



Drug Market Analysis

2008

Appalachia

High Intensity Drug Trafficking Area



NATIONAL DRUG INTELLIGENCE CENTER
U.S. DEPARTMENT OF JUSTICE





Drug Market Analysis

2008

Appalachia High Intensity Drug Trafficking Area



NATIONAL DRUG INTELLIGENCE CENTER
U.S. DEPARTMENT OF JUSTICE



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.



National Drug Intelligence Center

This page intentionally left blank.

TABLE OF CONTENTS

Preface	1
Strategic Drug Threat Developments	2
HIDTA Overview	2
Drug Threat Overview	3
Drug Trafficking Organizations	5
Production.....	6
Transportation	8
Distribution	9
Drug-Related Crime.....	10
Abuse.....	10
Illicit Finance.....	11
Outlook.....	11
Appendix A. Tables	13
Sources.....	17



National Drug Intelligence Center

This page intentionally left blank.



STRATEGIC DRUG THREAT DEVELOPMENTS

- Late frosts and severe drought conditions throughout the southeastern United States in 2007 caused a sharp decrease in the amount of cannabis cultivated and available for eradication in the Appalachia HIDTA region. Prior to 2007, the region consistently sustained high levels of outdoor cannabis cultivation, usually aided by a favorable growing climate and the presence of well-organized drug trafficking organizations (DTOs) and criminal groups.
- Indoor cannabis cultivation is limited throughout most of the Appalachia HIDTA region. Nonetheless, many marijuana producers are beginning to relocate their operations to indoor sites to avoid vigorous outdoor cannabis eradication efforts by law enforcement officials in the region and in an attempt to attain a higher profit margin—higher-potency marijuana produced from indoor grow sites typically yields higher prices.
- The number of methamphetamine laboratory seizures in the Appalachia HIDTA region decreased significantly between 2006 and 2007, indicating a decline in local methamphetamine production. The decrease appears to be continuing in 2008.
- Heroin availability and abuse, while low, are rising in the Appalachia HIDTA region, particularly among young Caucasians who had previously abused prescription narcotics. Law enforcement officials attribute the increase to an increasing supply of Mexican heroin that is being transported to the region from nearby drug markets, such as Columbus, Ohio, and the relatively low cost of heroin throughout the region.¹

1. The Ohio High Intensity Drug Trafficking Area (HIDTA) reports that Columbus has emerged as a regional distribution center for Mexican brown powder and black tar heroin supplied to markets throughout much of Ohio as well as West Virginia and western Pennsylvania.

HIDTA OVERVIEW

The Appalachia HIDTA consists of 71 counties in Kentucky, Tennessee, and West Virginia.² The HIDTA was established in 1998 and originally encompassed 68 counties. In February 2008 the Office of National Drug Control Policy (ONDCP) announced the designation of three additional counties to the HIDTA region—Letcher County, Kentucky, and Hamilton and Washington Counties, Tennessee. (See Figure 1 on page 1.) According to Appalachia HIDTA officials, Letcher County was added to the region because of the significant amount of cannabis cultivation that occurs in the county, while Hamilton and Washington Counties were added because of the extensive polydrug distribution that traffickers undertake in the counties.

High levels of outdoor cannabis cultivation typically occur in the Appalachia HIDTA region, usually aided by favorable growing climates and the presence of well-organized DTOs and criminal groups. However, late frosts and severe drought conditions throughout the southeastern United States in 2007 caused a sharp decrease in the amount of cannabis cultivated and eradicated in the Appalachia HIDTA region during the year. Appalachia HIDTA officials also report that fluctuations in the number of cannabis plants eradicated each year are frequently the result of available eradication assets and not necessarily indicative of a change in the amount of cannabis cultivated in the region. Domestic Cannabis Eradication/Suppression Program (DCE/SP) data for 2007 indicate that 93 percent (6,135,560 of 6,599,381) of outdoor cannabis plants eradicated in the United

2. The Appalachia HIDTA is composed of the following 71 counties: (Kentucky) Adair, Bell, Breathitt, Clay, Clinton, Cumberland, Floyd, Harlan, Jackson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Magoffin, Marion, McCreary, Monroe, Owsley, Perry, Pike, Pulaski, Rockcastle, Taylor, Warren, Wayne, and Whitley; (Tennessee) Bledsoe, Campbell, Claiborne, Clay, Cocke, Cumberland, Fentress, Franklin, Grainger, Greene, Grundy, Hamblen, Hamilton, Hancock, Hawkins, Jackson, Jefferson, Knox, Macon, Marion, Overton, Pickett, Putnam, Rhea, Scott, Sequatchie, Sevier, Unicoi, Van Buren, Washington, and White; (West Virginia) Boone, Braxton, Cabell, Gilmer, Kanawha, Lewis, Lincoln, Logan, Mason, McDowell, Mingo, and Wayne.

States were eradicated in only seven states—California, Hawaii, Kentucky, Oregon, Tennessee, Washington, and West Virginia (commonly referred to as the Marijuana Seven, or M7, states); the Appalachia HIDTA region is composed of portions of three of these seven states—Kentucky, Tennessee, and West Virginia.³

A relatively high poverty rate throughout much of the Appalachia HIDTA region contributes to an acceptance of cannabis cultivation by many local residents.⁴ In some Appalachia HIDTA counties, a large portion of the population lives in poverty. Some residents in impoverished communities regard marijuana production as a necessary means of supplementing low incomes. For instance, the poverty rate in Bell County, Kentucky, was 35.4 percent in 2005 (the latest year for which such data are available), much higher than the national poverty rate of 12.3 percent for that year. Moreover, eradication data show that Bell County had one of the highest levels of outdoor cannabis eradication in the state from 2005 through 2007. (See [Table 1 in Appendix A](#).) In many of these communities cannabis cultivation is often a multigenerational trade, as young family members are introduced to the trade by older members who have produced marijuana for many years.

The Appalachia HIDTA region has a highly accessible transportation system (see [Figure 2 on page 9](#)), including major roadways that link it to many drug markets in the eastern United States,⁵

3. Domestic Cannabis Eradication/Suppression Program (DCE/SP) data are available only at the state level; thus, the number of cannabis plants eradicated and seized reflects the entire states of Kentucky, Tennessee, and West Virginia, not just the Appalachia HIDTA region.

