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2019

DRUG ENFORCEMENT ADMINISTRATION

# NATIONAL DRUG THREAT ASSESSMENT

DECEMBER 2019

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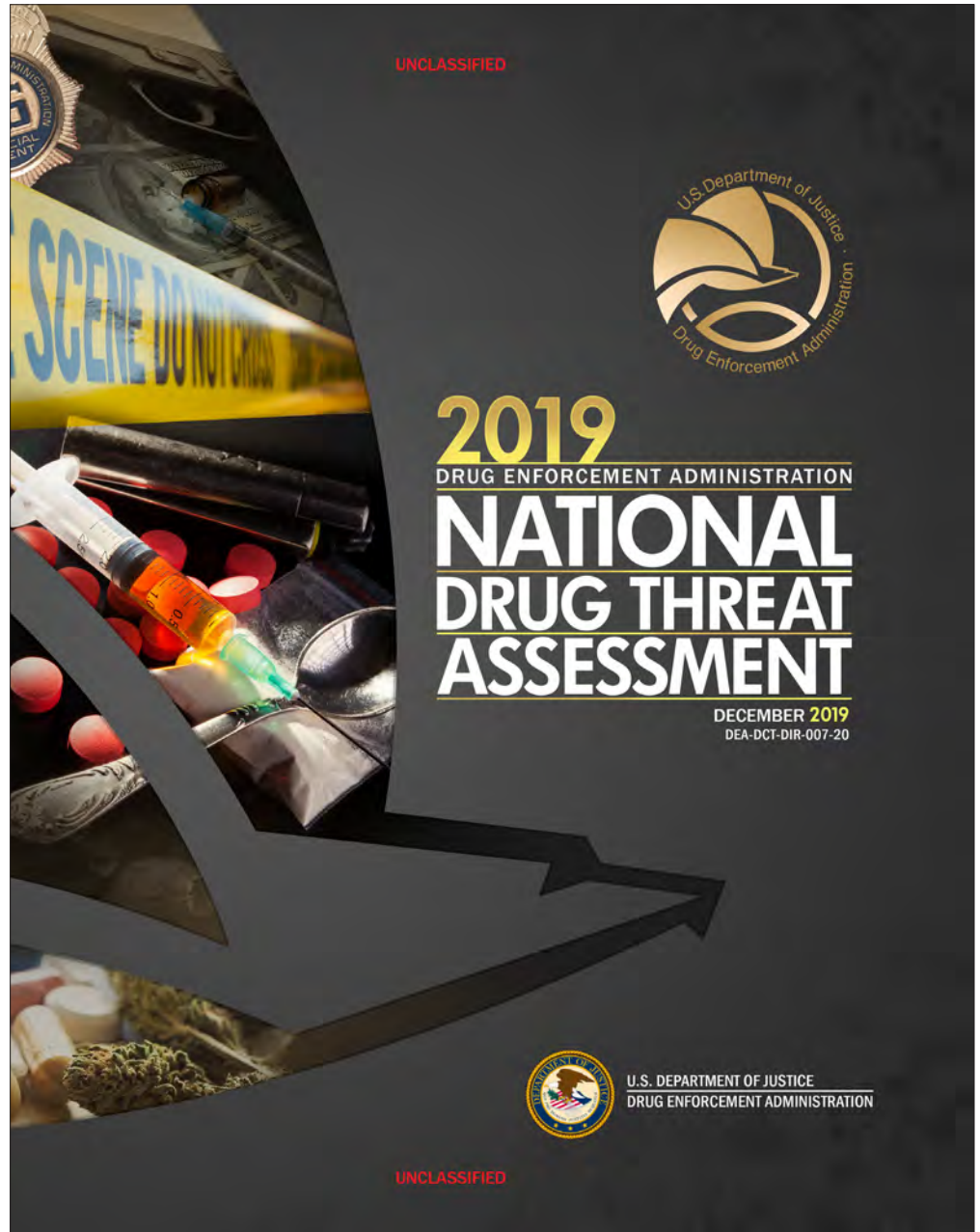
U.S. DEPARTMENT OF JUSTICE  
DRUG ENFORCEMENT ADMINISTRATION

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**2019 NATIONAL DRUG THREAT ASSESSMENT**



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## LETTER OF DEDICATION

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The *2019 National Drug Threat Assessment (NDTA)* is dedicated to the memory of DEA Supervisory Intelligence Research Specialist Kirsten Walters. Kirsten directly managed the writing, editing, vetting, and release of the *NDTA* from 2016 through 2019 before she sadly passed away earlier this year. Kirsten's constant energy, relentless optimism, and calm demeanor in the face of stress were all key factors in the success of DEA publishing the *NDTA* every year. Moreover, her caring disposition, steady guidance, sense of humor, and ever-present smile made Kirsten a wonderful supervisor, colleague, mentor, leader, and friend. We miss her dearly and cannot thank her enough for all she has done to enrich both the DEA as an organization and the lives of all those who were fortunate enough to know her.



# LETTER FROM THE ACTING ADMINISTRATOR

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I am proud to present the *2019 National Drug Threat Assessment (NDTA)*. Produced in partnership with local, state, tribal, and federal agencies, and integrating the most recently available reporting from law enforcement, intelligence, and public health agencies, this annual assessment provides in-depth strategic drug-related intelligence to inform counterdrug policies, establish priorities, and allocate resources.

The global trafficking of illicit drugs poses a grave national security threat to our citizens. DEA works closely with all of our partners around the country and the world to protect our communities from violent criminal organizations and their networks. In every corner of America and nearly 70 countries overseas, DEA personnel are on the ground working hand-in-hand with law enforcement and public health officials to combat transnational organized crime and serve communities in need.

Although the final statistics are still pending, this year we're hopeful we will see the first decrease in drug overdose deaths in 30 years, with the largest decline from controlled prescription drugs. This success is the direct result of the work by DEA and its partners to reduce opioid quotas, educate the medical community and reduce prescription rates, and to safely and securely remove unwanted and unused controlled substances from circulation.

I want to thank all of our partners for their contributions to the *NDTA*, which is among the most important and valuable reports we produce. We at DEA look forward to collaborating on future initiatives that will help protect our public health and national security interests, at home and abroad.



Respectfully,

A handwritten signature in black ink, appearing to read 'Uttam Dhillon', written over a white background.

Uttam Dhillon  
Acting Administrator  
Drug Enforcement Administration

# EXECUTIVE SUMMARY

The *2019 National Drug Threat Assessment (NDTA)*<sup>a</sup> is a comprehensive strategic assessment of the threat posed to the United States by domestic and international drug trafficking and the abuse of both licit and illicit drugs. The report combines federal, state, local, and tribal law enforcement reporting; public health data; open source reporting; and intelligence from other government agencies to determine which substances and criminal organizations represent the greatest threat to the United States.

## National Drug Threat Assessment Scope and Methodology

The *2019 NDTA* is a comprehensive assessment of the threat posed to the United States by the trafficking and abuse of illicit drugs. The report provides strategic analysis of the domestic drug situation during 2018, based upon the most recent law enforcement, intelligence, and public health data available for the period. It also considers data and information from 2017 and earlier, when appropriate, to provide the most accurate assessment possible to policymakers, law enforcement authorities, and intelligence officials.

In preparation of this report, a full year of data is collected for each drug category by DEA Intelligence Research Specialists. DEA Intelligence Research Specialists considered quantitative data from various sources (seizures, investigations, arrests, drug purity or potency, and drug prices; law enforcement surveys; laboratory analyses; and interagency production and cultivation estimates) and qualitative information (subjective views of individual agencies on drug availability, information on the involvement of organized criminal groups, information on smuggling and transportation trends, and indicators of changes in smuggling and transportation methods).

Illicit drugs, and the transnational and domestic criminal organizations that traffic them, continue to represent significant threats to public health, law enforcement, and national security in the United States. The opioid threat (controlled prescription drugs, synthetic opioids, and heroin) continues at ever-increasing epidemic levels, affecting large portions of the United States. Meanwhile, the stimulant threat (methamphetamine and cocaine) is worsening and becoming more widespread as traffickers continue to sell increasing amounts outside of each drugs' traditional markets. New psychoactive substances (NPS) remain challenging and the domestic marijuana situation is evolving as state-level medical and recreational legalization continues. Drug poisoning deaths are the leading cause of injury death in the United States. In 2017<sup>b</sup>, drug poisoning deaths reached their

a. Analyst Note: The information in this report is current as of August 2019.

b. Analyst Note: 2017 overdose-related death statistics is the latest available official data.



highest recorded level and, every year since 2011, have outnumbered deaths by firearms, motor vehicle crashes, suicide, and homicide. In 2017, approximately 192 people died every day from drug poisoning (see Appendix A: Figure A2).

**Fentanyl<sup>c</sup> and Other Synthetic Opioids<sup>d</sup>:** Fentanyl and other highly potent synthetic opioids—primarily sourced from China and Mexico—continue to be the most lethal category of illicit substances misused in the United States. Fentanyl continues to be sold as counterfeit prescriptions pills as traffickers—wittingly or unwittingly—are increasingly selling fentanyl to users both alone and as an adulterant, leading to rising fentanyl-involved deaths. Fentanyl suppliers will continue to experiment with other new synthetic opioids in an attempt to circumvent new regulations imposed by the United States and China.

**Heroin:** Heroin-related overdose deaths remain at high levels in the United States, due to continued use and availability, while fentanyl is increasingly prevalent in highly profitable white powder heroin markets. Mexico remains the primary source of heroin available in the United States according to all available sources of intelligence, including law enforcement investigations and scientific data. Further, high-levels of sustained opium poppy cultivation and heroin production in Mexico allow Mexican Transnational Criminal Organizations (TCOs) to continue to supply high-purity, low-cost heroin.

**Controlled Prescription Drugs (CPDs):** CPDs are still responsible for the most drug-involved overdose deaths and are the second most commonly abused substances in the United States. Traffickers continue to manufacture and distribute counterfeit CPDs often-containing fentanyl and other opioids along with non-opioid illicit drugs in attempts to expand their customer base and increase profits. Overall diversion incidents continue to decline; however, CPDs lost in transit or diverted by medical professionals remains a prevalent threat across the United States.

**Methamphetamine:** Methamphetamine remains widely available, with traffickers attempting to create new customers by expanding into new, non-traditional methamphetamine markets such as the Northeast, or other user bases with new product forms. Most of the methamphetamine available in the United States is produced in Mexico and smuggled across the Southwest Border (SWB). Domestic production occurs at much lower levels than in Mexico and seizures of domestic methamphetamine laboratories have declined steadily for many years while overall supply has increased.

**Cocaine:** Cocaine is a resurgent threat in the United States as domestic indicators—such as seizures, availability, and overdose deaths—remain at elevated levels. Cocaine-involved overdose

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c. Unless explicitly stated, the term “fentanyl,” when used in this report, refers to clandestinely manufactured and illegally distributed fentanyl and not to pharmaceutical or “licit” fentanyl.

d. In this document, the phrase “synthetic opioid” refers to only those substances, which are classified as opioids and have no plant-based material in their production (i.e. fentanyl, fentanyl-related substances, and other novel opioids) and therefore does not include heroin.

deaths continue to exceed established benchmarks, primarily due to the continued spread of fentanyl into the cocaine supply. In addition, coca cultivation and cocaine production in Colombia, the primary source of supply for cocaine in the United States, remain at high levels.

**Marijuana:** Marijuana remains the most commonly used illicit drug in the United States. The nature of the marijuana threat continues to evolve, as more states vote on referendums and initiatives as well as pass legislation regarding the possession, use, and cultivation of marijuana. Most states that have legalized marijuana have placed no limits on Tetrahydrocannabinol (THC) potency of marijuana or its associated concentrate products. Consequently, THC potency continues to increase, as does demand. Mexico remains the most significant foreign source for marijuana available in the United States, but domestic marijuana production and availability continues to rise. Black market marijuana production by local, national, and transnational criminal trafficking organizations continues to increase, predominantly in states that have legalized marijuana.

**New Psychoactive Substances (NPS):** The number of NPS varieties continues to increase worldwide, but remains a limited threat in the United States compared to other widely available illicit drugs. China remains the primary source for the synthetic cannabinoids and synthetic cathinones trafficked into the United States. The availability, popularity, and the public health threat of specific NPS varieties in the United States changes every year, as traffickers experiment to circumvent legal restrictions and discover more potent, and therefore popular, substances.

**Mexican TCOs:** Mexican TCOs remain the greatest criminal drug threat to the United States; no other groups are currently positioned to challenge them. The Sinaloa Cartel maintains the most expansive footprint in the United States, while the Jalisco New Generation Cartel (Cartel Jalisco Nueva Generación or CJNG) has become the second-most dominant domestic presence over the past few years. Although drug-related murders in Mexico continue to reach epidemic proportions, U.S.-based Mexican TCO members still generally refrain from domestic inter-cartel conflicts, resulting in minimal spillover violence in the United States.

**Colombian TCOs:** Colombian TCOs' control over the production and supply of cocaine to Mexican TCOs allows Colombian TCOs to maintain an indirect influence on U.S. drug markets. Meanwhile, ongoing disputes between the Government of Colombia and the remnants of the Revolutionary Armed Forces of Colombia (FARC) and other Armed Criminal Groups continue to, at times, exacerbate the problem of sustained high-levels of illicit coca cultivation in Colombia. Smaller Colombian TCOs still directly supply wholesale quantities of cocaine and heroin to Northeast and East Coast drug markets.

**Dominican TCOs:** Dominican TCOs dominate the mid-level distribution of cocaine and white powder heroin in major drug markets throughout the Northeast while also engaging in some street-level sales in the region. Dominican TCOs work in collaboration with foreign suppliers to ship cocaine and heroin directly to the United States from Mexico, Colombia, and the Dominican Republic. Family members

and friends of Dominican nationality or American citizens of Dominican descent comprise the majority of Dominican TCOs, insulating them from outside threats.

**Asian TCOs:** Due to China's currency control restrictions<sup>e</sup>, Asian TCOs have taken advantage of the availability of U.S. dollars belonging to Mexican and Colombian TCOs in the United States by acquiring the U.S. dollars in exchange for the payment of Colombian/Mexican pesos in the respective drug source country. TCOs launder drug proceeds through a variety of means, the primary being a hybrid of trade-based money laundering (TBML) and the black market peso exchange (BMPE). Asian TCOs continue to operate indoor marijuana grow houses in states with legal personal-use or medical marijuana laws. Asian TCOs also remain the primary 3,4-Methylenedioxymethamphetamine (MDMA) source of supply in U.S. markets, trafficking MDMA from China or clandestine laboratories in Canada into the United States.

**Outside Continental United States (OCONUS) and Tribal Threats:** Cocaine is the principal drug threat in the Caribbean followed by marijuana, with Puerto Rico and the U.S. Virgin Islands (USVI) serving as major transshipment points for both drugs. Methamphetamine and marijuana remain the top two drugs of choice in Guam, with cocaine being a rising threat as an alternative to methamphetamine due to changing prices. The drug threat in Indian Country varies by region and is influenced by the illicit drugs available in major cities near the reservations. Methamphetamine and marijuana remain the most widely abused substances in Indian Country.

**Illicit Finance:** U.S. drug sales continue to account for tens of billions of dollars in illicit proceeds annually. These proceeds change hands multiple times across various levels of the illegal drug market. Bulk cash smuggling seizure amounts remain at lower levels than in previous years, indicating that TCOs may be employing different methods of moving monetary value through the financial system. While traditional methods of laundering money are still the most widely used, the advent of 21st century methods may increase the complexity of anti-money laundering enforcement activities in the future.

**Gangs:** National and neighborhood-based street gangs and prison gangs remain the dominant distributors of illicit drugs through street-sales in their respective territories throughout the country. Struggle for control of lucrative drug trafficking territories continues to fuel the majority of the street-gang violence facing local communities. Meanwhile, some street gangs are working with rival gangs to increase both gangs' drug revenues, while individual members of assorted street gangs have profited by forming relationships with friends and family associated with Mexican cartels.

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e. China currently has a \$50,000 annual foreign exchange limit for its citizens.

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# FENTANYL AND OTHER SYNTHETIC OPIOIDS

## Overview

Fentanyl remains the primary driver behind the ongoing opioid crisis, with fentanyl involved in more deaths than any other illicit drug. Fentanyl and other synthetic opioids are widely available throughout the Great Lakes, Midwest, and the Northeast areas of the United States. The two primary sources of the fentanyl are Mexico and China, where drug traffickers produce fentanyl and other synthetic opioids in clandestine operations. Fentanyl is smuggled into the United States across the SWB as well as through international mail and express consignment shipping services, primarily in powder and counterfeit pill form, indicating clandestinely produced fentanyl as opposed to pharmaceutical fentanyl. Increases in fentanyl-containing counterfeit pills and related fentanyl pill pressing operations in addition to other novel preparations demonstrate traffickers' continued efforts to expand the fentanyl user base.

## Availability

Fentanyl availability was high and increasing across the majority of the United States in 2018, highlighting the rapid spread of the drug. For Calendar Year (CY) 2018, 15 of 23 Field Divisions (FDs) (see Appendix A: Figure A1) (65 percent) indicated fentanyl availability was "high" and 21 of 23 FDs (91 percent) indicated fentanyl was "more" available compared to 2017 (see Figure 1). The Caribbean, Dallas, Denver, Houston, New Jersey, Omaha, and San Francisco FDs did not rank fentanyl as highly

**Figure 1. Field Division Reporting of Fentanyl Availability in CY 2018 and Comparison to CY 2017**

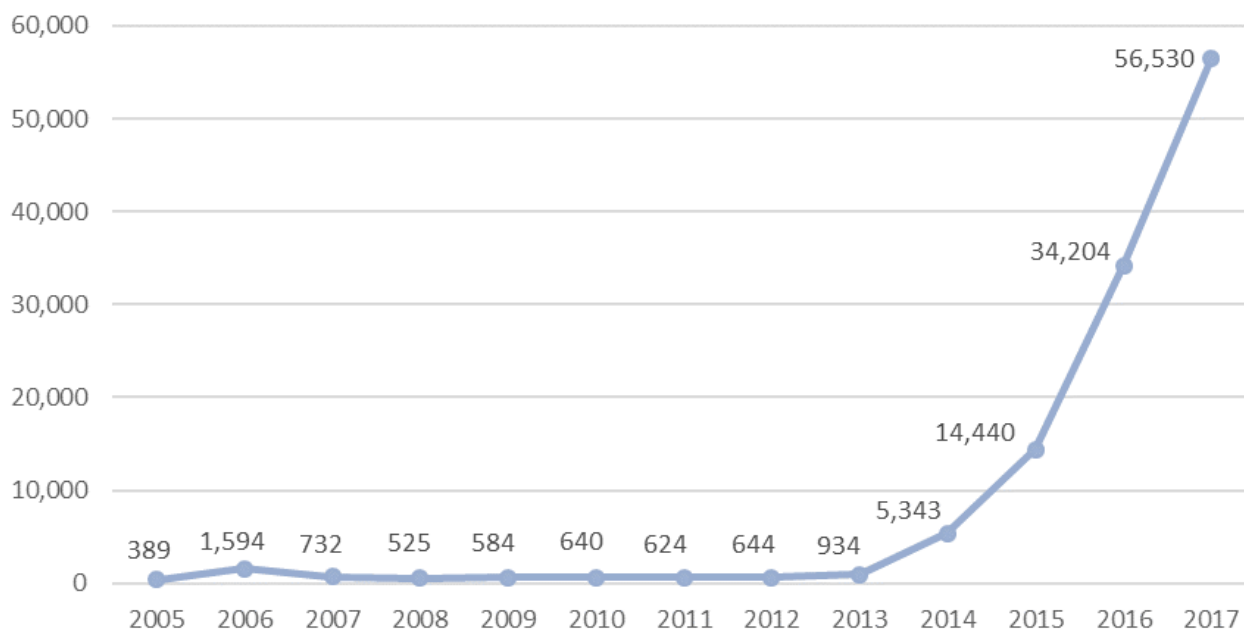
Field Division	Availability During CY 2018	Availability Compared to CY 2017
Atlanta Field Division	High	More
Caribbean Field Division	Low	More
Chicago Field Division	High	More
Dallas Field Division	Moderate	More
Denver Field Division	Low	More
Detroit Field Division	High	Stable
El Paso Field Division	High	More
Houston Field Division	Moderate	More
Los Angeles Field Division	High	More
Louisville Field Division	High	Stable
Miami Field Division	High	More
New England Field Division	High	More
New Jersey Field Division	Moderate	More
New Orleans Field Division	Stable	More
New York Field Division	High	More
Omaha Field Division	Moderate	More
Philadelphia Field Division	High	More
Phoenix Field Division	High	More
San Diego Field Division	High	More
San Francisco Field Division	Moderate	More
Seattle Field Division	High	More
St. Louis Field Division	High	More
Washington Field Division	High	More

Source: DEA

available. This illustrates that, although fentanyl is trafficked across the SWB and is commonly seized in the Southwestern United States, the Midwest, Great Lakes, and Northeast regions maintain the greatest availabilities of fentanyl.

The total number of fentanyl reports submitted to forensic laboratories continues to increase

**Figure 2. Forensic Laboratory Reports of Fentanyl, 2005 – 2017**



Source: DEA

Fentanyl and Other Synthetic Opioids

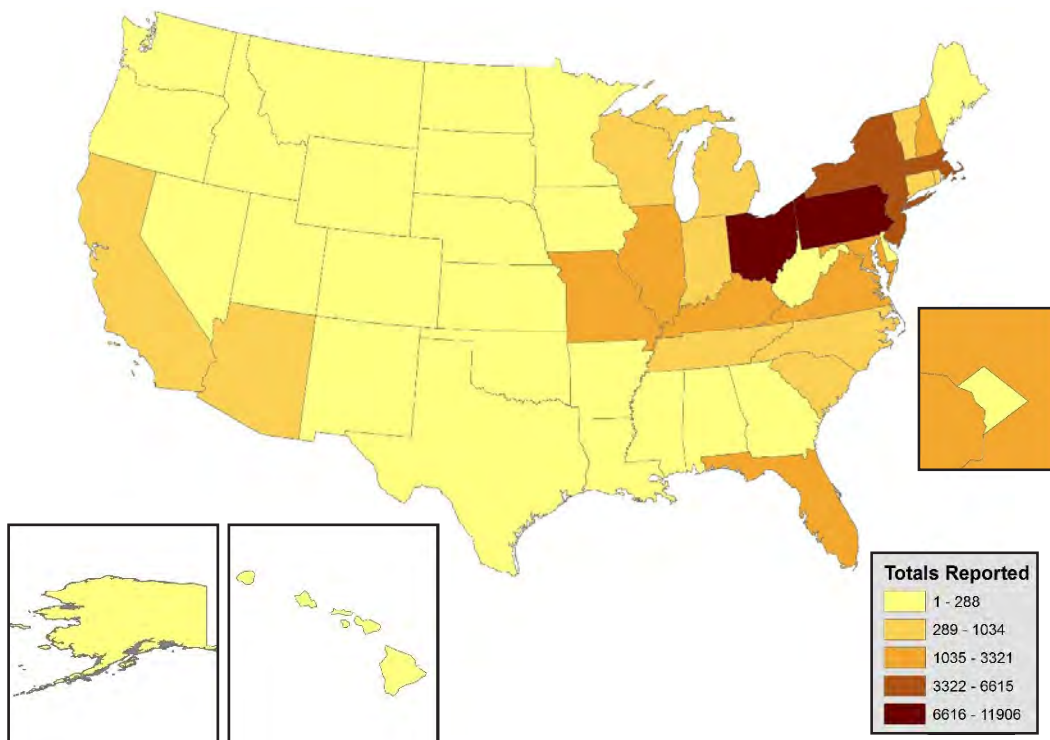
significantly, demonstrating the availability of fentanyl in the United States (see Figure 2). In 2017, there were 56,530 fentanyl reports submitted to the National Forensic Laboratory Information System (NFLIS), which is a 65 percent increase over the 34,204

reports submitted in 2016. Of the top 25 most frequently identified drugs in NFLIS, fentanyl ranked fifth overall and represented 3.57 percent of the top 25 drug reports. For comparison, there were 157,055 reports of heroin, which represented 9.93 percent of the

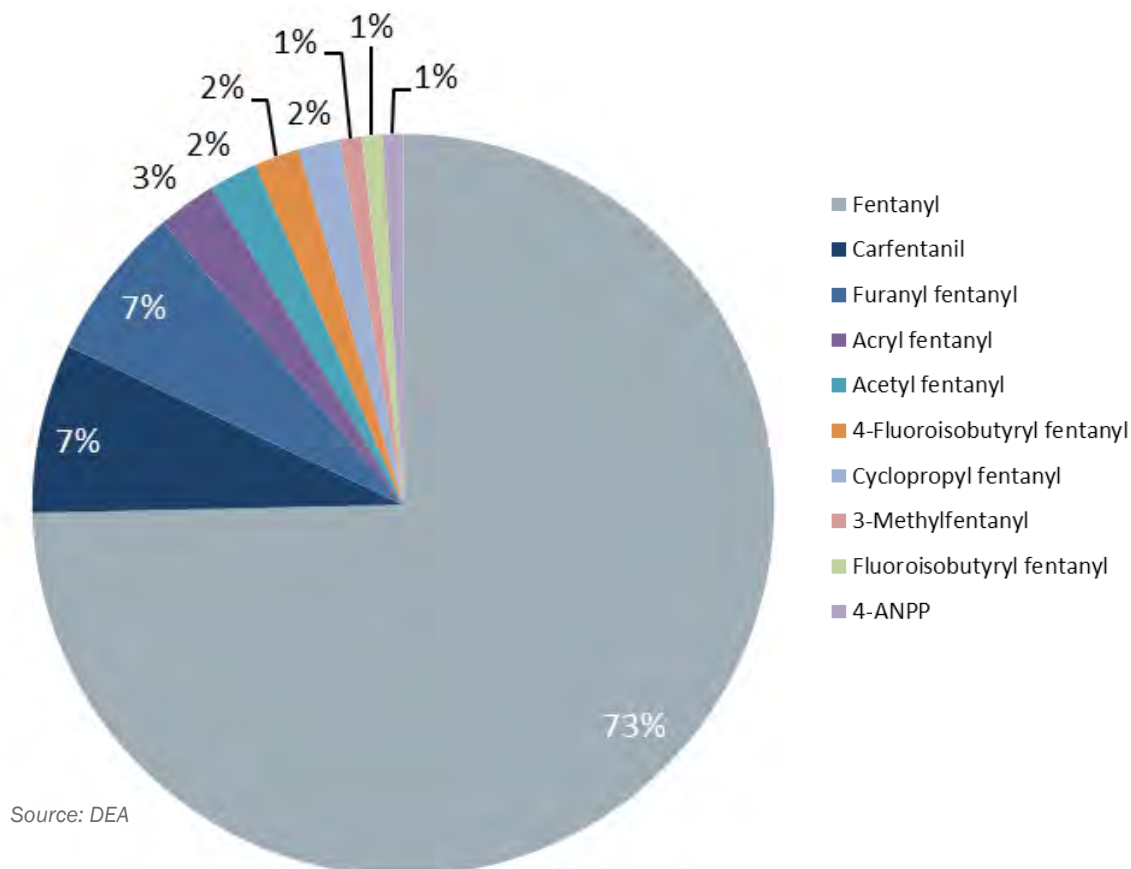
top 25 drug reports. Therefore, while fentanyl availability continues to increase, heroin maintains a significant presence in the U.S. drug market.

State-level reports in NFLIS continue to show fentanyl’s dominant presence in the Great Lakes and Northeast regions of the United States with a lesser presence in the Western United States. Ohio, Pennsylvania, Massachusetts, New

**Figure 3. State-level Fentanyl Reports, 2017**



Source: DEA

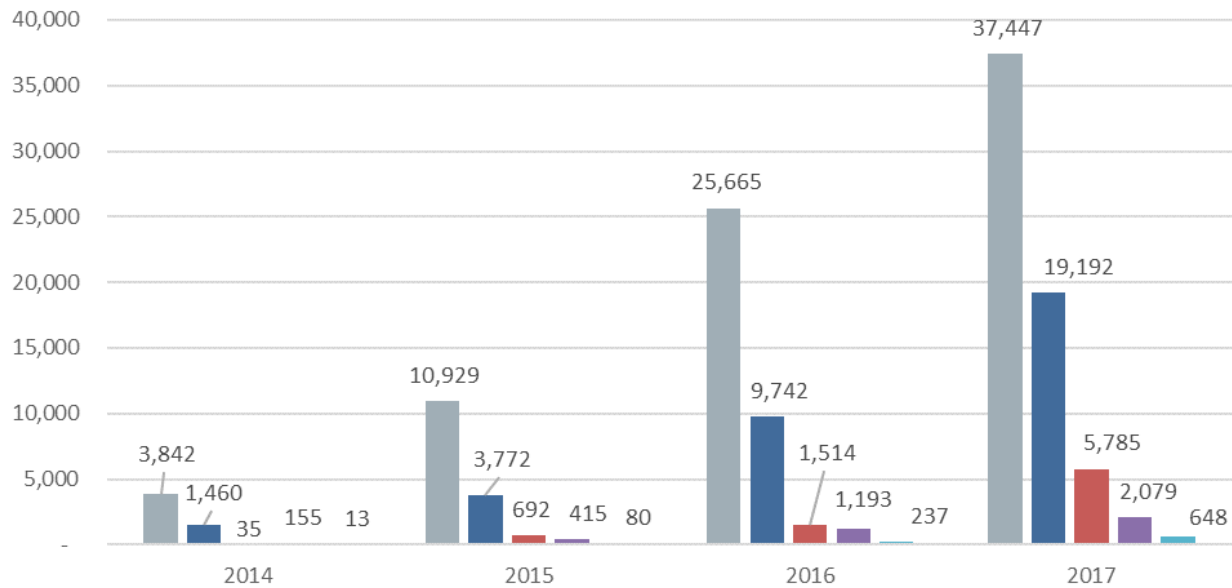
**Figure 4. Nationwide Reports of Fentanyl, Synthetic Opioids, and Precursor Chemicals, 2017**

York, and New Jersey had the most fentanyl reports in NFLIS in 2017 (see Figure 3). Moreover, Ohio, Pennsylvania, and New Jersey were among the five states with the most heroin reports in NFLIS in 2017. This further emphasizes the continued overlap between the heroin market and the fentanyl market.

Overlap between the fentanyl market and the cocaine market appears to remain limited even as law enforcement across the country report more instances of the two drugs mixed. Two of the states with the most fentanyl reports in NFLIS in 2017—Ohio and New York—also overlapped with states that submitted the most cocaine reports, with Ohio overlapping between fentanyl, heroin, and cocaine. This may be due to a combination of the overall increased availability of cocaine in the United States and the significant co-occurrence of cocaine and fentanyl in overdose deaths.

Fentanyl represented nearly three-quarters of all state reports of fentanyl, synthetic opioids, and precursor chemicals to NFLIS in 2017, showing continued higher availability of the drug compared to other synthetic opioids (see Figure 4). Carfentanil was the second most reported synthetic opioid overtaking furanyl fentanyl (third), suggesting carfentanil availability increased between 2016 and 2017. Carfentanil's availability is largely driven by Ohio's submissions, which reported 77 percent of all state-level reports of carfentanil in 2017.

According to DEA's Fentanyl Signature Profiling Program (FSPP), fentanyl seized and analyzed in the United States in 2018 averaged 5.3 percent pure, based on analysis of approximately 722 fentanyl powder exhibits representing 929 kilograms. FSPP analysis indicated fentanyl available in the United States could range from 0.1 percent to 96.8 percent pure depending on

**Figure 5. Fentanyl Combination Reports, 2014 – 2017**

Source: DEA

■ Fentanyl only      ■ Fentanyl and heroin      ■ Fentanyl with methamphetamine  
 ■ Fentanyl with opioids other than heroin      ■ Fentanyl with cocaine

## DEA's Fentanyl Signature Profiling Program

The FSPP performs in-depth chemical analyses on fentanyl and fentanyl-related exhibits obtained from seizures made throughout the United States. Analytical methodologies developed at the Special Testing and Research Laboratory (STRL) give in-depth reporting on seizures and link seizures for intelligence purposes. FSPP data is not intended to reflect U.S. market share but, rather, is a snapshot of samples submitted to STRL from DEA regional laboratories.

A new methodology recently developed by DEA researchers can now routinely identify the fentanyl synthetic route (>65 percent of current samples). The previous methodology could only determine the route in approximately one percent of samples examined.

the source of the fentanyl. DEA and Customs and Border Protection (CBP) reporting indicates the fentanyl shipped directly from China is typically seized in smaller quantities with purities commonly testing above 90 percent. By comparison, fentanyl trafficked overland into the United States from Mexico is typically seized in larger, bulk quantities with much lower purity, with exhibits on average testing at less than ten percent pure. DEA's FSPP reported wholesale (typically  $\geq 1$  kg) fentanyl/heroin seizures accounted for approximately 16 percent by weight of the powders examined. Across all exhibits, fentanyl was mixed with heroin in 32 percent of the exhibits examined; indicating drug trafficking organizations (DTOs) at the regional and retail levels inside the United States are primarily responsible for the mixing of heroin and fentanyl rather than TCOs in Mexico.

According to NFLIS data, in 2017, fentanyl was most commonly observed as the only controlled substance in fentanyl exhibits tested by forensic



## Fentanyl Resembling Black Tar Heroin Identified in Tucson

In August 2018, Tucson Police Department (PD) officers arrested an individual in possession of two individually wrapped bindles, one containing .75 grams of methamphetamine and the other containing .52 grams of a dark tar-like substance with a vinegar odor. The Arizona High Intensity Drug Trafficking Area (HIDTA) Counter Narcotics Alliance Task Force submitted both substances to the Tucson PD Crime Laboratory for analysis and identified that the black tar substance was fentanyl, most likely mixed with sugar. Although there have been seizures of fentanyl mixed with black tar heroin, this is the first known submission to the Tucson PD Crime Laboratory of fentanyl made to resemble black tar heroin. For context, in CY 2018, out of 1,283 total fentanyl exhibits, STRL analyzed 14 exhibits of “black tar” fentanyl. Of those, five contained heroin.

**Figure 6. Fentanyl Resembling Black Tar Heroin**

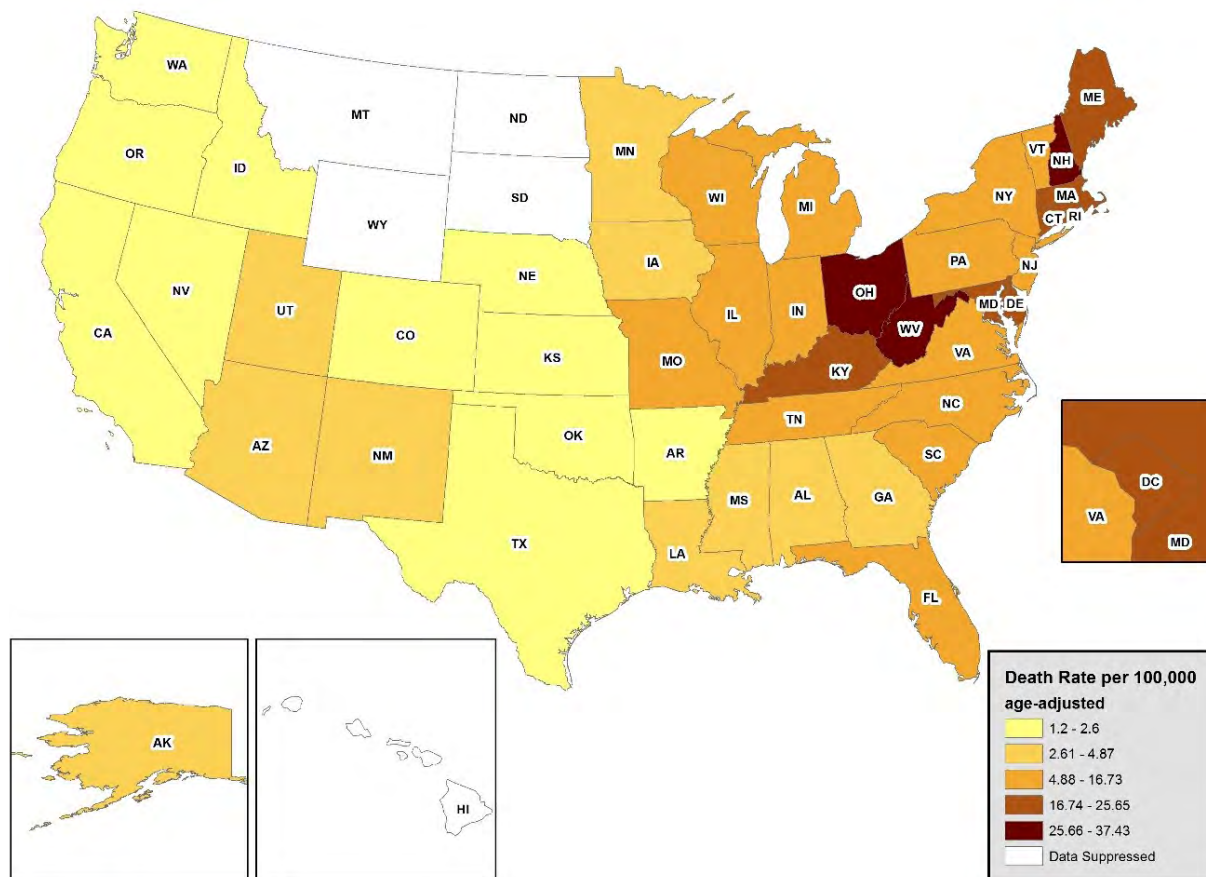


Source: Arizona High Intensity Drug Trafficking Area

laboratories across the country, continuing the trend of the past several years. Fentanyl with heroin was the most commonly observed mixture, with over nine times as many fentanyl and heroin mixtures identified as fentanyl and cocaine mixtures (see Figure 5). Between 2016 and 2017, the number of reports of fentanyl and heroin increased 97 percent; the number of reports of fentanyl and cocaine increased 74 percent; and the number of reports of fentanyl with methamphetamine increased 173 percent.

## Use

Fentanyl use remains high in the United States and is a major contributor to the ongoing epidemic of drug overdose deaths. The high potency and powerful effects of fentanyl continue to cause users to overdose and die in record high numbers. The Centers for Disease Control and Prevention (CDC) reported a 47 percent increase in synthetic opioid-involved deaths from 19,413 deaths in 2016 to 28,466 deaths in 2017. Synthetic opioids were present in more drug-involved overdose deaths than any other illicit drug for the second consecutive year. While other substances, such as tramadol, are included in the synthetic opioid category, fentanyl is chiefly responsible for the synthetic opioid-involved deaths reported in this category. Fentanyl-involved overdose deaths continue to be highest in the Great Lakes, Midwest, and Northeast regions of the United States (see Figure 7). In 2017, West Virginia, Ohio, New Hampshire, Maryland, and Massachusetts

**Figure 7. Synthetic Opioid-involved Deaths by State, Age-Adjusted Rate, 2017**

Source: Centers for Disease Control and Prevention

had the highest age-adjusted rates of fentanyl-involved overdose deaths.

Fentanyl-containing counterfeit pills continue to be associated with overdose deaths across the country. Fentanyl traffickers use fentanyl powder and pill presses to produce pills that resemble popular prescription opioids, such as oxycodone and hydrocodone, and other popular prescription drugs, such as alprazolam. According to research from The Partnership for Safe Medicines (PSM), as of January 2019, 46 states<sup>f</sup> had encountered fentanyl-containing counterfeit pills since 2015. PSM reported that fentanyl-containing counterfeit pills were responsible for overdose deaths in at least 29<sup>g</sup> of those states. In many

cases, the colorings, markings, and shape of the counterfeit CPDs were consistent with authentic prescription medications, meaning users might not be able to differentiate fentanyl-containing pills from authentic prescription medications.

- In February 2019, Tucson, AZ Police responded to reports of multiple individuals overdosing at a party after taking fentanyl-containing counterfeit oxycodone pills. Police administered naloxone to the individuals, with treatment saving three people but coming too late for one person who died. Investigators believe the four thought they were taking authentic oxycodone and were unprepared for a dose of fentanyl.
- In March 2019, public safety officials in Minnesota said fentanyl pills disguised as oxycodone have appeared and may have caused the death of someone in the state. According to the Blue Earth County Sheriff's

f. According to PSM, the only states with no confirmed presence of fentanyl-containing counterfeit pills were Delaware, Hawaii, Kansas, and Nebraska.

g. According to PSM, states with confirmed fatalities because of fentanyl-containing counterfeit pills were as follows: Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Mississippi, Montana, Nevada, New Hampshire, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, and Washington.

*Office, the decedent was found with blue “M30” pills, which investigators believe originated from drug traffickers in Mexico.*

The inconsistent amount of fentanyl present in fentanyl-containing pills is another major contributor to pills’ lethality. In 2018, DEA’s FSPP examined 148 tablet exhibits representing 180 kilograms, in which the average tablet contained 1.5 milligrams of fentanyl with a range of 0.02 to 4.84 milligrams per tablet. Furthermore, 19 tablet exhibits (13 percent) contained a potential lethal dose of fentanyl (i.e. a dose greater than two milligrams). This represents a significant increase from 2017, when DEA’s FSPP analyzed 72 exhibits representing 23 kilograms, of which seven exhibits (10 percent) contained potentially lethal doses of fentanyl.

In addition, in 2018, FSPP reported an increase in tablets containing acetaminophen and dipyrone, substances typically observed in Mexico-sourced heroin. To date, 85 exhibits (59 percent) contained a combination of acetaminophen and dipyrone as the primary diluents compared to only 17 percent of exhibits containing these substances in 2017. All of these tablets contained fentanyl HCl at an average dose of 1.6 milligrams per tablet with a range of fentanyl concentration from 0.5 to 2.3 milligrams per tablet. The consistency in the scientific profile of these counterfeit pills as well as the inclusion of substances commonly associated with Mexico-sourced heroin both indicate this particular “brand” of counterfeit tablet is likely produced by Mexican TCOs.

## Production

Illicit fentanyl production requires no plant material; rather, it is synthesized in laboratories entirely from chemicals, unlike heroin. The fentanyl available in the United States is primarily sourced to either China or Mexico; however, there are new source and transit countries emerging as important players in the fentanyl threat. There are two primary methods to synthesize fentanyl: the Janssen method and the Siegfried method. DEA’s STRL identified that 94 percent of the reports analyzed in 2018 were synthesized using the Janssen method versus six percent synthesized using the Siegfried method. The Janssen method is the more complex of the two methods of synthesis, indicating DTOs producing fentanyl are recruiting trained chemists to assist with fentanyl synthesis.

## Transportation and Distribution

Traffickers smuggle fentanyl into the United States both by land, using the SWB, and by air, using international mail and express consignment carriers. Typically, fentanyl trafficked across the SWB is sourced to Mexico and fentanyl trafficked through the mail is sourced to China. Although DEA cannot geo-source fentanyl like heroin and cocaine, fentanyl trafficked into the United States from these two sources is distinct, allowing law enforcement to make a determination about origin. Fentanyl trafficked across the SWB from Mexico is typified by large volumes that are low in purity (less than 10 percent pure on average). Conversely, fentanyl trafficked through the mail from China typically arrives in smaller quantities that are highly pure (frequently 90 percent or higher purity).

## Counterfeit Fentanyl Pill Mill Laboratory Seizures in Mexico

In 2018, Mexican law enforcement seized and dismantled two separate clandestine fentanyl pill-milling operations, one of which was allegedly responsible for producing carfentanil-laced counterfeit pills. The seizure of two separate counterfeit fentanyl pill milling operations in 2018 indicates Mexican TCOs are expanding their involvement in the trafficking of fentanyl by increasing the production of counterfeit fentanyl pills.

In September 2018, Mexican authorities located and secured the first suspected clandestine carfentanil pill milling operation in Mexico in the border city of Mexicali. A Bulgarian biochemist and his Mexican co-conspirator—both allegedly associated with the Sinaloa Cartel—were arrested during the operation. The dismantling of this lab resulted in the seizure of 20,000 suspected counterfeit carfentanil pills and a pill press. The Bulgarian biochemist is also accused, along with a second Mexican national associate, of conspiring to distribute carfentanil throughout the United States.

In December 2018, Mexican law enforcement seized a suspected fentanyl counterfeit pill mill in Azcapotzalco, Mexico City and arrested four individuals. Mexican officials seized suspected fentanyl-laced oxycodone M-30 pills, suspected fentanyl powder, precursor chemicals, and multiple items related to the production of fentanyl-laced counterfeit pills including one industrial press machine.

Given the differences in trafficking patterns, seizure amounts, seizure purities, and a lack of a distinct geographic forensic profile, it is currently not possible to identify whether China or Mexico is the primary fentanyl supplier to the United States. Seizures originating in Mexico represent a significantly larger total gross weight of fentanyl seized in the United States compared to fentanyl originating in China. However, the low purity of Mexico-sourced fentanyl means a relatively small portion of a given fentanyl seizure is actually fentanyl as opposed to other adulterants and diluents. DEA reporting also indicates Mexican traffickers order finished fentanyl from China, dilute it, and smuggle it into the United States. This means an unknown quantity of seized Mexican shipments of fentanyl were ultimately synthesized in China.

## Mexico-Sourced Fentanyl

Mexican TCOs continue trafficking fentanyl in multi-kilogram quantities commingled with other drug shipments across the SWB. These TCOs combine fentanyl with diluents in clandestine facilities in Mexico prior to moving the drugs to the SWB region. According to CBP and DEA reporting, fentanyl mixtures with other illicit drugs are relatively uncommon at the wholesale level, meaning the mixing of fentanyl with heroin and other illicit drugs takes place inside the United States, not in Mexico. This indicates the mixing of fentanyl with other illicit drugs is not representative of an overall strategy by Mexican TCOs.

According to CBP data, 681 kilograms of fentanyl were seized along the SWB in 2018. This represents a 26.2 percent decrease from the 923 kilograms seized in 2017. The majority of fentanyl seized along the SWB was seized in California (75.7 percent) with Arizona second at 20.2 percent.

## Mexico-sourced Counterfeit Oxycodone Pervasive in Sacramento Market

In April 2018, the Sacramento District Office (DO) seized more than 15,000 counterfeit generic oxycodone pills stamped with “M30” in Yuba City, California. These counterfeit pills were likely produced in Mexico. Later in June 2018, the Sacramento DO obtained more than 5,000 counterfeit generic oxycodone pills stamped with “M30” in Stockton, CA, likely sourced to Mexico. During September and October 2018, the Sacramento DO obtained more than 1,000 counterfeit generic oxycodone pills stamped with “M30” in Oroville, CA, also likely sourced to Mexico. Forensic laboratory testing confirmed the presence of fentanyl in all of the pill exhibits. This represents a shift in the production and distribution of counterfeit pills in the Sacramento DO area of responsibility (AOR). Historically, counterfeit pills were produced locally by DTOs; however, the last time the Sacramento DO seized a pill press was in October 2017.

**Figure 8. Counterfeit M30 Oxycodone Pills Containing Fentanyl**



Source: DEA

DEA reporting continues to indicate the Sinaloa and CJNG Cartels are likely the primary trafficking groups responsible for smuggling fentanyl into the United States from Mexico. To date, the fentanyl synthesis and fentanyl pill production operations dismantled in Mexico have occurred in Sinaloa-controlled territory. These TCOs are known to control the trafficking corridors in Mexico that connect to California and Arizona, meaning drugs passing through associated *locales* or plazas would need to be approved by these organizations. The use of poly-drug loads to smuggle multiple types of drugs across the border, a common tactic for fentanyl, is also typical of the Sinaloa and CJNG cartels.

Dominican traffickers, who are heavily involved in fentanyl trafficking in the Northeastern United States, are sourcing their fentanyl, both in powder and in pill form, from Mexican traffickers, expanding the reach of both organizations. U.S.-based Dominican Drug Trafficking Organizations

(DTOs), supplied with fentanyl powder by Mexican TCOs, distribute both powder fentanyl and counterfeit fentanyl-containing pills to customers.

- In December 2018, Boston’s Organized Crime Drug Enforcement Task Force (OCDETF) Strike Force agents arrested two members of a Dominican DTO and seized approximately 1,300 grams of fentanyl. Subsequent to the arrest, agents obtained a search warrant for the source of supply’s stash location in Massachusetts resulting in the arrests of two more defendants and the seizure of an additional nine kilograms of fentanyl and 3,000 counterfeit fentanyl pills.
- In January 2019, members of the New York FD and Homeland Security Investigations – Immigration and Customs Enforcement (HSI-ICE) executed an arrest warrant for a suspected money launderer involved with a Dominican DTO operating between Mexico, the Dominican Republic, New York City, and the Boston area that was supplying local residents with heroin and fentanyl. A consent search of the residence resulted in the seizure of approximately two kilograms of suspected heroin and fentanyl, approximately \$100,000 United States Currency (USC), a kilogram press, eight bags of kilogram brick branding/markings stamps, and the components of a large heroin mill.

- In March 2019, the Boston Task Force working alongside the Boston, MA; Braintree, MA; Cambridge, MA; and Randolph, MA PDs and the Suffolk County District Attorney's Office executed several enforcement activities against a Dominican DTO operating in the area. Several motor vehicle stops and the execution of seven search warrants resulted in six arrests, the seizure of approximately \$110,000 USC, two kilograms of suspected fentanyl, 200 grams of suspected cocaine, one vehicle, and one loaded firearm.

## China-Sourced Fentanyl

Fentanyl seizures in the international mail and express consignment operations (ECO) environments decreased significantly between CY 2017 and CY 2018, as did the percentage of seizures originating from China<sup>h</sup>. Total fentanyl seizures from the international mail and ECO environments declined by approximately 54 percent between 2017 and 2018, from 162.13 kilograms to 74.78 kilograms. Similarly, the total amount of fentanyl seized originating from China decreased 57 percent during the same

timeframe, from 69.77 kilograms to 30.28 kilograms. In both 2017 and 2018, China was the single largest country of origin for fentanyl seized in the mail and ECO environments. Fentanyl originating from China represented approximately 40 percent of all seizures from the mail and ECO environments in 2018 compared to 43 percent of all international mail and ECO seizures in 2017. The cause of the substantial decrease in fentanyl seizures in the mail and ECO environments is yet unknown; however, contributing factors may include increased regulations in China on fentanyl and fentanyl-related substances<sup>i</sup> (FRSs), multiple high-profile successful dark web/open web operations, shippers' use of intermediary transit countries to disguise packages' origin, and Mexican TCOs' increasing production and trafficking of fentanyl.

