



**Drug Market Analysis**

**2008**

**Lake County**

**High Intensity Drug Trafficking Area**



**NATIONAL DRUG INTELLIGENCE CENTER**

**U.S. DEPARTMENT OF JUSTICE**







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# Lake County High Intensity Drug Trafficking Area



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



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# PREFACE

This assessment provides a strategic overview of the illicit drug situation in the Lake County High Intensity Drug Trafficking Area (HIDTA), highlighting significant trends and law enforcement concerns related to the trafficking and abuse of illicit drugs. The report was prepared through detailed analysis of recent law enforcement reporting, information obtained through interviews with law enforcement and public health officials, and available statistical data. The report is designed to provide policymakers, resource planners, and law enforcement officials with a focused discussion of key drug issues and developments facing the Lake County HIDTA.



Figure 1. Lake County High Intensity Drug Trafficking Area.



### STRATEGIC DRUG THREAT DEVELOPMENTS

- Heroin availability and distribution of the drug by street gangs have increased in the Lake County HIDTA region. Heroin abusers, particularly young Caucasians from affluent suburban areas in the region and neighboring Porter County, often travel to the region to purchase heroin. Street gangs are operating open-air heroin markets near off-ramps of major exits on Interstate 80/94 in Gary to accommodate out-of-town heroin abusers who purchase the drug.
- The availability of MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy) is increasing in the region. Law enforcement officials in the region report increased retail-level distribution of MDMA by street gangs.
- Methadone diversion is increasing in the Lake County HIDTA region and is most likely the result of increased prescribing of the drug by physicians to manage pain and a number of methadone clinics located in the county.
- Law enforcement officials in the Lake County HIDTA region report increases in seizures of assault-style firearms from drug-involved subjects. The availability of these weapons increases the threat of violence posed to law enforcement and the public in the Lake County HIDTA region.
- Violent confrontations among street gangs in the Lake County HIDTA continue; however, members of different—and sometimes rival—gangs are working together in drug distribution operations. These gang members, or “renegades,” set aside gang affiliation for the expectation of high profits from cooperative drug operations.

### HIDTA OVERVIEW

The Lake County HIDTA region consists of Lake County, located in northwestern Indiana adjacent to the Chicago metropolitan area, and has a diverse demographic and socioeconomic composition. (See Figure 1 on page 1.) The northern tier of the county includes the three largest cities—Gary, Hammond, and East Chicago. These cities have relatively high crime rates, significantly low median household incomes, and declining urban environments of abandoned factories and buildings. High levels of drug distribution and abuse take place in the northern tier of the county. Conversely, the southern half of Lake County and neighboring Porter County contain affluent cities and rural communities that have lower crime rates, higher median household incomes, and commercial and residential development. Abusers in southern Lake County and Porter County typically travel to northern tier cities or to Chicago to purchase cocaine, heroin, and marijuana.

Several major highways (Interstates 65, 80/94, and 90) intersect in Lake County and are frequently used by traffickers to transport illicit drugs into and through the region from Chicago, as well as directly from Mexico through the Southwest Border. Mexican drug trafficking organizations (DTOs) are the primary transporters of large shipments of cocaine, heroin, marijuana, and methamphetamine from Mexico into and through the region, often en route to drug markets in the Great Lakes, Mid-Atlantic, Northeast, and Southeast Regions of the United States.

Metropolitan areas in the HIDTA region, particularly Gary, Hammond, and East Chicago, experience high levels of drug distribution and abuse along with gang- and drug-related crime. Costs associated with drug-related criminal activity and drug treatment services are straining limited local law enforcement and healthcare resources. Street gang members, many of whom are associated with gangs in Chicago, control most retail drug distribution in the region and are ultimately responsible for high levels of crime. Lake County



gang members also contribute to violent crime in other cities such as Chicago, Detroit, and Milwaukee by supplying firearms to criminal associates in those cities.

