National Drug Threat Assessment

NATIONAL DRUG INTELLIGENCE CENTER
U.S. DEPARTMENT OF JUSTICE

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National Drug Threat Summary

The trafficking and abuse of illicit drugs inflict tremendous harm upon individuals, families, and communities throughout the country. The violence, intimidation, theft, and financial crimes carried out by drug trafficking organizations (DTOs), criminal groups, gangs, and drug users in the United States pose a significant threat to our nation. The cost to society from drug production, trafficking, and abuse is difficult to fully measure or convey; however, the most recent data available are helpful in framing the extent of the threat. For example:

- More than 35 million individuals used illicit drugs or abused prescription drugs in 2007.
- In 2006 individuals entered public drug treatment facilities more than 1 million times seeking assistance in ending their addiction to illicit or prescription drugs.
- More than 1,100 children were injured at, killed at, or removed from methamphetamine laboratory sites from 2007 through September 2008.
- For 2009 the federal government has allocated more than $14 billion for drug treatment and prevention, counterdrug law enforcement, drug interdiction, and international counterdrug assistance.
- In September 2008 there were nearly 100,000 inmates in federal prisons convicted and sentenced for drug offenses, representing more than 52 percent of all federal prisoners.
- In 2007 more than 1.8 million drug-related arrests in the United States were carried out by federal, state, and local law enforcement agencies.
- Mexican and Colombian DTOs generate, remove, and launder between $18 billion and $39 billion in wholesale drug proceeds annually.
- Diversion of controlled prescription drugs costs insurance companies up to $72.5 billion annually, nearly two-thirds of which is paid by public insurers.

DTOs rapidly adapt to law enforcement and policy initiatives that disrupt their drug trafficking operations. Law enforcement and intelligence reporting revealed several strategic shifts by DTOs in drug production and trafficking in 2007 and early 2008, attributed in part to the success of counterdrug agencies in disrupting the operations of DTOs. Many of these shifts represent immediate new challenges for policymakers and resource planners. The *National Drug Threat Assessment 2009* outlines the progress and emerging counterdrug challenges in detailed strategic findings, including the following:

- ***Mexican DTOs represent the greatest organized crime threat to the United States.*** The influence of Mexican DTOs over domestic drug trafficking is unrivaled. In fact, intelligence estimates indicate a vast majority of the cocaine available in U.S. drug markets is smuggled by Mexican DTOs across the U.S.–Mexico border. Mexican DTOs control drug distribution in most U.S. cities, and they are gaining strength in markets that they do not yet control.
- ***Violent urban gangs control most retail-level drug distribution nationally, and some have relocated from inner cities to suburban and rural areas.*** Moreover, gangs are increasing their involvement in wholesale-level drug distribution, aided by their connections with Mexican and Asian DTOs.

- ***Cocaine is the leading drug threat[1] to society.*** Methamphetamine is the second leading drug threat, followed by marijuana, heroin, pharmaceutical drugs, and MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy) respectively.

- ***Cocaine availability levels in the United States are lower than 2005 and 2006 levels.*** Domestic cocaine availability decreased in early 2007, resulting in sustained cocaine shortages in 38 large and midsize domestic drug markets by August 2007. Coca eradication, large cocaine seizures, increased pressure on DTOs in Mexico, intercartel violence, expanded cocaine markets in Europe, and U.S. border security all contributed to the cocaine shortages. By early 2008 cocaine availability had returned to 2005 and 2006 levels in some cities, but decreased availability continued in 14 U.S. drug markets, primarily in the Great Lakes, Mid-Atlantic, and Southeast Regions.

- ***Domestic methamphetamine production is projected to surpass 2007 levels.*** Methamphetamine laboratory seizure data show that methamphetamine production in the United States decreased each year from 2003 through 2007. However, many users and distributors have been compelled to begin producing the drug domestically again because of decreased flow of methamphetamine from Mexico. Methamphetamine production in Mexico declined significantly in 2007, resulting in decreased methamphetamine availability in many U.S. drug markets.

- ***To increase domestic methamphetamine production, individuals and criminal groups are increasingly circumventing state and federal pseudoephedrine and ephedrine sales restrictions.*** Individuals and criminal groups are making numerous small-quantity pseudoephedrine and ephedrine product purchases from multiple retail outlets, a diversion method known as "smurfing." In some instances, pseudoephedrine brokers have established pseudoephedrine smurfing networks by paying several individuals to make purchases on their behalf.

- ***The level of domestic outdoor cannabis cultivation is very high and possibly increasing.*** Domestic outdoor cannabis eradication data show that the number of cannabis plants eradicated increased 120 percent (2,996,225 to 6,599,599 plants) from 2004 through 2007, particularly eradication of plots established by Mexican DTOs on public lands.

- ***Marijuana potency has increased to the highest level ever recorded.*** The increase in marijuana potency has been fueled by increased indoor cultivation of high-potency marijuana and improvements in outdoor cultivation techniques. Much of the increased cultivation of high-potency marijuana is attributed to Asian DTOs that have increased indoor operations in many states. Many of these Asian DTOs are linked in a nationwide network.

- ***Lucrative northeastern white heroin markets are attracting Mexican DTOs that distribute Mexican black tar or brown powder heroin.*** Mexican DTOs have increased Mexican heroin availability in these traditionally white heroin markets, and they have gained market share among the heroin-user population. Mexican heroin distributors have been able to extend distribution farther into northeastern heroin markets because of rising heroin production in Mexico and decreasing heroin production in Colombia.

1. The relative threat posed by a specific drug requires a subjective analytic assessment based on many considerations, such as the cost of interdiction, seizure, and eradication; the number of individuals using or addicted to the drug; the level of availability in U.S. drug markets; the extent and organization of distribution groups; the level of violence associated with distribution and use of the drug; the level of property crime associated with use of the drug; and the level of involvement by international drug trafficking organizations (DTOs) and gangs.

- ***Southwest and Southeast Asian heroin availability and distribution are limited.*** However, some Nigerian criminal groups distributing Southwest Asian heroin are attempting to increase heroin distribution in some drug markets where Southwest Asian heroin had not been available previously.

- ***The level of prescription drug abuse is very high, and individuals are able to acquire these drugs from numerous sources.*** Individuals usually acquire Schedule II prescription drugs (OxyContin and Percocet) through traditional diversion methods such as prescription fraud and doctor-shopping. However, Schedule III (Vicodin) and IV (Xanax and Valium) prescription drugs are often acquired in large quantities through the Internet. Law enforcement reporting also indicates that prescription drug distribution by gangs has increased since 2004.

- ***Asian DTOs are producing MDMA in large clandestine laboratories in Canada.*** In fact, the high and possibly increasing level of MDMA production in Canada is contributing to increased distribution of the drug in U.S. drug markets. Moreover, distribution of MDMA tablets that have been adulterated with highly addictive drugs, particularly methamphetamine, is increasing.

DTOs, gangs, and drug users continually adapt to changes in drug policy, counterdrug initiatives, and numerous other factors that affect their operations. Although forecasting strategic drug trends is difficult because of significant intelligence gaps, the *National Drug Threat Assessment 2009* presents several predictive estimates regarding drug trafficking and abuse, including the following:

- ***Sporadic cocaine shortages will most likely continue in several U.S. drug markets in 2009.*** The sustained pressure against DTOs in Mexico as well as high cocaine seizure totals from shipments in transit toward the United States continued through mid-2008 and will most likely result in supply interruptions and wholesale shortages in some U.S. drug markets through early 2009.

- ***Domestic methamphetamine production will most likely increase moderately in 2009.*** The decreased flow of methamphetamine from Mexico, the relocation of some Mexican methamphetamine producers from Mexico to California, and the emergence of large-scale ephedrine and pseudoephedrine smurfing operations throughout the country have created conditions conducive to a moderate increase in domestic methamphetamine production.

- ***Asian DTOs will very likely expand their domestic indoor cannabis cultivation operations beyond traditional operating areas in the Pacific Northwest and, to a lesser extent, New England.*** Asian DTOs expanded their indoor cannabis cultivation operations in 2007 to new areas, including Cleveland, Denver, Houston, and Los Angeles. Expansion of indoor cannabis cultivation operations will most likely continue in 2009.

- ***Southwest Asian heroin availability may increase in some U.S. cities that were not previously considered Southwest Asian heroin markets.*** West African couriers have been arrested with significant amounts of heroin in U.S. cities after having departed from countries commonly used to transship Southwest Asian heroin, such as Nigeria. Some of the cities in which these couriers were apprehended are those where the availability of Southwest Asian heroin has been low or nonexistent, such as Raleigh, North Carolina.

- ***Mexican DTOs will most likely continue to establish new markets for Mexican heroin in northeastern states.*** Recent encroachments by Mexican heroin distributors into more northeastern drug markets most likely indicate a determination on the part of Mexican DTOs to expand Mexican heroin distribution in new market areas.
- ***The Ryan Haight Online Pharmacy Consumer Protection Act of 2008 was enacted in October 2008 and will most likely reduce the number of rogue Internet pharmacies selling controlled prescription drugs.*** The federal law amends the Controlled Substances Act and prohibits the delivery, distribution, or dispensing of controlled prescription drugs over the Internet without a prescription written by a doctor who has conducted at least one in-person examination of the patient.
- ***Treatment admissions for MDMA addiction may increase.*** Treatment admissions for MDMA addiction may increase as the distribution of MDMA tablets adulterated with highly addictive substances, such as methamphetamine, increases.

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Cocaine

Overview

Cocaine trafficking is the leading drug threat to the United States. However, counterdrug agencies have made measurable progress against cocaine production, transportation, and distribution, contributing to a reduction in cocaine availability in the United States. Cocaine availability decreased in many areas during the first half of 2007 and remained below 2005 and 2006 levels in many drug markets through mid-2008. Coca eradication, large cocaine seizures, increased pressure on DTOs in Mexico, intercartel violence, expanded cocaine markets in Europe, and border security have contributed to sustained decreases in cocaine availability in some areas of the United States. Also, effective counterdrug operations have caused traffickers to shift cocaine transportation routes.

Strategic Findings

- Analysis of law enforcement reporting as well as national drug threat, availability, demand, and treatment data indicates that cocaine trafficking is the greatest drug threat to the United States.
- Worldwide cocaine production declined slightly in 2007, primarily because of successful coca eradication in Colombia.
- The estimated amount of cocaine that departed South America toward the United States in 2007 was only slightly higher than the revised 2006 estimate; however, several exceptionally large seizures of cocaine in transit removed a significant amount of cocaine from the supply chain in short periods of time.
- Cocaine seizure data indicate that cocaine smuggling through South Texas decreased from 2007 through mid-2008 and increased in California, most likely because of difficulty on the part of DTOs in moving cocaine through Mexico to the South Texas border.
- Cocaine availability in the United States was lower in 2007 and early 2008 than it had been in 2005 and 2006, and prolonged cocaine shortages occurred in many U.S. drug markets.

Analysis of law enforcement reporting as well as national drug threat, availability, demand, and treatment data indicates that cocaine trafficking is the greatest drug threat to the United States. National law enforcement and drug use surveys show that the adverse impact to the nation's communities, families, and individuals caused by the distribution and abuse of powder and crack cocaine exceeds that caused by all other drugs. National Drug Intelligence Center (NDIC) National Drug Threat Survey (NDTS) data for 2008 show that 41 percent of state and local law enforcement agencies in the United States identify powder cocaine or crack as the greatest drug threat in their area, a higher percentage than for any other drug. NDTS data also show that state and local law enforcement agencies identify powder cocaine or crack as the drug most contributing to violent and property crimes in their areas, 50 percent and 39 percent, respectively, higher than for any other drug. The agencies ranked cocaine higher than any other drug in nearly every drug threat category.

Other national drug data support the NDTS 2008 results. Drug Enforcement Administration (DEA) arrest data for 2007 through June 2008 show that cocaine-related arrests accounted for 42 percent (17,688 of 41,822 arrests) of all DEA arrests and exceeded arrests for any other drug (see Table B1 in Appendix B). Further, Organized Crime Drug Enforcement Task Force (OCDETF) data for 2007 show more OCDETF cases initiated against cocaine trafficking groups than against groups distributing any other drug. Data from the National Survey on Drug Use and Health (NSDUH) show that the percentage of persons aged 12 or older who used cocaine in the past year decreased from 2.5 percent in 2006 to 2.3 percent in 2007; however, the rate of past year use for cocaine remained higher than for all other illicit drugs except marijuana. Because cocaine is very addictive, particularly in crack form, the high levels of cocaine abuse led to nearly

Table 1. Estimated Andean Region Coca Cultivation and Potential Pure Cocaine Production 2003–2007

Net Cultivation (hectares)					
	2003	2004	2005	2006	2007
Bolivia	23,200	24,600	26,500	25,800	29,500
Colombia	113,850	114,100	144,000	157,200	167,000
Peru	29,250	27,500	34,000	42,000	36,000
Total	**166,300**	**166,200**	**204,500**	**225,000**	**232,500**
Potential Pure Cocaine Production (metric tons)					
	2003	2004	2005	2006	2007
Bolivia	100	115	115	115	120
Colombia	445	415	525	550	535
Peru	245	230	250	265	210
Total	**790**	**760**	**890**	**930**	**865**

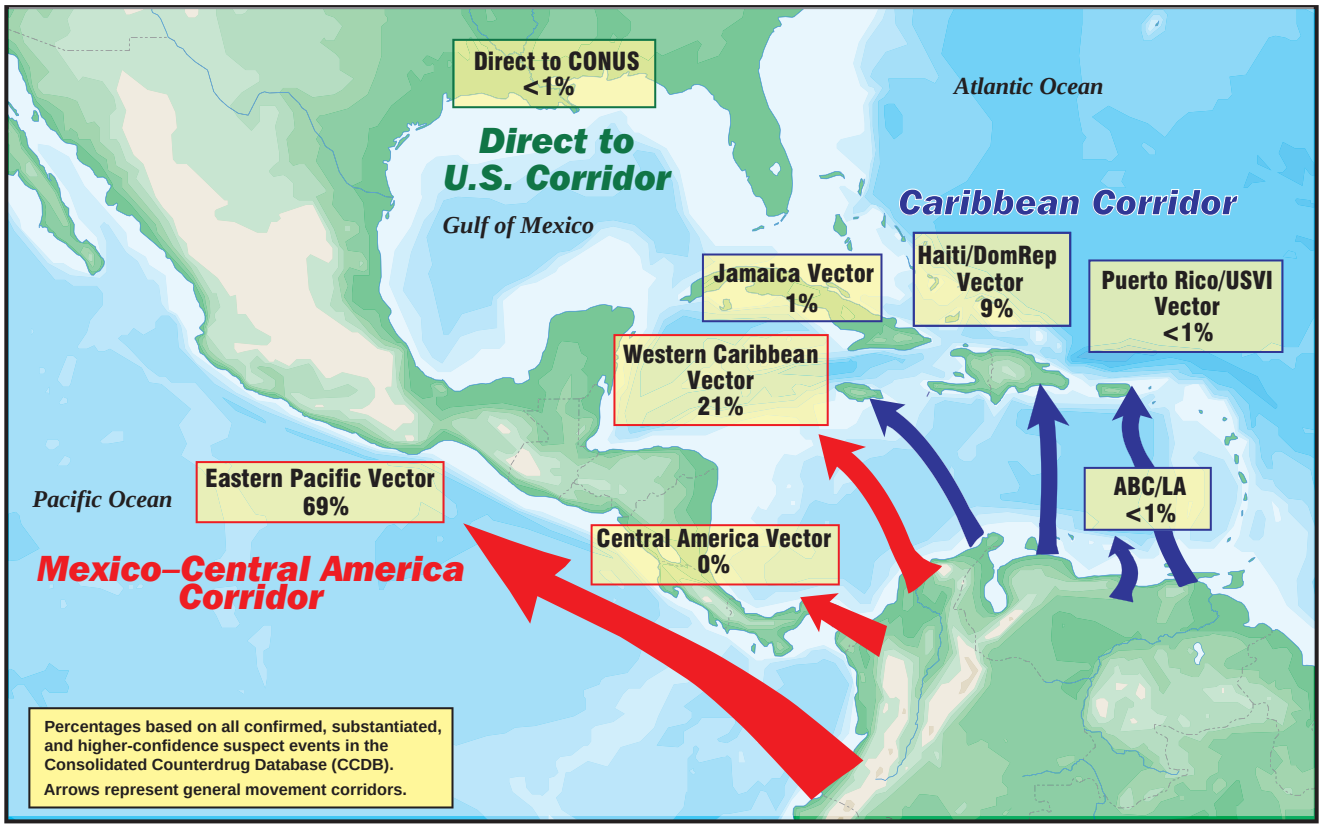
Source: Crime and Narcotics Center.

250,000 admissions to publicly funded facilities for treatment of cocaine addiction in 2006, the most recent year for which data are available. More treatment admissions in 2006 were related to cocaine abuse and addiction than for any other illicit drug except marijuana.

Worldwide cocaine production declined slightly in 2007, primarily because of successful coca eradication in Colombia. U.S. Government estimates show that worldwide cocaine production declined 8 percent (930 to 865 MT) between 2006 and 2007. In Colombia, where cocaine production constituted at least 55 percent of annual worldwide cocaine production from 2003 through 2007, estimated potential pure cocaine production decreased from 550 metric tons in 2006 to 535 metric tons in 2007 (see Table 1). U.S. Government crop estimates showed a statistically insignificant increase in the amount of land under cultivation in Colombia for coca, but potential cocaine production decreased largely because successful coca eradication programs reduced coca leaf yields. In Peru, potential pure cocaine production declined 21 percent between 2006 and 2007 (265 to 210 MT). The decline in cocaine production in Peru, the world's second-largest cocaine-producing country, is attributed primarily to an increase in forced and voluntary eradication. In Bolivia, potential pure cocaine production increased in 2007 for the first time since 2004, from 115 metric tons in 2006 to 120 metric tons in 2007. Despite the increase, cocaine production in Bolivia accounted for only 12 percent of worldwide cocaine production in 2007. According to intelligence reporting, Bolivian cocaine was destined primarily for Brazil and Europe.

The estimated amount of cocaine that departed South America toward the United States in 2007 was only slightly higher than the revised 2006 estimate; however, several exceptionally large seizures of cocaine in transit removed a significant amount of cocaine from the supply chain in short periods of time. According to the *Interagency Assessment of Cocaine Movement* (IACM), between 545 and 707 metric tons of cocaine departed South America toward the United States in 2007, an amount slightly higher than the revised 2006 estimates (509 to 709 MT). Approximately 90 percent of detected cocaine shipments were transiting through the Mexico–Central America (MX–CA) Corridor (see Figure 1 on page 3). Consolidated

Figure 1. Vectors in the Transit Zone–CCDB-Documented Cocaine Flow Departing South America January–December 2007



Source: Interagency Assessment of Cocaine Movement.

Counterdrug Database (CCDB) data show that traffickers moving cocaine shipments through the MX–CA Corridor favored routes through the Eastern Pacific Vector. Nearly 69 percent of documented cocaine shipments moving toward the United States in 2007 moved through the Eastern Pacific Vector (see Figure 1). Noncommercial maritime vessels, such as go-fast and fishing boats, are the principal conveyances used by traffickers to move cocaine shipments through the Eastern Pacific. Go-fast boats and private aircraft are the most common cocaine transport methods used by traffickers in the Western Caribbean Vector. Traffickers also are increasingly using privately built Self-Propelled Semisubmersible-Low Profile Vessels (SPSS-LPV) to transport cocaine through the MX–CA Corridor, particularly in the Eastern Pacific.

The amount of cocaine seized or disrupted[2] in the U.S. Transit Zone[3] increased slightly in 2007, and several large seizures during the spring and fall removed a large amount of cocaine from the traffickers' supply chain in relatively short time frames. According to the IACM, the amount of cocaine moving toward the United States that was seized or disrupted by counterdrug forces increased from 203 metric tons in 2006 to 209 metric tons in 2007, but remained lower than in 2005 (234 MT). During 2007, however, counterdrug forces made five of

2. A disruption occurs when cocaine is jettisoned and not recovered or is otherwise destroyed by traffickers.

3. The U.S. Transit Zone includes Central America, Mexico, all Caribbean Islands except Puerto Rico and the U.S. Virgin Islands, and the water bodies and airspace between South America and the United States.

the 20 largest individual cocaine seizures recorded (see Table B2 in Appendix B). Two of the seizures (10.4 MT and 15.2 MT) occurred in March in the Eastern Pacific. In early April, law enforcement seized 13.2 metric tons of cocaine in Colombia. Counterdrug forces in Mexico seized two large shipments of cocaine (11.7 MT and 23.6 MT) between September and November. The 23.6-metric-ton seizure in November 2007 was the largest cocaine seizure ever recorded. The number of exceptionally large cocaine seizures in 2007 was unusual compared with seizures in previous years; for example, the largest cocaine seizure in 2006 totaled only 9 metric tons. In 2005 only one exceptionally large cocaine shipment (15 MT) was seized. Most likely, the 2007 seizures significantly reduced the amount of cocaine available to DTOs for distribution in the United States, contributing to acute shortages of the drug in several drug markets.

Cocaine seizure data indicate that cocaine smuggling through South Texas decreased from 2007 through mid-2008 and increased in California, most likely because of difficulty on the part of DTOs in moving cocaine through Mexico to the South Texas border. National Seizure System (NSS) data reveal a significant decrease in the amount of cocaine seized at or between Southwest Border ports of entry (POEs) in 2007, particularly between the first and second quarters, and continuing through mid-2008 (see Figure 2 on page 5). The decreased seizure total stemmed from a sharp decline in the amount of cocaine seized at or between Texas POEs, especially in South Texas. During this period, cocaine seizures at or between POEs in the other Southwest Border states were relatively stable or increased. Because cocaine seizures at Texas POEs account for such a large percentage of cocaine seized along the Southwest Border, the decline at Texas POEs resulted in a significant overall decline in Southwest Border cocaine seizures by mid-2008. By mid-2008, the quarterly seizure total was the lowest since prior to 2004. The cocaine seized at or between Southwest Border POEs decreased 47 percent from the fourth quarter of 2005 (3,363 kg) to the second quarter of 2008 (1,785 kg).

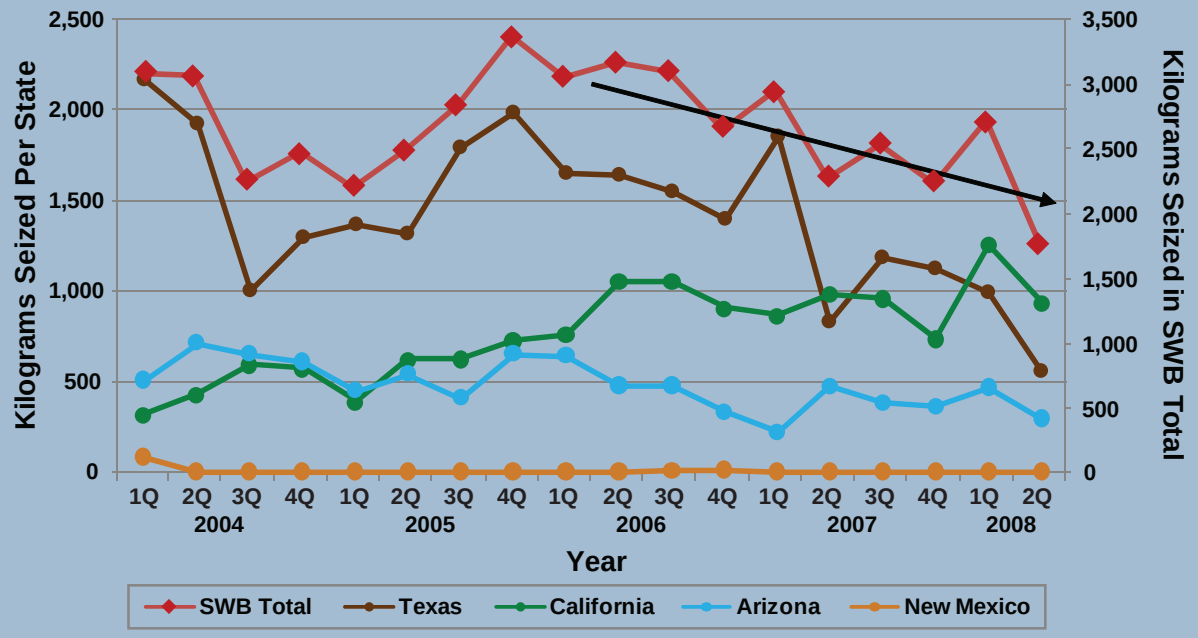
As cocaine seizure totals along the South Texas border declined, cocaine seizure totals at or between POEs in California increased (see Figure 2 on page 5). For example, the average quarterly amount of cocaine seized at or between POEs in California increased from 478 kilograms in 2004 to 883 kilograms in 2007. By the second quarter of 2007, when cocaine seizure totals at Texas POEs decreased sharply, cocaine seizure totals at or between California POEs exceeded seizure totals in Texas for the first time since prior to 2004.

After the second quarter of 2007, cocaine seizures at and between Texas POEs rebounded slightly in the next three quarters, according to NSS data, but they remained below nearly every quarterly total between 2004 and 2006. In the second quarter of 2008, the amount of cocaine seized at and between POEs in Texas declined significantly to 556 kilograms, the lowest amount seized since prior to 2004. During 2007 through mid-2008, quarterly cocaine seizure totals in California remained high. Authorities seized more cocaine at and between California POEs during the first quarter of 2008 than in any previous quarter since prior to 2004.

Law enforcement and intelligence reporting indicates that the decrease in cocaine seizures in Texas likely is due to Mexican DTOs' difficulty in moving cocaine through Mexico to the U.S. Southwest Border. Recent impediments to maintaining a stable flow of cocaine through Mexico most probably include seizures of large cocaine shipments in the transit zone, intensive counterdrug efforts by the Mexican Government, U.S. law enforcement operations along the Southwest Border, and intercartel violence in Mexico.

Cocaine availability in the United States was lower in 2007 and early 2008 than it had been in 2005 and 2006, and prolonged cocaine shortages occurred in many U.S. drug markets. Drug availability data show that domestic cocaine availability decreased in early 2007 and that the decreased availability extended through mid-2008. Beginning in early 2007, law enforcement agencies in several drug markets reported decreased cocaine

Figure 2. Southwest Border Cocaine Seizures At or Between POEs, by Quarter, in Kilograms, 2004–2008*



Source: National Seizure System.
*Data run September 15, 2008.

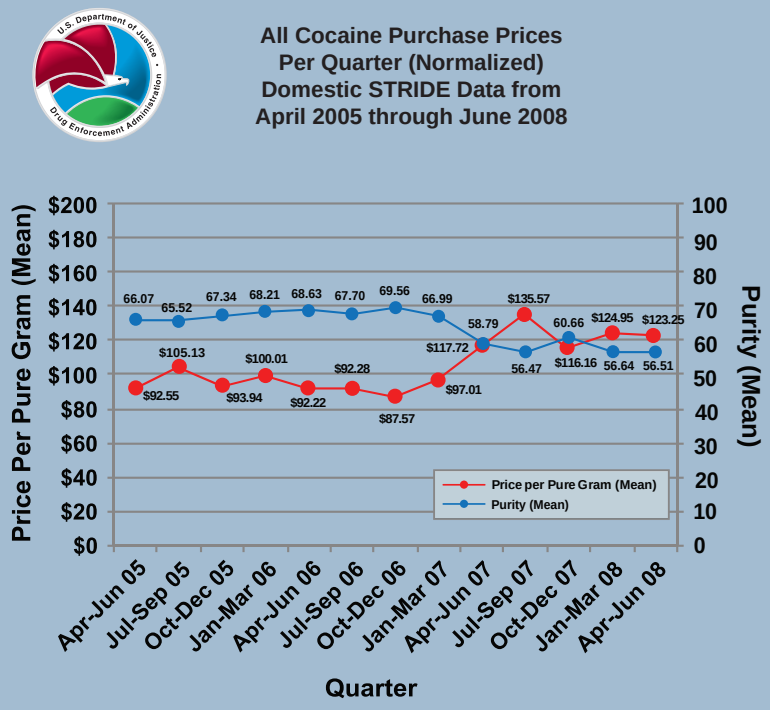
availability primarily at the wholesale level and, sometimes, for midlevel quantities. Signs of decreased cocaine availability included distributors not receiving their regular supplies, increased prices, and decreased purity. Despite shortages at the wholesale level, cocaine typically remained available at the retail level, in large part because of distributors adding cutting agents to stretch supplies. By August 2007 sustained cocaine shortages were reported in 38 large and midsize domestic drug markets. The availability of cocaine, which began its decrease in early 2007, has returned to 2005 and 2006 levels in some cities, but decreased availability has continued in 14 U.S. drug markets—primarily in the Great Lakes, Mid-Atlantic, and Southeast Regions—through early 2008. (See Map A4 in Appendix A and Table B3 in Appendix B).

Law enforcement reports of decreased cocaine availability are supported by the DEA's System to Retrieve Information from Drug Evidence (STRIDE)[4] data about cocaine purity and prices (see Figure 3 on page 6). According to STRIDE data, the average price per pure gram for cocaine samples submitted to DEA laboratories increased 21 percent ($97.01 to $117.72) from first quarter to second quarter 2007. Similarly, the average purity of cocaine samples decreased 12 percent (66.99 to 58.79 percent pure) from first quarter to second quarter 2007. STRIDE data through June 2008 show that cocaine prices have remained higher and purity has remained lower than in 2005 or 2006.

