heroin seizures increased approximately 11 percent from 2007 to 2008. Despite the increases in heroin seizures and expanding trafficking operations through the HIDTA region to heroin markets in the Great Lakes and eastern states, prices remain stable, thereby indicating that heroin production in Mexico increased.

MDMA and PCP seizures declined from 2007 to 2008 (see Table 1 on page 5). Consequently, the wholesale price for both MDMA and PCP remained stable from 2007 to 2008 (see Table 2 on page 5). Some law enforcement officials in the region report that MDMA prices are stable because of a steady supply and declining demand for the drug because of adverse publicity regarding the drug's effects and the closing of raves and other venues where MDMA abuse once was popular. Other law enforcement reporting indicates that MDMA pricing data are limited and/or inaccurate, in part because of the current barter system whereby Asian street gang members and other traffickers are trading MDMA from Canada for cocaine obtained through Mexican sources in the Los Angeles HIDTA region.

Table 1. Illicit Drugs Seized in the Los Angeles HIDTA Region, in Kilograms, 2005–2008

| Drug Type | 2005 | 2006 | 2007 | 2008 | Percentage Change from 2007 to 2008 |
|----------------------|--------|--------|---------|---------|-------------------------------------|
| Marijuana | 72,191 | 30,431 | 64,913 | 202,991 | +213% |
| Cocaine | 4,062 | 4,461 | 2,367 | 6,042 | +155% |
| Powder | 4,024 | 4,310 | 2,241 | 5,970 | +166% |
| Crack | 38 | 151 | 126 | 72 | -43% |
| Methamphetamine | 2,229 | 733 | 465 | 2,061 | +343% |
| Powder | 1,943 | 257 | 97 | 1,125 | +1,060% |
| Ice | 286 | 476 | 368 | 545 | +48% |
| PCP (liquid gallons) | 23 | 314 | 75 | 69 | -8% |
| Heroin | 15 | 83 | 56 | 63 | +11% |
| MDMA (dosage units) | 46 | 144 | 176,030 | 46,892 | -73% |

Source: Los Angeles High Intensity Drug Trafficking Area.

Table 2. Illicit Drug Prices in the Los Angeles HIDTA Region, by Drug, 2007–2008

| Drug | Wholesale | | Midlevel | | Retail | | |
|-----------------------|--------------------------|--------------------------|----------------------|----------------|------------------|---------------------------|------------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | |
| Cocaine (powder) | \$17,000-18,000/kg | \$22,000-26,000/kg | \$600-\$800/oz | \$600-\$800/oz | \$80/g | \$80/g | |
| Heroin | Black tar | \$20,000-\$22,000/kg | \$20,000-\$25,000/kg | \$500-\$800/oz | \$300-\$700/oz | \$80/g | \$80/g |
| | Brown powder | \$25,000/kg | \$25,000/kg | NA | NA | \$80/g | \$80/g |
| Marijuana | Commercial-grade | \$300-\$350/lb | \$300-\$340/lb | \$75-\$100/oz | \$75-\$100/oz | \$5-\$10/g | \$5-\$10/g |
| | Domestic/midgrade | NA | \$750/lb | NA | \$150-\$200/oz | NA | \$25/g |
| | Sinsemilla/high-potency | \$2,000-\$4,000/lb | \$2,500-\$6,000/lb | \$300-\$600/oz | \$300-\$600/oz | \$60-\$80/1/8 oz | \$60-\$80/1/8 oz |
| | BC Bud | NA | \$6,000/lb | NA | NA | NA | NA |
| Methamphetamine (ice) | \$16,000-\$18,000/lb | \$17,500-\$19,500/lb | \$800-1,200/oz | \$1,200/oz | \$40/1/4 g | \$40/1/4 g | |
| MDMA* | \$2,500-\$3,000/boat | \$2,500-\$3,000/boat | NA | NA | \$10-\$12/tablet | \$10-\$12/tablet | |
| PCP | \$15,000-\$18,000/gallon | \$15,000-\$18,000/gallon | NA | \$300-\$350/oz | NA | \$10-\$20/sherm cigarette | |

Source: Los Angeles High Intensity Drug Trafficking Area.

Green—Price decreases from 2007 to 2008.

Red—Price increases from 2007 to 2008.