## **DRUG THREAT OVERVIEW**

Cocaine, particularly crack, poses the greatest drug threat to the Lake County HIDTA region. Mexican DTOs transport wholesale quantities of cocaine to the HIDTA region from Mexico, the Southwest Border, and Chicago. In addition, street gangs from Chicago supply gang members and independent dealers in the Lake County HIDTA region with large quantities of powder cocaine, most of which is converted to crack and distributed locally. In the fourth quarter of 2007 and first quarter of 2008, law enforcement officials in the HIDTA region reported decreased cocaine availability coupled with increased prices. Cocaine shortages were attributed, in part, to successful law enforcement operations in Mexico and large seizures of the drug by law enforcement. Street gangs in the HIDTA region, particularly those in northern tier cities, engage in violent criminal activity to protect their drug supplies, distribution territories, and illicit drug proceeds.

Heroin availability in the Lake County HIDTA region is increasing. Law enforcement officials in the region report that heroin is more available and more widely distributed by street gangs than in previous years. Mexican traffickers dominate the transportation and wholesale distribution of heroin in the HIDTA region. Most of the heroin available in the HIDTA region is South American (SA); however, other types, including Southeast Asian (SEA), Southwest Asian (SWA), and Mexican black tar and brown powder are also available. Heroin abusers, particularly young Caucasians from affluent suburban areas in the region and in neighboring Porter County, often travel to northern tier cities or Chicago to purchase heroin. For example, street gangs in Gary

operate open-air heroin markets near off-ramps of exits along Interstate 80/94 to accommodate out-of-town heroin abusers who regularly purchase the drug.

Marijuana, particularly commercial-grade Mexican marijuana, is the most widely available and abused illicit drug in Lake County. Mexican DTOs typically transport marijuana to the region from locations along the Southwest Border and from Chicago, often in multiton quantities using private vehicles and tractor-trailers. Street gangs and independent dealers are the principal retail marijuana distributors in the region. High-potency marijuana is not commonly available; however, law enforcement officials in the region report that the demand for and availability of high-potency marijuana are increasing.

The availability and abuse of methamphetamine, MDMA, and diverted pharmaceutical drugs vary throughout the region. Methamphetamine availability and abuse occur at low levels in Lake County. Local powder methamphetamine production is limited; some ice methamphetamine is transported through the region by Mexican DTOs for distribution in midwestern markets. Law enforcement officials in the region report increased availability of MDMA. African American and Hispanic street gangs, typically supplied by Canada-based Asian traffickers, are the primary retail-level distributors of MDMA in Lake County. The availability of diverted pharmaceutical drugs such as hydrocodone, Xanax, and oxycodone remains stable at moderate levels; however, law enforcement officials report that the diversion of methadone is increasing in the Lake County HIDTA region. Investigators attribute increased methadone diversion primarily to the overprescribing of the drug by physicians for pain management; some patients sell the methadone and others have it stolen from them by family members or associates. Methadone is also diverted by patients who receive treatment at local methadone clinics.



# DRUG TRAFFICKING ORGANIZATIONS

Mexican DTOs based in Chicago and Lake County pose the greatest organized drug trafficking threat to the Lake County HIDTA region. Chicago-based Mexican DTOs have expanded their illicit drug operations into Lake County, using commercial and residential buildings in the county for the storage and transshipment of large quantities of cocaine and marijuana and smaller quantities of heroin and methamphetamine destined for drug markets in the Great Lakes, Mid-Atlantic, Northeast, and Southeast Regions of the United States. Mexican traffickers based in Lake County, particularly in East Chicago and Hammond, also transport wholesale quantities of illicit drugs to the HIDTA region from locations along the Southwest Border and from Chicago.

### Drug Trafficking Organizations, Criminal Groups, and Gangs

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

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

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

Mexican DTOs and other trafficking groups based in Chicago supply street gangs and independent dealers in Lake County with wholesale quantities of cocaine, heroin, and marijuana for local distribution. Lake County distributors often travel the short distance to Chicago to purchase

their illicit drug supplies. Colombian DTOs in Chicago supply cocaine and SA heroin; oftentimes they contract with Mexican traffickers to smuggle these drugs to the region on their behalf. Asian, Albanian, and Caucasian traffickers in Chicago supply local distributors with wholesale quantities of high-potency Canadian marijuana and MDMA. Nigerian and other West African traffickers are the primary suppliers of limited quantities of SWA and SEA heroin available in the region; they smuggle multiounce quantities of heroin into Chicago through package delivery services and couriers on commercial airlines.