Federal cocaine seizure data also indicate decreased cocaine availability beginning in early 2007. According to Federal-wide Drug Seizure System (FDSS) data, quarterly cocaine seizures by federal agencies have decreased significantly since the first

4. System to Retrieve Information from Drug Evidence (STRIDE) is not a representative sample of drugs available in the United States but reflects evidence submitted to Drug Enforcement Administration (DEA) laboratories for analysis by federal law enforcement agencies.

Figure 3. Cocaine Price and Purity, April 2005–June 2008



- April 2005 through June 2008
- 54,428 records of seizures/purchases
  - 1,861 foreign purchases/seizures (including U.S. territories)
  - 35,095 domestic seizures
- = 17,472 purchases
  - 387 having zero purity
  - 190 having zero price
  - 10 form/lab/agent error
- = 16,885 domestic drug purchases/data points
- 733.1 kg total purchase weight
- 473.5 kg total purchase pure weight (100%)

* From January 2007 through June 2008, the price per pure gram of Cocaine increased 27.0%, from $97.01 to $123.25, while the purity decreased 15.6%, from 67% to 57%.

** STRIDE is a database of drug exhibits sent to DEA laboratories from the DEA, FBI, CBP, ICE, USCG, and Washington MPD. STRIDE is not a representative sample of drugs available in the United States, but reflects all evidence submitted to DEA laboratories for analysis. STRIDE data are not collected to reflect national market trends. Nonetheless, STRIDE data reflect the best information currently available on changes in methamphetamine price and purity.

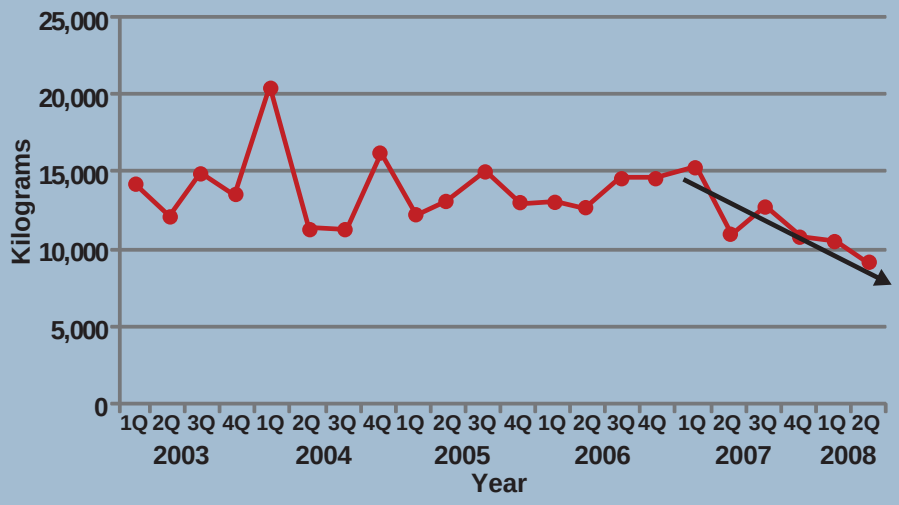
Source: Drug Enforcement Administration.

quarter of 2007. FDSS data show that the amount of cocaine seized in the United States by federal agencies decreased sharply during the second quarter of 2007 and declined 41% (15,387 kg to 9,074 kg) between first quarter 2007 and second quarter 2008 (see Figure 4 on page 7). In fact, quarterly cocaine seizure totals were lower in the second and fourth quarters of 2007 and the first and second quarters of 2008 than in any other quarter during the past 4 years.

Analysis of Quest Diagnostics workplace drug testing data and Drug Abuse Warning Network[5] (DAWN *Live!*) emergency department (ED) admissions data also supports law enforcement reports of decreased cocaine availability beginning in early 2007. According to Quest Diagnostics data, the national rate of positive workplace drug tests for cocaine decreased significantly between first quarter and second quarter 2007 (see Figure 5 on page 7). Rates of positive cocaine tests continued to decline through first quarter 2008 to the lowest recorded level since first quarter 2000 (the earliest date for which data are available). Analysis of DAWN *Live!* ED admissions data reveals that in 10 of the 14 cities reporting to DAWN, the proportion of drug-related ED visits that were attributed to cocaine was lower in every quarter between second quarter 2007 and first quarter 2008 than the 2005–2006 quarterly averages for the cities (see Table B4 in Appendix B).

5. Drug Abuse Warning Network (DAWN) collects data from numerous hospital emergency departments in 13 metropolitan areas as well as from a nationally representative sample of hospitals. Data are collected on all drug-related emergency department (ED) visits to measure the effects of substance use, misuse, and abuse.

Figure 4. Federal Cocaine Seizure Totals, in Kilograms, First Quarter 2003 to Second Quarter 2008



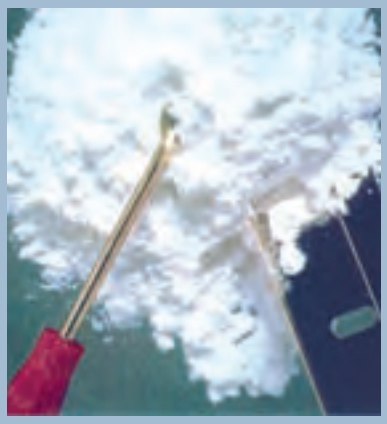


Photo: DEA

Source: Federal-Wide Drug Seizure System.

Figure 5. Percent of National Positive Cocaine Test Results, 2005 to Second Quarter 2008

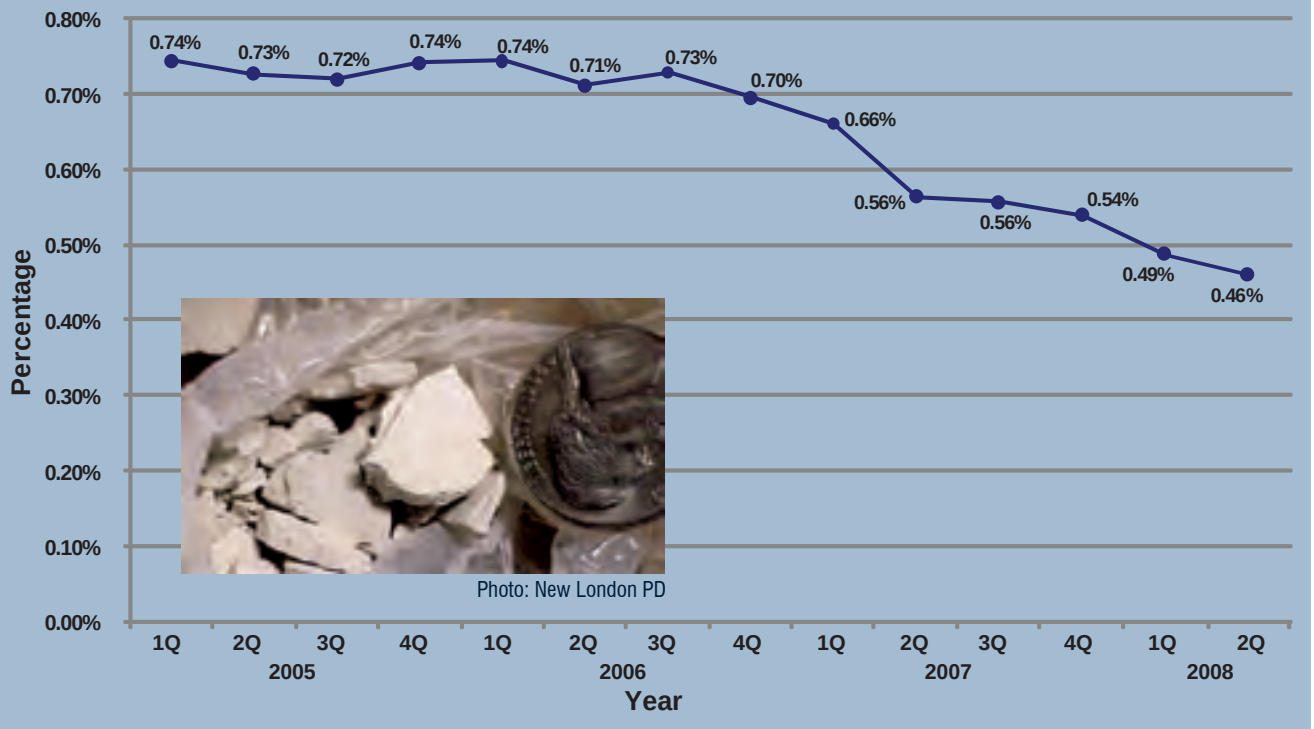


Photo: New London PD

Source: Quest Diagnostics, Incorporated.

Intelligence Gaps

The leading cause of the decrease in domestic cocaine availability is unclear. It is unclear what factor most contributed to the decrease in cocaine availability in U.S. drug markets. Intelligence and law enforcement reporting indicates that the decrease likely is the result of several simultaneous factors that obstructed the flow of cocaine from South America through Mexico to U.S. drug markets. The likely factors include several exceptionally large cocaine seizures made while the drug was in transit toward the United States, counterdrug efforts by the Mexican Government, U.S. law enforcement operations along the Southwest Border, a high level of intercartel violence in Mexico, and expanding cocaine markets in Europe and South America.

The extent to which rising demand for cocaine in non-U.S. markets has affected cocaine availability in the United States is unclear. Reporting from foreign public health officials indicates that cocaine use in many non-U.S. markets, especially in Europe, has increased over the past decade and that use continues to rise. Moreover, the declining value of the U.S. dollar provides a financial incentive for drug traffickers to sell cocaine in foreign markets where the wholesale price of cocaine is already much higher than in the United States. However, inconsistent reporting from foreign law enforcement agencies on cocaine seizures and drug movements makes it difficult to reliably assess the amount of cocaine that traffickers are sending to Europe and other non-U.S. markets annually. According to the IACM, the documented amount of cocaine moving to Europe declined between 2006 and 2007, but certain recent trends, such as an increase in Europe-bound cocaine transiting West Africa, imply a strong foreign cocaine market and that the decrease in documented transatlantic movement is a reflection of a lack of awareness of traffickers' changing tactics. As such, a rising demand for cocaine in non-U.S. markets, including South America, suggests that less cocaine is available for transport to the United States.

Outlook

Sporadic cocaine shortages will continue in several U.S. drug markets through 2008 and into early 2009. According to intelligence reporting, counterdrug efforts against DTOs moving cocaine through the Mexico/Central America Corridor have reduced the ability of traffickers to move regular supplies of cocaine to the United States. The sustained pressure against DTOs in Mexico as well as high cocaine seizure totals from shipments in transit toward the United States continued through mid-2008 and will likely result in supply interruptions and acute wholesale shortages in some U.S. drug markets through early 2009.

Despite declines in cocaine availability and abuse, demand for the drug will likely remain high in the near term. NSDUH data show that rates of past year use for cocaine declined from 2006 to 2007 as availability of the drug declined. However, rates of use remained higher than for any other drug except marijuana. Moreover, NSDUH data show that demand for the drug will most likely remain high, since individuals' perception of risk associated with use of cocaine has declined. Persons aged 18 to 25 by far accounted for the largest percentage of past year and past month cocaine users in 2006 and 2007, according to NSDUH data. Cocaine use by young adults likely will remain high in the near term, since the negative perception of cocaine use has declined among adolescents. Monitoring the Future (MTF) data show that in 2007 only 45 percent of twelfth graders perceived great risk of harm in trying cocaine powder once or twice. Moreover, only 47 percent of the twelfth graders perceived great risk in trying crack cocaine once or twice. MTF data show that twelfth graders' perceptions of the risk in cocaine use trended downward over the past decade. For example, twelfth graders' perception of great risk in using crack regularly declined from a high of nearly 92 percent in 1990 to 83 percent in 2007. NSDUH data also show that only 50 percent of persons aged 12 to 17 perceived great risk in using cocaine once a month, a slight decrease since 2003 (51%). The decrease in perceived risk suggests that adolescents are becoming less wary of trying cocaine, which may sustain demand for the drug in the near term.

Methamphetamine

Overview

Ephedrine and pseudoephedrine import restrictions in Mexico contributed to a decrease in methamphetamine production in Mexico and reduced flow of the drug from Mexico to the United States in 2007 and 2008. Methamphetamine shortages were reported in some drug markets in the Pacific, Southwest, and West Central Regions during much of 2007. In some drug markets, methamphetamine shortages continued through early 2008. In 2008, however, small-scale domestic methamphetamine production increased in many areas, and some Mexican DTOs shifted their production operations from Mexico to the United States, particularly to California. The rise in domestic methamphetamine production was fueled by an increase in domestic pseudoephedrine trafficking by individuals and criminal groups circumventing national retail pseudoephedrine sales restrictions. These individuals and criminal groups often make pseudoephedrine product purchases at or below the allowable purchase limit from multiple retail outlets.

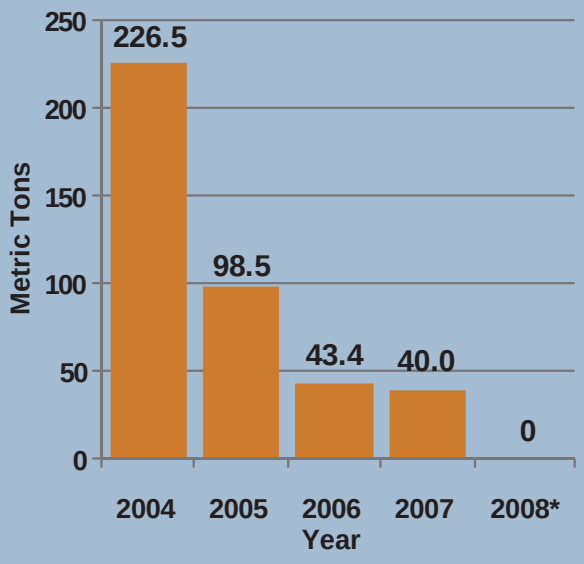
Strategic Findings

- Ephedrine and pseudoephedrine import restrictions in Mexico contributed to decreased Mexican methamphetamine production in 2007.
- Reduced Mexican methamphetamine production resulted in decreased methamphetamine availability in many U.S. methamphetamine markets in 2007.
- Methamphetamine availability stabilized and possibly increased during the first half of 2008, most likely because of increasing domestic production of the drug.
- Individuals and criminal groups are increasingly circumventing state and federal pseudoephedrine sales restrictions by making numerous small-quantity, pseudoephedrine product purchases from multiple retail outlets.
- Mexican DTOs are increasingly circumventing chemical sale and import restrictions in Mexico by diverting ephedrine and pseudoephedrine from licit sources in South America.
- National drug-prevalence data indicate a slight decrease in methamphetamine use; however, treatment admissions for methamphetamine abuse are stable.

Ephedrine and pseudoephedrine import restrictions in Mexico contributed to decreased Mexican methamphetamine production in 2007. In 2005 the government of Mexico (GOM) began implementing progressively increasing restrictions on the import of ephedrine and pseudoephedrine and other chemicals used for methamphetamine production (see Figure 6 on page 10). In 2007 the GOM announced a prohibition on ephedrine and pseudoephedrine imports into Mexico for 2008 and a ban on the use of both chemicals in Mexico by 2009. Pseudoephedrine and ephedrine import restrictions resulted in a significant decrease in methamphetamine production in Mexico in 2007 as evidenced by a reduced flow of the drug from Mexico into the United States. NSS data show a decrease in the amount of methamphetamine seized along the Southwest Border between 2005 (2,904 kg) and 2006 (2,809 kg); the decrease continued in 2007, when 1,745 kilograms of the drug were seized, a 37.9 percent decrease from 2006 to 2007. However, preliminary 2008 NSS data show an increase in methamphetamine seizures along the Southwest Border. Through October 2008 the amount of methamphetamine seized at and between Southwest Border POEs reached 2,006 kilograms, surpassing the 2007 total (1,745 kgs) (see Figure 7 on page 11).

The altering of chemical diversion and methamphetamine production operations by some Mexican DTOs is further evidence of strained precursor chemical availability and methamphetamine production capability. Since 2006, Mexican DTOs have been importing chemical derivatives into Mexico to produce precursor chemicals for methamphetamine production and to evade

Figure 6. Commercial Pseudoephedrine Imports Into Mexico, in Metric Tons, 2004–2008



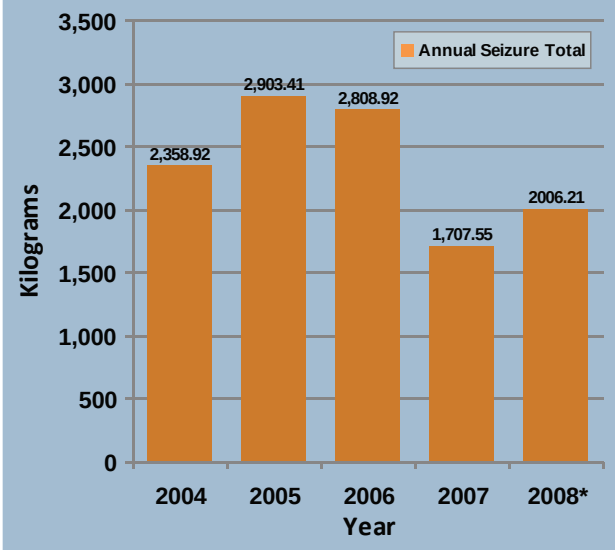
*Government of Mexico target for commercial pseudoephedrine imports for 2008.

Source: United Nations.

inspection by law enforcement at airports and seaports in Mexico. The import of chemical derivatives and analogues for the purpose of methamphetamine production is illegal in Mexico; however, traffickers frequently smuggle such chemicals into Mexico because inspectors are often unfamiliar with the chemicals and let them pass through POEs. For instance, during 2007 the GOM reported several seizures of large quantities of n-acetyl pseudoephedrine, a chemical used to produce pseudoephedrine. According to GOM reporting, the chemical was intended for use at Mexican methamphetamine production sites. Limited access to ephedrine and pseudoephedrine also has compelled methamphetamine producers in Mexico to increasingly use alternate methods of production to maintain supplies of the drug. According to DEA reporting, Mexican DTOs conduct large-scale, nonephedrine-based methamphetamine production operations, particularly the phenyl-2-propanone (P2P) method. The GOM reported several seizures of phenylacetic acid, a chemical used to produce the methamphetamine precursor chemical P2P. DEA reporting reveals that since 2006, the prevalence of clandestine laboratories in Mexico using nonephedrine-based methods of production has increased. For example, during one week in December 2007, Mexican law enforcement authorities seized two P2P superlaboratories in Jalisco, Mexico. DEA estimates that the laboratories were capable of producing 5,500 pounds and 1,200 pounds of methamphetamine a month, respectively. Increasing use of the P2P method of methamphetamine production in Mexico is a strong indicator of difficulty on the part of some Mexican methamphetamine producers to acquire ephedrine or pseudoephedrine that would yield a higher-quality drug.

Reduced Mexican methamphetamine production resulted in decreased methamphetamine availability in many U.S. methamphetamine markets in 2007. Analysis of drug availability data as well as law enforcement reporting reveals decreased availability of methamphetamine in many U.S. drug markets beginning in early 2007 and continuing into 2008 (see Table 2 on page 11). Rising methamphetamine prices and decreasing purity were evidence of decreasing methamphetamine availability during 2007. According to STRIDE, the price per pure gram for methamphetamine increased 90 percent ($149.78 to $284.12) from January 2007 through December 2007 (see Figure 8 on page 13). STRIDE data also show that average methamphetamine purity decreased by 28 percent (56.92% to 40.98%) during the same period. Also, Quest Diagnostics data show that positive methamphetamine tests in workplace drug tests declined steadily through 2007 (see Figure 9 on page 14), and like STRIDE data, Quest Diagnostics data indicate instability in methamphetamine supply and availability throughout that period. Quest Diagnostics data show a 38.8 percent decrease in the rate of positive methamphetamine workplace drug tests from the first quarter of 2007 (0.18%) to the fourth quarter of 2007 (0.11%). Methamphetamine seizure data also indicate a reduction in the flow of methamphetamine and decreased availability in 2007. NSS

Figure 7. Methamphetamine Seized Along the Southwest Border, in Kilograms, 2004–2008*



Source: National Seizure System.
*Data run November 13, 2008.

data show that the amount of methamphetamine seized in the United States decreased sharply in 2007, particularly during third quarter 2007. The total amount of methamphetamine seized in 2007 (4,689.55 kg) was 34 percent lower than in 2006 (7,106.68 kg).

Law enforcement reporting is consistent with analysis of methamphetamine availability data. According to law enforcement reporting, methamphetamine supplies in several drug markets were stretched after June 2007. The reported decreases in methamphetamine availability occurred at the wholesale level, midlevel, and retail level, particularly in 20 cities in the Pacific, West Central, and Southwest Regions, and in the Great Lakes and Southeast Regions. (See Table 2.) Law enforcement reporting indicates that distributors had difficulty obtaining the quantities they were able to acquire prior to mid-2007. For instance, law enforcement reporting in early 2008 from agencies in the Pacific Region indicates that some wholesale suppliers who previously could readily access 20 pounds of methamphetamine before mid-2007 were able to access only 10 pounds. Similarly, some wholesale distributors who were supplying 10 pounds prior to mid-2007 were able to supply only 1 to 2 pounds.

Methamphetamine availability stabilized and possibly increased during the first half of 2008, most likely because of increasing domestic production of the drug. Methamphetamine availability data show that by mid-2008 methamphetamine availability began to stabilize. STRIDE data show that the price per pure gram for methamphetamine decreased 16 percent ($284.12 to $237.99) from fourth quarter 2007 to second quarter 2008 after four consecutive quarters of price increases (see Figure 8 on page 13). STRIDE data also show a 12 percent increase (from 40.98% to 45.90%) in average methamphetamine purity during the same period. Moreover, NSS data also show strengthening methamphetamine availability as methamphetamine seizure amounts for the first half of 2008 (3,832.22 kg) significantly outpaced seizure amounts reported for the first half of 2007 (2,632.03 kg) (see Figure 10 on page 15). Quest Diagnostics data reveal no significant change in the rate of positive methamphetamine workplace drug tests during first quarter 2008, suggesting that positive methamphetamine workplace drug tests stabilized after four consecutive declining quarters.

Table 2. Cities Where Decreased Methamphetamine Availability Was Reported, June 2007–June 2008

Anchorage, Alaska	Indianapolis, Indiana
Los Angeles, California	Kansas City, Missouri
Oakland, California	St. Louis, Missouri
San Diego, California	Omaha, Nebraska
San Francisco, California	Las Vegas, Nevada
Denver, Colorado	Portland, Oregon
Grand Junction, Colorado	Rapid City, South Dakota
Tampa, Florida	Sioux Falls, South Dakota
Atlanta, Georgia	Lubbock, Texas
Boise, Idaho	Seattle, Washington

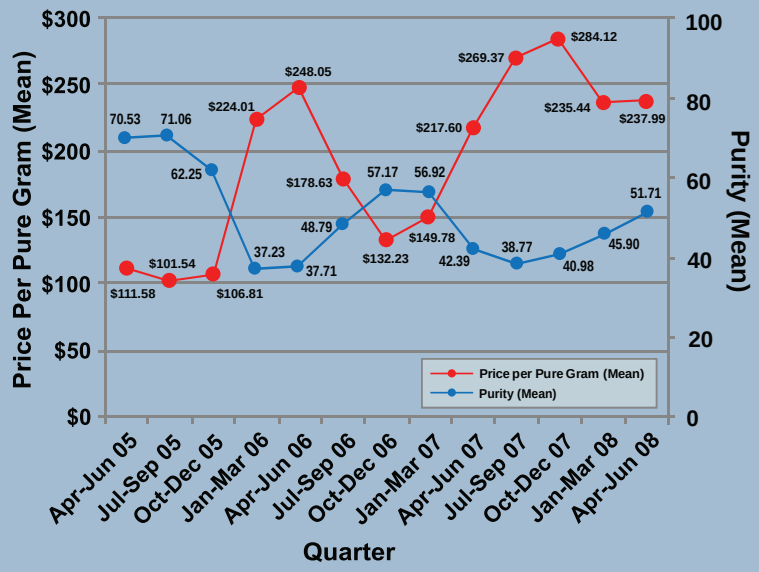
Source: Federal, state, and local law enforcement reporting.

Rising methamphetamine availability in the first half of 2008 coincided with indications of rising domestic methamphetamine production. The number of reported methamphetamine laboratory seizures in the United States decreased each year from 2004 through 2007; however, preliminary 2008 data and reporting indicate that domestic methamphetamine production is increasing in some areas, and laboratory seizures for 2008 are outpacing seizures in 2007. According to preliminary NSS data for 2008, the number of reported methamphetamine laboratories seized during the first half of 2008 totaled 1,605, compared with 1,475 laboratories seized during the first half of 2007 (see Figure 11 on page 15). NSS data show that by July 2008, methamphetamine laboratory seizures had already exceeded or were significantly outpacing seizures reported in 2007 for several states, including Alabama, Arizona, Kansas, Michigan, Missouri, North Carolina, North Dakota, Oklahoma, South Carolina, and Wisconsin. For example, NSS data show that more methamphetamine laboratories were seized in Alabama from January through July 2008 (125 laboratories) than were seized in all of 2007 (81 laboratories). Similarly, in Michigan, 127 methamphetamine laboratories were seized from January through July 2008, compared with 101 laboratories seized in all of 2007.

Laboratory seizure data show that the increased number of domestic laboratories seized during the first half of 2008 is primarily attributable to a rise in small-capacity laboratories; however, large-scale methamphetamine production in central California is also increasing. NSS data show that only 19 of the 1,605 methamphetamine laboratories seized through June 2008 were superlabs capable of producing 10 or more pounds of methamphetamine in a single production cycle. By comparison, 98 percent (1,569 of 1,605) of seized laboratories were capable of producing less than 1 pound of methamphetamine in a production cycle. Nevertheless, reporting from central and southern California law enforcement and intelligence officials indicates that some Mexican DTOs have relocated their methamphetamine production operations to California. The number of superlabs seized in the state during the first half of 2008 (19 laboratories) exceeded the total number of superlabs seized in all of 2007 (10 laboratories).

Individuals and criminal groups are increasingly circumventing state and federal pseudoephedrine sales restrictions by making numerous, small-quantity pseudoephedrine product purchases from multiple retail outlets. The increase in methamphetamine production has been accomplished largely by individuals and criminal groups that circumvent pseudoephedrine sales restrictions by making numerous small-quantity purchases of products containing pseudoephedrine. This method of acquiring pseudoephedrine is often referred to as smurfing (see text box on page 16). Law enforcement officials from the Great Lakes, Mid-Atlantic, Midwest, Pacific, Southeast, and Southwest Regions report that individuals and criminal groups in their areas often organize pseudoephedrine smurfing operations and then sell the precursor chemical to methamphetamine producers or trade it for the drug. Central Valley California (CVC) High Intensity Drug Trafficking Area (HIDTA) reporting indicates that many operators of methamphetamine laboratories seized in the CVC HIDTA area are producing methamphetamine with pseudoephedrine acquired primarily through smurfing operations in central and southern California, particularly San Diego County. For instance, an October 2007 investigation in Fresno County revealed that a couple conducted daily precursor chemical smurfing operations, soliciting homeless individuals to get into their car and ride from store to store to purchase pseudoephedrine products. In exchange, the couple paid each person approximately $30 and sometimes gave the individuals alcohol. Evidence seized from the couple's vehicle included packages of pseudoephedrine, pharmacy listings torn from an area telephone directory, and several cell phones. Similarly, Fresno Methamphetamine Task Force (FMTF) reporting indicates that officers frequently find evidence of pseudoephedrine smurfing, including bags of pseudoephedrine blister packs and thousands of

Figure 8. Methamphetamine Price and Purity, April 2005–June 2008



- April 2005 through June 2008
- 21,855 records of seizures/purchases
  - 441 foreign purchase/seizures (including U.S. territories)
  - 15,299 domestic seizures
- = 6,115 purchases
  - 106 having zero purity
  - 110 having zero price
  - 6 form/lab/agent error
- = 5,893 domestic drug purchases/data points
- 405.2 kg total purchase weight
- 217.7 kg total purchase pure weight (100%)

* From January 2007 through June 2008, the price per pure gram of Methamphetamine increased 58.9%, from $149.78 to $237.99, while the purity decreased 9.2%, from 57% to 52%.

** STRIDE is a database of drug exhibits sent to DEA laboratories from the DEA, FBI, CBP, ICE, USCG, and Washington MPD. STRIDE is not a representative sample of drugs available in the United States, but reflects all evidence submitted to DEA laboratories for analysis. STRIDE data are not collected to reflect national market trends. Nonetheless, STRIDE data reflect the best information currently available on changes in methamphetamine price and purity.