*Boat—1,000 tablets

NA—Not available

Drug Trafficking Organizations

Highly sophisticated Mexican DTOs and criminal groups—whose drug operations often mirror successful, legitimate businesses—pose the most formidable law enforcement challenges to the Los Angeles HIDTA region. Los Angeles-based Mexican DTOs and criminal groups are closely aligned with the most significant drug cartels in western Mexico—principally the Sinaloa Cartel (also known as the Chapo Guzmán Organization) and the Tijuana Cartel⁷ (also known as the Arellano Félix Organization (AFO))—and they successfully exploit these relationships to maintain control of the smuggling of illicit drugs to the HIDTA region and wholesale distribution in and outside the region. These well-integrated networks as well as those the groups increasingly forge with members of other DTOs, criminal groups, street gangs, prison gangs, and outlaw motorcycle gangs (OMGs) that distribute significant quantities of illicit drugs help Mexican DTOs and criminal groups drug networks flourish. Each of these trafficking groups willingly works with Mexican DTOs and criminal groups for profit. In 2008, law enforcement officials supporting Los Angeles HIDTA initiatives arrested members of 305 drug trafficking groups, up significantly from 262 drug trafficking groups in 2007 and 251 in 2006. Most of the 2008 arrests involved Mexican (217) or Mexican American (79) criminals that ran international (138) and/or multistate (117) drug trafficking operations. Many of the criminals were polydrug traffickers who most often distributed cocaine (152), methamphetamine (151), marijuana (94), heroin (21), MDMA (9), and/or PCP (1).

7. Mexican and U.S. law enforcement efforts have severely weakened the Tijuana Cartel over the past year, resulting in several high-ranking AFO leaders being captured, which has led to infighting among various factions of the cartel.

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 level and midlevel.

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.

Mexican DTOs and criminal groups often compartmentalize duties to ensure that knowledge about the various aspects of their operations is limited and tightly controlled. Their members often have a strong sense of loyalty, particularly because many are family members or close friends, a practice that makes detection by law enforcement more difficult. Although Mexican DTOs and criminal groups typically rely on well-established smuggling routes, they easily adapt their smuggling routes and techniques to law enforcement pressures, particularly when that pressure could impact the flow of illicit drugs into the Los Angeles HIDTA region and the return of drug proceeds to Mexico. Mexican DTOs and criminal groups do not tolerate disobedience by their members, particularly at the highest levels. Individuals who jeopardize Mexican DTOs' and criminal groups' drug operations and other illicit activities are often dealt with violently, frequently resulting in serious injury or death.

Mexican DTOs and criminal groups in the Los Angeles HIDTA region often exploit the region's large Mexican illegal alien population for the riskier aspects of drug trafficking, typically by coaxing them to smuggle illicit drugs from Mexico to the HIDTA region or by using them to tend cannabis grow sites or methamphetamine production operations. When illegal aliens are arrested for transporting illicit drugs, they typically are too afraid to cooperate with law enforcement officers because of the high level of violence or threat of violence to them and their family members. In many cases, members of the DTO or criminal group quickly replace one illegal alien with another.

The number of street gangs, prison gangs and, to a lesser extent, OMGs that purchase significant quantities of illicit drugs from Mexican DTOs and criminal groups for distribution in the Los Angeles HIDTA region is among the largest in the country. Street gang members are increasingly infiltrating suburban and rural communities that previously had minimal drug threats, including the Antelope Valley area (parts of which are located in both Los Angeles County and nearby Kent County), and the Inland Empire.

African American, Caucasian, Colombian, Salvadoran, Canadian, Chinese, Jamaican, Vietnamese, and other Asian criminal groups and independent dealers also transport illicit drugs to the Los Angeles HIDTA region for distribution. However, the nature and scope of their trafficking operations are relatively minor in comparison with the operations of Mexican DTOs and criminal groups and, to a lesser extent, the street gangs, prison gangs, and OMGs with which they affiliate.

Production

Mexican DTOs and criminal groups in Jalisco, Sonora, and Sinaloa, Mexico, produce most of the methamphetamine available in the Los Angeles HIDTA region. However, Mexican DTOs and criminal groups and, to a lesser extent,

Caucasian and Asian criminal groups and independent producers in the HIDTA region produce large quantities of methamphetamine. National Seizure System (NSS) data indicate that law enforcement officers seized more methamphetamine laboratories in 2008 (49) than in 2007 (39).⁸ In each of these years, most of the seized laboratories were located in Los Angeles and San Bernardino Counties.⁹ (See Table 3 on page 8.)