4. The Appalachia HIDTA reports that along with the high rates of poverty in the region, it also contends with high rates of unemployment, adult illiteracy, fragmented families, teenage pregnancy, public corruption, and an established tradition of “moonshining.” These conditions have resulted in an acceptance of illegal drug activities by some individuals in the region.

5. For purposes of this report, the eastern United States consists of Alabama, Connecticut, Delaware, Florida, Georgia, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, and West Virginia.

including Atlanta, Georgia, the primary drug distribution center for the Appalachia HIDTA region; Columbus, Ohio; and Detroit, Michigan. Drug traffickers exploit the region’s geographic location between these areas to transport illicit drugs into, through, and from the HIDTA region.

DRUG THREAT OVERVIEW

Cannabis cultivation and marijuana distribution and abuse pose the greatest drug threats to the Appalachia HIDTA region as evidenced by the large amount of cannabis cultivated in the region, the level of violence associated with cannabis cultivation, and the number of marijuana-related treatment admissions to publicly funded facilities in the region. Marijuana is widely available throughout the HIDTA region and is abused by members of all racial/ethnic and social groups. Caucasian DTOs, criminal groups, and independent growers are the primary producers and distributors of locally produced marijuana. However, law enforcement officials in Tennessee report that Mexican DTOs and criminal groups are becoming increasingly involved in cannabis cultivation within the state. Most of the marijuana produced by smaller Caucasian criminal groups and independent growers in the region is abused within the region, while most of the marijuana produced by large Caucasian DTOs is transported to markets outside the area, including to drug markets in Florida, Georgia, Illinois, Indiana, Maryland, Michigan, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia, and Washington, D.C. Additionally, large quantities of Mexican marijuana are available in the region. Mexican marijuana frequently supplements supplies of locally produced marijuana, particularly during periods of decreased local cultivation, which most recently occurred in 2007. Moreover, reporting from Appalachia HIDTA Initiatives⁶ indicates that

6. The Appalachia HIDTA designated 19 law enforcement initiatives or program areas (eight in Kentucky, five in Tennessee, and six in West Virginia) for 2007. Included in the 19 initiatives are marijuana eradication task forces in Kentucky and West Virginia, a national forest marijuana investigative task force in Kentucky, and a public corruption initiative in Kentucky.



Table 1. Appalachia HIDTA Initiative Seizures, by Drug, in Kilograms, 2007

HIDTA Initiative	Powder Cocaine	Crack Cocaine	Ice Methamphetamine	Powder Methamphetamine	Commercial-Grade Marijuana	Hydroponic Marijuana	Heroin	Oxycodone (Dosage Units)	Hydrocodone (Dosage Units)
Kentucky	2.20	1.24	1.63	0.18	648.27	910.04	0.02	11,331	14,282
Tennessee	197.82	2.52	7.41	4.27	1,265.00	2.27	4.00	1,069	1,475
West Virginia	9.66	2.52	0.00	0.39	169.82	237.79	0.04	5,945	3,458
Total	209.68	6.28	9.04	4.84	2,083.09	1,150.10	4.06	18,345	19,215

Source: Appalachia High Intensity Drug Trafficking Area, Performance Management Process Database, run date January 30, 2008.

Note: The Performance Management Process Database is used by the Office of National Drug Control Policy to assess the performance of regional HIDTAs.

approximately 2,083 kilograms of commercial-grade marijuana and 1,150 kilograms of hydroponic marijuana were seized by officials in 2007. (See Table 1.)

The distribution and abuse of diverted pharmaceutical drugs and cocaine pose significant threats to the HIDTA region. The most widely available and commonly abused pharmaceutical drugs are prescription narcotics such as Vicodin and Lortab (hydrocodone products), methadone, and OxyContin (oxycodone). Central nervous system (CNS) depressants including Xanax (alprazolam) and Valium (diazepam)—both benzodiazepines—are also commonly abused. Caucasian adolescents and adults are the primary abusers of diverted pharmaceuticals. They are drawn to the drugs, in part, by the ease with which they can obtain them over the Internet and from retail-level distributors. Powder cocaine is available to varying degrees throughout the HIDTA region; most is converted to crack cocaine at or near distribution sites.

Methamphetamine is a serious threat, while heroin and other dangerous drugs (ODDs) pose a low threat to the Appalachia HIDTA region. Local powder methamphetamine production decreased

throughout the HIDTA region, largely the result of state restrictions on the purchase of precursor chemicals. Even so, small, unsophisticated clandestine laboratories remain a concern. Caucasian DTOs and criminal groups produce most powder methamphetamine available in the region. Locally produced methamphetamine accounts for most of the methamphetamine available in the Appalachia HIDTA region. Nonetheless, Mexican DTOs and criminal groups supply the region with significant quantities of Mexican powder methamphetamine and limited quantities of high-purity ice methamphetamine to fill voids in supply created by decreased local production. Heroin availability and abuse, while low, are rising in the Appalachia HIDTA region, particularly among young Caucasians who had previously abused prescription narcotics. Mexican black tar and brown powder heroin and South American (SA) heroin are available in small quantities throughout the region; however, Mexican heroin is becoming increasingly available. ODDs such as MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy), GHB (gamma-hydroxybutyrate), and LSD (lysergic acid diethylamide) are available in the region on a limited and sporadic basis.

DRUG TRAFFICKING ORGANIZATIONS

Mexican DTOs and criminal groups⁷ are the principal wholesale drug distributors in the Appalachia HIDTA region. African American, Caucasian, and Mexican DTOs and criminal groups as well as street gangs and outlaw motorcycle gangs (OMGs) distribute a variety of drugs at the retail level and midlevel throughout the region. In 2007, law enforcement officials affiliated with Appalachia HIDTA Initiatives identified 201 DTOs and four money laundering organizations operating within the region; 31 of the organizations were dismantled and another 53 were disrupted. Most of the 201 identified DTOs are polydrug organizations that transport and distribute a number of drugs, including powder cocaine (101 organizations), marijuana (56), crack cocaine (41), diverted pharmaceuticals (30), and powder and ice methamphetamine (13).⁸ The majority of the organizations identified in the HIDTA Initiatives are African American, Caucasian, and Mexican. However, a Vietnamese⁹ DTO and a Middle Eastern DTO¹⁰ were also identified.