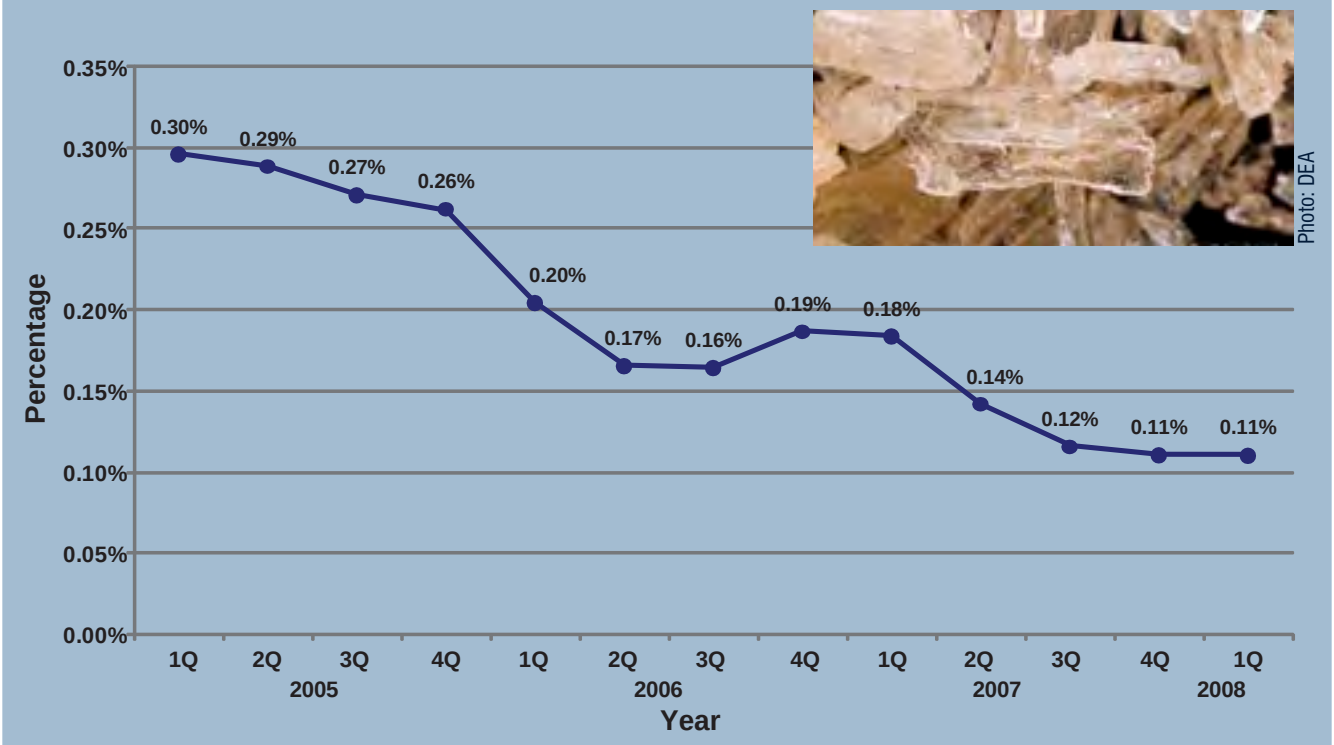
Source: Drug Enforcement Administration.

empty blister packs,[6] at laboratory dumpsites in their area. During one pseudoephedrine smurfing investigation in Fresno during April 2008, officers recovered a pseudoephedrine products price list, store receipts, pseudoephedrine product packaging, and paper shredders. Officers also discovered bulk quantities of blister packs that had been removed from their paper packaging and placed into plastic shopping bags in 24-gram increments for resale to pseudoephedrine brokers. The recovered price list indicated that each 3.6-gram box of pseudoephedrine product was to be sold for no less than $32 to a pseudoephedrine broker or methamphetamine producer.

6. Blister packs are the most common form of packaging pseudoephedrine products distributed in the United States and consist of a clear plastic overlay that houses each pill or dosage unit (2 pills) individually. The clear plastic housing is affixed to a backing that is typically constructed of foil or a combination of foil and paper from which the pills must be removed before use.

Mexican DTOs are increasingly circumventing chemical sale and import restrictions in Mexico by diverting ephedrine and pseudoephedrine from licit sources in South America. DEA reporting indicates that Mexican DTOs are increasingly using South America as a source and transshipment zone for ephedrine and pseudoephedrine shipments destined for methamphetamine laboratories in Mexico as well as to laboratories tied to Mexican DTOs that are located in South American countries. For instance, the amount of ephedrine imported into Argentina increased from 5 metric tons in 2006 to 26 metric tons in 2007, indicative of an increase in such activity in that country. Likewise, DEA reporting further indicates that Argentine authorities seized an operational methamphetamine laboratory that had ties to a Mexican DTO and that methamphetamine previously produced in the lab had been transshipped to Mexico for distribution. Seizure

Figure 9. Percent of Positive Methamphetamine Test Results



Source: Quest Diagnostics.

data from 2007 and 2008 indicate that ephedrine and pseudoephedrine are smuggled from South American source areas in containerized cargo, aboard commercial flights by couriers, and by mail delivery services.

National drug-prevalence data indicate a slight decrease in methamphetamine use; however, treatment admissions for methamphetamine abuse are stable. NSDUH data show a statistically significant decrease in the rates of past year methamphetamine use from 2006 (0.8%) to 2007 (0.5%) for individuals aged 12 and older (see Table B6 in Appendix B.) Additionally, Quest Diagnostics data show that the rate of positive methamphetamine results in workplace drug tests declined 38.8 percent from first quarter 2007 (0.18%) to fourth quarter 2007 (0.11%) (see Figure 8 on page 13). Despite decreases in methamphetamine use, Treatment Episode Data Set (TEDS) data show that the percentage of methamphetamine-related treatment admissions to drug-related admissions in publicly funded treatment facilities was relatively stable between 2005 (8.2%) and 2006 (8.3%). TEDS data show that the number of methamphetamine-related treatment admissions to publicly funded treatment facilities was relatively high and stable between 2005 (152,698) and 2006 (149,415) (see Table B8 in Appendix B).

Intelligence Gap

There are no estimates of the amount of methamphetamine smuggled from Canada into the United States. Law enforcement and intelligence reporting indicates that since 2006, Canada-based Asian DTOs, traditional organized crime groups, and OMGs have significantly increased the amount of methamphetamine they produce and smuggle into the United States for distribution. Law

Figure 10. Methamphetamine Seized in the United States, in Kilograms, 2005–2008*

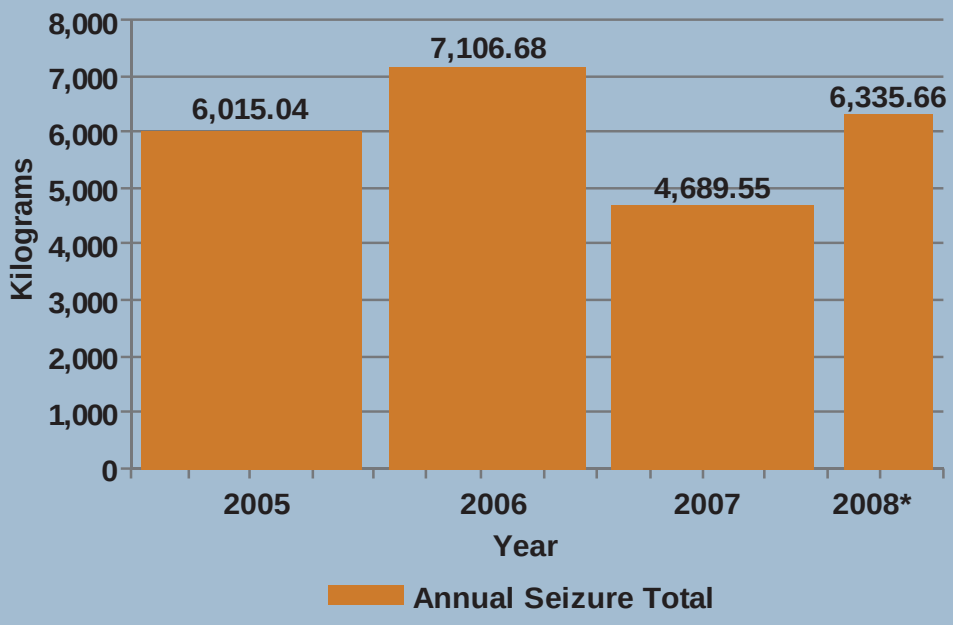


Photo: DEA

Source: National Seizure System.
*Data run November 13, 2008.

Figure 11. Methamphetamine Laboratory Seizures in the United States, 2000–2008*

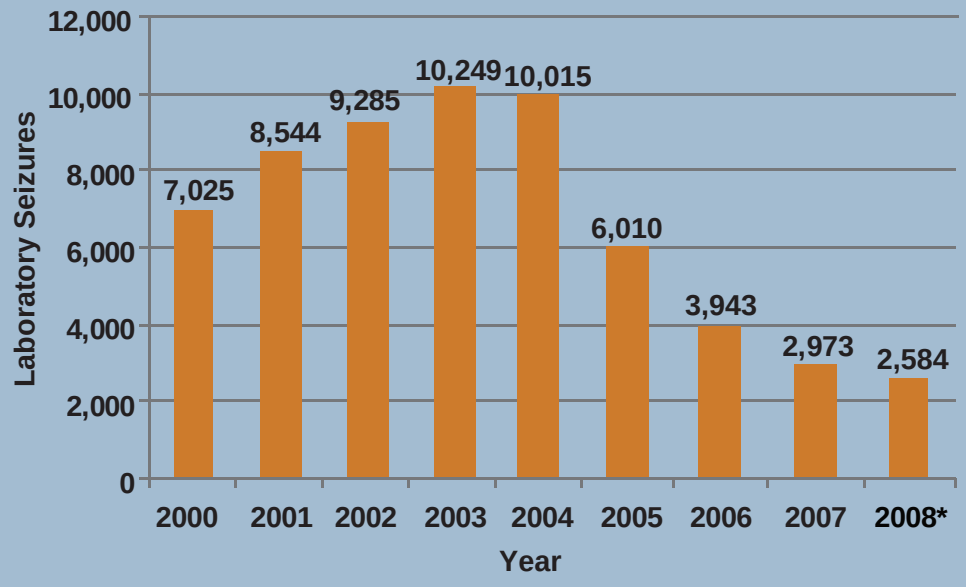


Photo: Snohomish (Washington) Regional Drug Task Force

Source: National Seizure System.
*Data run November 13, 2008.

enforcement reporting from officials in the New England states indicates the presence in their area of methamphetamine tablet distribution cells supplied by sources in Canada. However, drug seizure data for methamphetamine do not show an increase at or between U.S.–Canada POEs. Some increase in seizures should have occurred if a significant and increasing flow of methamphetamine from Canada is taking place. It is possible that an increase in methamphetamine flow from Canada has occurred, but the drug is entering the United States entirely undetected at the border.

Ephedrine and Pseudoephedrine Smurfing

Ephedrine and pseudoephedrine 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.

Outlook

Domestic methamphetamine production likely will increase moderately in the near term. Decreased flow of methamphetamine from Mexico, the relocation of some Mexican methamphetamine producers from Mexico to California, the resurgence of small-scale methamphetamine production, and the emergence of large-scale pseudoephedrine smurfing operations throughout the country create conditions conducive to a moderate increase in domestic methamphetamine production, particularly in western states but also in some eastern states. For example, law enforcement reporting indicates that much of the bulk pseudoephedrine compiled through large-scale pseudoephedrine smurfing operations in the Southwest Region is destined for Atlanta, Georgia. A stable supply of bulk pseudoephedrine shipments to Atlanta could result in a significant increase in laboratories in the Southeast Region.

Increasing pseudoephedrine and ephedrine diversion and methamphetamine production on the part of Mexican DTOs in South American countries will likely continue in the near term, facilitating both an increase in methamphetamine production in Mexico and the subsequent flow of Mexico-produced methamphetamine into the United States. Conditions at many South American countries and their ports are favorable for ephedrine and pseudoephedrine diversion and smuggling. Such conditions include the high volume of commercial traffic through these countries, the free trade zone, and lack of precursor chemical regulations. Moreover, conditions at many South American ports are susceptible to smuggling activity due to lack of staffing and automated inspection systems, and by the limitations placed on customs inspectors by Free Trade Zone mandates. As long as such activities are viable, Mexican DTOs will exploit South American sources for methamphetamine precursors and for production of the drug where possible.

Marijuana

Overview

Marijuana availability is high throughout the United States, and abuse of the drug is higher than for any other drug. The high demand for marijuana has prompted DTOs and criminal groups to engage in large-scale cannabis cultivation in the United States and to smuggle thousands of metric tons of marijuana from Mexico and, to a much lesser extent, Canada into the United States for distribution. Mexican criminal groups operate large outdoor cannabis plots, often composed of several thousand plants, particularly on public lands in western states. Caucasian criminal groups, especially in Appalachian communities, cultivate significant amounts of cannabis, typically in smaller plots (100 to 200 plants). Some cannabis growers, particularly Caucasian criminal groups, have shifted from outdoor cannabis cultivation to indoor cultivation to gain higher profits generated from the production of higher-quality indoor marijuana. The shift from outdoor to indoor cultivation by some criminal groups has contributed to an overall rise in indoor cannabis cultivation nationally; however, most of the increase in indoor cannabis cultivation is attributable to increased large-scale indoor cultivation by Asian DTOs, including some Asian DTOs from Canada.

Strategic Findings

- Levels of marijuana use are higher than those for any other drug, particularly among adults; however, rates of marijuana use are decreasing among adolescents.
- The average potency of marijuana increased in 2007 to the highest levels ever recorded, likely because of increased demand for higher-potency marijuana and improvements in cultivation techniques.
- Indoor cannabis cultivation is increasing nationally because of high profit margins and seemingly reduced risk of law enforcement detection.
- Indoor cannabis cultivation is most prevalent in western states; however, indoor cultivation in eastern states, particularly Florida and Georgia, increased sharply in 2007.
- Asian DTOs and criminal groups have increased their indoor cannabis cultivation operations in many states; some of these groups are linked in a nationwide criminal network.
- Outdoor cannabis eradication has increased dramatically since 2004, particularly eradication of plots established on public lands.
- Despite the high level of domestic marijuana production by indoor and outdoor cannabis cultivators, marijuana flow from Mexico has remained high and possibly increased in 2007.
- Cannabis cultivation in Canada is increasing in Ontario and Quebec, potentially resulting in increased marijuana smuggling into the northeastern United States.

Levels of marijuana use are higher than those for any other drug, particularly among adults; however, rates of marijuana use are decreasing among adolescents. According to NSDUH data, 25,085,000 individuals aged 12 and older used marijuana in 2007, much higher than for any other drug surveyed, including pharmaceutical drugs (16,280,000) and cocaine (5,738,000). Rates of past year use are highest among adults aged 18 to 25, and use of the drug is stable for that age group (see Table B6 in Appendix B). However, rates of past year use for adolescents aged 12 to 17 declined from 15.0 percent in 2003 to 12.5 percent in 2007. Furthermore, MTF data show that rates of past year use among eighth, tenth, and twelfth graders have decreased overall since 2003. In particular, data show a significant decrease between 2006 and 2007 MTF in rates of past year use among eighth graders and a slight decline among tenth graders. (See Table B7 in Appendix B.)

Figure 12. Average Percentage of THC in Samples of Seized Marijuana, 1985–2007

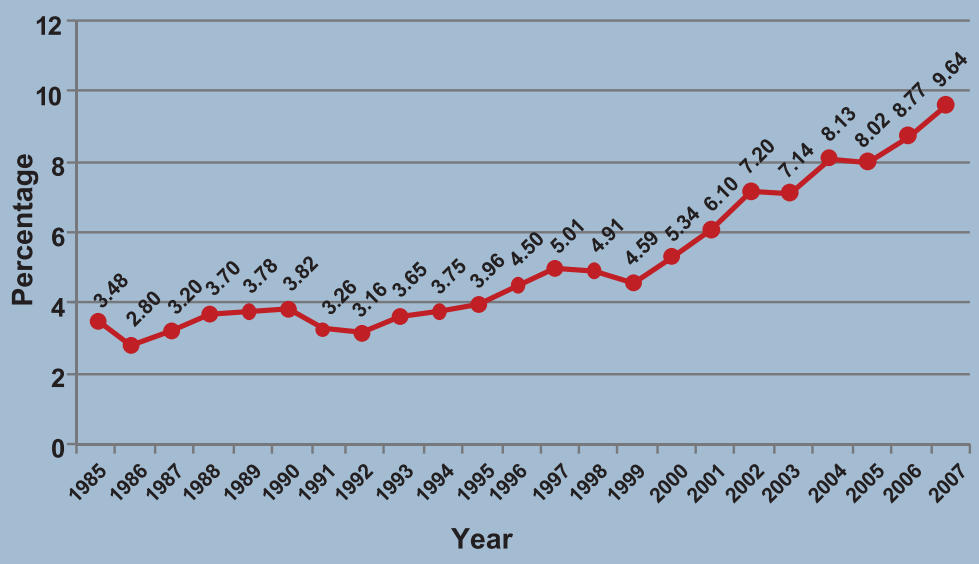


Photo: NDIC

Source: University of Mississippi Potency Monitoring Project.

The average potency of marijuana increased in 2007 to the highest levels ever recorded, likely because of increased demand for higher-potency marijuana and improvements in cultivation techniques. According to University of Mississippi Potency Monitoring Project (PMP) data, the average THC (delta-9-tetrahydrocannabinol) content in tested samples of marijuana in 2007 increased to the highest level ever recorded—9.64 percent in 2007, rising from 8.77 in 2006 (see Figure 12). The tested samples consisted of marijuana seized from eradicated plots in the United States, Mexico, and Canada, and samples from interdiction seizures. According to law enforcement reporting, marijuana producers have consistently increased the average potency of marijuana through improved cultivation techniques, particularly at indoor grow sites but also at outdoor sites, to meet rising demand for higher-potency marijuana. In addition, rising demand for high-potency marijuana may increase the production and availability of high-potency THC products such as hashish and hash oil. These products typically contain much higher concentrations of THC than processed marijuana.[7]

Indoor cannabis cultivation is increasing nationally because of high profit margins and seemingly reduced risk of law enforcement detection. The number of indoor cannabis grow sites seized and indoor cannabis plants eradicated by federal, state, and local law enforcement agencies has increased significantly since 2003 (see Figure 13 on page 19). Many cultivators, particularly Caucasian groups, have relocated or established their operations indoors because of the reduced risk of law enforcement detection in comparison with outdoor grows, which are increasingly targeted by vigorous outdoor cannabis eradication operations. Indoor cannabis cultivators are also able to generate higher profit margins from indoor-produced marijuana, since controlled growing conditions generally yield higher-potency marijuana. For example, the

7. According to the University of Mississippi Potency Monitoring Project, the average THC content for hashish was 24.41% in 2008.

Figure 13. Indoor Cannabis Plants Eradicated Nationally, 2003–2007

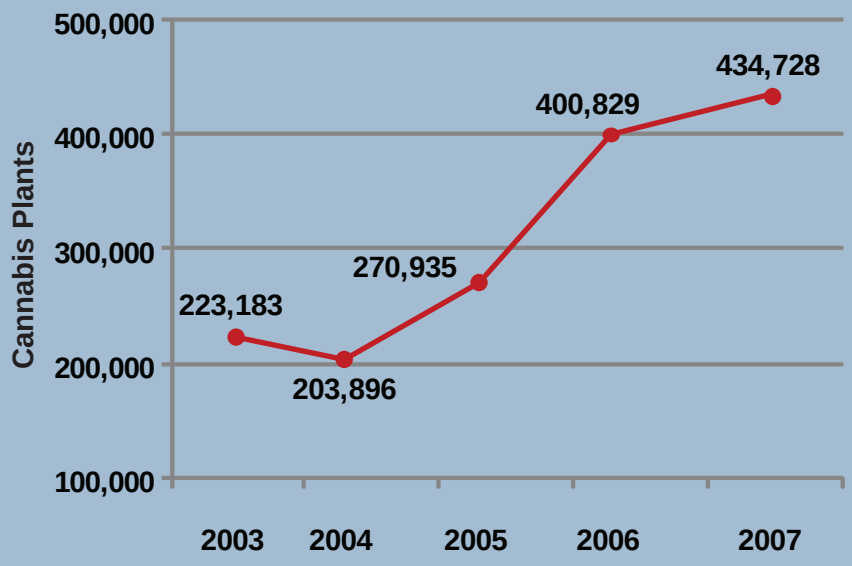


Photo: DEA

Source: Domestic Cannabis Eradication/Suppression Program.

wholesale price for domestic high-potency marijuana ranges from $2,500 to $6,000 a pound in Los Angeles, California, while the wholesale price for midgrade marijuana is approximately $750 a pound, according to the Los Angeles County Regional Criminal Information Clearinghouse (LACRCIC). Additionally, indoor cannabis cultivators are able to cultivate year-round with four to six harvests a year, compared with one or two harvests a year typical of outdoor cultivation.

Indoor cannabis cultivation is most prevalent in western states; however, indoor cultivation in eastern states, particularly Florida and Georgia, increased sharply in 2007. Indoor cannabis grow operations are most pervasive in western states, largely because of the exploitation of medical marijuana laws in some states and the expansion of large-scale, Asian-operated indoor grow sites in California, Oregon, and Washington. According to Domestic Cannabis Eradication/Suppression Program (DCE/SP) data, 53 percent (231,914 of 434,728) of indoor plants eradicated nationally in 2007 were in California (160,138), Oregon (16,281), and Washington (55,495). However, indoor eradication is also increasing in eastern states. DCE/SP data show that the number of indoor cannabis plants eradicated from indoor grow sites from the eastern states that compose the Florida/Caribbean, Great Lakes, Mid-Atlantic, New England, New York/New Jersey, and Southeast Regions increased 46 percent from 2006 (110,911 plants) to 2007 (162,071 plants). Indoor cannabis cultivation was particularly high in Florida, where Cuban criminal groups operate a rising number of indoor grow sites. DCE/SP data for 2007 show that indoor plant eradication in Florida and Georgia increased 123 percent from 2006 (37,782) to 2007 (84,283), and the number of indoor grow sites seized increased 115 percent from 2006 (488 sites) to 2007 (1,048 sites).

Asian DTOs and criminal groups have increased their indoor cannabis cultivation operations in many states; some of these groups are linked in a nationwide criminal network. Asian criminal groups, including some that have relocated from Canada to the United States, have established cannabis cultivation operations throughout the United States. Recent law

Figure 14. Outdoor Cannabis Plants Eradicated Nationally, 2004–2007

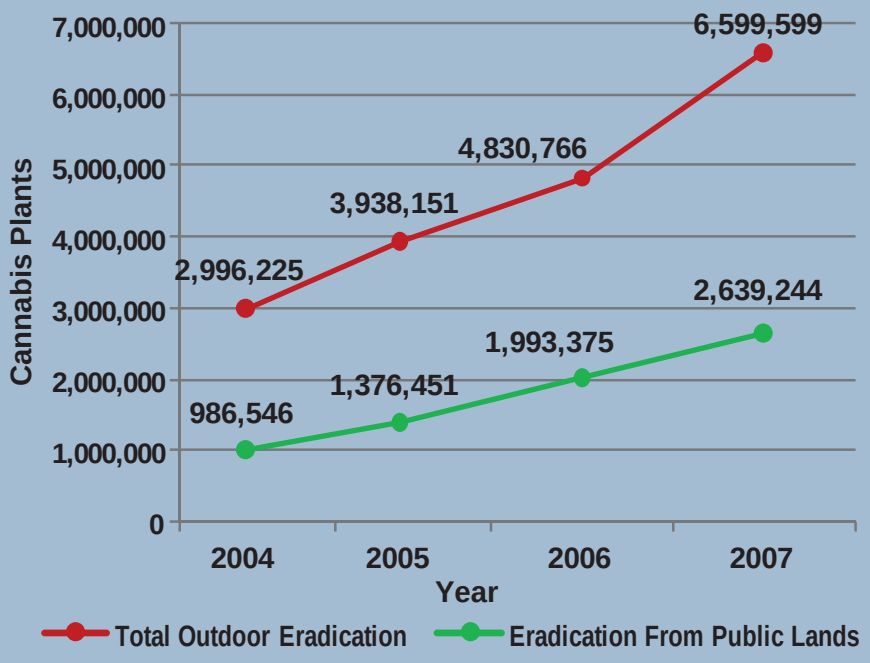


Photo: NDIC

Source: Domestic Cannabis Eradication/Suppression Program; U.S. Department of the Interior; U.S. Department of Agriculture Forest Service.

enforcement reporting reveals that Asian DTOs and criminal groups expanded indoor cultivation operations in 2007 in several areas of the country, including southern and eastern states. Some Asian DTOs that operate grow sites in western states are linked organizationally to groups in other regions of the country, suggesting coordination among some Asian DTOs cultivating cannabis in separate regions of the country.

Outdoor cannabis eradication has increased dramatically since 2004, particularly eradication of plots established on public lands. Cannabis eradication data show a sharp increase in the number of cannabis plants eradicated nationally from 2004 through 2007 (see Figure 14). Most eradication occurred in western states, where Mexican criminal groups maintain numerous large plots; in the southeastern United States, however, a regional drought in 2007 severely curtailed outdoor cultivation and, consequently, eradication results. DCE/SP data show that eradication in California, Oregon, and Washington accounted for 80.2 percent (5,293,401 of 6,599,599 plants) of all outdoor eradication in 2007. Much of the increase in cannabis eradication totals during that period is the result of increased eradication from cannabis plots on public lands. According to Department of the Interior (DOI)[8] and U.S. Department of Agriculture (USDA) Forest System data, the number of plants eradicated on public lands increased 168 percent between 2004 and 2007 (986,546 to 2,639,244 plants) (see Figure 14). The rise in cannabis eradication on public lands likely reflects both increased cultivation and increased efforts by law enforcement agencies to locate and eradicate cannabis on those lands.

8. Department of the Interior (DOI) lands include Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, and National Park Service lands. U.S. Department of Agriculture (USDA) Forest System lands include all national forest lands.

Figure 15. Southwest Border Marijuana Seizures, in Kilograms, 2003–2008

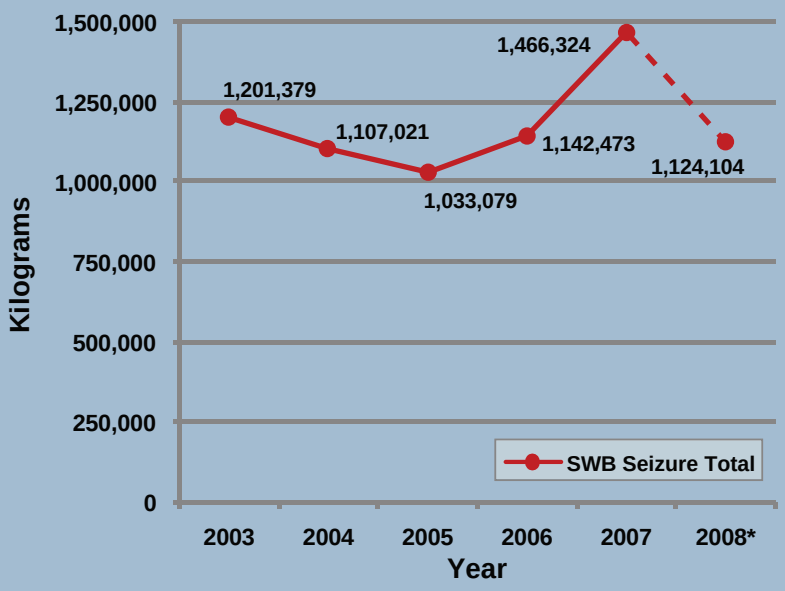


Photo: NDIC

Source: National Seizure System.
*Data run December 1, 2008.

Despite the high level of domestic marijuana production by indoor and outdoor cannabis cultivators, marijuana flow from Mexico has remained high and possibly increased in 2007. Drug seizure data indicate that the flow of marijuana from Mexico into the United States has remained at high levels during a period of increasing domestic marijuana production. NSS data show that the amount of marijuana seized at or between POEs along the Southwest Border decreased from 2003 through 2005 and increased slightly in 2006 (see Figure 15). However, the amount of marijuana seized along the Southwest Border increased 23 percent from 2006 (1,138,366 kg) to 2007 (1,394,562 kg), a possible indication of increased flow of the drug from Mexico to the United States in 2007. Data indicate that increased seizures continued in 2008, with seizures for the first half of 2008 outpacing the average seizure rate from 2002 through 2006.

According to law enforcement officials, the possible 2007 increase in marijuana flow from Mexico may be the result of Mexican criminal groups attempting to supplement marijuana supplies because of significant crop losses in the United States. Exceptionally high domestic cannabis eradication during 2007, supported by several large, well-coordinated outdoor eradication initiatives in western states, may have temporarily reduced some supplies of domestically produced marijuana. Also, during 2007 severe drought in the southeastern and Mid-Atlantic regions limited outdoor cannabis cultivation and reduced the availability of locally produced marijuana. The combination of exceptionally high eradication in western states and drought in some cultivation areas in eastern states may have prompted Mexican criminal groups to increase the flow of marijuana produced in Mexico (see text box on page 22) to the United States.

Cannabis cultivation in Canada is increasing in Ontario and Quebec, potentially resulting in increased marijuana smuggling into the northeastern United States. Although seizures of Canadian marijuana have declined at the U.S.–Canada border, Canada remains a source of marijuana—particularly high-grade marijuana—to U.S. drug markets. According to the Royal Canadian Mounted Police (RCMP), 1,749,057 cannabis plants were eradicated by law enforcement agencies in 2006, the most recent data available. Despite strong eradication, however, RCMP estimates that criminal groups produce between 1,399 and 3,498 metric tons of marijuana in Canada each year, with most destined for consumers in Canada.