Most of the methamphetamine laboratory seizures recorded in the Los Angeles HIDTA counties in 2008 involved small-scale laboratories capable of producing less than 2 pounds of methamphetamine per production cycle; however, seizures of major laboratories and superlabs—laboratories that can yield large quantities of methamphetamine per production cycle—increased in 2008 (see Table 3 on page 8). NSS data indicate that seven methamphetamine superlabs were seized in the Los Angeles HIDTA region during 2008 (3 in Los Angeles County, 3 in Riverside County, and 1 in San Bernardino County). The increase in the number of large-scale methamphetamine production laboratories seized is most likely associated with decreased availability of Mexican ice methamphetamine and the rising availability of precursor chemicals obtained through organized “smurfing” operations in the Los Angeles HIDTA region and in neighboring states. The smurfing of pseudoephedrine products from retail stores and pharmacies has emerged as a serious problem in the Los Angeles HIDTA region (primarily in the Los Angeles and Orange County areas). Some organized groups involved in smurfing pseudoephedrine are using Global Positioning System (GPS) devices to locate pharmacies to purchase pseudoephedrine or meeting places to deliver the

8. This figure does not include the number of chemical, equipment, or dumpsite seizures, which are also associated with methamphetamine production.

9. Even though there was an increase in laboratories seized in 2008 over 2007, the number of seizures is still significantly less than in 2006 (102) or 2005 (106).

Table 3. Small, Major, and Super Methamphetamine and Ice Conversion Laboratory Seizures in the Los Angeles HIDTA Region, by County, 2005–2008*

| County | Laboratory Type | 2005 | | | 2006 | | | 2007 | | | 2008 | | |
|----------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | Small | Major | Super | Small | Major | Super | Small | Major | Super | Small | Major | Super |
| Los Angeles | Methamphetamine | 25 | 4 | 5 | 32 | 2 | 3 | 15 | 3 | 2 | 12 | 3 | 3 |
| | Ice Conversion | 3 | 1 | 2 | 5 | 1 | 1 | 4 | 0 | 0 | 3 | 0 | 0 |
| Orange | Methamphetamine | 7 | 0 | 3 | 5 | 1 | 0 | 2 | 0 | 1 | 3 | 0 | 0 |
| | Ice Conversion | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Riverside | Methamphetamine | 18 | 3 | 0 | 21 | 1 | 1 | 1 | 0 | 0 | 9 | 2 | 3 |
| | Ice Conversion | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| San Bernardino | Methamphetamine | 37 | 2 | 2 | 32 | 0 | 0 | 13 | 1 | 1 | 10 | 3 | 1 |
| | Ice Conversion | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HIDTA Total | Methamphetamine | 87 | 9 | 10 | 90 | 4 | 4 | 31 | 4 | 4 | 34 | 8 | 7 |
| | Ice Conversion | 5 | 2 | 2 | 8 | 1 | 2 | 4 | 0 | 0 | 3 | 0 | 0 |

Source National Seizure System, current as of March 3, 2009.

*Small laboratories are capable of producing less than 2 pounds of methamphetamine per production cycle. Major laboratories are capable of producing 2 to 9 pounds of methamphetamine per production cycle. Superlabs are capable of producing over 10 pounds of methamphetamine per production cycle.

pseudoephedrine to methamphetamine laboratory operators. The California Bureau of Narcotics Enforcement (BNE) reports that organized smurfing groups in Phoenix and Las Vegas transport pseudoephedrine products to the Los Angeles area and sell them to clandestine methamphetamine laboratory operators.

Mexican DTOs and criminal groups based in the Mexican states of Guerrero, Michoacán, Nayarit, Oaxaca, and Zacatecas produce most of the marijuana available in the Los Angeles HIDTA region; however, Mexican and, to a much lesser extent, Asian and Caucasian DTOs and criminal groups also produce significant quantities of domestic marijuana in the Los Angeles HIDTA region. Los Angeles HIDTA data indicate that law enforcement officials seized a total of 800,873 cannabis plants from indoor and outdoor grow sites in the region in 2008, an increase from the 538,493 plants reported seized in 2007. Growers cultivate the largest number of cannabis plants outdoors—usually on federal public lands in the San Bernardino, Cleveland, and Angeles National forests. (See Table 4 on page 9.) To further