Mexican DTOs and criminal groups routinely supply wholesale quantities of powder cocaine, Mexican marijuana, and Mexican powder methamphetamine to other traffickers for distribution in the region. They also distribute these drugs at the retail level as well as Mexican brown powder and black tar heroin and ice methamphetamine. Mexican DTOs and criminal groups operating in

7. Mexican drug trafficking organizations (DTOs) and criminal groups in the Appalachia HIDTA region are frequently composed of illegal immigrants from Mexico, Americans of Mexican descent, or a combination of both.

8. The total exceeds 201 because an organization may traffic in more than one drug.

9. The Sevier County, Tennessee, Sheriff's Office reported that a Vietnamese young adult male sold MDMA to Caucasian young adults in Sevier County; however, it appeared that this was an isolated incident because MDMA has not been seized on the street since this individual was arrested.

10. No further information on Middle Eastern DTOs is available at this time.

the region typically obtain their supplies of illicit drugs from Atlanta-based Mexican DTOs. Additionally, Mexican DTOs and criminal groups are beginning to become increasingly involved in cannabis cultivation in Tennessee, according to the Tennessee Alcoholic Beverage Commission. These Mexican DTOs and criminal groups sometimes cultivate cannabis on behalf of Caucasian DTOs. Appalachia HIDTA officials report that Mexican DTOs and criminal groups are increasingly using cultural and social connections among the growing Hispanic population in the region to expand their distribution networks.¹¹

Caucasian DTOs, criminal groups, and independent dealers are the principal cannabis cultivators and methamphetamine producers in the HIDTA region; they also are the principal retail-level and midlevel drug distributors in many rural areas. Caucasian DTOs typically distribute locally produced marijuana, Mexican marijuana, powder methamphetamine, powder cocaine, and prescription drugs. Caucasian DTOs generally produce the marijuana and methamphetamine they distribute; they obtain their supplies of most other illicit drugs from Mexican DTOs and criminal groups operating in the region. Moreover, Caucasian traffickers are increasingly traveling to southwestern states to purchase powder methamphetamine and, to a lesser degree, high-purity ice methamphetamine; they transport the drugs to the region in private vehicles for distribution in local drug markets.

African American DTOs and criminal groups are the principal retail-level and midlevel distributors in many urban areas of the Appalachia HIDTA region. They typically distribute powder and crack cocaine, marijuana, and heroin, among other drugs. In addition, African American DTOs

11. According to U.S. Census Bureau data from 2000 (the latest year for which such data are available), Caucasians account for 93 percent of the Appalachia HIDTA population, followed by African Americans (5%), Hispanics and Asians (2%), and other races (less than 1%). Further, the Hispanic population grew over 276 percent from 9,178 in 1990 to 34,527 in 2000.



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.

and criminal groups based outside the Appalachia HIDTA region frequently transport illicit drugs into the region for further distribution. For instance, African American criminal groups based in Columbus and Detroit frequently travel to the region to distribute powder and crack cocaine and heroin. Moreover, Columbus-based African American distributors sell Mexican black tar heroin to African American and Caucasian abusers in Mason County, West Virginia.

Local and nationally affiliated street gangs and, to a lesser extent, OMGs distribute illicit drugs in the Appalachia HIDTA region. Street gang activity is prevalent among African American and Hispanic youths in the region. Local street gangs commonly adopt multiple facets of gang culture from national-level street gangs, often by observing them over the Internet, rather than through contact with the national-level gangs. Moreover, local gangs usually do not exhibit the organizational structure, written code, or defined member roles associated with national-level street gangs. African American street gangs, such as Black Gangster Disciples (BGD) and 304 Crew, typically distribute significant quantities of powder and crack cocaine, marijuana, and lesser quantities of prescription drugs and MDMA.

Hispanic street gangs such as Vatos Locos, Mara Salvatrucha (MS 13), and Latin Kings are active in the Tennessee counties of the Appalachia HIDTA region; these gang members typically distribute significant quantities of powder cocaine, Mexican marijuana, Mexican black tar heroin and, to a lesser degree, Mexican ice methamphetamine. Numerous OMGs, such as Outlaws, Southern Sons, Black Pistons, and Pagan's, are active in the Appalachia HIDTA region; OMG members typically distribute moderate to low-level quantities of cocaine, heroin, marijuana, methamphetamine, MDMA, and prescription drugs.

PRODUCTION

Illicit drug production in the Appalachia HIDTA region consists of cannabis cultivation, small-scale powder methamphetamine production, and conversion of powder cocaine to crack cocaine. Most of the marijuana available in the Appalachia HIDTA region is produced locally at outdoor grow sites; a small amount is produced at indoor grow sites. Kentucky, Tennessee, and West Virginia are included in the Marijuana Seven (primary marijuana-producing states). According to DCE/SP data, of the indoor and outdoor cannabis plants eradicated in the United States in 2007 (7,033,921), 7 percent were in Kentucky (492,615), 3 percent in Tennessee (178,322), and 1 percent in West Virginia (44,732).

Outdoor cannabis cultivation is prevalent throughout the Appalachia HIDTA region; most outdoor grow sites are operated by Caucasian DTOs, criminal groups, and independent growers. However, a rising number of reported incidents in Tennessee reveal increased involvement in cannabis cultivation by Mexican DTOs or criminal groups in Tennessee, according to the Tennessee Alcoholic Beverage Commission. Some outdoor cannabis grow sites are located by traffickers on public lands and parks to prevent the seizure of private property if discovered; such lands include the Daniel Boone and Cherokee National Forests and the Great Smoky Mountains and Big South Fork National Parks, as well as lands owned and

Table 2. Cannabis Plants Eradicated at Outdoor and Indoor Grow Sites in Appalachia HIDTA Counties, 2005–2007

HIDTA Counties	Outdoor			Indoor		
	2005	2006	2007	2005	2006	2007
Kentucky	412,955	452,991	308,632	469	134	337
Tennessee	323,603	310,040	119,435	620	111	122
West Virginia	42,454	40,993	32,079	263	1,179	510
Total	779,012	804,024	460,146	1,352	1,424	969

Source: Kentucky State Police; Tennessee Bureau of Investigation; West Virginia Army National Guard.

controlled by the Tennessee Valley Authority.¹² Cannabis cultivators often protect their crops from discovery, thievery, and eradication through the use of violence and booby traps. Late frosts and severe droughts occurred during the growing season in 2007 and appear to have affected outdoor cannabis cultivation during the year. Marijuana eradication data from the Kentucky State Police, Tennessee Bureau of Investigation, and West Virginia Army National Guard indicate that approximately 460,146 cultivated cannabis plants were eradicated from outdoor grow sites in the Appalachia HIDTA region in 2007, a 43 percent decrease from the number of cultivated cannabis plants eradicated in 2006. (See Table 2.)