Marijuana Production in Mexico Shifting Closer to the U.S. Border

Mexico is the primary foreign source of marijuana in the United States. According to U.S. Government estimates, approximately 15,500 metric tons of marijuana were produced in Mexico in 2007, primarily for export to the United States. The GOM reports that in 2007 approximately 30,000 hectares of cannabis were eradicated primarily from nine states (Chihuahua, Durango, Guerrero, Jalisco, Michoacán, Nayarit, Oaxaca, Sinaloa, and Sonora), where cultivation and eradication activities are most concentrated. Marijuana production is highest in Guerrero, Nayarit, and Michoacán. However, according to intelligence reporting, since the 1990s, Mexican DTOs have relocated many of their cannabis-growing operations from Guerrero, Michoacán, and Nayarit to remote mountain areas of Durango, Sinaloa, and Sonora in central and northern Mexico. Intelligence reports indicate that this relocation is likely a reaction to sustained high levels of detection and eradication in traditional growing areas as well as a desire by Mexican DTOs to reduce transportation costs to the Southwest Border and gain more direct access to drug markets in the United States.

Law enforcement reporting indicates that a portion of the marijuana production in Canada is shifting from western to eastern provinces. According to the RCMP, approximately 90 percent of Canadian marijuana is produced in British Columbia (primarily indoor grow sites) and in Ontario and Quebec (primarily outdoor grow sites). Although marijuana production in British Columbia in western Canada remains very high, seizures of grow sites in that province have declined since 2003. During the same period, seizures of both indoor and outdoor grow sites increased in eastern Canada, particularly Ontario and Quebec. Reasons for the eastward shift in Canadian cannabis cultivation likely include increased law enforcement pressure in British Columbia and displacement of DTOs and criminal groups to other areas of Canada and to California and the U.S. Pacific Northwest. The eastward shift in cannabis cultivation in Canada likely will result in increased marijuana smuggling through eastern POEs along the U.S.–Canada border.

Intelligence Gap

No reliable estimates are available regarding the amount of domestically cultivated or processed marijuana. The amount of marijuana available—including marijuana produced both domestically and internationally—in the United States is unknown, and estimates about the availability of domestically cultivated and produced marijuana are not feasible because of variations in estimates regarding the number of cannabis plants not eradicated during the most recent eradication season, cannabis eradication effectiveness, and plant-yield estimates.

Outlook

The production of hashish and hash oil may become increasingly common as demand for marijuana products with higher THC content increases. Rising demand by marijuana users for high-potency marijuana could result in increased domestic production of hashish and hash oil that typically have much higher THC content than marijuana. Production of hashish and hash oil

is limited in the United States and appears to be largely concentrated in western states, particularly California. NSS data show only 19 THC-extraction and hash oil laboratory seizures in the United States in 2002 through 2008. However, some law enforcement officials believe that hashish production and hash oil laboratories may be underreported in the United States because such laboratories have rarely been encountered in the past and, as such, are not easily identifiable. Expanded production of hashish and hash oil could yield very high profits for criminal groups. For example, LACRCIC reports that the price for high-potency sinsemilla ranges from $2,500 to $6,000 per pound in southern California, compared with hashish that sells for $8,000 per pound.

Asian DTOs—some closely connected—in the United States likely will expand indoor grow operations beyond their primary operating areas. Asian DTOs will very likely continue to expand their U.S.-based indoor cannabis cultivation operations beyond traditional operating areas in the Pacific Northwest and, to a lesser extent, New England. Asian DTOs have already expanded their indoor cannabis cultivation operations in 2007 to new areas including Atlanta, Cleveland, Denver, Houston, and Los Angeles. This type of expansion will likely continue in 2008 and 2009 as these groups seek emerging markets for their drug.

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Heroin

Overview

Heroin produced in each of the four major source areas (South America, Mexico, Southeast Asia, and Southwest Asia) is available to varying degrees in the United States. However, Mexican heroin distribution by Mexican criminal groups is expanding, increasing availability of the drug and enabling Mexican heroin distributors to gain market share among a stable or declining user population. Mexican heroin distributors are increasingly operating in eastern white heroin markets, fueled by rising heroin production in Mexico and decreasing heroin production in Colombia. Southwest Asian heroin availability and distribution are limited; however, some Nigerian criminal groups distributing Southwest Asian heroin are attempting to increase their influence over heroin distribution in some areas, including those where Southwest Asian heroin trafficking previously had not been prevalent. Southeast Asian heroin availability in the United States is very limited and declining.

Strategic Findings

- Drug demand data show that, nationally, heroin use is stable or decreasing.
- Heroin trafficking and abuse are most prevalent in eastern states. The strong and lucrative heroin markets in these states are attracting Mexican criminal groups.
- Rising Mexican heroin production and purity during a period of decreasing heroin production and purity in Colombia are fueling the expansion of Mexican heroin distribution in the United States.
- Drug seizure data indicate that traffickers are increasingly relying on smuggling routes through the Southwest Border to supply heroin to U.S. drug markets.
- Despite high and increasing production of Southwest Asian heroin, availability of the drug in the United States is limited.
- Most Southwest Asian heroin traffickers smuggle the drug from Europe, Africa, or Asia to the United States using couriers on commercial flights.
- West African criminal groups have recently attempted to expand distribution of Southwest Asian heroin in some areas.
- The availability of Southeast Asian heroin in U.S. cities has been very low since 2002 and decreased further in 2006.

Drug demand data show that, nationally, heroin use is stable or decreasing. Drug prevalence and treatment data indicate that rates of use for heroin and the number of individuals seeking treatment for heroin addiction have been stable or have declined for most age groups. According to MTF, rates of past year use for heroin did not change significantly from 2003 through 2007 for eighth, tenth, or twelfth graders (see Table B7 in Appendix B). NSDUH data also show that past year rates of use for heroin did not significantly change in any measured age group during that same period (See Table B6 in Appendix B). Moreover, TEDS data show that admissions to federally funded drug treatment facilities for heroin addiction decreased from 2002 (286,219) to 2006 (264,143) (the most recent data available) and that heroin accounted for a smaller percentage of all treatment admissions during that period. (See Table B8 in Appendix B.)

Although heroin use is stable, it could increase as more prescription narcotics abusers switch to heroin. Officials in treatment facilities throughout the country[9] report that many abusers of prescription opiates such as OxyContin, Percocet, and Vicodin eventually begin abusing heroin because it

9. Input was gathered from officials at treatment facilities in California, Florida, Kentucky, New Jersey, New York, North Carolina, Ohio, Utah, Washington, and West Virginia.

is typically cheaper and easier to obtain, and it provides a more intense high. Treatment officials also report that once an individual switches from prescription opiates to heroin, he or she rarely switches back to exclusively abusing prescription opiates. According to NSDUH data, the rate of past year abuse for prescription narcotics for individuals aged 12 and older increased from 4.7 percent in 2002 to 5.0 percent in 2007; moreover a higher number of first-time abusers of drugs (2,147,000) abused opioid pain relievers than any other drug in 2007. As the number of prescription narcotics users rises, the number of individuals switching from prescription narcotics to heroin will likely rise as well. In some areas this trend is already apparent. For example, drug treatment providers in Williams, Fulton, and Defiance Counties in Ohio reported a large increase in the number of heroin abusers seeking treatment in the first half of 2008. Prior to 2008 these treatment providers were treating 90 percent of their clients for prescription opiate abuse; however, they are now treating 60 to 70 percent of their clients for heroin abuse.

Heroin trafficking and abuse are most prevalent in eastern states. The strong and lucrative heroin markets in these states are attracting Mexican criminal groups. National-level drug availability and abuse data indicate that the prevalence of heroin is highest in the eastern states, particularly the northeastern states that compose the Mid-Atlantic, New York/New Jersey, and New England Regions. According to DEA, heroin-related arrests in these regions accounted for 51 percent (5,775 of 11,327) of the DEA heroin arrests from 2002 through 2006 (the latest full year for which data are available). Preliminary data indicate that this trend continued in 2007. Similarly, TEDS data indicate that heroin-related treatment admissions in these regions (173,738 admissions) outnumbered heroin admissions for all other regions combined (90,405 admissions) in 2006. Heroin seizures are also disproportionately high in northeastern states. According to DEA's National Forensic Laboratory Information System (NFLIS), heroin accounted for a greater percentage of analyzed drug items in the northeast (8 percent) than in any other region in the first half of 2007. High arrest, seizure, and treatment levels for heroin in the northeast resulted in a relatively high percentage of state and local law enforcement agencies in these states[10] that identified heroin as the greatest drug threat in their area in 2008. According to NDTS 2008 data, 25 percent of state and local law enforcement agencies in the states that compose the Mid-Atlantic, New York/New Jersey, and New England Regions identify heroin as the greatest drug threat in their areas, compared with 4 percent in the rest of the country. NDTS data for 2008 also show that a higher percentage of state and local law enforcement agencies in northeastern states identify heroin as the drug that most contributes to violent and property crime.

Mexican criminal groups are expanding Mexican heroin distribution in eastern states, where previously only South American heroin had been available. Mexican heroin distribution groups are distributing the drug in North Carolina, South Carolina, and Tennessee. For example, in February 2008 DEA announced the sentencing of a Mexican national convicted of leading a black tar heroin distribution group in Charlotte, North Carolina. Members of the Charlotte criminal group had worked with other Mexican nationals in Arizona, California, Indiana, and Ohio to smuggle 10 to 15 kilograms of black tar heroin each month from Nayarit, Mexico, for distribution throughout the United States. The Charlotte organization had also established distribution cells throughout North Carolina, South Carolina, and Tennessee.

Mexican criminal groups are also expanding into the strong northeastern heroin markets previously supplied exclusively by Colombian and Dominican DTOs. Mexican DTOs most commonly distribute South American heroin in these markets; however, they are introducing Mexican heroin into some northeastern markets. Since 2006, Mexican heroin has become readily available in several cities in Ohio and has been seized in several New England drug markets, such as Providence, Rhode Island,

10. Northeastern states include Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

and Brighton, Hamilton, and Haverhill, Massachusetts. Mexican black tar heroin was also seized in Pittsburgh, Pennsylvania, where only white heroin had been available previously. In 2006 Mexican drug traffickers established a black tar heroin distribution network in Pittsburgh and recruited local residents to distribute Mexican heroin throughout southwestern Pennsylvania. In July 2007, 23 members of the organization were arrested by officials of the Pennsylvania Attorney General's Bureau of Narcotics Investigation. Since the criminal group was dismantled, black tar heroin availability has been very limited in the Pittsburgh area; however, the group showed that distribution of black tar heroin was possible in the Pittsburgh area and that the drug would be accepted by heroin users there.

The expansion of Mexican heroin distribution by Mexican criminal groups into areas previously supplied exclusively by Colombian and Dominican heroin distributors has not resulted in violent disputes between these groups—an indication that these heroin markets are large enough to bear a greater Mexican presence. Further, Colombian DTOs are sometimes willing to relinquish market share to Mexican DTOs in order to decrease their exposure to law enforcement interdiction. For example, in New York City, the nation's largest heroin market, Colombian DTOs have ceded the riskier aspects of drug trafficking, such as transportation and lower-level distribution, to Mexican as well as Dominican DTOs. Over the past decade Mexican DTOs have used this arrangement to increase their presence in the New York City heroin market without significant attendant violence.

Rising Mexican heroin production and purity during a period of decreasing heroin production and purity in Colombia are fueling the expansion of Mexican heroin distribution in the United States. Heroin production trends in Mexico and Colombia, the two primary sources of heroin in the United States, have diverged as Mexican heroin production has increased and Colombian heroin production has decreased. According to U.S. Government estimates, heroin production in Mexico has

Figure 16. Potential Heroin Production for Mexico and Colombia, in Metric Tons, 1999–2007

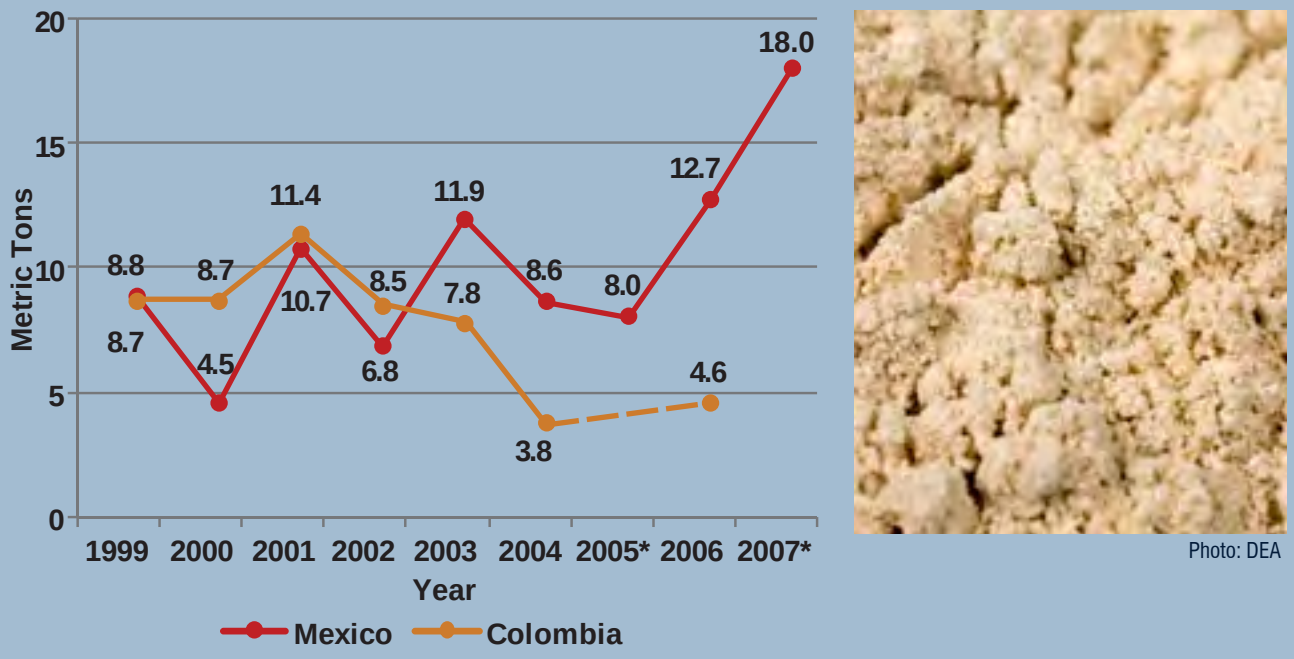
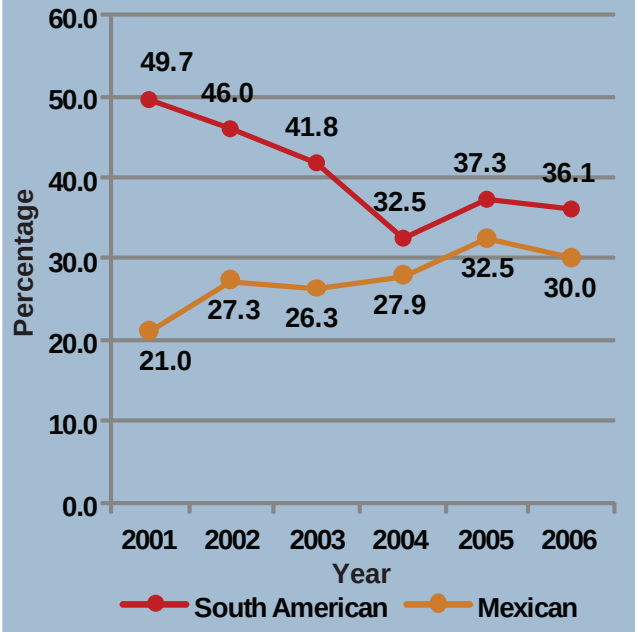


Photo: DEA

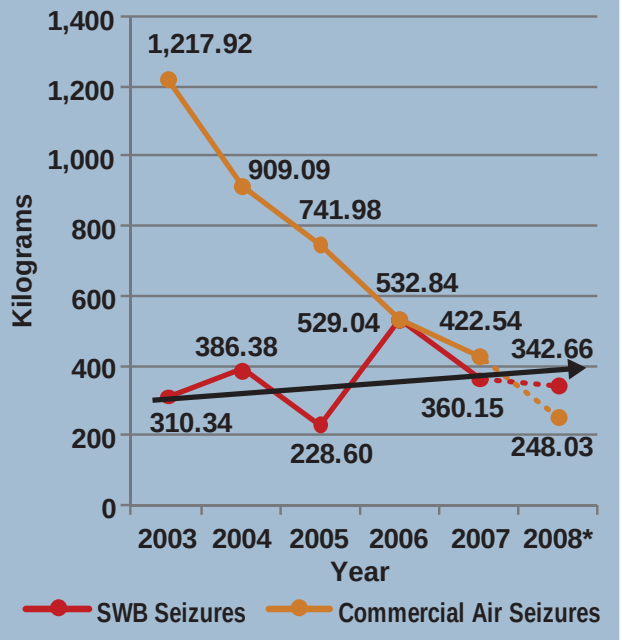
Source: Crime and Narcotics Center.
*CNC did not report an estimate for Colombia for 2005 or 2007.

Figure 17. South American and Mexican Retail Heroin Purity, by Percentage, 2001–2006



Source: Drug Enforcement Administration Heroin Domestic Monitor Program.

Figure 18. Heroin Seizures At Commercial Air Ports of Entry and At Southwest Border in Kilograms, 2003–2008*



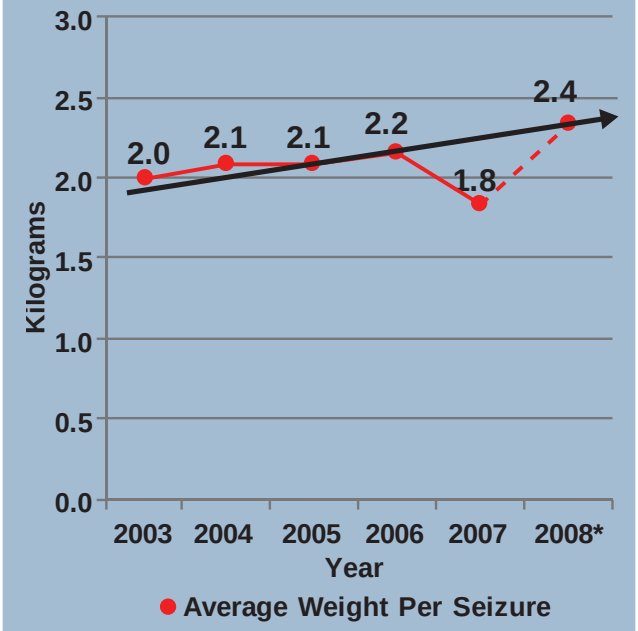
Source: National Seizure System.
*Data run September 15, 2008.

fluctuated from year to year but has increased significantly overall since 1999 (see Figure 16 on page 27). In fact, Mexican heroin production increased 105 percent from 1999 (8.8 MT) to 2007 (18.0 MT). Colombian heroin production also fluctuated but decreased 47 percent from 1999 (8.7 MT) to 2006 (4.6 MT). No estimate for heroin production in Colombia was reported for 2007; however, according to U.S. Department of State reporting, sustained eradication has greatly reduced plantation-size opium poppy cultivation in Colombia.

Purity data for Mexican and South American heroin show a trend similar to production trends. According to DEA Heroin Domestic Monitor Program (HDMP) data for 2001 through 2006, the most recent data available, Mexican heroin purity has increased significantly and South American heroin purity has decreased significantly. The opposing trends in heroin purity have resulted in a convergence in average purity for South American and Mexican heroin, whereas in 2001 the average purity of South American heroin (49.7 percent pure) was more than 28 percentage points higher than that of Mexican heroin (21.0 percent pure) (see Figure 17). The increased production of Mexican heroin combined with Mexican heroin purity levels that are comparable to those of South American heroin aids Mexican criminal groups in expanding distribution of Mexican heroin in markets where South American heroin typically dominates.

Drug seizure data indicate that traffickers are increasingly relying on smuggling routes through the Southwest Border to supply heroin to U.S. drug markets. NSS data show that heroin seizure totals along the Southwest Border fluctuated but increased overall during a period of rapid and continuous decrease in seizures from commercial air POEs (see Figure 18). Southwest Border heroin seizures increased 16 percent from 2003 (310.34 kg) to 2007 (360.15 kg). NSS data showed a 65 percent decline in commercial air

Figure 19. Average Heroin Weight per Southwest Border Seizure Event, in Kilograms, 2003–2008*



Source: National Seizure System.
*Data run September 15, 2008.

heroin seizure totals from 2003 (1,217.92 kg) to 2007 (422.54 kg). Seizure data for 2008 indicate that these trends are continuing.

Heroin seizure trends for Southwest Border and commercial air POEs primarily reflect an increased flow of Mexican heroin and a decreased flow of South American heroin into the United States. Data regarding the type of heroin seized for each seizure event are very limited but show that most heroin seized along the Southwest Border is Mexican heroin and a much smaller amount is South American heroin. For example, of the Southwest Border heroin seizure events in which the heroin type was identified,[11] 85 percent (227 of 267 events) involved Mexican heroin. Only 14 percent (38 of 267 events) involved South American heroin. Conversely, nearly all heroin seizures at commercial air POEs are South American heroin seizures. NSS data show that of the commercial air heroin seizure events in which the heroin type was identified, 85 percent (801 of 941 events) involved South American heroin. Only 2 percent (21 of 941 events) involved Mexican heroin seizures.

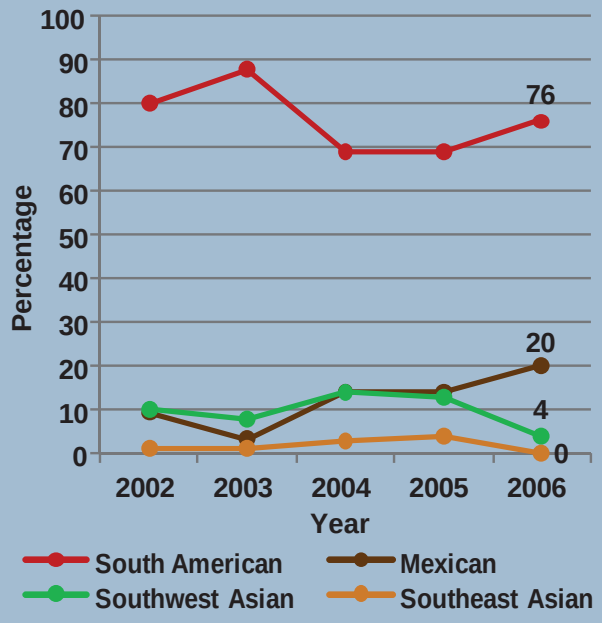
The increasing flow of Mexican heroin into the United States through the Southwest Border includes increasingly large heroin shipments, particularly through the Nogales, Arizona, POE. NSS data show that the average weight per seizure event on the Southwest Border from January through August 2008 (2.4 kg) was higher than the average weight per seizure annually from 2003 through 2007 (2.0 kg). In fact, the average weight of heroin seizures along the Southwest Border was higher in 2008 than in any year from 2003 through 2007 (see Figure 19). In Nogales, Arizona, several heroin seizures in 2008 were much larger than average, according to U.S. Customs and Border Protection (CBP).

For example:

- On March 18, 2008, agents at the Nogales POE seized 14 kilograms of heroin commingled with 11 kilograms of cocaine from the vehicle of a Gilbert, Arizona, resident.
- On April 24, 2008, agents arrested a Mexican national at the Nogales POE and seized 12 kilograms of heroin from his vehicle.
- On June 19, 2008, agents seized 15 kilograms of heroin from a vehicle driven by a resident of Phoenix, Arizona, who was attempting to enter the United States at the Nogales POE.
- On July 7, 2008, CBP agents at the Nogales POE seized 21 kilograms of black tar heroin from a Mexican national attempting to enter the United States.

11. Heroin origin identification for specific heroin seizures at ports of entry (POEs) is based on a determination by law enforcement officials who consider such factors as the individuals smuggling the heroin, the appearance and form of the heroin, and other investigative information. Identification of heroin origin for specific seizures at POEs is not based on signature testing.

Figure 20. Percentage of Seized Heroin Weight, by Source Area, 2002–2006



Source: Drug Enforcement Administration Heroin Signature Program.

Despite high and increasing production of Southwest Asian heroin, availability of the drug in the United States is limited. Most global heroin production occurs in Southwest Asia, particularly in Afghanistan; however, relatively little of this heroin is destined for U.S. drug markets. According to U.S. Government estimates, Afghan opium cultivation accounted for approximately 94 percent (664 of 709 MT) of potential worldwide heroin production in 2006 (the latest full year for which data are available) (see Table B9 in Appendix B). Most of the heroin produced in Afghanistan or Pakistan is destined for European and Asian markets. In fact, relatively little Southwest Asian heroin is transported to the United States. According to DEA Heroin Signature Program (HSP) data,[12] wholesale seizures of Southwest Asian heroin that were analyzed through the HSP decreased from 10 percent (by weight) of the wholesale heroin seized in 2002 to 4 percent (by weight) in 2006, the most recent data available (see Figure 20). According to HDMP data, only 12 of 720 qualified heroin samples, or 1.67 percent of retail heroin purchases, were identified as Southwest Asian heroin in 2006, the lowest percentage recorded since prior to 2002. Furthermore, NSS data show that heroin seizures from couriers and cargo aboard commercial flights departing from countries such as France, Ghana, and Nigeria (common transit countries for Southwest Asian heroin smugglers) decreased significantly from 2004 (240.79 kg) to 2007 (6.50 kg).

Most Southwest Asian heroin traffickers smuggle the drug from Europe, Africa, or Asia to the United States using couriers on commercial flights. Southwest Asian heroin destined for the United States typically is smuggled by couriers on commercial flights from Asian countries such as India, Pakistan, and Turkey and transits western Africa countries (such as Nigeria and Ghana) or Europe. According to law enforcement reporting, Southwest Asian heroin couriers typically enter the United States on commercial flights arriving in large U.S. cities such as Baltimore, Chicago, Houston, Los Angeles, New York City, Philadelphia, and Washington, D.C. Southwest Asian heroin is also transported through the Southwest Region of the United States, particularly Los Angeles, by Afghan, Iranian, Pakistani, and Turkish traffickers and is subsequently transported to drug markets in

12. Signature testing is conducted as part of DEA's Heroin Signature Program (HSP) and DEA's Heroin Domestic Monitor Program (HDMP). Under the HSP, DEA's Special Testing and Research Laboratory analyzes heroin samples from POE seizures, as well as a random sample of other seizures and purchases submitted to DEA laboratories, to determine source areas. The HDMP is a heroin purchase program designed to identify the purity, price, and origin of heroin available at the retail level in 28 major U.S. metropolitan markets. Heroin samples, obtained from undercover purchases, are submitted to the program and are subject to in-depth chemical analysis at the DEA Special Testing and Research Laboratory to determine the purity and, if possible, the geographic source area of the heroin.

eastern states. Drug traffickers also smuggle Southwest Asian heroin to the United States by couriers aboard cruise ships, by package delivery services, and hidden in containerized cargo.

West African criminal groups have recently attempted to expand distribution of Southwest Asian heroin in some areas. West African criminal groups, the primary traffickers of Southwest Asian heroin in the United States, are attempting to increase their influence over heroin distribution in some cities. According to law enforcement reporting, West African criminal groups, particularly Nigerian criminal groups, control wholesale distribution of Southwest Asian heroin in the New York/New Jersey, Mid-Atlantic, and Great Lakes Regions. These criminal groups have attempted to expand their distribution of Southwest Asian heroin in some areas, particularly in the Great Lakes Region. For example, according to law enforcement reporting, Nigerian criminal groups in Detroit have increased their involvement in heroin distribution in that city. Nigerian criminal groups in Detroit have shifted from serving only as heroin couriers (smuggling heroin into the United States for other distributors) to now transporting Southwest Asian heroin to Detroit and distributing it on their own behalf. Furthermore, law enforcement reporting indicates that Nigerian drug traffickers are expanding their distribution of heroin (most likely Southwest Asian heroin, although the origin has not been confirmed by signature testing) in the Southeast Region. For example, in June 2008 a Nigerian national smuggling heroin on a commercial flight departed from Nigeria, arrived in New York City, and proceeded to North Carolina. Upon arrival in North Carolina, the smuggler was hospitalized, and doctors removed approximately 600 grams of heroin (42 balloons) from his body. The smuggler lived in North Carolina, and the heroin was most likely intended for local distribution.

The availability of Southeast Asian heroin in U.S. cities has been very low since 2002 and decreased further in 2006. Southeast Asian heroin production has declined significantly since 2002.