- In July 2018, the Atlanta FD identified a dark web vendor who used Chinese skincare products to conceal shipments of fentanyl smuggled into the United States from China. DEA, working in conjunction

## China Announces Controls on Fentanyl-Related Substances (FRSs)

On April 1, 2019, China announced it would control FRSs as a class effective May 1, 2019. China's new regulation defines an FRS as structurally related to (N-phenyl-N-[1-(2-phenylethyl) piperidin-4-yl] propanamide) by one or more of the following modifications:

- Replacement of the N-propionyl group by another acyl group;
- Replacement of the N-phenyl group with any aromatic monocycle whether or not further substituted in or on the aromatic monocycle;
- Substitution in or on the piperidine ring with alkyl, alkenyl, alkoxy, ester, ether, hydroxyl, halo, haloalkyl, amino or nitro groups; and/or
- Replacement of the phenethyl group with another group (exclude hydrogen atom)

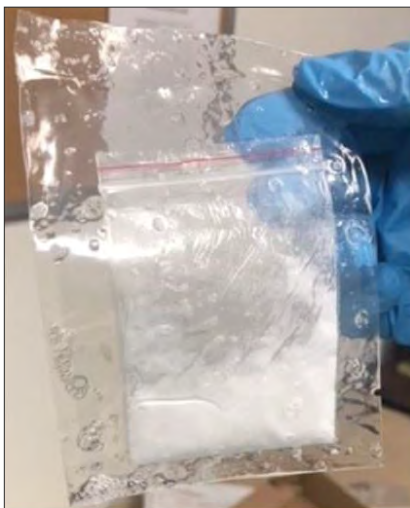
Officials from three Chinese agencies, including the Ministry of Public Security, announced the change at a news conference that included representatives from foreign embassies, including the American Embassy. The new restrictions will prevent drug traffickers from circumventing the law by changing fentanyl's formula to create FRS that are similar but not previously controlled. Further, the deputy director of the National Narcotics Control Commission stated Chinese authorities will urge courier companies to implement real-name registration for parcels and are increasing customs checks for high-risk international packages and further enhancing enforcement co-operation.

h. For the purposes of this data, seizures with a country of origin of Hong Kong were treated the same as seizures with a country of origin of China.

i. Fentanyl-related substances are substances in the fentanyl chemical family, but have minor variations in chemical structure (e.g., acetyl fentanyl, furanyl fentanyl, carfentanil).

with the United States Postal Inspection Service (USPIS), identified a package shipped from Sichuan, China, via an international mail service, which was supplied by the identified vendor. Law enforcement believed the package contained two grams of fentanyl, while the shipping label of the package stated the contents were cosmetic facial masks. Upon inspecting the package, law enforcement determined the presence of fentanyl inside a black box within the package that contained numerous individual packets containing facial masks. The fentanyl was discovered concealed inside a gel pack that would have contained a facial mask (see Figure 9).

**Figure 9. Fentanyl Concealed in Gel Pack**



Source: DEA

## Pill Press Operations

Law enforcement across the United States continues to identify and dismantle more clandestine fentanyl pill pressing operations. These operations are popular since traffickers can invest in as little as a kilogram of fentanyl powder and produce hundreds of thousands of counterfeit fentanyl-containing pills to generate large amounts of revenue. Domestic clandestine pill press operators usually purchase already synthesized fentanyl and FRS in powder form, in addition to pill presses available from China, to create counterfeit pills intended for street sales. DEA and CBP must electronically approve the importation of tabulating/encapsulating machines. However, traffickers circumvent U.S. law by intentionally mislabeling

shipments containing pill press parts and/or misrepresenting shipments on official customs forms. Moreover, there is no regulatory oversight of the machines after they enter the United States.

- In October 2018 and January 2019, the Phoenix FD made significant seizures of counterfeit fentanyl-containing pills, highlighting the push by Mexican TCOs to produce and supply customers consistently with a fentanyl product besides powder fentanyl. In October 2018, the Phoenix FD seized approximately 30,000 “M30” counterfeit fentanyl-containing pills delivered by two couriers travelling on a shuttle van from San Luis, Arizona to Phoenix, Arizona. In January 2019, the Phoenix FD, in conjunction with United States Border Patrol (USBP), identified a juvenile drug courier operating in Yuma County, Arizona. The courier was stopped at the USBP checkpoint resulting in the seizure of 16 pounds of “M30” counterfeit fentanyl-containing tablets.
- Between July 2018 and August 2018, the Pittsburgh DO— in coordination with the Pittsburgh Bureau of Police— executed search warrants on two locations discovered to be pill press operations, seizing three pill presses. DEA indicated a single organization operated all three pill presses and produced counterfeit “M30” oxycodone tablets containing fentanyl and heroin. Law enforcement also seized heroin and fentanyl (dyed green and blue in color), weapons, and pill press dies at one of the residences. At the second residence, law enforcement seized five kilograms of “Firma Press” binding agent, three digital scales, beakers, grinders, and sifters (see Figure 10).

**Figure 10. Pill Press Equipment Seized in Pittsburgh, Pennsylvania**



Source: DEA

## India as an Emerging Source Country for Fentanyl

In late 2018, India emerged as a source country for fentanyl and fentanyl precursors trafficked by Mexican TCOs. DEA reporting identified a partnership between an Indian national and a Chinese national who worked in concert to obtain fentanyl precursor chemicals and fentanyl. The operation started in China but moved to India after the targets encountered difficulties obtaining precursor chemicals in China, possibly a consequence of China's previously announced regulations on fentanyl precursors 4-anilino-N-phenethyl-4-piperidone (4-ANPP) and N-phenethyl-4-piperidone (NPP). This may help TCOs to offset new regulations put in place by China, the primary supplier of FRS to the United States and fentanyl precursor chemicals to Mexican TCOs, if the regulations prove effective.

In the last half of 2018, DEA, in conjunction with Indian law enforcement authorities, conducted two separate operations that seized approximately 100 kilograms of suspected fentanyl or fentanyl precursors and 11 kilograms of fentanyl connected to an illicit fentanyl laboratory. Law enforcement reporting indicates the fentanyl in both seizures was intended for Mexican TCOs, indicating these groups are expanding their sources of supply beyond China. These investigations indicate Indian chemists have the knowledge and expertise to manufacture fentanyl without NPP and 4-ANPP, which will increase the difficulty of detection and oversight within India and throughout the international community.

- *In March 2019, the Phoenix FD Strike Force 2 working with the Tempe PD identified a DTO target expecting several fentanyl shipments from multiple couriers. DEA and local law enforcement identified a suspicious vehicle and conducted a traffic stop, which led to a consensual search of the vehicle and the seizure of 6,000 counterfeit fentanyl-containing pills. Shortly afterwards, law enforcement located the DTO target at a Phoenix-area hotel and, after a consensual search of the premises, seized 19,000 fentanyl pills, \$10,000 USC and two handguns.*

## Outlook

Fentanyl will remain a serious threat to the United States as record numbers of individuals suffer fatal overdoses from illicit fentanyl sourced to foreign clandestine production. Clandestine fentanyl pill pressing operations will likely increase as DTOs seek to appeal to the large pill abuser population in the United States, with counterfeit fentanyl-containing pills continuing to be associated with clusters of overdoses and deaths due to inconsistent mixing and often unexpectedly high potency. The primary sources of fentanyl production and supply will likely shift as drug traffickers in other countries, such as India and Mexico, respond to China's new fentanyl legislation by expanding their own production and trafficking operations. Mexican TCOs will continue to serve as the suppliers of wholesale quantities of fentanyl to DTOs across the United States; whereas smaller, independent trafficking organizations will continue purchasing fentanyl from China on the open web and selling the drugs domestically on the dark web.



# HEROIN

## Overview

Heroin continues to pose a serious public health and safety threat to the United States, though some early indicators demonstrate demand for heroin may be stabilizing. Heroin use and overdose deaths, although stable compared to 2017, remain at high levels. The domestic heroin and fentanyl markets intertwine, with both substances disproportionately affecting the Great Lakes and Northeast regions of the United States. Traffickers at the regional and retail levels mix fentanyl into white powder heroin and/or press the powders into counterfeit pills to stretch supplies while providing a high quality, very addictive, and extremely potent product. Black tar and brown powder heroin markets retain their dominance of the opioid market in the Western United States. However, the availability and prevalence of white powder heroin is complicated to assess, as some markets remain primarily heroin markets while other markets report fentanyl is largely supplanting traditional heroin supplies. The overwhelming majority of the heroin available in the United States is produced in Mexico and is trafficked across the SWB by Mexican TCOs.

## Availability

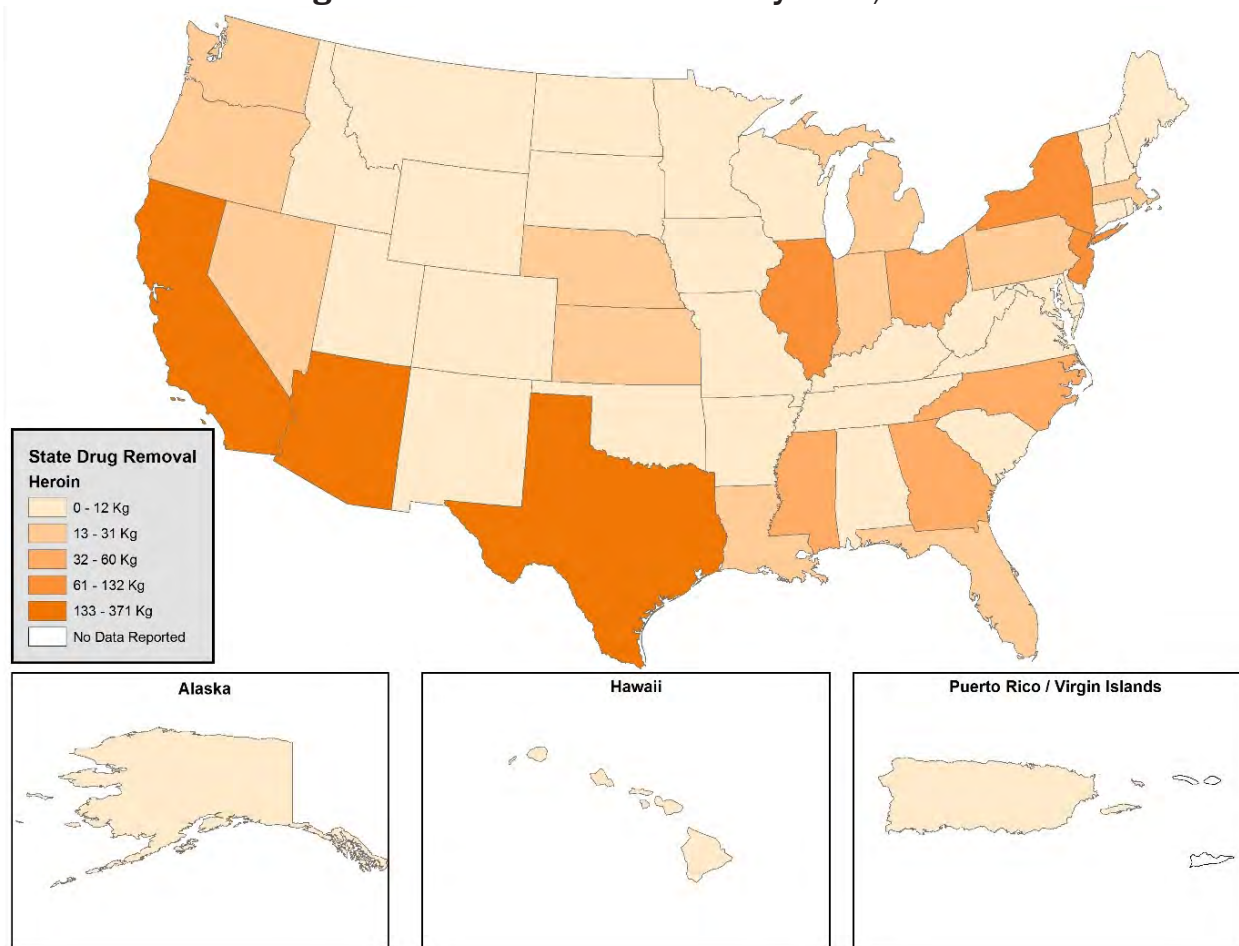
In 2018, the majority of FDs indicated that heroin was easily obtained at any time. The El Paso, New Orleans, and San Diego FDs indicated heroin availability in their AORs was moderate, meaning heroin is generally readily accessible (see Figure 11). The Atlanta, Dallas, Houston,

New Orleans, St. Louis, and Washington FDs indicated heroin was more available in their areas than in the previous reporting period. The Miami and New England FDs indicated that heroin was less available in their AORs than last year.

**Figure 11. Field Division Reporting of Heroin Availability in CY 2018 and Comparison to CY 2017**

Field Division	Availability During CY 2018	Availability Compared to CY 2017
Atlanta Field Division	High	More
Caribbean Field Division	High	Stable
Chicago Field Division	High	Stable
Dallas Field Division	High	More
Denver Field Division	High	Stable
Detroit Field Division	High	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	High	More
Los Angeles Field Division	High	Stable
Louisville Field Division	High	Stable
Miami Field Division	High	Less
New England Field Division	High	Less
New Jersey Field Division	High	Stable
New Orleans Field Division	Moderate	More
New York Field Division	High	Stable
Omaha Field Division	High	Stable
Philadelphia Field Division	High	Stable
Phoenix Field Division	High	Stable
San Diego Field Division	Moderate	Stable
San Francisco Field Division	High	Stable
Seattle Field Division	High	Stable
St. Louis Field Division	High	More
Washington Field Division	High	More

Source: DEA

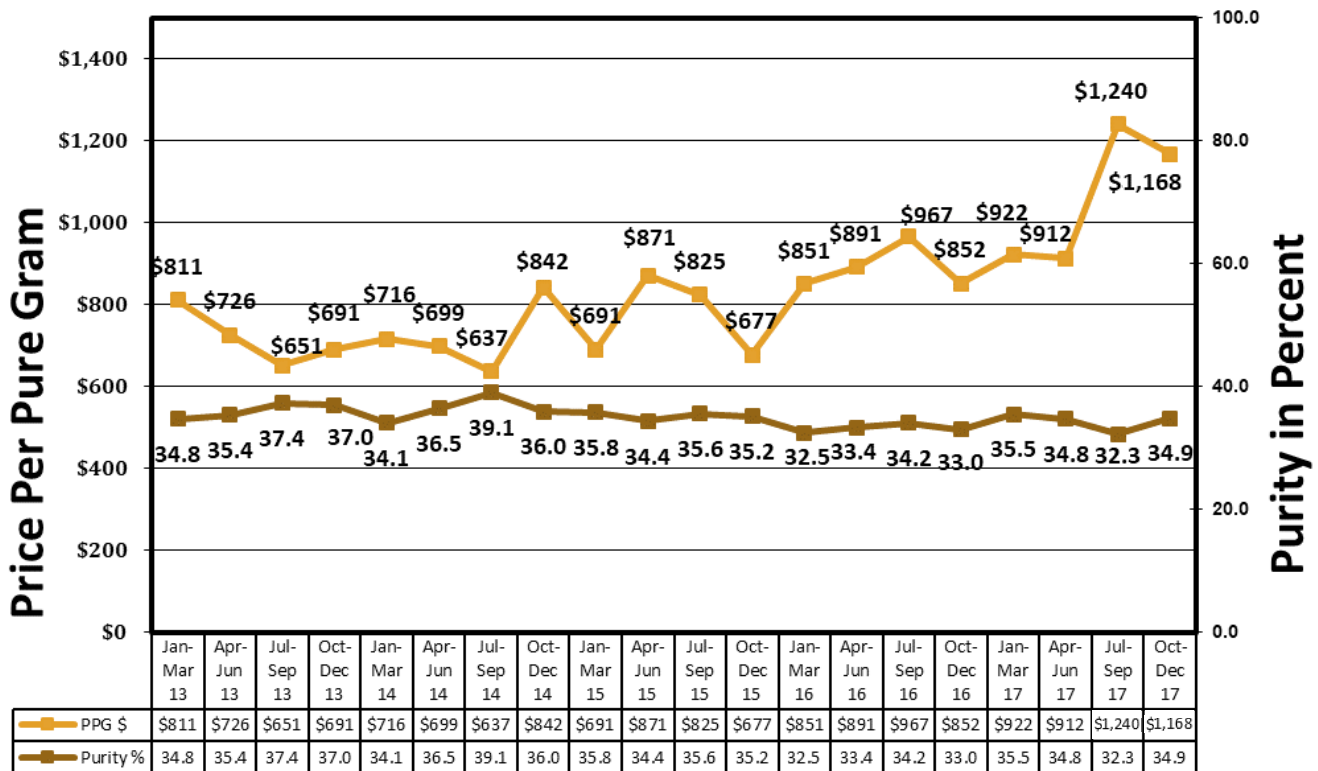
**Figure 12. DEA Heroin Removals by State, 2018**

Source: DEA

Heroin availability remains high in the United States, especially in the Great Lakes, Midwest, and Northeast regions of the United States where the largest white powder heroin markets are located. DEA seized 1,932 kilograms in 2018 from domestic field divisions. DEA seized the largest amounts of heroin in Arizona, California, and Texas, with the Phoenix, Los Angeles, and Houston FDs recording the most heroin seized in those states (see Figure 12). Other states with large quantities of heroin seized include New York, New Jersey, and Illinois. The concentrations of heroin seizures in these areas emphasizes the trafficking and flow of heroin from SWB states to states with large white powder heroin consumer markets, which are most affected by the opioid crisis.

According to state-level NFLIS data, the states primarily located in the Great Lakes and the Northeast regions of the United States submitted the most heroin reports to NFLIS. Ohio reported the most heroin reports followed by Pennsylvania, New Jersey, California, Illinois, and New York. In 2017, there were 157,055 heroin reports in NFLIS, a 10 percent decrease from 173,842 reports of heroin in 2016. Heroin was the fourth most reported drug in NFLIS behind methamphetamine, cannabis, and cocaine, and was the most reported opioid, with more heroin reports recorded than either fentanyl or oxycodone/hydrocodone. Heroin reports in NFLIS decreased from 2001 through 2006, and then increased through 2015, followed by decrease in reports through 2017.

Figure 13. DEA Domestic Heroin Purchases, January 2013 – December 2017



Source: DEA

The purity-adjusted retail price for heroin is increasing while retail purity remains more constant, likely meaning the domestic heroin market remains in flux. Between January 2013 and December 2017, the price per pure gram of heroin increased 44 percent, from \$811 to \$1,168. During the same period, retail heroin purity remained stable at 34.8 percent pure in January 2013 and 34.9 percent pure in December 2017 (see Figure 13). These changes are contrary to trends observed for other illicit drugs at the retail level in the United States. For cocaine and methamphetamine, increased supply by traffickers and demand by users normally leads to parallel decreases in price and increases in purity.

DEA is observing other significant changes in the retail heroin market. Forensic laboratories across the United States are analyzing more retail-level heroin exhibits containing fentanyl and other

synthetic opioids. As traffickers mix fentanyl into local heroin supplies, they can charge a higher price for their product all while maintaining stable heroin purity. Instead of responding to users’ demand for high quality heroin by supplying a more pure product, traffickers can satisfy demand with fewer costs by supplying customers with heroin adulterated with enough fentanyl to provide customers the high they seek while putting users at greater risk of overdose and death.

Additionally, DEA is observing the spread of heroin into more rural markets. Forensic laboratories across the United States are increasingly analyzing undercover heroin purchases from rural areas where heroin previously had a minimal presence. DEA’s historical price data indicates illicit drug prices are typically higher in these locations versus major metropolitan cities, possibly as both a

function of lower supply in these areas as well as increased transportation costs associated with moving heroin into these areas. The significantly higher cost of heroin in these rural areas is one of the factors driving up the national price.

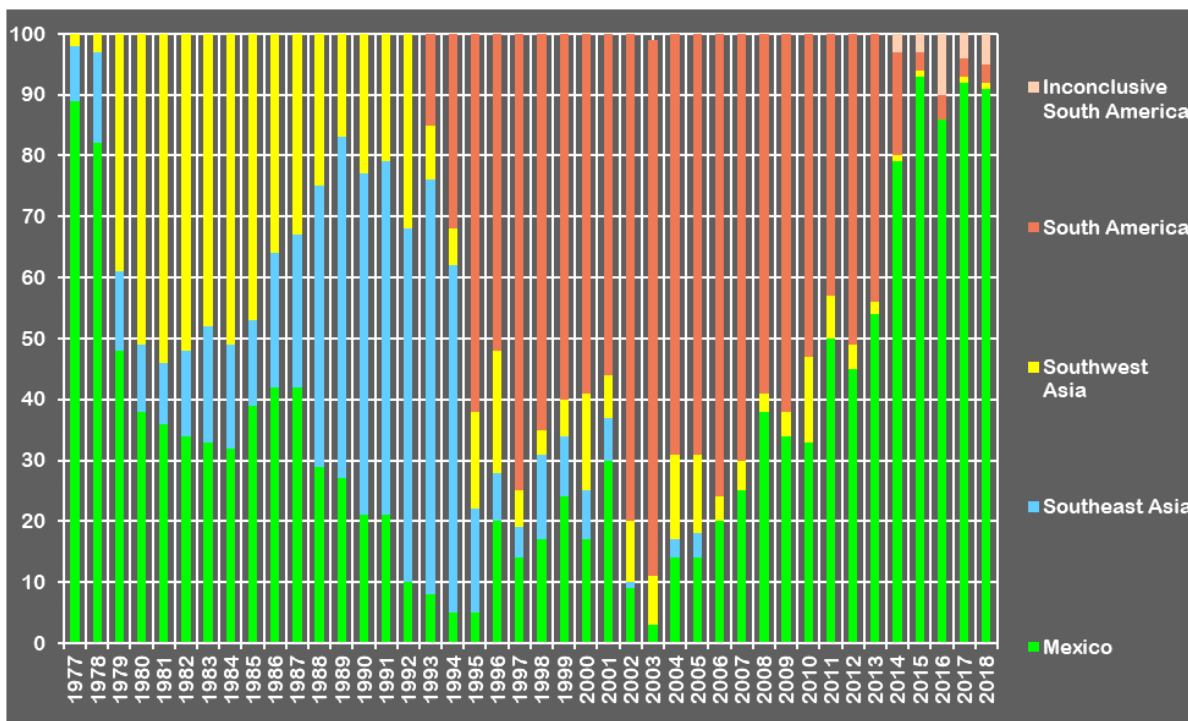
### The Heroin Signature Program (HSP)

The DEA’s HSP provides in-depth chemical analysis of the source area origin and purity of heroin. Since 1977, the HSP has reported the geographic source and purity of heroin seized at U.S. ports-of-entry, as well as wholesale-level seizures within the United States. Each year, chemists at DEA’s STRL analyze 700 to 900 samples to assign geographic origin based on authentic samples obtained from the heroin-producing regions around the world. Since not all heroin seizures in the United States are submitted for analysis, the source area proportions should not be characterized as market share.

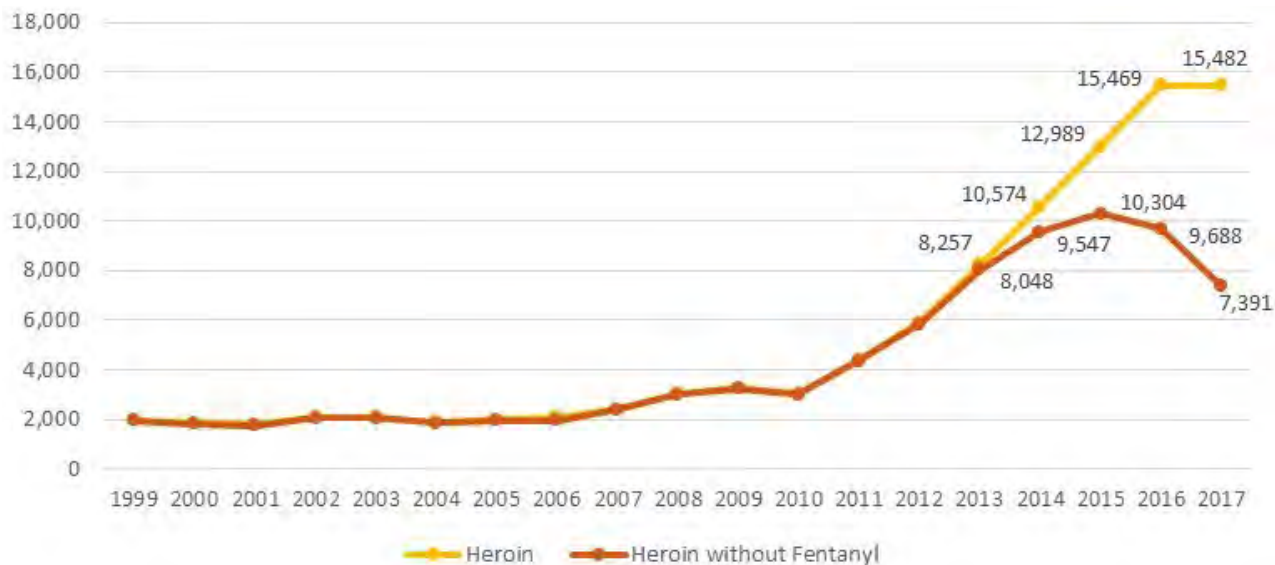
## Availability by Heroin Type

Mexico-sourced heroin continues to dominate the U.S. heroin market; however, heroin from three source areas—Mexico, South America, and Southwest Asia—is available in the United States to varying degrees. According to DEA’s HSP, Mexico-sourced heroin represents the overwhelming majority of the heroin seized and analyzed in the United States, while South America is second most common source of heroin (see Figure 14). Although Afghanistan is the world’s largest producer of heroin, Southwest Asian (SWA) heroin is available in considerably smaller quantities in the United States than both Mexico-sourced and Colombia-sourced heroin. In contrast, heroin markets in Africa, Asia, and Europe are dominated by SWA heroin. For at least the past decade, Southeast Asian (SEA) heroin has rarely been available in the United States, particularly as production in the Golden Triangle (the traditional Southeast Asian poppy-growing region of Burma, Laos, and

**Figure 14. Source of Origin for the United States Wholesale-Level Heroin Seizures, 1977 – 2018**



Source: DEA Heroin Domestic Monitor Program

**Figure 15. Heroin-Involved Overdose Deaths With and Without Fentanyl, 1999 – 2017**

Source: Centers for Disease Control and Prevention

Thailand) declined significantly overall since 2000. Mexico and, to a lesser extent, Colombia dominate the U.S. heroin market because of their proximity, established transportation and distribution infrastructure, and ability to satisfy heroin demand in the United States.

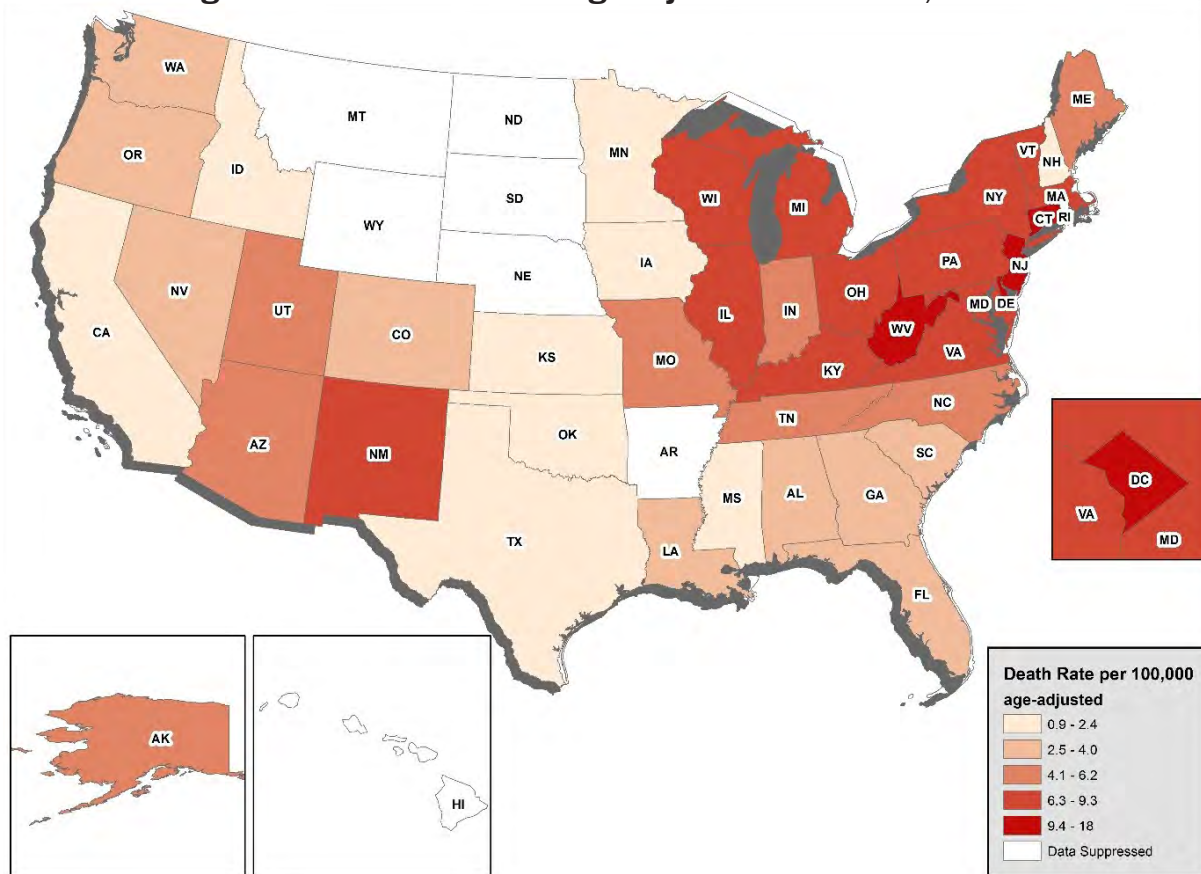
- Submissions of Mexican heroin to the DEA HSP account for the majority of all heroin analyzed by DEA. For 2018, Mexico-sourced heroin accounted for 93 percent of the total weight of heroin analyzed under the HSP. The overwhelming majority of wholesale-level exhibits from the SWB were either adulterant free or diluent free and did not contain fentanyl. Inconclusive South American heroin represented approximately five percent of all seizures analyzed, South American heroin represented approximately three percent of all seizures analyzed, and SWA heroin represented less than one percent of all seizures analyzed. In addition, seizures of heroin made at the SWB were primarily shipments of highly refined, high purity white powder sourced to Mexico using South American processing methods (MEX/SA) with an average purity of 83 percent while Mexican black tar (MEX/T) shipments had an average purity of 51 percent.
- According to Heroin Domestic Monitor Program (HDMP) data, approximately 41 percent of the retail-level heroin exhibits analyzed from across the country contained

fentanyl. The average purities for heroin at the retail level also varied by type, with MEX/SA averaging 50 percent and MEX/T averaging 33 percent. The continued presence of heroin exhibits that contain fentanyl across the country indicates domestic heroin markets remain in flux.

## Use

Drug-poisoning data shows heroin-involved overdose deaths may be leveling off as fentanyl-involved overdose deaths continue to increase sharply. Heroin-involved overdose deaths remained stable between 2016 (15,469 deaths) and 2017 (15,482 deaths). Further analysis reveals the rate of heroin-involved overdose deaths not involving fentanyl has decreased by eight percent since 2014—the start of the current fentanyl crisis—whereas there was an 88 percent increase in heroin-involved overdoses overall during the same timeframe (see Figure 15). Although heroin-involved overdose deaths may be stabilizing, heroin was still involved in more overdose deaths than any other illicit drug except fentanyl in 2017.

**Figure 16. Heroin Overdose Age-adjusted Death Rate, 2017**



Source: Centers for Disease Control and Prevention

Heroin

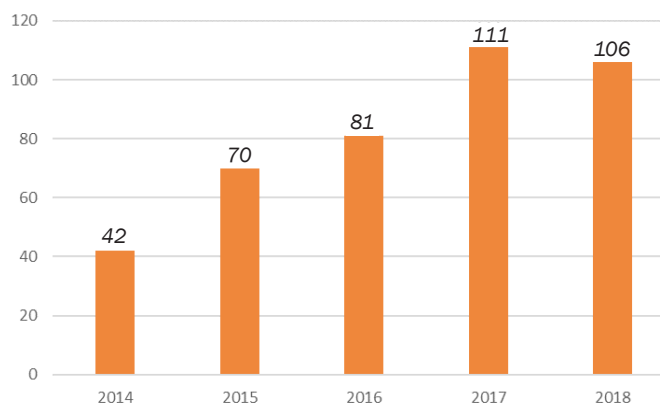
- Rates of heroin overdose deaths remain the highest in the Northeast and Midwest; regions that have long had the largest heroin user populations and highest availability of white powder heroin (see Figure 16). West Virginia, Delaware, Connecticut, New Jersey, and Illinois had the highest rates of heroin-involved overdose deaths in 2017. West Virginia was also one of the five states that experienced the highest rates of fentanyl-involved overdose deaths, highlighting the continued link between heroin and fentanyl in established opioid markets.

## Production

Opium poppy cultivation in Mexico slightly decreased for the first time since 2012. In 2018, poppy cultivation decreased five percent to 41,800 hectares (ha) compared with 44,100 ha in 2017. According to U.S. Government (USG) estimates, the amount of poppy cultivated could produce about 106 metric tons (MT) of pure heroin, a decrease of approximately four percent from 2017 (see Figure 17). Low opium

prices paid to poppy farmers in Mexico due to the steep increase in production probably drove the decrease in cultivation as well as traffickers mixing fentanyl with heroin or else selling fentanyl in place of heroin. However, there has been no observed reduction in heroin flows to indicate fentanyl is displacing heroin on a large scale.

**Figure 17. Potential Pure Heroin Production in Mexico, 2014 – 2018**



Source: U.S. Government Estimates

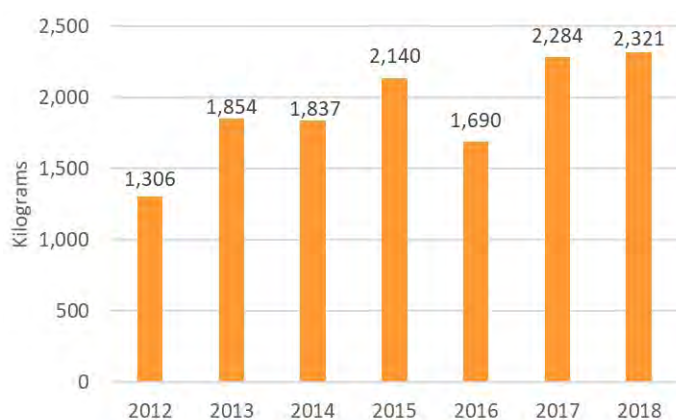
Heroin milling operations, often in conjunction with fentanyl, are commonly observed by law enforcement across the United States. These operations break down wholesale quantities of heroin and/or fentanyl and repackage them into mid- and retail-level quantities for further distribution. These “mills” are often located in DTO members’ private residences where traffickers feel they can operate with minimal risk of detection. Heroin and fentanyl mixtures are primarily created at this stage, as DEA and CBP seizure data continue to indicate heroin seizures at the SWB rarely contain fentanyl. DEA reporting indicates these combinations vary widely in their concentrations of heroin, fentanyl, and other adulterants, usually resulting from inconsistent mixing by the regional drug trafficking groups or further cuts added by local suppliers.

- In December 2018, a Baltimore District Office HIDTA Group identified a fully functional heroin and fentanyl pill mill capable of producing thousands of heroin and fentanyl capsules daily. The operation seized a kilogram press, thousands of empty gel-caps, gel-cap quick loader trays, and approximately 800 grams of suspected heroin and fentanyl.
- In January 2019, the New York FD targeted a DTO responsible for distributing large amounts of heroin and fentanyl in the New York City area. The New York FD located and arrested the DTO’s leader. During the subsequent search of the suspect’s residence, officers discovered and dismantled a heroin mill and seized five kilograms of heroin and fentanyl along with paraphernalia and stamps.
- In March 2019, the Philadelphia FD identified and dismantled a large-scale heroin and fentanyl mill operated by a Dominican trafficker. A search warrant resulted in the seizure of several thousand stamped packets of heroin, a kilogram package of suspected fentanyl, and multiple bags and containers of suspected heroin, fentanyl, processing paraphernalia, and other cutting agents, including more than 40 vials of xylazine.

## Transportation and Distribution

The majority of heroin smuggled into the United States is brought overland across the SWB. Couriers on commercial airlines transport lesser amounts into the United States. Heroin seizures at the SWB remained high but stable with 2,321 kilograms of heroin seized by CBP in 2018 compared to 2,284 kilograms in 2017. Despite the slight increase in seizures, both totals were significantly higher than the amount seized in 2016 (1,690 kilograms) (see Figure 18).

**Figure 18. Southwest Border Heroin Seizures, 2012 – 2018**



Source: Customs and Border Protection

Analysis of both heroin-involved overdose data and forensic laboratory reports indicate Mexican traffickers continue to deepen their heroin trafficking operations in the white powder heroin markets in the Great Lakes, Midwest, and Northeast regions of the United States. The largest, most lucrative domestic heroin markets continue to be white powder markets in major Eastern cities, while smaller markets for brown powder and black tar heroin still exist in the Western United States. White powder heroin markets are also the biggest fentanyl markets, as Mexican traffickers both mix heroin and fentanyl at the retail level and sell fentanyl

## Heroin Concealment Methods in Vehicles

Mexico-based TCOs employ a variety of methods to smuggle heroin into the United States. Hiding drug loads inside aftermarket fixtures or various other automotive parts remains a popular concealment method among TCOs. These organizations often conceal drugs and other contraband inside exterior

**Figure 19. Six Kilograms of Heroin Concealed in Metal-Like Boxes**



Source: DEA

parts believing it provides an added measure of plausible deniability if law enforcement discovers the drugs. The countless different aftermarket modifications of varying sizes and shapes readily available to TCOs often makes the detection of illicit drug loads challenging for law enforcement.

In September 2018, the Texoma HIDTA executed a search warrant at a narcotics stash house in a residential neighborhood in Fort Worth, Texas. Investigators seized six kilograms of heroin and several empty duct tape-wrapped metal boxes used to smuggle heroin from Mexico to the United States (see Figure 19). Each box was large enough to conceal approximately two kilograms of heroin. Some of the compartments had a bolt-sized anchor hole, which indicates these boxes may have been attached to vehicle undercarriages. Other boxes without holes led investigators to believe the boxes were placed in an additional trap.

In July 2018, the Fort Worth PD stopped a suspected heroin courier vehicle. After discovering a small amount of cocaine in the driver's pocket, officers searched the vehicle, leading to the discovery of four kilograms of heroin concealed inside the vehicle's battery compartment. The vehicle's original battery had been removed and replaced by a much smaller battery. The additional space was used to conceal 12 smaller packets containing heroin (see Figure 20).

**Figure 20. Four Kilograms of Heroin Discovered in a Hollowed Out Car Battery**



Source: DEA



## Bricks of Noscapine and Heroin Adulterated with Noscapine Seized in Florida

In August 2018, the Mount Dora PD and the Orlando District Office seized suspected brown powder heroin, black tar heroin, oxycodone, methamphetamine, and two AR-15 rifles from a storage facility in Mount Dora, Florida. The joint investigation resulted in the seizure of drugs that were pressed into three bricks and three cylindrical packages weighing approximately one kilogram each. According to DEA forensic laboratory analysis, two bricks were composed solely of noscapine while the other contained heroin mixed with noscapine. Noscapine is an alkaloid from the poppy family used as a medication due to its antitussive (cough suppressing) effects and a by-product of heroin processing. According to DEA reporting, Mexican trafficking organizations use noscapine as cutting agent in heroin smuggled into the United States, as noscapine is believed to magnify the effects of other drugs. While noscapine is generally discarded as waste during heroin processing, some processors reuse it to make noscapine-enriched powder. The finished product is typically sold as heroin, allowing trafficking organizations to maximize profitability by extending heroin supplies.

as a standalone product (see Fentanyl and Synthetic Opioids Section). Combining only a small quantity of fentanyl into heroin supplies can increase profits by allowing DTOs to stretch their heroin supplies without a noticeable drop in product quality.

The heroin and fentanyl markets remain mixed throughout most of the major white powder heroin markets. However, in select areas, law enforcement and public health officials report fentanyl is supplanting a significant portion of the pre-established heroin market. As fentanyl is more potent than heroin, traffickers can mix relatively small quantities of fentanyl with various adulterants and diluents and sell their product as heroin without losing potency. The increased presence of fentanyl in white powder heroin markets continues to result in higher rates of fentanyl-involved overdose deaths, straining law enforcement and public health resources in areas already afflicted with high levels of heroin-involved overdoses.

- *In Delaware, fentanyl was the most commonly identified substance in toxicology results from 2018 and was present in 72 percent of decedents. Fentanyl was present in 287 decedents compared to 125 for heroin and 144 for prescription opioids, indicating fentanyl may have a larger consumer base among opioid drug users compared to heroin or prescription opioids.*
- *In New Jersey, the cost of heroin has decreased since 2017, whereas the cost of fentanyl and opioid pills has increased, indicating demand for heroin may be stagnating or declining. In 2018, the cost of heroin, per kilogram decreased 18 percent, while the cost of fentanyl increased 50 percent. The number of suspected heroin submissions in New Jersey counties containing fentanyl also increased substantially between 2015 and 2018, from seven percent to 54 percent of all submissions.*

## Outlook

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Heroin availability, while high, may stabilize in the near future, leading to decreases in heroin-involved overdose deaths when those deaths do not also involve fentanyl. White powder heroin remains highly pure and is the most commonly used type of heroin in all the major U.S. heroin markets. The heroin and fentanyl markets, already intertwined, will continue to result in traffickers mixing heroin with fentanyl to stretch heroin supplies and maximize revenues. As such, more heroin-involved overdose deaths will likely contain fentanyl and more heroin markets will be supplanted by fentanyl and other synthetic opioids at the local level. As a result, heroin-involved overdose deaths may moderate in the near term, as more users die from fentanyl-involved overdoses than from overdoses involving heroin alone. Mexico will remain the primary source of supply for heroin smuggled into the United States with Mexican TCOs using established smuggling routes both into and throughout the United States.

# CONTROLLED PRESCRIPTION DRUGS

## Overview

CPD<sup>j</sup> abuse remains a major factor behind the record number of overdose deaths in the United States since 2017. Prescription opioid-involved deaths decreased slightly; however, benzodiazepines and antidepressants were involved in an increasing number of overdose deaths. New regulations, lower production quotas, and prescribing guidelines have decreased the overall amount of opioid dosage units available on the retail market, although there are still significant disparities throughout the country. While the overall number of opioid dosages lost or unaccounted for has reached a new low, the number of CPDs lost in transit has reached its highest level since 2010.

## Availability

DEA reporting shows high CPD availability for 2018 throughout the United States (see Figure 21). During 2018, 17 of 23 FDs reported that CPD availability was high. Three FDs reported increased availability of CPDs from the previous year, while all other FDs reported availability was stable.

According to the CDC, in 2017, prescription opioid-involved fatal overdoses (e.g. oxycodone, hydrocodone) were recorded for 17,029 Americans—or about 47 people every day. The most common CPDs involved in overdose deaths are methadone, oxycodone, and hydrocodone. Deaths involving prescription opioids remained

**Figure 21. Field Division Reporting of Controlled Prescription Drugs Availability in CY 2018 in Comparison to CY 2017**

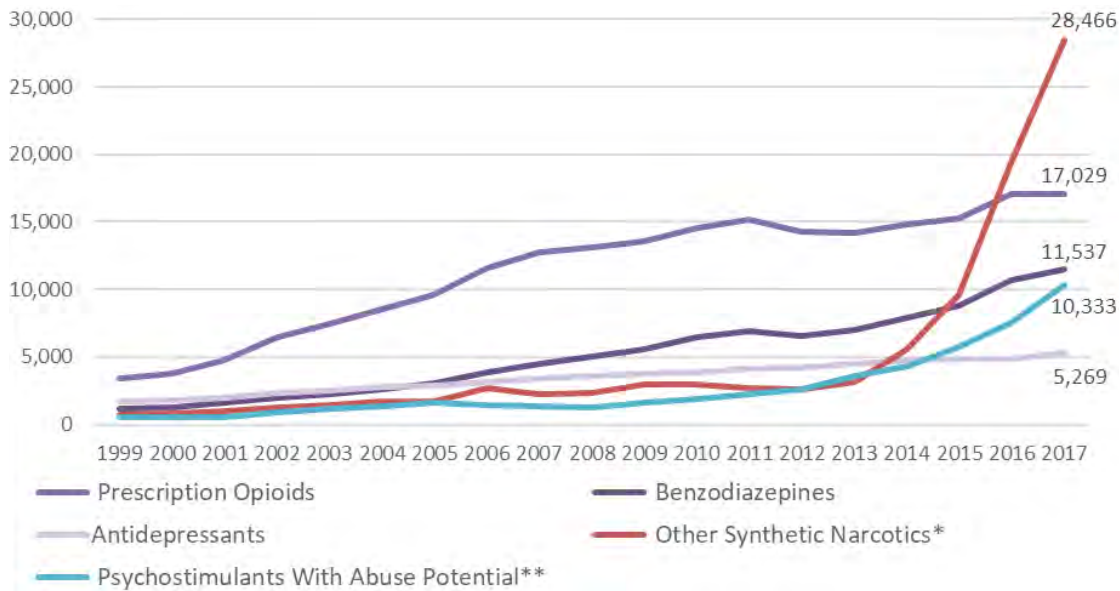
Field Division	Availability During CY 2018	Availability Compared to CY 2017
Atlanta Field Division	High	Stable
Caribbean Field Division	Moderate	Stable
Chicago Field Division	High	Stable
Dallas Field Division	Low	Stable
Denver Field Division	Moderate	Stable
Detroit Field Division	High	More
El Paso Field Division	Moderate	Stable
Houston Field Division	High	Stable
Los Angeles Field Division	High	Stable
Louisville Field Division	High	Stable
Miami Field Division	High	Stable
New England Field Division	High	Stable
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	High	More
New York Field Division	High	Stable
Omaha Field Division	High	Stable
Philadelphia Field Division	High	Stable
Phoenix Field Division	Moderate	Stable
San Diego Field Division	High	More
San Francisco Field Division	High	Stable
Seattle Field Division	High	Stable
St. Louis Field Division	High	Stable
Washington Field Division	High	Stable

Source: DEA

stable in 2017, decreasing slightly by 0.34 percent, from their peak in 2016, but remained high. The highest overdose death rates from prescription opioids were in West Virginia, Maryland, Kentucky, and Utah. Conversely,

j. CPD includes, but is not limited to, narcotics (e.g. Vicodin, OxyContin), depressants (e.g. Valium, Xanax), stimulants (e.g. Adderall, Ritalin), and anabolic steroids (e.g. Anadrol, Oxandrin).

**Figure 22. Drug Overdose Deaths Involving Selected Control Prescription Drugs, 1999 – 2017**



Source: Centers for Disease Control and Prevention

\*This category includes deaths from both licit and clandestinely-produced fentanyl.

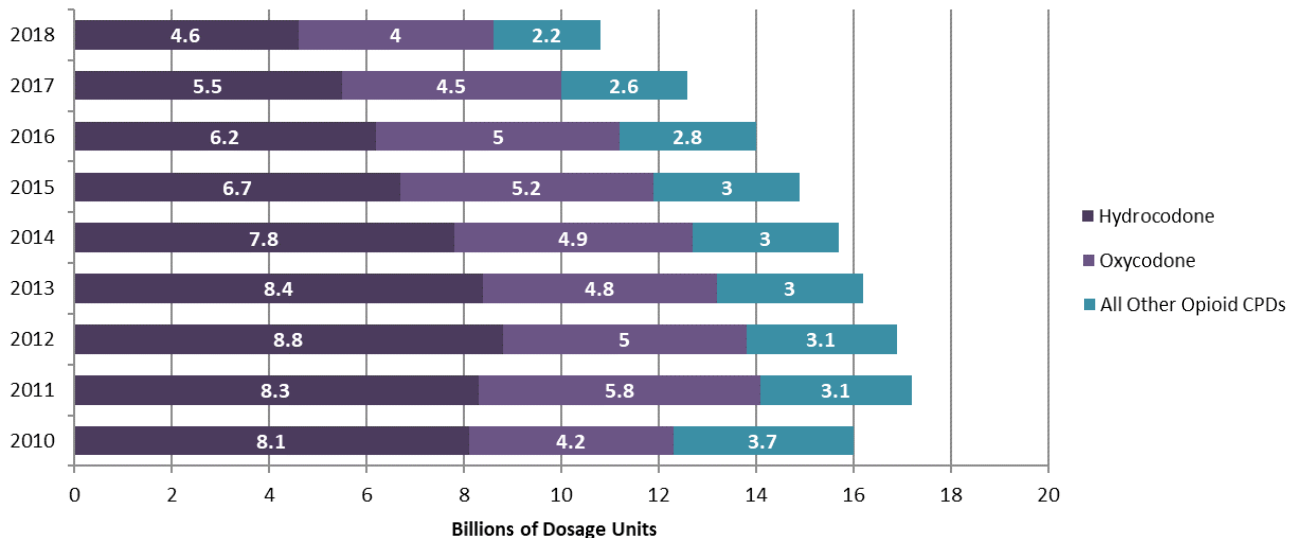
\*\*The majority of deaths in this category involve illicit methamphetamine

deaths involving benzodiazepines and antidepressants increased nearly 8 percent and 9.5 percent respectively (see Figure 22).

In 2018, DEA’s Automation of Reports and Consolidated Orders System (ARCOS) reported the number of dosage units distributed nationwide at the retail level (hospitals, pharmacies, practitioners, treatment programs, and teaching institutions) was down from 2017. However, opioids continue to rank as five out of

the seven most distributed CPDs. Hydrocodone and oxycodone products were dispensed at more than twice the rate of any other CPD. Two stimulants—amphetamine and methylphenidate (Ritalin)—have maintained a constant presence over the years. Buprenorphine, an addiction therapeutic drug used to treat opioid dependence, replaced methadone in the top seven in 2017 and remained in the top seven in 2018.

**Figure 23. Hydrocodone and Oxycodone Prescription Drugs Sold to Retail Level Purchasers Compared to All Other Opioid CPDs in Billions of Dosage Units, 2010 – 2018**



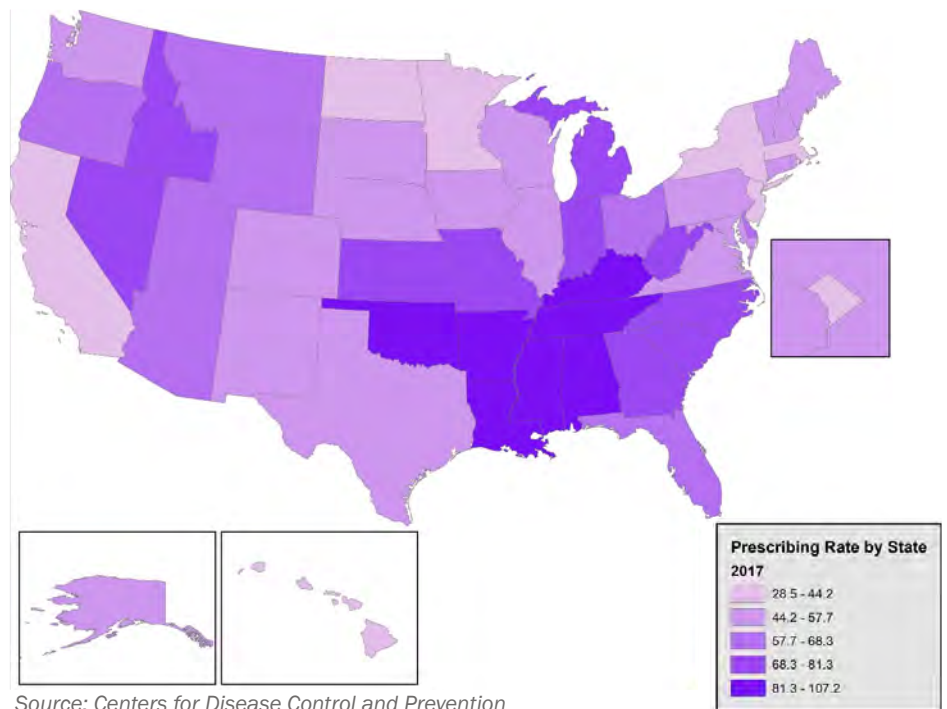
Source: Automation of Reports and Consolidated Orders System

The amount of prescription opioids available on the legitimate market has declined each year since peaking in 2011. However, the number of prescription opioids available in 2018 remained significant. ARCOS indicated 10.8 billion dosage units of opioid CPDs were manufactured and distributed in 2018. Of that number, over 79 percent were oxycodone and hydrocodone products (see Figure 23).