African American and Hispanic street gang members are the primary retail distributors of illicit drugs in metropolitan areas of the HIDTA region, specifically Gary, Hammond, and East Chicago. Street gangs such as Gangster Disciples, Latin Kings, Imperial Gangsters, and Vice Lords obtain wholesale amounts of powder cocaine, heroin, and marijuana from Mexican DTOs operating in Lake County and in Chicago. Distribution of crack cocaine, marijuana, and heroin is the principle source of income for Lake County street gang members.

Street gang drug operations in Lake County vary in their degree of organization and sophistication. Most Lake County gangs are composed of independent dealers who maintain neighborhood gang affiliations and operate in an unorganized and unstructured environment. The most organized gangs in Lake County are Hispanic gangs located in East Chicago, where some have been linked directly to DTOs in Mexico. East Chicago gangs often operate as midlevel suppliers to other gangs operating in Lake County. Moreover, the use of electronic communication and countersurveillance techniques is more common among street gangs in East Chicago than in other areas of the region. For example, in 2007 the East Chicago Police Department discovered several audio and video surveillance systems at drug houses in the city.

Lake County street gangs, which include approximately 2,500 members, also have ties to Chicago-based street gangs. For example, Chicago

street gangs supply Lake County street gangs with illicit drugs for distribution. Law enforcement authorities report that street gangs in Lake County are not controlled by Chicago-based street gang members; however, gang membership facilitates the distribution of illicit drugs through gang networks. These associations have been strengthened by the razing of several Chicago public housing projects, resulting in the relocation of some Chicago street gang members to Lake County.

### **Illiana Regional Gang Task Force**

Street gangs operating in Lake County and Chicago historically have used the Indiana-Illinois state line to their advantage to thwart police efforts to counter gang- and drug-related criminal activity. Gang members have exploited jurisdictional boundaries to insulate themselves from detection, apprehension, and prosecution for their crimes. In 2007 the Chicago Police Department, along with local, county, state, and federal law enforcement agencies on both sides of the Indiana-Illinois state line, initiated the Illiana Regional Gang Task Force in a concerted effort to coordinate resources, share intelligence, and create a communications network to combat gang crime and related drug trafficking operations. The initiative quickly developed into a full-time regional gang task force that eliminated many of the jurisdictional barriers faced by local law enforcement agencies. Strategic planning, teamwork, information sharing, and aggressive enforcement actions of the Illiana Regional Gang Task Force are having a positive impact on the gang problem in the Lake County HIDTA region.

## **PRODUCTION**

Illicit drug production in Lake County is limited to crack conversion, small indoor cannabis grow operations and, to a much lesser extent, methamphetamine production. Drug traffickers typically transport powder cocaine in large quantities to Lake County in order to avoid stronger

federal criminal penalties associated with crack cocaine trafficking. Once in Lake County, street gang members convert powder cocaine into crack, primarily near distribution sites in metropolitan areas. Law enforcement officials report that small indoor cannabis grow operations, typically maintained for personal use, are occasionally seized in the Lake County HIDTA region; however, several large-scale outdoor cultivation sites were seized on public lands in neighboring Cook County, Illinois, in 2007. Methamphetamine production in the Lake County HIDTA region is very limited and is typically confined to rural areas in southern half of the county. According to National Seizure System (NSS) data, six methamphetamine laboratories were seized in Lake County during the past 5 years; only one laboratory was seized in 2007.