compound the threat, many traffickers (mostly Mexican traffickers) conceal their cannabis crops and methamphetamine laboratories or laboratory waste under trees¹⁰ or mix their crops within other thick vegetation in these forests. Los Angeles Police Department officers report that these growers increasingly are armed and/or booby-trap their cultivation sites, and they often use fertilizers that are poisonous to humans, posing a serious threat to tenders and law enforcement as well as other individuals who happen upon the sites. Los Angeles HIDTA data also suggest that growers are cultivating more cannabis indoors (including hydroponically) than they had previously—usually in private residences—which very likely is in response to an increasing demand for high-potency marijuana both in and outside the HIDTA region. Law enforcement reporting suggests that Asian DTOs and criminal groups are converting an increasing number of upscale homes in cities within the Los Angeles HIDTA region into cannabis grow operations. The growers that manage one operation may also

10. Some of these growers tie the tops of the trees together military-style to avoid aerial detection by law enforcement.

Table 4. Indoor and Outdoor Cannabis Plants Seized in the Los Angeles HIDTA Region, by County 2007–2008

| County | Indoor | | Outdoor | | Total | |
|-------------------------|----------------|----------------|------------------|------------------|------------------|------------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| Los Angeles | 28,170 | 7,269 | 228,061 | 359,870 | 256,231 | 367,139 |
| Orange | 0 | 0 | 0 | 0 | 0 | 0 |
| Riverside | 1,906 | 2,217 | 179,617 | 315,397 | 181,523 | 317,614 |
| San Bernardino | 15,292 | 7,348 | 85,447 | 108,772 | 100,739 | 116,120 |
| HIDTA Total | 45,368 | 16,834 | 493,125 | 784,039 | 538,493 | 800,873 |
| California Total | 160,138 | 168,487 | 4,791,838 | 5,137,742 | 4,951,976 | 5,306,229 |

Source: Los Angeles High Intensity Drug Trafficking Area.

operate other grows nearby or be affiliated with those who operate those nearby grow sites. Other traffickers who become aware of the indoor grows increasingly are breaking in to steal cannabis plants and/or processed marijuana from these sites, elevating the number of burglaries, robberies, and related violent crime in areas that previously had limited drug-related violent crime.

Law enforcement officers with U.S. Customs and Border Protection (CBP) reportedly also arrest a number of Asian cannabis cultivators crossing the U.S.–Canada border, some of whom are traveling from Canada to the Los Angeles area to further their cannabis cultivation operations. Once in Los Angeles, the cultivators typically educate other Asian traffickers on how to properly pollinate cannabis plants that yield high-potency cannabis (some with THC (delta-9-tetrahydrocannabinol) levels ranging from 15 to 20%) before returning home. These experienced Asian growers from Canada reportedly prefer to travel to Los Angeles and other U.S. locations to train their counterparts on how to cultivate high-potency cannabis because they believe it is less risky than smuggling large quantities of marijuana across the Northern Border for distribution.

African American and Hispanic criminal groups and street gangs, often Bloods and Crips sets, are the principal crack and PCP producers in the Los Angeles HIDTA region. They typically

convert powder cocaine into crack cocaine in low-income, inner-city neighborhoods as needed for distribution, primarily to avoid the stiff penalties associated with distribution of large quantities of the drug. They most often produce PCP in the Los Angeles, Compton, and North Long Beach areas of Los Angeles County and, more recently, in the high desert areas of San Bernardino County for local and national-level distribution. Some Los Angeles-based traffickers are supplying PCP to traffickers in other U.S. drug markets—notably Omaha and Washington, D.C. For example, in January 2008, law enforcement officers in Tucumcari, New Mexico, seized 6.25 gallons of PCP that was produced in Los Angeles and destined for distribution in Washington, D.C. However, NSS data on PCP laboratory seizures in the Los Angeles HIDTA region indicate that PCP traffickers may have been producing the drug less frequently in 2008 than in 2007. (See Table 5.)

Table 5. PCP Laboratory Seizures in the Los Angeles HIDTA Region, by County, 2005–2008

| County | 2005 | 2006 | 2007 | 2008 |
|----------------|----------|-----------|----------|----------|
| Los Angeles | 6 | 9 | 3 | 0 |
| Orange | 1 | 0 | 0 | 0 |
| Riverside | 0 | 0 | 0 | 0 |
| San Bernardino | 0 | 1 | 3 | 2 |
| Total | 7 | 10 | 6 | 2 |

Source: National Seizure System, current as of January 29, 2009.