While prescribing rates are down overall, they vary widely between states, particularly at the county level. The CDC reports in 2017 one opioid prescription was dispensed per resident in 16 percent of counties in the United States, representing 37 states. The nationwide prescribing rate for 2017 was 58.5 prescriptions per 100 people, yet some counties had rates that were seven times higher than the national

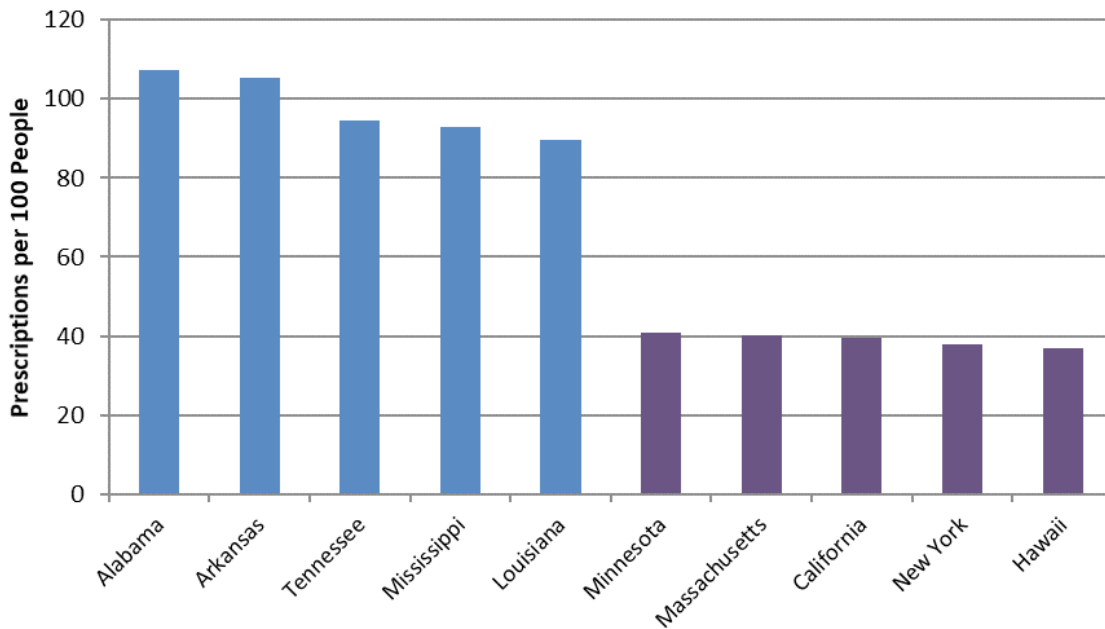
average. Prescribing rates also vary widely between states (see Figure 24). Alabama and Arkansas had the highest prescription rates, which were higher than 100 prescriptions for 100 people; while New York and Hawaii had the lowest rates at 37.8 and 37 prescriptions per 100 people respectively (see Figure 25).

**Figure 24. State Opioid Prescribing Rates, 2017**



Source: Centers for Disease Control and Prevention

**Figure 25. States with Five Highest and Five Lowest Opioid Prescribing Rates, 2017**



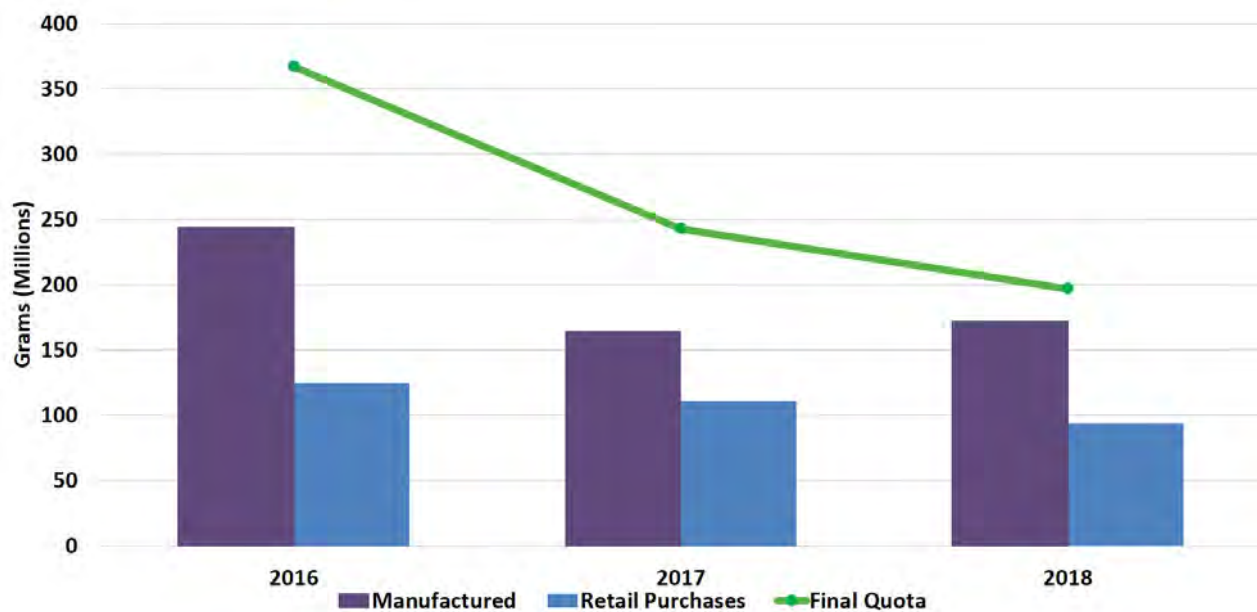
Source: Centers for Disease Control and Prevention

## DEA Provides a New Tool to Help Distributors of CPDs

In February 2019, DEA released an enhancement to ARCOS. The update allows DEA-registered manufacturers and distributors to view and download the number of distributors as well as the amount of a CPD dispensed by each distributor in the last six months. However, this data does not contain information on individual patients. This enhancement provides distributors with information to identify “red flags”—such as a pharmacy selling unusual quantities of opioid analgesics—allowing the distributor and the pharmacy to report any issues to authorities. This is one part of a coordinated effort among DEA, bulk manufacturers, distributors, and providers to combat CPD abuse and the opioid epidemic.

Through a combination of increased law enforcement scrutiny, new prescribing guidelines, and lower quotas set by DEA, the amount of prescription opioids available on the legitimate market has declined each year since peaking in 2011. Although the number of prescription opioids available in 2018 remained significant, the amount of prescription opioids available dropped to their lowest level since at least 2006. DEA quotas for the seven most prevalent opioids (*oxycodone, morphine, codeine, hydrocodone, oxymorphone, hydromorphone, and fentanyl base*) decreased nearly 47 percent from 2016 to 2018 (see Figure 26). Individual quotas for hydrocodone and oxycodone—the two most distributed opioids at the retail level—decreased by 50 percent and 43 percent respectively in the same timeframe.

**Figure 26. Opioids Manufactured Distributed at the Retail Level and Final DEA Quotas, 2016 - 2018**



Source: Centers for Disease Control and Prevention

## Prescription Drug Monitoring Programs

Prescription Drug Monitoring Programs (PDMPs) are active in all 50 states, the District of Columbia, and the territories of Puerto Rico and Guam. The USVI is in the process of establishing a program. Missouri is the sole state that has not implemented a statewide PDMP. The St. Louis County Department of Public Health administers a local PDMP based upon voluntary participation, which currently covers 72 jurisdictions and an estimated 84 percent of the state population.

PDMPs track the prescribing and dispensing of controlled prescription drugs to patients and provide critical information regarding a patient's prescription history. Evidence from multiple studies indicates that PDMPs are effective in changing prescribing behavior, reducing "doctor shopping" for obtaining medically unnecessary prescriptions and overprescribing, and preventing abuse of CPDs. However, the research into PDMPs' true effectiveness is limited by multiple factors, such as the variety of methods used to determine effectiveness, the differences in reporting and access requirements, PDMP design between states, and concurrence with other initiatives to reduce prescription drug abuse.

As of February 2019, 47 states, Puerto Rico, the District of Columbia, and the Department of Defense's Defense Health Agency participate in interstate sharing of PDMP data through the National Association of Boards of Pharmacy's Prescription Monitoring Program InterConnect system. However, the states of Washington, California, and Nebraska do not participate. Sharing this data on a nationwide basis gives prescribers and pharmacies a more complete picture of their patients' histories and can help identify patients who cross state lines to purchase CPDs for misuse and diversion.

In January 2018, the Arizona Opioid Epidemic Act was passed into law to reduce overdoses and improve patient safety with several components going into effect on April 26, 2018. Designated goals in AZ were to reduce opioid deaths; improve prescribing and dispensing practices; reduce illicit acquisition and diversion of opioids; improve access to treatment; and prevent "opioid use disorder" and increase patient awareness. Some of the provisions of the Arizona Opioid Epidemic Act that went into effect included:

- *For new prescriptions, there will be a 5-day limit for initial fills of opioid prescriptions and a dosage limit of 90 morphine milligram equivalents per day;*
- *Prescribers will no longer be able to dispense opioids directly to patients;*
- *Pharmacies will be checking the Controlled Substances Prescription Monitoring Program (CSPMP) prior to dispensing an opioid prescription to improve patient safety; and*
- *Prescribers of controlled substances will be required to take continuing education related to opioids.*

## DEA's 17th National Prescription Drug Take-Back Day

DEA partners with federal, state, and local agencies twice a year to host National Prescription Drug Take-Back collection sites in U.S. communities. Since September 2010, this effort has provided an anonymous, safe, and responsible way to dispose of unneeded medications. In April 2019, DEA conducted its 17th National Prescription Drug Take-Back Day at over 6,000 collection sites across the country, amassing more than 900,000 pounds of unused, expired, or unwanted prescription or over-the-counter medication. Working with just under 5,000 partners, nearly 12 million pounds (5,908 tons) of these medications have been collected since the program's launch. This initiative offers Americans a safe and convenient method to remove opioids and other prescription medications from their homes, preventing them from being stolen or abused.

year cited relief of physical pain as the most common reason for their misuse. Other reasons for misuse included to get high (13.2 percent), to relieve tension (8.4 percent), to help with sleep (5.4 percent), and to help with feelings or emotions (3.6 percent).

New prescription dispensing guidelines and other efforts aiming to reduce CPD abuse has left increasing numbers of CPD abusers unable to obtain CPDs via physicians and pharmacies, prompting many to turn to illegitimate sources. DTOs are increasingly disguising illicit substances—such as heroin and fentanyl—as legitimate CPDs in order to maximize profits and draw in new clientele. Often, users are unaware of the substances included in counterfeit CPDs, which may be considerably more potent than the legitimate CPD. This remains a significant contributing factor to the record number of overdose deaths in 2017. Frequently, these counterfeit CPDs contain multiple controlled substances, including methamphetamine, heroin, fentanyl, or carfentanil.

## Use

According to the 2017 National Survey on Drug Use and Health<sup>k</sup> (NSDUH), abuse levels of CPDs remain high. CPDs are the second most commonly abused illicit substance after marijuana with nearly 18.1 million persons aged 12 years or older who reported abusing CPDs in the past year. This number includes 11.1 million individuals who misused pain relievers<sup>l</sup> in the past year.

According to the 2017 NSDUH, 62.6 percent of the population aged 12 years or older who reported misuse of pain relievers in the past

- *Since 2017, five local crime laboratories in the St. Louis, Missouri Metropolitan Area have reported a steady increase in the number and types of counterfeit pills submitted for analysis, with approximately 200 samples submitted in 2018. Alprazolam and oxycodone are the most common drugs analyzed as counterfeit pills; both have been submitted in samples that contained fentanyl and/or methamphetamine. Some counterfeit pills have been marketed as Percocet but actually contain fentanyl, are round, light blue in color, and marked with "30" on one side and "M" on the other side. Both St. Louis City and St. Louis County noted increasing numbers of purported Ecstasy pills that actually contain methamphetamine.*
- *In September 2018, a San Francisco FD investigation revealed a local San Francisco resident possessed multiple pill presses and over 1,000 grams of*

k. Changes were made to the categories of methamphetamine, psychotherapeutic drugs, and hallucinogens in 2015, preventing trend analysis prior to 2015.

l. Pain relievers include hydrocodone, oxycodone, tramadol, codeine, morphine, fentanyl, buprenorphine, oxymorphone, hydromorphone, methadone, meperidine, and others.



methamphetamine, which were used to manufacture counterfeit Adderall pills. The resident pleaded guilty to possession of methamphetamines with intent to distribute.

- In March 2019, the San Diego FD arrested 20 Southern California gang members for trafficking in oxycodone, methamphetamine, cocaine, marijuana, and carfentanil. Several of the defendants were involved in the distribution of prescription opioids and counterfeit prescription opioids laced with carfentanil, which is 100 times more potent than fentanyl. One individual was charged with distribution of carfentanil resulting in death after being directly linked to a fatal overdose.
- In March 2019, the Indianapolis District Office conducted a series of warrants, traffic stops, and arrests while investigating a poly-drug DTO. The investigation resulted in the seizures of 23 Xanax bars and 100 hydrocodone and OxyContin pills, along with four pounds of methamphetamine, five grams of cocaine, a large amount of USC, and 21 firearms.

## Prescription Medications for Sale on the Dark Web

A study funded by the National Institute on Drug Abuse conducted from March 2018 to August 2018 identified 30 active dark web marketplaces. Illegally sold prescription medications and other illicit drugs were readily available on these sites and a growing number of overdose deaths have been connected to dark web purchases. During the study, the most popular dark web marketplace, Dream Market, had over 3,500 separate listings for prescription drugs and nearly 5,000 listings for opioids, including prescription opioids, heroin, and fentanyl. Dream Market announced earlier this year that it would cease operations after the arrest of some of its vendors.

According to the Treatment Episode Data Set (TEDS)<sup>m</sup>, in 2016, the latest year for which data is available, treatment admissions to publically funded treatment facilities related to prescription drugs declined slightly to 134,085 admissions from 135,500 in 2015. The decline in admissions can be partly attributed to some CPD abusers switching to heroin or other illicit opioids, as the number of admissions for heroin has nearly doubled since 2011. Other reasons could include the success of PDMPs, pill abusers seeking treatment at private facilities, increased efforts from law enforcement and public health entities, and corresponding increases in opioid-related overdose deaths.

## Diversions

More than half (53.1 percent) of prescription pain reliever abusers obtained their most recently misused CPDs from a friend or relative for free, in exchange for payment, or via theft. Over a third of CPD abusers obtained their pain relievers through prescription(s) or by stealing them from a health care provider, with most obtaining the pain relievers through a prescription from a single doctor.

Both the number of opioid narcotics distributed to retail level purchasers, in billions of dosage units, and the number of dosage units of opioid narcotics reported lost from the DEA Drug Theft and Loss Database<sup>n</sup> peaked in 2011 and has since declined. The percentage of opioid narcotics unaccounted for peaked with 19.4 million dosage units. In 2018, there were 6.7 million opioid narcotic dosage units unaccounted for, representing less than one percent of the

m. TEDS is a compilation of treatment admissions data reported by state agencies to the Substance Abuse and Mental Health Services Administration (SAMSHA) of the U.S. Department of Health and Human Services.

n. The DEA Drug Theft and Loss Database compiles information on armed robberies, customer theft, employee pilferage, CPDs lost in transit, and night break-ins at analytical labs, distributors, exporters, hospitals/clinics, importers, manufacturers, mid-level practitioners, pharmacies, practitioners, researchers, reverse distributors, and teaching institutions. The Drug Theft and Loss Database is a live database, meaning all reported numbers are subject to change.

**Figure 27. Number of Dosage Units of Opioid Narcotics Lost in Millions, 2010 – 2018**

Opioids	2010	2011	2012	2013	2014	2015	2016	2017	2018
	12.5	19.4	13.1	11.6	12.4	9.8	9.6	9.1	6.7

Source: DEA

**Figure 28. Total Number of Armed Robberies, 2010 – 2018**

Armed Robbery	2010	2011	2012	2013	2014	2015	2016	2017	2018
	771	712	801	738	836	872	835	883	644

Source: DEA

nearly 11 billion dosage units sold to retailers in 2018 (see Figure 27).

According to the DEA Drug Theft and Loss Database, the total number of prescription drug armed robberies decreased over 27 percent in 2018, following a high of 883 robberies in 2017. These figures included armed robberies of various prescription medications, not only opioid narcotics. The number of armed robberies in 2018 was the lowest since at least 2010 (see Figure 28). However, some states saw a significant increase over 2017. Possible

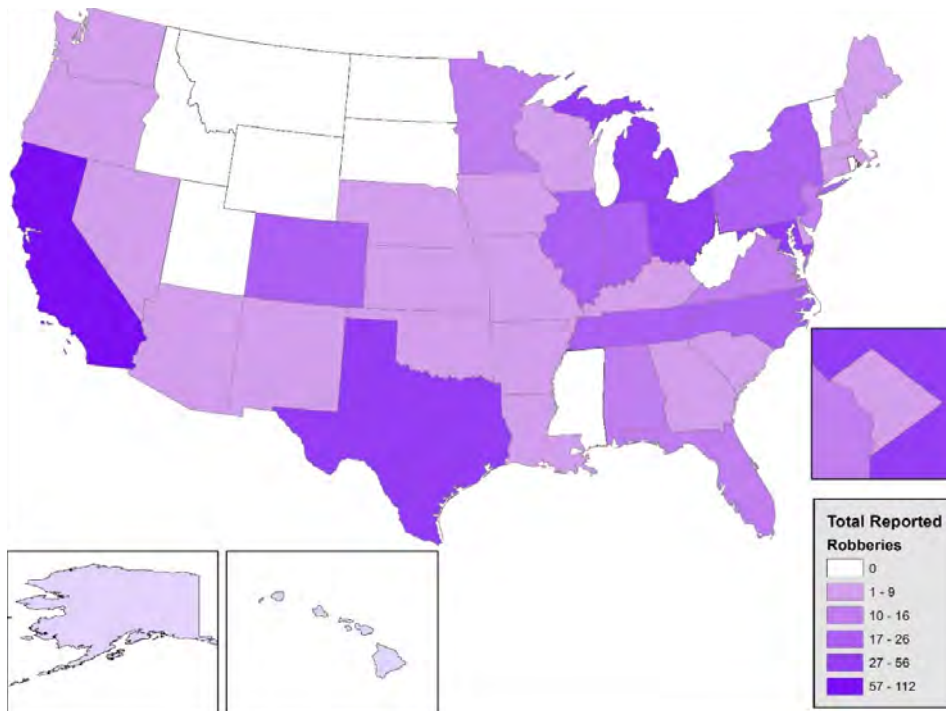
explanations for the decrease in robberies may be an increasing prevalence of prescription drugs on the black market, or an increasing ease of falsifying prescriptions due to widespread availability of secure prescription pad paper.

In 2018, Michigan reported 199 robberies, a 120 percent increase in the number of armed robberies from the previous year (see Figure 29). Alabama, Pennsylvania, and the District of Columbia, experienced nearly double the number of armed robberies from the previous year. California reported the highest number of

armed robberies at 112, but this marked a 58.5 percent decrease from 2017. Arizona experienced 21 armed robberies in 2016 and 24 in 2017 but dropped to three in 2018.

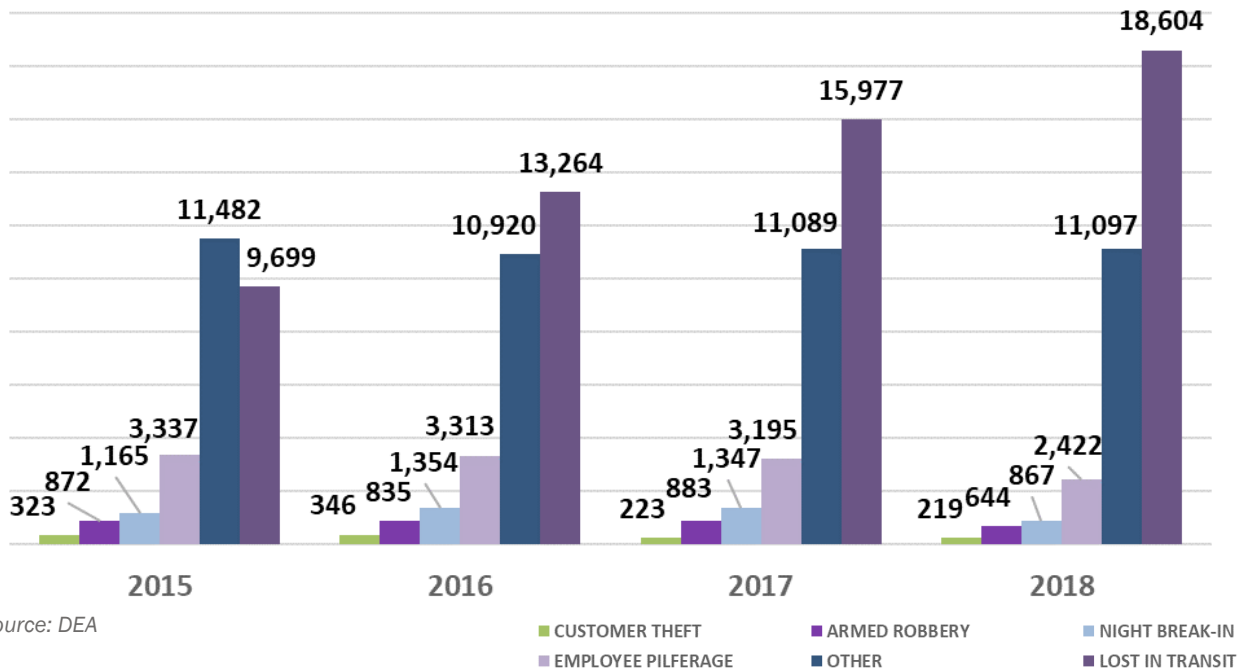
The loss of CPDs also occurs through customer theft, employee pilferage, burglary, and in transit (see Figure 30). Between 2017 and 2018, incidents of employee pilferage increased in six states, with Rhode Island experiencing a 50

**Figure 29. Number of Armed Robberies by State, 2018**



Source: DEA

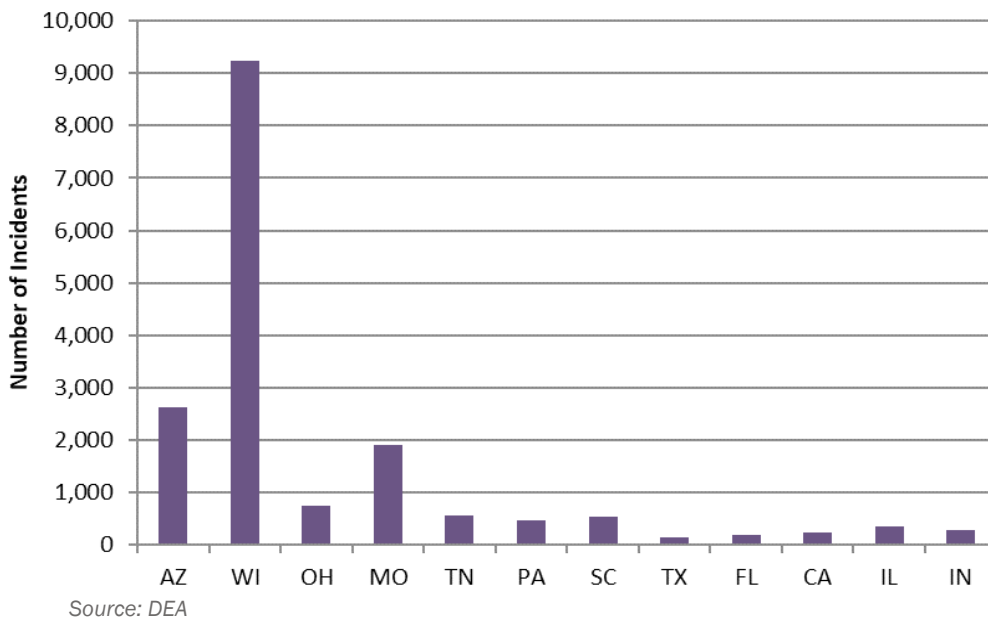
**Figure 30. Losses of Controlled Prescription Drugs by Report Type, 2015 – 2018**



percent increase. Connecticut experienced an 87.6 percent decline in the number of employee pilferage incidents, dropping from 105 to 13 incidents. All other states, except Vermont, experienced a decline in employee pilferage incidents. Vermont had one incident each in

2017 and 2018. Nighttime break-ins increased in Pennsylvania, Oklahoma, New York, South Carolina, and Illinois for 2018. California reported the highest number of nighttime break-ins, 214, a 31.8 percent decrease from 314 reported incidents in 2017. Lastly, the number of customer theft incidents declined slightly overall in 2018.

**Figure 31. Top Ten States for Controlled Prescription Drugs Lost In Transit, 2018**



The overall trend of incidents of CPDs lost in transit increased in 2018 with the highest number since 2010 (see Figures 31 and 32). Lost in transit describes controlled substances being misplaced while moving from one point to another within the supply chain. In 2018,

**Figure 32. Total Number of “Lost in Transit” Reports, 2010 – 2018**

Lost in Transit	2010	2011	2012	2013	2014	2015	2016	2017	2018
	3,191	3,994	5,059	4,962	6,006	9,699	13,264	15,977	18,604

Source: DEA

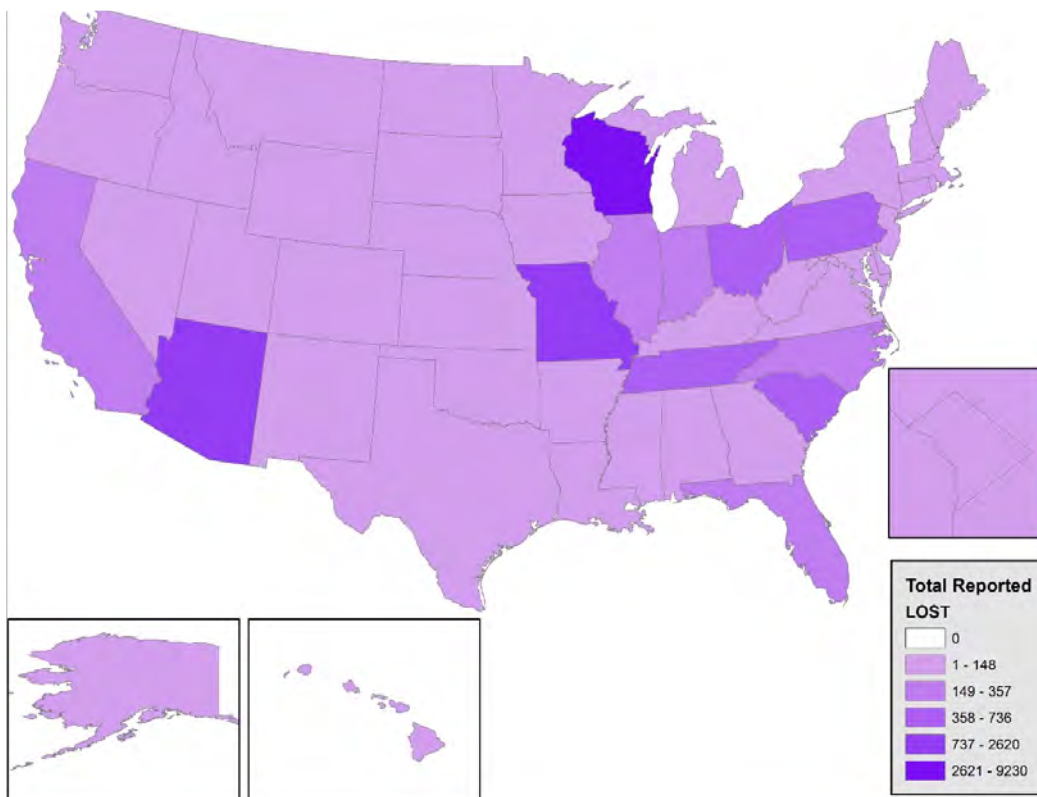
22 states, Puerto Rico, and the District of Columbia experienced increases in the number of lost in transit incidents, with the greatest increases occurring in New Hampshire and the District of Columbia. Wisconsin experienced a significant increase in incidents for the fourth straight year, accounting for nearly one-half of the total 18,604 lost in transit incidents reported nationwide (see Figure 33). It is unclear if these dosage units are being diverted, destroyed, or truly lost.

Although representative of only a small number of DEA registrants, diversion by physicians, nurses, and other medical professionals and

their staff remains a threat to communities across the United States.

- In November 2018, the Phoenix FD arrested a pharmacist for conspiring to distribute controlled substances and conspiring to launder money involved in a drug trafficking offense. The pharmacist and a pharmacy technician used two pharmacies to process hundreds of fraudulent prescriptions and divert pharmacy-grade bottles of high-dosage prescription opioids. Both subjects diverted more than 200,000 oxycodone and hydrocodone tablets, thousands of alprazolam tablets, and more than 13 gallons of promethazine with codeine. The pharmacist was sentenced to 120 months in prison, while the pharmacy technician was sentenced to 48 months in prison.

**Figure 33. Number of Lost in Transit Reports by State, 2018**



Source: DEA

- *In December 2018, the Los Angeles FD arrested an Orange County, California physician who wrote prescriptions for patients without conducting any medical examination, charging between \$100-150 per prescription. Five patients suffered fatal overdoses, and one patient caused a fatal accident while under the influence of prescribed narcotics.*
- *In January 2019, a St. Louis FD investigation resulted in an indictment for a doctor accused of making false statements to Medicare and Medicaid and for distributing prescriptions opioids without a legitimate medical purpose. Prospective patients drove long distances and paid cash for visits where medical records and diagnoses were changed. The doctor also continued to provide opioids even after patients overdosed or failed urinalysis drug tests.*
- *In February 2019, a New York physician was convicted on nine counts after writing thousands of medically unnecessary prescriptions for oxycodone and fentanyl over a three-year period in exchange for cash payments. The doctor had written prescriptions for nearly one million units of oxycodone.*
- *In February 2019, the Grand Rapids Resident Office arrested a physician for providing opioid and benzodiazepine prescriptions in exchange for cocaine, methamphetamine, and cash. The prescriptions were issued while the doctor was operating out of a medical marijuana clinic and private residences.*
- *In March 2019, a Kansas City, Missouri doctor was sentenced to life in prison for intentional and multiple distributions of prescription drugs outside the course of legitimate medical practice. St. Louis FD charges included money laundering, obstruction of justice, presenting false records to investigators, and unlawful distribution of methadone and alprazolam which led to the death of one patient.*
- *In April 2019, the Minneapolis District Office investigated a homecare nurse after receiving complaints that the individual was stealing oxycodone and hydrocodone prescriptions during healthcare visits. For six months, the individual had switched narcotic medications with allergy medications. The individual was arrested after being observed in possession of a patient's pharmaceuticals.*
- *In April 2019, the New York FD arrested an individual for fraudulently issuing and filling multiple prescriptions for Percocet, Vicodin, and zolpidem (Ambien) for themselves and family members at various pharmacies. The individual was an office manager for a dental group and issued nearly 190 fraudulent prescriptions, totaling over 5,000 dosage units of controlled substances.*

## Outlook

CPD availability and abuse will most likely persist as significant threats to the United States as CPDs continue to be involved in large numbers of overdose deaths. The sharing of PDMP information between states, along with targeted investigations by law enforcement agencies, will likely continue to reduce incidents of diversion. The CDC's revised physician prescribing guidelines for opioids, which are mandatory in a growing number of states, will likely contribute to a steady decrease in the number of dosage units sold over the next several years. However, with the successful reduction in the CPD availability, more users may shift to abusing heroin, illicitly produced synthetic opioids, and methamphetamine to obtain similar effects, which may further increase overdose deaths through at least 2020.

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# METHAMPHETAMINE

## Overview

Methamphetamine seizures, survey, price, and purity data as well as law enforcement reporting all indicate methamphetamine continues to be readily available throughout the United States. Most of the methamphetamine available in the United States is produced clandestinely in Mexico and smuggled across the SWB. Domestic production occurs at much lower levels than in Mexico and seizures of domestic methamphetamine laboratories have continued to decline. Drug poisoning deaths involving methamphetamine continue to rise, as methamphetamine purity and potency remain high while prices remain low.

## Availability

Methamphetamine is available throughout the United States, with the highest availability in the West and Midwest regions of the country, as well as a strong presence in the Southeast. Methamphetamine is seized in varying degrees in nearly every domestic FD (see Figure 34). However, in recent years, methamphetamine has become more prevalent in areas that have historically not been major markets for the drug, particularly the Northeast.

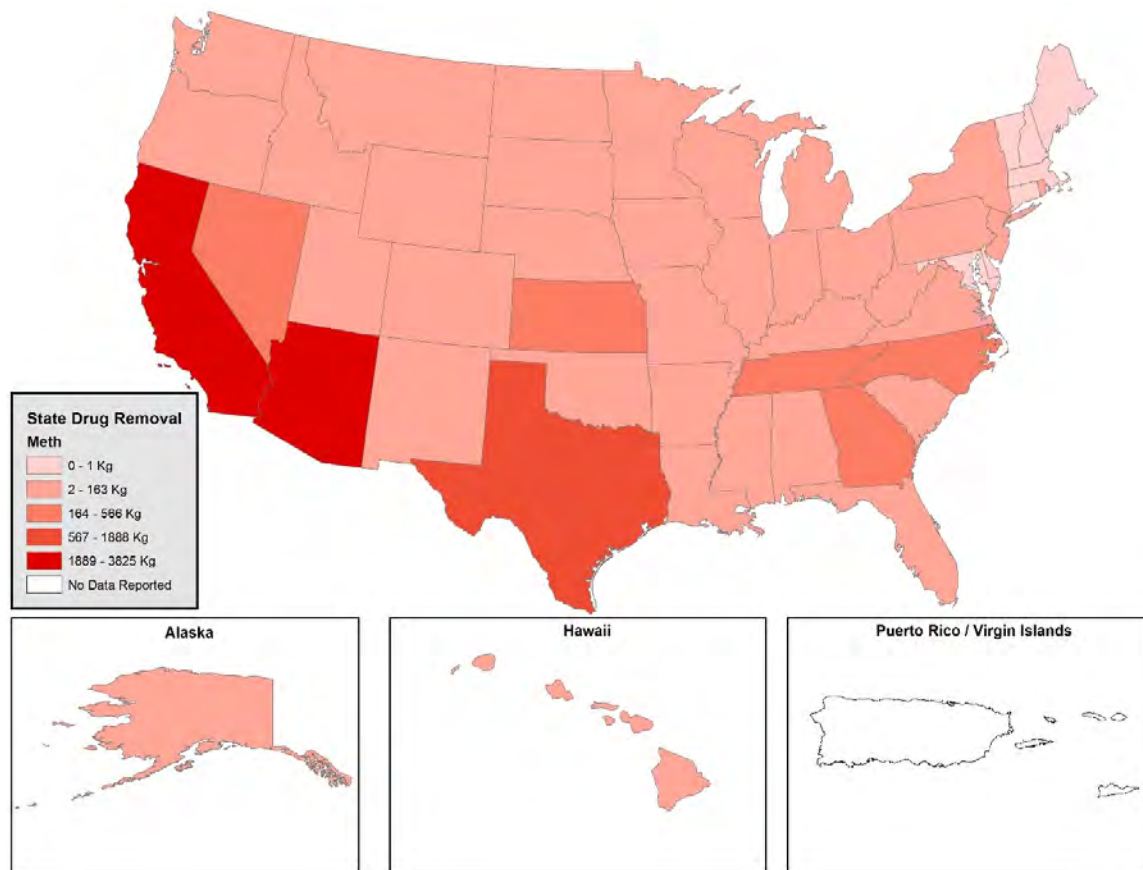
The majority of FDs indicated methamphetamine availability was high throughout the United States. In 2018, 14 FDs reported methamphetamine availability was high and seven reported methamphetamine availability was moderate. Fourteen divisions reported

methamphetamine was more available compared to the previous reporting period, and the remaining 9 divisions reported stable availability in 2018 (see Figure 34).

**Figure 34. Field Division Reporting of Methamphetamine Availability in CY 2018 and Comparison to CY 2017**

Field Division	Availability During CY 2018	Availability Compared to CY 2017
Atlanta Field Division	High	Stable
Caribbean Field Division	Low	Stable
Chicago Field Division	Moderate	More
Dallas Field Division	High	More
Denver Field Division	High	More
Detroit Field Division	Moderate	More
El Paso Field Division	High	More
Houston Field Division	High	Stable
Los Angeles Field Division	High	Stable
Louisville Field Division	High	More
Miami Field Division	Moderate	More
New England Field Division	Moderate	Stable
New Jersey Field Division	Low	Stable
New Orleans Field Division	High	More
New York Field Division	Moderate	Stable
Omaha Field Division	High	More
Philadelphia Field Division	Moderate	More
Phoenix Field Division	High	More
San Diego Field Division	High	More
San Francisco Field Division	High	Stable
Seattle Field Division	High	Stable
St. Louis Field Division	High	More
Washington Field Division	Moderate	More

Source: DEA

**Figure 35. Removals of Methamphetamine by State in Kilograms, 2018**

Source: DEA

Drug removals by DEA field divisions show methamphetamine maintains a presence in every US state in varying degrees, with higher concentrations in states nearer the SWB as well in some states in the Southeast region, where some domestic production remains prevalent (see Figure 35). Generally, methamphetamine maintains a strong presence in the West, Southwest, and Southeast regions of the country due to proximity to the SWB and use of the interstate highway system; however, methamphetamine has had a growing presence in regions that have not historically maintained large markets for the drug, such as the Northeast.

Methamphetamine estimated reports to NFLIS increased 10 percent between 2016 (314,872)

and 2017 (347,807). Overall methamphetamine reports have increased significantly—118 percent—since 2010 (159,738 reports). NFLIS data also indicates methamphetamine estimated reports represent an increasingly larger portion of the total number of all drug reports - growing from nine percent of all reports in 2010 to 22 percent of all reports in 2017.

## Purity, Potency, and Price

Purity<sup>o</sup> and potency<sup>p</sup> through December 2017 indicate methamphetamine available at the retail level in the United States remains very pure and inexpensive. Methamphetamine per-gram purity levels averaged above 90 percent, while price data through December 2018 indicates meth availability remained high and

o. Purity is defined as a measure of the amount of an illicit substance present in a sample compared to other substances in the sample such as adulterants, diluents, or solvents.

p. Potency is defined as the measure of drug activity in terms of the dosage required to exert an effect on the body and is measured by the amount of the highly potent d-isomer present in the drug substance.



prices remained low. Additionally, seizures sampled through the DEA Methamphetamine Profiling Program (MPP) continue to have high purity and potency, indicating high availability of methamphetamine.

- Analysis of domestic methamphetamine purchases from January 2013 through December 2017 indicates the price per pure gram of methamphetamine decreased 17.6 percent— from \$68 to \$56— while purity decreased 1.5 percent— from 94.4 percent to 93.0 percent (see Figure 36).
- In the second half of 2018, methamphetamine sampled through the MPP averaged 97.5 percent purity and 96.9 percent potency (see Figure 37).

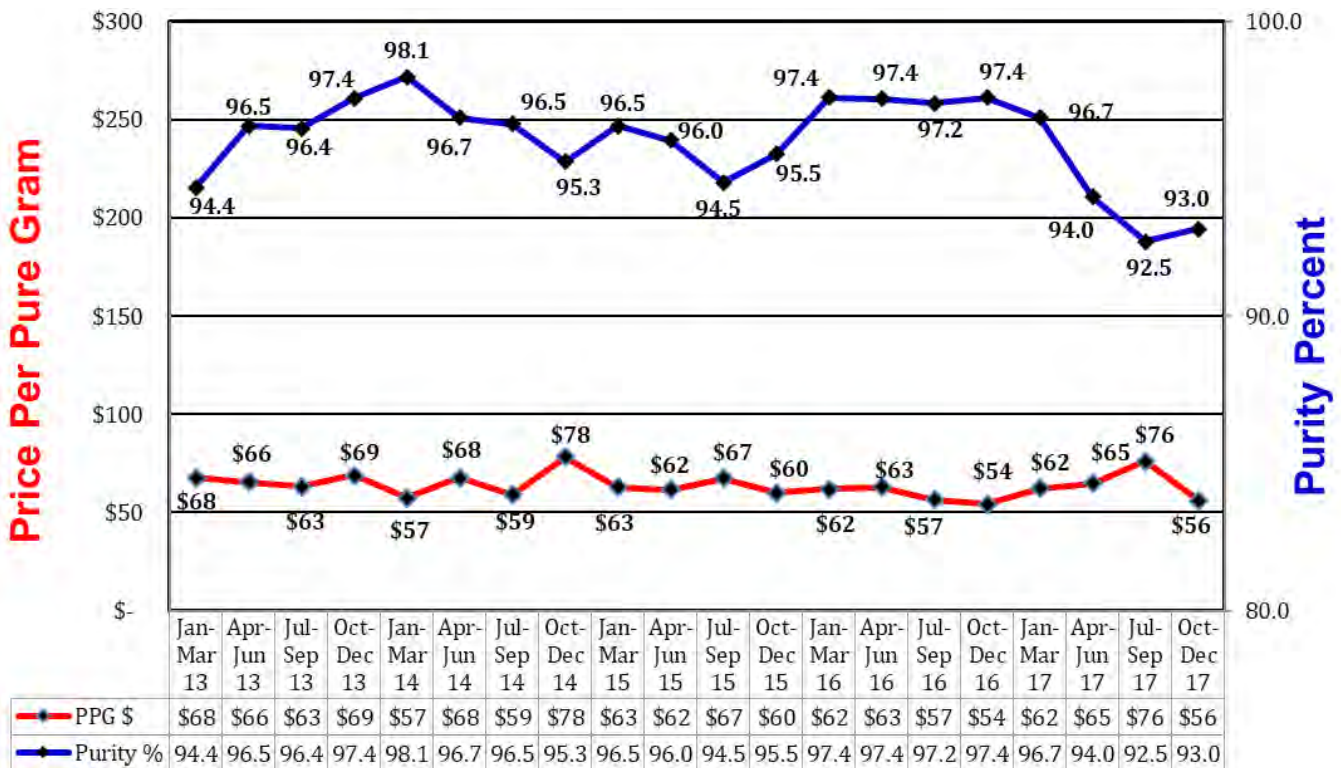
Mexican TCOs continue to be the primary producers and suppliers of low cost, high purity, high potency methamphetamine in the United States. Mexican TCOs regularly produce large quantities of methamphetamine, which has led to a significant supply of methamphetamine in the U.S. market. The majority of Mexican TCOs are involved in methamphetamine trafficking,

which has led to increased competition among the different TCO groups, TCOs exploring new markets for methamphetamine, and increasing quantities coming across the SWB. The price of methamphetamine may begin to rise with a market expansion, although currently, prices in established markets remain consistently low.

## Use

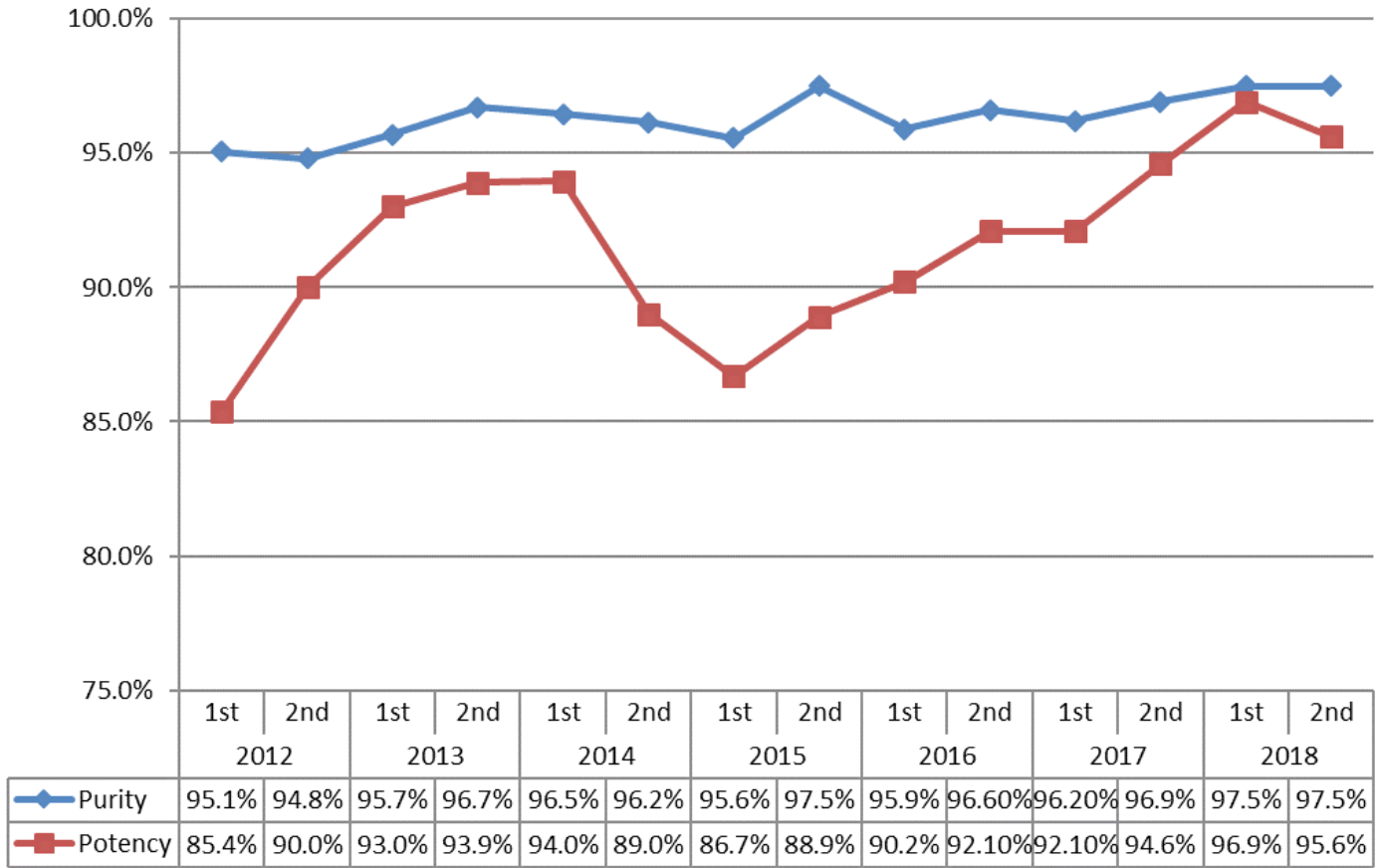
The number of deaths in the CDC category “psychostimulants with abuse potential” continues to increase. Methamphetamine-involved drug poisoning deaths are counted under this broader category, which includes other drugs such as caffeine and phenethylamines (including MDMA, amphetamine, and methamphetamine), and cathinones (e.g. ethylone). According to the CDC, in 2017, there were 10,333 psychostimulant drug-poisoning deaths in the United States, representing a 37 percent increase from 2016,

**Figure 36. Domestic Methamphetamine Purchases, January 2013 – December 2017**



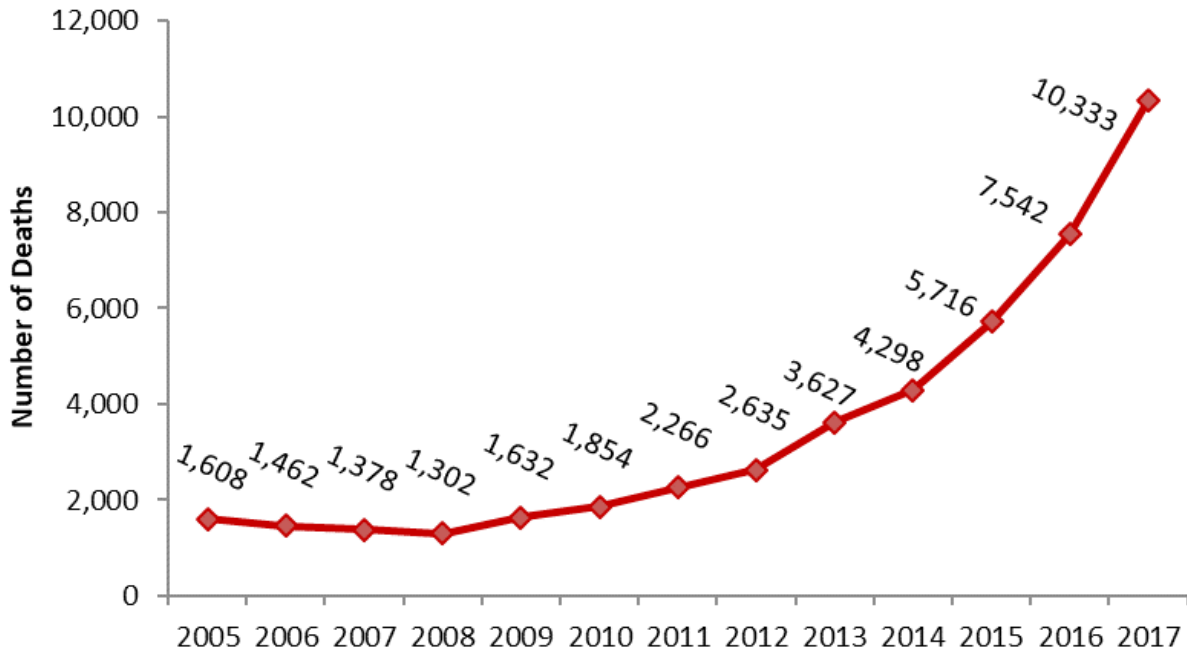
Source: DEA

**Figure 37. Methamphetamine Purity and Potency**



Source: DEA

**Figure 38. Psychostimulant-involved Drug Poisoning Deaths, 2005 – 2017**



Source: Centers for Disease Control and Prevention

and a 543 percent increase since 2005 (see Figure 38). The steadily increasing number of deaths from psychostimulants may be due to increased availability and market expansion into areas and user bases that are not traditionally associated with methamphetamine use.