Figure 21. Price per Milligram of Pure Heroin, by Source Area, 2002–2006

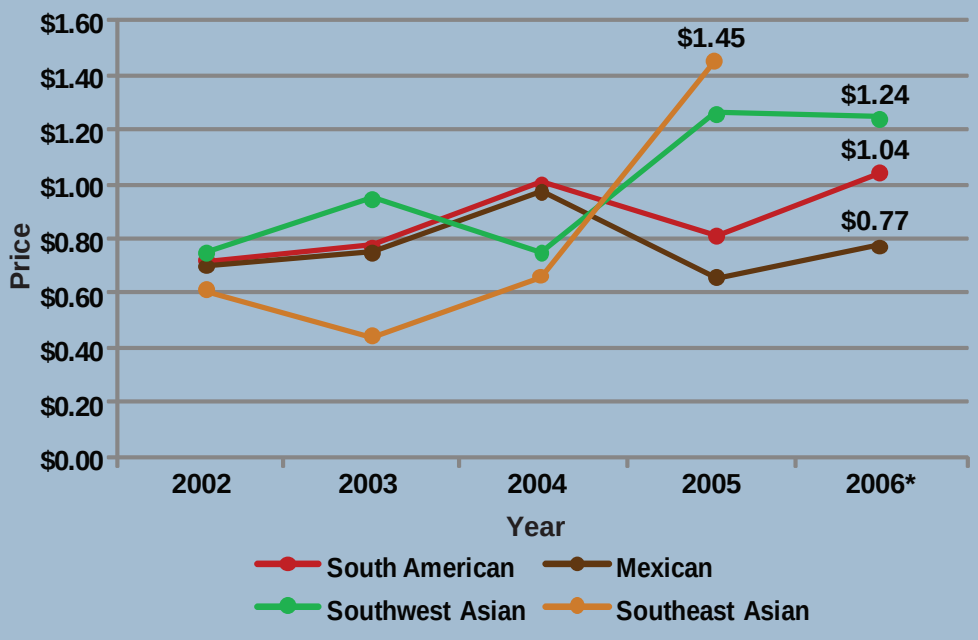


Photo: DEA

Source: Drug Enforcement Administration Heroin Domestic Monitor Program.
*No heroin samples were identified as Southeast Asian by HDMP in 2006.

Southeast Asian heroin samples identified by the HDMP have been low since 2002; none were identified in 2006. Moreover, the price per milligram of pure Southeast Asian heroin more than doubled between 2002 and 2005, a likely indication of low and decreasing availability (see Figure 21 on page 31); no pricing information is available for 2006. HSP data also indicate a significant decline in Southeast Asian heroin availability. The number of heroin exhibits classified as Southeast Asian under the HSP declined from 21 in 2004 to 11 in 2005. There were no Southeast Asian samples submitted to the HSP in 2006 and only one in 2007. In 2007 opium poppy cultivation increased slightly in Burma, the country where most of the Southeast Asian heroin is produced. However, most of the heroin produced in Southeast Asia supplies consumer markets in Asia and Australia. There is no indication that the increased production in Burma has resulted in any increased flow of Southeast Asian heroin to U.S. drug markets.

Intelligence Gap

Significant disparity exists between Mexican and South American heroin production estimates and data regarding U.S. market share for Mexican and South American heroin. Most heroin produced in South America and Mexico is destined for U.S. drug markets. Since 2003, estimated production of South American heroin has decreased to a level much lower than that for Mexican heroin (see Table B9 in Appendix B). However, according to law enforcement reporting as well as HDMP and HSP data, South American heroin is the type most commonly seized in most of the largest U.S. heroin markets in northeastern states. For example, in 2006, 76 percent (by weight) of HSP seizures were identified as South American heroin, whereas only 20 percent were identified as Mexican. Furthermore, HSP data indicate that South American heroin is the most prevalent type seized and analyzed at the wholesale level in the United States.[13] Further, TEDS data indicate that admissions to publicly funded treatment facilities for heroin abuse are much higher in predominantly South American heroin markets than are admissions in heroin markets where Mexican heroin is predominant. The disparity in the data is a concern to analysts because it may suggest significant errors in the estimates either for production in Mexico and South America or for the prevalence of the drugs in U.S. markets. However, the reasons for the disparity are unclear.

13. The DEA indicator programs (HSP and HDMP) were not designed to estimate market share or consumption.

Outlook

Mexican DTOs will attempt to establish new Mexican heroin markets in northeastern states. Recent encroachments by Mexican heroin distributors into more eastern drug markets, fueled by increased heroin production in Mexico, most likely indicate a determination on the part of Mexican DTOs to expand Mexican heroin distribution. Recent attempts by Mexican DTOs to introduce Mexican heroin into eastern markets have had varying degrees of success. However, Mexican DTOs most likely are eager to gain a larger market share in northeastern cities, where heroin abuse is higher than in any other area of the country.

The presence of Southwest Asian heroin may increase in U.S. cities that were not previously considered Southwest Asian heroin markets. According to law enforcement reporting, West African couriers have been arrested with significant amounts of heroin in U.S. cities after departing from countries commonly used to transship Southwest Asian heroin, such as Nigeria. In some of the cities where these arrests occurred, such as Raleigh, North Carolina, the availability of Southwest Asian heroin has been low or nonexistent. It is possible that traffickers of Southwest Asian heroin are attempting to open new markets for their product in cities where availability is very limited.

Controlled Prescription Drugs

Overview

The diversion and abuse of controlled[14] prescription drugs are a significant concern for law enforcement officials and treatment providers nationwide. Traditional diversion methods (primarily doctor-shopping, theft, forged prescriptions, and unscrupulous physicians and pharmacists working alone or in association) remain the most common means by which individuals illegally acquire Schedule II prescription drugs, despite an increase in the number of states with active prescription drug monitoring programs (PDMPs) designed to reduce traditional prescription drug diversion methods. (See text box.) Controlled prescription drugs, primarily Schedule III and IV, are also diverted through Internet sales by rogue Internet pharmacies.[15] However, the number of sites offering such drugs has decreased, most likely because of increased law enforcement pressure through improved cooperation among federal and state law enforcement agencies, Internet service providers (ISPs), package delivery services, and financial services companies typically used by rogue Internet pharmacy operators. Nationally, law enforcement reporting indicates the increased involvement by street gangs and outlaw motorcycle gangs (OMGs) in the retail-level distribution of diverted controlled prescription drugs.

14. Not all prescription drugs are listed as controlled prescription drugs in the Controlled Substances Act. However, many prescription drugs are listed in Schedules I through V of the Controlled Substances Act because of their high potential for abuse or addiction. Schedule I through V prescription drugs primarily are narcotic pain relievers and central nervous system depressants and stimulants. A complete list of controlled prescription drugs, by schedule, is available on the DEA Office of Diversion Control Internet site (http://www.deadiversion.usdoj.gov/schedules/schedules.htm).

15. Rogue Internet pharmacies are unlicensed, fraudulent, and disreputable businesses that sell prescription drugs illegally.

Prescription Drug Monitoring Programs

Prescription Drug Monitoring Programs (PDMPs) are systems in which controlled prescription drug data are collected in a database, centralized by each state, and administered by an authorized state agency to facilitate the early detection of trends in diversion and abuse. As of October 2008, 38 states had enacted legislation permitting PDMPs or had operational PDMPs. Each state controls the language of its PDMP with regard to how the prescription information gathered as part of the program will be shared not only in the state but also with other states. For instance, one PDMP may share information among law enforcement, treatment providers, physicians, and pharmacists within the state but not with any agency in other states. Another state may opt to share its prescription data only with physicians and pharmacists nationwide, while a third state may choose to share all of its data with all other state agencies.

Strategic Findings

- Distributors and abusers of Schedule II controlled prescription drugs usually acquire the drugs through traditional diversion methods such as prescription fraud and doctor-shopping.
- Schedules III and IV controlled prescription drugs are principally acquired in large quantities through the Internet.
- The number of Internet sites offering sales of controlled prescription drugs decreased in 2008; however, the Internet is still the principal method used to acquire Schedules III and IV controlled prescription drugs.
- The percentage of law enforcement agencies nationwide reporting street gang or OMG involvement in the distribution of diverted prescription drugs increased overall from 2004 through 2008.
- Many abusers of controlled prescription drugs commit insurance fraud to finance the purchase of these drugs, and such activity has an enormous financial impact on society.

- Overdose deaths related to opioid pain relievers have been increasing recently.

Distributors and abusers of Schedule II controlled prescription drugs usually acquire the drugs through traditional diversion methods such as prescription fraud and doctor-shopping. Prescription drug distributors and abusers typically acquire Schedule II prescription drugs[16] through the sharing of drugs among family and friends; doctor-shopping; theft from pharmacies, health care facilities, strangers, family, and friends; prescription fraud by theft of prescription pads or by computer-created prescription pads; and overprescribing by unscrupulous physicians. For example, NSDUH data for 2007 show that among individuals aged 12 or older who used pain relievers (typically Schedule II drugs) nonmedically in the past year, 56.5 percent reported that they obtained the pain relievers from a friend or relative for free. NSDUH data also show that 8.9 percent of individuals in the same cohort bought the drugs from a friend or family member, and 5.2 percent stole them from a friend or family member. Only 0.5 percent reported that they used the Internet to purchase prescription pain relievers for nonmedical use. Individuals who illegally acquire prescription drugs by traditional diversion methods usually acquire relatively small quantities[17] of drugs per diversion incident.

Schedules III and IV controlled prescription drugs are principally acquired in large quantities through the Internet. Schedule III[18] and Schedule IV[19] prescription drugs are more likely than Schedule II drugs to be acquired from rogue Internet pharmacies. According to DEA, rogue pharmacy operators often recruit doctors who are willing to prescribe Schedules III and IV controlled prescription drugs because the doctors believe that these drugs are less harmful than Schedule II drugs. These physicians may also be less willing to prescribe Schedule II drugs because of the heavier criminal penalties associated with Schedule II drug violations. Law enforcement reporting indicates that individuals who illegally acquire prescription drugs through the Internet often acquire large quantities with each diversion incident.

The number of Internet sites offering sales of controlled prescription drugs decreased in 2008; however, the Internet is still the principal method used to acquire Schedules III and IV controlled prescription drugs. Federal law enforcement reporting indicates that the number of Internet sites offering controlled prescription drug purchases from rogue Internet pharmacies is decreasing. Cooperation between federal and state law enforcement agencies and ISPs as well as the package delivery services and financial services companies typically used by rogue Internet pharmacy operators has reduced the number of rogue pharmacies that operate on the Internet. Studies in 2007 and 2008[20] conducted by the National Center on Addiction and Substance Abuse (CASA) at Columbia University support the law enforcement reporting. According to CASA, the number of identified rogue Internet pharmacies advertising selected Schedules II, III, or IV controlled prescription drugs (portal sites) or offering to sell these drugs (anchor sites) decreased 37 percent, from 581 in 2007 to 365 in 2008 (see Figure 22 on page 35). Similarly, the number of Internet sites offering selected drugs for sale decreased from 187 in 2007 to 159 in 2008. Most of the Internet pharmacies identified in the CASA study appeared to be rogue Internet pharmacies. In fact, only two of the 159 anchor sites identified in 2008 were certified by the National Association of Boards of

16. Schedule II drugs include several prescription drugs, such as OxyContin (oxycodone), Percocet (oxycodone in combination with acetaminophen), and Duragesic (fentanyl).

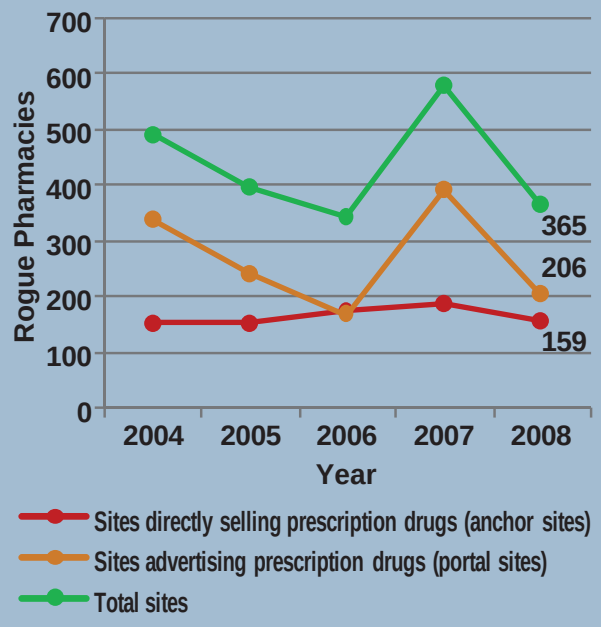
17. Small quantities are typically therapeutic, personal use amounts that would not attract the suspicion of physicians, pharmacists, insurers, or other health care professionals.

18. Schedule III drugs include several prescription drugs such as Vicodin (hydrocodone in combination with acetaminophen).

19. Schedule IV drugs include several prescription drugs such as Xanax (alprazolam), Valium (diazepam), Ativan (lorazepam), and Ambien (zolpidem).

20. The National Center on Addiction and Substance Abuse (CASA) has tracked the online availability of controlled substances since 2004; CASA conducts its research in the first quarter of each year.

Figure 22. Rogue Pharmacies Operating on the Internet, 2004–2008



Source: National Center on Addiction and Substance Abuse at Columbia University.

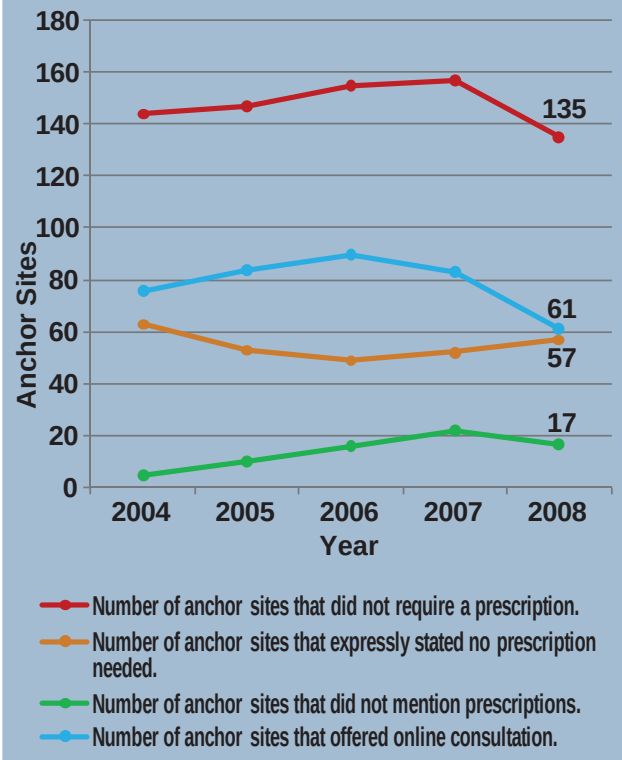
Pharmacy (NABP) as legitimate pharmacy sites. Approximately 85 percent of the sites that offered to sell selected controlled substances did not require a physician's prescription, a percentage statistically unchanged from the 2007 study (84%). (See Figure 23 on page 36.) Of those sites that did require a prescription (24 sites), 50 percent accepted a faxed prescription, a 7 percent decrease from 2007. Faxed prescriptions significantly increase the opportunity for the multiple use of one prescription or the use of fraudulent prescriptions.

The percentage of law enforcement agencies nationwide reporting street gang or OMG involvement in the distribution of diverted pharmaceuticals[21] increased overall from 2004 through 2008. The percentage of state and local law enforcement agencies nationwide reporting street gang involvement in the distribution of diverted pharmaceuticals increased from 32.5 percent in 2004 to 44.2 percent in 2008, according to the NDTS 2008. The percentage of state and local law enforcement agencies nationwide that reported OMG involvement in the distribution of diverted pharmaceuticals also increased slightly, from 22.2 percent in 2004 to 25.9 percent in 2008. Reporting from law enforcement and treatment providers indicates that street dealers are rarely the primary source of supply for controlled prescription drug abusers of any age. However, abusers could increasingly seek these drugs from street gangs and OMGs as PDMPs and law enforcement initiatives make traditional diversion methods and Internet drug purchases more difficult.

Many abusers of controlled prescription drugs commit insurance fraud to finance the purchase of these drugs, and such activity has an enormous financial impact on society. According to law enforcement reporting, insurance fraud by individuals who acquire controlled prescription drugs through traditional diversion methods is widespread. Controlled prescription drug abusers often submit insurance claims for reimbursement or payment for the purchase of drugs diverted primarily through doctor-shopping. In fact, according to the Coalition Against Insurance Fraud (CAIF), Aetna Inc. reports that nearly half of its 1,065 member fraud cases in 2006 involved prescription benefits, and most were related to doctor-shopping. CAIF also reports that a typical doctor-shopper can cost insurers between $10,000 and $15,000 per year, and in their attempt to obtain controlled prescription drugs, abusers also commit insurance fraud by faking illnesses that require expensive medical tests. CAIF further reports that diversion of controlled prescription drugs costs insurance companies up to $72.5 billion annually, nearly two-thirds of which is paid by public insurers. Individual insurance plans lose an estimated $9 million to $850 million annually, depending on each plan's size, and much of that cost is passed on to consumers through higher annual premiums. Those costs include related emergency room treatment, hospital stays, physician's office visits, tests, and rehabilitation for the addicted doctor-shopper.

21. The term "diverted pharmaceuticals" as used in the National Drug Threat Survey (NDTS) refers only to distribution of scheduled prescription drugs prosecutable under the Federal Controlled Substances Act.

Figure 23. Prescription Requirements of Internet Pharmacy Anchor Sites, 2004–2008



Source: National Center on Addiction and Substance Abuse at Columbia University.

Overdose deaths related to opioid pain relievers have been increasing recently. The number of deaths involving controlled prescription drugs, particularly opioid pain relievers (such as oxycodone, hydrocodone, methadone, morphine, and fentanyl), increased from 2001 through 2005 and outpaced deaths involving illicit drugs in 2005 (the latest year for which data are available). The number of deaths involving prescription opioids increased 66 percent from approximately 3,484 in 2001 to 5,789 in 2005, according to the Centers for Disease Control and Prevention (CDC). Moreover, the number of methadone-related deaths increased 206 percent (1,456 to 4,462) and the number of deaths involving other synthetic narcotics increased 81 percent (962 to 1,744) during that time. For deaths in which multiple controlled prescription drugs were found, opioid pain relievers were the most commonly mentioned and accounted for approximately 38 percent of first-listed drugs on death certificates in 2005; nearly half of those deaths involved methadone.

Intelligence Gap

Information regarding the number of rogue Internet pharmacies that sell controlled prescription drugs without a prescription, particularly Schedule II drugs, is limited. Individuals who conduct Internet pharmacy research do not actually purchase controlled prescription drugs as part of the study. For this reason it is difficult to determine which web sites sell controlled prescription drugs and which financial institutions will accept payment for the illicit purchase of such drugs. The U.S. Government Accountability Office (GAO) did purchase controlled prescription drugs as part of a 2004 study requested by a U.S. Senate subcommittee. During the study, GAO was able to purchase several Schedule II and III controlled substances without a prescription; however, no similar study has been conducted since that time.

Outlook

The enactment of federal legislation will most likely reduce the number of rogue Internet pharmacies selling controlled prescription drugs. The Ryan Haight Online Pharmacy Consumer Protection Act of 2008 was enacted in October 2008. The federal law amends the Controlled Substances Act and prohibits the delivery, distribution, and dispensing of controlled prescription drugs over the Internet without a prescription written by a doctor who has conducted at least one in-person examination of the patient. Provisions of the law increase the criminal penalties for illegal Internet prescribing of Schedules III, IV, and V controlled substances. The law will most likely deter some Internet pharmacy operators from engaging in "script mill" practices, which provide alleged medical consultations (for a fee) and prescriptions that are sent to local pharmacies or directly to customers, who can take them to a pharmacy to be filled.

MDMA

Overview

MDMA is the most widely used illicit substance in the Other Dangerous Drugs (ODDs) category (see text box); availability and distribution of the drug are increasing. Canada-based Asian DTOs and, to a lesser extent, other criminal groups are producing the drug in large clandestine laboratories in Canada for distribution in the United States. In fact, the high and possibly increasing level of MDMA production in Canada is contributing to expanded distribution of the drug in the United States. Adding to the threat posed by the drug is the increasing adulteration of MDMA tablets with highly addictive synthetic drugs, particularly methamphetamine.

Other Dangerous Drugs

The availability and abuse of ODDs LSD (lysergic acid diethylamide), GHB (gamma-hydroxybutyrate), and PCP (phencyclidine) have declined to levels much lower than those for the major drugs of abuse and MDMA. These drugs have been reported to be a very low threat and low priority for law enforcement for the last several years. Reduced consumption and limited national distribution networks place these drugs at levels that are of low to moderate concern for law enforcement, notwithstanding the possibility of sporadic, localized outbreaks. Therefore, they will not be discussed at length in this report.

Strategic Findings

- MDMA production in Canada, the primary source of MDMA in the United States, is high and possibly increasing, fueling a rise in MDMA smuggling through the U.S.–Canada border.
- Domestic MDMA production is very limited and is not a significant source of the drug nationally.
- MDMA distribution and abuse are expanding in some areas of the country, particularly among African American and Hispanic individuals.
- The distribution of MDMA tablets that are adulterated with other dangerous substances may be increasing in the United States.

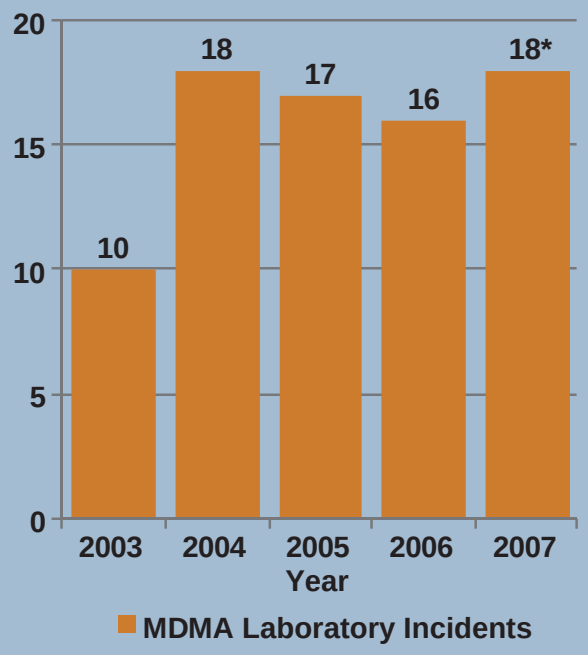
MDMA production in Canada, the primary source of MDMA in the United States, is high and possibly increasing, fueling a rise in MDMA smuggling through the U.S.–Canada border. MDMA production in Canada is very high and may be increasing. According to RCMP, 18 MDMA laboratory incidents[22] were reported in Canada in 2007, a figure equal to the highest number ever recorded (see Figure 24 on page 38). RCMP further reports that most of these laboratories were operated by Asian criminal groups that acquire bulk quantities of precursor chemicals from China (see text box on page 38). According to the RCMP, all of the MDMA laboratories seized in Canada in 2007 were superlabs.[23] The high level of production reported in 2007 has continued in 2008. For example, during one incident in June 2008, Canadian law enforcement officials seized one of the largest MDMA laboratories ever discovered in Canada. The laboratory contained more than 200 kilograms of pressed tablets and more than 100 kilograms of MDMA powder, sufficient to produce more than one million MDMA tablets in total. [24]

22. MDMA laboratory incidents include seizures of laboratories, dumpsites, chemicals, and equipment.

23. MDMA superlabs are laboratories in which at least 10 pounds of MDMA can be produced per production cycle.

24. Using a standard MDMA dosage unit of 140 milligrams per tablet, one kilogram of MDMA equates to approximately 7,143 tablets. However, it should be noted that MDMA tablets vary in size and weight depending on the manufacturing process, the type of pill press being used, and the amount of adulterants incorporated into the tablet.

Figure 24. MDMA Laboratory Incidents in Canada, 2003–2007



Source: Royal Canadian Mounted Police.
*All 18 incidents in 2007 occurred at superlabs.

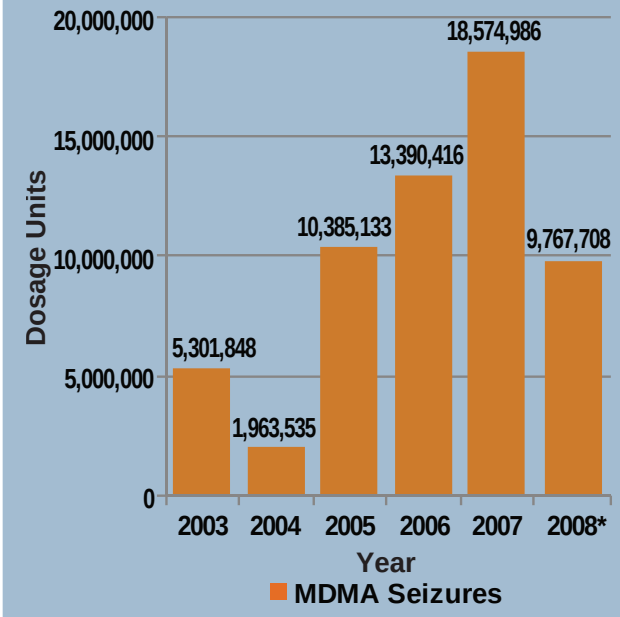
MDMA Precursor Chemical Trafficking From China to Canada

According to RCMP, Asian organized crime groups smuggle and import precursor and essential chemicals from China to Canada for use in MDMA production. MDMA producers acquire the primary precursor chemical MDP2P (3,4-methylenedioxyphenyl-2-propanone) and other essential chemicals through relationships with illicit chemical brokers in China. MDP2P typically is smuggled from China to Canada in sea containers in quantities of 1 ton or more. In addition to the MDP2P, other precursors such as sodium borohydride, iodine crystals, and methylamine HCL are legally imported in bulk from China to Canada, since these chemicals are not controlled substances.

The flow of MDMA into the United States from Canada has increased as production of the drug in Canada has risen. According to NSS data, the amount of MDMA seized at or between Northern Border POEs increased 903 percent (170,957 to 1,715,153 dosage units) from 2003 to 2007. Most MDMA seizures occurred at or between POEs in Washington, adjacent to British Columbia, where most MDMA is produced in Canada. In fact, 56.3 percent of the MDMA seized in 2007 was seized at or between POEs in Washington.

There are no data available to precisely determine the relative U.S. market share for Canadian MDMA, domestically produced MDMA, or MDMA produced in Europe. Nevertheless, law enforcement reporting indicates that MDMA produced in Canada is the primary source of MDMA in the United States. NSS data show that most of the MDMA seized at U.S. POEs is seized along the U.S.–Canada border. Moreover, of the 217 OCDETF cases related to MDMA trafficking in 2006 and 2007, 150 indicated a source or origin country for the MDMA. Of those 150 cases, 74 specifically identified Canadian MDMA producers or wholesale distributors as the source of the drug. Domestic MDMA seizure data may also illustrate the influence of Canadian MDMA production over availability of the drug in the United States. As production of MDMA has increased in Canada, so has the amount of MDMA seized in the United States. For example, NSS data show that during the period of increasing MDMA production in Canada from 2003 through 2007, MDMA seizures in the United States increased sharply overall (see Figure 25 on page 39). Half-year data for 2008 indicate that this trend has continued as seizure totals from January through June 2008 outpaced average seizure totals for January through June 2003 through 2006 (7,760,233 dosage units). Law enforcement reporting does not indicate any other source of MDMA, either from Europe, Mexico, South America, or domestic production, that would account for this increase in domestic MDMA seizures.

Figure 25. MDMA Seizure Totals in the United States, 2003–2008,* in Dosage Units



Source: National Seizure System.
*Data run September 15, 2008.

Domestic MDMA production is very limited and is not a significant source of the drug nationally. According to NSS data, the number of MDMA laboratories seized in the United States decreased from 19 laboratories in 2006 to eight laboratories in 2007 and one laboratory by the end of July 2008. Furthermore, domestic MDMA laboratories are typically much smaller than those seized in Canada. For example, of the 28 MDMA laboratories seized in the United States from 2006 through June 2008, 25 were producing 1 pound or less per production cycle, whereas only two were reported as superlabs.

MDMA distribution and abuse are expanding in some areas of the country, particularly among African American and Hispanic individuals. Law enforcement reporting and investigative data indicate that Asian DTOs are the principal wholesale suppliers of MDMA in the United States, and drug demand data show that Caucasians are the predominant users of the drug. However, new groups are distributing the drug, particularly at the retail level, to a more diverse user group in some areas. For example, law enforcement officials in several HIDTAs (Appalachia, Atlanta, Chicago, Lake County, Michigan, Midwest, Milwaukee, and Ohio) report increased retail MDMA distribution by African American and Hispanic gangs, individuals, or criminal groups. Many of these same HIDTAs as well as others (Atlanta, Chicago, Lake County, Michigan, Milwaukee, Northwest, Ohio, Oregon, Rocky Mountain, and Washington/Baltimore) have also reported increased MDMA availability and abuse. For example, the Ohio Substance Abuse Monitoring (OSAM) Network located within the Ohio HIDTA area reports that MDMA availability is increasing in its area and that use is increasing among African Americans in Columbus, Dayton, and Toledo.

The distribution of MDMA tablets that are adulterated with other dangerous substances may be increasing in the United States. Law enforcement and intelligence reporting reveals that MDMA tablets are often adulterated with substances including methamphetamine, MDA (3,4-methylenedioxyamphetamine), LSD, BZP (N-benzylpiperazine), TFMPP (1-(3-trifluoromethylphenyl)piperazine), ketamine, and caffeine. Adulterated MDMA tablets have been seized in many states throughout the country, including California, Colorado, Georgia, Virginia, Washington, and Wisconsin. According to the Canada Border Services Agency (CBSA), Canada-based DTOs are increasingly producing adulterated MDMA tablets, and in some cases these tablets do not contain any MDMA, but rather are a combination of other substances, particularly methamphetamine because it is easier and less expensive to produce than MDMA. In some instances, tablets that are distributed as MDMA contain very little or no MDMA. For example, in October 2007 in Colville, Washington, 135 kilograms of what appeared to be MDMA was seized; approximately half was a combination of MDMA and methamphetamine, while the other half contained no MDMA at all but, rather, BZP with methamphetamine.