## **TRANSPORTATION**

Lake County's highly developed highway infrastructure and proximity to Chicago, a national-level distribution center for cocaine, heroin, and marijuana, make it an ideal transportation and transshipment center for illicit drugs. Millions of tons of commercial truck freight and more than one million commercial and passenger vehicles transit the HIDTA region each week. Highly organized Mexican DTOs use independent commercial trucks and private vehicles to transport multihundred-kilogram quantities of cocaine and marijuana and multikilogram quantities of heroin and methamphetamine, often concealed in hidden compartments and commingled in shipments of legitimate goods, from locations along the Southwest Border and from Chicago into and through Lake County. Mexican DTOs increasingly transport polydrug shipments of cocaine, marijuana, and heroin into the Lake County HIDTA region for distribution to markets throughout the eastern United States. Although some quantities of illicit drugs are offloaded in Lake County for local distribution, most are destined for other drug markets. For example, 25 pounds of ice methamphetamine destined for Chicago from Indianapolis, Indiana, were seized by the Lake County Drug Task Force



on Interstate 65 in Lake County in March 2008. The ice methamphetamine was concealed inside a hidden compartment of a private vehicle driven by a Mexican male who was accompanied by his wife and three children.

### DISTRIBUTION

Mexican DTOs dominate wholesale cocaine and marijuana distribution in the Lake County HIDTA region. Mexican DTOs supply street gang members and independent dealers in Chicago and Lake County. Wholesale quantities of cocaine and marijuana are generally stored in and distributed from the region; wholesale quantities of heroin and methamphetamine are generally not available in Lake County. Heroin abusers and distributors typically travel to Chicago to obtain smaller quantities of the drug. However, law enforcement officials report that the availability of heroin in Lake County is increasing. Wholesale quantities of illicit drugs entering Lake County are generally quickly offloaded and distributed to midlevel dealers and street gang members. Law enforcement officials report that wholesale quantities of cocaine and marijuana are often transported by Mexican DTOs in tractor-trailers into the HIDTA region; these shipments are typically delivered to warehouses or remote sites where they are unloaded and quickly distributed to multiple drug traffickers.

Street gang members and independent dealers are the primary retail drug distributors in the Lake County HIDTA region. Open-air drug distribution markets are typically located in the metropolitan areas of Gary, Hammond, and East Chicago. In response to law enforcement initiatives targeting open-air drug markets, street gangs continually change the locations where they conduct illicit drug transactions. Some of these open-air markets are located near off-ramps of exits along Interstate 80/94 to accommodate out-of-town heroin abusers who regularly purchase the drug. Additionally, street gangs conduct countersurveillance on law enforcement and take precautions to avoid exposing themselves to law enforcement investigations.

For example, street gang members often utilize multiple cell phones, typically prepaid and push-to-talk phones, to conduct drug transactions.