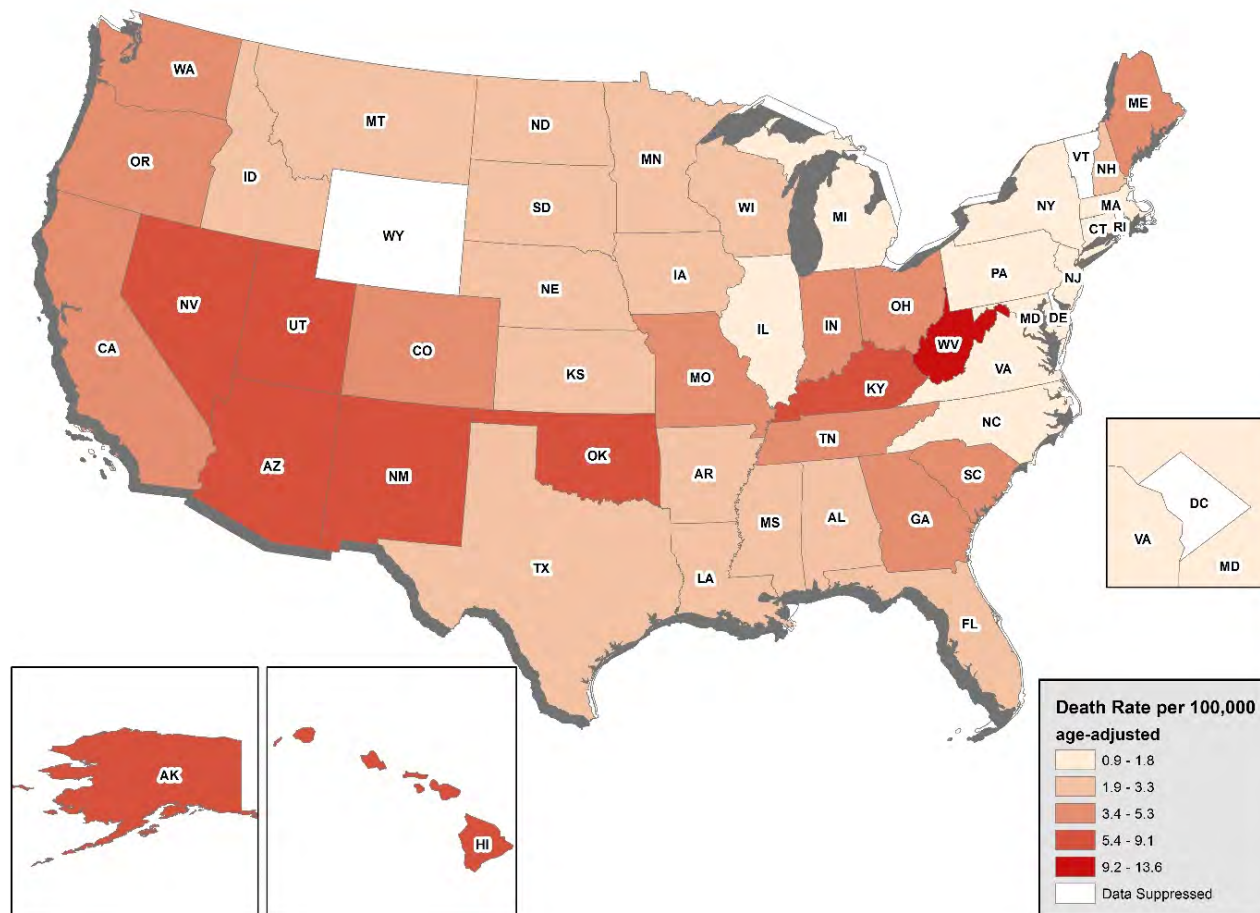
## Production

Clandestine methamphetamine laboratory seizures continue to decrease across the United States and are at the lowest level in 15 years. The passage of the 2005 Combat Methamphetamine Epidemic Act (CMEA) reduced domestic methamphetamine production by placing restriction on key ingredients. Domestic producers have been unable to keep up with the quantity or quality of the lower cost methamphetamine produced on an industrial scale in Mexico. Now, most of the

methamphetamine available in the United States is produced in Mexico and smuggled across the SWB.

Shortly after the passage of the CMEA, Mexico introduced similar legislation regulating precursors, notably ephedrine and pseudoephedrine. The series of legislative actions first limited imports, then limited sales, followed by requiring a prescription, then banning ephedrine and pseudoephedrine from the country entirely in 2008. Despite the restrictions in Mexico on precursor chemicals, Mexican TCOs continue to adapt by finding alternative methods of manufacture, with much of the precursor chemicals sourced to companies in China. This led to a shift in production method from ephedrine-based methods to a method with less-restricted precursor chemicals.

**Figure 39. 2017 Psychostimulant-involved Drug Poisoning Deaths by State, Age-adjusted Rate**



Source: DEA

## Fentanyl and Methamphetamine Combinations

Since 2015, DEA and other law enforcement agencies have seized methamphetamine mixed with fentanyl and FRS in select markets of the United States. Although fentanyl is typically either mixed with or sold as heroin, forensic laboratories have analyzed exhibits containing methamphetamine and fentanyl or FRS since 2015.

Methamphetamine has historically been mixed with heroin to create a “speedball,” although such combinations have been rare. Mixtures of methamphetamine with fentanyl are also a rare occurrence, but may be used to achieve the same effect as traditional speedballs. Many of these mixtures have methamphetamine as the primary substance, with fentanyl or FRS as a secondary or tertiary substance in the sample.

Although the number of mixture reports increased over 1,342 percent since 2015, reports of methamphetamine and fentanyl combinations represent a very small portion of the total analyzed methamphetamine reports. In 2017, forensic laboratories analyzed 298,102 reports of methamphetamine, per NFLIS data. Methamphetamine-fentanyl mixtures accounted for about two percent of all methamphetamine reports for 2017, which may indicate these mixtures are the result of accidental contamination during methamphetamine processing and/or packaging for re-sale by poly-drug traffickers rather than an intentional combination.

**Figure 40. NFLIS Reports of Methamphetamine and Fentanyl Combinations, 2015-2017**

	2015	2016	2017	Total
Acetyl Fentanyl	1	0	0	1
Acryl Fentanyl	0	1	4	5
Butyryl Fentanyl	0	0	1	1
Carfentanil	0	5	49	54
Cyclopropyl Fentanyl	0	0	4	4
Fentanyl	32	84	270	386
Fluoroisobutyryl Fentanyl	0	0	4	4
Furanyl Fentanyl	0	1	16	17
Methoxyacetal Fentanyl	0	0	4	4

Source: DEA

## Methamphetamine Precursor Chemicals

### Controlled Examples:

- Methylamine
- Benzaldehyde
- Nitroethane

### Not Controlled Examples:

- Ammonium chloride
- Formaldehyde

Methamphetamine is produced via multiple methods that utilize a variety of different chemicals depending on the process. Many of these chemicals are controlled as listed chemicals, though TCOs have sought to bypass this by using uncontrolled pre-precursors. The involvement of Mexican TCOs in methamphetamine production with industrial or “super-laboratories” relies upon the importation of these chemicals primarily from China and India. Chemical shipments will be mislabeled in China, shipped to legitimate companies in Mexico or Central America, and then diverted by the TCO and smuggled overland to the clandestine laboratories.

## The Combat Methamphetamine Epidemic Act of 2005

The CMEA of 2005 was signed into law on March 9, 2006, which regulated over-the-counter retail sales of methamphetamine precursor chemicals, such as ephedrine, pseudoephedrine, and phenylpropanolamine products. Retail provisions of the CMEA include daily sales limits and 30-day purchase limits, placement of product out of direct customer access, sales logbooks, customer ID verification, employee training, and self-certification of regulated sellers. The CMEA is defined as Title VII of the USA Patriot Improvement and Reauthorization Act of 2005 (Public Law 109-177).

## Domestic Production

In the early 2000s, methamphetamine laboratories seizures increased yearly in the United States and peaked in 2004 with approximately 23,703 methamphetamine laboratory incidents<sup>q</sup> reported to the El Paso Intelligence Center (EPIC) National Seizure System (NSS). Overall, since 2004, domestic methamphetamine production has decreased annually, with a moderate spike in production in 2010 that has since declined significantly. Domestic production is currently at its lowest point since at least 2000 (see Figure 41).

According to NSS reporting, methamphetamine is the most frequently manufactured drug seized in clandestine laboratories in the United States. Clandestine laboratories can be set up anywhere: private residences, motel and hotel rooms, apartments, house trailers, mobile homes, campgrounds, and commercial establishments. The majority of incidents reported to NSS were seizures of clandestine labs (61 percent), while others were discoveries of dumpsites (28 percent), or seizures of equipment or chemicals only (11 percent).

Many of the domestic methamphetamine laboratories seized in 2018 were small-capacity production laboratories, known as “one-pot” or “shake and bake” labs. A laboratory of this size generally produces two ounces or less of methamphetamine per production cycle, making it small-scale and easy to conceal. Common household items (i.e. pseudoephedrine/ephedrine tablets, lithium batteries, camp fuel, starting fluid, and cold packs) are used as ingredients and mixed inside a container such as a plastic soda bottle. This method produces small amounts of methamphetamine, and is

q. Incidents include Dumpsites, Chemical Only or Equipment Only Seizures, and Laboratory Seizures.

**Figure 41. Number of Methamphetamine Laboratory Incidents, 2000 – 2017**

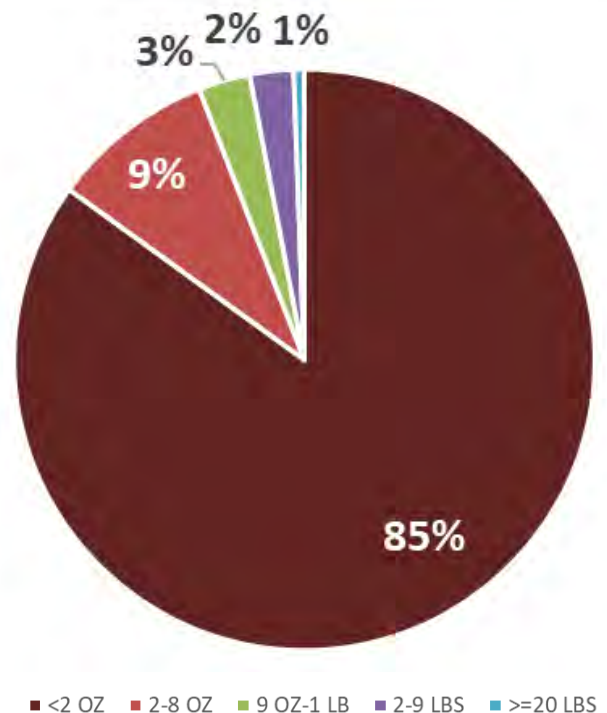


Source: El Paso Intelligence Center as of March 27, 2019

very portable. “One pot” laboratories are often dangerous, and in many cases can cause fires, serious injuries, or even death.

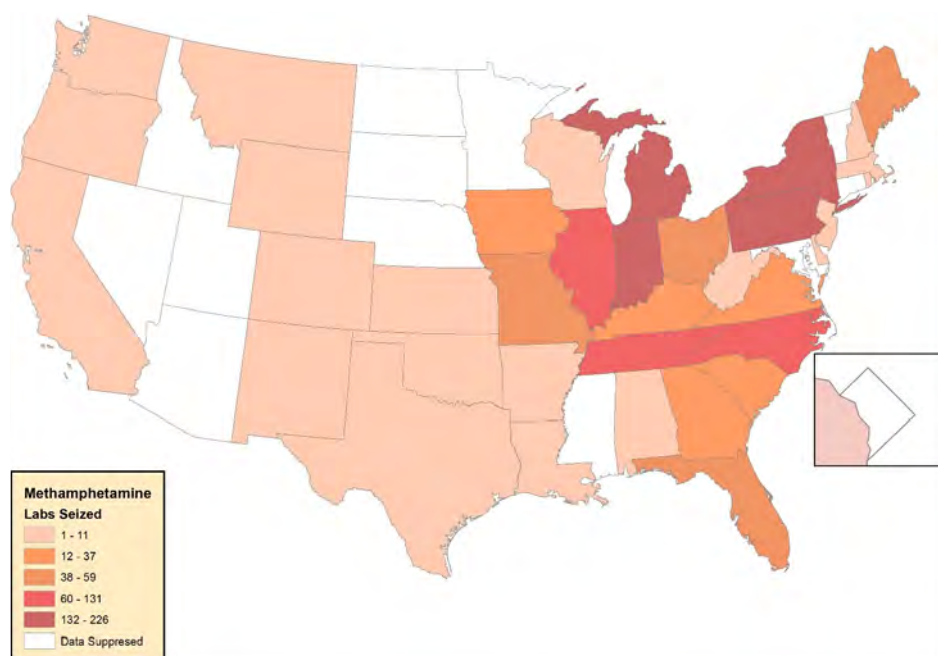
The number of domestic methamphetamine laboratories seized decreased 88 percent from 2012 (13,657) to 2018 (1,568). In 2018, 85 percent of all methamphetamine laboratories seized in the United States were small laboratories capable of producing two ounces or less of methamphetamine (see Figure 42). Domestic methamphetamine laboratory seizures continue in prevalence in areas farther from the SWB (particularly in the Northeast and upper Midwest), possibly due to distance from traditional markets and distance of transportation (see Figure 43). With increasing availability of foreign produced and sourced methamphetamine from Mexico, domestic production will continue to decline and the majority of labs seized will most likely remain in areas farther from the source of supply and nearer the SWB.

**Figure 42. Comparison of Seized Clandestine Laboratory Capacity, 2018**



Source: El Paso Intelligence Center as of March 28, 2019

**Figure 43. Total of All Methamphetamine Clandestine Laboratory Incidents Including Laboratories, Dumpsites, and Chemical/Equipment Seizures, 2018**



Source: El Paso Intelligence Center as of March 28, 2019

## DEA's Methamphetamine Profiling Program (MPP)

The DEA MPP provides an in-depth chemical analysis of selected methamphetamine samples to establish trends associated with the manufacture of methamphetamine seized primarily in the United States. The MPP further establishes the method used to manufacture methamphetamine, as well as tracking purity levels and other related trends. However, the MPP is unable to determine the source origin of methamphetamine samples because the drug is synthetically produced, unlike morphine and cocaine, which are extracted from plant sources. It must be noted that the MPP data set is only reflective of the MPP sampling plan, and is not representative of all methamphetamine samples submitted to the DEA laboratory system.

## Foreign Production

Methamphetamine production in Mexico remains high, as domestic production has been decreasing. Mexican TCOs have moved away from the heavily restricted precursors ephedrine and pseudoephedrine in favor of methods that involve less restricted chemicals that are easier to obtain. Mexican TCOs produce methamphetamine using the reductive amination method, which uses the precursor phenyl-2-

propanone (P2P) instead of pseudoephedrine. According to the DEA MPP, 98 percent of samples analyzed in the second half of 2018 were produced using this method. Mexico TCOs are able to produce methamphetamine that is highly pure and potent, while less expensive to produce, which has contributed to the decline of domestic production.

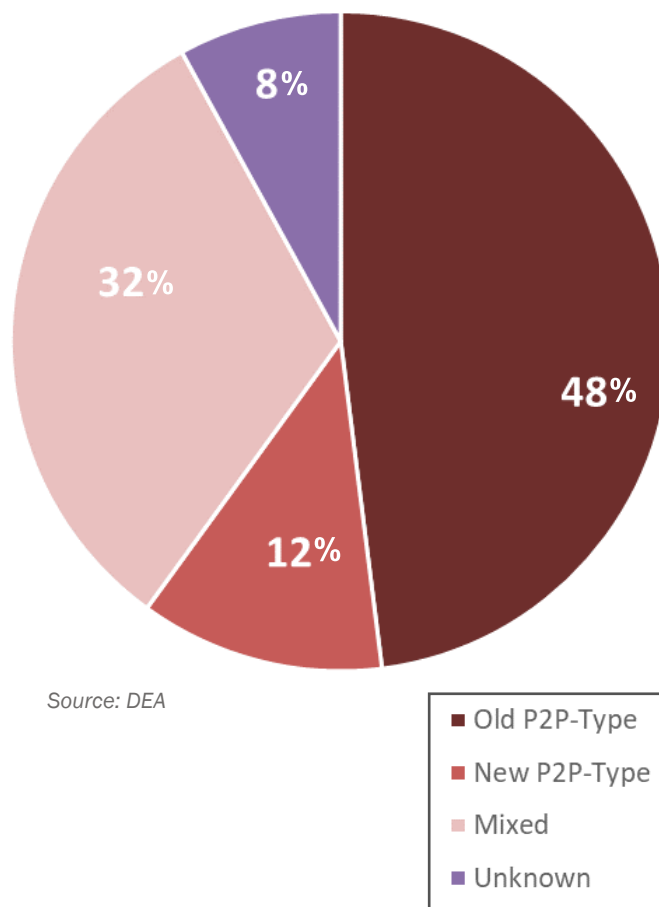
In mid-2014, a new forensic profile emerged for samples analyzed from the SWB and other domestic locations. This new method has become the primary method for samples seized and analyzed at the SWB and in the interior of the United States. This newer profile is linked to an alternate P2P recipe called the nitrostyrene method, which starts with benzaldehyde and nitroethane as the key precursors.

MPP data reflects that the newer P2P-Nitrostyrene method decreased in prevalence from the first half of 2018 from 22 percent of

samples analyzed to 12 percent in the second half of 2018, a 45 percent decrease from the second half of 2017, and a 77 percent decrease from the first half of 2017. Older phenyl-acetic acid (PAA) profiles have experienced a 45 percent increase from the first half of 2018 supporting a growing trend of older PAA-type recipes. Profiles that contained a mixture of both P2P methods decreased by 13 percent from the first half of 2018, but maintained a larger portion of analyzed samples than in the first half of 2017 increasing 88 percent (see Figure 44). This shift may be in reaction to precursor chemical restrictions and seizures focusing on the newer Nitrostyrene methods.

DEA reporting also indicates a potential new PAA production method utilizing benzyl chloride and sodium cyanide to make an oil called benzylnitrile. While no forensic marker has been created, DEA reporting has supported the establishment of this formula and the movements of these new chemical precursors.

**Figure 44. P2P Sub-Category Results for the 2nd-Half 2018**



### Precursor Restrictions and Pricing Can Influence Production Methods

DEA reporting suggests precursor chemical availability and price drive the P2P production technique used by Mexican methamphetamine manufacturers. In October 2015, the Government of Mexico formally controlled the P2P precursor chemicals benzaldehyde and nitroethane, which caused prices for these chemicals to increase over 300 percent on the black market. While there are many different methods to produce methamphetamine, production follows a predictable pattern of chemical reactions and ingredients. Rather than wait on shipments of preferred precursor chemicals or restricted chemicals, significant methamphetamine producers will shift methods and/or chemicals depending on what materials are readily available to maintain supply and production. Identifying, targeting, and restricting necessary precursors could slow production, drive prices up, and force producers to shift production methods.

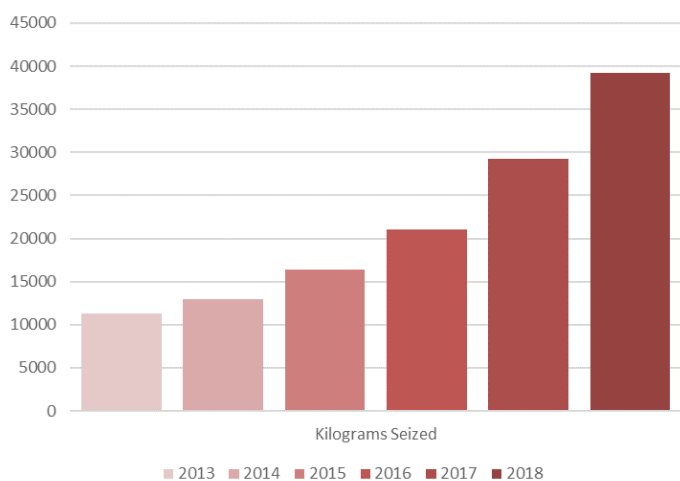


## Transportation and Distribution

Methamphetamine is seized in every U.S. state. Mexican TCOs control wholesale methamphetamine distribution, while both Mexican and Caucasian criminal groups typically control retail distribution in the United States.

The SWB remains the main entry point for the majority of methamphetamine entering the United States. According to CBP, methamphetamine seizures continue to increase along the SWB, with 95 percent of methamphetamine seizures occurring at or near the SWB in 2018. Methamphetamine seizures along the SWB increased 246 percent from 2013 (11,356 kilograms) to 2018 (39,237 kilograms) (see Figure 45). Total nationwide methamphetamine seizures increased 37 percent between 2017 (30,157 kilograms) to 2018 (41,365 kilograms).

**Figure 45. Customs and Border Protection Southwest Border Methamphetamine Seizures, 2013 – 2018**



Source: Customs and Border Protection

Traffickers employ various methods and techniques to transport and conceal methamphetamine, such as using human couriers, commercial flights, parcel services,

and commercial buses. Commonly, traffickers transport multi-kilogram shipments of methamphetamine in privately owned vehicles. Fuel tank concealment remains a widely used technique with either packaged methamphetamine or methamphetamine in solution. Methamphetamine concealed in tires and other natural voids in vehicles are other popular methods for smuggling methamphetamine and other contraband into the United States.

- In May 2018, Hidalgo, TX CBP officers seized 57.94 kilograms of methamphetamine concealed within the gas tank of an SUV. A drug detection canine and x-ray examination of the vehicle revealed anomalies inside the gas tank, and evidence of tampering was apparent upon visual inspection of the undercarriage. CBP officers removed the main fuel tank and discovered the tank was completely filled with methamphetamine. A second, smaller tank to power the SUV was discovered under the vehicle.
- In October 2018, the Phoenix FD, working in conjunction with Arizona Department of Public Safety, seized 25 pounds of methamphetamine, concealed within metal collars wrapped around the rims of all four tires (see Figure 46).

**Figure 46. Suspected Methamphetamine Concealed in Metal Collars**



Source: DEA

- In November 2018, the Houston FD seized several cargo stabilizers containing six kilograms of methamphetamine (see Figure 47). Commercial tractor-trailer drivers use cargo stabilizers to secure loads and prevent unwanted movement, and law enforcement typically does not inspect these mechanisms. Although filled with contraband, the stabilizers still functioned normally.

**Figure 47. Cargo Stabilizers Filled with Methamphetamine**



Source: DEA

- In December 2018, a vehicle was referred to secondary inspection at the Laredo, TX port of entry. X-ray examination showed no anomalies, but a visual inspection by agents revealed a single bolt and tool markings on a panel covering steel beams in the rocker panels. Twenty kilograms of loose methamphetamine was concealed inside the steel beams. Agents suspected that the compartment and contents were not visible in x-ray because the methamphetamine was not packaged in a condensed or compacted form.

Methamphetamine can be dissolved in a variety of liquids, including vehicle fluids, fuels, water, and alcoholic beverages. Methamphetamine in solution is more easily smuggled, more difficult to detect, and can be less expensive than powder or crystal forms. This smuggling method requires a conversion laboratory to extract the

methamphetamine from the solution in which it is dissolved. Methamphetamine is rarely sold on the streets in solution form.

- Reported seizures by the Houston FD of methamphetamine in solution showed a 41 percent increase from 2017 (557 gallons) to 2018 (784 gallons).
- In November 2018, the Atlanta FD seized 73 kilograms of methamphetamine inside an electrical transformer with an additional 270 gallons of methamphetamine suspended in diesel. An interview with the driver led to another transformer delivery in Pharr, TX. The McAllen HIDTA seized the transformer in Pharr, which had approximately 140 gallons of methamphetamine suspended in diesel inside.

**Figure 48. Electric Transformer Seized by Atlanta Field Division**



Source: DEA

## Emerging Trend: Methamphetamine in Pill Form

Methamphetamine in pill form has appeared in several states in 2018 and into 2019. Many incidents have involved pill forms that resemble MDMA tablets, while others have been counterfeit pharmaceuticals with methamphetamine present or as the primary substance. Several seizures in Illinois, New Jersey, Ohio, Virginia, and South Carolina have yielded supposed MDMA tablets containing methamphetamine.

Counterfeit Adderall pills containing methamphetamine were seized in Michigan in 2019. The pills were of the same color and markings as legitimate prescription Adderall, but contained methamphetamine, caffeine, and acetaminophen (see Figure 49). This may indicate that methamphetamine traffickers are targeting prescription stimulant users, similar to the counterfeit MDMA tablets, in order to gain access to a larger user market.

In April 2019, the Pinellas County, FL Forensic Lab shared information with DEA's Southeast Laboratory about a seizure of Adderall tablets. The tablets were orange/peach in color, with imprints matching that of 30 mg Adderall. Laboratory analysis revealed the tablets contained methamphetamine. On April 30, 2019, DEA Miami Field Division seized 1,500 counterfeit Adderall pills in Hialeah, FL, also containing methamphetamine (see Figure 50).

As with other drugs of abuse, this product innovation illustrates the determination of DTOs to make methamphetamine appealing to non-traditional users, particularly those in the CPD abuser population, by offering the drug in atypical forms.

**Figure 49. Counterfeit Adderall Tablets Containing Methamphetamine seized in Michigan**

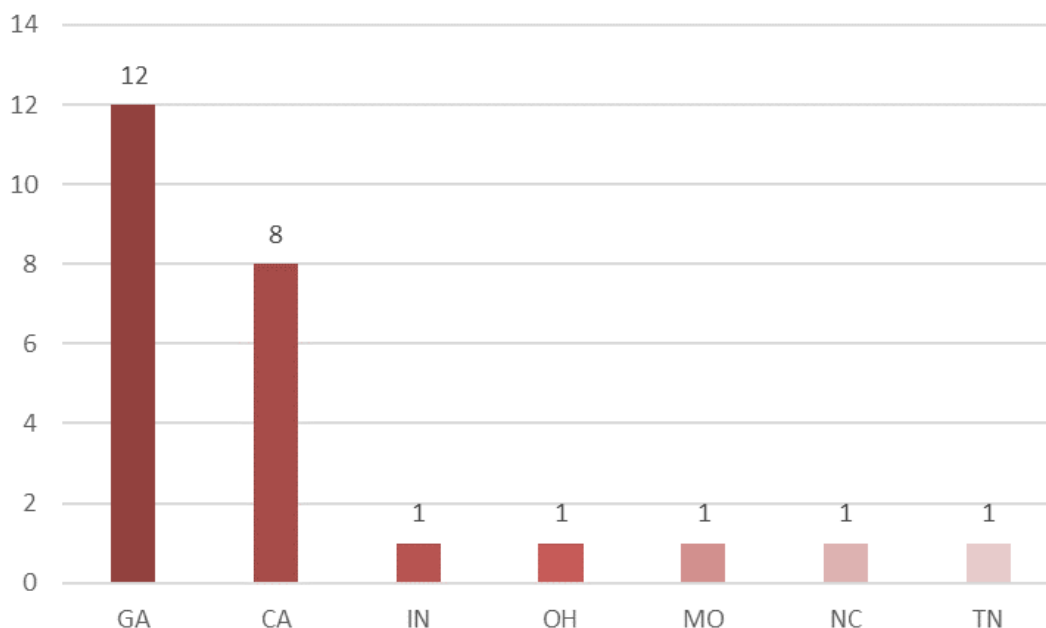


Source: Michigan State Police

**Figure 50. Counterfeit Adderall pills seized in Florida**



Source: DEA

**Figure 51. Conversion Laboratory Incidents in the United States, 2018**

Source: El Paso Intelligence Center as of March 28, 2019

## Conversion Laboratories

Methamphetamine conversion laboratories are not used for production, but are instead used either to convert powder methamphetamine into crystal methamphetamine or to recrystallize methamphetamine in solution back into crystal methamphetamine. Each year from 2000-2017, the majority of conversion laboratory seizures occurred in California. However, in 2018, conversion laboratories seized in Georgia accounted for the majority, closely followed by California.

Conversion laboratories have also been seized in states farther from the SWB, primarily in the Midwest region. In 2018, there were conversion laboratories seized in Ohio, Indiana, North Carolina, Missouri, and Tennessee (see Figure 51).

In February 2019, the Atlanta FD seized a conversion laboratory operation from a methamphetamine DTO. Search warrants were conducted on several properties, one of which contained a main house, three barns, and a

shed. One barn contained Tupperware-type containers with methamphetamine in solution. A second barn held the conversion laboratory consisting of a large metal cauldron, propane burner and tank, and a strainer with suspected methamphetamine drying on it. The Atlanta FD seized 250 pounds of methamphetamine and 200 pounds of methamphetamine in solution (see Figure 52).

**Figure 52. Methamphetamine in Solution Seized in February 2019**

Source: DEA

## Unique Concealment Method: Methamphetamine in Industrial Drill Bits

In May 2018, the El Paso FD received information regarding two oil rig-drilling bits filled with methamphetamine destined for the Presidio, Texas port of entry (POE) (see Figure 53). This was the first time DEA had encountered this concealment method.

According to DEA reporting, an unknown DTO acquired the drill bits in April 2018, which were driven south to Juarez, Mexico “to be fixed.” After they had been filled with methamphetamine, the drill bits were seized in May at the Presidio POE. The hidden compartments in the drill bits contained 16.6 kilograms of methamphetamine.

**Figure 53. Oil Rig Drill Bits Containing Methamphetamine**



Source: DEA

## Outlook

The United States can expect Mexican TCOs to continue to produce and traffic high-purity, high-potency methamphetamine across the SWB into the United States. Most likely, Mexican TCOs will continue to adapt their production methods as restrictions are placed on precursors or as precursor chemicals become temporarily unavailable or cost-prohibitive. The price of methamphetamine remains low but stable, possibly due to an oversupply of methamphetamine in the U.S. market; however, as Mexican TCOs try to increase the methamphetamine customer base by continuing to explore new markets, the price may begin to increase again. Methamphetamine seizures along the SWB will likely continue to rise as demand in the United States remains high. Declining domestic production will likely persist as long as methamphetamine produced in Mexico remains a low cost, high purity, high potency alternative. Conversion laboratories will likely continue to increase as methamphetamine in solution remains an effective concealment method.

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# COCAINE

## Overview

Cocaine is a resurgent threat in the United States as seizures, availability, coca cultivation, and cocaine production remain at elevated levels. Overall, availability levels increased and domestic prices decreased, with some regional variation due to local market forces. Continued heightened levels of coca cultivation and cocaine production in Colombia, the primary source for cocaine seized in the United States, has driven down the price of cocaine while increasing its availability, further widening the domestic cocaine market. Fentanyl's presence in the cocaine supply remains a serious concern for law enforcement and public health officials as the deadly opioid exacerbates higher cocaine-involved overdose deaths. The SWB remains cocaine's primary point of entry into the United States while Mexico-based TCOs maintain their dominance of transportation and distribution. Heightened cultivation and production will likely translate into further increased domestic availability, reduced domestic prices, and increased law enforcement challenges through the near-term.

## Availability

In 2018, all FDs indicated cocaine availability was at least moderate in their area, meaning cocaine is readily accessible. The Caribbean, Detroit, Houston, Los Angeles, Louisville, Miami, New England, New Jersey, New York, Philadelphia, and Washington FDs indicated cocaine availability in their AORs was high,

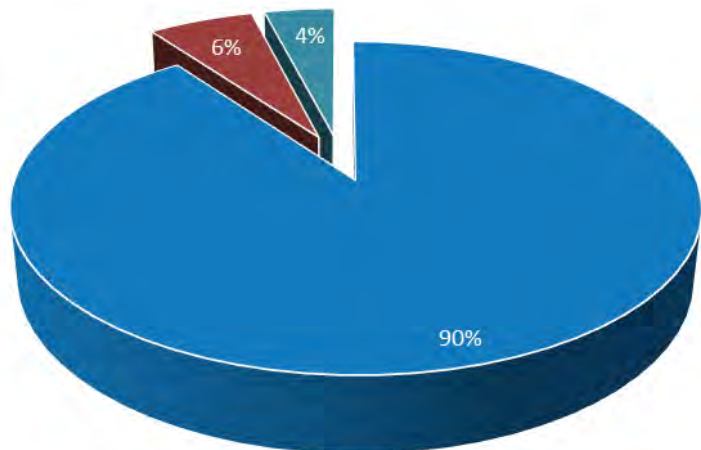
meaning cocaine is easily obtained at any time (see Figure 54). Houston, Louisville, New York, Omaha, Philadelphia, and St. Louis FDs indicated cocaine was more available in their areas than in the previous reporting period. Atlanta and San Diego FDs indicated that cocaine was less available in their AORs than the previous year.

**Figure 54. Field Division Reporting of Cocaine Availability in CY 2018 and Comparison to CY 2017**

Field Division	Availability During CY 2018	Availability Compared to CY 2017
Atlanta Field Division	Moderate	Less
Caribbean Field Division	High	Stable
Chicago Field Division	Moderate	Stable
Dallas Field Division	Moderate	Stable
Denver Field Division	Moderate	Stable
Detroit Field Division	High	Stable
El Paso Field Division	Moderate	Stable
Houston Field Division	High	More
Los Angeles Field Division	High	Stable
Louisville Field Division	High	More
Miami Field Division	High	Stable
New England Field Division	High	Stable
New Jersey Field Division	High	Stable
New Orleans Field Division	Moderate	Stable
New York Field Division	High	More
Omaha Field Division	Moderate	More
Philadelphia Field Division	High	More
Phoenix Field Division	Moderate	Stable
San Diego Field Division	Moderate	Less
San Francisco Field Division	Moderate	Stable
Seattle Field Division	Moderate	Stable
St. Louis Field Division	Moderate	More
Washington Field Division	High	Stable

Source: DEA

**Figure 55. Origin of Cocaine Samples Seized in the United States Mainland, 2018**



Source: DEA

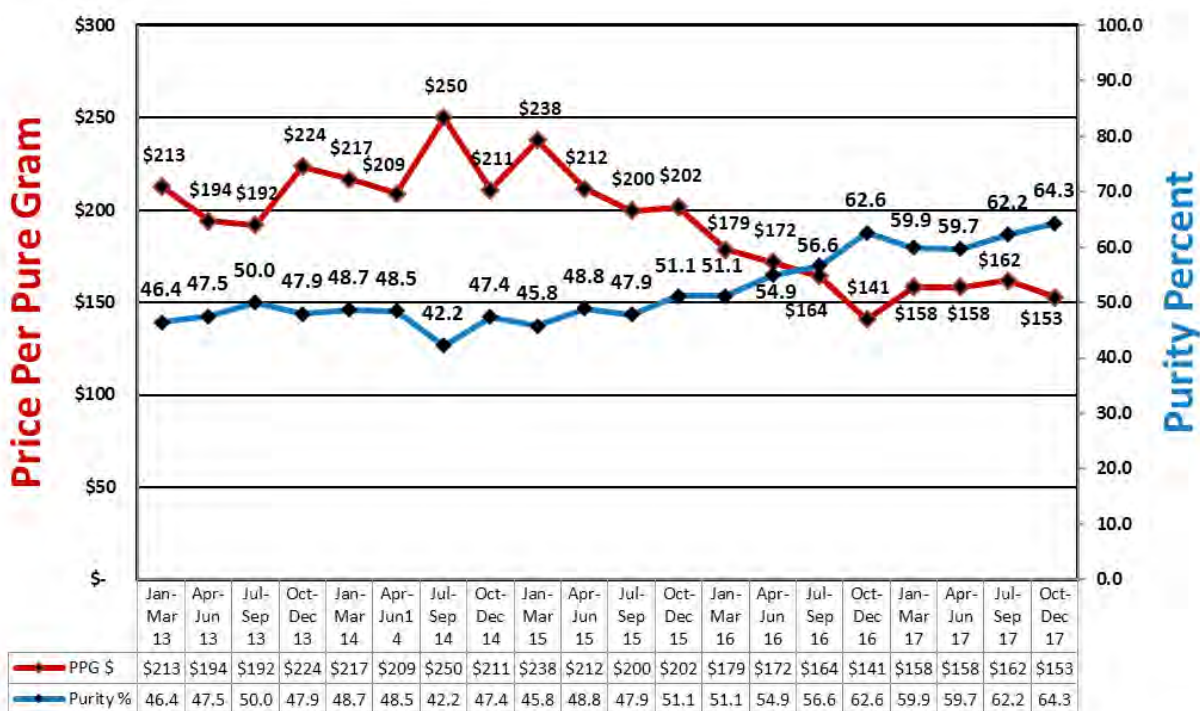
■ Colombia ■ Peru ■ Unknown

Colombia remains the primary source for the majority of cocaine seized and analyzed in the United States. According to DEA’s Cocaine Signature Program (CSP), in 2018, approximately 90 percent of cocaine samples tested were of Colombian origin, six percent were of Peruvian origin, and four percent were of Unknown origin (see Figure 55). The average purity for all cocaine bricks analyzed was 85.4 percent. Of all cocaine bricks tested, 80 percent were

uncut—did not contain any adulterants or diluents—which represents a 35.6 percent increase from 2017 (59 percent). Per CSP analysis, the percentage of uncut cocaine bricks directly relates to the export quality of Colombian cocaine, which increased significantly during the last several years. The percentage of uncut cocaine bricks in 2018 is the highest since at least 2000, surpassing the previous record of 69 percent in 2006. The rest of the bricks analyzed were cut with various diluents, with 17 percent containing levamisole and/or levamisole mixtures with dexamisole and three percent containing various other cutting agents.

Average retail price per pure gram of cocaine decreased while average gram purity increased between January 2013 and December 2017, likely representative of higher domestic cocaine availability compared to the previous five years. Between January 2013 and December 2017, price decreased 28.2 percent (\$213 to \$153) and purity increased 38.6 percent (46.4 percent to 64.3 percent) (see Figure 56). Between

**Figure 56. Price and Purity of Domestic Cocaine Purchases, January 2013 – December 2017**



Source: DEA



## DEA's Cocaine Signature Program

Each year through the CSP, in-depth chemical analyses are performed on approximately 2,500 cocaine HCl exhibits obtained from bulk seizures made throughout the United States. The program also examines a smaller number of cocaine exhibits seized from around the world. Additionally, samples of solvents, reagents, and other materials seized from South American illicit cocaine laboratories are examined. Analytical methodologies developed at the Special Testing and Research Laboratory give evidence of how and where the coca leaf was processed into cocaine base (geographical origin), and how cocaine base was converted into cocaine hydrochloride (processing method). State-of-the-art scientific methods can determine the geographic origin of the coca leaf, down to the sub-regional growing region used to produce a cocaine exhibit with a confidence level exceeding 96 percent.

CSP analysis has consistently indicated that Colombian-origin cocaine dominates the market in the United States. These forensic findings are consistent with all available law enforcement intelligence and investigative reporting. CSP data is not intended to reflect U.S. market share, but is rather a snapshot of current trends. The CSP also provides a substantial dataset (over 47,000 exhibits since 1998) for strategic intelligence analysis that reflects random cocaine samples taken from all wholesale-level domestic seizures (submitted to all DEA laboratories) that total metric tons of cocaine each year.

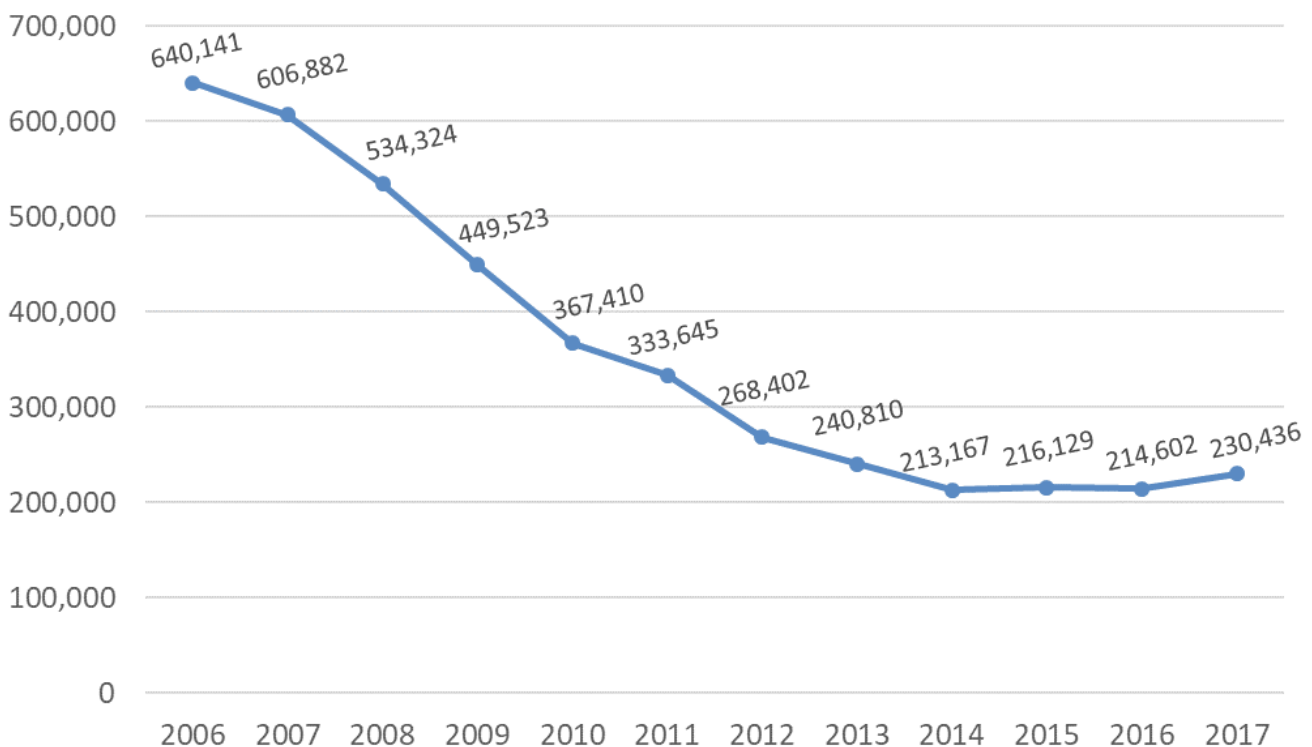
December 2016 and December 2017, the average retail price for cocaine increased 8.5 percent (\$141 to \$153) and purity increased 2.7 percent (62.6 percent to 64.3 percent), reaching the highest purity recorded since January 2007. Average purity for 2017, 61.5 percent, once again surpassed the 2007 benchmark of 61.1 percent average purity. Despite increasing slightly throughout 2017, prices may be beginning another decline, and current retail prices remain considerably lower than observed in previous years. Retail price has fallen 41.4 percent since reaching a peak of \$261 during July-September 2012. The continuing overall trend of lower prices but higher purity suggests demand remains lower than supply—resulting in a cheaper, more pure product than throughout the past decade.

Since early 2018, multiple FDs reported increases in the quantity and purity of cocaine available in their AORs. The kilogram price of cocaine remains lower than in previous years, most likely due to increased production and availability. Subsequently, many FDs reported escalating cocaine use in their AORs, correlating with increased emergency department visits and rising cocaine-involved overdose deaths. Nevertheless, some FDs reported lowered availability during late 2018 and early 2019. However, given prevailing indicators of overall increased cocaine availability, it seems unlikely this trend will persist.

- *Albany District Office reporting from June 2018 notes an increased user base and high demand for crack cocaine in Buffalo, NY is driving up the overall price of cocaine. Reporting also suggests the scarcity of “good quality cocaine” in the area is driving up the price and lowering the quality.*

- Dallas FD reporting from September 2018 indicates that cocaine use is on the rise in the Arlington and Fort Worth, TX areas. The FD reported that cocaine in the area is believed to be of high quality and Colombian. Reporting also suggests cocaine has become expensive in the area because cartel fracturing and instability has disrupted the traditional trafficking route through Mexico.
- San Diego FD reporting from October 2018 notes that cocaine consumption by minors in San Diego used to be infrequent but now has become more mainstreamed and even “normalized.”
- St. Louis FD reporting from December 2018 indicates a potential shift in the local cocaine user market. Intelligence suggests cocaine has become more of a “party drug” frequently seen in clubs instead of an ordinary street drug. Reporting also suggests methamphetamine may be supplanting some of the crack cocaine market due to its lower price, with remaining crack customers consisting of older “80s generation” users.
- Chicago FD reporting from June 2018 indicates a localized decrease in availability, with local traffickers struggling to maintain a steady supply and a related increase in price. However, the Chicago FD does not believe this shortage is likely to last due to strong indications of increased national availability.
- Westchester County, NY RO reporting from December 2018 shows increased prices and lowered availability. Reporting also indicates the available cocaine was of poorer quality than seen in the area previously. However, the RO reported prices had recently begun to drop, possibly signaling another increase in supply.
- Pittsburgh District Office reporting throughout 2018 and early 2019 indicates availability and use of both cocaine and crack are increasing steadily throughout their AOR. March 2019 reporting indicates a “significant increase” in the availability of crack cocaine beginning around November 2018. Additionally, reporting in June 2018 notes a correlating rise in Allegheny County for patients admitted to hospital emergency departments with cocaine in their system.
- Caribbean FD reporting from early 2019 shows a decrease in cocaine availability and an increase in cocaine prices in Puerto Rico, the USVI, and several countries throughout the region. The shortage of cocaine and the increase in cocaine prices can likely

**Figure 57. National Forensic Laboratory Reports of Cocaine, 2006 – 2017**



Source: DEA

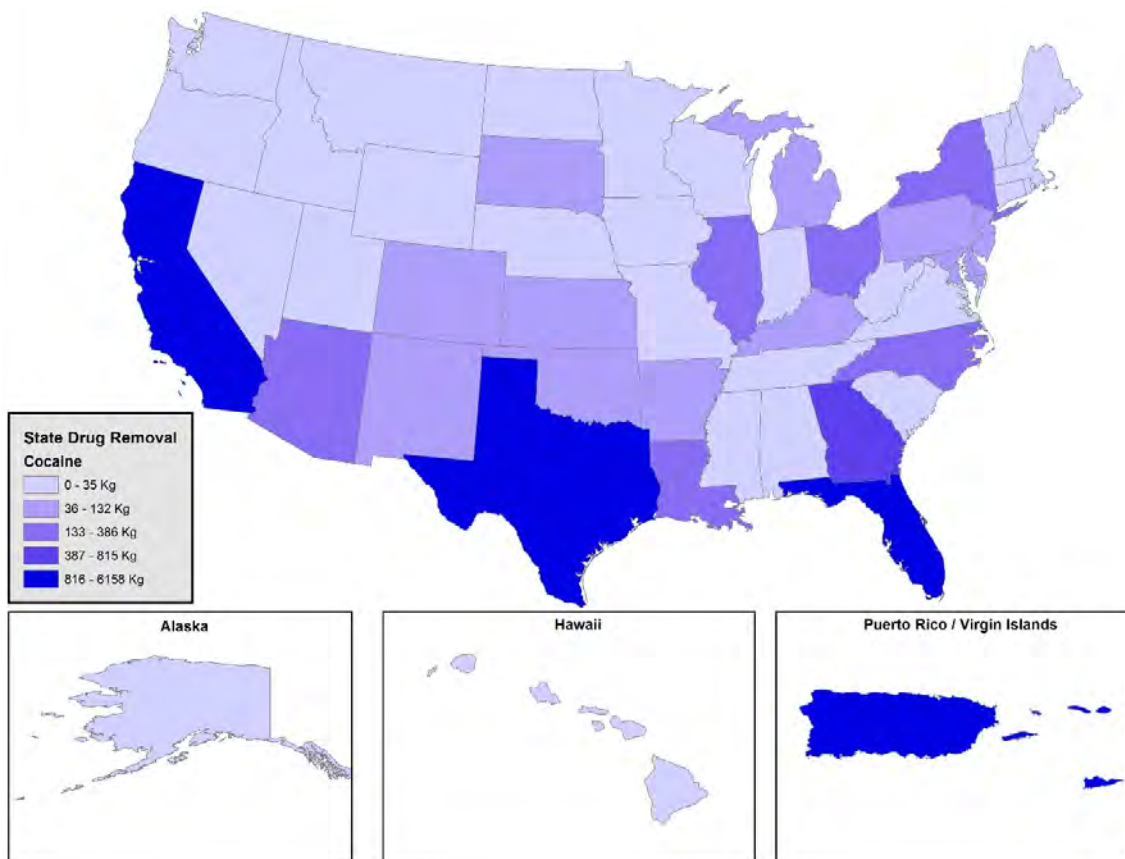
be attributed to recent law enforcement success, as more than five metric tons were seized from January – April 2019, which disrupted the drug flow to the region.

After a brief period of stability, the number of total cocaine reports submitted to forensic laboratories rose between 2016 and 2017, demonstrating the impact of continuing high cocaine production in the Andean region (see Figure 57). In 2017, there were 230,436 cocaine reports submitted to NFLIS, a 7.4 percent increase over the 214,602 reports submitted in 2016. Of the top 25 most frequently identified drugs in NFLIS, cocaine ranked third overall, behind methamphetamine and cannabis/THC, representing 15 percent of the top 25 drug reports. Cocaine was the second most commonly reported drug by federal laboratories, representing nearly 14 percent, after methamphetamine. Although cocaine reports in 2017 are less than half of what they

were at their peak in 2006, reports are at their highest level since 2013. Cocaine production in Colombia began to rise again in 2013 after several years of decline. While cocaine’s visibility and availability remain significantly lower than they were in 2006, sustained cocaine production at record levels is increasing cocaine’s overall presence in the U.S. drug market.

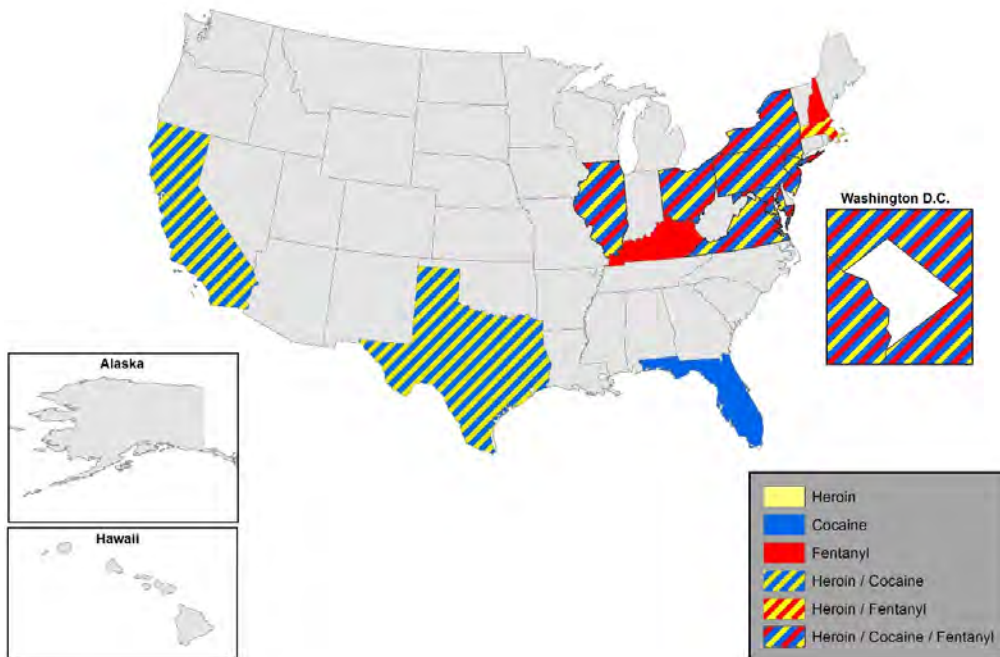
State-level analysis of NFLIS submissions continues to show cocaine remains most dominant in the South and Northeast, with an increasing presence in select West and Midwest cities (see Figure 58). Laboratories in the South and Northeast, such as McAllen (59 percent), Miami (47 percent), Augusta, ME (31 percent), New York City (28 percent), Orlando (27 percent), Baltimore (27 percent), Tampa (23 percent), and Philadelphia (22 percent), continue to report the highest percentage of cocaine. Cocaine reports in laboratories in the

**Figure 58. National Forensic Laboratory Reports of Cocaine by State, 2017**



Source: DEA

**Figure 59. Top 10 States with the Most Heroin, Fentanyl, and Cocaine Reports in NFLIS, 2017**



Source: DEA

South significantly increased over 2016. For the third straight year, cocaine reports increased in the Midwest, with laboratories in Chicago and Cincinnati showing high percentages of cocaine reports (24 percent and 18 percent, respectively). Most likely due to increased overall availability, cocaine reports also increased in the West, such as in San Francisco (25 percent) and Denver (18 percent). California, whose stimulant market has historically been dominated by methamphetamine, submitted the ninth most cocaine reports in 2017, further highlighting the burgeoning entrenchment of cocaine in the West.

Of the top five states with the most cocaine reports—Ohio, Texas, New York, Florida, and Illinois—two Midwest states—Ohio and Illinois—were also among the five states with the most heroin reports in NFLIS in 2017. Pennsylvania, which ranked sixth for cocaine reports, was second for both heroin and fentanyl reports. In fact, of the top 10 states with the most cocaine,

heroin, and fentanyl reports, seven states overlapped among all three major drug categories (see Figure 59). This further emphasizes the continued connection between the opioid markets of heroin and fentanyl with that of cocaine. This may be due to a combination of cocaine's overall increased availability in the United States and the continued proliferation of fentanyl

throughout the United States, resulting in the continuing rise of cocaine and fentanyl overdose deaths.