Transportation

Mexican DTOs and criminal groups, the principal drug transporters to the Los Angeles HIDTA region, exploit Mexican cartel-controlled plazas¹¹ along the California–Mexico border to smuggle wholesale quantities of illicit drugs into the Los Angeles HIDTA region. Once in southern California, these traffickers as well as those who work on their behalf and various other traffickers—African American, Caucasian, Colombian, Salvadoran, Canadian, Chinese, Jamaican, Vietnamese, and other Asian criminal groups—transport illicit drugs to and through the HIDTA region, frequently overland on Interstates 5 and 15. They prefer these interstates because they can easily access each upon entrance at southern California and northwestern U.S.–Canada POEs and link to numerous other U.S. drug markets by an intricate array of intersecting interstates and other roadways. For example, traffickers transport significant quantities of ice methamphetamine, Mexican black tar heroin, cocaine, and marijuana on I-15 from Los Angeles to Las Vegas. In addition, on April 12, 2008, New Mexico Department of Public Safety officers working on a New Mexico HIDTA initiative seized 3 kilograms of cocaine in Gallup, New Mexico. The drugs allegedly originated in Los Angeles and were being transported to Tulsa on I-40 concealed in duffel bags on a commercial bus. Traffickers also use similar means to transport drug proceeds in the reverse direction. Their versatility in transporting illicit drugs to and drug proceeds from the HIDTA region demonstrates the Los Angeles HIDTA’s significance as a national-level illicit drug transportation hub and transshipment center.

According to data from the HIDTA’s Los Angeles Clearinghouse Domestic Highway Enforcement Unit, most of the drugs seized en route to or departing from the Los Angeles HIDTA region in

2008 involved private vehicles (319), rental vehicles (185), and tractor-trailers (42). A significant number of these seizures (144) involved vehicles equipped with false compartments. These 546 highway seizures collectively involved almost 26,000 pounds of marijuana (including some high-potency marijuana), 1,000 kilograms of cocaine, 200 pounds of methamphetamine, over 32 kilograms of heroin, nearly 9 gallons of PCP, and more than 490,000 MDMA tablets.

Distribution

As with most other aspects of drug trafficking, Mexican DTOs and criminal groups control the wholesale distribution of illicit drugs in the Los Angeles HIDTA region. They supply illicit drugs to distributors within the region and to distributors in most other significant drug markets throughout the country, including those in Atlanta, Chicago, Cleveland, Denver, Las Vegas, Memphis, Miami, New York City, Omaha, Phoenix, Salt Lake City, Seattle, St. Louis, Tulsa, Yakima, and Washington, D.C.

Mexican DTOs and criminal groups facilitate their drug transactions through well-established relationships with close friends, family members, and others in Mexico, Colombia, and the United States. Their relationships with Colombian traffickers, although not as well-entrenched, include a partnership for the distribution of significant quantities of cocaine on behalf of the Colombian traffickers as well as a buyer-seller relationship for the purchase of significant quantities of cocaine for distribution on the Mexican DTOs’ behalf.

Mexican DTOs and criminal groups (see [Table 6 on page 11](#)) usually distribute their drug shipments quickly upon arrival in the Los Angeles HIDTA region; however, they frequently store drug shipments for up to a week in warehouses and other stash locations in and around the HIDTA region before repackaging the drugs for distribution—primarily because of successful law

11. A plaza is a geographic area in which drug smuggling is controlled by a drug trafficking organization (DTO).

Table 6. Wholesale Distributors in the Los Angeles HIDTA Region, by Drug, 2008

| Distributors | Drugs Distributed |
|---|---|
| Mexican DTOs and criminal groups | Powder cocaine, Mexican black tar and South American heroin, marijuana, and ice methamphetamine |
| Colombian DTOs | South American heroin, cocaine, and marijuana |
| Street gangs | Powder and crack cocaine, Mexican black tar heroin, marijuana, ice methamphetamine, and PCP |
| Prison gangs | Mexican black tar heroin, ice methamphetamine, cocaine, and marijuana |
| Outlaw motorcycle gangs | Methamphetamine and marijuana |
| Local independent dealers | Methamphetamine, cocaine, and marijuana |

Source: Inland Narcotics Clearing House; Los Angeles Clearinghouse, Los Angeles Regional Gang Information Network; Los Angeles Joint Drug Intelligence Group.

enforcement efforts over the past few years that severely diminished the number of stash houses in the HIDTA region. When their drug supplies cannot be immediately distributed, Mexican DTOs and criminal groups or those working on their behalf often store the drugs in apartments, houses, and other secure locations in Mexico or in other areas outside the HIDTA region, including Phoenix, where they believe law enforcement coverage is comparatively minimal.