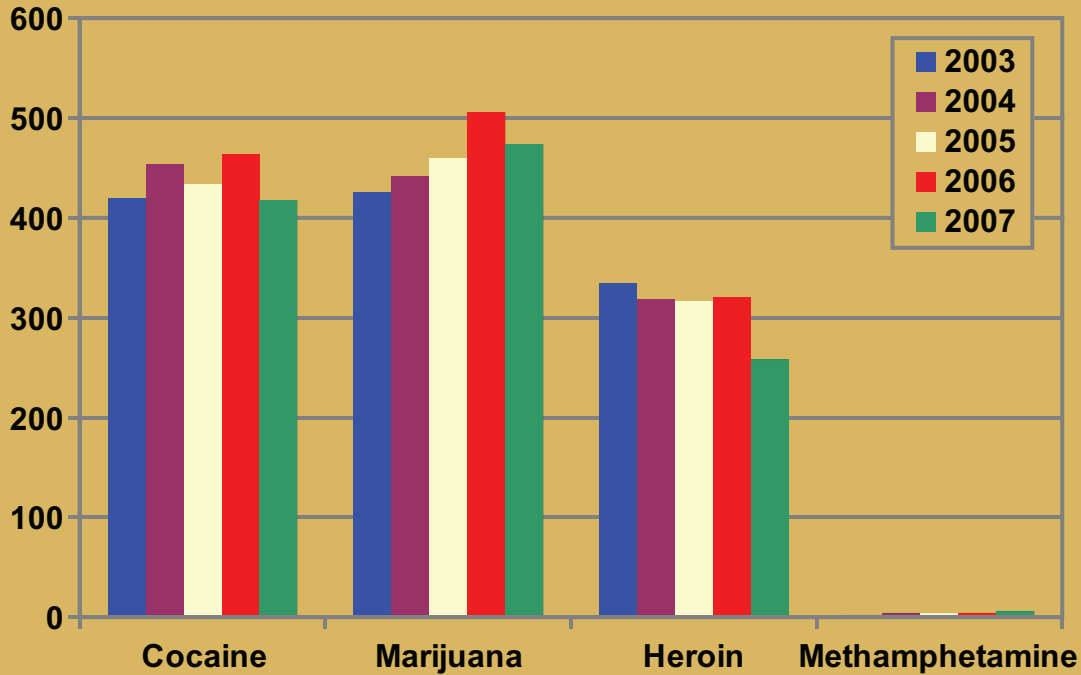
### DRUG-RELATED CRIME

High levels of violent and property crime in the Lake County HIDTA region are associated with drug distribution and abuse, particularly in metropolitan areas. The criminal activities of street gangs in the HIDTA region typically extend beyond their drug distribution operations and include violent crimes and property crimes. The relocation of some Chicago gang members as a result of the razing of Chicago public housing developments has contributed to the high level of gang- and drug-related crime in the area. Gary is one of the most violent cities in the nation and has one of highest per capita homicide rates in the United States.

Violent street gangs such as Gangster Disciples, Imperial Gangsters, Vice Lords, and Latin Kings are the principal retail drug distributors in Gary, Hammond, and East Chicago; members routinely engage in violent acts in furtherance of their drug distribution operations. Street gang members commit homicide, kidnapping, robbery, home invasions, and assaults in the HIDTA region. Drug-related violence in the area often results from disputes between street gang members vying for control of drug distribution territories or drug and money “rip-offs” of dealers or buyers. Nonetheless, law enforcement officials in the region report that members of different—and sometimes rival—gangs engage in joint drug distribution operations. These gang members, or “renegades,” more frequently set aside gang affiliation for the expectation of high profits from cooperative drug operations.

Gang members in Lake County and many other jurisdictions rely upon firearms to establish and maintain control of drug markets and to protect their drug supplies and proceeds from rival gang members. Semiautomatic handguns are the

**Figure 2. Individuals Receiving Services, Hoosier Assurance Plan, by Drug, Lake County, 2003–2007**



Source: Indiana Family and Social Services Administration Department of Mental Health and Addiction Community Services Data System.

weapon of choice among gang members; however, law enforcement officials in the Lake County HIDTA region report increases in seizures of assault-type firearms.

Street gang members in Lake County often obtain firearms in Indiana, where gun control laws are much less stringent than those in the surrounding states. They often supply these firearms to gang members and associates in Chicago, Detroit, and Milwaukee, contributing to violent crime in those cities. Additionally, street gang members from Illinois, Michigan, and Wisconsin sometimes recruit Indiana residents or have their associates obtain Indiana residency for the sole purpose of making straw purchases of firearms from gun stores and gun shows in the state. Firearms obtained in Indiana can be sold at a premium because it is more difficult to make these purchases in neighboring states. For example, guns obtained through straw purchases in Indiana are typically sold in Illinois for three times the retail price.

## ABUSE

Marijuana is the most widely abused illicit drug in the Lake County HIDTA region. However, the abuse of cocaine and heroin poses a more significant concern to public health and law enforcement officials because cocaine and heroin are more addictive than marijuana, cost more to treat in publicly funded facilities, and are more commonly associated with violent and property crime. According to the Indiana Family and Social Services Administration Department of Mental Health and Addiction (DMHA), approximately 50 percent of the individuals who received treatment in Lake County through the Hoosier Assurance Plan (HAP)<sup>1</sup> in 2007 did so for illicit drug abuse. (See Figure 2.) Of these individuals, approximately

1. The Hoosier Assurance Plan (HAP) is a mental health services plan funded by the state of Indiana to provide mental health and addiction services to low-income individuals in the state.