In 2017, there appeared to be limited correlation between cocaine reports and cocaine-involved overdose deaths. Analysis of state-level 2017 drug overdose data reveals Washington DC, Rhode Island, Ohio, Massachusetts, and West Virginia had the largest age adjusted drug-overdose rates for cocaine. Of the top five states with the most cocaine reports—Ohio, Texas, New York, Florida, and Illinois—only Ohio was also in the top five for highest rates of cocaine-involved deaths. Maryland had the seventh highest cocaine-involved overdose death rate and the ninth most cocaine reports. The lack of significant correlation between these two datasets may be because Washington, DC, Massachusetts, and Rhode Island have relatively small territories, which accounts for the lower level of reports. However, the heavy drug user populations of all three locations represent a

relatively large portion of their respective drug using population; therefore, overdose deaths have had an outsized effect.

## Use

Rising cocaine consumption, in both powder and crack form, contributes to a significant number of drug poisoning deaths in the United States. Some regions of the United States are seeing significant increases

### Cocaine in Pill and Tablet Form: New Trend or Trafficker Experiment?

Open-source information indicates most cocaine users prefer to inject or insufflate (snort) cocaine while most crack or free-base cocaine users prefer inhalation (smoking). Despite these established preferences, DEA and local law enforcement sporadically seize cocaine in pill or tablet form. Throughout late 2018 and early 2019, seizures yielded several instances of what appeared to be counterfeit prescription pills that actually contained cocaine.

Whether these instances are harbingers of a new trend, an experiment, or simply the result of accidental contamination within poly-drug operations remains to be seen. Tableting and capsulizing cocaine may allow traffickers to capitalize on the considerably larger CPD user market with a different version of cocaine, further maximizing profits. Additionally, cocaine's abundance and lower price may make it an attractive substitute for more expensive and less readily available prescription stimulants to traffickers looking to expand their market influence or cut costs and to CPD stimulant users seeking a cheaper fix. The size of the current stimulant user population is roughly the size of the current cocaine user population, allowing traffickers who tablet or capsulize cocaine to nearly double the size of their potential user market.

Cocaine encapsulated in a clear capsule was discovered in New Jersey in late 2018. Cocaine and alprazolam have been found together in tablet form in two instances, both on the East Coast. Also in New Jersey, cocaine and buprenorphine were present together in orange tablets in August 2018. In January 2019, the Wilmington, MA PD investigated an overdose where the decedent reportedly ingested Xanax pills (see Figure 60). The pills appeared to be identical to prescription alprazolam (Xanax) 2-milligram pills, but were actually counterfeit. Further testing revealed two pills were positive for alprazolam and fentanyl, and one pill tested positive for alprazolam and cocaine. In April 2018, cocaine and alprazolam tablets were found in Glassboro, NJ.

**Figure 60. Counterfeit Xanax Pills Also Containing Cocaine and Fentanyl**



Source: Wilmington, Massachusetts Police Department



fentanyl are packaged together for street sale without the users'—and sometimes the dealers'—knowledge. These mixtures target users who are typically unaware they are consuming fentanyl and may not have the opioid tolerance of habitual opioid users and thus are more likely to experience an adverse reaction than those who intentionally sought out the opioid.

Since 2013, laboratories from 36 states, Puerto Rico, and Washington, DC have submitted reports of “speedball” and “super speedball” mixtures to NFLIS. From 2013 to 2017, these reports have increased nearly 15,000 percent from only 18 reports in five states in 2013 to 2,695 in 34 states, Puerto Rico, and Washington, DC in 2017. Since 2013, laboratories in Ohio, Massachusetts, Pennsylvania, Virginia, and Florida have submitted the most “speedball” and “super speedball” reports (see Figure 62). Ohio, Massachusetts, and Virginia have been in the top five states with the most reports every year.

However as in recent years, the overwhelming majority of cocaine, heroin, and fentanyl reports submitted to NFLIS are not cross contaminated and contain only one drug; therefore, most “speedball” and “super speedball” mixtures are almost certainly still not mixed at the wholesale-level and the majority remain mostly unintentional at the retail-level.

Correlation between those states with the most speedball/super speedball reports and overdose death rates was weak, similar to correlation between overall cocaine reports and overdose deaths. Only three states—Ohio, Massachusetts, and Maryland—overlapped. Despite the low correlation between NFLIS reports of speedball/super speedballs and overdose deaths, multiple FDs continue to report instances of seizures and overdose deaths involving cocaine and fentanyl.

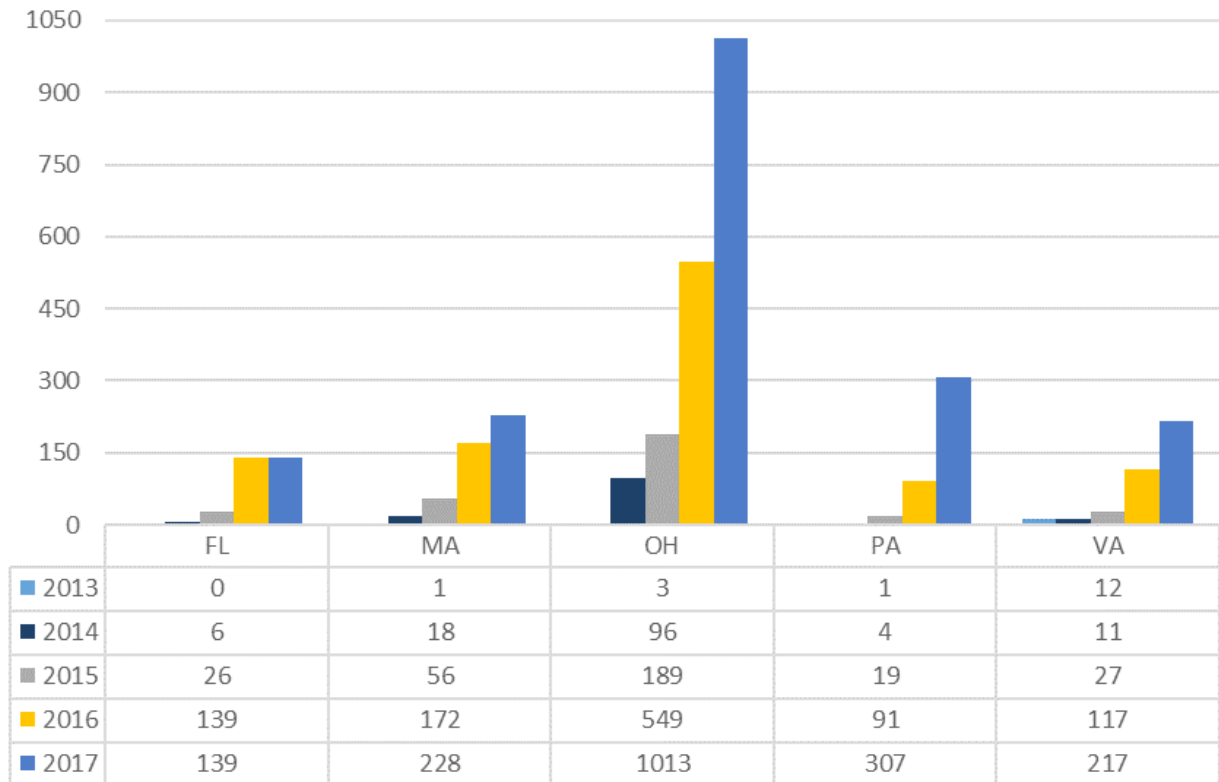
Throughout 2018, a number of atypical cocaine markets—those outside the traditional East Coast and Midwest strongholds—began to

### Fentanyl in Cocaine: Less Purposeful Adulterant, More Accidental Contaminant

Analysis of DEA reporting does not provide a single, unifying explanation for why fentanyl and cocaine exhibits are increasing but does indicate cocaine and fentanyl are most likely mixed sometime after each product enters the United States. Analysis of CSP and Fentanyl Signature Profiling Program (FSPP) reports does not show significant evidence of cocaine and fentanyl cross-contamination either in the source country (for cocaine) or prior to reaching the SWB (for fentanyl).

Fentanyl's relative low price and high availability most likely make it an attractive adulterant, as shown by fentanyl's increasing presence in the heroin market. Considering fentanyl's appeal as an adulterant for opioids, many fentanyl-cocaine mixtures probably resulted from inadvertent contamination by drug dealers using the same equipment to process various types of drugs, such as heroin. Further, DEA assesses that the majority of stimulant and opioid users prefer only their respective chosen drugs and only a limited subset would purposefully seek out “speedballs” and “super speedballs.” Given the lack of pharmacological similarity and general preferences of many drug users, DEA assess it is unlikely most mid- or street-level dealers are making a concerted effort to sell cocaine-fentanyl mixtures. Instead, the polydrug nature of most DTOs provides many opportunities for cross-contamination.

**Figure 62. Top Five States with the Most Speedball and Super Speedball Reports in NFLIS, 2013 – 2017**



Source: DEA

report noteworthy levels of cocaine and fentanyl mixtures. Increasing reports of cocaine and fentanyl mixtures throughout Wisconsin and Maine correlated with a sharp growth in cocaine-involved overdose deaths, both with and without fentanyl. Additionally, reporting from emergency departments and treatment clinics, primarily concentrated in the Northeast, show an influx of cocaine overdose victims and users seeking addiction treatment for cocaine. Both have also seen an uptick in fentanyl. However, patients were not aware they were taking fentanyl.

- In September 2018, San Diego FD reporting indicated three individuals overdosed, with one fatality, on a combination of cocaine and fentanyl, despite only using what they believed to be cocaine. The victims only intended to use cocaine; however, toxicology analysis revealed they consumed fentanyl-laced cocaine.

- In October 2018, Columbus District Office reporting indicated speedballs maintain a presence in the area, contributing to the rising number of overdose fatalities. Reporting also references at least one instance of a “speedball” consisting of crack cocaine laced with fentanyl.
- In December 2018, an overdose in the Florissant, MO area was linked to cocaine laced with fentanyl. St. Louis DO reporting from February 2019 shows cocaine mixed with fentanyl was still available on the street and is a growing threat in the area.
- In January 2019, a mass overdose event in Chico, California resulting in 12 hospitalizations and one fatality was linked to cocaine laced with fentanyl. Victims reported falling ill after using cocaine and denied taking fentanyl. A number of the victims were revived with naloxone, indicating the presence of opioids.

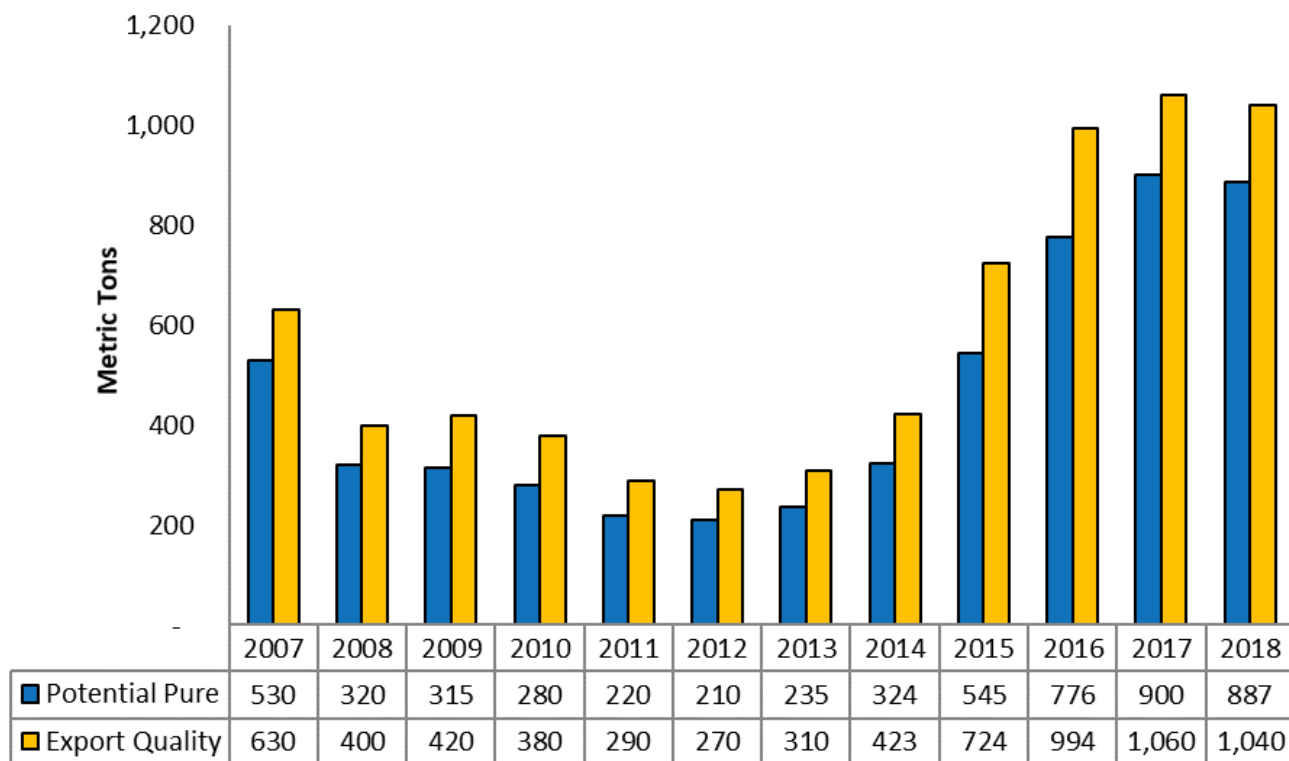


## Production

According to USG estimates, coca cultivation and cocaine production in Colombia remain high but may be leveling off. Estimated potential pure cocaine production in Colombia decreased slightly from 900 metric tons in 2017 to 887 metric tons in 2018 and export quality cocaine decreased as well from 1,060 metric tons in 2017 to 1,040 metric tons in 2018. Similarly, coca cultivation, measured in hectares (ha), experienced a minor decrease from 209,000 ha in 2017 to 208,000 ha in 2018. Although coca cultivation in Colombia remained at historically high levels in 2018, it was the first year since 2012 that crop production did not increase (see Figure 63). Coca cultivation and cocaine production totals in 2018 were still at the second highest levels ever recorded.

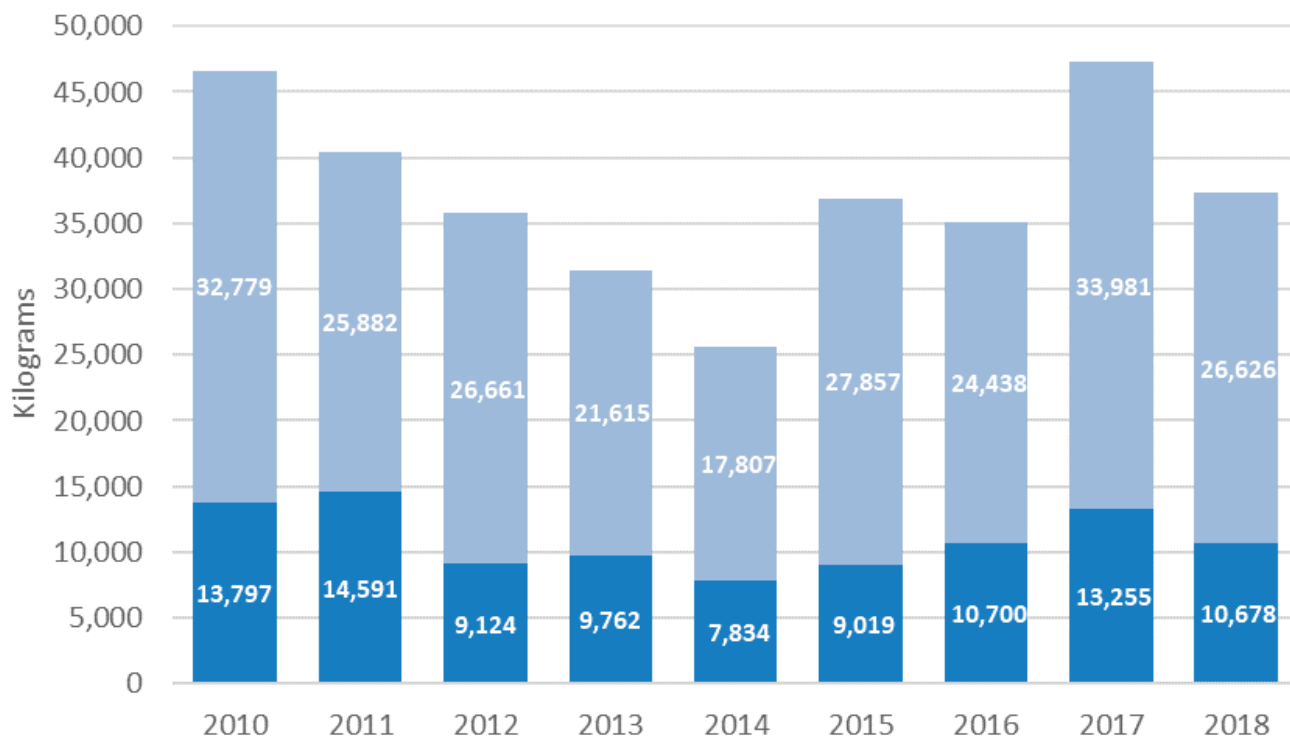
Colombia-sourced cocaine continues to dominate the U.S. market. According to DEA's CSP, approximately 90 percent of samples analyzed in 2018 originated in Colombia. Colombian TCOs continue to dominate the cocaine supply to the United States due to their experience and long standing working relationships with Caribbean, Central American, and Mexican traffickers.

**Figure 63. Colombian Cocaine Production, 2007 – 2018**



Source: U.S. Government Estimates

**Figure 64. Customs and Border Protection Nationwide and Southwest Border Cocaine Seizures, 2010 – 2018**



Source: Customs and Border Protection

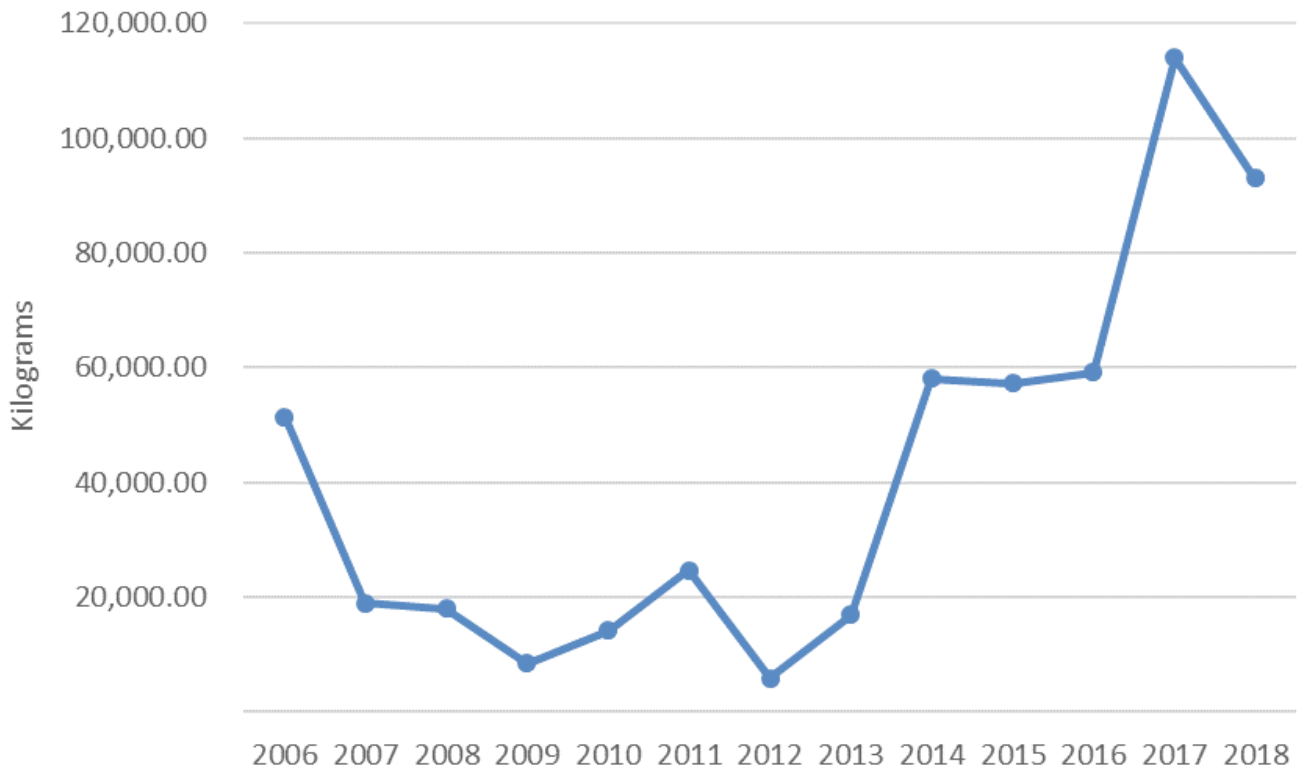
## Transportation and Distribution

According to CBP information, cocaine seizures along the SWB decreased 19.4 percent between 2017 (13,255 kilograms) and 2018 (10,684 kilograms). The majority of cocaine seized along the SWB was seized in California (50.1 percent), with the second most seized in Texas (40.7 percent). Nationwide, cocaine seizures decreased 21.7 percent from 33,981 kilograms in 2017 to 26,598 kilograms in 2018. This decrease may be the result of record seizures in 2017, which saw the most cocaine seized since at least 2010 (see Figure 64). The decrease likely means there is a surplus of cocaine already in the United States, reducing the need for cocaine importation. This decrease also points to the possibility that domestic supply is

outpacing current demand. Wholesale kilogram prices are considerably higher outside of the United States; therefore, traffickers may have changed tactics and begun to smuggle more cocaine to Europe, Asia, and Australia instead of the United States for the higher potential profits.

According to DEA drug removal data, the total gross weight of nationwide<sup>r</sup> cocaine removals fell 18.4 percent from 113,999.5 kilograms in 2017 to 92,942.7 kilograms in 2018. Removals increased overall since reaching a record low in 2012, with 2017 recording the most cocaine removed in the last two decades (see Figure 65). The decrease in DEA cocaine removals is consistent with other law enforcement sources. This recent decline also highlights a potential new trend: Traffickers may be exhausting existing supplies and possibly diverting the

r. Includes the 50 states, Washington, DC, Puerto Rico, the U.S. Virgin Islands, and Guam.

**Figure 65. DEA Nationwide Cocaine Removals, 2006 – 2018**

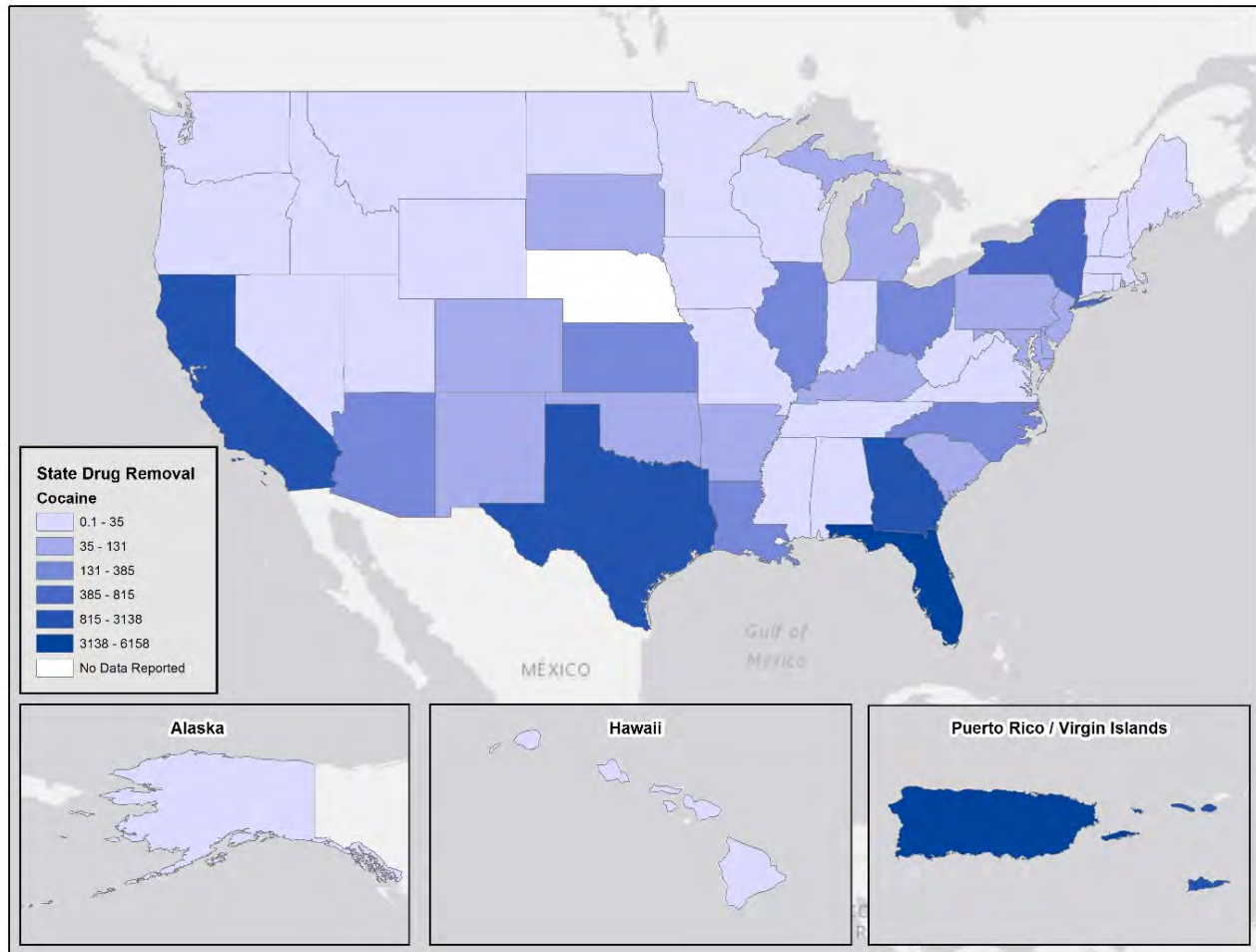
Source: DEA

excess cocaine to other markets (e.g. Europe or Asia) before bringing more cocaine into the United States. Decreasing removals may also be the result of the nationwide focus on the opioid crisis. To combat the opioid epidemic most effectively, FDs may be required to divert resources—to include time, money, and personnel—away from investigations into non-opioid drugs, such as cocaine.

State-level DEA (net weight) cocaine removals generally followed previously established patterns. The highest removals occurred primarily in states with major land border crossings, high-traffic international airports, or seaports. Removals were also highest in states near the SWB as well as along the Gulf and East Coasts (see Figure 66). Ohio and Illinois also were among the states with the largest

cocaine removals. Although neither SWB states nor coastal states, both were among the top five states for cocaine reports to NFLIS and are consistently among the states with the highest age-adjusted rate of cocaine-overdose deaths. Both Illinois and Ohio have major metropolises, e.g., Chicago, IL and Cleveland, OH that are important transshipment zones for drugs travelling into and out of the Midwest, and have high-traffic international airports and entrenched cocaine markets, accounting for their continued inclusion in the top five.

Figure 66. DEA State-Level Cocaine Removals, 2018



Source: DEA

Cocaine trafficking organizations use a wide variety of methods to transport cocaine into and throughout the United States. Privately owned vehicles remain the primary method used to smuggle cocaine across the SWB. Traffickers hide cocaine inside secret compartments built within passenger vehicles. Traffickers also hide cocaine among legitimate cargo of commercial trucks and continue to target domestic seaports and routes transiting the Caribbean as potential alternatives to overland trafficking routes. Traffickers often conceal cocaine within cargo containers dispersed among legitimate and unrelated containers.

- In July 2018, the Miami FD coordinated with U.S. Coast Guard (USCG) to detain a go-fast vessel allegedly containing cocaine. During the attempt to interdict, the crew on the go-fast jettisoned bales of cocaine and escaped capture. The USCG was able to locate 262 bales totaling approximately 5,240 kilograms of cocaine off the coast of Mexico.
- In December 2018, the Savannah and Memphis ROs, in coordination with the Cartagena RO, Memphis RO, Rome Country Office (CO), Brussels CO, Madrid CO, Hong Kong CO, Frankfurt CO, and the Panama City CO, interdicted a container at the Port of Savannah believed to contain an undetermined amount of cocaine. The container was destined for Belgium and contained approximately 205 kilograms of cocaine comingled with a shipment of limes. This seizure followed a late November 2018 seizure of 516 kilograms of cocaine in a load of pineapples also destined for Europe.

## Uncommon Location for Cocaine Smuggling Attempt

In January 2019, USBP agents, in cooperation with the McAllen RO, disrupted traffickers attempting to use an ATV to transport large burlap sacks across the Rio Grande River to a property in Rio Grande City, TX. The 10 recovered burlap sacks contained 270 bricks of cocaine, weighing approximately 320 kilograms, along with multiple cell phones, cameras, and radios. The McAllen RO also seized a drone aircraft found on the property in Rio Grande City.

Over the last several years, USBP and DEA offices located along the Rio Grande River have seized several multi-kilogram loads of cocaine smuggled across the river into the United States. Traffickers employed various methods to transport the drugs across the river: from ferrying drug-laden cars to rafts and even jet skis. While large cocaine seizures throughout the SWB are routine, it is unusual to encounter a multi-hundred kilogram load of cocaine smuggled through a section of the Rio Grande River, an area not traditionally associated with cocaine smuggling. DEA and USBP previously identified Rio Grande City, TX and its conjoining section of the Rio Grande River as primarily used to smuggle marijuana from Mexico into the United States.

This seizure indicates sustained law enforcement pressure at airports, seaports, and land border crossings. The use of an ATV, drones, and, most likely, lookouts and scouts to smuggle cocaine between traditional POEs at atypical entry points may indicate that an unrelenting law enforcement presence along the SWB continues to disrupt established drug trafficking routes, forcing a shift in smuggling tactics and trafficking routes.

- In January 2019, CBP and Homeland Security Investigations (HSI) Ventura, acting on information provided by DEA, seized a cargo container vessel arriving from Ecuador containing pineapples and suspected cocaine. The vessel originally planned to offload the cocaine in Guatemala, but was unsuccessful. The vessel continued to Port Hueneme, Ventura, California, where inspecting officers noted brown packing tape visible through the ventilation holes in the flooring of the cargo hold. After removing the floor panels, officers seized 80 tape-wrapped cocaine bricks weighing a total of 92.649 kilograms (see Figure 67). This was the largest drug seizure at the Port of Hueneme in 25 years.

**Figure 67. Cocaine Concealed Under Floorboards of a Cargo Vessel**



Source: Customs and Border Protection

## Cocaine and Fentanyl Seizure

While conducting a traffic stop in May 2018, Columbus District Office and Ohio State Highway Patrol personnel effected a notable seizure. After stopping the truck, a K-9 search indicated the presence of narcotics in the vehicle. During the subsequent search of the truck's cargo area, law enforcement personnel found 57 packages of suspected narcotics believed to contain approximately 44 kilograms of cocaine and 13 pounds of methamphetamine. However, analysis by the DEA North Central Laboratory ultimately revealed several packages suspected of containing cocaine actually contained a total of 33.08 kilograms of fentanyl and a small amount of 4-ANPP, a fentanyl precursor.

A seizure of 44 kilograms of suspected cocaine and 13 pounds of suspected methamphetamine in Ohio is significant as both cocaine and methamphetamine seizures have increased in 2018. However, the laboratory's finding of fentanyl that was believed to be cocaine is most remarkable due to fentanyl's potential to cause overdoses and overdose deaths. The large amount of fentanyl seized highlights the continuing importance of traffic stops and high vigilance along the U.S. interstate highway system.

Commercial air is another widely used conveyance method for cocaine traffickers smuggling cocaine from South America and the Caribbean into the United States. Couriers also smuggle small quantities of cocaine on commercial flights, most often originating from South American and Caribbean airports. Cocaine commingled with legitimate cargo can range from under a kilogram to several hundred kilograms in a single shipment. Mail shipments of cocaine often transit through the United States intended for foreign destinations; however, mail shipments sent from throughout the United States, Puerto Rico, and the USVI are increasingly destined for domestic addresses. More and more, traffickers are utilizing private airplanes and secondary airports to augment commercial smuggling. Private airports often have less stringent security protocols and a more limited law enforcement presence.

- *In October 2018, the New York FD, in cooperation with CBP, acted on intelligence from the Santo Domingo CO regarding a possible body-carrier traveling from Santo Domingo, Dominican Republic to John F. Kennedy International Airport. CBP officers placed the suspected courier into secondary inspection for an interview. The courier admitted to swallowing pellets of narcotics. X-rays revealed 80 pellets, each containing powdered cocaine (total amount equivalent to 1 kilogram).*
- *In November 2018, the Detroit DO Task Force, in coordination with the USPIS, intercepted a parcel containing a half-kilogram of cocaine sent from Tucson, Arizona to a stash house in Pontiac, Michigan. The Detroit DO obtained search warrants for the stash house, which resulted in the seizure of approximately 2.5 kilograms of cocaine, approximately 34 grams of heroin, approximately 37 grams of marijuana, five assorted firearms, as well as numerous empty kilogram wrappers and postal packages.*

## Outlook

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The United States can expect high cocaine availability, lower prices, and rising overdose deaths to continue in the short term. High levels of coca cultivation and cocaine production in Colombia are likely to persist. As a result, cocaine availability may continue to rise while steady, elevated supplies of cocaine will most likely further drive down prices. With a possible overabundance of cocaine available domestically, SWB seizures may continue to decline and traffickers will likely keep expanding into new, less traditional markets. Due to the ongoing proliferation of fentanyl and other synthetic opioids into the expanded domestic cocaine supply, cocaine-involved deaths will continue to rise for the near future, with the potential to reach epidemic levels previously only associated with opioids in the next few years.

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# MARIJUANA

## Overview

Marijuana remains illegal under federal law; however, the national landscape continues to evolve as states enact voter referenda and legislation regarding the possession, use, and cultivation of marijuana and its associated products. As the most commonly used illicit drug in the United States, marijuana is widely available and cultivated in all 50 states. The popularity of marijuana use, the demand for increasingly potent marijuana and marijuana products, the potential for substantial profit, and the perception of little risk entice diverse traffickers and criminal organizations to cultivate and distribute illegal marijuana throughout the United States.

Mexico remains the most significant foreign source for marijuana in the United States. In 2018, along the SWB, CBP seized nearly 300,000 kilograms of marijuana in approximately 9,000 incidents. Lesser volumes of marijuana are smuggled into the United States from Canada and the Caribbean.

## Availability

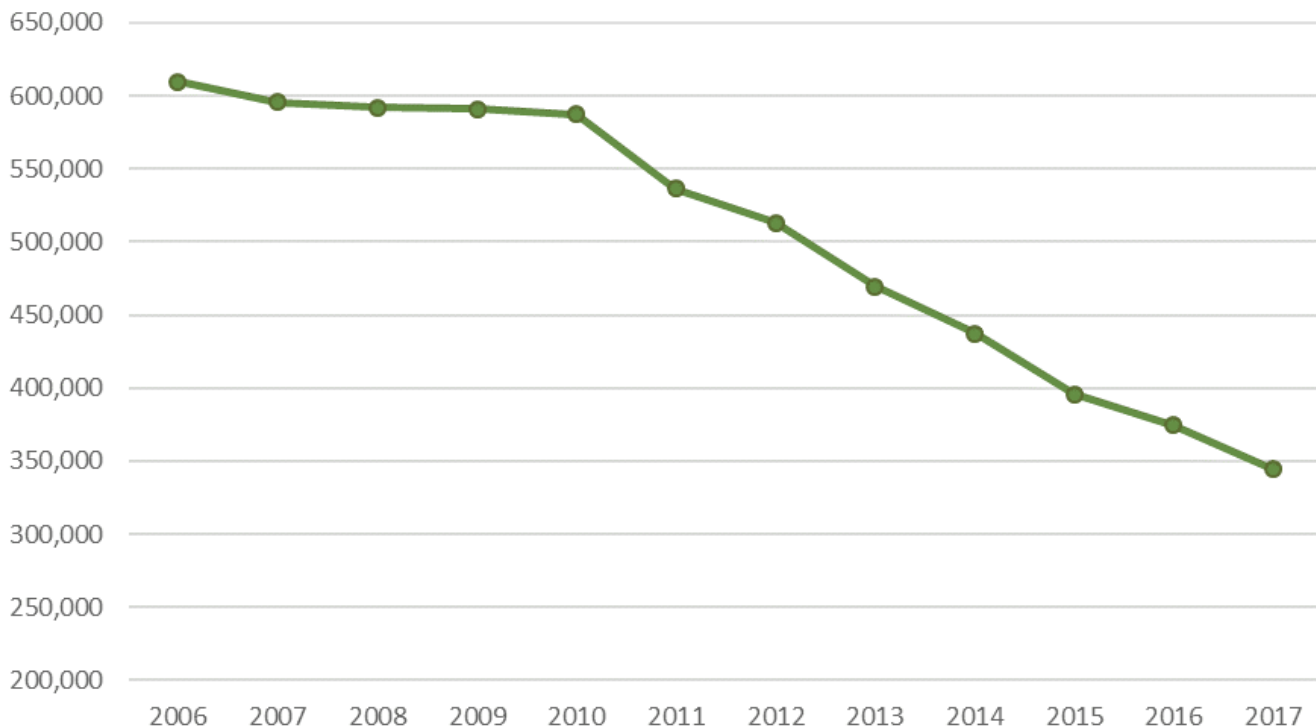
In 2018, the majority of FDs indicated marijuana availability was high in their area, meaning marijuana is easily obtained at any time. Two FDs—El Paso and New Jersey—indicated marijuana availability in their AORs was moderate, meaning marijuana is generally readily accessible (see Figure 68). Six FDs—Denver, New England, New Orleans, Omaha,

San Diego, and Seattle—indicated marijuana was more available in their areas than in the previous reporting period. The El Paso FD indicated that marijuana was less available in their AOR than last year.

**Figure 68. Field Division Reporting of Marijuana Availability in CY 2018 and Comparison to CY 2017**

Field Division	Availability During CY 2018	Availability Compared to CY 2017
Atlanta Field Division	High	Stable
Caribbean Field Division	Moderate	Stable
Chicago Field Division	High	Stable
Dallas Field Division	High	Stable
Denver Field Division	High	More
Detroit Field Division	High	Stable
El Paso Field Division	Moderate	Less
Houston Field Division	High	Stable
Los Angeles Field Division	High	Stable
Louisville Field Division	High	Stable
Miami Field Division	High	Stable
New England Field Division	High	More
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	High	More
New York Field Division	High	Stable
Omaha Field Division	High	More
Philadelphia Field Division	High	Stable
Phoenix Field Division	High	Stable
San Diego Field Division	High	More
San Francisco Field Division	High	Stable
Seattle Field Division	High	More
St. Louis Field Division	High	Stable
Washington Field Division	High	Stable

Source: DEA

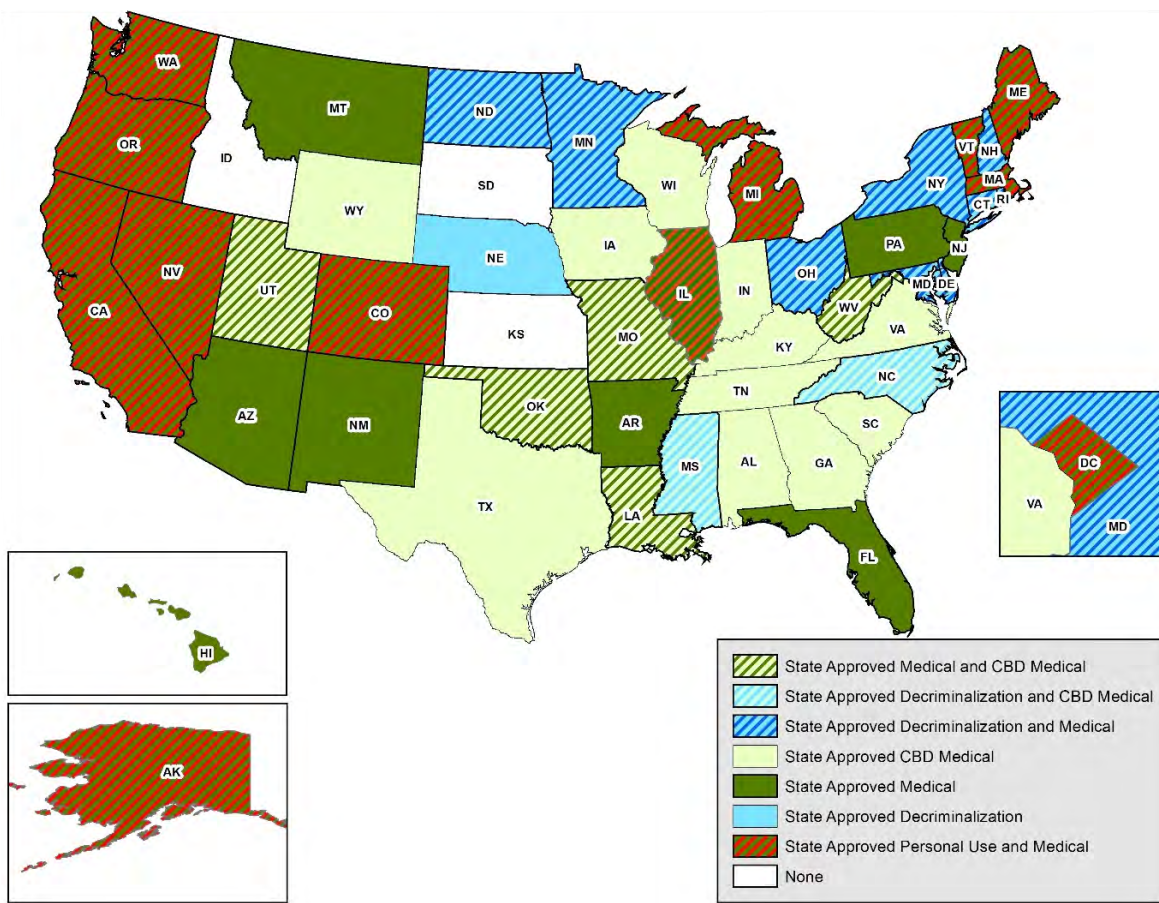
**Figure 69. National Forensic Laboratory Reports of Marijuana 2006 – 2017**

Source: DEA

Cannabis/THC reports to forensic laboratories continued to decline in 2017 (see Figure 69). In 2017, there were 344,167 marijuana reports submitted to NFLIS, an 8.2 percent decrease over the 374,721 reports submitted in 2016. Of the top 25 most frequently identified drugs in NFLIS, cannabis/THC tied for first overall with methamphetamine, both representing 22 percent of the top 25 drug reports. Previously, cannabis/THC had been the single most commonly identified drug since 2008 after surpassing cocaine. Overall, cannabis/THC was the fifth most commonly reported drug by federal laboratories, representing 5 percent, behind methamphetamine, cocaine, and heroin.

## State-Approved Marijuana Measures

Federal prohibition on marijuana has existed since the 1937 Marijuana Tax Act, which later was replaced by the 1970 Controlled Substances Act (CSA). Marijuana remains illegal under federal law; however, since 1996, individual states have approved a variety of measures relating to the use, possession, and cultivation of marijuana. Figure 70 reflects the categories of state-approved marijuana measures passed as of July 2019.

**Figure 70. Current State-Approved Marijuana Status – July 2019**

Source: DEA

## H.R. 5485 - Hemp Farming Act of 2018

The Hemp Farming Act of 2018 legalized industrial hemp with THC concentration of no more than 0.3 percent by removing it from Schedule I of the CSA. The bill also amended the Agricultural Marketing Act of 1946 to allow state and tribal regulation of hemp production. States and Native American tribes may regulate hemp production by submitting plans to the United States Department of Agriculture (USDA). The bill makes hemp producers eligible for both federal crop insurance and USDA research grants, and gives hemp producers water rights and access to the national banking system.

According to the bill language, hemp is now defined as:

*“The term ‘hemp’ means the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.”*

The amending clauses in the legislation allowed the CSA to define hemp primarily and both the CSA and Agricultural Marketing Act to function jointly.

The Hemp Farming Act of 2018 was incorporated into the 2018 Farm Bill, which was signed into law on December 20, 2018.

## U.S. Marijuana Markets

There are three types of marijuana markets operating in the United States: illicit markets, state-approved medical marijuana markets, and state-approved personal use/recreational markets. Federally, these three are considered illicit; however, these markets operate differently and are best described independently. Criminal traffickers obtain supplies from all three markets, as well as foreign-produced marijuana trafficked into the United States.

- *Illicit domestic-produced marijuana is cultivated by various types and sizes of organizations. These range from individuals growing a limited number of plants to organized groups growing large quantities of marijuana intended for distribution across the United States. Many poly-crime and poly-drug DTOs are involved in domestic marijuana production, often establishing large-scale illicit grow operations in states that have legalized marijuana.*
- *State-approved medical marijuana is diverted to the illicit market in several ways. Some individuals or groups exploit medical marijuana allowances to produce or acquire marijuana or marijuana products. Instead of using what they purchase or grow, they sell some or all of it, often in markets where marijuana is not legal at the state level, thus increasing their profit. Additionally, some marijuana produced by state-licensed growers is diverted and sold illicitly rather than through state-licensed retailers.*
- *State-approved recreational and personal use markets are supplied by a growing number of state-approved producers and retail stores. As with medical marijuana, each state allowing for recreational or personal use marijuana has created unique and often vague or evolving laws, which blur the lines between what is legal under state law and what is not.*
- *In January 2019, a traffic stop in Texas resulted in the seizure of almost 500 pounds of marijuana from a Colorado resident driving an RV. According to press reports, the driver was the owner and operator of a state-licensed marijuana cultivation facility in Colorado. The marijuana was reportedly en route to Dallas and Newark, New Jersey.*
- *In January 2019, the owners of a state-licensed marijuana business in Denver pleaded guilty to drug and racketeering charges stemming from an investigation that revealed more than two tons of marijuana diverted from their dispensaries to the black market. The scheme involved the practice of “looping,” in which customers made multiple purchases a day from the same dispensaries. The business owners were aware that employees were allowing for multiple purchases on the same day by customers, despite state law limiting an individual’s possession to one ounce. Some customers transported large quantities of marijuana to other states to sell for profit.*
- *In May 2019, two individuals were indicted by a federal grand jury in Massachusetts for operating a marijuana delivery service from 2015 to 2018. One defendant operated a medical marijuana website that sold marijuana and edibles without requiring a customer to present a medical marijuana card. The defendants delivered marijuana to unattended locations, such as a front door or hallway, where unknown persons could access it.*

Although many marijuana markets have state-level approval, law enforcement reporting indicates that financial backing for some marijuana businesses flows from illicit revenue streams, including from TCOs. These organizations utilize long-standing black market techniques to shelter profits from marijuana businesses and undercut the tax revenues anticipated by state governments.

State-approved marijuana markets are changing the dynamic for law enforcement across the United States. Illicit and state-approved markets often overlap. This creates challenges for law enforcement at the local, state, tribal, and federal levels and creates opportunities for those looking to exploit state legalization.

## Domestic Production

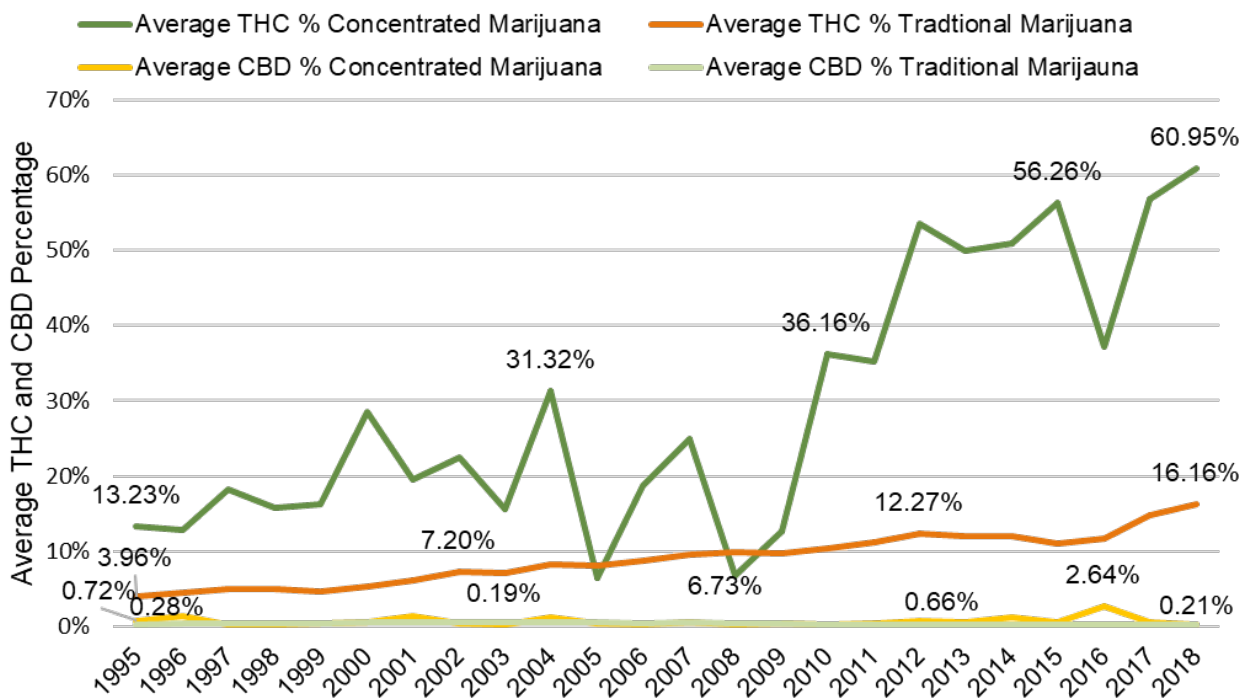
Both state-licensed and illicit domestic marijuana production continue to increase. Expanding marijuana production, specifically in states that have legalized the drug, has led to saturated markets. Meanwhile, black market marijuana production continues to grow in California, Colorado, Oregon, Washington, and other states that have legalized marijuana, creating an overall decline in prices for illicit marijuana as well. This further incentivizes trafficking organizations operating large-scale grow sites in these states to sell to customers in markets throughout the Midwest and East Coast, where marijuana commands a higher price. Marijuana is also shipped via mail and express consignment shipping services from the United States mainland to the USVI. In the USVI, marijuana users generally desire marijuana with a higher THC content and often obtain it from areas in the United States where the use of medical marijuana is legal.

## Increasing Potency

As domestic production and availability continue to rise, so too does the THC potency of marijuana and marijuana concentrate products (see Figure 71). None of the states that have legalized marijuana has placed limits on THC potency, with the exception of those states with Cannabidiol (CBD)-only provisions.

Print and online ads routinely promote smokable marijuana at levels of 30 percent THC or more available in retail marijuana dispensaries. Some boast marijuana concentrate products with THC levels exceeding 90 percent. Increased THC potency is not limited to the marijuana industry. Black market growers have also capitalized on the wide availability of plant strains with high THC content, most of which have low CBD content. Data from the University of Mississippi's Potency Monitoring Program shows that average THC potency in both traditional and concentrated marijuana increased in 2018, reaching the

**Figure 71. Average THC and Cannabidiol Potency of Traditional and Concentrated Marijuana, 1995 – 2018**



Source: University of Mississippi

highest levels ever recorded by the program (see Figure 71). In the past five years, the average THC potency of traditional marijuana has increased 35 percent (from 11.98 percent to 16.16 percent) and the average THC potency of concentrated marijuana has increased 22 percent (from 49.98 percent to 60.95 percent).