Indoor cannabis cultivation occurs on a limited basis throughout most of the Appalachia HIDTA region. According to law enforcement officials, the indoor operations that do exist are increasingly employing more sophisticated growing methods, such as hydroponics. The number of indoor plants eradicated from grow operations in the region fluctuated but decreased overall from 2005 through 2007. (See Table 2.) Nonetheless, officials with the Tennessee Alcoholic Beverage Commission report that a growing number

of cannabis cultivators in their jurisdiction are relocating their operations to indoor sites because of vigorous outdoor cannabis eradication efforts by law enforcement. The cultivators are also locating their operations indoors in an attempt to attain a higher profit margin, since higher-potency marijuana produced from indoor grow sites typically yields higher prices. For example, domestic indoor-grown marijuana sold for \$3,250 per pound at the wholesale level in the region in 2008, while domestic outdoor-grown marijuana sold for \$2,000 per pound at the wholesale level, according to Appalachia HIDTA officials. Moreover, indoor cannabis cultivators are able to cultivate year-round with four to six harvests per year, compared with the two harvests per year that typically occur with outdoor cultivation.

Small-scale, powder methamphetamine production takes place in the Appalachia HIDTA region; however, state-enacted restrictions on the sale of precursor chemicals such as ephedrine and pseudoephedrine have led to a sharp decrease in local methamphetamine production. According to National Seizure System (NSS) data, the number of methamphetamine laboratories seized in the Appalachia HIDTA counties fluctuated but decreased overall from 2003 through 2007; most of the methamphetamine laboratories seized in the Appalachia HIDTA region during this period were discovered in Tennessee HIDTA counties (see Table 3 on page 8). Moreover, most methamphetamine laboratories seized in the Appalachia

12. National forests suffer from the collateral effects of cannabis cultivation, including property damage to natural resources, archeological sites, and wildlife. Cannabis cultivators have destroyed numerous trees, plants, and fauna as well as park gates and fences by clearing grow sites and driving vehicles to and from those sites.



Table 3. Methamphetamine Laboratories Seized in Appalachia HIDTA Counties 2003–2008*

HIDTA Counties	2003	2004	2005	2006	2007	2008
Kentucky	84	113	86	39	28	16
Tennessee	326	398	222	289	139	30
West Virginia	29	76	80	56	29	11
Total	439	587	388	384	196	57

Source: National Seizure System, run date May 2, 2008.
 *Partial-year data as of April 30, 2008.

Table 4. Drug and Currency Seizures by Domestic Highway Enforcement in Appalachia HIDTA Counties, 2007

	Cocaine (kg)	Crack (kg)	Heroin (kg)	Marijuana (kg)	Methamphetamine (kg)	Prescription Drugs* (dosage units)	GHB (gallons)	U.S. dollars
Kentucky	0.342	0.049	0.000	331.000	0.106	1,830.0	0	272,862
Tennessee	10.927	0.247	3.171	68.550	0.035	348.0	8	100,044
West Virginia	0.271	0.077	0.075	34.960	0.008	780.5	0	21,729
Total	11.540	0.373	3.246	434.510	0.149	2,958.5	8	394,635

Source: Domestic Highway Enforcement.
 *Includes hydrocodone, OxyContin, and Xanax.

HIDTA region were only capable of producing quantities sufficient for personal use and/or limited retail-level distribution, generally less than 2 ounces per production cycle. Caucasian DTOs, criminal groups, and independent dealers are the primary producers of methamphetamine in the region; they typically use the iodine/red phosphorus or anhydrous ammonia method of production.

The conversion of powder cocaine to crack occurs throughout the region, particularly in urban locations. African American criminal groups and street gangs produce most of the crack cocaine available in the region; they convert the drug at or near distribution sites on an as-needed basis, typically in ounce quantities.

TRANSPORTATION

Drug traffickers use various means of conveyance to transport illicit drugs into and through the Appalachia HIDTA region, principally from sources of supply in Atlanta as well as Columbus and Detroit. Drug traffickers also use the same conveyances to transport drug proceeds from the region to the source areas. Traffickers most commonly use private and commercial vehicles to transport illicit drugs into and through the region along primary roadways. Domestic Highway Enforcement (DHE) interdiction teams monitor Interstate 75 in Kentucky; Interstates 24, 40, 75, and 81 in Tennessee; and Interstates 64, 77, and 79 in West Virginia. (See Figure 2 on page 9.) Traffickers are also using secondary and back roads in an attempt to evade law enforcement interdiction. Additionally, traffickers hire couriers to transport illicit drugs on buses and commercial aircraft. In 2007