Traffickers often prearrange their drug transactions—with both suppliers and customers—using standard phones, multiple cellular phones, direct-connect devices, the Internet, mobile phones, prepaid telephones, push-to-talk telephones, satellite phones, two-way radios, and voice mail boxes. They pay close attention to law enforcement interdiction efforts and, as such, frequently change service for their phones to avoid apprehension. They also intermingle various communication methods when coordinating individual aspects of the same drug transaction. For example, traffickers may text-message a

picture of a meeting place, use the Internet to identify a date and/or time for the transaction, and use a cell phone to describe the color/make/model of a transport vehicle. The text-messaging of photographs is extremely challenging for law enforcement officers who historically traced verbal communications between traffickers. When traffickers make out-of-country calls, they typically use digitally encrypted phones. Although DTOs and street gang members have coordinated drug transactions using cellular phones for years, this communication method reportedly has gained popularity among prison gang members, who are increasingly smuggling the phones into prisons to further their criminal enterprises. In addition, “netbagging,” the use of the Internet and social web sites by traffickers to promote their gang cultures and attract new members for drug trafficking and other illicit purposes, is also increasing.

African American and Hispanic street gangs are the primary retail distributors of powder and crack cocaine, Mexican black tar heroin, marijuana, ice methamphetamine, and PCP in the Los Angeles HIDTA region; however, Mexican and Caucasian criminal groups and independent dealers, prison gangs, OMGs, and various other

Table 7. Retail Distributors in the Los Angeles HIDTA Region, by Drug, 2008

| Distributors | Drugs Distributed |
|--|---|
| Street gangs | Powder and crack cocaine, Mexican black tar heroin, marijuana, ice methamphetamine, and PCP |
| Mexican and Caucasian criminal groups and local independent dealers | Powder and crack cocaine, Mexican black tar heroin, marijuana, and ice methamphetamine |
| Outlaw motorcycle gangs | Ice methamphetamine, marijuana, heroin, cocaine, and MDMA |
| Prison gangs | Ice methamphetamine, Mexican black tar heroin, and marijuana |

Source: Inland Narcotics Clearing House; Los Angeles Clearinghouse, Los Angeles Regional Gang Information Network; Los Angeles Joint Drug Intelligence Group.

criminal groups and independent dealers also distribute significant quantities of illicit drugs at the retail level in the region, albeit on a smaller scale. (See Table 7 on page 11.) The enhanced relationships forged between members of Mexican DTOs and criminal groups and members of street gangs, prison gangs and, to a lesser extent, OMGs have facilitated increased gang migration to major drug markets throughout the country, where the profit potential can often be significantly greater than it is in the Los Angeles HIDTA region.

Drug-Related Crime

Many DTOs and criminal groups in the Los Angeles HIDTA region that distribute illicit drugs also commit various other crimes, such as murder, alien smuggling, kidnapping, and weapons smuggling to further their criminal enterprises and generate profits. They and their enforcers seriously injure or kill rival traffickers, law enforcement and military personnel protecting the California–Mexico border, or other individuals who threaten trafficking operations. Although a significant portion of the violence at and near the border is centered in Tijuana, Baja California, Mexico, some of that violence has already spread into southern California, threatening law enforcement officers' safety. For example, in January 2008, drug smugglers ran over and killed a senior border patrol agent as he was attempting to put spikes across the road to stop their drug-laden vehicle from entering southeastern California from Mexico, the first reported incident of its kind in several years. In addition, a number of these traffickers obtain their firearms (including assault-type weapons) by burglarizing businesses, private homes, and vehicles in the Los Angeles HIDTA region.

Street and prison gang members commit high levels of violent crime in the Los Angeles HIDTA region,¹² including assault, homicide, robbery, theft, weapons trafficking, and witness intimidation. Most

of these crimes are attributed to turf battles over drug distribution territories. Most street gangs in the Los Angeles HIDTA region form along ethnic lines, predominantly Hispanic, African American, and Asian. The Mexican Mafia prison gang controls much of the Hispanic prison population as well as Hispanic street gang activities in metropolitan areas within the Los Angeles HIDTA region and in all of southern California. Mexican Mafia members and those who work on their behalf collect fees or taxes from Hispanic street gangs for the rights to distribute drugs in specific neighborhoods. Hispanic street gang members distribute illicit drugs, pay taxes to the Mexican Mafia, and enforce Mexican Mafia rules through the use of threats and violence.