## Indoor Grow Operations

State-approved private marijuana cultivation, often referred to as “home grows,” has changed the nationwide marijuana trafficking landscape. State laws vary widely with regard to how many medical and recreational plants an individual is allowed to cultivate and whether or not medical marijuana patients are required to register home grows with the state. Consequently, it is largely unknown how many people may be cultivating marijuana within the parameters of state-approved marijuana legality.

Of states with some form of legalized marijuana, about one-third prohibit private residents from

growing their own marijuana. The rest allow for private grows in the general range of 6 to 12 plants with varying stipulations on how many can be mature plants and how many can be seedlings. Among those, Colorado remains as an outlier. While a state law enacted in 2018 limits home grows to 12 total plants within a residence, medical marijuana patients can still get higher plant recommendations from physicians and can legally grow up to 99 plants, provided the grow is not located in a residential property.

Indoor cultivation provides year-round harvests, added privacy, and security compared to outdoor cultivation. Indoor grows can yield marijuana regardless of climate conditions or growing seasons. Personal home grows are often located in residential houses, though some large medical marijuana grows and cooperative grows can be found in warehouses or industrial space.

## Criminal Organizations and Marijuana Profits

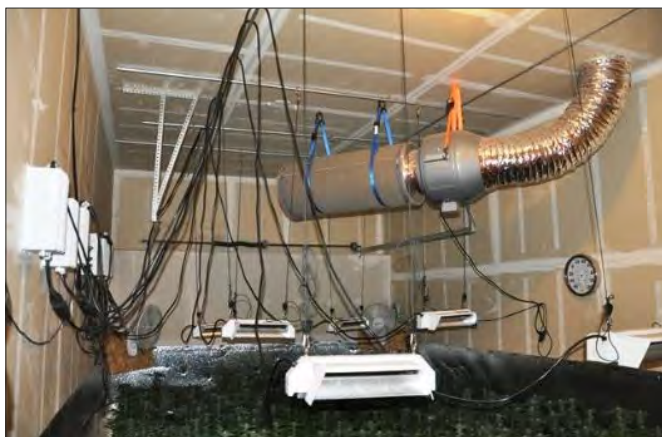
Where personal marijuana cultivation is legal, growing marijuana for profit offers traffickers substantial profit with little risk. A grower with some experience and the proper equipment can produce up to one pound of marijuana per plant per 90-day growing cycle. Therefore, six marijuana plants can produce roughly 24 pounds of marijuana in a year (six pounds X four growing cycles). The average black market price for high quality indoor marijuana is \$800 - \$1,000 per pound, meaning growers can potentially earn \$19,200-\$24,000 per year from six “legal” plants. Prices are higher in state markets where marijuana is not legal, meaning growers can command double or even triple the average black market price.

DEA reporting indicates criminal trafficking organizations with substantial experience, equipment, and resources are able to produce up to 1,800 pounds of marijuana per year for every 100 plants cultivated, earning as much as \$5.4 million in that time from those 100 plants.

The conversion of residential properties into marijuana greenhouses presents significant risks to homeowners, neighbors, utility companies, and first responders. Indoor grows require large amounts of water and artificial light, creating high demand on local utilities. Neighborhoods with large or many grows experience blown transformers and blackouts. Trafficking groups often steal power by illegally wiring directly into the city's power system, which drives up the price of power for legitimate customers and creates a significant fire hazard.

Marijuana grow homes often sustain severe structural damage. Moisture, condensation, and mold can spread throughout the residence. Illegal growers often cut holes in floors and exterior walls in order to install ventilation tubes, as well as tamper with electrical systems in order to supply multiple high-power grow lights and industrial air-conditioning units (see Figure 72). Altered electrical systems with loose and entangled wires; flammable fertilizers and chemicals; explosive materials, such as propane and butane; holes cut into subfloors; booby traps; and weapons all pose clear hazards to firefighters or police officers responding to the residence in an emergency.

**Figure 72. Indoor Marijuana Grow with Modifications to Electrical Wiring**



Source: DEA

## Outdoor Grow Operations

Outdoor grows are conducted in a variety of settings, from backyards to multiple-acre public lands, and are frequently co-mingled among legitimate crops and natural vegetation (see Figure 73). Marijuana cultivation on public lands is undiminished despite state legalization, likely due to the sizeable profits to be made on large fields of unregulated and untaxed marijuana. Grows on public lands are often in remote areas that are difficult to access and expensive to maintain. These grows are challenging for law enforcement to discover and eradicate.

**Figure 73. Outdoor Grow Seized in Eastern Washington, 2018**



Source: DEA

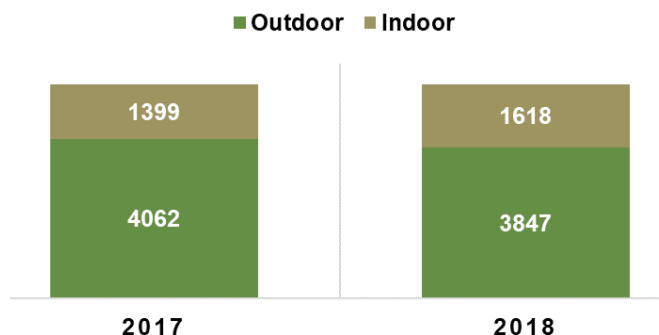
Large outdoor grow sites have significant negative environmental impacts. Millions of acres of public lands are at risk of devastation from the illegal cultivation of marijuana. Large grow operations produce tons of toxic rubbish and waste that permeate the landscape and endanger wildlife by poisoning and destroying natural habitats. The National Wildlife Refuge System in California, Nevada, and the Klamath Basin reports these sites are dangerous to

employees and to the public in general, and are expensive to find and reclaim. Illicit cultivation of marijuana also threatens statewide water resources and places harsh demands on power supplies.

## Domestic Cannabis Eradication/Suppression Program

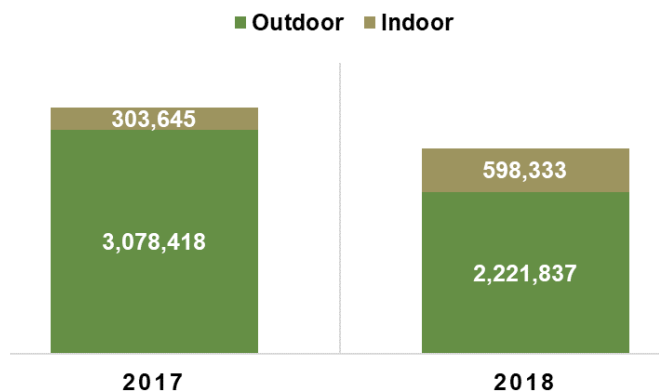
During Fiscal Year (FY) 2018, the Domestic Cannabis Eradication/Suppression Program (DCE/SP), in coordination with state and local law enforcement agencies, documented over 2.8 million plants and 316,632 pounds of processed marijuana seized from 5,465 outdoor and indoor grow sites throughout the United States (see Figures 74-76). California topped the list at 889 outdoor grows followed by Kentucky (614), Ohio (574), and Tennessee (420). Likewise, California topped the list at 516 indoor grows, followed by Maryland (209), Colorado (114), and Indiana (113). Of the total number of plants eradicated, 64 percent (1.8 million) were in California, followed by 15 percent (418,076) in Kentucky and 4 percent (111,838) in Washington. Almost half (46 percent) of the bulk processed

**Figure 74. Number of Indoor and Outdoor Grow Sites Eradicated by DCE/SP, FY 2017 and FY 2018**



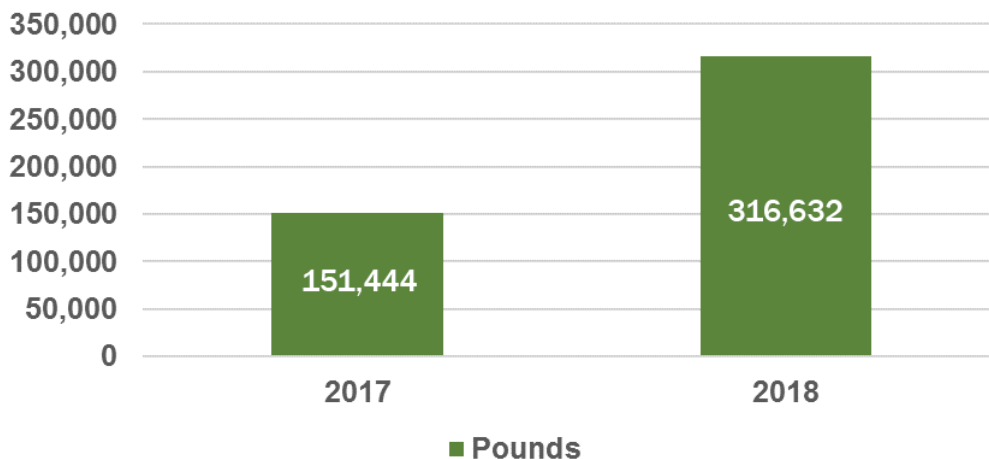
Source: DEA

**Figure 75. Number of Marijuana Plants Eradicated from Indoor and Outdoor Grow Sites by DCE/SP, FY 2017 and FY 2018**



Source: DEA

**Figure 76. Number of Pounds of Bulk Harvested Marijuana Seized at Indoor and Outdoor Grow Sites by DCE/SP, FY 2017 and FY 2018**



Source: DEA



marijuana seized was also in California, followed by Alaska (17 percent) and Oregon (6 percent). From the eradication sites, there were 11,196 weapons seized, with California accounting for 82 percent (9,151).

## Criminal Organizations and Black Market Production Operations

Many DTOs involved in large-scale marijuana production are also involved in other criminal activity, including financial fraud, international money laundering, and poly-drug trafficking. The marijuana generates millions of dollars that furthers the scope of their criminal activity throughout the United States.

- *In 2018, Washington law enforcement (assisted by DEA and other law enforcement agencies) seized over \$7,000,000 in precious metals (gold) from an Asian DTO managing over 50 indoor grow houses across several counties. Marijuana seizures in the case totaled 39,758 plants.*
- *In 2018, law enforcement in King County, Washington, conducted indoor grow investigations seizing in excess of \$13,000,000 in property and currency from Asian DTOs as well as 8,000 marijuana plants.*
- *In May 2019, the Denver FD, along with numerous federal, state, and local partners, arrested 42 people pursuant to a large black market marijuana investigation. During the two-year investigation, over 250 search warrants were executed at large-scale marijuana grow operations and businesses associated with an Asian DTO. Over 65,000 plants and 2,200 pounds of harvested marijuana were also seized. The marijuana produced by this organization was almost entirely destined for drug markets outside of Colorado.*
- *In March 2019, the New York FD received information regarding multiple suspected drug shipments sent via tractor-trailer from Washington and California to storage facilities in Queens. Follow-up investigation with the New York Police Department (NYPD) and ICE resulted in the identification and arrest of four suspects. Agents seized approximately 425 pounds of marijuana and 8,875 cartridges of THC oil.*
- *In April 2019, the Orlando District Office assisted the Apopka PD in the execution of a search warrant at a residence used as a stash house. Agents seized approximately 180 pounds of suspected high grade marijuana, numerous containers with suspected liquid THC concentrate, numerous containers of suspected butane hash oil (BHO), trays containing gummy bear molds to make THC concentrate into edibles, packaged rice crispy treat edibles, and numerous liquid THC vape containers. Agents also seized four weapons.*

## Marijuana Concentrates/ Extracts and THC Extraction Labs

THC extraction laboratories continue to produce marijuana concentrates such as hashish, hash oil, and kief, which have gained popularity in the United States. Marijuana concentrates are often ingested through e-cigarettes and vape devices. Marijuana concentrates are also in edible products like cookies, brownies, and gummy candies, as well as topical lotions, tinctures, capsules, and patches. These new forms of marijuana present challenges to law enforcement, educators, and parents, as they are easier to conceal and ingest than traditional leafy marijuana.

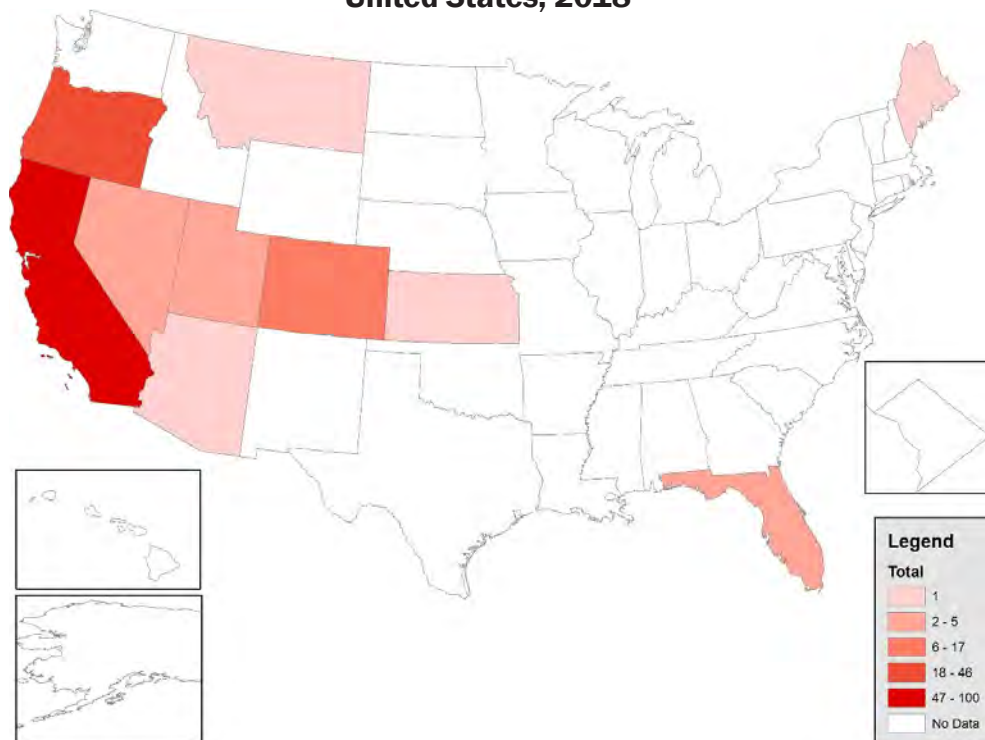
Tetrahydrocannabinolic acid (THCA), a Schedule I drug, is available in both state-licensed marijuana retail markets and the illicit market. It is advertised as the strongest form of hash, containing up to 99 percent THC. THCA is a biosynthetic precursor of THC and is extracted using various methods from undried cannabis plants. It is typically clear or white in color, with a texture in the form of crystals, powder, or oil.

THCA converts to THC when it is heated. The substance is typically dabbed (i.e. inhaling the vapors) to achieve an intense high.

Extraction labs using butane solvent continue to cause explosions, resulting in injuries and structural damage. There is no accurate nationwide count of THC extraction labs and currently no uniform tracking mechanism in place. EPIC's NSS has the ability to track these incidents, though there is no mandate for state, local, and tribal law enforcement to report their data to the system. For calendar year 2018, a total of 174 extraction labs were reported to the NSS; 57 percent of the labs were reported in California, and 26 percent were reported in Oregon (see Figure 77). Thirty-five percent of the reported extraction labs were listed at residential locations and another 30 percent were reported/discovered as the result of a fire or explosion.

- In July 2018, the Phoenix FD and the Maricopa County Drugs Suppression Task Force seized a 4 Pope Molecular Short-Path Still system capable of producing cannabis oil distillate and THCA crystalline forms (see Figure 78). Multi-kilogram quantities of hash oil, pre-processed marijuana hash oil, cannabis oil distillate concentrate, gram quantities of THCA crystalline, a closed loop extractor system, solvents, laboratory glassware, and equipment were seized pursuant to this investigation.

**Figure 77. BHO/THC Extraction Laboratories Seized in the United States, 2018**



Source: El Paso Intelligence Center

**Figure 78. Pope Molecular Short-Path Still Seized in Phoenix**



Source: DEA

## Transportation and Distribution

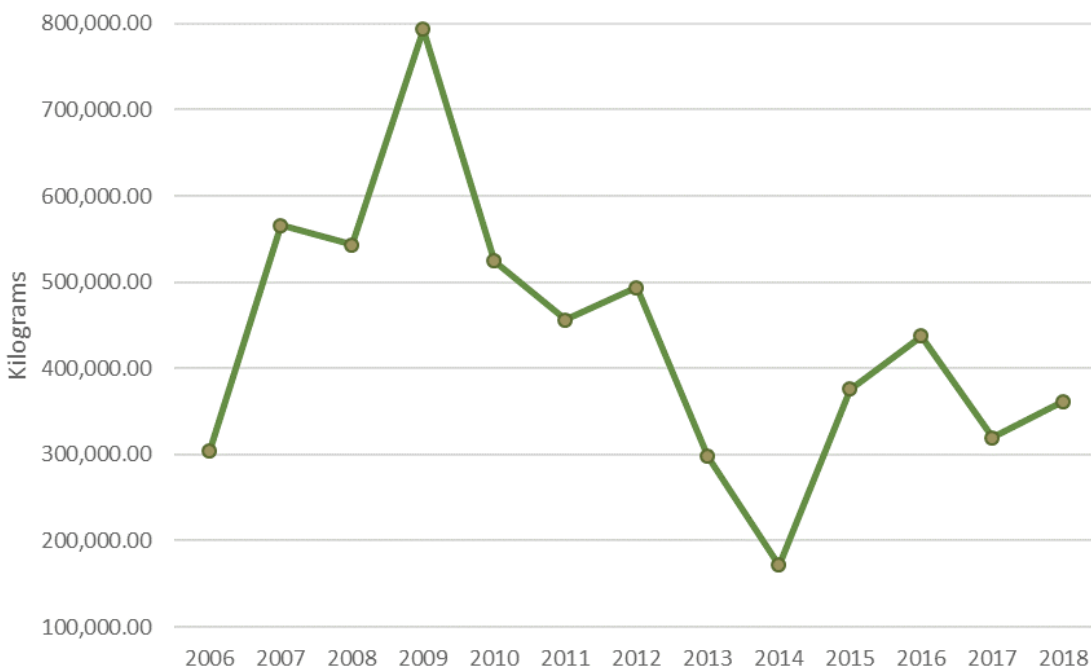
According to DEA drug removal data, total gross weight nationwide marijuana removals rose 11.5 percent from 319,945.7 kilograms in 2017 to 361,478.5 kilograms in 2018. Overall, however, DEA marijuana removals have been declining since reaching a record high of 793,574.7 kilograms in 2009 (see Figure 79). Removals reached a record low of 171,870 kilograms in 2014. The decrease in removals is most likely caused by the challenges presented by the changing marijuana legal landscape, as well as the protracted opioid epidemic.

State-level DEA (net weight) marijuana removals generally followed previously established patterns. The highest removals occurred primarily in states with major land border crossings or high traffic seaports, as well as in states with large recreational or medical marijuana state-approved markets, especially on the West Coast (see Figure 80). California and Texas had the largest marijuana removals, consistent with previous years.

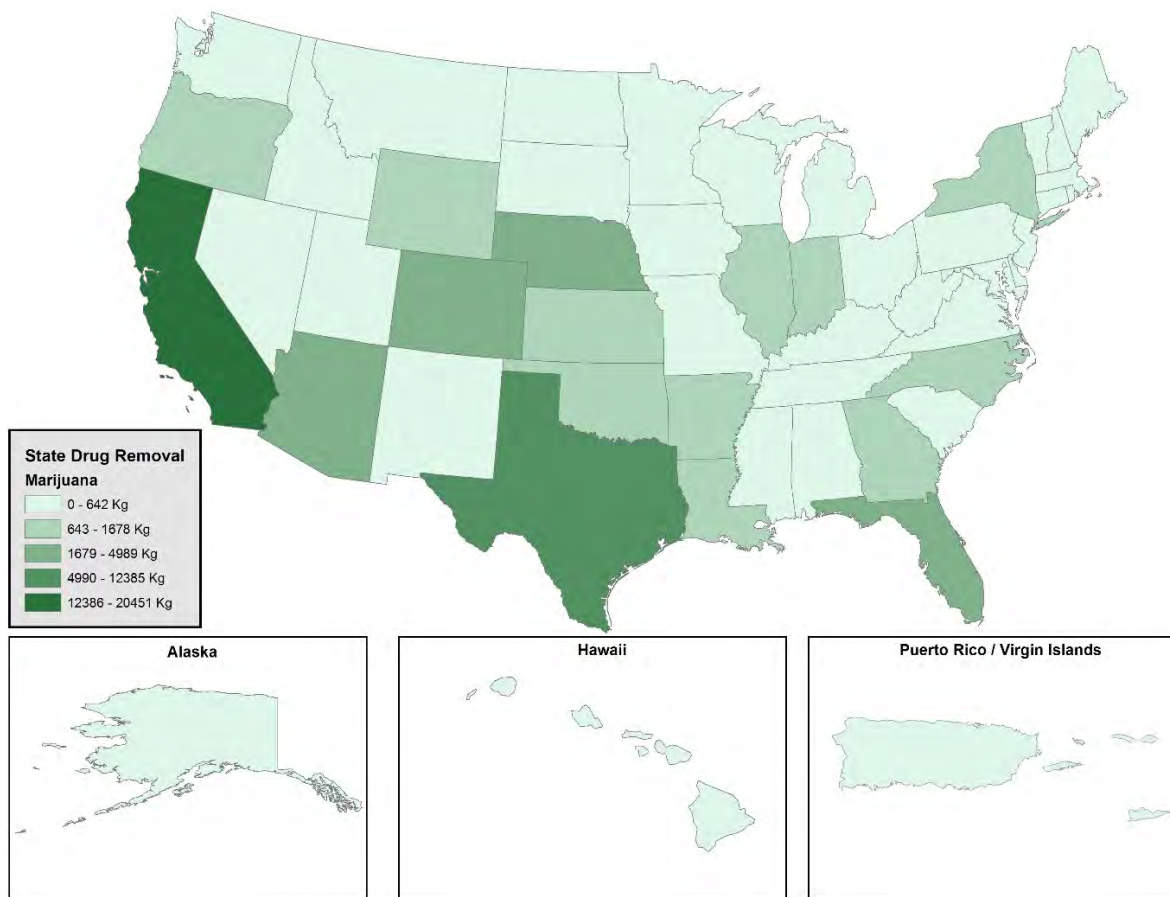
Marijuana produced in the United States is often trafficked from states where production is legal to or through states where production is not. Domestically produced marijuana is transported in personally owned vehicles (POVs), rented vehicles, semi-trucks, tractor-trailers, vehicle hauler trailers, trains, and buses as well as through personal and commercial planes. The use of commercial parcel services is also common especially for trafficking concentrated forms of marijuana, which are concealed in envelopes, small containers, or flattened parcels.

- In March 2019, the San Antonio District Office located a suspicious shipment at a transport company in Texas. A search warrant was executed on storage bins loaded on a pallet. Agents discovered approximately 77 kilograms of marijuana inside toys contained in the storage bins.
- In April 2019, the San Diego County Regional Integrated Narcotic Task Force executed a search warrant at a residence occupied by a convicted marijuana trafficker. The search revealed two bedrooms that contained 31 marijuana plants. Officers also seized approximately 2.46 kilograms of processed marijuana, three ounces of marijuana concentrate cannabis, and 13.28 kilograms of marijuana

**Figure 79. DEA Nationwide Marijuana Removals, 2006 – 2018**



Source: DEA

**Figure 80. DEA State-Level Marijuana Removals, 2018**

Source: DEA

trimmings. A subsequent search of the garage revealed a large gun safe, containing 13 weapons, 12 high capacity magazines, and miscellaneous ammunition.

## Foreign-Produced Marijuana

Marijuana is also smuggled into the United States from Mexico, and in smaller volumes from Canada and the Caribbean. Marijuana from Mexico is typically classified as “commercial-grade” or “low-grade” marijuana, lesser in quality than marijuana produced in the United States and Canada. Jamaica continues to be the largest Caribbean marijuana supplier to local Caribbean nations; however, production is increasing in Puerto Rico and the USVI.

Large quantities of foreign-produced marijuana are smuggled into the United States via POVs, commercial vehicles, buses, rail systems,

subterranean tunnels, small boats, unmanned aerial vehicles/drones, and catapults.

Backpackers also walk loads of marijuana across the SWB border. Once marijuana has been smuggled into the United States, it is often stored in warehouses along the border prior to distribution throughout the United States.

According to CBP information, marijuana seizures along the SWB have continued to decline as domestic production increases. The total weight seized by CBP along the SWB decreased 39 percent between 2017 (472,445 kilograms) and 2018 (287,464 kilograms). The majority of marijuana seized along the SWB was seized in Texas (64.7 percent), followed by Arizona (20.4 percent). Nationwide, marijuana seizures decreased 21.7 percent from 33,981 kilograms in 2017 to 26,598 kilograms in 2018.

## Outlook

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Domestic use of marijuana remains high and is likely to increase as the prevalence of state legalization continues to lower the perception of risk to users and potential users. The high availability of high-potency marijuana, marijuana concentrate products, and trendy paraphernalia will likely continue to entice users and potential users. Domestic production and trafficking of marijuana will likely increase as more states adopt or change current marijuana laws to establish medical or recreational marijuana markets, allowing criminals to exploit state legality.

Mexico-produced marijuana will continue to be trafficked into the United States in bulk quantities and may increase in quality to compete with domestic-produced marijuana.

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# NEW PSYCHOACTIVE SUBSTANCES (NPS)



## Overview

NPS are a diverse group of synthetic substances created to mimic the effects of scheduled or controlled illicit drugs. In order for a drug to be considered a “new” psychoactive substance, it only needs to be newly observed. Many popular NPS have existed for decades and scientists, policy makers, and/or law enforcement have previously documented many varieties. Synthetic cannabinoids and synthetic cathinones are the most common classes of NPS available and abused in the United States; however, there are many other classes of NPS including opioids<sup>s</sup>, phenethylamines, tryptamines, benzodiazepines, and piperazines. Synthetic cannabinoids are commonly applied to plant material or suspended in an oil form designed to be smoked or used in e-cigarettes. Synthetic cathinones are usually powdered or crystalline substances, usually consumed in powder, tablet, or capsule form.

## Availability

The NPS market continues to feature large numbers of new substances belonging to diverse chemical groups. NPS are responsible for multiple occurrences of overdoses across the country in the past year, and represent a threat to communities when particularly strong or otherwise contaminated batches of substances are sold to users. Given the multitude of NPS, traffickers and users may not know exactly

which cannabinoid or cathinone they are selling or consuming. This can complicate the jobs of public health and law enforcement officials who need to warn communities of the dangers of these substances and investigate their source.

**Figure 81. Field Division Reporting of New Psychoactive Substances Availability in CY 2018 and Comparison to CY 2017**

Field Division	Availability During CY 2018	Availability Compared to CY 2017
Atlanta Field Division	Low	Stable
Caribbean Field Division	Low	Less
Chicago Field Division	Moderate	Stable
Dallas Field Division	Low	Stable
Denver Field Division	Low	More
Detroit Field Division	Low	Stable
El Paso Field Division	Low	Stable
Houston Field Division	Moderate	Less
Los Angeles Field Division	High	Stable
Louisville Field Division	Low	Stable
Miami Field Division	High	Stable
New England Field Division	Moderate	Stable
New Jersey Field Division	Moderate	Stable
New Orleans Field Division	Moderate	Stable
New York Field Division	Moderate	More
Omaha Field Division	Low	Stable
Philadelphia Field Division	Moderate	More
Phoenix Field Division	Moderate	Stable
San Diego Field Division	High	Stable
San Francisco Field Division	Low	Stable
Seattle Field Division	Moderate	Stable
St. Louis Field Division	Moderate	Stable
Washington Field Division	Moderate	Stable

Source: DEA

<sup>s</sup> Synthetic opioids, such as fentanyl-related substances, are often included under the heading of NPS. However, given the threat posed by fentanyl, fentanyl-related substances, and other synthetic opioids in the United States, those substances are discussed in their own section of this report.

The majority of FDs indicated NPS availability was low or moderate throughout the United States. In 2018, 11 of 23 FDs reported NPS availability was moderate and nine reported NPS availability was low, with only three divisions reporting high NPS availability. Of the 23 divisions, 18 reported NPS availability was stable compared to the previous reporting period, with only three divisions reporting more availability (see Figure 81).

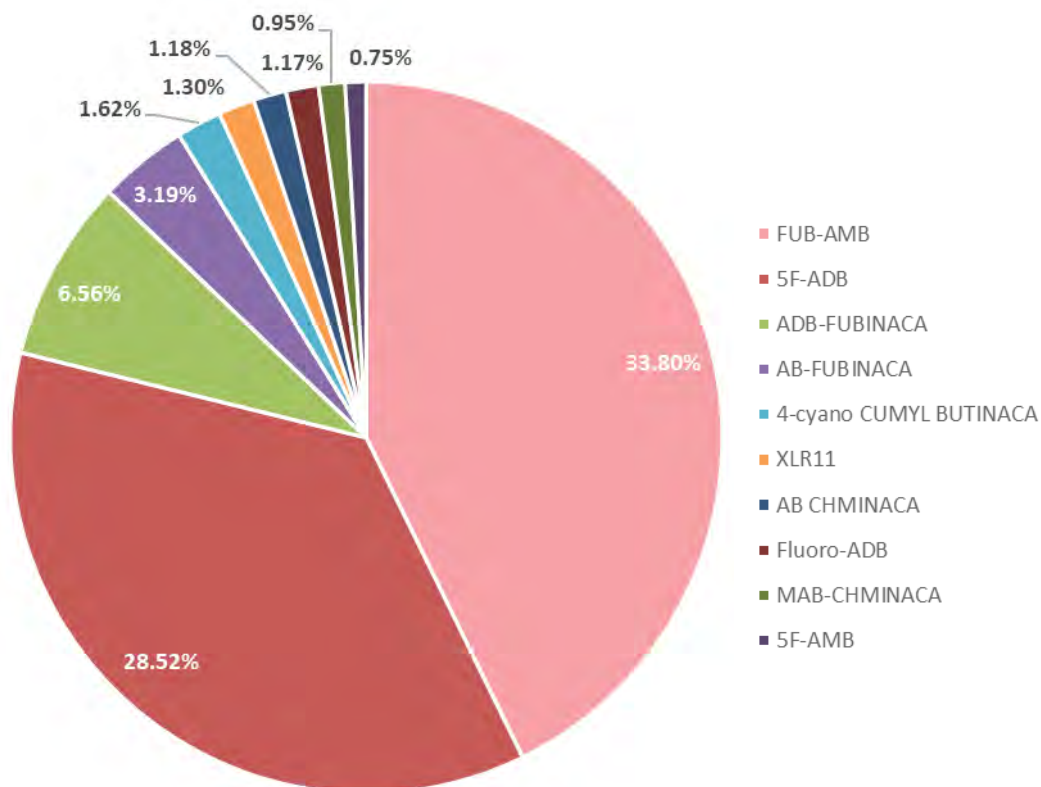
Between 2009 and 2017, 111 countries reported a cumulative 803 different NPS to the United Nations Office on Drugs and Crime (UNODC). The UNODC indicates the global market for NPS remains in constant flux: In 2016, 72 NPS were identified for the first time. In 2009, the start of the UNODC's global monitoring of NPS, 130 NPS were initially reported. Although the market changes every year, a core group of about 70 NPS was reported by the UNODC every year between 2009 and

2017, indicating an established presence of these NPS on the global market. NPS are still sometimes sold under the name of controlled drugs such as lysergic acid diethylamide (LSD) and ecstasy; meanwhile, a market for some NPS now appears to have been established.

## Synthetic Cannabinoids

According to NFLIS, in 2017 there were 25,322 synthetic cannabinoid reports, which is relatively stable compared to the 25,350 synthetic cannabinoid reports in 2016. The most commonly occurring synthetic cannabinoid in the United States in 2017 was FUB-AMB at 33.8 percent, according to NFLIS. The second most common synthetic cannabinoid was 5F-ADB at 28.5 percent (see Figure 82). Both FUB-AMB and 5F-ADB were emergency scheduled as Schedule I controlled substances by DEA in April 2017 and November 2017, respectively.

**Figure 82. Ten Most Frequently Reported Synthetic Cannabinoids in the United States by Percentage, 2017**



Source: DEA



Synthetic cannabinoids are most commonly inhaled. These substances are commonly smoked in cigarettes, pipes, and other smoking devices. Synthetic cannabinoids are also available in an oil form for use in e-cigarettes or vape pens and are sometimes pressed into counterfeit prescription pills.

- In 2018, the Arizona HIDTA Counter Narcotics Alliance Task Force seized two plastic bags containing 76 tablets that appeared to be Xanax but actually contained a combination of cyclopropylfentanyl, methamphetamine, and a synthetic cannabinoid, FUB-AKB48. The tablets varied in thickness and color and were imprinted with “XANAX” on one side and the number “2” on the reverse side in order to mimic authentic Xanax tablets (see Figure 83). In June 2018, the Tucson PD analyzed 10 tablets from the seizure. Seven of the tablets contained a detectable amount of cyclopropylfentanyl; one tablet contained cyclopropylfentanyl and methamphetamine; one tablet contained FUB-AKB48; and no dangerous drugs were detected in the remaining tablet.

Synthetic cannabinoids use continues to represent a relatively lower threat than use of other major drugs of abuse. However, in 2018, synthetic cannabinoids were linked to mass overdose events across the country. As new substances are identified every year and traffickers continue their attempts to evade law enforcement and scheduling efforts, overdose

**Figure 83. Counterfeit Xanax Tablets Containing FUB-AKB48, Methamphetamine, and Cyclopropylfentanyl**



Source: Arizona High Intensity Drug Trafficking Area

events tend to increase and decrease depending on the potency of the substances being trafficked.

- Washington, DC has experienced spikes in synthetic cannabinoid-related incidents as forensic analysis revealed two synthetic cannabinoids new to the District of Columbia (DC) in 2018. In July 2018, more than 600 individuals in the Washington, DC area were transported to local hospitals for suspected synthetic cannabinoid overdoses. In September 2018, over a 48-hour period, 67 individuals were treated for symptoms related to the use of synthetic cannabinoids. Samples analyzed by the DC Department of Forensic Science contained two synthetic cannabinoids new to DC: FUB-144 and 5F-MDMB-PICA, which are analogues of other synthetic cannabinoids previously documented in DC. Both substances were chemically treated plant material sold in twisted rolling papers or in plastic bags/plastic wrap tied in a knot. This packaging style is trending in DC, as traffickers are moving away from brightly marked foil packets to more commonplace packaging.
- New Jersey also experienced a significant number of overdose incidents in 2018. In August, approximately 20 non-fatal overdoses of heroin mixed with the synthetic cannabinoid 5F-ADB occurred in Camden, New Jersey. The incident transpired exactly one year after approximately 40 non-fatal K2 spice overdoses occurred in Newark, New Jersey. According to New Jersey State Police Drug Monitoring Initiative (DMI) data, both the number of synthetic cannabinoid specimens analyzed and the number of cases increased between 2017 and 2018. DMI data indicates the number of cases increased 49 percent and the number of specimens increased 80 percent between 2017 and 2018 though were still well below the highs experienced in 2015.
- The Chicago FD—in conjunction with local, state, and federal partners—initiated an investigation into the source of synthetic cannabinoid products laced with brodifacoum, a commonly used rodenticide (i.e. rat poison) responsible for multiple poisoning events. Since March 2018, there have been at least 164 cases in Illinois, including four deaths, with additional cases in at least eight other states. Interviews with affected users revealed that many obtained the product from a mini-mart in Chicago, or from individuals associated with the mini-mart and its operators. Subsequent

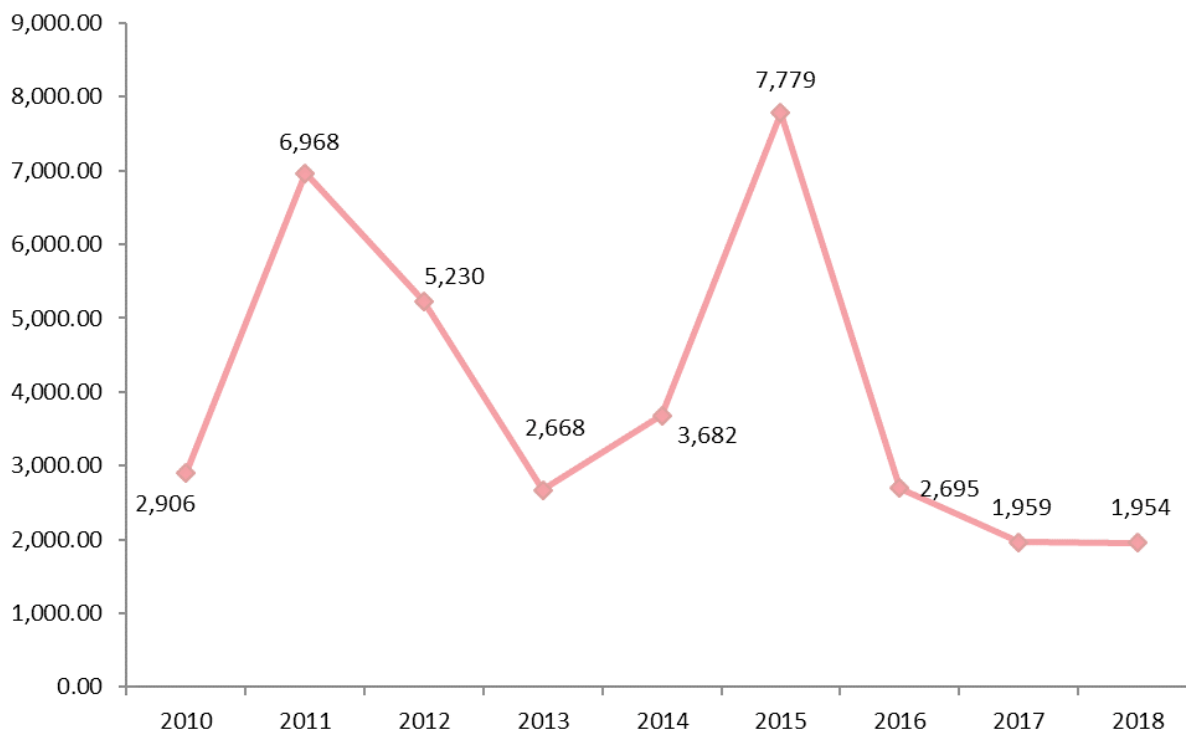
laboratory analysis of drug purchases from these individuals revealed FUB-AMB laced with brodifacoum. The investigation has resulted in the arrest of five individuals and the closure of the mini-mart associated with the distribution of the contaminated product.

The American Association of Poison Control Centers (AAPCC) reports that in 2018 there were 1,954 calls to poison centers across the country regarding synthetic cannabinoid exposure (see Figure 84). This is a 75 percent decrease from the record-high 7,779 AAPCC calls in 2015 but on par with 2017. The sharp increases and decreases in calls to poison control centers occur for multiple reasons, such as the short-lived popularity of some NPS varieties or medical providers becoming increasingly familiar with proper treatments for these substances, lessening the need for them to contact poison control centers.

## Synthetic Cathinones

In 2017, there were 10,693 reports of synthetic cathinones<sup>t</sup> to NFLIS, a 36 percent increase over the 7,879 reports in 2016. The most frequently reported synthetic cathinone in 2017 was N-ethylpentylone at 60.49 percent, according to NFLIS. The second most common synthetic cathinone was dibutylone at 10.9 percent (see Figure 85). DEA published a temporary scheduling order controlling N-ethylpentylone in Schedule I of the CSA in August 2018. Dibutylone is a positional isomer of pentylone, a Schedule I substance and thus is in Schedule I of the CSA.

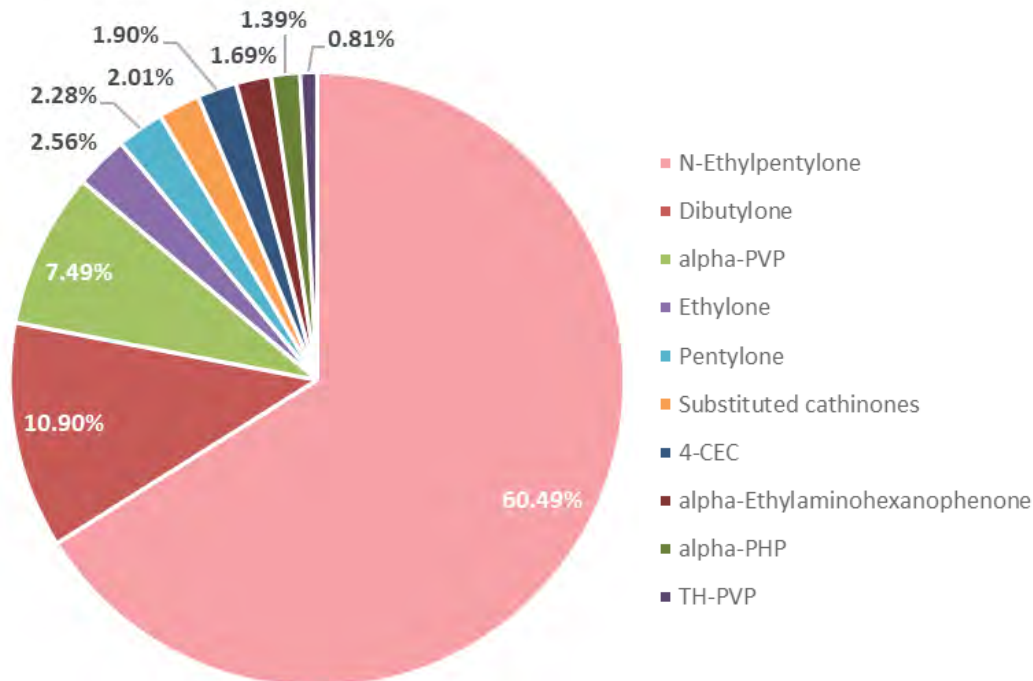
**Figure 84. Number of Exposure Calls to the American Association of Poison Control Centers for Synthetic Cannabinoids, 2010 – 2018**



Source: DEA

t. Synthetic cathinones are stimulants meant to produce similar chemical effects as amphetamine or ecstasy.

**Figure 85. Ten Most Frequently Reported Synthetic Cathinones in the United States by Percentage, 2017**



Source: DEA

Synthetic cathinones are usually consumed in pill or capsule form, but sometimes users will smoke or insufflate them. Many synthetic cathinones are commonly misrepresented and/or sold as substitutes for MDMA for use in the rave and club scenes because of the energy and euphoria they provide.

## Production

NPS are created in laboratories and do not require any plant material for production. Each variety requires different precursors and chemical processes to synthesize. These substances are widely available in China and other Asian and European countries. Therefore, most U.S.-based traffickers purchase the NPS already synthesized and have them shipped through mail carriers to perform final processing and packaging domestically in “spice processing laboratories.”

Domestic spice processing laboratories are found in residential spaces, such as homes and garages, and in warehouses. Traffickers dissolve powders into a solvent, typically ethanol or acetone, to create a liquid solution. Cement mixers distribute the synthetic cannabinoid solution on dry plant material (usually damiana leaf), or it can be sprayed onto dry plant material. Once dry, the synthetic cannabinoids are packaged into individual foil packets for sales, with each packet containing anywhere from a few grams to ten or more grams of product.

## Transportation and Distribution

Wholesale quantities of NPS are usually trafficked to the United States via commercial mail carriers from China, often intentionally mislabeled or described as not for human consumption in an attempt to avoid scrutiny from law enforcement and customs officials. Synthetic

cannabinoids are often referred to as K2 spice on the street and are distributed in gas stations and smoke shops throughout the United States. Recently, sales have moved more to street sales in traditional illicit drug markets as law enforcement and policy makers have targeted stores selling synthetic cannabinoids.

### K2 Smuggled Into U.S. Prisons and Jails

Starting in April 2016 and continuing throughout 2018, an Orlando HIDTA Group, the Seminole County Sheriff's Office Corrections Intelligence Division (SCSO), the United States Postal Service (USPS), and the Federal Bureau of Prisons (BOP) investigated a DTO responsible for manufacturing and distributing synthetic cannabinoids throughout numerous federal prisons and state and county jails. The DTO was responsible for manufacturing paper-based greeting cards, photos, and letters sprayed with various synthetic cannabinoids: MDMB-FUBINACA, ADB-CHIMINACA, FUB-AMB, XLR11, and AB-PINACA.

Agents learned many BOP facilities were experiencing a deluge of K2 product sales and use by inmates. BOP staff advised that the flood of K2 into their facilities had become a danger to the inmates and staff due to an increase in violent inmate behavior from K2 consumption. Most facilities that experienced K2 smuggling reported pervasive inmate-on-staff violence, inmate-on-inmate violence, suicide attempts, and overdoses. BOP staff identified the K2 was being smuggled through the mail into various federal prison facilities.

Acting on an SCSO tip, BOP authorities searched an inmate's cell, and observed several empty envelopes with no letters. Shortly after the search, deputies intercepted suspicious letters addressed to two inmates, which the DEA Southeast Laboratory subsequently detected the presence of synthetic cannabinoid MDMB-FUBINACA. Authorities concluded that the inmate was the leader of the DTO and was operating from within jail. Analysis of recorded jail calls revealed the inmate's family members had set up a laboratory in their home in Florida. The inmate instructed family members how to mix the appropriate chemicals and spray the synthetic cannabinoid onto the letters and cards. After preparations were complete, family members would take orders for paper quantities via a website, by email, or phone calls from inmates from BOP facilities across the country.

## Seizure of Liquid Synthetic Cannabinoid in Arizona

In October 2018, investigators from the Phoenix FD and the Arizona HIDTA Metro Intelligence Support and Technical Investigations Center Task Force executed a search warrant at a residence in Mesa, Arizona. Pursuant to the search warrant, authorities seized an operational synthetic cannabinoids (spice) laboratory, approximately 50 pounds of plant material sprayed with synthetic cannabinoid, and approximately 400 pounds of liquid synthetic cannabinoid packaged in bottles marked “EZ Liquid,” (see Figure 86). Vape pen cartridges were marked “Funky XXX Monkey” and “Black Magic.” The liquid synthetic cannabinoid was concealed among approximately 13,000 plastic bottles ready for shipment to Utah.

**Figure 86. Seized Synthetic Cannabinoid Packages**



Source: DEA

## Outlook

NPS continue to pose a nationwide threat, causing occasional spikes in overdoses and deaths. Availability will likely remain stable as additional NPS become available while other NPS are regulated and/or fall out of use. Overdoses linked to NPS will continue to fluctuate, as different NPS are introduced. NPS will continue to be unpredictable and vary in both toxicity and potency.

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# TRANSNATIONAL CRIMINAL ORGANIZATIONS

## Mexican Transnational Criminal Organizations

### Overview

Mexican TCOs continue to control lucrative smuggling corridors, primarily across the SWB, and maintain the greatest drug trafficking influence in the United States, with continued signs of growth. They continue to expand their criminal influence by engaging in business alliances with other TCOs, including independent TCOs, and work in conjunction with transnational gangs, U.S.-based street gangs, prison gangs, and Asian money laundering organizations (MLOs). Mexican TCOs export significant quantities of heroin, cocaine, methamphetamine, marijuana, and fentanyl into the United States annually. The drugs are delivered to user markets in the United States through transportation routes and distribution cells that are managed or influenced by Mexican TCOs, and with the cooperation and participation of local street gangs.

### Most Significant Mexican TCOs Currently Active in the United States

Although offshoots from previously established TCOs continue to emerge, the DEA assesses the following six Mexican TCOs as having the greatest drug trafficking impact on the United States: Sinaloa Cartel, CJNG, Beltran-Leyva Organization, Juarez Cartel, Gulf Cartel, and Los Zetas Cartel. These TCOs maintain drug distribution cells in designated cities across

the United States that either report directly to TCO leaders in Mexico or indirectly through intermediaries. The following is a background on each of the six major Mexican TCOs, with examples of their drug trafficking impact on distinct U.S. cities:

**Sinaloa Cartel** – The Sinaloa Cartel (aka the Pacific Cartel), based in the Mexican State of Sinaloa, is one of the oldest and more established DTOs in Mexico. The Sinaloa Cartel controls drug trafficking activity in various regions in Mexico, particularly along the Pacific Coast. Additionally, it maintains the most expansive international footprint compared to other Mexican TCOs. The Sinaloa Cartel exports and distributes wholesale amounts of methamphetamine, marijuana, cocaine, heroin, and fentanyl in the United States by maintaining distribution hubs in cities that include Phoenix, Los Angeles, Denver, Atlanta, and Chicago. Illicit drugs distributed by the Sinaloa Cartel are primarily smuggled into the United States through crossing points located along Mexico's border with California, Arizona, New Mexico, and West Texas.

**Jalisco New Generation Cartel (CJNG)** – CJNG, based in the city of Guadalajara in the Mexican State of Jalisco, is the most recently formed of the six TCOs. With drug distribution hubs in Los Angeles, New York, Chicago, and Atlanta, it is one of the most powerful and fastest growing cartels in Mexico and the

United States. CJNG smuggles illicit drugs into the United States by accessing various trafficking corridors along the SWB including Tijuana, Juarez, and Nuevo Laredo. CJNG's rapid expansion of its drug trafficking activities is characterized by the willingness to engage in violent confrontations with Mexican Government security forces and rival cartels. Like most major Mexican TCOs, CJNG is a poly-drug trafficking group, manufacturing and/or distributing large amounts of methamphetamine, cocaine, heroin, and fentanyl. CJNG reportedly has presence in at least 24 of 32 Mexican states.

**Beltran-Leyva Organization (BLO)** – The BLO asserted its independence after the Beltran-Leyva brothers and their associates split from the Sinaloa Cartel in 2008. While all the Beltran-Leyva brothers have now been killed or incarcerated, splinter groups and remnants of their organization continue to operate in various parts of Mexico, including the States of Guerrero, Morelos, Nayarit, and Sinaloa. The splinter groups, though still generally regarded as being under the BLO umbrella, are asserting greater independence and influence. The two most prominent of these splinter groups, Los Rojos and Los Guerreros Unidos, operate independently due in part to their role in the heroin trade. BLO splinter groups rely on their loose alliances with CJNG, the Juarez Cartel, and Los Zetas for access to drug smuggling corridors along the SWB. BLO members primarily traffic marijuana, cocaine, heroin, and methamphetamine, and maintain distribution centers in Phoenix, Los Angeles, and Chicago.

**Juarez Cartel** – The Juarez Cartel is one of the older Mexican TCOs. The Mexican State of Chihuahua, south of West Texas and New Mexico, represents the traditional AOR of the Juarez Cartel. The Juarez Cartel endured a multi-year turf war with the Sinaloa Cartel,

which resulted in many drug-related murders in Chihuahua at its height in mid-2010. Though not as expansive as the rival Sinaloa Cartel, the Juarez Cartel continues to influence U.S. drug consumer markets, primarily in El Paso, Denver, Chicago, and Oklahoma City. The Juarez Cartel mainly traffics marijuana and cocaine and has recently expanded into heroin and methamphetamine distribution. Recent law enforcement reporting indicates opium poppy cultivation overseen by the Juarez Cartel has increased significantly in the State of Chihuahua since 2013, outpacing marijuana cultivation in some regions.