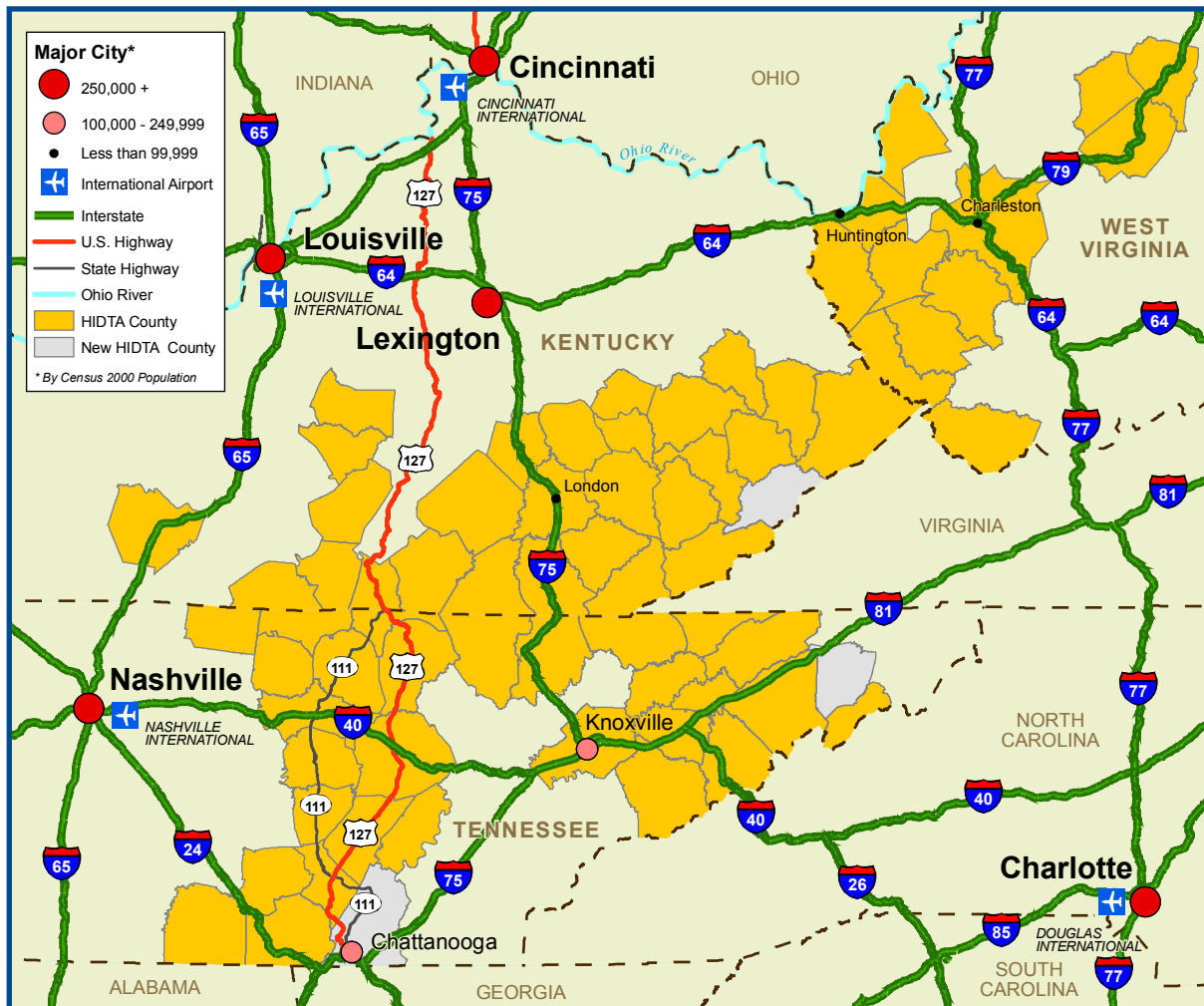


Figure 2. Appalachia HIDTA region transportation infrastructure.

DHE seized sizable quantities of illicit drugs and almost \$400,000 in U.S. currency from traffickers using interstates in the Appalachia HIDTA region. (See Table 4 on page 8.) Moreover, drug traffickers and some abusers frequently smuggle illicit drugs, such as marijuana, methamphetamine, and prescription drugs, into the area through package delivery services and U.S. mail.

DISTRIBUTION

Mexican DTOs control the distribution of powder cocaine, Mexican powder and ice methamphetamine, Mexican marijuana, and Mexican brown powder and black tar heroin

in the Appalachia HIDTA region; they supply most midlevel and retail-level distributors in the region. Mexican DTOs use stash locations in the region to store illicit drugs prior to distribution, particularly powder cocaine and Mexican marijuana. For instance, officials from the Federal Bureau of Investigation (FBI) Knoxville Field Office apprehended members of a Mexican DTO who rented an apartment in the area specifically to use as a stash house; FBI officials seized 11 kilograms of powder cocaine from the stash site.

A number of traffickers, including Caucasian and African American DTOs, criminal groups, and local independent dealers, distribute illicit drugs at the midlevel and retail level in the region; their



methods of operation change little from year to year. Caucasian DTOs and criminal groups are the principal midlevel and retail-level drug distributors in many rural areas of the region; they typically distribute locally produced marijuana, Mexican marijuana, powder methamphetamine, powder cocaine, and prescription drugs. African American DTOs and criminal groups are the principal midlevel and retail-level distributors in many urban areas of the Appalachia HIDTA region; they typically distribute powder and crack cocaine, marijuana, Mexican and SA heroin, methamphetamine, MDMA, and prescription drugs. Retail-level drug distribution generally takes place at open-air drug markets, private homes and businesses, and housing projects throughout the region as well as in prearranged meeting areas such as parking lots; however, most retail distribution in Kentucky takes place in private homes and businesses.

Pharmaceutical drugs typically are obtained by distributors and abusers through doctor shopping, prescription fraud, pharmacy burglaries, and thefts from family members; distributors and abusers also are increasingly purchasing pharmaceutical drugs from Internet pharmacies. In addition, distributors from Michigan and Ohio are purchasing prescription narcotics such as OxyContin in their home states and then transporting and distributing the drugs in southeastern Kentucky because of the profits associated with the distribution of diverted pharmaceutical drugs. For example, the Drug Enforcement Administration (DEA) London Resident Office reported that in early 2008 a Detroit-based DTO purchased 80-milligram OxyContin tablets in Detroit for approximately \$22 to \$25 per tablet and then sold them for \$50 to \$80 per tablet in southeastern Kentucky.

Drug traffickers facilitate drug sales in the Appalachia HIDTA region using electronic communications, usually cellular telephones and the Internet. Drug traffickers use cellular telephones with preloaded minutes and no contracts, such as TracFone, because they believe that such telephones are more difficult for law enforcement officials to intercept. In addition, African American

street gang members are increasingly using the Internet to communicate, facilitate gang activities, spread gang culture, and coordinate drug sales.

DRUG-RELATED CRIME

Drug-related violent and property crimes often occur within the HIDTA region as distributors, particularly street gang members, protect their distribution operations and abusers seek funds to sustain their addictions. Drug distributors often commit violent crimes, including assault and homicide, to maintain control of local drug markets. For instance, officials with the Knox County Sheriff's Office in Tennessee report that territorial violence among street gangs in their jurisdiction is increasing; the officials also report that the majority of homicides in the county occur in areas with high levels of street gang activity and drug distribution. Metropolitan Drug Enforcement Network officials in Charleston, West Virginia, report continued high levels of violence among street gangs operating in their area, primarily street gangs that distribute crack cocaine. Cocaine, methamphetamine, and prescription drug abusers and distributors often commit crimes such as retail fraud, burglary, robbery, and theft to obtain drugs or money to purchase drugs. Moreover, according to the National Drug Intelligence Center (NDIC) National Drug Threat Survey (NDTS) 2007, 13 of the 34 local law enforcement agencies in the Appalachia HIDTA that responded to the NDTS 2007 identified crack cocaine as the drug that most contributed to violent crime in their jurisdictions, and 12 out of 34 report prescription drugs as the drug that most contributed to property crime.