Intelligence Gap

Annual estimates for MDMA production in Canada and the United States are not available. There are no annual estimates regarding MDMA production in Canada and the United States. In lieu of annual production estimates, trends regarding MDMA production are determined through analysis of drug production indicators such as law enforcement reporting based on recent case information and officer observations, laboratory seizure data, and POE seizure data. When analyzed together, these indicators are most likely sufficient to indicate increasing or decreasing production overall; however, without reliable annual production estimates, some uncertainty regarding production trends remains.

Outlook

Treatment admissions for MDMA addiction may increase in the near term. Treatment admissions for MDMA addiction may rise as the distribution of MDMA tablets adulterated with methamphetamine, a highly addictive substance, increases. Drug demand data show that MDMA use has been relatively stable since 2004 (see Tables B6 and B7 in Appendix B). However, the addictive nature of the drug may be increasing with the rising number of MDMA/methamphetamine combination tablets that are produced in Canada and distributed in the United States.

Drug Threats in Indian Country

The *National Drug Threat Assessment 2009* includes an assessment of drug threats in Indian Country because rising drug trafficking and abuse in Indian Country is a national-level concern, particularly to policymakers, drug treatment providers, and law enforcement executives. Drug trafficking and abuse trends in Indian Country were presented in detail in the NDIC *Indian Country Drug Threat Assessment 2008*.

The illicit drug threat to Indian Country varies geographically across Native American communities. Overall, marijuana is the most widely available illicit drug on reservations. Ice methamphetamine, powder and crack cocaine, diverted pharmaceuticals, heroin, and MDMA are also available at various levels. Mexican DTOs, the principal wholesale suppliers and producers of most illicit drugs available to reservations throughout Indian Country, pose the greatest organizational threat. Canada-based Asian DTOs also pose a threat by smuggling high-potency Canadian marijuana and MDMA through reservations adjacent to the U.S.–Canada border. Native American DTOs and criminal groups are the principal retail to midlevel distributors of illicit drugs on reservations, typically transporting the drugs to reservations from nearby cities. African American and Caucasian criminal groups also engage in varying levels of drug distribution throughout Indian Country. Additionally, a looming concern on many reservations is the presence of local and national-level street gangs that distribute retail quantities of illicit drugs and become involved in gang-related activities, including violent and property crime on and off reservations. Retail distribution commonly occurs at public venues such as casinos, parking lots, fairs, and social events.

Drug production in Indian Country is limited because of the readily available supplies of illicit drugs typically in cities near reservations, and in the case of reservations bordering Mexico and Canada, because of the supplies of illicit drugs transported through them. However, Mexican DTOs do play a prominent role in producing cannabis at outdoor grow sites in remote locations on reservations, particularly in the Pacific Region. Additionally, African American criminal groups convert powder cocaine to crack cocaine on some reservations, particularly those in the Florida/Caribbean Region.

Most illicit drugs are transported onto reservations by Native American criminal groups or individuals who travel to nearby cities to purchase the illicit drugs and transport them back to the reservations. In some instances distributors who reside on remote reservations travel long distances to obtain drugs for distribution in their home communities. Illicit drugs are regularly transported through reservations that border Canada (St. Regis Mohawk Reservation) and Mexico (Tohono O'odham Reservation) to major drug markets throughout the United States. Most Native American criminal groups transporting illicit drugs to their communities transport the drugs using privately owned vehicles and typically do not use sophisticated concealment methods.

High levels of unemployment and poverty are prevalent throughout Indian Country and contribute to Native American communities' susceptibility to substance abuse and exploitation by drug traffickers. As a result, substance abuse by Native Americans is comparatively higher than abuse by any other population group. American Indians and Alaskan Natives are more likely than any other racial group to report past year drug abuse. While marijuana is the illicit substance most widely abused by American Indians as reported at the time of drug treatment admissions in most regions of the country, nationwide reports of methamphetamine abuse by American Indians at the time of admissions increased more than 60 percent from 2002 through 2006, the most recent years for which data are available (see Tables 3 and 4 on page 42). However, the abuse of illicit drugs by American Indians varies regionally, since powder and crack cocaine and, increasingly, diverted pharmaceuticals pose a greater problem to some Native American communities

Table 3. Percentage of Primary Illicit Drug Mentions by American Indians at Time of Treatment Admission, 2002–2006

Substance	2002	2003	2004	2005	2006
Marijuana	38.0	38.6	38.2	37.9	37.9
Methamphetamine	12.6	13.6	14.1	15.8	17.4
Cocaine	14.4	16.2	15.3	14.9	14.5
Pharmaceuticals	9.2	10.2	10.6	10.4	7.8
Heroin	6.6	7.3	5.4	5.0	4.7

Source: Treatment Episode Data Set.
Note: Data for Alaska and Hawaii are excluded.

Table 4. Illicit Drug Mentions by American Indians at Time of Treatment Admission, 2002–2006

Substance	2002	2003	2004	2005	2006	Percent Change 2002–2006
Cocaine	5,181	5,546	5,671	5,987	6,093	17.6
Heroin	2,375	2,486	2,008	1,985	1,997	-15.9
Marijuana	13,704	13,249	14,168	15,200	15,959	16.5
Methamphetamine	4,550	4,666	5,226	6,347	7,308	60.6
Pharmaceuticals*	3,326	3,513	3,932	4,159	3,294	-1.0

Source: Treatment Episode Data Set.
*Pharmaceutical numbers include individuals reporting abuse of nonprescription methadone, other opiates, other amphetamines, other stimulants, benzodiazepines, other tranquilizers, barbiturates, and other sedatives at time of admission.
Note: Data for Alaska and Hawaii are excluded.

than methamphetamine. Some communities experience heightened heroin and MDMA abuse, but these drugs pose a considerably lower threat overall.

The widespread availability and abuse of drugs coupled with the formidable smuggling, transportation, and distribution of illicit drugs by multiple criminal groups and gangs operating in Indian Country contribute to a wide range of violent and property crime. Drug traffickers engage in these crimes to facilitate their operations, while abusers generally engage in such crimes to support their addiction. Additionally, the abuse of illicit drugs leads to impaired personal behavior that often results in violence and other criminal behavior. This problem is particularly acute in regard to sexual abuse—the crime accounting for the most common criminal offense by Native Americans in Federal Bureau of Prisons (BOP) custody.

Overall, the drug threat posed to Indian Country is likely to remain relatively unchanged in the near term. Most reservations remain economically depressed and thus lack the resources necessary to affect the overall drug threat they are experiencing. Consequently, as abuse by American Indians continues to rise, drug trafficking networks will continue to foster the availability of illicit drugs.

Gangs

Overview

Gangs are present in every state and U.S. territory and some particularly violent urban gangs have expanded from inner cities to suburban and some rural areas. Gangs increasingly represent a threat to many smaller communities, and they control most retail-level drug distribution nationally. Gangs are also increasing their involvement in wholesale-level drug distribution.

There are no precise estimates regarding total gang membership and the number of active gangs in the United States. However, in 2006 the National Youth Gang Center estimated that there were approximately 785,000 active street gang members in the United States. Analysis of 2008 law enforcement survey data and reporting supports the 2006 findings—and, in fact, 2008 data indicate that the total number of gang members of all ages may be significantly higher. Moreover, state department of corrections data show that as of May 2008 approximately 123,000 documented street and prison gang members were incarcerated in state correctional facilities.[25] BOP data show that in August 2008, 24,163 of 201,000 inmates in federal prisons were identified as individuals affiliated with a Security Threat Group,[26] including gangs.

NDTS data for 2008 indicate that gang influence over drug trafficking in the United States is stable or increasing slightly. According to 2008 NDTS data, 58 percent of state and local law enforcement agencies throughout the country report that street gangs are active in drug trafficking in their areas, an increase from 2006 (55%) and stable since 2007 (58%). NDTS data also show that the percentage of agencies reporting OMG involvement in drug trafficking in their areas also remained relatively stable from 2006 (35%) to 2007 (36%) to 2008 (36%).

25. The number of incarcerated prisoners affiliated with gangs is most likely underestimated, since most state correctional facilities document only gang members who pose a threat to institutional security. Further, some state correctional facilities do not collect and/or report information on the gang affiliation of inmates.

26. Security Threat Groups are defined by the Federal Bureau of Prisons (BOP) as groups, gangs, or inmate organizations that have been observed acting in concert to promote violence, escape, and drug or terrorist activity.

Strategic Findings

- Gangs are becoming increasingly involved in wholesale-level drug trafficking, aided by their connections with drug trafficking organizations, particularly Mexican and Asian DTOs.
- Gangs are increasingly conducting criminal activity across the U.S.–Mexico and U.S.–Canada borders.
- Gangs pose a growing problem for law enforcement along the U.S.–Canada border, particularly the border areas in the New England and Pacific Regions.

Gangs are becoming increasingly involved in wholesale-level drug trafficking, aided by their connections with drug trafficking organizations, particularly Mexican and Asian DTOs. Gangs are active in drug distribution, particularly at the retail level, throughout the United States, and their involvement in drug distribution at the wholesale level is increasing. According to law enforcement reporting and survey data, gangs are involved in drug distribution, primarily at the retail level, in every state in the country, particularly in urban and suburban areas but also in many rural communities. NDTS data show that marijuana is the drug most commonly distributed by gangs, followed by powder cocaine, crack, methamphetamine, heroin, MDMA, and diverted pharmaceuticals, respectively.

Many gangs have recently expanded their influence over drug distribution to include more wholesale distribution. Gangs have developed or strengthened relationships with transnational criminal organizations and DTOs, gaining access to international sources of supply for larger shipments of illicit drugs that they then distribute. Mexican

Table 5. Gangs Affiliated with the Sinaloa, Gulf, Juárez, or Tijuana Cartels

18th Street	Latin Kings
Bandidos	Mara Salvatrucha (MS-13)
Barrió Azteca	Mexican Mafia
Black Guerilla Family	Mexikanemi
Bloods	Mongols
Crips	Norteños
Florencia 13	Sureños
Gangster Disciples	Tango Blast
Hells Angels	Texas Syndicate
Hermanos de Pistoleros Latinos	Vagos

Source: Federal, state, and local law enforcement reporting.

drug traffickers affiliated with the Sinaloa, Gulf, Juárez, and Tijuana Cartels[27] maintain working relationships with at least 20 street gangs, prison gangs, and OMGs (see Table 5) that operate in urban and suburban communities throughout the country. These affiliations have significantly increased the availability of illicit drugs in many of these areas. Moreover, several Asian criminal organizations and DTOs work closely with at least eight Asian street gangs that operate within suburban locales (see Table 6).

Gangs are increasingly conducting criminal activity across the U.S.–Mexico and U.S.–Canada borders. Gangs smuggle drugs, firearms, and aliens across the U.S.–Mexico and U.S.–Canada borders. Most gang-related criminal activity along

27. The Sinaloa Cartel is composed of drug trafficking organizations run by Joaquín Gúzman-Loera, Ismael Zambada-García, and Ignacio Coronel-Villareal. The Gulf Cartel, which was led by the now-extradited Osiel Cárdenas-Guillén, has passed its leadership on to Heriberto Lazcano-Lazcano and Jorge Eduardo Costilla-Sánchez. Vicente Carrillo-Fuentes continues to lead the Juárez Cartel, and the Arellano-Félix family maintains substantial influence over the Tijuana Cartel.

Table 6. Asian Gangs Affiliated With Asian DTOs

Asian Boyz	Flying Dragons
Asian Warriors	Tiny Rascal Gangsters
Black Dragons	Vietnam
Black Star	Wah Ching

Source: Federal, state, and local law enforcement reporting.

the U.S.–Mexico border occurs in South Texas and California. Several regional- and national-level gangs operate in the Del Rio/Eagle Pass, Laredo, and Lower Rio Grande Valley areas of South Texas. Street and prison gangs such as Mexikanemi (Texas Mexican Mafia), Tri-City Bombers, Hermanos de Pistoleros Latinos, and Texas Syndicate transport and distribute illicit drugs throughout the South Texas area. Some of these gangs have established associate gangs or chapters in border cities in Mexico, according to law enforcement reporting. A number of gangs based in San Diego and Los Angeles also conduct cross-border smuggling operations. Street and prison gangs such as Sureños 13, 18th Street, and Mexican Mafia (La Eme) maintain significant influence over most of the local suburban and rural gangs in San Diego and Los Angeles. These gangs work very closely with Mexican DTOs located in Tijuana, Mexico, to smuggle drugs and illegal aliens into the United States.

Gangs pose a growing problem for law enforcement along the U.S.–Canada border, particularly the border areas in the New England and Pacific Regions. Members of several regional- and national-level gangs, including Asian Boyz, Hells Angels, and Outlaws, smuggle large quantities of illicit drugs across the U.S.–Canada border in New England; they often conduct their smuggling operations in association with members of transnational criminal and drug trafficking organizations. According to law enforcement officials in the Pacific Region, members of several regional- and national-level gangs, particularly Hells Angels, engage in cross-border criminal activity in their jurisdictions.

Drug Trafficking Organizations

Overview

Drug trafficking organizations are a persistent and evolving domestic criminal threat and are a significant concern to federal, state, and local law enforcement officials. Mexican and, to a lesser extent, Asian DTOs are the leading DTOs operating in the United States. Colombian, Dominican, Cuban, and Italian DTOs also distribute significant quantities of illicit drugs in the United States. Mexican and Asian traffickers have extended their influence in U.S. drug markets. Colombian and Dominican DTOs transport large quantities of drugs into the United States for distribution; however, their direct influence over drug distribution in U.S. drug markets is declining. Cuban DTOs are increasingly engaging in indoor and outdoor cannabis cultivation, and their distribution networks are growing. Italian criminal organizations are smuggling and distributing wholesale quantities of drugs while reestablishing trafficking networks. Each of these DTOs continually develops new methods of operation, constantly reacting to law enforcement pressure and changing laws.

Strategic Findings

- Mexican DTOs are the greatest drug trafficking threat to the United States; they control most of the U.S. drug market and have established varied transportation routes, advanced communications capabilities, and strong affiliations with gangs in the United States.
- Asian DTOs control a large portion of the wholesale- and retail-level distribution of high-potency marijuana and MDMA in many U.S. drug markets.
- Colombian, Dominican, and Cuban DTOs, and Italian criminal organizations are involved in national-level wholesale drug trafficking. These groups pose a considerable domestic threat, albeit lower than that posed by Mexican and Asian DTOs.

Mexican DTOs are the greatest drug trafficking threat to the United States; they control most of the U.S. drug market and have established varied transportation routes, advanced communications capabilities, and strong affiliations with gangs in the United States. Mexican DTOs control a greater portion of drug production, transportation, and distribution than any other criminal group or DTO. Their extensive drug trafficking activities in the United States generate billions of dollars in illicit proceeds annually. Law enforcement reporting indicates that Mexican DTOs maintain drug distribution networks or supply drugs to distributors in at least 230 U.S. cities. (See Map A5 in Appendix A.) Mexican drug traffickers transport multiton quantities of drugs from Mexico into the United States annually using overland, maritime, and air conveyances. The use of varied conveyances enables Mexican drug traffickers to consistently deliver illicit drugs from Mexico to warehouse locations in the United States for subsequent distribution.

Mexico- and U.S.-based Mexican drug traffickers employ advanced communication technology and techniques to coordinate their illicit drug trafficking activities. Law enforcement reporting indicates that several Mexican DTOs maintain cross-border communication centers in Mexico near the U.S.–Mexico border to facilitate coordinated cross-border smuggling operations. These centers are staffed by DTO members who use an array of communication methods, such as Voice over Internet Protocol, satellite technology (broadband satellite instant messaging), encrypted messaging, cell phone technology, two-way radios, scanner devices, and text messaging, to communicate with members. In some cases DTO members use high-frequency radios with encryption and rolling codes to communicate during cross-border operations.

Mexican DTOs continue to strengthen their relationships with U.S-based street gangs, prison gangs, and OMGs for the purpose of expanding their influence over domestic drug distribution. Although gangs do not appear to be part of any formal Mexican DTO structure, several Mexican DTOs use U.S.-based gangs to smuggle and distribute drugs, collect drug proceeds, and act as enforcers. Mexican DTOs' use of gang members for these illegal activities insulates DTO cell members from law enforcement detection. Members of most Mexican Cartels—Sinaloa, Gulf, Juárez, and Tijuana (see footnote 28)—maintain working relationships with many street gangs and OMGs.[28]

Asian DTOs control a large portion of the wholesale- and retail-level distribution of high-potency marijuana and MDMA in many U.S. drug markets. Asian DTOs and criminal organizations, primarily ethnic Vietnamese and Chinese, are trafficking multihundred-kilogram quantities of high-potency marijuana and multimillion-dosage-unit quantities of MDMA monthly for distribution in at least 100 U.S. cities (see Map A6 in Appendix A). According to law enforcement reporting, the threat posed by Asian DTOs is increasing as these groups expand and improve their criminal transportation and communication networks in the United States. Law enforcement reporting also indicates that some Asian DTOs are very aggressive in surveillance and countersurveillance of law enforcement officers in the areas where they operate. Moreover, U.S.-based Asian DTOs are expanding their working relationships with other DTOs, criminal groups, and gangs in order to increase their wholesale- and retail-level high-potency marijuana and MDMA distribution operations. According to law enforcement reporting, some Asian DTOs also trade their marijuana and MDMA for cocaine supplied by Mexican DTOs.

Colombian, Dominican, and Cuban DTOs and Italian criminal organizations are involved in national-level wholesale drug trafficking. These groups pose a considerable domestic threat, albeit lower than that posed by Mexican and Asian DTOs. Colombian DTOs supply multiton quantities of illicit drugs to distributors in U.S. drug markets. In 2007 Colombian DTOs distributed illicit drugs—primarily cocaine and heroin—in at least 40 U.S. cities, according to law enforcement reporting. (See Map A7 in Appendix A.) Colombian DTOs were once heavily involved with wholesale-level transportation and distribution of cocaine. However, Colombian DTOs have largely relinquished these aspects of the cocaine trade to Mexican and Dominican DTOs. Nonetheless, Colombian DTOs remain involved in trafficking multikilogram quantities of cocaine, as well as heroin, to the United States. By relinquishing much of the direct transportation of drugs into the United States, Colombian DTOs have been able to continue generating significant income while limiting risk to their leaders.

Dominican DTOs distribute large quantities of cocaine and heroin in many drug markets, primarily in the New York/New Jersey, New England, and Mid-Atlantic Regions. U.S. and foreign-based Dominican DTOs have been identified in at least 54 cities in 18 states and the District of Columbia, according to HIDTA and other law enforcement reporting (see Map A7 in Appendix A). Dominican DTOs and criminal groups trafficking drugs in New York City and Miami are a particular threat because of their strong ties to Colombian wholesale suppliers and their growing affiliation with Mexican DTOs. Dominican DTOs and criminal groups are developing close working relationships with Mexican DTOs to access large quantities of cocaine, marijuana, and heroin.

Cuban DTOs are expanding their role in indoor and outdoor cannabis cultivation. U.S.- and foreign-based Cuban DTOs have been identified as marijuana, cocaine, and methamphetamine distributors by law enforcement offices in at least

28. See NDIC Situation Report *Cities in Which Mexican DTOs Operate Within the United States*, April 11, 2008.

25 cities in 11 states and the District of Columbia (see Map A7 in Appendix A). Several U.S.-based Cuban DTOs maintain a close affiliation to drug traffickers in Cuba, Peru, Venezuela, and Colombia. Cuban DTOs operating in the Miami area, in particular, pose a growing threat because they are expanding indoor cannabis cultivation operations and distribution networks into the Southeast and Mid-Atlantic Regions.

La Cosa Nostra (LCN)[29] operates primarily in the New York/New Jersey and New England Regions, although members are active in at least 19 cities in 13 states, according to law enforcement reporting (see Map A7 in Appendix A). LCN members engage in numerous criminal activities, including wholesale distribution of high-potency marijuana and MDMA and, to a lesser extent, cocaine and heroin. LCN members facilitate drug smuggling through several major U.S. maritime POEs, have very close working relationships with Italian organized crime (IOC), and are increasingly working with Mexican DTOs. LCN members also work with midlevel and retail-level distribution groups and street gangs such as Latin Kings, OMGs such as Hells Angels Motorcycle Club, and independent dealers who distribute drugs in bars and clubs.

U.S.-based IOC—Sicilian Mafia, 'Ndrangheta, Camorra, and Sacra Corona Unita (Sacred Crown)—operate in at least 19 states, according to law enforcement reporting (see Map A7 in Appendix A). IOC members engage in myriad criminal activities, including assault, counterfeiting, extortion, fraud, money laundering, and drug trafficking. IOC members smuggle multi-ton quantities of marijuana and cocaine into the United States for distribution; they also smuggle lesser quantities of heroin and MDMA. IOC trafficking networks have been severely diminished by several successful law enforcement operations over the past 2 decades. Law enforcement reporting reveals that U.S.-based IOC, primarily Sicilian Mafia, is reestablishing its trafficking networks despite arrests, indictments, and convictions of high-ranking IOC members.

29. La Cosa Nostra, also known as the Mafia, consists of several family-based criminal groups that generally are organized geographically and engage in various racketeer crimes. The origins of La Cosa Nostra are rooted in Italian organized crime, and La Cosa Nostra groups cooperate in various criminal activities with Italy-based criminal groups.

Illicit Finance

Overview

Drug money laundering is a globalized industry. The majority of DTOs operating in the United States—including launderers working for Mexican and Colombian DTOs that are responsible for most wholesale-level drug trafficking—are transnational organizations with a presence in multiple countries around the world. Illicit transactions cross national borders through various traditional and emerging money laundering methods as drug proceeds are moved from U.S. market areas to foreign destinations.

Strategic Findings

- A priority of drug money launderers is to legitimize their drug proceeds by placing them into financial institutions, either in the United States or in foreign jurisdictions.
- Bulk cash smuggling is a prominent method used by traffickers to move drug proceeds from U.S. market areas to foreign destinations, particularly Mexico and Colombia.
- The Black Market Peso Exchange (BMPE) serves a significant role in Colombian money laundering operations. Further, some Colombian business owners benefit significantly from the BMPE system because they are able to purchase cheaper U.S. dollars than through legitimate exchange and because the system facilitates tax evasion for those business owners in Colombia.
- New financial products and technologies, many of which are Internet-based, present unique opportunities for money launderers and unprecedented challenges to the intelligence, law enforcement, and regulatory communities.

Financial institutions are vital in the money laundering process for both Mexican and Colombian DTOs. Bulk cash smuggling is relied upon to remove significant amounts of drug proceeds from the United States. Much of that illicit bulk cash is used to facilitate international BMPE transactions in which traffickers, peso brokers, and Colombian business owners all benefit. Emerging products and technologies that use Internet-based transactions enable globalization on an even larger scale, since international transactions are executed instantaneously.

Financial Institutions

A priority of drug money launderers is to legitimize their drug proceeds by placing them into financial institutions, either in the United States or in foreign jurisdictions. Many DTOs exploit the services provided by financial institutions to launder significant amounts of illicit drug proceeds, despite provisions in the USA PATRIOT Act that make laundering illicit money through bank and nonbank (money services businesses, or MSBs) financial institutions in the United States more difficult.

Structuring, or "smurfing,"[30] is a primary method used by traffickers to introduce drug proceeds into U.S. financial institutions. Although structuring is traditionally accomplished by teams of smurfs visiting multiple banks and making deposits, ATM (automated teller machine) deposits are also employed by traffickers. DTOs also use correspondent, "payable

30. Smurfing involves persons or teams of persons ("smurfs") who, acting in conjunction with or on behalf of other persons, structure financial transactions by conducting or attempting to conduct one or more transactions in currency, in any amount, at one or more financial institutions, on 1 or more days, in any manner, for the purpose of evading the reporting requirements under Title 31. "In any manner" includes but is not limited to the breaking down of a single sum of currency exceeding $10,000 into smaller sums, including sums at or below $10,000. The transaction or transactions need not exceed the $10,000 reporting threshold at any single financial institution on any single day in order to constitute structuring within the meaning of this definition.

through," and nested accounts to place funds in the U.S. financial system.[31]

Commercial casinos, which are classified as financial institutions and regulated by the Bank Secrecy Act (BSA)[32] are susceptible to money laundering and are used by criminal groups to launder illicit proceeds. Casinos are attractive venues for money laundering schemes because they offer many of the same financial services as banks, regularly process large volumes of cash, and enable money launderers to legitimize illicit proceeds by claiming them as gambling earnings.

Bulk Cash Smuggling

Bulk cash smuggling is a prominent method used by traffickers to move drug proceeds from U.S. market areas to foreign destinations, particularly Mexico and Colombia. NDIC estimates indicate that Mexican and Colombian DTOs generate, remove, and launder between $18 billion and $39 billion in wholesale drug proceeds annually,[33] a large portion of which is believed to be bulk-smuggled out of the United States at the Southwest Border. Further, significant amounts of bulk cash generated from the U.S. sale of Canada-produced drugs also cross the U.S.–Canada border into Canada. Canada-based DTOs primarily Asian DTOs, generate between $33.7 billion and $56.2 billion from drug sales in the United States annually, a majority of which is very likely smuggled across the U.S.–Canada border. The Akwesasne Territory, which straddles the U.S.–Canada border, is one of the most important corridors for bulk cash smuggling along the border.

Analysis of the volume of repatriated U.S. banknotes indicates significant bulk cash smuggling along the U.S.–Mexico border.[34] NDIC analysis shows that at least $17.2 billion in U.S. banknotes were transported to Mexico through illicit nonbank channels[35] over a 2-year period.[36] Similar analysis of banknotes repatriated from Canada does not indicate an excess of unexplained U.S. currency in Canada.

Black Market Peso Exchange

The BMPE serves a significant role in Colombian money laundering operations. Further, some Colombian business owners benefit significantly from the BMPE system because they are able to purchase cheaper U.S. dollars than through legitimate exchange and because the system facilitates tax evasion for those business owners in Colombia. The BMPE is a trade-based money laundering system in which Colombian

31. A correspondent account enables financial institutions to provide banking services, including interbank fund transfers, to one another. A "payable through" account at a U.S. bank involves a foreign bank that holds a checking account at the U.S. institution. The foreign bank can then issue checks to its customers, who are considered signatories, allowing them to write checks and wire funds through the U.S. account. A nested account involves the use of a foreign bank's correspondent account at a U.S. bank by other foreign banks, an action that provides these second-tier banks and their customers indirect access to the U.S. financial system and results in an exponential increase in the number of individuals having signatory authority over a single account at a U.S. bank.

32. A casino or a card club that is duly licensed or authorized to do business as such and has gross annual gaming revenue in excess of $1 million is a financial institution under the Bank Secrecy Act (BSA).

33. These figures were derived by multiplying the total quantity of Mexico- and Colombia-produced drugs available at the wholesale level in the United States by the wholesale prices for those drugs.

34. The term "repatriated" as used here refers to the process of returning U.S. banknotes held in foreign jurisdictions to the United States and, therefore, to the U.S. financial system through formal banking channels.

35. Currency moved through "illicit nonbank channels" refers specifically to cash proceeds of criminal activity that are physically transported to Mexico (without the services of traditional financial institutions) by criminal organizations for the purpose of laundering the funds. In order to estimate the amount of repatriated U.S. currency laundered in Mexico, currency transported to Mexico through illicit nonbank channels must be separated from legally earned currency transported through licit nonbank channels, such as currency carried into Mexico by tourists and migrant workers.

36. The $17.2 billion is based on analysis of 2003 to 2004 BSA data of U.S. banknotes purchased by U.S. financial institutions from Mexican financial institutions, the most recent data available to NDIC. There is no other evidence indicating that repatriation has decreased.

traffickers receive Colombian pesos in Colombia in exchange for their drug dollars located in the United States. Peso brokers traditionally facilitate this process by selling Colombian trafficker-owned U.S. drug dollars located in the United States at a discount to Colombian merchants seeking cheaper U.S. dollars, who use the funds to purchase goods, typically in Free Trade Zones.[37]

BMPE peso brokers continue to use structuring, wire remittances from domestic MSBs and other techniques to place drug proceeds into the U.S. financial system; however, enhanced U.S. anti-money laundering regulations have made it more difficult for brokers to do so. Consequently, peso brokers increasingly rely on financial institutions in foreign jurisdictions.

Since 2002,[38] DTOs and peso brokers have bulk-smuggled drug proceeds across the Southwest Border into Mexico for placement in Mexican financial institutions (banks, *casas de cambio*,[39] and *centros cambiarios*[40]) to facilitate the BMPE system. The illicit proceeds are used for international wire remittances to countries such as China, Panama, Taiwan, and the United States to purchase goods that are later sold on the black market in Colombia. However, increased U.S. and Mexican law enforcement actions against Mexican *casas de cambio* as well as increased U.S. banking industry scrutiny of such institutions may impact their use in facilitating international BMPE activity.

New Products and Technology

New financial products and technologies, many of which are Internet-based, present unique opportunities for money launderers and unprecedented challenges to the intelligence, law enforcement, and regulatory communities. Prepaid cards, digital currencies,[41] mobile payments, Internet gambling, and online games are not yet fully addressed by anti-money laundering regulations in many countries, including the United States; therefore, these products and technologies enable financial transactions to be conducted internationally with very little oversight and a high degree of anonymity.