**Gulf Cartel** – The Gulf Cartel has been in operation for decades. With a traditional power base in the Mexican State of Tamaulipas, the Gulf Cartel traffics primarily marijuana and cocaine but has expanded to include heroin and methamphetamine. The Gulf Cartel has fought for dominance in areas of Northeast Mexico against Los Zetas since the Gulf-Zetas split in 2010. Due to its influence over areas in northeast Mexico, the Gulf Cartel smuggles a majority of its drug shipments into South Texas through the border region between the Rio Grande Valley and South Padre Island. The Gulf Cartel maintains a presence and holds key distribution hubs in Houston and Detroit.

**Los Zetas Cartel** – Los Zetas formed as an independent cartel in early 2010 when it officially splintered from the Gulf Cartel. At the time of the rupture, Los Zetas controlled drug trafficking in large parts of eastern, central, and southern Mexico. However, due to pressure from rival cartels, Mexican law enforcement, and internal conflicts, the influence of Los Zetas has lessened significantly in recent years. Los Zetas are currently divided into two rival factions: the Northeast Cartel (Cartel del Noreste or CDN), a rebranded form of mainstream Zetas, and a



breakaway group, the Old School Zetas (Escuela Vieja or EV). Members of Los Zetas smuggle the majority of their illicit drugs through the border area between Del Rio and Falcon Lake, Texas, with a base of power in Nuevo Laredo, Mexico. Los Zetas' members currently traffic methamphetamine, marijuana, cocaine, and heroin through key distribution hubs in Laredo, Dallas, and New Orleans.

## Structure and Characteristics

Mexican nationals or U.S. citizens of Mexican origin mainly oversee Mexican TCO activity in the United States. U.S.-based TCO members of Mexican nationality enter the United States legally and illegally and often seek to conceal themselves within densely populated Mexican-American communities. Mexican TCO members operating in the United States can be traced back to leading cartel figures in Mexico, often through familial ties. U.S.-based TCO members may reside in the United States prior to employment by a Mexican TCO. In some cases, U.S.-based TCO members are given high-ranking positions within the organization upon returning to Mexico after years of successful activity in the United States.

Consistent with previous years, the Sinaloa Cartel maintains the widest national influence, with its most dominant positions along the West Coast, in the Midwest, and in the Northeast. CJNG continues to be the Mexican TCO with second-most widespread national influence. BLO activities remain more dispersed throughout the United States, with heavier concentrations in areas with large heroin markets.

## Selected Field Division Highlights

The San Diego, Atlanta, and Los Angeles FDs report the Sinaloa Cartel and CJNG are the most dominant Mexican TCOs affecting their AORs. San Diego FD reports that both Sinaloa Cartel and CJNG control the Tijuana/San Diego trafficking corridor. The Phoenix FD has not witnessed CJNG in their AOR and reports that the Sinaloa Cartel remains the dominant TCO affecting Arizona.

The Miami FD reports an increase in Mexican TCOs transporting and distributing large quantities of cocaine, methamphetamine, heroin, and fentanyl into Florida from Mexico in recent years. The Sinaloa Cartel, CJNG, and BLO are the most significant Mexican TCOs in the Miami FD AOR.

The New England FD reports Mexican TCOs, primarily the Sinaloa Cartel, serve as the main sources of supplies for the Dominican TCOs that dominate distribution of wholesale supplies of heroin, fentanyl, and cocaine. Dominican TCOs act as intermediaries between Mexican TCOs and the local criminal groups and gangs responsible for street-level drug sales in the New England FD.

The Denver FD reports Mexican TCOs, such as the Sinaloa Cartel, CJNG, and BLO, dominate methamphetamine, cocaine, and heroin trafficking in the area. Trafficking organizations located in northern Sinaloa and Nayarit are responsible for most of the black tar and brown powder heroin distributed in Colorado and Utah.

## Operational Structure in the United States

U.S.-based Mexican TCOs are composed of various compartmentalized cells assigned specific functions such as drug distribution or transportation, consolidation of drug proceeds, or money laundering. Mexican TCO operations in the United States typically function as a supply chain: Operators in the chain are aware of their specific function, but are unaware of other aspects of an operation. In most cases, individuals hired to transport drug shipments within the United States are independent, third-party “contractors” who may work for multiple Mexican TCOs. The number of transportation groups is increasing in some areas, and they often transport smaller shipments.

## Relationship with Local Criminal Groups and Street Gangs

U.S.-based Mexican TCO members generally coordinate the transportation and distribution of bulk wholesale quantities of illicit drugs to U.S. markets while smaller local groups and street gangs, who are not directly affiliated with Mexican TCOs, typically handle retail-level distribution. At times, Mexican TCOs collaborate directly with local criminal groups and gangs across the United States to distribute and transport drugs at the retail level.

## Drug Smuggling and Transportation Methods

Mexican TCOs transport the majority of illicit drugs into the United States across the SWB using a wide array of smuggling techniques. The most common method employed involves smuggling illicit drugs through U.S. POEs in passenger vehicles with concealed

compartments or commingled with legitimate goods on tractor-trailers.

Other cross-border smuggling techniques employed by Mexican TCOs include the use of subterranean tunnels, which originate in Mexico and lead into safe houses on the U.S. side of the border. Underground tunnels are mainly used to smuggle ton quantities of marijuana, though other illicit drugs have been commingled in shipments. Tunnels destroyed by U.S. law enforcement authorities along the SWB are primarily found in California and Arizona, and are generally associated with the Sinaloa Cartel.

Mexican TCOs also transport illicit drugs to the United States aboard commercial cargo trains and passenger buses. To a lesser extent, Mexican TCOs use maritime vessels clandestinely or through official maritime POEs, typically off the coast of California. Mexican TCOs also rely on traditional drug smuggling methods, such as the use of backpackers, or “mules,” crossing remote areas of the SWB into the United States.

Mexican TCOs exploit various aerial methods to transport illicit drugs across the SWB. These methods include the use of ultralight aircraft, unmanned aerial systems (UAS), and drones to conduct airdrops. Ultralight aircrafts predominantly transport marijuana shipments, depositing the drugs in close proximity to the SWB. Currently, as UAS can only carry only small multi-kilogram amounts of illicit drugs, they are not commonly used, although there is potential for increased growth and use, particularly if their carrying capacity is increased. Mexican TCOs also use UAS to monitor the activity of U.S. law enforcement along the SWB to identify cross-border vulnerabilities.

## Spillover Violence

Drug-related murders in Mexico continue to reach epidemic proportions. However, there is little spillover violence in the United States as U.S.-based Mexican TCO members generally refrain from inter-cartel violence to avoid law enforcement detection and scrutiny. Mexican TCO-related acts of violence do occur in parts of the United States, particularly along the SWB; however, they are less frequent and mainly associated with ‘trafficker-on-trafficker’ incidents.

## Money Laundering Activity

Mexican TCOs generate billions of dollars annually through the sale of illegal drugs in the United States. They utilize a variety of methodologies to counter law enforcement efforts to identify and confiscate their illicit proceeds in the United States and Mexico. In the United States, Mexican TCOs exploit bulk cash smuggling, the placement of proceeds into the U.S. banking system and electronic transfer to Mexico, the BMPE via networks of money brokers, and the use of Money Service Businesses (MSBs) to transfer the proceeds to Mexico. Inside Mexico, the Mexican TCOs place illicit proceeds into the financial system through foreign exchange businesses, the purchase of assets with cash, and use of front and shell companies to receive electronic transfers in order to conceal the true beneficial ownership of the illicit proceeds. There has also been evidence of the utilization of cryptocurrencies by Mexican TCOs as a means by which to transfer their wealth internationally.

An alarming trend is the increasing presence of Asian MLOs engaged in the laundering of drug proceeds on behalf of the Mexican TCOs. This trend is a result of the imposition of a cap by the Government of China on foreign exchange

transactions (\$50,000/year) and overseas withdrawals on Chinese bank issued credit and debit cards (\$15,000/year). The demand of Chinese nationals to transfer their wealth outside of China and into the United States has fueled the demand for U.S. dollars. Asian MLOs are eager to acquire U.S. dollars (drug proceeds) from the Mexican TCOs in exchange for the payment of pesos in Mexico or their equivalent debts in China via a Chinese Underground Banking System (CUBS) scheme. Asian MLOs resell the U.S. dollars to customers (Chinese nationals within the United States) for a profit, normally in exchange for Renminbi (RMB) payments in China. This demand for foreign exchange, i.e. the U.S. dollar in particular, has provided an outlet for Mexican TCO drug proceeds that is changing the landscape of money laundering within the United States.

## Colombian Transnational Criminal Organizations

### Overview

Colombian TCOs continue to influence the U.S. illicit drug market, though to a lesser extent than in the 1980s and 1990s. According to DEA's CSP, the majority of the cocaine seized and tested in the United States is of Colombian origin. Colombian TCOs continue to control the production and supply of cocaine, and rely on a partnership with Mexican TCOs to export cocaine from Colombia to U.S. markets. Mexican TCOs have taken over the role of principal exporters of wholesale cocaine into U.S. markets and currently dominate the wholesale distribution of Colombian cocaine into the United States. Principally, large-scale Colombian TCOs work closely with Mexican and Central American TCOs to export multi-ton quantities of cocaine from Colombia every year. Some smaller Colombian TCOs continue to maintain direct pipelines into the United States using couriers on commercial flights and air cargo to move small amounts of cocaine and heroin. Colombian TCO members also maintain a physical presence in the United States to assist in laundering drug proceeds

### Large-scale Colombian TCOs

Recently, various "Armed Criminal Organizations" (Grupos Armados Organizados or GAOs) and dissident factions of the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia or FARC) have dominated the Colombian drug trade. The GAOs, composed primarily of demobilized members of the United Self-Defense Forces of Colombia (Autodefensas Unidas de Colombia or AUC), are presently allied and working with dissident factions of the FARC. Large-scale Colombian TCOs sell multi-ton quantities of cocaine and

smaller quantities of heroin to Mexican TCOs who export those drugs to Central America and Mexico for eventual smuggling into the United States. Colombian TCOs route cocaine and heroin shipments through the Caribbean where local TCOs receive and transport them into the United States and Europe. The most significant Colombian TCO with an impact on U.S. drug markets is:

**Gulf Clan** – The Gulf Clan, also known as Los Urabeños, Clan del Golfo, and Clan Úsuga, functions as a highly structured and centralized criminal enterprise that has evolved into the largest GAO in Colombia with a cohesive national presence. The Gulf Clan relies on drug trafficking activities and a military-style framework to maintain operability. Since emerging in the mid-2000s, the Gulf Clan has expanded throughout northern Colombia and other regions mainly by capitalizing on the demise of rival GAOs. Though it maintains a national reach, the Gulf Clan power base lies in its birthplace region of Urabá in northwest Colombia. From this strategic location, the Gulf Clan sends multi-ton quantities of cocaine via maritime conveyances to nearby Panama and other countries in Central America on a regular basis.

### Collaboration with Mexican TCOs

While Colombian TCOs control the production and shipment of the majority of cocaine destined for consumption in the United States, Mexican TCOs are responsible for its exportation into and distribution throughout the United States. Mexican TCOs work directly with Colombian sources of supply, often sending Mexican representatives to Colombia, Ecuador, and Venezuela to coordinate cocaine shipments.

Similarly, Colombian TCOs maintain delegates in Mexico to serve as brokers for cocaine orders or illicit money movements. Central American TCOs work with both Mexican and Colombian TCOs for the northbound movement of cocaine and the southbound flow of illicit drug proceeds.

## **Colombian TCO DTOs Trends**

The majority of the cocaine and heroin produced and exported by Colombian TCOs to the United States is transported through Central America and Mexico. Colombian TCOs export large cocaine shipments to Mexico, Central America, and the Caribbean using a variety of maritime and aerial means including speedboats, fishing vessels, semi-submersibles, private aircraft, and commercial air and sea cargo. Less commonly, Colombian TCOs transport cocaine over land across the Darien Gap, which connects northwest Colombia to Panama, using backpackers.

Colombian TCOs continue to use Ecuador and Venezuela as transshipment points for cocaine shipments bound for Mexico, Central America, and the Caribbean. Because of successful counterdrug efforts by the Colombian Government, Colombian TCOs have shifted a sizable portion of their drug trafficking activities to neighboring countries outside the reach of Colombian authorities. Colombian TCOs generally will transport and store large quantities of cocaine in remote areas of Venezuela and Ecuador until maritime or aerial transportation can be secured.

## **Small-Scale Colombian TCOs**

Smaller Colombian TCOs directly supply wholesale quantities of cocaine and heroin to the United States, primarily to Northeast and East Coast drug markets. Colombian TCOs previously dominated cocaine and heroin

wholesale markets in the Midwest and East Coast; however, Mexican TCOs now dominate most of these markets, increasingly serving as primary source of supply to other TCOs in these regions.

Smaller U.S.-based Colombian TCOs handle illicit money movements on behalf of larger Colombian TCOs, Mexican TCOs, or other criminal groups. Law enforcement reporting indicates Cali, Colombia-based money launderers coordinate the receipt of drug proceeds in various U.S. cities including Boston, Chicago, Houston, Miami, and New York. Once received, these funds are often placed in U.S.-based bank accounts and wire transferred externally under the guise of payment for products and services.

## **Money Laundering Activities**

Colombian TCOs generate hundreds of millions of dollars annually through the sale of drugs in the United States. The principal mechanisms by which Colombian TCOs launder their drug proceeds are BMPE and TBML. Colombian TCOs rely upon international networks of money launderers who profit from foreign exchange transactions and trade-based activity. Although not as prominent as within the Mexican TCOs, there is an increase in the presence of Asian MLO in Colombian controlled area of activity. There has also been evidence of the utilization of cryptocurrencies by Colombian TCOs in order to transfer their proceeds internationally.

## Dominican Transnational Criminal Organizations

### Overview

Dominican TCOs dominate the mid-level distribution of cocaine and white powder heroin in major drug markets mainly in the Northeast United States, and control the wholesale distribution of heroin and fentanyl in certain areas of the region. They also engage in street-level sales in select parts of the region. Illegal drugs destined for Dominican TCOs in the Northeast primarily arrive first in New York City, where the drugs are distributed throughout the greater metropolitan area, or routed to secondary hubs and retail markets across the Northeast and Mid-Atlantic regions. Dominican TCOs work in collaboration with foreign suppliers to have cocaine, heroin, and fentanyl shipped directly to the Northeast from Mexico, Colombia, and the Dominican Republic.

### Organizational Structure

Dominican TCOs typically operate as an unstructured network of independent groups without a centralized hierarchy. Each Dominican TCO independently maintains its own internal organized structure with an identified leader and subordinates in designated roles, ensuring compartmentalization of their criminal activities.

Dominican TCOs are usually comprised of family members and friends of Dominican nationality or U.S. citizens of Dominican descent. By relying on these networks of family members, friends, and hometown acquaintances, Dominican TCOs are often able to remain insulated from outside threats. Dominican TCOs are willing to collaborate with different ethnic criminal groups in the United States, such as Puerto Rican, Colombian, and Mexican TCOs.

### Areas of Influence Concentrated in Northeast

Dominican TCOs maintain their strongest influence in areas of the Northeast with a significant Dominican population, generally in cities located along the I-95 highway corridor. Dominican traffickers conceal their drug trafficking activities behind the cover of established ethnic Dominican communities in various parts of the Northeast. New York City serves as the main hub for Dominican TCO activity in the Northeast. The majority of foreign-sourced cocaine, heroin, and fentanyl shipments destined for Dominican traffickers arrive first in New York City, where they are broken down into smaller units for local and regional distribution before they are dispersed throughout the East Coast.

### Relationship with Local Drug DTOs and Street Gangs

Dominican TCOs primarily function as intermediaries between foreign suppliers and domestic retailers. Dominican TCOs obtain multi-hundred kilogram quantities of cocaine and heroin from wholesalers, which they subsequently sell in increments to customers for local street sales. In many cases, the customers supplied by Dominican TCOs are street gangs with distribution amounts ranging from a few kilograms to multi-gram quantities in pre-bagged form, ready for street-level sales.

Dominican DTOs have formed ties with Mexican TCOs to transport heroin and have established fentanyl-milling operations in the Dominican Republic. These organizations are highly mobile and unrestricted by national boundaries. They often change their smuggling patterns to avoid law enforcement detection.

## Drug Trafficking Activities

The vast majority of cocaine distributed by Dominican traffickers in the Northeast is of Colombian origin, while most of white powder heroin varies in origin between Mexico and Colombia. Dominican TCOs specialize in the distribution of cocaine and heroin; however, due to the current demand for opioids in the United States, they are also heavily involved in the distribution of fentanyl, and controlled prescription drugs. To a lesser extent, they engage in regional supply of other illegal drugs to include marijuana, methamphetamine, and NPS. To further capitalize on the high demand for opioids, Dominican TCOs have established fentanyl-milling operations in the Dominican Republic.

Dominican traffickers take advantage of Puerto Rico's status as a U.S. territory to facilitate commercial air transport of cocaine into the continental United States (CONUS), mainly into the Northeast and south Florida. Dominican TCOs prefer using small maritime vessels to transport cocaine and heroin from the Dominican Republic into Puerto Rico. While Dominican, Colombian, and Venezuelan traffickers serve as crewmembers during maritime operations, the majority of the boat captains are Dominican. These traffickers subsequently utilize the USPS commercial shipping services, and vessels to transport illegal drugs to CONUS. Additionally, Dominican traffickers utilize maritime vessels to transport cocaine directly from the Dominican Republic to south Florida. Dominican traffickers employ Chinese money laundering organizations to facilitate the laundering of Dominican TCO drug trafficking proceeds.

## Role in Retail Drug Market

Dominican TCOs engage in street-level sales in certain regions of the East Coast. Dominican TCOs based in New York City, New York, Philadelphia, Pennsylvania, and Lawrence, Massachusetts mainly supply Dominican drug dealers involved in retail distribution. Dominican TCOs, particularly in the Northeast, have the infrastructure to handle all facets of drug distribution to include the wholesale, mid-level, and retail sectors. By diluting cocaine and heroin for street sales, Northeast Dominican traffickers can expand their inventory and profit.

# Asian Transnational Criminal Organizations

## Overview

Asian TCOs specialize in the trafficking of marijuana and MDMA, and, to a lesser extent, cocaine and methamphetamine. They are also heavily involved in international money laundering activities, working with Colombian and Mexican TCOs. Asian TCOs actively conduct drug trafficking activities on both U.S. coasts and have distribution networks stretching across the country. U.S.-based Asian TCOs work in concert with Asian TCOs in Canada and other international locations to import and export illicit drugs to and from the United States.

## Organizational Structure

Asian TCOs collaborate with and recruit Asian-Americans, blending into existing immigrant communities, to exploit U.S. drug markets. These groups are particularly adept at expanding in communities in California and New York where growth in the number of Asian immigrants has been the greatest.

## Marijuana Trafficking Trends

Asian TCOs have historically operated large, sophisticated indoor marijuana grow houses in residential homes, primarily in the western United States. These indoor grows are both traditional and hydroponic and are frequently located in suburban neighborhoods. With state-level marijuana legalization actions, some Asian TCOs overtly operate marijuana grows by adhering to local regulations governing private cultivation and medical marijuana allowances. Additionally, some produce large amounts of marijuana in wholly illegal residential grow operations by hiding in plain sight. As a result, significant amounts of marijuana produced in

these grow operations are diverted to states where it is much more profitable on the black market.

## MDMA Trafficking Trends

Asian TCOs generally control the supply of MDMA in most U.S. markets. MDMA, in both tablet and powder form, is typically either imported from China to Canada or manufactured in clandestine laboratories in Canada, then smuggled across the Northern Border into the United States. MDMA is also shipped directly into the United States from Canada, China, and other locations via mail service. U.S.-based Asian TCOs work closely with Canada-based Asian TCOs to import MDMA.

## General Trafficking Trends

Asian TCOs also traffic cocaine and methamphetamine, although in smaller quantities than marijuana and MDMA. Asian TCOs typically obtain ounce or gram quantities of cocaine and methamphetamine from Mexican sources of supply; in some cases, these groups obtain kilogram quantities.

## Role in Money Laundering

Asian TCOs in the United States play a key role in the laundering of illicit drug proceeds. Asian TCOs involved in money laundering contract their services and sometimes work jointly with other criminal groups, such as Mexican, Colombian, and Dominican TCOs. Money laundering tactics employed by Asian TCOs generally involve the transfer of funds between China and Hong Kong, using front companies to facilitate international money movement. Asian TCOs also use underground banking and mirroring schemes.



U.S.-based-Asian TCOs rely on domestic cash-intensive businesses to facilitate money-laundering activities. Recently, law enforcement reporting indicates an increase in Chinese money laundering groups and Mexican TCOs collaborating to move/laundry money.

### Asian Money Laundering Organizations

Asian MLOs are working in conjunction with Hispanic DTOs with increasing frequency. Asian MLOs include Asian members born in the United States as well as individuals born in China and other Asian countries. In some cases, there appear to be agreements between Mexico-based TCO leaders and Asian MLOs heads based in Mexico, which provide access to long-standing laundering networks for U.S.-based DTO members. Various FDs have observed Mexican DTOs increasingly utilizing domestic Asian operatives to facilitate drug money movement across a variety of methods, including TBML, CUBS, virtual currencies, and even bulk currency storage and shipment.

Within the United States, the laundering networks operate in and around most major metropolitan areas. Outside of the United States, Asian MLOs operating on behalf of drug traffickers have been identified in Mexico, as well as in Central and South America. Moreover, beyond mainland China, Asian MLOs also operate in Hong Kong and other Far East and Southeast Asia countries.

## Outlook

Barring significant, unanticipated changes to the illicit drug market, Mexican TCOs will continue, in the near term, to dominate the wholesale importation and distribution of cocaine, heroin, marijuana, methamphetamine, and fentanyl in U.S. markets. No other criminal organizations currently possess a logistical infrastructure to rival that of Mexican TCOs. Mexican TCOs will continue to grow in the United States through expansion of distribution networks and continued interaction with local criminal groups and gangs. This relationship will insulate Mexican TCOs from direct ties to street-level drug and money seizures and drug-related arrests made by U.S. law enforcement.

Due to sustained high cocaine production and corresponding profits in Colombia, Colombian TCOs are expected to maintain dominance over the production and supply of the majority of cocaine destined for U.S. markets. Colombian TCOs are expected to continue to collaborate with Mexican TCOs who purchase their products, primarily cocaine, while Mexican TCOs will remain the dominant cocaine wholesale supplier in the United States. Further, Colombian TCOs will most likely continue to maintain representatives in Mexico, Central America, the Caribbean, and the United States to broker and facilitate the exportation of cocaine and heroin to U.S. markets, and the subsequent repatriation of drug proceeds.

Dominican TCOs are positioned to retain their leading role in the mid-level distribution of illegal drugs, particularly in the Northeast. These TCOs ensure their sustainability through self-sufficiency and accessibility to diverse drug supply lines, smuggling routes, and conveyance methods involving multiple criminal organizations across several nations.

Mexican and Colombian TCOs operating in the Northeast will likely maintain their working relationships with Dominican traffickers for the retail-level distribution of illicit drugs. As the Dominican Republic remains a significant drug transshipment node in the Caribbean, it will continue to offer criminal opportunities for Dominican TCOs operating along the East Coast.

Asian TCOs will remain a drug trafficking threat of concern in the United States, particularly in established marijuana and MDMA markets. They will likely continue to expand their relationships with Mexican and Colombian TCOs to further their drug and money laundering operations in the United States and abroad.

# OCONUS AND TRIBAL THREATS



## Overview

Puerto Rico, the USVI, and Guam are unincorporated, organized territories of the United States with economies that largely depend on tourism, commercial shipment services, and national defense spending. The island territories are strategically located in their respective areas, and have customs exemptions for passengers on commercial aircraft entering the United States mainland, making them attractive to illicit drug traffickers and money launderers.

High rates of unemployment and poverty contribute to Native American communities' issues with substance abuse and exploitation by drug traffickers and TCOs. TCOs often smuggle drugs through strategically located reservations along U.S. borders, and Native American criminal groups obtain drugs from traffickers moving through reservations or from TCO associates in nearby major cities.

## Puerto Rico and the U.S. Virgin Islands

With approximate populations of 3.5 million and 103,000, respectively, Puerto Rico and the USVI are part of an island chain located along the eastern edge of the Caribbean Sea, where it meets the Atlantic Ocean. Both are unincorporated, organized territories of the United States, whose economies depend largely on tourism. Both U.S. territories have high unemployment rates (14 percent in Puerto

Rico and 10 percent in the USVI) and strategic geographic locations—midway between the United States and South America. In addition, they have customs exemptions for passengers on commercial aircraft entering the United States mainland. These factors make the islands attractive to illicit drug traffickers and money launderers.

## Drug Threat

Fentanyl deaths in Puerto Rico have significantly increased from 10 in 2015 to 106 deaths in 2017. The Mental Services, Health, and Addiction Administration in Puerto Rico (known as ASSMCA) has reported an increase in fentanyl-related deaths on the island. In March 2019, ASSMCA and the Medical Examiner's Office stated, "due to lack of resources, the amount of fentanyl-related deaths for 2018 was undetermined." The lack of resources and the delay in determining the cause of death raises concerns.

On May 15, 2019, during the "Opioid Crisis Roundtable Discussion" between the U.S. Department of Agriculture the Caribbean FD, and ASSMCA, the local agency explained that, in 2018, 70 fentanyl-involved overdose deaths were reported and another 60 cases are pending confirmation. ASSMCA provided new statistics pertaining to fentanyl overdoses, showing a steady increase over the last three years - 106 fentanyl-involved overdose deaths in 2017, 12 deaths in 2016, and 10 deaths in 2015.

According to Caribbean FD reporting, cocaine prices (per kilogram) in the U.S. Territories and Caribbean countries have increased, while cocaine availability has decreased. Cocaine is primarily transported to the islands via maritime vessels from Colombia, Venezuela, and the Dominican Republic. Traffickers almost exclusively use go-fast boats or fishing vessels to transport cocaine to Puerto Rico, either departing directly from Venezuela or transiting the Mona Passage from the Dominican Republic. Due to Dominican law enforcement successes and USCG interdiction efforts, traffickers prefer to send large cocaine loads directly to Puerto Rico instead of first going through the Dominican Republic. There is also secondary flow of cocaine from the Dominican Republic to Puerto Rico.

Cocaine is also smuggled via the British Virgin Islands, with traffickers island hopping into the USVI and eastern Puerto Rico then onto the United States mainland. Law enforcement also reports smaller boats departing the USVI meet larger “mother ships” from Venezuela. These ships offload cocaine to smaller fishing vessels, which then transit to the Netherlands Antilles, St. Martin/Maarten, the British Virgin Islands, and Puerto Rico.

Cocaine is also concealed in parcels mailed from Puerto Rico and the USVI to Florida and the northeastern United States, primarily Connecticut, Massachusetts, New York, New Jersey, and Florida.

Cocaine is the principal drug threat in the Caribbean region, but smuggling and abuse of heroin and marijuana are also major concerns. Heroin availability in Puerto Rico is moderate. Heroin is consumed locally and transported through Puerto Rico, destined for the United States mainland. In the USVI, heroin

does not pose a major threat, as the demand is for resale. The heroin trafficked in Puerto Rico and the USVI is of South American origin, which typically arrives commingled with cocaine on maritime shipments. The Caribbean FD has also reported minimal heroin-laced fentanyl seizures sent via parcel services to Puerto Rico from California.

Growing availability and abuse of marijuana will continue to threaten Puerto Rico and the USVI. Marijuana is the third most important drug threat to Puerto Rico and second most important for the USVI. According to law enforcement reporting from Puerto Rico and other Caribbean island nations, seizures of marijuana have continued to increase since 2013. Average seizure load size has also increased.

Jamaica continues to be the largest Caribbean marijuana supplier to local Caribbean nations; however, local production is increasing in Puerto Rico and the USVI. Marijuana is also shipped via commercial parcel services from the United States mainland to the USVI. In the USVI, marijuana users desire marijuana with a higher THC and obtain it from areas in the United States where the use of medical marijuana is legal.

Laws surrounding marijuana are also changing in Puerto Rico and the USVI. In November 2016, the Governor of Puerto Rico excluded public service employees from being tested for marijuana via Executive Order. In May 2015, the Governor of Puerto Rico mandated the rescheduling of marijuana to a Schedule II drug via Executive Order. This order mandated the Puerto Rican Department of Health to develop protocols to promote research on medical marijuana and to establish a policy for the implementation of medical marijuana on the island. It is unclear how this Executive Order

will affect the current drug laws in Puerto Rico. The same Executive Order approved marijuana cultivation in Puerto Rico, commencing in 2016.

In September 2015, the USVI passed a law to decriminalize the possession of one ounce or less of cannabis. Further, possession of one ounce or less of cannabis for those 18 and older is classified as a civil offense, with fines from \$100-\$200 U.S. Dollars (USD), but those under 18 will be required to complete a drug awareness program. Strict penalties for selling and growing bulk amounts remain in place in the USVI.

## Transshipment

The Caribbean FD reports an increase in cocaine seizures from inbound maritime cocaine smuggling ventures into Puerto Rico arriving from Colombia and Venezuela. The Caribbean Corridor continues to serve as a critical drug transshipment zone between South American source countries and the United States. The alarming increase of cocaine flowing via the Caribbean vectors poses a significant threat to the United States because cocaine movement has more than tripled from 39 metric tons in 2011 to 133 metric tons in 2015. During 2017, it was 185 metric tons. According to DEA reporting, TCOs operating in South America and the Caribbean coordinate multi-ton maritime smuggling ventures originating in Colombia or Venezuela and transiting Puerto Rico, the Dominican Republic, and neighboring Eastern Caribbean islands for destinations in the United States, Europe, and Africa.

The use of hidden compartments in vehicles as a means to smuggle drugs, weapons, bulk cash, and other illegal contraband into the United States is a common practice among DTOs and TCOs in Puerto Rico and the USVI.

## Drug-related Crime

Puerto Rico and the USVI have high homicide rates. The USVI averages 40 murders per 100,000 people, making it one of the most violent areas in the United States and its territories. In Puerto Rico, there is a strong nexus between violent crime, drug trafficking, gang activities, and illicit firearms. An estimated 60 percent of homicides are drug-related, according to law enforcement agencies in Puerto Rico.

National homicide estimates indicate that the average homicide rate in Puerto Rico is approximately five times higher than the U.S. per capita rate. However, violent crime and homicide rates in Puerto Rico have declined every year since peaking in 2011. Declines in homicide rates may be attributed to successful law enforcement operations.

The crime situation in Puerto Rico has also affected law enforcement officials. From March 2012 through October 2016, 12 incidents and threats involving law enforcement officials were reported. In January 2016, a state prosecutor for the Department of Justice in Puerto Rico was brutally shot and killed. In October 2016, a Puerto Rico PD Sergeant was killed and another officer was shot while conducting an interdiction in a public housing project (PHP).

The majority of DTOs operating in Puerto Rico are based in the 330 PHPs located throughout the island. These groups direct “drug points,” locations used for the retail sale of illicit drugs that are controlled by specific gangs or other criminal organizations located in the PHPs to nearby nightclubs, restaurants, and bars. The DTOs used intimidation, violence, and murder to gain or retain control of the drug markets within a specific geographic area. PHPs in Puerto Rico are not geographically isolated, but are

frequently located within blocks of the middle to upper middle class neighborhoods.

## Drug Trafficking Groups

Colombian, Dominican, Venezuelan, and Puerto Rican DTOs are involved with illicit drug trade in Puerto Rico and the USVI. While Dominican, Colombian, and Venezuelan traffickers serve as crewmembers during maritime operations, the majority of the boat captains are Dominican. Dominican DTOs are becoming more sophisticated and dominant in the drug trade throughout the region, including brokering drug deals and coordinating maritime ventures. Dominican and Puerto Rican DTOs dominate wholesale and retail distribution of cocaine in Puerto Rico.

Puerto Rico-based DTOs have established heroin trafficking routes from Venezuela to Puerto Rico. In some cases, traffickers instruct couriers to take an indirect route to deliver heroin from Caracas, Venezuela to various major U.S. cities along the East Coast and finally to Puerto Rico in order to evade law enforcement scrutiny. Heroin DTOs based in the Dominican Republic also smuggle heroin directly into Puerto Rico by using human couriers on the vehicle and passenger ferry that operates between the Dominican Republic and Puerto Rico.

## Diversions and Illicit Use of Controlled Prescription Drugs

The diversion of controlled pharmaceutical substances for distribution and healthcare fraud is a serious threat in Puerto Rico.

Between August 2016 and November 2018, the Caribbean FD, in concert with federal, state, and local law enforcement agencies, dismantled various priority organizations involved in healthcare, prescription fraud, and the diversion of controlled pharmaceutical substances in

Puerto Rico. All targeted subjects—physicians, licensed nurses, pharmacists, drug store owners, and associated drug traffickers—were responsible for illicit activities, such as drug trafficking, the diversion of controlled prescription drugs, Social Security disability fraud, insurance fraud, tax evasion, and money laundering.

Caribbean FD reporting shows a TCO with ties to anabolic steroid suppliers from China, Romania, India, Cambodia, Bulgaria, and Mexico that operates in Puerto Rico, Florida, Texas, and California. The PR-based TCO, involved in illicit diversion activities and the importation, transportation, and distribution of controlled prescription drugs (anabolic steroids, a Schedule III controlled substance), is also engaged in money laundering activities. Furthermore, it is associated with a prolific China anabolic steroids manufacturer and source of supply who is designated a Consolidated Priority Organization Target (CPOT).

## Guam

Guam, an organized and unincorporated territory of the United States, is an island in the North Pacific Ocean located approximately 3,300 miles west of Hawaii, 1,500 miles east of the Philippines and 1,550 miles south of Japan. Strategically located, it is the largest and southernmost island in the Mariana Islands archipelago and an important military and commercial hub between the United States, the Asian Continent, and Australia.

By 2019, Guam's population was estimated to be approximately 167,245 people. The majority of its population is of Chamorro ethnicity (about 37 percent), followed by Filipino (about 26 percent), and Caucasian (about 10 percent). The island's economy depends largely on tourism

and U.S. national defense spending, followed by construction and transshipment services. According to the Guam Visitor's Bureau, the island experienced the second-busiest year in tourism ever with the arrival of over 1.52 million visitors in FY 2018. As of March 2018, Guam's unemployment rate was 4.4 percent. Many of Guam's violent crimes are linked to drugs, alcohol abuse, lack of economic opportunities, and lack of educational attainment.

## **Drug Threat and Availability**

Methamphetamine and marijuana are the two principal drugs of choice in Guam. Cocaine is resurgent and is popular with the college-aged population on Guam. MDMA, ketamine, and illicit pharmaceuticals are also available to a lesser degree and often purchased in clubs and bars.

Methamphetamine poses the greatest threat to Guam. Most of the methamphetamine shipped to Guam originates from the United States mainland, primarily from the California and Washington, via postal packages or courier. Guamanians residing on the U.S. mainland often mail methamphetamine to criminal associates in Guam, who sell the drug for very large profit margins. During 2018, the Guam RO seized approximately 12 kilograms of methamphetamine. Current street prices range from \$500 to \$700 USD per ounce.

During 2018, the Guam RO seized more than 45 kilograms of cocaine. Current street prices range from \$50 to \$150 USD per gram. Cocaine is gaining popularity with the college-aged residents of Guam because it is a cheaper alternative to methamphetamine.

Marijuana also poses a significant threat to Guam. Low-quality marijuana is cultivated in Guam, with grow sites typically located within heavy jungle growth in close proximity to

residential dwellings. Marijuana is also shipped in lesser amounts to Guam via postal packages or transported via commercial air flights from the U.S. mainland.

In 2014, Guam voters approved a ballot initiative legalizing marijuana for "debilitating medical conditions." After a multi-year delay, the Guam Department of Public Health and Social Services, in charge of creating the rules and regulations for medical marijuana, has recently considered allowing the possible establishment of three dispensaries within the northern, central, and southern regions of Guam, along with ten potential cultivation sites. In January 2017, the Department of Public Health and Social Services began accepting license applications for commercial marijuana cultivation. Permits also are available for dispensaries, commercial manufacturing, and testing labs. In 2017, legislation was introduced in Guam to legalize the recreational use of marijuana. The bill would allow anyone 21 years and older to purchase and possess up to one ounce of marijuana from licensed distributors. Continuing into 2018, both marijuana initiatives, medical and recreational, remain at a standstill from being fully implemented.

- *During March and April 2018, approximately three kilograms of cocaine washed ashore at various points on the eastern half of the island, near Mangilao, and Andersen Air Force Base on the north end of Guam.*
- *In April 2018, the Guam PD-Mandana Drug Task Force seized approximately one kilogram of suspected synthetic cannabinoids during two local search warrants. In April 2018, a Guam Customs and Quarantine Officer seized 50 packets of suspected synthetic cannabinoids (487 gross grams) while conducting Service Air Cargo Inspections for FedEx.*
- *In May 2018, a Guam RO Task Force executed a search warrant in the Village of Inarajan and seized nearly 18 kilograms of cocaine from a residence and vehicle. The cocaine was packaged in ounce to kilogram quantities*

for distribution. The kilogram packages of cocaine had the logo markings of “Rockstar Energy Drink” and “Fox Factory Racing.” This cocaine seizure was one of the largest in the island’s history.

## Drug Trafficking Groups

DTOs in Guam are typically comprised of Korean, Filipino, and Chinese traffickers who smuggle methamphetamine to the island via couriers. Mexican organizations may supply some of the methamphetamine reaching Guam indirectly via the U.S. mainland.

Drug proceeds are often mailed back to the United States or sent electronically through established bank accounts. Similarly, proceeds are sent via wire transfer to South Korea, China, and other Asian countries. Generally, the proceeds are reinvested to purchase additional drug supplies and are used to purchase vehicles or personal goods.

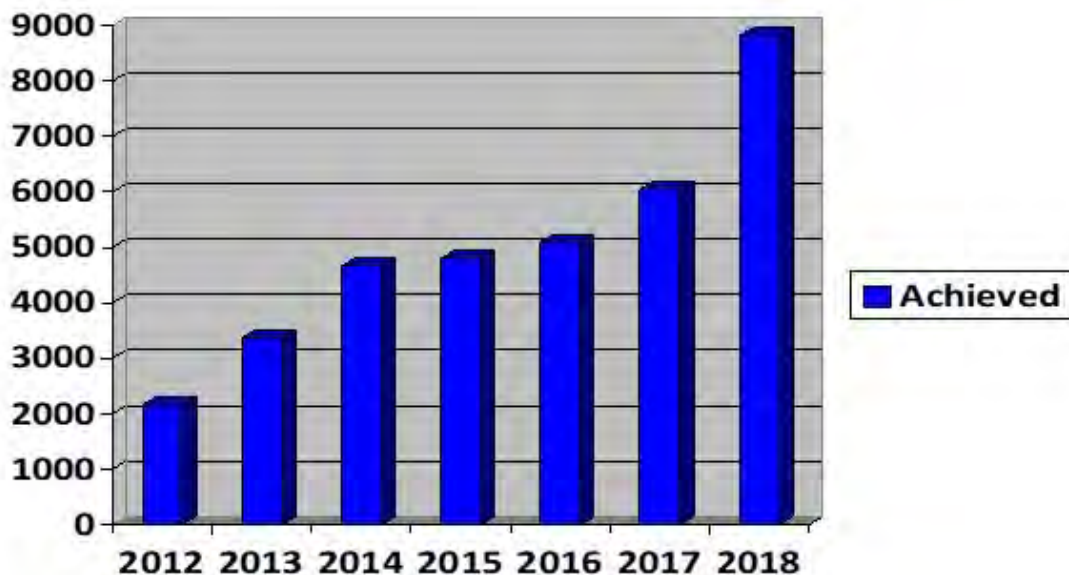
## Tribal Lands

### Drug Threat in Indian Country

The drug threat in Indian Country varies by region and is influenced by the illicit drugs available in major cities near the reservations. Native American criminal groups and independent dealers transport most of the illicit drugs available throughout Indian Country. These individuals and organizations travel to nearby cities to purchase drugs, primarily from Mexican traffickers and other criminal groups. In some instances, distributors residing on remote reservations travel long distances to obtain drugs for distribution in their home communities.

The number of drug cases and arrests conducted by Indian Country law enforcement programs has increased substantially since 2011. In FY 2018, there was an overall increase of approximately 47 percent in the number of drug cases opened across all Indian Country law enforcement programs according to data from the Bureau of Indian Affairs (BIA) (see Figure 87).

**Figure 87. Drug Cases Opened in Indian Country, 2012 – 2018**



Source: Bureau of Indian Affairs



## Indian Country Law Enforcement

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. While marijuana and methamphetamine are the most widely used illicit substances by American Indians, prescription drug and heroin use have increased in many areas of Indian Country. Additionally, powder and crack cocaine, heroin, fentanyl, counterfeit fentanyl-containing tablets, and MDMA are also available at various levels. Mexican traffickers are the principal wholesale suppliers and producers of most illicit drugs available on reservations throughout Indian Country.

### Indian Affairs and the Bureau of Indian Affairs

Indian Affairs (IA) is the oldest bureau of the United States Department of the Interior. Established in 1824, IA currently provides services (directly or through contracts, grants, or compacts) to approximately 1.9 million American Indians and Alaska Natives. There are 567 federally recognized American Indian tribes and Alaska Natives in the United States. BIA is responsible for the administration and management of 55 million surface acres and 57 million acres of subsurface mineral estates held in trust by the United States for American Indians.

Drug production in Indian Country is limited; however, illicit drugs are typically readily available in cities near reservations. Frequently,

illicit drug transportation routes run through reservations bordering Mexico and Canada, ensuring a nearby reservation's reliable access to drugs. Further, Mexican traffickers play a prominent role in producing cannabis at outdoor grow sites in remote locations on reservations, particularly in the Pacific Region.

TCOs continue to smuggle multiple tons of marijuana through the Tohono O'odham Reservation in southeastern Arizona. This reservation accounts for almost four percent of the SWB. TCOs also smuggle lesser amounts of cocaine, heroin, and methamphetamine through this reservation. Drug traffickers exploit the vast stretches of remote, sparsely populated desert bordering Mexico, and the highways that connect the reservation to major metropolitan areas.

TCOs also smuggle large amounts of illicit drugs into the United States through reservations that border Canada, especially the St. Regis Mohawk Reservation in New York, commonly referred to as the Akwesasne. TCOs smuggle multi-thousand tablet quantities of MDMA into the United States and multi-kilogram quantities of cocaine into Canada through the reservation.

The widespread availability and abuse of drugs in Indian Country, coupled with drug trafficking groups operating in Indian Country, contribute to high rates of crime on reservations. Due to the wide range of violent and property crimes traffickers engage in, the crime rates on some reservations can be higher than the national averages for similar crimes. DTOs engage in these crimes to facilitate their operations, while abusers generally engage in such crimes to support their addiction. Further, most reservations remain economically depressed and lack the resources necessary to counter the drug threat.

## The Opioid Reduction Task Force Initiative

During 2018, the Secretary of Interior implemented a general plan to help curb the opioid crisis in Indian Country by tasking the BIA, Office of Justice Services (OJS) to implement the 2018 Opioid Reduction Task Force Initiative (see Figure 88). The goal and objective of the general plan is to:

*“Dismantle and disrupt opioid and heroin distribution networks in Indian Country by identifying individuals involved in the transportation, sale, distribution and use of illegal opioids based on intelligence obtained from cooperating sources, law enforcement interdiction activities, and current and historical drug trends, and to use that obtained information to further complex drug investigations targeting those identified opioid distribution networks.”*

The plan’s multi-faceted approach to reduce the presence of opioids in Indian Country utilized intelligence based law enforcement interdiction activities and proactive operations high visibility traffic stops, controlled drug purchases, and other techniques as appropriate, based on real time intelligence obtained by agents on location. The plan has six primary components: the analysis of drug trends; to collaborate with federal, tribal, state, and local law enforcement agencies to create force-multiplying partnerships; to conduct high-visibility enforcement operations; to utilize intelligence obtained to conduct covert operations to dismantle TCOs; to provide basic and advanced drug training to BIA and Tribal police officers and special agents; and to support drug prevention programs and initiatives.

BIA-OJS conducted multiple Opioid Reduction Task Force Operations at different reservations across the United States during 2018 and plans on conducting more during 2019.

**Figure 88. Agencies involved in the 2018 Opioid Reduction Task Force**



Source: Bureau of Indian Affairs

Native American gangs, such as the Indian Brotherhood (IBH) Gang, Savage Boys and others, had a continued presence in Indian Country during 2018. A Native American prison gang communicated with friends, family, and criminal associates outside of prison via use of contraband cellular telephones within the prison to conduct their drug trafficking operations. Native American gangs utilize new prospect members to conduct drug transactions and collect on debts through violent means.

## Outlook

Puerto Rico, the USVI, and Guam will likely remain attractive transshipment zones in their respective areas, as they are strategic locations along known smuggling routes. Tourism, commercial air travel, and shipping services will maintain a strong influence on the islands' economies and will continue to attract drug trafficking activity. The islands will continue to be exploited by illicit drug traffickers, TCOs, and money launderers, primarily for their customs exemptions for entering the U.S. mainland and strategic locations.

The drug threats in Indian Country will likely remain tied to the predominate threats of nearby markets in major cities. Native American criminal groups will continue travel to major cities outside of Indian Country to acquire all types of illicit drugs, mainly supplied by Mexican traffickers. Methamphetamine and marijuana may likely remain the most widely used substances, but increases in controlled prescription drug and heroin abuse may continue. Reservations near the borders of Canada and Mexico will likely still be exploited for their location along transnational smuggling routes.

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# ILLICIT FINANCE

## Overview

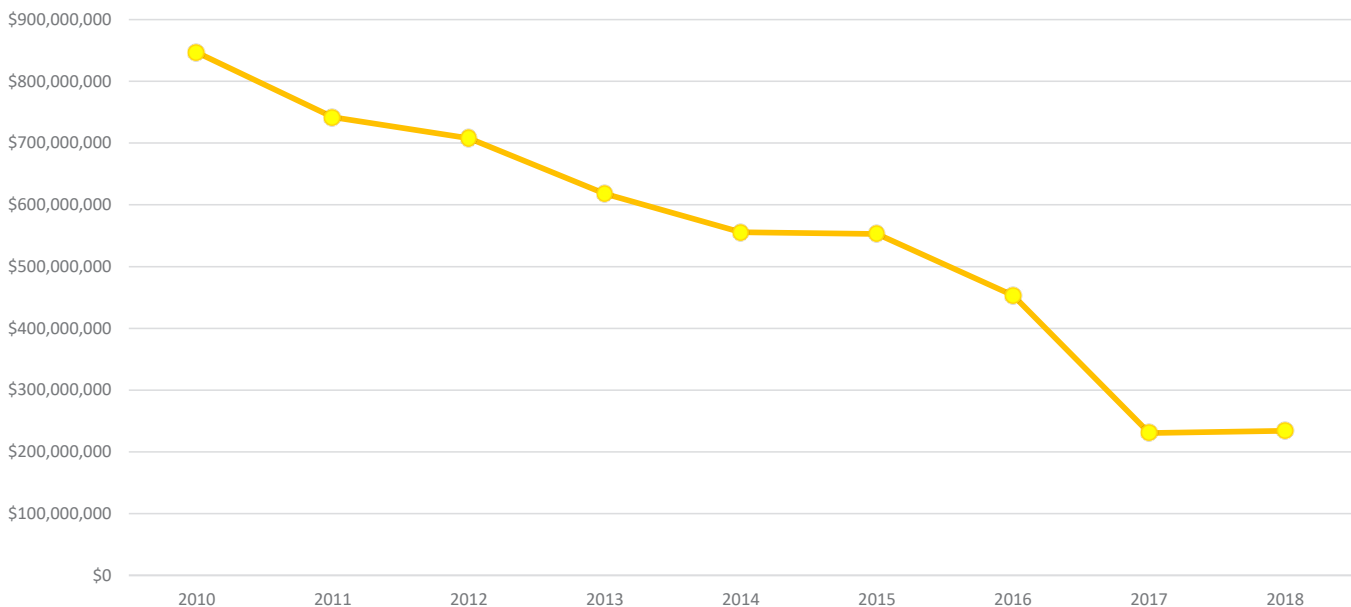
Drug sales account for tens of billions of dollars in illicit proceeds annually in the United States. Illicit drug proceeds change hands numerous times between the smuggling, wholesale, retail, and consumer levels of the illegal drug market. The cash-intensive nature of drug distribution requires that all criminal groups involved in the supply chain need to overcome a series of obstacles to successfully launder and expend illicit proceeds. To avoid detection from law enforcement and financial institutions, TCOs employ various strategies to move and launder drug proceeds into, within, and out of the United States. The preferred methods to move and launder illicit proceeds have largely remained the same throughout the years,

e.g. bulk cash smuggling, BMPE, and TBML; however, significant shifts have occurred in the illicit finance landscape, complicating the enforcement of anti-money laundering (AML) laws. Although for a number of years virtual currency has been utilized as a common payment method to purchase illegal drugs online, it is now becoming more commonly utilized by international money launderers to transfer proceeds across borders on behalf of TCOs.

## Bulk Cash Smuggling

In 2018, U.S. law enforcement officials reported over 4,654 bulk cash seizure events, totaling more than \$234 million USD according to EPIC's NSS. This is a relatively minor increase

**Figure 89. Bulk Currency Smuggling Seizure Totals, 2010 – 2018**



Source: El Paso Intelligence Center

**Figure 90. Bulk Currency Seizures | Calendar Year 2011 – 2018**

	2011	2012	2013	2014	2015	2016	2017	2018
<b>1st State</b>	California \$134,320,698	New York \$212,236,005	California \$155,001,786	California \$125,113,716	California \$105,363,369	California \$57,619,938	California \$40,678,269	California \$45,384,190
<b>2nd State</b>	New York \$89,697,489	California \$131,609,027	New York \$111,560,118	New York \$48,916,579	Texas \$44,479,560	Florida \$46,225,586	Ohio \$21,769,124	Ohio \$23,582,669
<b>3rd State</b>	Texas \$76,876,076	Texas \$67,967,434	Texas \$46,010,138	Georgia \$36,913,632	Florida \$44,393,319	Texas \$36,348,800	Arizona \$14,470,889	Illinois \$16,261,179
<b>Total</b>	\$741,874,995	\$707,844,909	\$617,669,236	\$555,640,396	\$552,975,120	\$453,097,191	\$230,429,484	\$234,198,717
<b>Incidents</b>	6,280	4,941	4,964	11,288	13,902	9,554	5,281	4,654

Source: El Paso Intelligence Center

(1 percent) from the previous year's reported bulk cash seizures (see Figure 89). Since 2010, bulk cash seizures have been declining, likely due to the Mexican government imposing strict limits on deposits of physical U.S. banknotes into the Mexican financial system, and a large, global financial institution's exit from the repatriation market.

For 2018, California, Ohio, and Illinois reported the highest dollar amounts in bulk cash seizures for a combined total of \$85.2 million USD (see Figure 90). These three states accounted for approximately 36 percent of all the bulk cash seized in the United States in 2018. The top three states seized approximately 10 percent more bulk currency in 2018 than in 2017 (\$76.9 million).

## Money Laundering Methodologies

There are two main types of money laundering: (1) the laundering of retail drug revenues in the United States by domestic DTOs and (2) the laundering of wholesale drug revenues for foreign sources of supply. While both foreign and domestic TCOs need these revenues to fund continuing operations and conceal profits from confiscation, the methods of money laundering differ based on the intended destination of the drug proceeds.