ABUSE

Marijuana is the primary illicit substance identified in treatment admissions to publicly funded facilities in Kentucky, Tennessee, and West Virginia. According to data from the Substance Abuse and Mental Health Services Administration (SAMHSA) Treatment Episode Data Set (TEDS),

the number of marijuana-related treatment admissions in Kentucky, Tennessee, and West Virginia from 2002 through 2006 (the latest year for which such data are available) exceeded the number of treatment admissions for cocaine, prescription drugs (including other opiates, tranquilizers, and sedatives), heroin, and amphetamines (including methamphetamine). (See Table 2 in Appendix A.) TEDS data reveal that the number of treatment admissions for marijuana, cocaine, and prescription drug abuse increased between 2005 and 2006. Cocaine-related treatment admissions in 2006 (5,982) were almost equivalent to marijuana-related treatment admissions (6,029).

Diverted pharmaceutical drugs are widely available and frequently abused throughout the Appalachia HIDTA region. The most commonly abused pharmaceuticals are prescription narcotics, such as Vicodin and Lortab (hydrocodone products), methadone, and OxyContin (oxycodone). CNS depressants, including Xanax (alprazolam) and Valium (diazepam)—both benzodiazepines—are also abused. State medical examiner data reveal that users are abusing illicit drugs in combination with prescription narcotics, primarily methadone; such combinations are emerging as a leading cause of drug-related deaths in the region. Methadone has been used primarily in opioid addiction treatment for the past 50 years; however, its use in management of certain types of pain has steadily increased since the late 1990s.

Heroin availability and abuse, while low, are rising in the Appalachia HIDTA region, particularly in West Virginia HIDTA counties. Additionally, heroin use is rising among young Caucasian abusers who previously abused prescription narcotics; they are switching from prescription narcotics, particularly OxyContin, to Mexican black tar heroin because the cost of Mexican black tar heroin is lower. For example, a dosage unit of Mexican black tar heroin sold for approximately \$50 during 2007 in Huntington, while a dosage unit of OxyContin sold for \$80 to \$100 during the same period. Moreover, FBI analysis

of Mexican black tar heroin samples acquired in Huntington revealed that the heroin was 70 to 80 percent pure. Additionally, officials from the FBI Huntington Violent Crime/Drug Task Force report that the increased abuse of Mexican black tar heroin caused over 40 drug-related overdoses in Huntington, West Virginia, between March 2007 and March 2008, 14 of which resulted in death; only two heroin-related overdoses were reported in the area from 2000 through March 2007.

ILLICIT FINANCE

Illicit drug proceeds generated at the wholesale level and sometimes at the midlevel in the Appalachia HIDTA region are typically laundered by traffickers through bulk cash smuggling. Mexican DTOs transport bulk cash using private vehicles from the Appalachia HIDTA region to Atlanta and then to the Southwest Border area for eventual smuggling into Mexico. Traffickers also launder illicit drug proceeds through real estate investments, cash-intensive front businesses, and the purchase of luxury items; some traffickers also exploit casinos in the region to launder illicit funds. Moreover, law enforcement officials report that some family-based criminal groups hide drug proceeds in bulk, using the cash as needed to make purchases, rather than using banks or government institutions, which they generally distrust.

OUTLOOK

Mexican DTOs will become more entrenched in the Appalachia HIDTA region, particularly in Tennessee. They will provide increasing amounts of cocaine, marijuana, methamphetamine, and heroin to the HIDTA region through distribution networks they have established to service drug markets in the eastern United States. Moreover, Mexican DTOs will most likely capitalize on the remote nature of the region and its generally favorable growing climate to expand their domestic cannabis cultivation operations.



National Drug Intelligence Center

Cannabis cultivation in the Appalachia HIDTA region will continue at high levels, particularly in remote outdoor areas where Caucasian criminal groups and independent dealers have established long-standing, entrenched growing operations. Cultivation sites will pose increasing hazards to law enforcement officials and passersby, the result of intensified efforts on the part of grow site operators to protect their crops from discovery, thievery, and increased eradication through the use of violence and booby traps.

Heroin availability and abuse will most likely increase in the Appalachia HIDTA region, particularly among young Caucasians and prescription narcotics abusers who are being drawn to the drug by its lower price and high potency. Mexican black tar heroin will very likely be the primary type of heroin abused in the region in the near term, unless Mexican DTOs increase their distribution of SA heroin in the area. Additionally, the consequences associated with heroin abuse—including associated crimes and treatment costs—will rise in the HIDTA region, compounding the threat posed by the drug.

Appendix A. Tables

Table 1. Cannabis Plants Eradicated at Outdoor and Indoor Grow Sites (2005–2007) and Percentage of All People in Poverty (2005), Appalachia HIDTA Counties

State	Percentage of All People in Poverty (2005)	Plants Eradicated						
		2005		2006		2007		
		Outdoor	Indoor	Outdoor	Indoor	Outdoor	Indoor	
Kentucky	16.9							
HIDTA County	Adair	24.9	5,791	6	2,379	0	1,707	93
	Bell	35.4	76,161	0	39,877	0	40,230	15
	Breathitt	33.8	29,003	2	29,847	3	26,017	0
	Clay	37.2	9,718	0	30,580	0	25,474	5
	Clinton	27.0	5,671	127	11,620	0	1,942	0
	Cumberland	23.2	2,725	0	4,628	0	3,971	0
	Flody	28.9	8,320	0	6,019	0	11,631	91
	Harlan	31.6	50,962	0	12,737	0	9,037	0
	Jackson	27.9	973	4	2,308	24	3,339	4
	Knott	31.1	20,723	0	23,026	8	17,146	0
	Knox	36.2	21,891	0	48,672	62	6,245	0
	Laurel	20.1	3,997	0	1,210	1	2,301	3
	Lee	34.7	10,202	0	9,497	0	12,729	0
	Leslie	29.1	22,821	0	37,850	0	25,624	0
	Letcher	27.2	20,587	0	35,836	0	19,355	0
	Magoffin	35.6	4,913	11	5,865	12	4,693	0
	Marion	19.7	4,967	0	6,902	0	5,006	43
	McCreary	36.6	175	0	1,791	0	438	0
	Monroe	24.6	11,796	0	12,637	0	8,701	0
	Owsley	45.5	20,019	0	13,119	0	15,012	0
	Perry	29.6	41,181	160	30,344	0	20,898	0
	Pike	24.7	12,286	40	10,549	0	18,230	46
	Pulaski	18.6	1,773	0	2,020	14	4,192	0
Rockcastle	25.4	2,426	0	4,708	10	3,877	20	
Taylor	18.5	6,257	47	1,936	0	2,921	0	
Warren	15.6	198	38	310	0	36	16	
Wayne	26.5	11,925	34	24,327	0	7,310	1	
Whitley	26.9	5,494	0	42,397	0	10,570	0	
Kentucky HIDTA Counties Total			412,955	469	452,991	134	308,632	337



(Table continued from previous page.)