Open-system prepaid cards are payment mechanisms that allow cardholders to access global credit and debit payment networks. The manner in which existing regulations apply to these financial products is unclear, and cardholders may use some of these products without forming a traditional accountholder relationship with a depository institution. This lack of an accountholder relationship could enable cardholders to anonymously transfer unlimited amounts of money across global payments networks.

37. Trust is a primary factor that fuels the BMPE. Colombian financial institutions share much of their account information with the Colombian Government. This practice creates a lack of trust between Colombian businessmen and traditional financial institutions because many businesspeople do not want government oversight of their financial/business activities. Unlike Colombian financial institutions, peso brokers do not maintain official records. In many cases the peso brokers are well known within the community and are close associates of the importer and his or her family. This association solidifies a trust between businesspeople and brokers, which traditional Colombian financial institutions lack. Income tax evasion is another primary motivation for Colombian businesspeople to use the services of a peso broker. Income tax in Colombia is based on net worth. Because peso broker transactions are anonymous and are not officially recorded, many Colombian businesspeople avoid high income taxes through the use of peso brokers.

38. The anti-money laundering regulations delineated in Title III, Subtitle B, of the USA PATRIOT Act, which was signed into law on October 26, 2001, have made it more difficult for drug traffickers and other criminal organizations to launder proceeds through many U.S. financial institutions, compelling these groups to circumvent regulated financial institutions as much as possible.

39. *Casas de cambio* are nonbank financial institutions (currency exchangers) that perform various financial services, including international wire remittances, and are highly regulated by the Mexican Government.

40. *Centros cambiarios* are nonbank financial institutions in Mexico that generally perform a variety of financial services, including currency exchange and money remittances. *Centros cambiarios* are often located with other businesses, such as grocery stores and pharmacies.

41. Digital currencies are privately owned online payment systems that facilitate international payments without use of the transmittal services of, or direct contact with, traditional financial institutions.

Digital currencies can be used by traffickers to anonymously fund digital currency accounts, send those funds (sometimes in unlimited amounts) to other digital currency accounts worldwide, and effectively exchange the funds for foreign currencies—often bypassing U.S. regulatory oversight.

The money laundering threat posed by mobile payments[42] corresponds to the financial services to which they allow access. Through the use of cell phones, most mobile payments provide traffickers access to existing payment mechanisms such as bank and credit card accounts and prepaid cards, allowing them to use financial services remotely. Further, mobile payments are particularly useful to traffickers when they facilitate payments using new products or technologies for which regulations are emerging or unclear.

Online role-playing games, also referred to as "Virtual Worlds," afford traffickers a number of unique money laundering opportunities. Many online games include an in-game currency that can be bought and exchanged for real currencies. Drug traffickers can legitimize their income through accounts established with online game companies in various ways, such as accepting virtual money in exchange for illicit drugs or buying and selling game items between multiple accounts controlled by them or their associates in a cyber version of trade-based money laundering.

42. Mobile payments are any payments activated or confirmed by a mobile device such as a cellular telephone.

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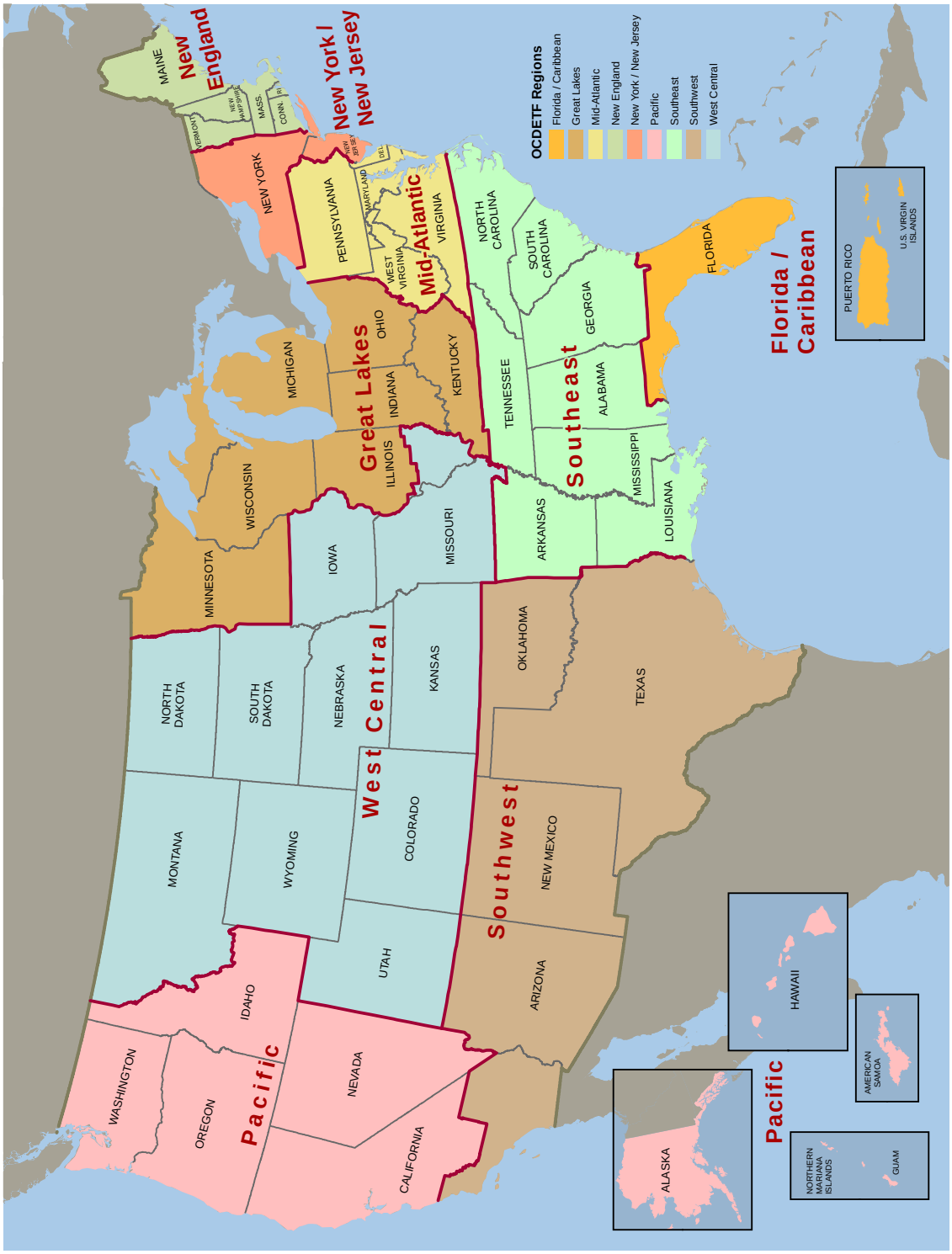
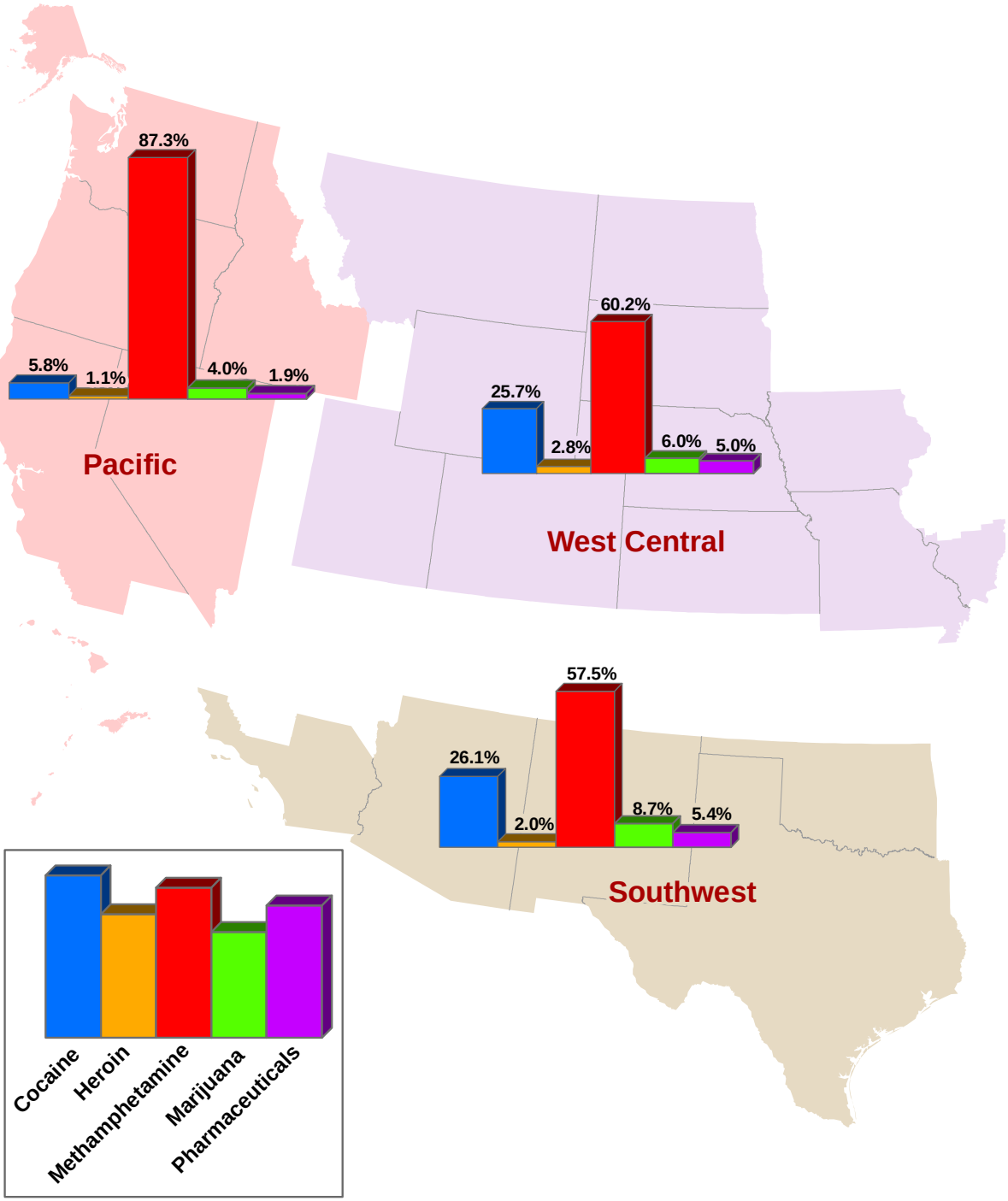
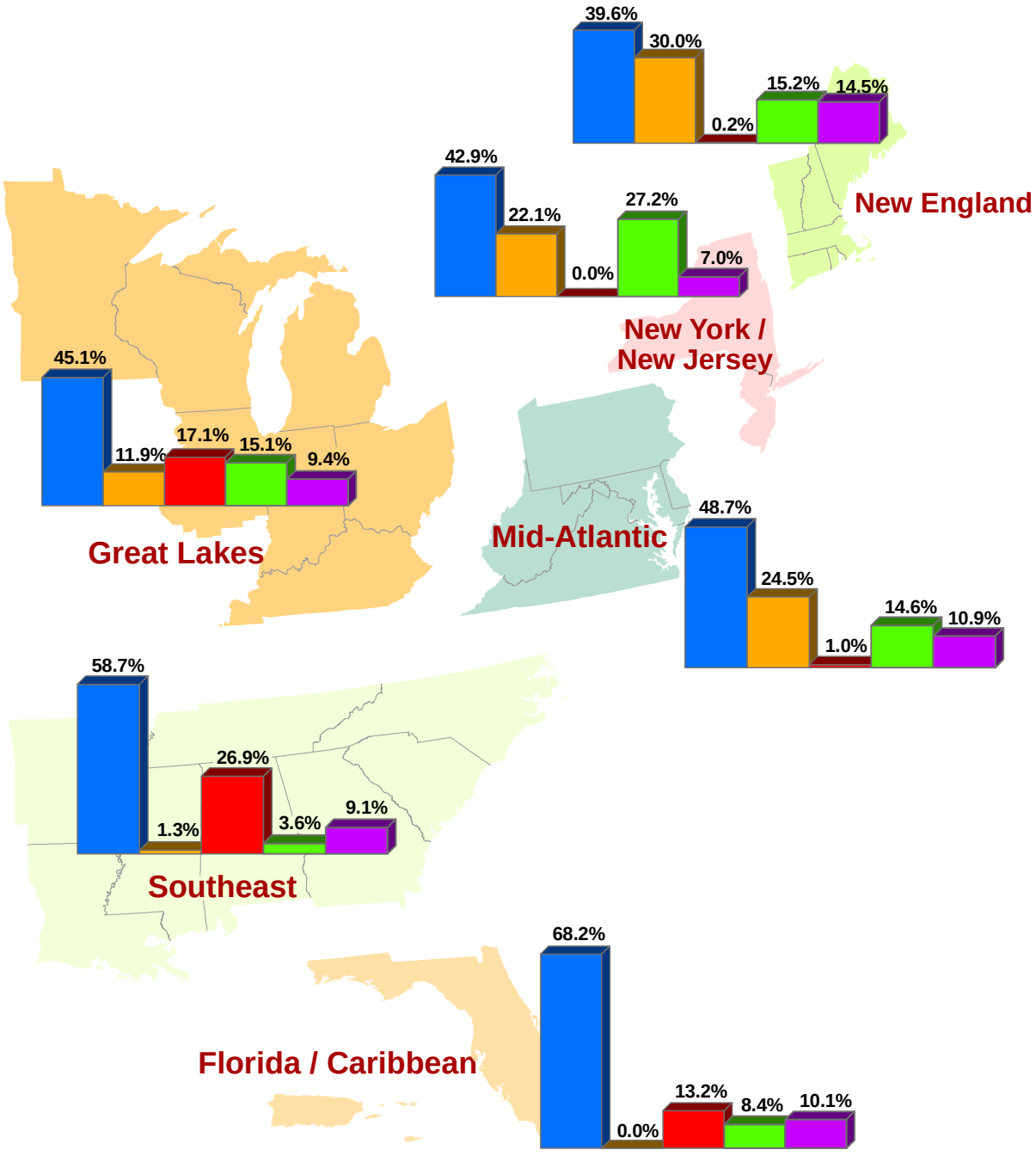
APPENDIX A. MAPS

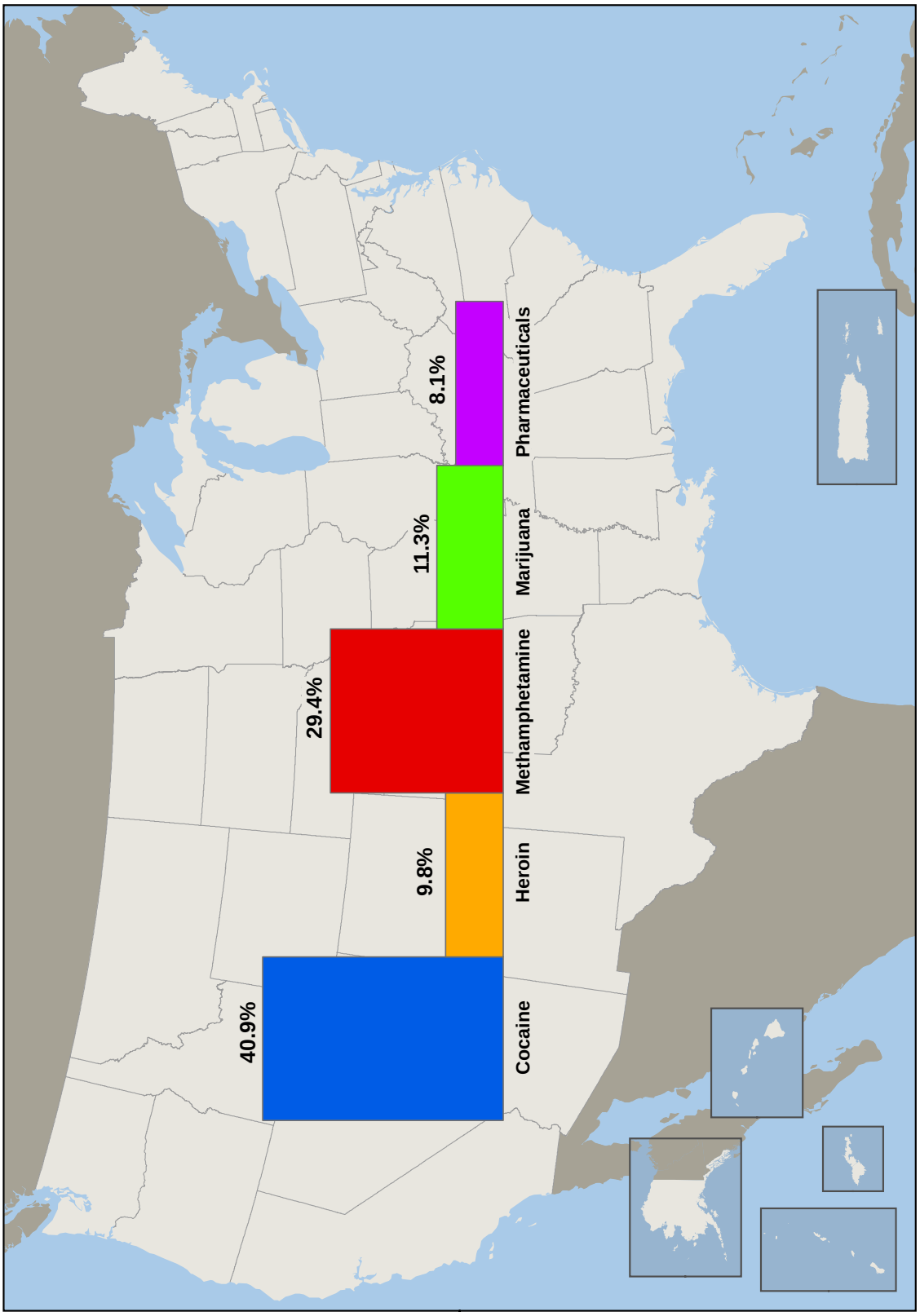


Map A1. Nine OCDETF Regions.

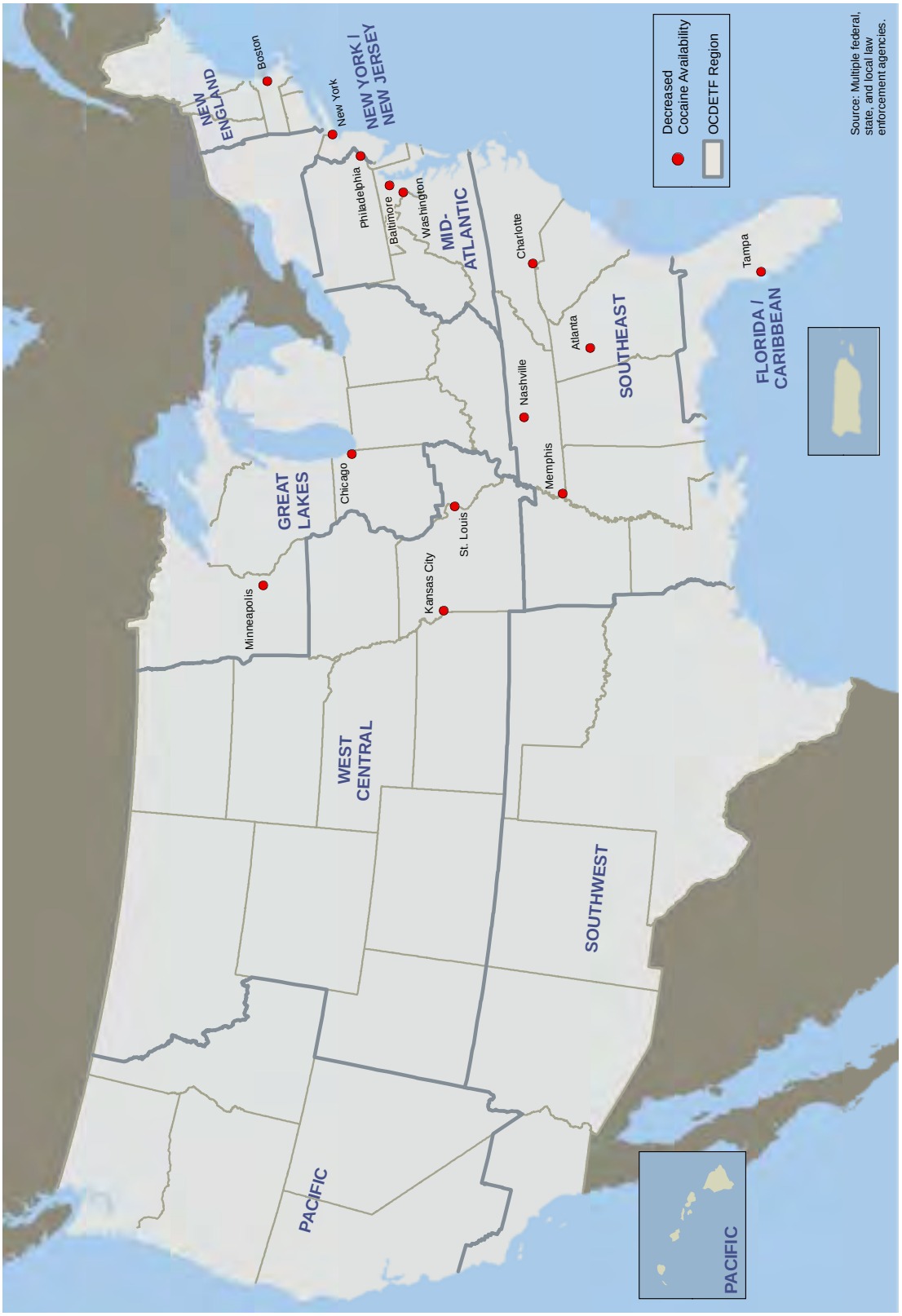
Map A2. NDTS 2008 greatest drug threat by region, as reported by state and local agencies.




39.6%
30.0%
0.2%
15.2%
14.5%
New England
42.9%
22.1%
0.0%
27.2%
7.0%
New York /
New Jersey
45.1%
11.9%
17.1%
15.1%
9.4%
Great Lakes
Mid-Atlantic
48.7%
24.5%
1.0%
14.6%
10.9%
58.7%
1.3%
26.9%
3.6%
9.1%
Southeast
68.2%
0.0%
13.2%
8.4%
10.1%
Florida / Caribbean



Map A3. NDTS 2008 greatest drug threat, as reported by state and local agencies.



Map A4. U.S. cities with decreased cocaine availability, first quarter 2008 versus 2006 levels, by OCDETF region, as reported by federal, state, and local law enforcement agencies.

Map A5. U.S. cities reporting the presence of Mexican DTOs, January 1, 2006, through September 30, 2008.


St. Cloud
Minneapolis
St. Paul
Sheboygan
Milwaukee
Kalamazoo
Detroit
Buffalo
Portland
Greenville
Boston
Albany
Fitchburg
Hartford
Providence
Newark
New York
Des Moines
Chicago
Joliet
Gary
Toledo
Cleveland
Youngstown
Akron
Canton
Pittsburgh
Philadelphia
Camden
Wilmington
Atlantic City
Fort Wayne
Indianapolis
Dayton
Columbus
Hamilton
Cincinnati
Frederick
Baltimore
Washington
Arlington
Greenbelt
Kansas City
Kansas City
St. Louis
East St. Louis
Louisville
Lexington
Richmond
Galax
Winston-Salem
Burlington
Durham
Wilson
Greensboro
Raleigh
Nashville
Knoxville
Asheville
Charlotte
Hendersonville
Tulsa
Fayetteville
Fort Smith
Little Rock
Memphis
Huntsville
Decatur
Albertville
Atlanta
Greenville
Florence
Columbia
Wilmington
Myrtle Beach
Charleston
Birmingham
Montgomery
Tyler
Shreveport
Jackson
Hattiesburg
Dothan
Jacksonville
Midway
Baton Rouge
Beaumont
Lafayette
Houston
Mobile
New Orleans
Orlando
Lakeland
Tampa
Fort Lauderdale
Miami
Source: Federal, state, and local law enforcement reporting January 1, 2006 through September 30, 2008.

Map A6. U.S. cities reporting the presence of Asian DTOs, January 1, 2006, through April 8, 2008.


St. Cloud
Minneapolis
Sioux City
Milwaukee
Chicago
Detroit
Buffalo
Cleveland
Youngstown
Pittsburgh
Scranton
Reading
Philadelphia
Newark
New York
Edison
Camden
Atlantic City
Baltimore
Arlington
Richmond
Durham
Charlotte
Medford
Dorchester
Boston
Hartford
Kansas City
St. Louis
Nashville
Tulsa
Fort Smith
Little Rock
Memphis
Huntsville
Atlanta
Dallas
Monroe
Shreveport
Hattiesburg
Mobile
Jacksonville
Lake Charles
Baton Rouge
New Orleans
Houston
Orlando
Tampa
Miami
Source: Federal, state, and local law enforcement reporting January 1, 2006 through April 8, 2008.

Map A7. U.S. cities reporting the presence of Colombian, Cuban, and Dominican DTOs; La Cosa Nostra; and Italian organized crime, January 1, 2006, through April 8, 2008.


Minneapolis
Albert Lea
Milwaukee
Chicago
Detroit
Toledo
Cleveland
Youngstown
Buffalo
Rochester
Pittsburgh
See Inset Map on Opposite Page
Dayton
Cincinnati
St. Joseph
Kansas City
Belton
St. Louis
Richmond
Norfolk
Greensboro
Watertown
Charlotte
Wilmington
Little Rock
Birmingham
Atlanta
Legend
Colombian
Cuban
Dominican
Italian OC
La Cosa Nostra
Jacksonville
Baton Rouge
Lake Charles
New Orleans
Houston
Gainesville
Orlando
Tampa
West Palm Beach
Palm Beach
Fort Lauderdale
Cape Coral
Fort Myers
Leight Acres
Miami
Key West
Source: Federal, state, and local law enforcement reporting January 1, 2006 through April 8, 2008.

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Appendix B. Tables

Table B1. Federal Drug-Related Arrests, United States, 2003–2008*

Drug	2003	2004	2005	2006	2007	2008*
Cocaine	10,951	12,222	12,114	7,608	12,104	5,584
Marijuana	6,216	6,252	5,599	5,039	5,700	2,544
Heroin	2,169	2,534	2,141	2,109	2,116	1,203
Methamphetamine	6,055	5,893	6,090	2,597	5,144	2,104
MDMA	1,023	937	764	690	593	285
GHB	10	20	19	2	25	4
LSD	21	25	8	25	21	9
PCP	117	67	57	60	78	17
Steroids	65	95	57	25	152	33
Oxycodone	27	137	236	237	356	284
Hydrocodone	17	111	186	242	209	135
Hydromorphone	28	28	11	12	11	7
Benzodiazepines	27	23	26	30	38	12
Methylphenidate	1	1	2	4	3	2

Source: Drug Enforcement Administration.

*Data are for January through June 2008.