## Foreign Destination Money Laundering

Common methods of money laundering used to move drug revenues to foreign sources of supply typically involve a network of money brokers engaged in a hybrid of TBML activities, including BMPE. After the Mexican government placed restrictions on USD deposits in 2010, Mexican TCOs started to engage in the delivery of bulk drug cash to export businesses in the United States on behalf of Mexican import businesses. However, since 2014, Mexican TCOs are increasingly sending checks and wire transfers from nominee and shell and/or front companies rather than directly to import-export businesses in response to law enforcement pressure.

The Government of China recently implemented a new economic policy due to capital flight concerns that placed a \$50,000 limit on the amount of foreign currency per person that can be exchanged annually. Due to China's economic policy and the Mexican government's deposit restrictions, Asian Money Laundering Organizations have emerged within the last few years as leaders within the money laundering networks, due to a combination of charging lower fees and the efficiency of the services they provide. Asian MLOs seek to profit from illicit activities associated with Mexican and Colombian TCOs as well as from the resale of

U.S. dollars in the United States to Chinese nationals seeking to evade China's strict currency control laws. These restrictions have led to the evolution of an informal black market that enables Chinese nationals to move money out of China by trading Chinese-based assets for currency or other assets, such as drug proceeds, located abroad. The involvement of Asian MLOs in moving illicit drug proceeds has also increased in recent years, as DTOs have looked to simplify the acquisition of and payment for precursor chemical shipments.

## Domestic Placement Money Laundering

Money laundering methods used by domestic DTOs normally involve cash intensive businesses as well as the import-export, money service business (MSB), casino, and real estate sectors. Typical money laundering methods include:

- *Purchase, deposit, and use of cash and monetary instruments in amounts under regulatory record-keeping and reporting thresholds;*
- *Opening bank and brokerage accounts using shell corporations and nominees to disguise the identity of the individuals who control the accounts;*
- *The use of front companies to commingle drug cash with licit revenues to give the drug proceeds the appearance of a legitimate source;*
- *Exploitation of banking products and services, at times resulting from deficient compliance with AML obligations;*
- *Facilitation of illegal activity by merchants and financial institutions, whether unwitting or complicit;*
- *Movement and placement of funds through banks, licensed MSBs, unlicensed money transmitters, and cash smuggling;*
- *Evolving threats from cybercrime, identity theft, and new payment systems such as virtual currencies.*

## Virtual Currency

Virtual currency is a payment method and means of value transfer that is increasing in popularity among the general public and TCOs. To date, there are over 2,000 distinct virtual currencies; however, bitcoin remains the largest and most used virtual currency. As the use of virtual currencies has increased, exchange services have emerged to assist with converting fiat currency into bitcoin and vice versa. Anonymous dark web marketplaces, inspired by the now-defunct Silk Road, transacting in virtual currencies remain a source for illicit drugs and other contraband commodities.

Money laundering in the United States related to these dark web markets often occurs as the result of vendors amassing bitcoin or other virtual currencies and needing to convert them into fiat currency. Less sophisticated vendors or buyers will send bitcoin directly to and/or from a marketplace to an exchanger, resulting in a direct transaction made with illicit funds. Others use bitcoin-mixing services that obfuscate funds' origins before sending them to exchangers. However, because most U.S. exchangers comply with AML regulations, domestic criminals seek unlicensed exchangers and peer-to-peer exchangers, or become peer-to-peer exchangers themselves. They may also use less transparent virtual currencies or Anonymity-Enhanced Cryptocurrency (AEC) to inhibit investigators ability to follow funds to identified exchanges.

## Outlook

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Apprehending criminals who circumvent regulated financial systems and intercepting their illicit profits are key elements in disrupting TCOs and crucial to protecting the integrity and stability of domestic and global financial systems. Enhanced AML regulations and international standards make it more challenging to launder illicit proceeds; however, TCOs constantly evolve to thwart law enforcement and regulatory authorities. As the use 21st century money laundering methods, such as the use of virtual currencies like bitcoin, become more mainstream and accessible, it is possible they will gain popularity as a money-laundering vehicle. However, currently, virtual currencies are volatile and best suited for small-scale money movements or laundering operations. Therefore, in the near term, 20th century money laundering methods—bulk cash smuggling, TBML, and BMPE—will likely remain the most widespread methods for money laundering, particularly for large-scale operations.



# GANGS



## Overview

Street gangs, prison gangs, and outlaw motorcycle gangs (OMGs) continue to engage in and expand their violent criminal activity and street-level drug distribution in most communities within the FD Offices' AORs. Each law-enforcement gang takedown occurring in these areas involved in excess of ten gang members, with one California arrest of 85 gang members. The narcotics seized during these takedowns were comprised of an assortment of illicit drugs, including methamphetamine,

cocaine, crack cocaine, heroin, marijuana, and to a lesser extent, prescription and counterfeit pills. National-level gangs, such as the Latin Kings, California Mexican Mafia, 18th Street, Bloods, and Pagan's OMG, as well as numerous neighborhood-based gangs (NBGs), were among those gangs whose members were charged with drug-trafficking offenses, and, often, racketeering.

## Largest Gang Threats in the United States

National-level street gangs, NBGs, hybrid gangs, prison gangs, and OMGs continue to operate nationwide to pursue power, financial gain, and expansion of drug-trafficking territories. Though gangs participate in a wide variety of criminal activities such as murder, robbery, extortion, sex and weapons trafficking, and burglary, street-level drug trafficking remains one of their most profitable endeavors. The criminal activities perpetrated by these gangs, and the violence and collateral damage that follows in its wake, continue to plague communities around the country and threaten the neighborhoods and cities in which these gangs operate.

In the National Gang Intelligence Center's 2017 National Gang Report, the survey respondents reported that NBGs and local street gangs presented the greatest threat in their communities, in large part due to the gun violence caused by turf wars fought for lucrative drug-trafficking territories, while national-level gangs proved the second most significant threat.

## Gang Terminology

The term “Gang” refers to a group of three or more individuals, whose members collectively use a group identity of a common name, slogan, tattoo, style or color of clothing, or hand sign, and the purpose of their association is to engage in criminal activity and use violence or intimidation to further their criminal objectives.

The term “Prison Gang” refers to a criminal organization that originated within the penal system and has continued to operate within correctional facilities throughout the United States. Prison gangs are self-perpetuating criminal entities that can continue their operations outside the confines of the penal system.

The term “Outlaw Motorcycle Gang” (OMG) refers to highly structured organizations whose members use their motorcycle clubs as conduits for criminal enterprises, such as violent crime, weapons trafficking, and drug trafficking.

The term “National-level Gang” denotes gangs that are often highly structured; maintain a strict hierarchy, a constitution or by-laws, and definitive set of rules; and share common tattoos and symbols. They have a presence in many jurisdictions around the country and often work in conjunction with their counterparts in other locations to benefit the entire gang.

The term “Neighborhood-based Gang” refers to gangs that operate mainly in the specific jurisdictions where they live. Many take the names of national-level gangs and attempt to emulate them, but they rarely display the same level of sophistication or structure as national-level gangs.

The term “Hybrid Gang” refers to informal groupings of gang members from different gangs, such as national-level gangs, NBGs, or family and friend associations. These gangs have no structure or rules, and members often drift from one hybrid gang to another in an effort to find the best avenue to advance their profits.

## Atlanta Field Division

In the Atlanta FD, gang reporting includes Sureño-13 (SUR-13) and the Goodfella gang, a local, Atlanta-based street gang, which does not align with national gangs. According to Correctional officials, the gang is involved in drug trafficking, extortion, financial scams, and smash-and-grab burglaries. Members of SUR-13 and the Goodfella gangs have ties with Mexican cartels and they work together to smuggle methamphetamine, heroin, and marijuana.

The Ghost Faced Gangsters (GFG), a violent white supremacist prison and street gang, also operates in Georgia.

In November 2018, more than 40 associates of the GFG were indicted on charges, which included trafficking methamphetamine, cocaine, and heroin. This multi-agency investigation represents one of the largest takedowns of GFG associates to date. It followed the March 2018 arrests of 23 gang members.

In March 2019, six current or former members of the Billie East Side Bloods gang were indicted in Florence, South Carolina on drug and firearms violations following a multi-agency investigation. Members of the gang sold kilogram quantities of heroin and fentanyl and transported firearms to be sold in New York. The District Judge characterized the gang as one of the most dangerous criminal organizations the federal government has prosecuted in the Florence and Myrtle Beach areas in many years.

## Chicago Field Division

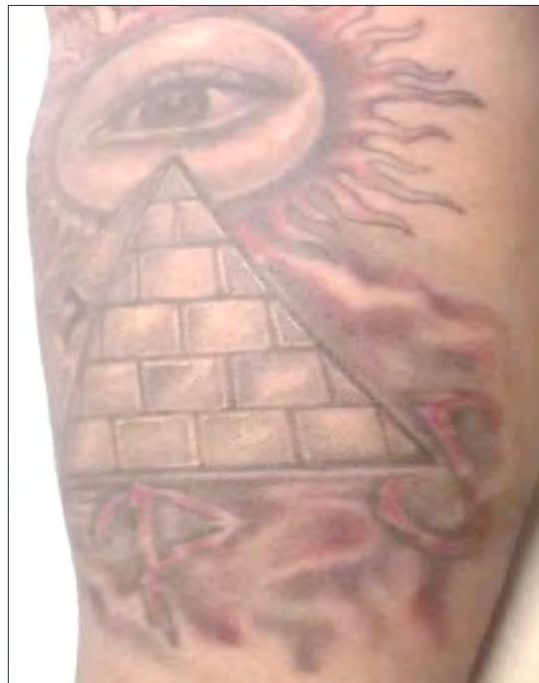
A 2017 DEA Joint Intelligence Report “Cartels and Gangs in Chicago,” stated that the primary street gangs that pose the greatest threat in the Chicago area are the Gangster Disciples, Black Disciples, Black P Stone Nation (see Figure 91), Vice Lords, and Latin Kings. The report also indicated the Chicago gangs are heavily involved in drug distribution, particularly heroin and fentanyl.

In June 2018, 15 members of the Peoria, Illinois, street gang Bomb Squad were indicted on Racketeer Influenced and Corrupt Organizations (RICO) charges to include murder, attempted murder, assault with a dangerous weapon, arson, possession of firearms by felons, and drug trafficking. The gang trafficked marijuana, crack cocaine, and heroin.

In October 2018, a news conference with federal, state, and local law enforcement announced the federal racketeering indictment of 26 alleged members of the Chicago street gang Goonie Boss, a faction of the Gangster Disciples, and the FBI advised there are 115,000 total self-identified gang members in Chicago.

In October 2018, six members of the Latin Kings street gang, a criminal enterprise operating in Chicago and Northwest Indiana, were charged with federal racketeering and drug conspiracy charges in Indiana. The Latin King members conspired to distribute cocaine, marijuana, and alprazolam, while one member committed a double homicide during a robbery of a local business in Hammond, Indiana. In total, 50 members or associates of the Latin Kings have been charged in Indiana as part of the case.

**Figure 91. Black P Stone**



Source: Federal Bureau of Prisons

## Dallas Field Division

The Dallas FD AOR sees a wide range in the scope and influence of criminal gangs in drug trafficking activities and their relationships with DTOs. Texas gangs are heavily involved in the trafficking of heroin, methamphetamine, marijuana, and cocaine. The gangs that pose the greatest threat in the Dallas AOR are the Barrio Azteca (BA), Mara Salvatrucha (MS-13), Tango

Blast, and Texas Mexican Mafia (see Figure 92). The Aryan Brotherhood of Texas, Crips, Texas Syndicate, and White Knights also operate in the area.

**Figure 92. Texas Mexican Mafia/  
Mexikanemi**



Source: Federal Bureau of Prisons

In the Tyler RO area, MS-13 and East Side Locos sell methamphetamine, marijuana, cocaine, and prescription drugs. The Bandidos OMG traffic methamphetamine, the Bloods deal in cocaine and methamphetamine, and the Gangster Disciples sell methamphetamine. With a steady and direct narcotics supply line from Mexican cartels, Hispanic gangs in Tyler have become the dominant local narcotic resource for methamphetamine, cocaine, and marijuana.

In Oklahoma, the Universal Aryan Brotherhood (UAB) (see Figure 93), Irish Mob Gang, and Rolling 90's Crips are poly-drug traffickers.

In February 2019, 18 UAB members and associates were charged in Tulsa, Oklahoma, for racketeering, kidnapping, and drug conspiracy. The gang committed acts of murder, kidnapping, methamphetamine and firearms trafficking,

money laundering, assault, and robbery. The UAB is a “whites only” prison-based gang that operates inside and outside of state prisons throughout Oklahoma.

**Figure 93. Universal Aryan Brotherhood  
(UAB)**



Source: Federal Bureau of Prisons

## Denver Field Division

The Denver FD reports that the drug markets within the four states of the Division are not heavily influenced by gangs, other than small, localized sets, often calling themselves Bloods, Crips, Sureños, or Norteños. These gangs have little connection to larger gang sets or higher-level gang leadership outside the area. The areas where gangs are most involved in drug trafficking are Pueblo, Colorado, and Salt Lake City, Utah.

In February 2019, 33 members and associates of the Norteño street gang were arrested for distributing methamphetamine and heroin around the Salt Lake City area. During the investigation, it was discovered that drugs were being sent to the gang from the cartels in Mexico, and money was being returned by the gang to the cartels in Mexico. According to court

documents, Salt Lake Valley has approximately 10 active Norteño sub-sets, with approximately 100-150 active Norteño gang members. Norteños have been responsible for drive-by shootings, aggravated assaults, robberies, and homicides. During the investigation, 30 pounds of methamphetamine, two pounds of heroin, over \$26,000 USC, and 19 firearms were seized.

In May 2018, 15 subjects associated with the GlenMob, affiliated with the Glendale neighborhood in west Salt Lake City, were arrested for conspiracy to distribute methamphetamine. During the investigation, 15 firearms, 15 pounds of methamphetamine, a half-pound of heroin, several pounds of marijuana, and \$36,000 USC were seized. The GlenMob gang falls under the umbrella of the local Sureños and includes members of the Sur Towne Chiques 13, the La Raza Violent Street Gang, and the Avenues Violent Street Gang. The GlenMob is known for its front as a rap group.

## Detroit Field Division

Throughout Michigan and Ohio, Mexican DTOs are the primary sources of supply for cocaine, heroin, and methamphetamine. Ties with Sinaloa and CJNG Cartel are apparent, with heavy presence in northeast Ohio. Narcotics are transported throughout the region by various means, most often via the mail, tractor-trailers, and cars. TCOs supply local DTOs and violent neighborhood gangs. These DTOs are heavily armed, violent, and generally poly-drug traffickers, most often trafficking marijuana, cocaine, heroin, fentanyl, and prescription drugs.

Local neighborhood gangs in Michigan and Ohio are often unstructured, unorganized, and unaffiliated with regional or national gangs such as MS-13, Bloods, or Crips. As such, these neighborhood gangs lack formal leadership structure and are often incredibly violent. In

many instances, these local gangs travel to other states, such as Kentucky and West Virginia, to distribute controlled substances. Their main source of income is from drug trafficking to include cocaine, marijuana, heroin, fentanyl, and prescription drugs. Drug shipments supplied by Mexican TCOs to the Detroit FD's AOR are routed directly from the SWB or via other major U.S. markets.

## El Paso Field Division

BA is a large threat in Texas due to their territorial expansion, propensity for violence, evolving relationships with cartels and gangs, involvement in human, drug, and weapons smuggling, and transnational criminal activities. Other active gangs in the area include Tango Blast (see Figure 94) and associated Tango cliques, Texas Mexican Mafia, and MS-13.

**Figure 94. Tango Blast/Tango Blast Orejon**



Source: Federal Bureau of Prisons

The continual push towards profit-motivated associations by gangs in the El Paso AOR will likely create more opportunistic relationships among gangs and with cartels. These relationships may not occur among all members of the gang, but involve individual members forming associations.

## Houston Field Division

In December 2018, 16 members and associates of the Aryan Brotherhood of Texas (ABT) were convicted in Corpus Christi of a conspiracy, which involved methamphetamine trafficking, extortion, murder, attempted murder, assaults with dangerous weapons, and other acts of violence. One aspect of the enterprise was to intimidate victims through violence and the threat of violence. The ABT is a powerful race-based Texas organization that operates inside and outside state and federal prisons throughout Texas and the United States.

December 2018 reporting indicates the top 14 gangs operating in Houston are Tango Blast, Texas Mexican Mafia, MS-13, BA (which has recently made a resurgence), Bloods, Aryan Brotherhood of Texas, Texas Syndicate, Latin Kings, Sureños, Crips, Texas Chicano Brotherhood, Gangster Disciples, Aryan Circle, and Bandidos OMG.

## Los Angeles Field Division

The Los Angeles FD reports that the Mexican Mafia (La EME) (see Figure 95) prison gang controls the drug economy of street gangs in the region and provides prison-based leadership for coordinating drug trafficking activity throughout the area. The Mexican Mafia is the primary domestic distributor for illegal drugs arriving from Mexico, including methamphetamine, cocaine, fentanyl, and heroin. Mexican Mafia members have historically developed business relationships with major TCOs, such as elements of the Sinaloa Cartel and CJNG. Street gangs, such as the Crips, Bloods, Florencia-13, MS-13, and 18th Street have formed business alliances working in conjunction with the Mexican Mafia and Mexican TCOs.

**Figure 95. California Mexican Mafia (La EME)**



Source: Federal Bureau of Prisons

In May 2018, 85 Mexican Mafia “middle manager” gang members in Orange County, California, were arrested in Operation Scarecrow. The takedown led to the seizure of 36 guns, 14 pounds of methamphetamine, three pounds of heroin, counterfeit money, credit card readers, and stolen cars. Many of the women arrested carried information from inmates out to the streets.

In May 2018, Operation Dirty Thirds took 32 subjects into custody in a multi-agency dragnet targeting a jail drug trafficking scheme controlled by the Mexican Mafia in Los Angeles. “Dirty Thirds” referenced the third of jail drugs or profits that had to be paid to the Mexican Mafia by non-members. The indictment stated the gang enriched itself through drug sales, taxes on drugs, and the collection of a share of purchases from the jail commissary. The gang threatened and carried out violence against subjects that did not pay or follow its rules.

In November 2018, eight members and associates of the East Side Torrance street gang were arrested in Los Angeles and 20 pounds of methamphetamine were seized. The gang distributed methamphetamine and other drugs out of the South Bay and the

Harbor Gateway areas of Los Angeles. They also allegedly trafficked pound-quantities of methamphetamine to Colorado and smuggled methamphetamine and heroin into Kern Valley State Prison in Delano, California.

In December 2018, 29 members of the 18th Street Gang were arrested in Las Vegas, Nevada, on charges of murder, attempted murder, robbery, assault with a deadly weapon, kidnapping, and illegal drug sales. The operation targeted leaders and key associates of the gang in an effort to dismantle its drug trafficking network. Significant information related to the investigation was received within the High Desert State Prison, 40 miles from Las Vegas, where the gang was heavily involved in illegal activities.

## Louisville Field Division

The Memphis, Tennessee, area has a strong gang presence with approximately 182 gangs and 8,400 gang members.

In October 2018, the FBI reported the gang problem in Nashville, Tennessee remains large and includes illegal drugs, violent crime, bank robberies, and extortion. The local NBGs create the most problems in Nashville. They will work together to turn a profit, move apart to conduct their own activities, and then collaborate again. Gang activity continues in the facilities of the Tennessee Department of Corrections.

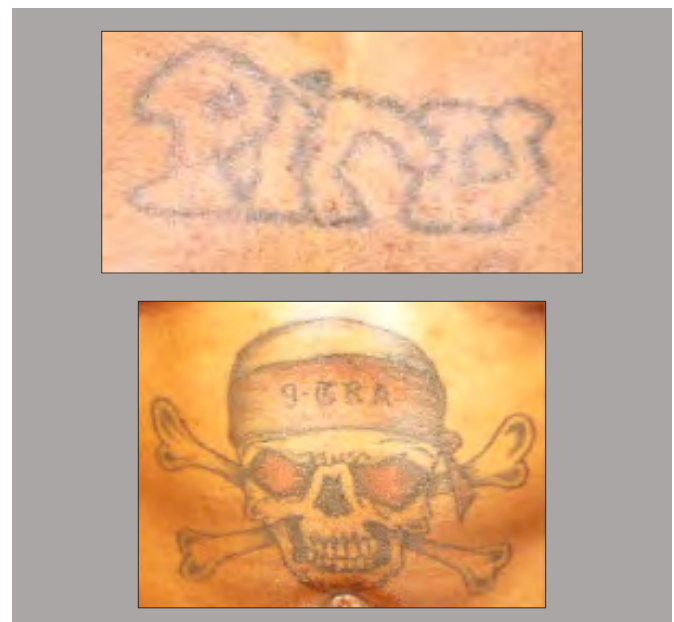
In August 2018, five members of the Victory Park Crips, a violent street gang operating primarily in the west end of Louisville, Kentucky, pleaded guilty to charges of using firearms to aid narcotics trafficking and preserving and protecting their power and reputation by intimidation and violence against rival gangs. The subjects conspired to obtain firearms using “straw purchasers,” and then transfer the firearms to convicted felons.

In May 2019, the leader of the Mafia Insane Vice Lords, a nationwide violent street gang, was convicted in Chattanooga, Tennessee, of an interstate drug conspiracy. Though the leader lived in Chicago, he used members of the gang to distribute heroin to drug dealers in numerous cities, including Chattanooga, Knoxville, Memphis, Atlanta, and elsewhere. The U.S. Attorney advised that the Eastern District of Tennessee is experiencing a surge in drug abuse and overdose-related deaths.

## Miami Field Division

In November 2018, 46 subjects associated with the Rollin 20’s gang, a subset of the Bloods (see Figure 96) street gang, were arrested in Jacksonville, Florida, for murder and drug trafficking. Powdered cocaine, crack cocaine, marijuana, molly, heroin, and ecstasy and 35 firearms were seized during the investigation. The gang was highly organized and the hierarchy branched outside of Jacksonville to other cities and states. The gang had ties throughout the East Coast, and cities like Augusta, Richmond, and Baltimore, as well as some in California, were involved.

**Figure 96. Bloods**



Source: Federal Bureau of Prisons

In December 2018, 18 members and associates of the violent Bird Gang were indicted in Hillsborough County, Florida for firearms and drug offenses. The gang operated primarily in Tampa, conspiring to manufacture and distribute cocaine, crack cocaine, heroin, fentanyl, and oxycodone.

## New England Field Division

The New England FD reported organized street gangs and their local affiliates have been associated with crack cocaine distribution, particularly in Southern New England. Street gang activity includes street-level drug trafficking, assault, and robbery. The gangs involved in drug trafficking often establish and maintain mutually beneficial relationships with other gangs. Among the nationally organized gangs, affiliates of the Bloods have been active in cities such as Hartford, Connecticut, and Fitchburg, Massachusetts.

In May 2018, 10 alleged members and associates of the Almighty Latin Kings Nation (see Figure 97) were indicted for the distribution of heroin, fentanyl, and crack cocaine in Hartford, Connecticut. One subject was also charged with employing a minor to distribute heroin and fentanyl.

In May 2018, DEA participated in “Operation Patched Out” in Woonsocket, Rhode Island, which culminated in the arrest of 50 subjects, many of which were members of the Pagan’s OMG and the Kryptmen motorcycle club. The operation resulted in the seizure of 53 illegal guns, silencers, a rocket-launcher, and large quantities of marijuana, crack, cocaine, and heroin. The subjects were also involved in widespread theft of ATVs, lawn tractors, snow blowers, other equipment, as well as fraudulent

mortgages and bank activity. The operation was the “single largest take-down in Rhode Island State Police history.”

**Figure 97. Latin Kings**



Source: Federal Bureau of Prisons

## New Jersey Field Division

In New Jersey, MS-13 activity has waned due to aggressive state and federal prosecutions. National gangs, such as the Bloods and Crips, remain a significant threat. Juvenile NBG violence is another major threat in New Jersey communities. Typically, these gang members have an average age of 13-14 years, and some are as young as 8 years old. There is no structure or hierarchy to these gangs and, unlike traditional gangs, the neighborhood is more important to the members than the gang itself is. Because these gangs do not follow the patterns and behaviors of traditional gangs, they are difficult for law enforcement to track. These gangs are rarely involved in drug sales; violence is more important to them than making money. They want to establish a reputation through their violence, which is random, chaotic, and wholly unpredictable. The ultra-violent nature of these



gangs makes them a significant threat to their communities.

In October 2018, 17 members, associates, and drug suppliers of the Famous Boyz street gang were arrested in Newark, New Jersey, for the sale of heroin, fentanyl-laced heroin, and crack cocaine and for possessing and using firearms in furtherance of their drug trafficking activities. The Famous Boyz turned the area of South 18th Street and 15th Avenue into an active marketplace where drugs were sold openly on the street.

In October 2018, criminal charges were filed against 27 members of a violent Trenton, New Jersey drug-trafficking gang that used firearms to facilitate their drug trafficking of heroin, cocaine, crack cocaine, oxycodone, Vicodin, Xanax, and other narcotics. Recent gun violence in the area of the drug trafficking operations was believed to be the result of an ongoing dispute between members of the conspiracy and a rival gang.

In March 2019, nine members of So Icy Boys, a Paterson, New Jersey set of the Bloods street gang, were indicted on drug and weapons offenses. The gang dealt large quantities of drugs and engaged in street warfare in a local community. There were a number of shootings between the So Icy Boys Bloods and other gangs, which resulted in the murder of two gang members during the five-month investigation. Drugs sold by the gang included heroin, cocaine, and the anesthetic ketamine, also known as “K.”

## New Orleans Field Division

Though not as highly organized as gangs operating in larger cities, loosely affiliated street gangs are present in the larger metropolitan areas of Birmingham, Alabama; Jackson, Mississippi; and New Orleans, Louisiana. Street gangs are responsible for most of the illicit drug trade and its associated violence. These street gangs typically distribute cocaine, heroin, and marijuana, but are increasingly distributing methamphetamine and MDMA.

In Mississippi, there are approximately 400 known Aryan Brotherhood members, and law enforcement in Jackson, Mississippi, reported 1,200 members of various gangs residing in the area.

The Baton Rouge RO reports there are roughly 17 identified gangs in their area, but these gangs are not prominent or engaged in moving drugs within or outside of the state. Based on approximately 800 police incidents over the past year, 35 percent of their activity has been the distribution and manufacture of drugs and scheduled narcotics. At least 28 percent involved a large amount of possession, retail sales, and drug paraphernalia charges.

Drugs sold in the area include marijuana, fentanyl, heroin, methamphetamine, and pressed pills mimicking scheduled drugs such as oxycodone and Xanax.

In February 2019, dozens of members of the white supremacist New Aryan Empire (NAE) gang were charged in a RICO indictment in Little Rock, Arkansas, which alleged attempted murder, kidnapping, and maiming in support of its organization and wide-ranging drug trafficking.

## Street Gangs and OMGs Operating in the New Orleans Field Division AOR

Aryan Brotherhood  
 Bandidos and support clubs  
 Bloods  
 Crips  
 Folk Nation  
 Gangster Disciples  
 Hells Angels OMG and support clubs  
 Mongols OMG  
 Norteños  
 Outlaws OMG  
 People Nation  
 Simon City Royals  
 Sons of Silence OMG and support clubs  
 Sureños  
 Thunderheads OMG  
 Vice Lords

In November 2018, 18 members and associates of a Selma, Alabama street gang known as the MLK Gang were charged with narcotics conspiracy and firearms offenses. The MLK gang is comprised of Crips-affiliated individuals who used handguns, shotguns, and semi-automatic rifles to protect their cocaine and crack cocaine processing and distribution activities in the Martin Luther King Street area of Selma. These weapons were often used by the gang against rival crack cocaine traffickers.

## New York Field Division

In 2018, the New York FD encountered mostly Bloods, subsets of the Bloods, as well as MS-13 in Long Island, and to a lesser degree, Trinitarios, Crips, and Latin Kings. The groups traffic all available drugs, primarily marijuana, cocaine, and heroin, and to a lesser extent, CPDs. NYPD reporting indicates the Bloods and their subsets are the predominant gangs within New York City, followed by the Crips and Trinitarios.

In June 2018, 20 members and associates of the MacBallas street gang, which operated primarily in the Bronx, New York, were charged with racketeering, narcotics, robbery, and firearms offenses following a joint DEA-NYPD investigation. Two of the defendants were charged with a 2011 murder. The U.S. Attorney stated that the defendants brought violence, fear, and drugs to the streets of New York, and gang activity is responsible for much of the violence in the city.

In September 2018, nine members of the Bushwick Crew, a drug-trafficking gang based in Brooklyn and Queens, were charged with racketeering conspiracy, four counts of murder, kidnapping, robbery, extortion, and heroin and fentanyl distribution. The defendants allegedly beat, tortured, and killed in furtherance of their heroin trafficking.

In February 2019, a Middletown, New York fire lieutenant, two volunteer firefighters, two former police officers, and members and associates of self-professed OMGs the Burnt Pistols and the Chingalings were charged with trafficking fentanyl, cocaine, and counterfeit oxycodone, which actually contained fentanyl. More than \$200,000 USC, 25 handguns, an assault rifle, multiple rifles, 10 vehicles, two motorcycles, over 2.5 pounds of cocaine, and 1,300 fentanyl pills were recovered during the arrests.

## Omaha Field Division

In Iowa, law enforcement reporting indicates street gang members from Chicago and Detroit come to the area to distribute heroin, fentanyl, cocaine, and marijuana, often arriving by bus. Gang members from Chicago and Detroit are reportedly responsible for most of the shootings in the Des Moines area, due to an ongoing battle for control of the area's drug distribution.

In Nebraska, Chicago-based street gangs are a rising threat to the state and have moved to Omaha to distribute heroin to the local community.

In North Dakota, survey respondents reported that an increase in street gang activity related to heroin trafficking is assessed to be partially responsible for a rise in gun violence. Street gang members from Minneapolis, Milwaukee, and Detroit are reported as coming to North Dakota to sell heroin and synthetic opioids.

According to law enforcement reporting, international DTOs operating in the region are linked to nationally affiliated street gangs, such as MS-13, Bloods, and Crips, as well as OMGs, including Hells Angels, Bandidos, and Sons of Silence.

## Philadelphia Field Division

NBGs with no ties to national gangs are most prevalent in Pennsylvania and Delaware. In Philadelphia and other urban areas, these geographically based neighborhood gangs have been entrenched for generations.

Elsewhere in Pennsylvania, the Latin Kings, Bloods, Crips, and Trinitarios represent the greatest threats from national gangs, with the Bloods and Trinitarios most frequently involved in poly-drug trafficking and distribution. A faction

of the Puerto Rican Netas gang (see Figure 98) has been reported in central Pennsylvania. OMGs, including the Thunderguards, Pagans, Wheels of Soul, and Mongols, have been observed in Pennsylvania, some associated with methamphetamine trafficking.

**Figure 98. Netas OMG**



Source: Federal Bureau of Prisons

In January 2018, a joint DEA and ATF led multiagency investigation concluded with 28 members and associates of the Greenway Boy Killas (GBK) neighborhood street gang charged in Pittsburgh in drug trafficking conspiracies. The members conspired to possess with intent to distribute and distributed crack cocaine, powder cocaine, and heroin.

In Delaware, various sets of Bloods are the most significant national gang threat, namely the Sex Money Murder set and a subset known as the Fvstlvne Line. Delaware state intelligence indicates there are more validated Bloods in the state than any other gang and they are responsible for all manner of criminal enterprises, including heroin and cocaine trafficking. The Thunderguards OMG is also known to be involved in wholesale heroin and methamphetamine trafficking. Similar to the

Philadelphia area, the most significant threat pertaining to violence and retail drug distribution is the hybrid neighborhood/juvenile gangs, who are the greatest concerns to local law enforcement. Such gangs are responsible for most of the violence in Wilmington and Dover, and are frequently involved in retail heroin and crack cocaine distribution.

In January 2018, 28 members and associates of the GBK gang were charged in Pittsburgh with drug trafficking conspiracies in a joint DEA-FBI investigation. The members conspired to possess with intent to distribute and distributed crack cocaine, powder cocaine, and heroin.

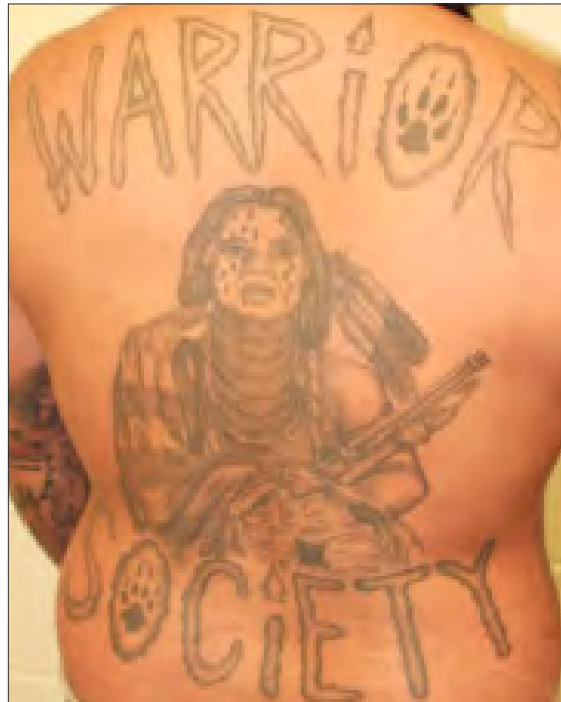
## Phoenix Field Division

Hybrid gangs remain an area of concern for law enforcement, with many Arizona law enforcement agencies reporting a presence in their jurisdictions. These gangs not only sell and distribute various illicit drugs, they also engage in violent crimes such as aggravated assault and weapons trafficking.

Much of the associated gang violence is due to drug-related factors, such as protecting territory and settling disputes between rival gangs. The most commonly distributed drugs by local gang members are methamphetamine, marijuana, and heroin and other illicit opioids, respectively. Law enforcement reporting indicates drug trafficking, particularly in methamphetamine and illicit opioids, has increased over the last several years.

The most prominent gangs in Arizona are the Bloods and Crips, La EME, the Aryan Brotherhood, Hells Angels, Peckerwoods, Warrior Society (see Figure 99), Diné Pride (Native American prison gang), and West Side.

**Figure 99. Warrior Society**



Source: Federal Bureau of Prisons

## San Diego Field Division

San Diego FD reporting indicates the most active gangs in San Diego are African-American street gangs loosely affiliated with the nationally recognized Bloods (Lincoln Park, Skyline, and 5-9 Brims), Crips (West Coast and Rollin 40s Neighborhood Crips), and Hispanic street gangs named after their respective neighborhoods (Barrio Logan, Sherman Heights, and Shelltown). OMGs and white supremacist gangs also operate in the area, but on a much smaller scale. The California Mexican Mafia (La EME) (see Figure 100) is a governing entity over the Hispanic street gangs in the region.

Gang members in San Diego often work together, regardless of ethnicity, nationality, gang affiliation, or regional ties. Personal relationships, rather than gang affiliation, define supply, transportation, and distribution roles. The close proximity to Mexico provides gang members with easy access to heroin, methamphetamine, cocaine, and fentanyl.

**Figure 100. California Mexican Mafia**

Source: Federal Bureau of Prisons

Gang activity in San Diego shows poly-drug gang associates transport and sell anything that will generate a profit. At the retail level, gang members primarily sell methamphetamine, heroin, and marijuana. The trafficking of marijuana and pills, both diverted and counterfeit oxycodone, has increased, due to higher profit margins than methamphetamine and heroin. In Imperial County, gangs predominantly traffic methamphetamine and, to a lesser extent, heroin and fentanyl.

In September 2018, 26 subjects, many of whom were alleged members and associates of San Diego street gangs and La EME, were charged with participating in drug- and gun-related conspiracies. During the investigation, 228 guns and seven pounds of methamphetamine were seized.

In March 2019, 20 subjects, including gang members from the Oriental Crips, Tiny Rascal Gang, Oriental Killer Boys, Viet Boys, and Linda Vista 13, were indicted in San Diego

for trafficking oxycodone, methamphetamine, cocaine, marijuana, and carfentanil. One defendant was charged with the distribution of carfentanil that resulted in a death. Several defendants distributed marijuana through the mail to locations along the East Coast. These gang members set aside their rivalries to maximize their drug-trafficking profits.

## Seattle Field Division

Seattle FD reporting indicates the most identified street gangs in Washington State are the Sureños (see Figure 101), Norteños (see Figure 101), Gangster Disciples (GDs), Crips, and Bloods. In addition, Sureños have a strong presence throughout Washington State.

**Figure 101. Sureños/Norteños**

Source: Federal Bureau of Prisons

According to law enforcement reporting, the Norteños are seen primarily in eastern and southern Washington communities while the GDs are found primarily in King and Pierce Counties and the Crips and Bloods operate primarily in the major Washington cities of Seattle, Tacoma, and Spokane.

The GDs, Crips, and Bloods in Washington State have been known to work in harmony. Gang members operating within the state have trafficked methamphetamine, fentanyl, cocaine, black-market marijuana, and synthetic cannabinoids and cathinones.

OMGs also operate in Washington State. These gangs participate in crimes ranging from narcotics and arms trafficking, assault, homicide, trafficking in stolen auto and motorcycle parts, extortion, human trafficking, and domestic violence. The Bandidos are the largest club in Washington with Hells Angels, the Gypsy Joker, and the Mongols maintaining a steady presence in King County and Seattle, respectively.

In July 2018, 13 people, including members of the Aryan Knights and Severely Violent Criminals gangs—powerful prison and street gangs with a presence in Ada and Canyon Counties, Idaho—were indicted for conspiracy and distribution of methamphetamine and unlawful possession of firearms.

In March 2019, 18 members and associates of a white supremacist gang known as the 1488s were arrested in Anchorage, Alaska, and charged with participating in a racketeering enterprise that involved narcotics distribution, firearms trafficking, murder, assault, and kidnapping.

## St. Louis Field Division

In Missouri, NBGs control street-level distribution of heroin, cocaine, and methamphetamine, which contributes to rising violent crime and homicide rates in the state. Chicago-based street gangs in St. Louis are the source much of the heroin in the area, and in southeast Missouri, Memphis street gangs have moved into the area to traffic drugs.

The St. Louis FD reported NBGs overwhelmingly control the street-level distribution of heroin, fentanyl, methamphetamine, and cocaine and are the primary drivers of rising violence in St. Louis, Missouri. Local law enforcement indicate these NBGs are a greater threat than national gangs because they engage in shootings and assaults more frequently and are hyper-focused on facilitating drug distribution and protecting territory.

The Early Gang has operated with perceived impunity in the St. Louis Metropolitan Area as a major distributor of fentanyl and methamphetamine. With ties to the national Crips gang, Early Gang members have protected their turf and customers through violence. An April 2019 search warrant resulted in the seizure of 16 firearms, including assault rifles, high velocity magazines, multiple drugs, cash, and the indictment of 14 gang members.

The 62 East Coast Crips Street Gang (62 ECC) have served as the violent distribution arm of a St. Louis-based DTO. During 2019, a multi-jurisdiction task force executed search warrants that resulted in the seizure of \$2.3 million U.S. currency, semi-automatic pistols, and assault rifles with extended magazines, one 50 round drum magazine, 37 kilograms of cocaine, ten kilograms of heroin, three kilograms of fentanyl and numerous fentanyl capsules.

## Washington Field Division

The Washington FD reports the most prominent gangs involved in their recent investigations include the Black Guerilla Family (BGF) (see Figure 102), the Bloods, the Crips, and MS-13.

**Figure 102. Black Guerilla Family**



Source: Federal Bureau of Prisons

In Baltimore, Maryland, the BGF deals in multiple kilogram quantities of fentanyl, heroin, cocaine, and marijuana. The gang is active primarily in the Baltimore area, but has a presence elsewhere within the state, such as Frederick and Salisbury, Maryland.

The Bloods are primarily active in Baltimore, where they are a wholesale-distributor of cocaine, heroin, MDMA, and marijuana. The gang is also reported in other cities, such as Hagerstown and Salisbury, Maryland.

The Crips are a kilogram distributor of marijuana, cocaine, and heroin. The gang is active primarily in the Baltimore area, but also in Salisbury, Maryland.

Gang activity in the Washington FD AOR varies by location. In the Washington, D.C., Maryland, and Virginia suburbs, MS-13 is known to traffic in cocaine and heroin. In Hagerstown, Maryland, the Bloods and the Crips are known wholesale distributors of heroin. In Richmond, Virginia, the Bloods are a known distributor of heroin. In Norfolk, Virginia, the Bloods are a known distributor of heroin. In Roanoke, Virginia, the Crips are known to traffic in heroin and fentanyl.

In June 2018, 18 gang members and associates of the Rollin 60s set of Crips and MILLA set of Bloods were indicted in Danville, Virginia, in the largest federal prosecution of organized gang activity in the Western District of Virginia in at least a decade. The crimes ranged from murder to drug distribution to obstruction of justice.

In October 2018, eight Trained To Go (TTG) gang members and associates in Baltimore, Maryland, were convicted on federal racketeering and drug conspiracy charges, including nine murders, witness intimidation, and conspiracy to distribute heroin, marijuana, and cocaine. TTG was described as one of the most violent gangs operating in Baltimore City.

## Outlook

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As long as illicit drugs remain in high demand in America, street-level drug sales will continue to rank among the top criminal activities conducted by street gangs, who are lured by the prospect of the huge financial gains. The violence associated with drug trafficking that is visited on communities around the country will only increase as street, prison, and outlaw motorcycle gangs clash viciously in their quest to control the largest and most lucrative territories, thereby gaining the greatest drug-generated profits. For the near future, street gangs will fight to remain major distributors of street-level drugs in the DEA AORs, and assaults, intimidation, and homicide will be their means to this end.



# APPENDIX A: ADDITIONAL FIGURES

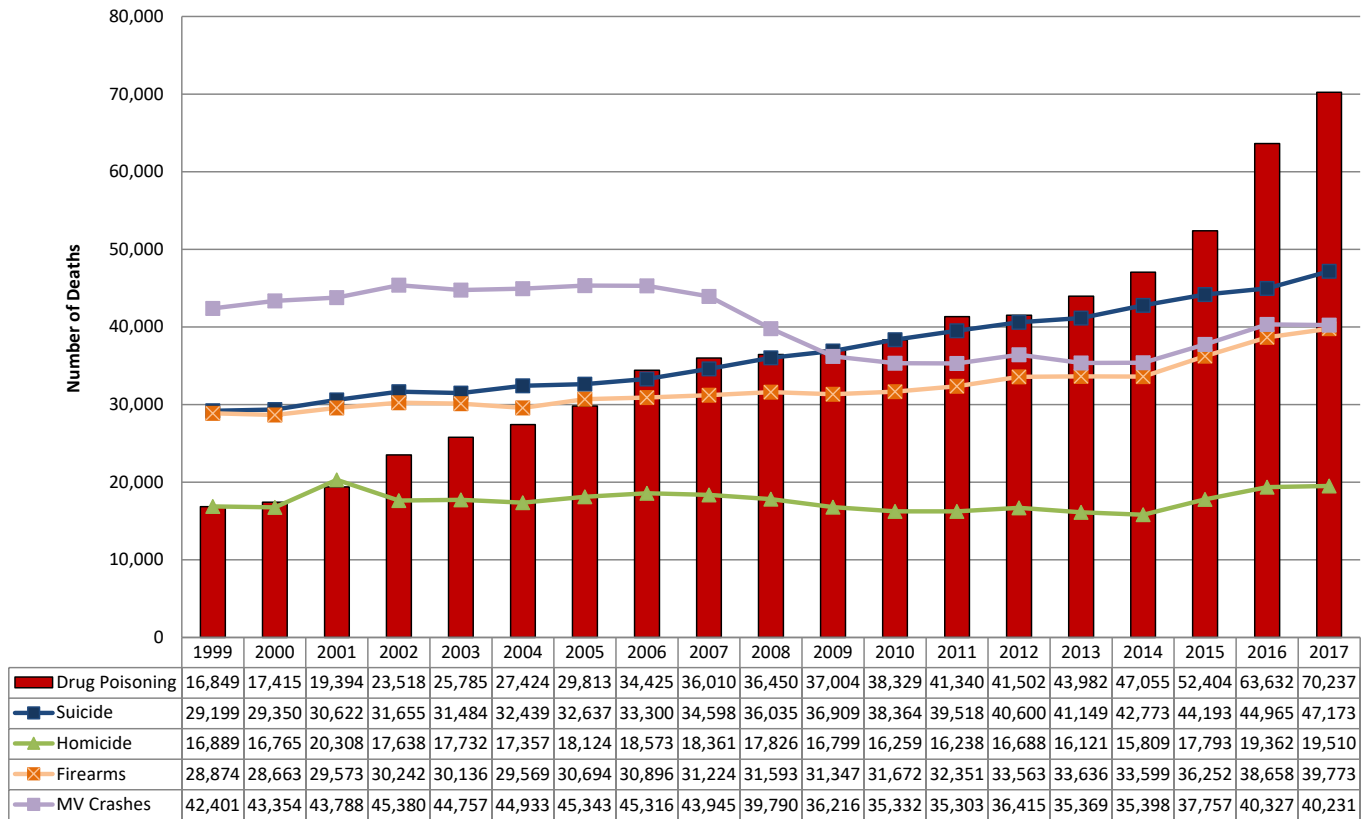
Figure A1. Map of DEA Field Divisions



DEA Map 1 7-2018

Source: DEA

**Figure A2. Number of Injury Deaths by Drug Poisoning, Suicide, Homicide, Firearms, and Motor Vehicle Crashes in the United States, 1999 – 2017<sup>u</sup>**



Source: Centers for Disease Control and Prevention/WONDER Database

<sup>u</sup>. Drug overdose deaths are identified using ICD-10 underlying cause-of-death codes X40-X44, X60-X64, X85, and Y10-Y14. Drug overdose deaths involving selected drug categories are identified using ICD-10 multiple cause-of-death codes: heroin, T40.1; natural and semisynthetic opioids, T40.2; methadone, T40.3; synthetic opioids other than methadone, T40.4; cocaine, T40.5; and psychostimulants with abuse potential, T43.6. Categories are not mutually exclusive because deaths may involve more than one drug. Not all states report death data the same or at all to CDC, meaning nationwide counts of drug overdose deaths, especially deaths by a specific drug(s), may vary from statewide counts. As a result, CDC has stated the true number of drug overdose deaths is almost certainly much higher than the numbers officially reported.

**Figure A3. Top 10 States Impacted by Drug Overdose Deaths, 2017**

<b>Rank</b>	<b>State</b>	<b>Age-Adjusted Death Rate Per 100,000 Population</b>	<b>Number of Deaths</b>
<b>1</b>	West Virginia	57.8	974
<b>2</b>	Ohio	46.3	5,111
<b>3</b>	Pennsylvania	44.3	5,388
<b>4</b>	Washington D.C.	44	310
<b>5</b>	Kentucky	37.2	1,566
<b>6</b>	Delaware	37	467
<b>6</b>	New Hampshire	37	2,044
<b>7</b>	Maryland	36.3	2,247
<b>8</b>	Maine	34.4	424
<b>9</b>	Massachusetts	31.8	2,168
<b>10</b>	Rhode Island	31	320

Source: National Center for Health Statistics/Centers for Disease Control and Prevention

**Figure A4. Average Number of Overdose Deaths per Day, Month, and Quarter**

	<b>Number of Overdose Deaths</b>
<b>Day</b>	192.4
<b>Month (30 Days)</b>	5,772
<b>Quarter</b>	17,316

Source: National Center for Health Statistics/Centers for Disease Control and Prevention

## APPENDIX B: ACRONYM GLOSSARY

4-ANPP	4-anilino-N-phenethyl-4-piperidone
AAPCC	American Association of Poison Control Centers
AEC	Anonymity-Enhanced Cryptocurrency
AML	Anti-Money Laundering
AOR	Area of Responsibility
ARCOS	Automation of Reports and Consolidated Orders System
ASSMCA	Administración de Servicios de Salud Mental y Contra la Adicción (Puerto Rico Administration of Mental Health and Anti-Addiction Services)
ATF	Bureau of Alcohol, Tobacco, Firearms, and Explosives
AUC	Autodefensas Unidas de Colombia (United Self Defense Forces of Colombia)
BA	Barrio Azteca
BIA	Bureau of Indian Affairs
BLO	Beltran-Leyva Organization
BHO	Butane Hash Oil
BOP	Federal Bureau of Prisons
CBD	Cannabidiol
CBP	Customs and Border Protection
CDC	Centers for Disease Control and Prevention
CJNG	Cartel Jalisco Nueva Generacion (Jalisco New Generation Cartel)
CMEA	Combat Methamphetamine Epidemic Act
CPD	Controlled Prescription Drugs
CPOT	Consolidated Priority Organization Target
CSA	Controlled Substances Act
CSPMP	Controlled Substance Prescription Monitoring Program (Arizona)
CSP	Cocaine Signature Program
CUBS	Chinese Underground Banking System
CY	Calendar Year
DCE/SP	Domestic Cannabis Eradication/Suppression Program
DDE	Division of Drug Enforcement (Bureau of Indian Affairs)
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DO	DEA Division Office
DTO	Drug Trafficking Organization
ECO	Express Consignment Operations
EPIC	El Paso Intelligence Center
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)

FBI	Federal Bureau of Investigation
FD	DEA Field Division
FinCEN	Financial and Crime Enforcement Network
FRS	Fentanyl-related Substances
FSPP	Fentanyl Signature Profiling Program
FY	Fiscal Year
GAO	Grupos Armados Organizados (Armed Criminal Organizations)
GFG	Ghost Face Gangsters
ha	Hectare
HDMP	Heroin Domestic Monitor Program
HIDTA	High Intensity Drug Trafficking Area
HSI	Homeland Security Investigations
HSI-ICE	Homeland Security Investigations – Immigration and Customs Enforcement
IBH	Indian Brotherhood Gang
LSD	Lysergic Acid Diethylamide
MDMA	Methyldioxymethamphetamine
MEX/SA	Mexico-sourced white powder heroin made with South American processing methods
MEX/T	Mexican Black Tar Heroin
MPP	Methamphetamine Profiling Program
MS-13	Mara Salvatrucha
MSB	Money Service Business
MT	Metric Ton
NBG	Neighborhood-based Gangs
NDTA	National Drug Threat Assessment
NFLIS	National Forensic Laboratory Information System
NPP	N-phenethyl-4-piperidone
NPS	New Psychoactive Substances
NSDUH	National Survey on Drug Use and Health
NSS	National Seizure System
OCDETF	Organized Crime Drug Enforcement Task Force
OCONUS	Outside Continental United States
OMG	Outlaw Motorcycle Gang
P2P	Phenyl-2-Propanone
PD	Police Department
PDMP	Prescription Drug Monitoring Program
PHP	Public Housing Project
POE	Port of Entry
POV	Privately Owned Vehicles
PSM	Partnership for Safe Medicines
RICO	Racketeer Influenced and Corruption Organizations Act
RMB	Renminbi (Chinese currency)
RO	DEA Resident Office

SAMHSA	Substance Abuse and Mental Health Services Administration
SEA	Southeast Asian (heroin)
SOOTM	Synthetic Opioids Other Than Methadone
SWA	Southwest Asian (heroin)
SWB	Southwest Border
TBML	Trade-Based Money Laundering
TCO	Transnational Criminal Organization
TEDS	Treatment Episode Data Set
THC	Tetrahydrocannabinol
THCA	Tetrahydrocannabinolic acid
TTG	Trained To Go gang
UNODC	United Nations Office of Drug Control
USBP	United States Border Patrol
USC	United States Currency
USCG	United States Coast Guard
USD	United States Dollars
USG	United States Government

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