Table 1. Cannabis Plants Eradicated at Outdoor and Indoor Grow Sites (2005–2007) and Percentage of All People in Poverty (2005), Appalachia HIDTA Counties

State	Percentage of All People in Poverty (2005)	Plants Eradicated						
		2005		2006		2007		
		Outdoor	Indoor	Outdoor	Indoor	Outdoor	Indoor	
Tennessee	15.6							
HIDTA County	Bledsoe	22.3	6,867	0	2,960	0	390	10
	Campbell	24.5	18,365	9	19,622	0	660	0
	Claiborne	23.0	4,334	0	6,915	0	863	0
	Clay	22.4	10,918	0	2,411	0	426	0
	Cocke	21.1	30,745	611	12,772	0	14,764	0
	Cumberland	16.8	88,961	0	88,919	0	47,269	0
	Fentress	27.9	55,781	0	43,828	0	10,187	0
	Franklin	14.0	1,295	0	1,706	111	0	112
	Grainger	18.7	1,291	0	1,002	0	1,054	0
	Greene	19.2	6,500	0	0	0	12,000	0
	Grundy	25.9	16,163	0	26,757	0	1,857	0
	Hamblen	15.4	4,275	0	0	0	90	0
	Hamilton	13.3	218	0	201	0	0	0
	Hancock	39.5	60	0	0	0	0	0
	Hawkins	18.8	0	0	0	0	0	0
	Jackson	21.0	1,724	0	4,041	0	615	0
	Jefferson	15.6	14,607	0	350	0	180	0
	Knox	15.7	2,197	0	21	0	33	0
	Macon	17.7	0	0	0	0	0	0
	Marion	16.6	618	0	362	0	938	0
	Overton	17.8	250	0	2,888	0	1,201	0
	Pickett	20.0	12,413	0	18,006	0	1,413	0
	Putnam	18.3	0	0	16,632	0	578	0
	Rhea	17.8	6,548	0	768	0	355	0
	Scott	24.1	1,341	0	2,313	0	3,631	0
	Sequatchie	16.4	783	0	10,846	0	7	0
	Sevier	14.4	5,177	0	6,975	0	2,211	0
	Unicoi	15.6	8	0	0	0	0	0
Van Buren	17.9	31,851	0	37,308	0	17,189	0	
Washington	14.4	107	0	0	0	150	0	
White	17.1	206	0	2,437	0	1,374	0	
Tennessee HIDTA Counties Total			323,603	620	310,040	111	119,435	122

(Table continued from previous page.)

Table 1. Cannabis Plants Eradicated at Outdoor and Indoor Grow Sites (2005–2007) and Percentage of All People in Poverty (2005), Appalachia HIDTA Counties

State	Percentage of All People in Poverty (2005)	Plants Eradicated						
		2005		2006		2007		
		Outdoor	Indoor	Outdoor	Indoor	Outdoor	Indoor	
West Virginia	18.0							
HIDTA County	Boone	19.8	3,948	0	3,294	5	3,180	0
	Braxton	23.5	69	0	753	0	13	70
	Cabell	20.1	0	0	491	0	859	0
	Gilmer	24.8	43	0	478	305	194	0
	Kanawha	15.1	8,512	135	5,175	860	1,919	349
	Lewis	20.3	52	128	197	0	0	0
	Lincoln	25.0	1,382	0	686	0	2,468	0
	Logan	24.2	8,254	0	9,706	3	4,156	5
	Mason	20.0	2,016	0	1,838	6	4,594	86
	McDowell	38.9	9,363	0	1,260	0	2,737	0
	Mingo	25.9	1,284	0	4,300	0	7,054	0
	Wayne	20.4	7,531	0	12,815	0	4,905	0
West Virginia HIDTA Counties Total		42,454	263	40,993	1,179	32,079	510	
Total Appalachia HIDTA		779,012	1,352	804,024	1,424	460,146	969	

Source: Kentucky State Police; Tennessee Bureau of Investigation; West Virginia Army National Guard.



Table 2. Drug-Related Treatment Admissions to Publicly Funded Facilities in Kentucky, Tennessee, and West Virginia, by Drug, 2002–2006

	2002	2003	2004	2005	2006
Marijuana					
Kentucky	3,753	4,614	3,175	3,346	3,781
Tennessee	1,468	1,458	1,183	1,403	1,304
West Virginia	139	807	810	855	944
Total	5,360	6,879	5,168	5,604	6,029
Cocaine (by all routes of administration)					
Kentucky	2,201	3,114	1,815	1,929	2,577
Tennessee	2,405	2,734	2,586	2,745	2,651
West Virginia	57	418	461	578	754
Total	4,663	6,266	4,862	5,252	5,982
Prescription Drugs*					
Kentucky	1,565	2,251	1,776	1,833	2,511
Tennessee	1,178	1,508	1,397	1,728	1,663
West Virginia	553	668	799	1,258	1,429
Total	3,296	4,427	3,972	4,819	5,603
Amphetamines (including methamphetamine)					
Kentucky	455	696	532	746	776
Tennessee	280	368	558	541	414
West Virginia	16	68	85	167	183
Total	751	1,132	1,175	1,454	1,373
Heroin					
Kentucky	220	290	197	251	326
Tennessee	NR	NR	NR	NR	NR
West Virginia	68	135	162	252	230
Total	288	425	359	503	556

Source: Treatment Episode Data Set, run date February 20, 2008.

NR—Not reported.

*Prescription drugs include other opiates, tranquilizers, and sedatives.