41 percent reported marijuana as their primary substance of abuse; 36 percent reported the same for cocaine, and 22 percent reported heroin. More importantly, of the total number of individuals statewide who reported heroin as their primary substance of abuse (509), over 50 percent (258) received treatment in Lake County. Less than 1 percent of individuals seeking treatment reported methamphetamine as their primary substance of abuse. The total number of individuals receiving services for drug abuse through HAP has remained stable for the last 5 years.

Drug use rates among adolescents in the Northwest Region of Indiana (Lake, Jasper, Newton, Porter, Pulaski, and Starke Counties) are significantly higher than statewide rates. According to 2007 survey data from the Indiana Prevention Resource Center, twelfth grade students in the region report higher rates of lifetime, annual, and monthly use of marijuana, cocaine, heroin, and MDMA than do their peers statewide. In fact, the reported lifetime, annual, and monthly use rates of cocaine, heroin, and MDMA by twelfth grade students were higher in the Northwest Region than in each of the other seven regions in the state.

### ILLCIT FINANCE

Drug traffickers in the Lake County HIDTA region launder illicit funds generated by drug sales through a variety of methods. Bulk cash smuggling is the primary method used by Mexican traffickers to move drug proceeds from the HIDTA region to Mexico. Bulk cash is often transported to Chicago for consolidation and concealment in hidden compartments of private and commercial vehicles for eventual transportation to the Southwest Border and Mexico. Money services businesses (MSBs) such as money remitters and check-cashing firms are plentiful in Lake County and are often used by Mexican DTOs to launder drug proceeds. These businesses allow customers to move proceeds outside the United States with relative anonymity in amounts below the threshold set by the Bank Secrecy Act (BSA). Mexican DTOs also purchase

small, cash-based businesses, such as restaurants and used car lots; they use these businesses to commingle illicit proceeds with legitimate funds. Street gang members and independent dealers launder drug proceeds through the purchase of small cash-based businesses, luxury items, and real estate. In addition, Lake County has four riverboat casinos, where drug traffickers use illicit proceeds to gamble. Traffickers purchase casino chips and later cash them out, reporting the proceeds as winnings and making them appear legitimate.

### OUTLOOK

Increasing heroin availability in the Lake County HIDTA region will most likely lead to a rise in heroin abuse, particularly among young Caucasians from affluent areas of Lake County and neighboring Porter County. As a result, the significant consequences associated with heroin abuse—including crime and treatment costs—will increase in the HIDTA region, enhancing the threat posed by the drug. If heroin abuse continues to expand in areas outside the Lake County HIDTA region, the number of individuals traveling to the area to purchase heroin will most likely grow.

Increases in the availability of MDMA and the demand for high-potency marijuana will most likely continue in the near term. Street gangs operating in the Lake County HIDTA region will quite likely seek these drugs from Chicago distributors or Canada-based Asian DTOs. Consequently, MDMA and high-potency marijuana abuse will most likely increase and expand to new user groups, particularly African American and Hispanic communities where street gangs operate.

Without more stringent methadone regulation in Indiana, the diversion of methadone will very likely expand in the Lake County HIDTA region. The rising availability of methadone in Lake County will quite likely result in an increase in the number of overdoses and higher treatment costs.

## SOURCES

### Local, State, and Regional

Chicago Police Department  
East Chicago Police Department  
Gary Police Department  
    Narcotics & Vice Unit  
Hammond Police Department  
Highland Police Department  
Indiana Family and Social Services Administration  
    Department of Mental Health and Addiction  
    Community Services Data System  
Indiana State Police  
Indiana University Bloomington  
    Indiana Prevention Resource Center  
Lake County Sheriff's Department  
    Lake County Drug Task Force  
Porter County Drug Task Force  
Schererville Police Department

### Federal

Executive Office of the President  
    Office of National Drug Control Policy  
        Lake County High Intensity Drug Trafficking Area  
        Firearms Interdiction Regional Enforcement  
        Gang Response Investigative Team  
        Lake County Combined Task Force  
        Lake County Intelligence Support Center  
U.S. Department of Justice  
    Bureau of Alcohol, Tobacco, Firearms and Explosives  
    Drug Enforcement Administration  
        El Paso Intelligence Center  
        National Seizure System  
        Merrillville Regional Office  
Federal Bureau of Investigation  
    Merrillville Resident Agency