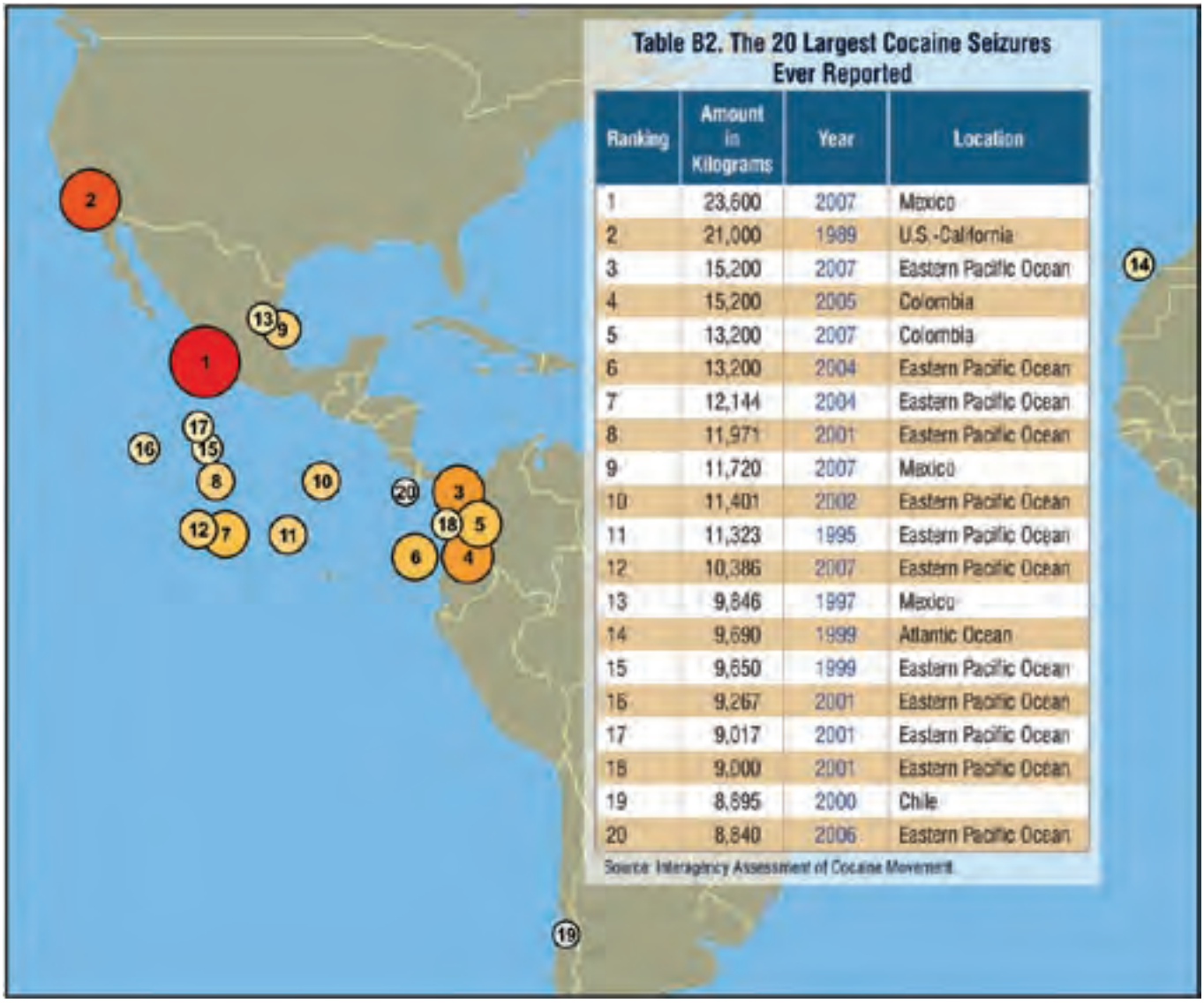

Table B2. The 20 Largest Cocaine Seizures Ever Reported

Ranking	Amount in Kilograms	Year	Location
1	23,600	2007	Mexico
2	21,000	1989	U.S.-California
3	15,200	2007	Eastern Pacific Ocean
4	15,200	2005	Colombia
5	13,200	2007	Colombia
6	13,200	2004	Eastern Pacific Ocean
7	12,144	2004	Eastern Pacific Ocean
8	11,971	2001	Eastern Pacific Ocean
9	11,720	2007	Mexico
10	11,401	2002	Eastern Pacific Ocean
11	11,323	1995	Eastern Pacific Ocean
12	10,386	2007	Eastern Pacific Ocean
13	9,846	1997	Mexico
14	9,690	1999	Atlantic Ocean
15	9,650	1999	Eastern Pacific Ocean
16	9,267	2001	Eastern Pacific Ocean
17	9,017	2001	Eastern Pacific Ocean
18	9,000	2001	Eastern Pacific Ocean
19	8,695	2000	Chile
20	8,640	2006	Eastern Pacific Ocean

Source: Interagency Assessment of Cocaine Movement

Table B3. Cocaine Availability Indicators in 51 Key Regional Markets

City	Law Enforcement Reporting			DAWN Live!		Quest	
	Availability 2008 Q1 vs 2007 Q4	Availability 2008 Q1 vs 2006 Levels	Prices/kg 2008 Q1 vs 2006 Levels	ED Visits 2008 Q1 vs 2007 Q4	ED Visits 2008 Q1 vs 2005–6 Q Average	Workplace Positives 2008 Q1 vs 2007 Q4	Workplace Positives 2008 Q1 vs 2005–6 Q Average
Albuquerque	NC	N	N	NA	NA	Insufficient	Insufficient
Atlanta	CDA	L	↑	NA	NA	0.3%	-28.7%
Baltimore	CDA	L	↑	NA	NA	8.0%	-31.9%
Birmingham	NC	N	N	NA	NA	Insufficient	-42.0%
Boise	CIA	H	N	NA	NA	Insufficient	Insufficient
Boston	CDA	L	↑	3.4%	-3.1%	-27.7%	-43.0%
Buffalo	I	N	N	NA	NA	-10.0%	-28.3%
Charlotte	CDA	L	N	NA	NA	-10.9%	-13.1%
Chicago	CDA	L	↑	-3.3%	-9.3%	-18.3%	-39.4%
Cincinnati	I	N	↑	NA	NA	-3.3%	-53.5%
Cleveland	I	N	N	NA	NA	-7.8%	-50.1%
Columbus	I	N	N	NA	NA	-21.1%	-40.4%
Dallas	NC	N	↑	NA	NA	7.9%	-15.0%
Denver	NC	N	↑	-14.2%	-24.0%	-15.9%	-27.1%
Detroit	I	N	N	-0.4%	-15.2%	-7.3%	-47.0%
El Paso	I	N	↑	NA	NA	Insufficient	Insufficient
Honolulu	NC	N	N	NA	NA	Insufficient	Insufficient
Houston	NC	N	↑	-1.0%	-6.6%	9.0%	-31.9%
Indianapolis	NC	N	N	NA	NA	23.4%	-31.9%
Jacksonville	NC	N	N	NA	NA	-29.2%	-47.6%
Kansas City	CDA	L	↑	NA	NA	-19.9%	-24.9%
Las Vegas	NC	N	N	NA	NA	-17.5%	-24.0%
Little Rock	NC	N	N	NA	NA	Insufficient	Insufficient
Los Angeles	I	N	N	NA	NA	-2.7%	-27.8%
Louisville	I	N	N	NA	NA	Insufficient	Insufficient
Memphis	CDA	L	↑	NA	NA	14.4%	-30.4%
Miami	NC	N	N	-8.4%	-19.2%	-2.8%	-32.4%
Milwaukee	I	N	N	NA	NA	Insufficient	11.7%
Minneapolis	CDA	L	N	10.4%	-12.8%	-30.6%	-28.9%
Nashville	CDA	L	↑	NA	NA	-18.7%	-50.5%
New Orleans	NC	N	N	8.7%	-22.4%	-2.3%	-13.1%

(Table continued from previous page.)

Table B3. Cocaine Availability Indicators in 51 Key Regional Markets

City	Law Enforcement Reporting			DAWN Live!		Quest	
	Availability 2008 Q1 vs 2007 Q4	Availability 2008 Q1 vs 2006 Levels	Prices/kg 2008 Q1 vs 2006 Levels	ED Visits 2008 Q1 vs 2007 Q4	ED Visits 2008 Q1 vs 2005–6 Q Average	Workplace Positives 2008 Q1 vs 2007 Q4	Workplace Positives 2008 Q1 vs 2005–6 Q Average
New York City	CDA	L	↑	-6.2%	-12.5%	-20.0%	-33.9%
Oakland	NC	N	N	3.7%	17.9%	-28.5%	-40.4%
Oklahoma City	NC	N	N	NA	NA	-1.7%	2.6%
Omaha	CIA	H	N	NA	NA	Insufficient	Insufficient
Philadelphia	D	L	↑	NA	NA	-14.6%	-40.4%
Phoenix	NC	N	↑	-0.7%	-2.7%	2.7%	-24.3%
Pittsburgh	I	N	N	NA	NA	-16.4%	-38.0%
Portland	CIA	H	N	NA	NA	12.5%	-17.2%
Sacramento	CIA	H	N	NA	NA	-16.4%	-2.0%
Salt Lake City	CIA	H	↑	NA	NA	-24.1%	-33.4%
San Antonio	NC	N	N	NA	NA	-0.9%	-47.4%
San Diego	NC	N	N	7.5%	-4.4%	-7.1%	-40.9%
San Francisco	NC	N	N	0.4%	6.2%	-28.5%	-40.4%
San Juan	NC	N	N	NA	NA	Insufficient	Insufficient
Seattle	D	N	N	-9.0%	-4.2%	19.4%	-14.1%
St. Louis	CDA	L	↑	NA	NA	-15.1%	-35.3%
Tampa	CDA	L	N	NA	NA	2.6%	-37.8%
Tucson	I	N	N	NA	NA	-1.9%	-43.7%
Virginia Beach	NC	N	↑	NA	NA	-44.0%	-62.2%
Washington, D.C.	CDA	L	↑	NA	NA	-7.9%	-36.4%

D = Decrease
L = Lower Than Previous Year's Levels
CDA = Continued Decreased Availability
I = Increase
H = Higher Than Previous Year's Levels
CIA = Continued Increased Availability
↑ = Higher Than 2006 Level
N = No Difference From Previous Year's Levels
NA = Not Available
NC = No Change

Source: Law enforcement reporting; DAWN *Live!*; Quest Diagnostics Incorporated.
Note: Differences that are not statistically significant are shown in black.

Table B4. Percentage of Drug-Related ED Visits Attributed to Cocaine, by DAWN City

	2005–2006 Quarterly Average	1Q07	2Q07	3Q07	4Q07	1Q08
Boston	17.2%	18.0%	15.7%	16.6%	16.1%	16.7%
Chicago	27.4%	28.3%	27.0%	25.5%	25.7%	24.8%
Denver	18.7%	17.9%	15.6%	16.5%	16.5%	14.2%
Detroit	24.6%	24.1%	24.1%	22.1%	20.9%	20.9%
Houston	25.5%	26.0%	23.2%	23.3%	24.1%	23.9%
Miami	37.7%	37.7%	35.2%	34.3%	33.3%	30.5%
Minneapolis	16.0%	13.3%	13.2%	12.0%	12.6%	14.0%
New Orleans	19.3%	18.3%	13.6%	15.4%	13.8%	15.0%
New York City	27.3%	28.3%	26.1%	25.3%	25.5%	23.9%
Oakland	24.6%	25.5%	23.5%	26.1%	27.9%	28.9%
Phoenix	11.5%	12.7%	12.5%	13.8%	11.3%	11.2%
San Diego	6.9%	7.7%	6.5%	5.8%	6.1%	6.6%
San Francisco	24.2%	24.8%	24.6%	23.5%	25.6%	25.7%
Seattle	21.3%	22.4%	22.1%	20.9%	22.4%	20.4%

— Quarterly cocaine ED visit percentage was below 2005–2006 quarterly average.
— Quarterly cocaine ED visit percentage was above 2005–2006 quarterly average.

Source: DAWN *Live!*

Table B5. Cities Where Wholesale Methamphetamine Price Increases Were Reported December 2006 to June 2008

City, State	December 2006	December 2007	June 2008
Anchorage, AK	$7,000-20,000/lb	$10,000-20,000/lb	$15,000-20,000/lb
Fresno, CA	$7,500-9,000/lb	$18,000-21,500/lb	$18,500-25,000/lb
Los Angeles, CA	$8,000-2,000/lb	$15,000-18,000/lb	$16,500-19,500/lb
Sacramento, CA	$8,000-14,000/lb	$16,000-19,000/lb	$18,000-21,000/lb
San Francisco, CA	$8,000-12,000/lb	$7,000-12,500/lb	$18,000-20,000/lb
Colorado Springs, CO	$5,000-6,000/lb	$14,000-16,000/lb	$22,000-24,000/lb
Denver, CO	$13,000/lb	$16,000-20,000/lb	$24,000/lb
Tampa, FL	$14,000-18,000/lb	$14,000-18,000/lb	$18,000-20,000/lb
Atlanta, GA	$8,000-16,000/lb	$12,000-19,000/lb	$14,000-25,000/lb
Columbus, GA	Not Reported	$14,000/lb	$14,000-25,000/lb
Honolulu, HI	$20,000-30,000/lb	$20,000-45,000/lb	$25,000-50,000/lb
Bismarck, ND	$22,000/lb	$22,000/lb	$24,000-26,000/lb
Portland, OR	$8,000-12,000/lb	$10,000-14,000/lb	$17,000-21,000/lb
Seattle, WA	$6,000-14,000/lb	$12,000-14,000/lb	$10,000-18,000/lb

Source: Federal, state, and local law enforcement reporting.

Table B6. Trends in Percentage of Past Year Drug Use, 2003–2007

	2003	2004	2005	2006	2007
Cocaine (any form)					
Individuals (12 and older)	2.5	2.4	2.3	2.5	2.3
Adolescents (12-17)	1.8	1.6	1.7	1.6	1.5
Adults (18-25)	6.6	6.6	6.9	6.9	6.4
Adults (26 and older)	1.9	1.7	1.5	1.8	1.7
Crack					
Individuals (12 and older)	0.6	0.5	0.6	0.6	0.6
Adolescents (12-17)	0.4	0.3	0.2	0.3	0.3
Adults (18-25)	0.9	0.8	1.0	0.9	0.8
Adults (26 and older)	0.6	0.5	0.5	0.6	0.6
Heroin					
Individuals (12 and older)	0.1	0.2	0.2	0.2	0.1
Adolescents (12-17)	0.1	0.2	0.1	0.1	0.1
Adults (18-25)	0.3	0.4	0.5	0.4	0.4
Adults (26 and older)	0.1	0.1	0.1	0.2	0.1
Marijuana					
Individuals (12 and older)	10.6	10.6	10.4	10.3	10.1
Adolescents (12-17)	15.0	14.5	13.3	13.2	12.5
Adults (18-25)	28.5	27.8	28.0	28.0	27.5
Adults (26 and older)	6.9	7.0	6.9	6.8	6.8
Methamphetamine					
Individuals (12 and older)	0.7	0.8	0.7	0.8	0.5
Adolescents (12-17)	0.7	0.7	0.7	0.7	0.5
Adults (18-25)	1.9	1.9	1.8	1.7	1.2
Adults (26 and older)	0.5	0.6	0.5	0.6	0.4
Prescription Narcotics					
Individuals (12 and older)	4.9	4.7	4.9	5.1	5.0
Adolescents (12-17)	7.7	7.4	6.9	7.2	6.7
Adults (18-25)	12.0	11.9	12.4	12.4	12.1
Adults (26 and older)	3.3	3.0	3.3	3.6	3.6
LSD					
Individuals (12 and older)	0.2	0.2	0.2	0.3	0.3
Adolescents (12-17)	0.6	0.6	0.6	0.4	0.5
Adults (18-25)	1.1	1.0	1.0	1.2	1.1
Adults (26 and older)	0.0	0.1	0.0	0.1	0.1

(Table continued from previous page.)

Table B6. Trends in Percentage of Past Year Drug Use, 2003–2007

	2003	2004	2005	2006	2007
MDMA					
Individuals (12 and older)	0.9	0.8	0.8	0.9	0.9
Adolescents (12-17)	1.3	1.2	1.0	1.2	1.3
Adults (18-25)	3.7	3.1	3.1	3.8	3.5
Adults (26 and older)	0.3	0.3	0.4	0.3	0.3
PCP					
Individuals (12 and older)	0.1	0.1	0.1	0.1	0.1
Adolescents (12-17)	0.4	0.3	0.3	0.2	0.2
Adults (18-25)	0.4	0.3	0.2	0.2	0.2
Adults (26 and older)	0.0	0.0	0.0	0.0	0.0

Source: National Survey on Drug Use and Health.

Table B7. Adolescent Trends in Percentage of Past Year Drug Use, 2003–2007

	2003	2004	2005	2006	2007
Cocaine (any form)					
8th Grade	2.2	2.0	2.2	2.0	2.0
10th Grade	3.3	3.7	3.5	3.2	3.4
12th Grade	4.8	5.3	5.1	5.7	5.2
Crack					
8th Grade	1.6	1.3	1.4	1.3	1.3
10th Grade	1.6	1.7	1.7	1.3	1.3
12th Grade	2.2	2.3	1.9	2.1	1.9
Heroin					
8th Grade	0.9	1.0	0.8	0.8	0.8
10th Grade	0.7	0.9	0.9	0.9	0.8
12th Grade	0.8	0.9	0.8	0.8	0.9
Marijuana					
8th Grade	12.8	11.8	12.2	11.7	10.3
10th Grade	28.2	27.5	26.6	25.2	24.6
12th Grade	34.9	34.3	33.6	31.5	31.7
Methamphetamine					
8th Grade	2.5	1.5	1.8	1.8	1.1
10th Grade	3.3	3.0	2.9	1.8	1.6
12th Grade	3.2	3.4	2.5	2.5	1.7
MDMA					
8th Grade	2.1	1.7	1.7	1.4	1.5
10th Grade	3.0	2.4	2.6	2.8	3.5
12th Grade	4.5	4.0	3.0	4.1	4.5
Prescription Narcotics					
8th Grade	NA	NA	NA	NA	NA
10th Grade	NA	NA	NA	NA	NA
12th Grade	9.3	9.5	9.0	9.0	9.2
Sedatives/Barbiturates					
8th Grade	NA	NA	NA	NA	NA
10th Grade	NA	NA	NA	NA	NA
12th Grade	6.0	6.5	7.2	6.6	6.2
Tranquilizers					
8th Grade	NA	NA	NA	2.6	2.4
10th Grade	NA	NA	NA	5.2	5.3

(Table continued from previous page.)

Table B7. Adolescent Trends in Percentage of Past Year Drug Use, 2003–2007

	2003	2004	2005	2006	2007
12th Grade	6.7	7.3	6.8	6.6	6.2
GHB					
8th Grade	0.9	0.7	0.5	0.8	0.7
10th Grade	1.4	0.8	0.8	0.7	0.6
12th Grade	1.4	2.0	1.1	1.1	0.9
Inhalants					
8th Grade	8.7	9.6	9.5	9.1	8.3
10th Grade	5.4	5.9	6.0	6.5	6.6
12th Grade	3.9	4.2	5.0	4.5	3.7
LSD					
8th Grade	1.3	1.1	1.2	0.9	1.1
10th Grade	1.7	1.6	1.5	1.7	1.9
12th Grade	1.9	2.2	1.8	1.7	2.1
PCP					
8th Grade	NA	NA	NA	NA	NA
10th Grade	NA	NA	NA	NA	NA
12th Grade	1.3	0.7	1.3	0.7	0.9

Source: Monitoring the Future.

NA–Not available

Table B8. Admissions to Publicly Funded Treatment Facilities, by Primary Substance, 2002–2006

	2002	2003	2004	2005	2006
Cocaine	245,686	254,660	263,294	261,436	250,135
Heroin	286,219	273,963	264,466	256,751	247,710
Marijuana	289,220	291,668	307,429	297,226	289,988
Methamphetamine	102,908	114,631	126,701	152,698	149,415
Barbiturates	1,549	1,337	1,348	1,362	989
Other opiates/synthetics	46,138	52,877	64,682	68,942	74,750
Tranquilizers	8,295	8,164	8,804	8,170	8,011

Source: Treatment Episode Data Set 2006.

Table B9. Potential Worldwide Heroin Production, in Metric Tons, 2002–2006

	2002	2003	2004	2005	2006
Afghanistan	150.0	337.0	582.0	526.6	664.0
Burma	60.0	46.0	31.5	36.0	22.0
Mexico	6.8	11.9	8.6	8.0	12.7
Colombia	8.5	7.8	3.8	*	4.6
Pakistan	0.5	5.2	NA	3.8	4.2
Laos	17.0	19.0	5.0	2.7	1.0
Vietnam	1.0	NA	NA	NA	0.0
Thailand	0.9	NA	NA	NA	NA
Guatemala	NA	NA	1.4	0.4	NA
Total	**244.7**	**426.9**	**632.3**	**577.5**	**708.5**

Source: Crime and Narcotics Center.

*CNC did not report an estimate for Colombia in 2005.

NA–Not available

Appendix C. Scope and Methodology

The *National Drug Threat Assessment 2009* is a comprehensive assessment of the threat posed to the United States by the trafficking and abuse of illicit drugs. It was prepared through detailed analysis of the most recent law enforcement, intelligence, and public health data available to NDIC through the date of publication.

The *National Drug Threat Assessment 2009* includes information provided by 3,049 state and local law enforcement agencies through the NDIC National Drug Threat Survey 2008. State and local law enforcement agencies also provided information through personal interviews with NDIC Field Program Specialists, a nationwide network of law enforcement professionals assembled by NDIC to promote information sharing among federal, state, and local law enforcement agencies.

This report addresses the trafficking and use of primary substances of abuse as well as the laundering of proceeds generated through illicit drug sales. It also addresses the role that DTOs and organized gangs serve in domestic drug trafficking. Major substances of abuse are discussed in terms of their availability, production and cultivation, transportation, distribution, and demand. Drug trends are also identified and addressed for each OCDETF region.

Availability. To evaluate the availability of illicit drugs, analysts considered quantitative information on seizures, investigations, arrests, law enforcement surveys, laboratory analyses, drug purity or potency, and price. Qualitative data, such as the subjective views of individual agencies on availability and the relationship between individual drugs and crime, particularly violent crime, also were considered.

Production and Cultivation. To evaluate illicit drug production and cultivation, analysts considered accepted interagency estimates. Qualitative information pertaining to the presence and level of domestic and foreign activity, general trends in production or cultivation levels, involvement of organized criminal groups, toxicity and other related safety hazards, environmental effects, and associated criminal activity were also considered.

Transportation. To evaluate illicit drug transportation, analysts evaluated interagency estimates of the amounts of specific drugs destined for U.S. markets, involvement of organized criminal groups, smuggling and transportation methods, and indicators of changes in smuggling and transportation methods.

Distribution. The evaluation of illicit drug distribution was mostly qualitative. Analysts considered the extent to which specific drugs are distributed nationally, regionally, and in principal distribution centers based on law enforcement reporting. Also considered were qualitative data pertaining to the involvement of organized criminal groups, including their involvement in wholesale, midlevel, and retail distribution.[43]

Demand. The evaluation of the domestic demand for illicit drugs was based on accepted interagency estimates and data captured in national substance abuse indicators. Quantitative and qualitative information that was evaluated include the estimated number of total users, prevalence of drug use among various age groups, emergency department information, and admissions to treatment facilities. The differing methodologies applied by national substance abuse indicators, as well as their inherent limitations, were considered and addressed in assessing domestic drug demand.

43. In this assessment, wholesale distribution refers to the level at which drugs are purchased directly from a source of supply and sold, typically to midlevel distributors, in pound, kilogram, or multiunit quantities. Midlevel distribution refers to the level at which drugs are purchased directly from wholesalers in pound, kilogram, or multiunit quantities and sold in smaller quantities to other midlevel distributors or to retail distributors. Retail distribution refers to the level at which drugs are sold directly to users.

NDTS data used in this report do not imply that there is only one drug threat per state or region or that only one drug is available per state or region. A percentage given for a state or region represents the proportion of state and local law enforcement agencies in that state or region that identified a particular drug as their greatest threat or as available at low, moderate, or high levels. This assessment breaks the country into nine regions as shown in Map A1 on page 53. For representation of survey data by regions, see Map A2 on pages 54 and 55.

Sources

Numerous state and local law enforcement agencies throughout the United States provided valuable input to this report through their participation in the National Drug Threat Survey and interviews with NDIC Field Program Specialists. These agencies were too numerous to thank individually.

Canada Border Services Agency

Central Intelligence Agency
Crime and Narcotics Center

Coalition Against Insurance Fraud

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Office of National Drug Control Policy
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  - Michigan
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  - Milwaukee
  - Nevada
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  - New York/New Jersey
  - Northern California
  - North Florida
  - North Texas
  - Northwest
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  - South Florida
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Federal Reserve Bank of Chicago

Money Laundering Alert

National Alliance of Gang Investigators Associations

National Association of Counties

National Center on Addiction and Substance Abuse
Columbia University

Partnership Attitude Tracking Study

Quest Diagnostics, Incorporated

Royal Canadian Mounted Police

United Nations International Narcotics Control Board

U.S. Department of Agriculture
Forest Service
- National Forest System

U.S. Department of Commerce
U.S. Census Bureau

U.S. Department of Defense
Defense Intelligence Agency
Joint Interagency Task Force/West
Joint Task Force
Naval Criminal Investigative Service
U.S. Air Force
U.S. Army
- National Guard Bureau

U.S. Department of Health and Human Services
Centers for Disease Control and Prevention
Indian Health Services
National Institutes of Health
- National Institute on Drug Abuse
  - Community Epidemiology Work Group
  - Monitoring the Future
  - University of Mississippi
    - Potency Monitoring Project

Substance Abuse and Mental Health Services Administration
- Drug Abuse Warning Network
- National Survey on Drug Use and Health
- Treatment Episode Data Set

U.S. Food and Drug Administration

U.S. Department of Homeland Security
Federal Law Enforcement Training Center
U.S. Coast Guard
- Maritime Intelligence Center

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- Border Patrol Intelligence Center

U.S. Immigration and Customs Enforcement

U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives
Bureau of Justice Assistance
- Middle Atlantic–Great Lakes Organized Crime Law Enforcement Network
- Mid-States Organized Crime Information Center
- New England State Police Information Network
- Regional Information Sharing Systems
- Regional Organized Crime Information Center
- Rocky Mountain Information Network
- Western States Information Network

Criminal Division
- Organized Crime Drug Enforcement Task Force

Drug Enforcement Administration
- Atlanta Field Division
- Boston Field Division
- Caribbean Field Division
- Chicago Field Division
- Cocaine Signature Program
- Dallas Field Division
- Denver Field Division
- Detroit Field Division
- Domestic Cannabis Eradication/Suppression Program
- Domestic Monitor Program
- El Paso Field Division
- El Paso Intelligence Center
  - National Seizure System
- Federal-Wide Drug Seizure System
- Heroin Domestic Monitor Program
- Heroin Signature Program
- Houston Field Division
- Los Angeles Field Division
- Miami Field Division
- National Forensic Laboratory Information System
- Newark Field Division
- New Orleans Field Division
- New York Field Division
- Office of Diversion Control
- Philadelphia Field Division
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- San Diego Field Division
- San Francisco Field Division
- Seattle Field Division
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Office of Justice Programs
Office of Juvenile Justice and Delinquency Prevention
National Youth Gang Center
U.S. Marshals Service

U.S. Department of State

Embassy Guatemala
International Narcotics Control Strategy Report

U.S. Department of the Interior

Bureau of Indian Affairs
Office of Law Enforcement Services

U.S. Department of the Treasury

Financial Crimes Enforcement Network
Internal Revenue Service
Criminal Investigation Division

U.S. Government Accountability Office

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U.S. Sentencing Commission

World Health Organization

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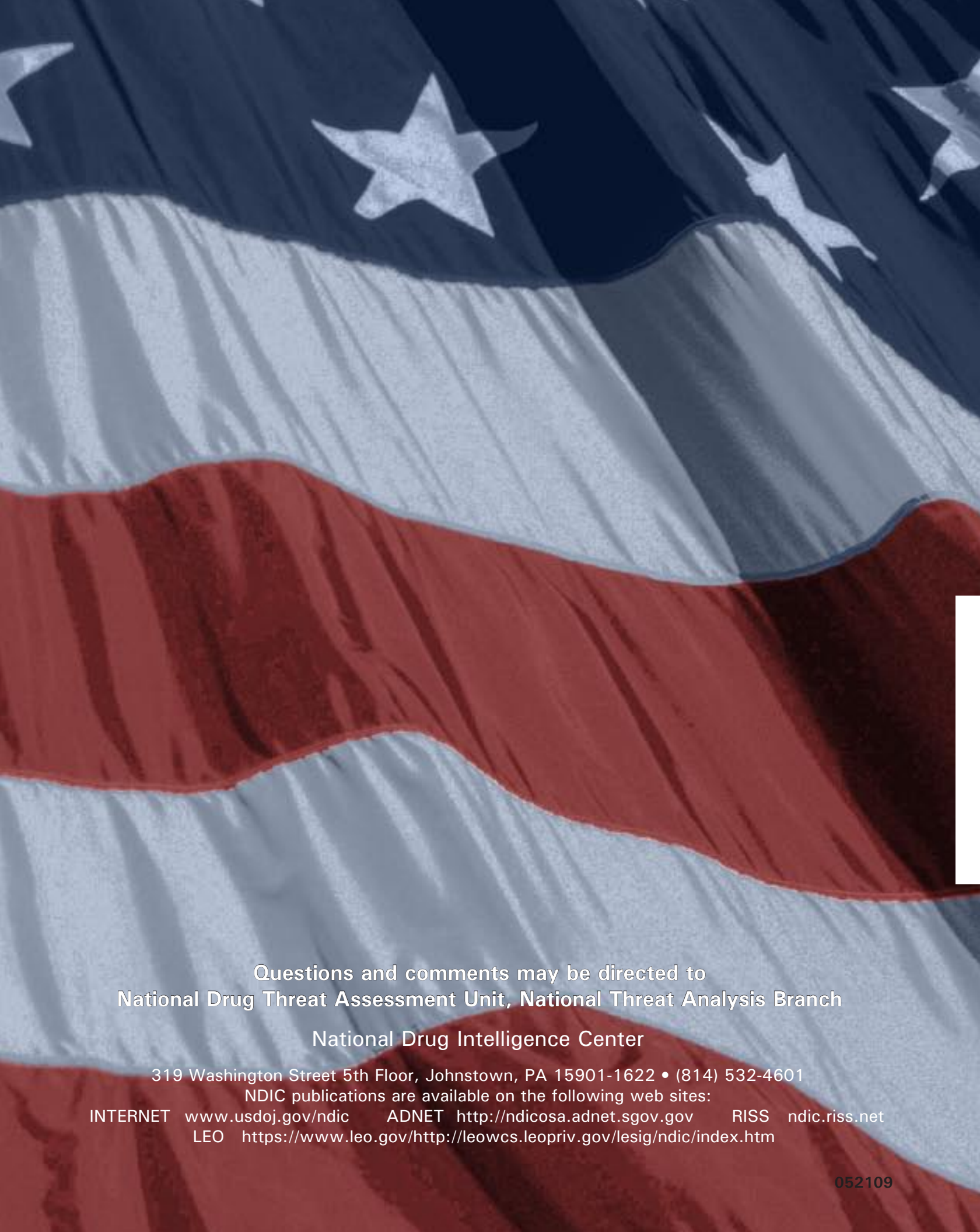

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