SOURCES

Local and State

Kentucky

Kentucky Bureau of Investigation
Drug Investigations Branch
Kentucky State Police
Office of the Chief Medical Examiner, Louisville
UNITE Drug Task Force

Tennessee

8th Judicial District Drug Task Force
9th Judicial District Drug Task Force
Alcoholic Beverage Commission
Clinton Police Department
Criminal Investigation Division
Governor's Task Force for Marijuana Eradication
Knox County Sheriff's Office
Knoxville City Police Department
Newport Police Department
Office of the State Medical Examiner, Nashville
Sevier County Sheriff's Office
Tennessee Bureau of Investigation
Tennessee Department of Health and Human Resources
Tennessee Highway Patrol
Tennessee National Guard

West Virginia

Boone County Sheriff's Office
Braxton County Sheriff's Office
Gilmer County Sheriff's Office
Lincoln County Sheriff's Office
Logan County Sheriff's Office
Mason County Sheriff's Office
McDowell County Sheriff's Office
Wayne County Sheriff's Office
West Virginia Army National Guard
West Virginia Department of Health and Human Resources
West Virginia State Police

Federal

Executive Office of the President
Office of National Drug Control Policy
High Intensity Drug Trafficking Areas
Appalachia
Bowling Green/Warren County Drug Task Force
Hazard Investigative Drug Task Force
Huntington Violent Crime/Drug Task Force
Lake Cumberland Area Drug Task Force
Metropolitan Drug Enforcement Network Team
National Forest Marijuana Investigative Initiative
Middle Tennessee Drug Task Force
Ohio
U.S. Department of Commerce
U.S. Census Bureau
U.S. Department of Agriculture
U.S. Forest Service
U.S. Department of Health and Human Services
Substance Abuse Mental Health Services Administration
Treatment Episode Data Set
U.S. Department of Justice
Drug Enforcement Administration
Atlanta Division
Knoxville Resident Office, Tennessee
Detroit Division
London, Kentucky, Resident Office
Domestic Cannabis Eradication/Suppression Program
El Paso Intelligence Center
National Seizure System
Washington, D.C., Division
Charleston, West Virginia, Resident Office
Federal Bureau of Investigation
Louisville Division
London Resident Agency
Memphis Division
Knoxville Field Office
Pittsburgh Division

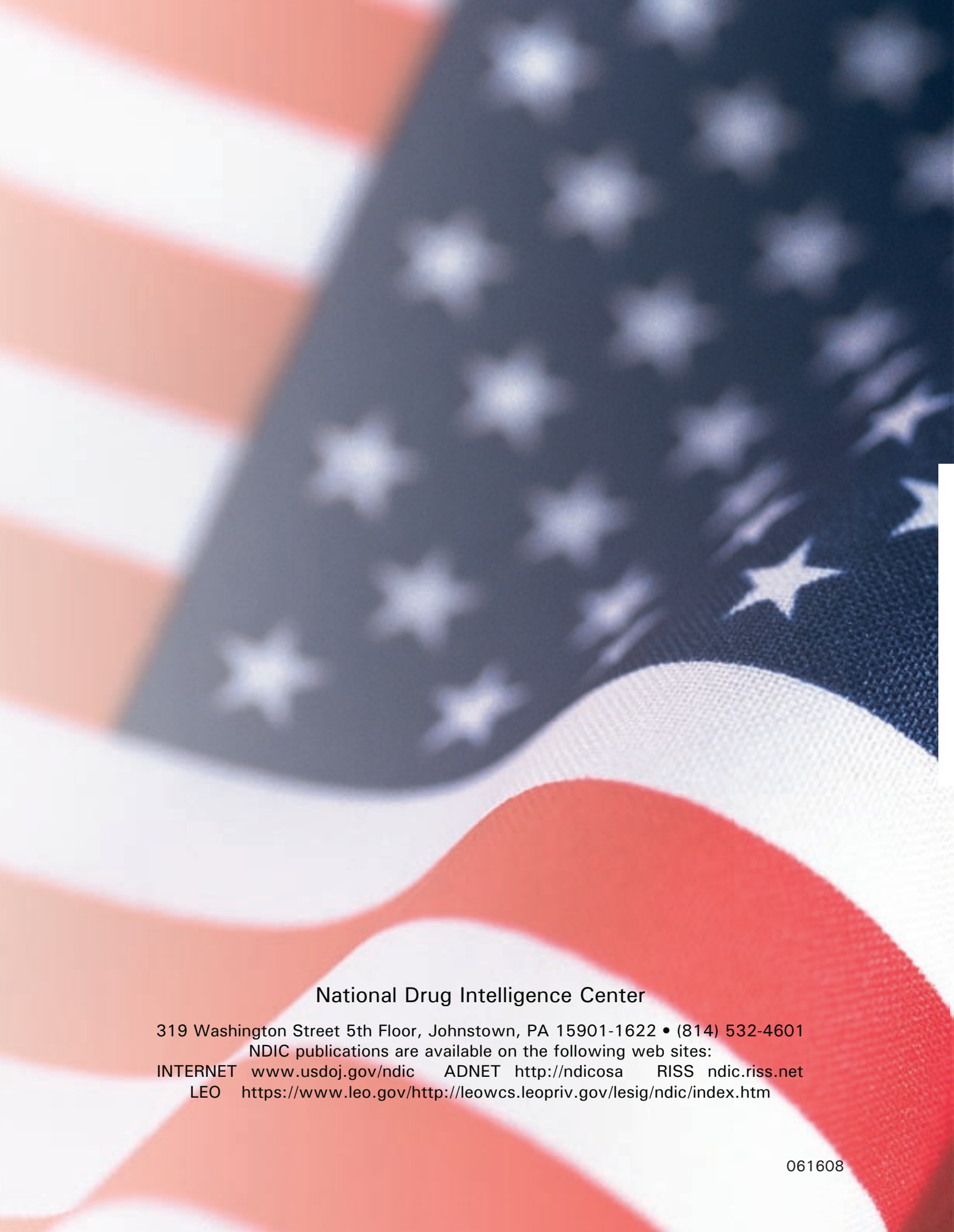


This page intentionally left blank.

This page intentionally left blank.



This page intentionally left blank.



National Drug Intelligence Center

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

NDIC publications are available on the following web sites:

INTERNET www.usdoj.gov/ndic ADNET <http://ndicosa> RISS ndic.riss.net

LEO <https://www.leo.gov/http://leowcs.leopriv.gov/lesig/ndic/index.htm>