Methamphetamine, crack, and PCP producers as well as cannabis cultivators also commit violent crimes to protect their drug operations and grow sites from law enforcement detection and competitors. Many booby-trap their production sites.

Many drug abusers in the Los Angeles HIDTA region—particularly methamphetamine abusers—commit property crimes and acts of identity theft to acquire money to purchase their illicit drug supplies. Officials with the Federal Trade Commission ranked California second in the number of identity theft victims per 100,000 population in 2007, the most recent data available, and a significant number of those victims (6,084 of 43,892) resided in the Riverside-San Bernardino-Ontario metropolitan statistical area, an area well known for its large methamphetamine abuser population.

Abuse

Methamphetamine is the principal drug of abuse in the Los Angeles HIDTA region. Data from the California Outcomes Measurement System (CalOMS)—formerly the California Alcohol and Drug Data System (CADDs)—indicate that the number of drug-related treatment admissions to publicly funded facilities in the HIDTA region for methamphetamine as the primary substance

12. No agency in the HIDTA region collects gang-related crime statistics by county.

Table 8. Treatment Admissions in the Los Angeles HIDTA Region by Primary Drug of Admittance, CY2006–2008

| Drug | CY2006 | CY2007 | CY2008 |
|-----------------|--------|--------|--------|
| Cocaine/crack | 11,154 | 10,637 | 10,244 |
| Heroin | 15,582 | 15,095 | 14,656 |
| Marijuana | 12,927 | 14,576 | 15,020 |
| Methamphetamine | 29,923 | 28,783 | 23,648 |

Source: California Outcomes Measurement System.

of abuse was significantly higher than that for any other illicit drug from 2006 through 2008, despite a steady decline of reported admissions during the same period. (See Table 8.) Heroin was the second most popular primary drug of abuse each year from 2006 through 2008, but the number of heroin-related treatment admissions declined annually during that period. The number of marijuana-related treatment admissions in the HIDTA region increased annually from 2006 through 2008. The number of cocaine-related treatment admissions in the Los Angeles HIDTA region trended downward but remained relatively stable during the 3-year period.

Illicit Finance

Mexican DTOs and criminal groups are the primary money launderers in the Los Angeles HIDTA region. They often smuggle bulk quantities of cash and monetary instruments generated through their drug trafficking activities into Mexico using the same private, rental, and commercial vehicles used to smuggle illicit drugs into the Los Angeles HIDTA region. Moreover Mexican DTOs and criminal groups smuggle bulk drug proceeds using private and commercial aircraft, ocean freighters, containerized cargo vessels, and express shipping into Mexico. Operations involving containerized cargo often have currency smuggled in vehicles manifested for South America and Asia. Most of the proceeds smuggled from the region are intermingled with proceeds generated in the other

U.S. drug markets. Once in Mexico, the proceeds are deposited into Mexican financial institutions, including *casas de cambio* (exchange houses) and banks, for eventual physical transportation back to the United States or electronically through wire transfers and declared as legal funds. Additional funds are laundered through the Black Market Peso Exchange (BMPE) and/or by structuring deposits (also known as smurfing). In a typical BMPE exchange, agents or money brokers in the United States receive proceeds generated through drug trafficking and other illicit means and provide those funds to merchants, usually Colombian, to purchase U.S. goods, which are then converted into seemingly legitimate funds. Other criminal groups, street gangs, OMGs, prison gangs, and independent dealers also transport drug proceeds in bulk from the region, but to a lesser extent than Mexican DTOs and criminal groups.

Mexican and various other DTOs and criminal groups exploit traditional financial institutions and money services businesses (MSBs) in the Los Angeles HIDTA region by transferring vast sums of illicit funds to international locations, including Mexico and South America. Their utilization of this money laundering mechanism is evident in Los Angeles, which is a principal area for Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) filings in the United States.¹³ Although these filings may indicate suspicious activities, the specific origin of illicit funds, such as drug trafficking or illegal alien smuggling, cannot be determined, which makes detection by law enforcement difficult.