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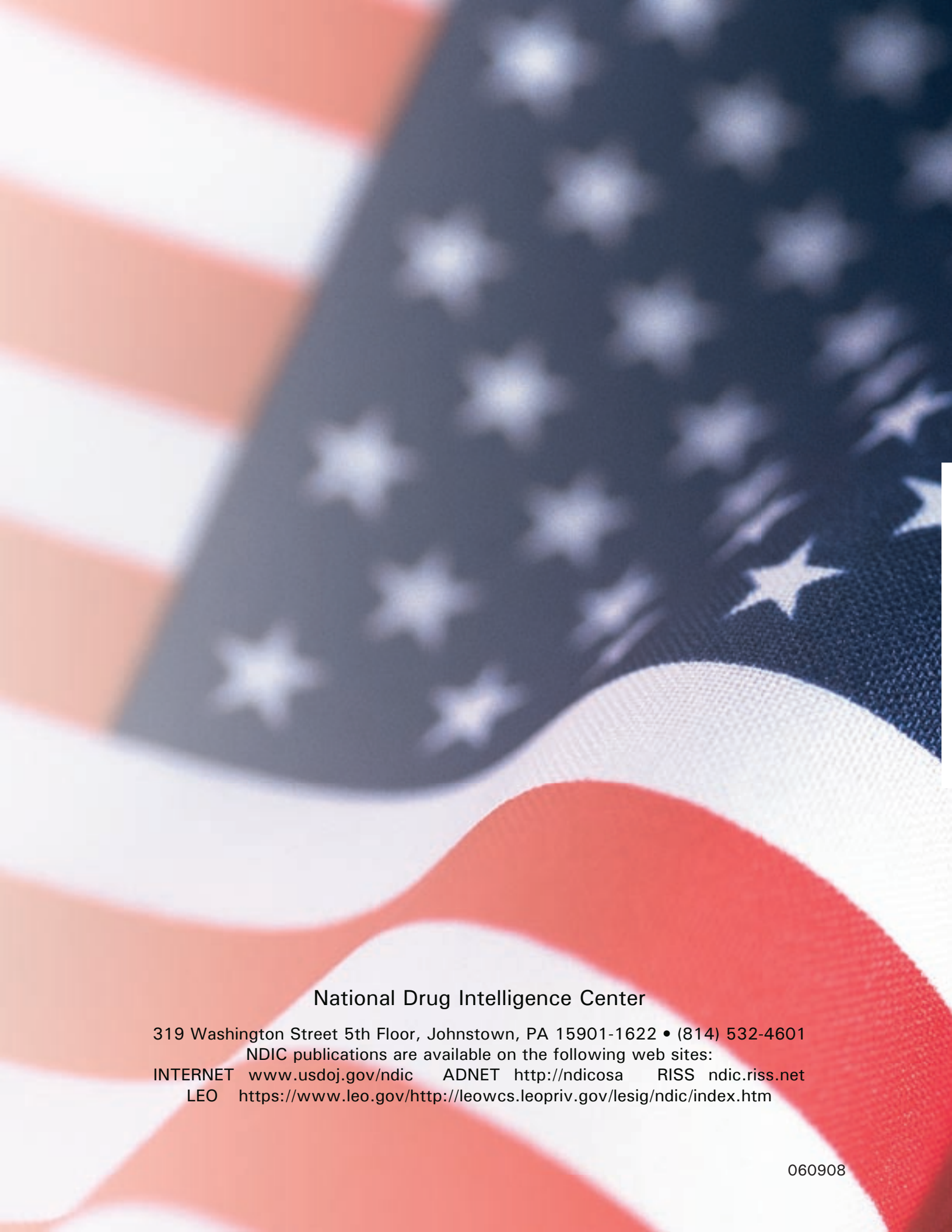


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