DTOs and criminal groups, primarily Mexican and Asian, in the Los Angeles HIDTA region also launder drug proceeds through money transmittal

13. Financial institutions in the United States are required to complete Suspicious Activity Reports (SARs) for various suspicious transactions including those totaling \$5,000 or more that involve potential money laundering violations or violations of the Bank Secrecy Act (BSA). Financial institutions and money services businesses (MSBs) in the United States are required to file Currency Transaction Reports (CTRs) for all cash and coin transactions exceeding \$10,000.

businesses located in their own communities. Some transfer funds using small, local businesses or commercial businesses such as Western Union; others maintain private transmittal businesses to further their criminal enterprises. Owners of the large number of money transmittal businesses in the HIDTA region serve the sizable Hispanic population in the area by legitimately wiring money to requesters' family members in Mexico, which helps those who use the service for illicit purposes to blend more easily with the high volume of legal transfers. Additionally, some traffickers, particularly Asian criminal groups, launder money through informal value transfer systems (IVTSs),¹⁴ including *hawala*, *hundi*, and *fei ch'ien*.

Traffickers in the Los Angeles HIDTA region also regularly launder illicit proceeds through a variety of other methods. They commonly commingle illicit proceeds with funds from legitimate businesses such as automobile dealerships, retail stores, real estate companies, and restaurants; purchase high-value assets with the funds; and use gaming casinos to launder drug proceeds. Traffickers are also using the Internet more often to launder money using electronic pay and/or transferring accounts. The anonymity afforded by Internet transactions allows traffickers to launder drug proceeds with minimal risk of law enforcement detection.

14. Informal value transfer systems (IVTSs) are any network or mechanism that can be used to transfer funds or value from place to place either without leaving a formal paper trail of the entire transaction or without going through regulated financial institutions. IVTSs are legitimate businesses and are considered to be official MSBs. They must register with Financial Crimes Enforcement Network (FinCEN) and are subject to the same regulatory requirements as all other MSBs. Nonetheless, many of them may be unregistered and operate without the scrutiny of law enforcement. This type of IVTS is commonly referred to as a *hawala*—an Arabic word meaning transfer—and is based on trust. *Hawalas* usually provide money transfers to and from areas in which modern financial services are often unavailable, inaccessible, or unaffordable. *Hawala* businesses may be operated at virtually any business location or private residence that has access to a communications network; modernized or contemporary *hawalas* use the services of traditional financial institutions.

Outlook

The Los Angeles HIDTA region is a major transshipment center for illicit drugs entering the United States destined for drug markets throughout the country. Mexican DTOs based in the Los Angeles HIDTA region will continue to control most drug operations in the region by using associated criminal groups and street and prison gangs to distribute illicit drugs in the HIDTA region and to transport drugs to markets throughout the United States.

Methamphetamine production in the Los Angeles HIDTA region may increase in the near term. Decreased availability of Mexican ice methamphetamine associated with enhanced precursor control legislation in Mexico and the rising availability of precursor chemicals obtained through the growing number of organized smurfing operations in the Los Angeles HIDTA region and in neighboring states will most likely result in increased local methamphetamine production.

Mexican heroin traffickers and criminal groups will take advantage of the increased heroin production in Mexico to further expand their heroin trafficking operations through the Los Angeles HIDTA region to supply local demand and growing heroin markets in Great Lakes and eastern states.

Decreased cocaine availability experienced throughout the Los Angeles HIDTA region in 2008 is very likely to continue throughout 2009 as Mexican military and law enforcement efforts maintain their pressure on major Mexican DTOs smuggling the drug into the region.

Drug-related crime in the HIDTA region will most likely remain at high levels as DTOs, criminal groups, and street and prison gangs use violence and threats of violence to protect drug distribution operations and to intimidate competitors. Moreover, drug abusers in the region will engage in various property crimes and acts of identity theft in order to obtain funds to purchase illicit drug supplies.

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 San Bernardino County Sheriff's Office
 San Diego Law Enforcement Coordination Center

Colorado

Denver Police Department

Florida

Miami-Dade Police Department
 Narcotics Division

Missouri

St. Louis Police Department

New Mexico

New Mexico Department of Public Safety

Ohio

Cleveland Police Department

Tennessee

Memphis Police Department

Utah

Salt Lake City Police Department

Federal

Executive Office of the President
 Office of National Drug Control Policy
 High Intensity Drug Trafficking Areas
 Los Angeles
 Investigative Support Center
 Inland Narcotics Clearing House
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